

# Sustainability report

SK Group

2019–2021



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**Ensuring a carbon-neutral future is essential for humankind.  
Companies can play a large part in reaching this goal, here and now.  
To combat climate change, companies need cleaner energy that increases their  
competitiveness and improves their bottom line.  
That is where we come in.**

# Greetings from our CEO

At SK Group, we believe that the most effective way to transition to a zero-emission society is to help companies reduce their carbon dioxide emissions and increase their energy efficiency every day. For companies to remain competitive, and for society as a whole to move towards a cleaner future, we need continuously better and comprehensive energy efficiency, and the cleanest possible energy that can always be relied upon. This guides the operations of our Group today and in the future.

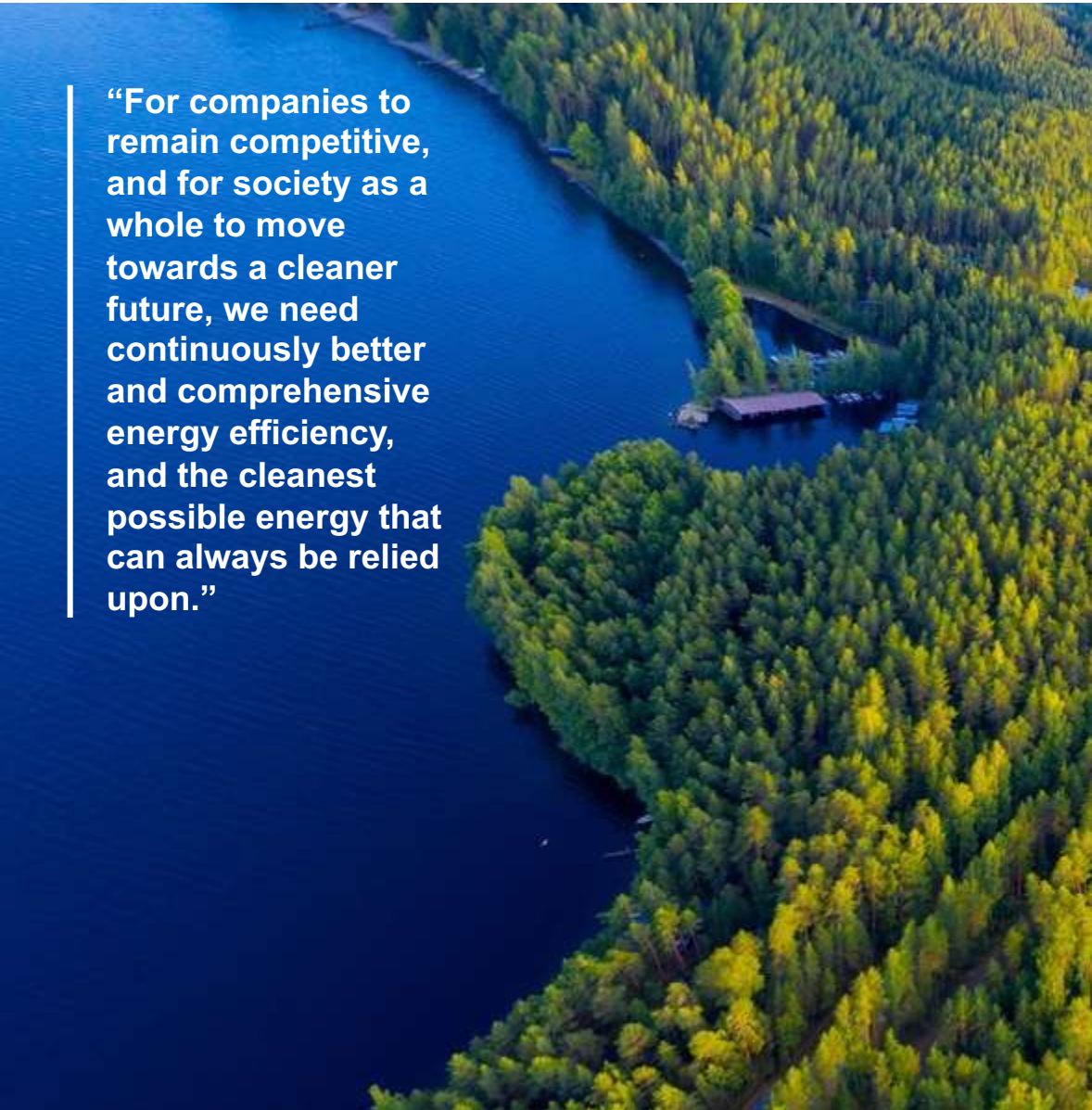
At SK Group, emission reduction concerns both our own activities and our customers' operations. At present, natural gas and biogas are the most significant energy sources used by our company and by our customers. We seek future growth particularly from low-emission energy, such as traditional and medium-deep geothermal heat, other solutions based on heat pumps, and the improvement of energy efficiency. We also believe that the gas business will gradually become even lower in emissions as the share of biogas and synthetic methane grow.

For each of our customers, we identify the cleanest and most efficient forms of energy based on their current situation and goals, and we provide energy as a service, while continuously improving energy

efficiency. We are a technology-independent seller and distributor of energy, which enables us to choose the genuinely best solution for the customer.

We are responsible for providing safe working conditions for our employees. Safety requires particular attention in our industry, as the processing of gas in pipelines and at heat and steam production plants always involves risks. In addition to providing extensive safety training and comprehensive occupational healthcare, we engage our employees in maintaining and developing safety by means of a performance-based remuneration scheme.

The war in Ukraine is a humanitarian crisis the like of which has not been seen in Europe for 75 years, since World War II. The war also presents unprecedented challenges to the day-to-day business operations of SK Group and its customers. In addition, the war will accelerate the transition to energy solutions characterized by better security of supply, lower emissions and greater sustainability. By the end of May 2022, all of the fuels and services our Group provided were sourced from countries that do not support the war in Ukraine.



**“For companies to remain competitive, and for society as a whole to move towards a cleaner future, we need continuously better and comprehensive energy efficiency, and the cleanest possible energy that can always be relied upon.”**

**Environmental responsibility is the foundation of our business and strategy, and we promote it as follows:**

**We always provide companies with the cleanest possible energy.** Each day, we help our customers achieve their emission reduction targets by always providing them with the cleanest possible energy. Our energy services enable our customers to halve or even fully end their annual carbon dioxide emissions.

**We are increasing renewable gases' share of the gas we sell.** We will increase the share of biogas and other renewable gases to at least 50% of all of the gas we sell and distribute by 2035. By 2050, over 75% of our gas products will be carbon-neutral. Achieving this target will depend on the availability of biogas and other sustainable or renewable gases. We develop the availability of gases by investing in new solutions ourselves and by participating in the Finnish national hydrogen cluster, which promotes the development of a full-scale hydrogen economy in Finland.

**We are reducing our methane emissions at an accelerating rate.** Over the past five years, our Group has invested over EUR 8 million in modernizing its gas distribution network. This has enabled us to reduce our methane emissions by nearly 20% each year. Our current methane leaks represent 0.5 % of the gas we distribute. We are committed to continuing the modernization of our network and thus the reduction of our methane emissions, too.

**We are developing more diverse and sustainable heat production.** Over 75% of the steam and heat produced by Auris Energiaratkaisut (AER) will be zero-emission by 2030. AER is a technology-neutral company that operates in the energy and heat business using natural gas, biogas, heat pumps, geothermal heat, biomass, and other technologies that promote energy efficiency.

**Mika Paloranta**  
**CEO,**  
**SK Group**



**“By 2050, over 75% of our gas products will be carbon-neutral.”**



# SK Group



# SK Group

SK Group provides its customers with the cleanest possible fuel and energy solutions and helps companies improve their energy efficiency. The Group has three subsidiaries.

Suomen Kaasuenergia Oy is Finland's largest gas retailer. The company is responsible for the procurement and retail of both natural gas and biogas. The company focuses on increasing the efficiency of its customers' energy consumption and supporting a controlled transition to cleaner energy.

Auris Energiaratkaisut Oy is responsible for the Group's energy services, which include hybrid heating and cooling services, industrial energy services, energy produced using QHeat's medium-deep geothermal heat technology, and heating and temporary heating produced using gas. As a

technology-independent and fuel-independent operator, the company can choose the cleanest and most effective energy solution for each customer's individual needs, and deliver that solution as a service.

Auris Kaasunjakelu Oy is Finland's largest gas distribution company. The company's gas distribution network covers 17 municipalities in Southern Finland.

This sustainability report covers all three subsidiaries of Suomi Gas Distribution Holding Oy and Suomi Gas Distribution Oy. In this report, the three companies are referred to as "SK Group" or "the Group". The Group is a limited liability company and its head office is located in Kotka.

# SK Group in 2021

Revenue  
**MEUR 99.3**

EBIT  
**MEUR 6.4**

Profit  
**MEUR 1.6**

Tax footprint, total  
**MEUR 12.7**

Length of the gas pipeline  
**891 km**

Number of customers  
**Approx. 25,000**

Share of Finnish contractors  
**100%**

Gas sold, total  
**1,206 GWh**

Gas distributed, total  
**1,200 GWh**

Heat energy sold, total  
**121 GWh**

Emissions, total  
**19,111 tCO<sub>2</sub>e**

Scope 1 emissions  
**19,018 tCO<sub>2</sub>e**

Scope 2 emissions  
**76.8 tCO<sub>2</sub>e**

Scope 3 emissions  
**15.4 tCO<sub>2</sub>e**

Personnel, FTE  
**28**

Number of occupational  
accidents  
**0**

Customer satisfaction, NPS  
**65%**

Sickness absence rate  
**0.4%**



# Governance

The members of SK Group’s Board of Directors are as follows:

Chair of the Board

**Stig Gustavson**

Former Konecranes CEO, industrialist, experienced Board professional (formerly e.g., Konecranes, Hackman, Cramo, Ahlström Capital and many others)

Board member

**Dominic Helmsley**

Head of Aبردn Economic Infrastructure team

Board member

**Antero Jännes**

Former CEO of Gasum

Board member

**Arto Rätty**

Former Permanent Secretary of Ministry of Defence in Finland, former mgmt team member of Fortum

Three of the members of the Board of Directors are independent, and one represents the Group’s owner.

The members of SK Group’s Executive Team are as follows:

Chief Executive Officer

**Mika Paloranta**

Deputy CEO of SK Group and CEO of Auris Energiaratkaisut

**Perttu Lahtinen**

Chief Financial Officer

**Karoliina Liimatainen**

Chief Operating Officer

**Timo Harju**

Procurement Director

**Pekka Karinen**

Sales Director

**Mika Hartikainen**

Director, Marketing, Communications and Business Development

**Maria Huusko**

# Strategy

We focus on increasing renewable gases' share of our gas distribution and sales. We will increase the share of biogas and renewable gases to 50% of all gas sold & distributed by 2035 and, at the same time, increase the production of gas by P2G (Power-to-Gas) technology.

We will continue to reduce our methane emissions. Our target is to reduce our annual methane emissions to less than the current 0.5% of our total distributed gas by 2030.

By 2030, over 75% of the steam and heat produced by Auris Energiaratkaisut (AER) will be zero-emission.

## Ethical principles

We are committed to maintaining a sustainable, fair and inclusive operating culture. In addition to complying with laws and regulations, we observe our Group's own ethical principles and shared rules in everything we do. We have in place policies regarding diversity and equality, ethical principles, financial approval rights, information security, as well as several policies regarding safety and risk management.

Our Group has a zero-tolerance policy for the giving and receiving of bribes. We continuously develop safe operating practices and our safety culture, and we treat each other equally and with respect. We have prohibited all forms of harassment, bullying and discrimination and any conduct suggestive of these.

We respect the privacy of our customers, employees and other parties we cooperate with, and do not use the information we obtain to pursue personal gain. We process confidential information responsibly and protect it by both physical and digital means.

## Conflicts of interest

We take potential conflicts of interest into account in our Code of Conduct and in Board meetings.

We avoid conflicts of interest and do not pursue our personal interests, or the interests of our related parties, in carrying out our duties.

When a conflict of interest emerges, we transfer the responsibility for the decision to an impartial and unbiased person.



## Remuneration of management

Our Board of Directors has approved a Remuneration Policy that covers all of the Group's employees and the company's executive management. Management remuneration is reviewed annually. The remuneration of the Board of Directors is discussed by the General Meeting of Shareholders. The Board of Directors decides on the remuneration of the Executive Team.

The remuneration of the company's executives is based on personal targets and may include non-financial bonuses. The highest achievable bonus percentage is in the range of 20–50 per cent of the executive's annual salary. Part of our executives are also covered by a long-term remuneration scheme that is based on financial targets.

## ESG-based remuneration

Our company's remuneration related to ESG targets is based on the prevention of economic, environmental and social risks. The remuneration of the personnel is based on the competence of the employees, the capacity of processes and systems to support growth targets, and the profitability of business operations.

The growth of the Group's number of personnel and the increased use of remote work due to the COVID-19 pandemic required us to develop our instructions, communications and data security during the period under review in this report. Targets related to these areas were also incorporated into our personnel's remuneration criteria during the review period.

## ESG reporting

We regularly report on ESG matters to both our owners and authorities as well as customers.

For instance, we report the methane emissions from our networks to the authorities annually. In addition, we report on the emissions and water usage from our heat & steam plants to the authorities and our customers.

## The Board of Directors' ESG monitoring

ESG topics are discussed at each meeting of the Board of Directors. The most significant ESG performance indicators reported to the Board of Directors include accidents involving our employees and subcontractors, burst pipes, gas losses, sickness-related absences and employee training. The Group's senior decision-maker on ESG issues is the CEO.

## Shareholders' rights

With regard to shareholders' rights, we observe the Finnish Limited Liability Companies Act\*, according to which all of the Group's shareholders have equal rights.

Our General Meeting of Shareholders, the Board of Directors or the CEO shall not make decisions or take other measures that are conducive to conferring an undue benefit to a shareholder or another person at the expense of the company or another shareholder.

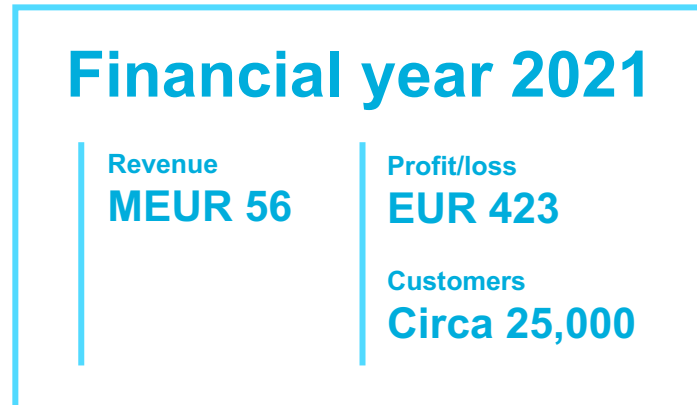
\**Limited Liability Companies Act 2006/624*



**The Group’s subsidiary –  
Suomen Kaasuenergia Oy**

Suomen Kaasuenergia Oy sells natural gas and biogas in all of Finland’s gas networks. We identify the cleanest and most suitable gas solution for each customer and provide our customers with access to our extensive experience on increasing the efficiency of gas use, the gas market, and the development of the market. In terms of the number of customers, consumer customers are the Group’s largest customer category. Our customers also include industrial plants, heating plants, housing cooperatives, and restaurants. Our company also has one gas filling station.

In 2020, we invested in our first gas filling station, where we primarily sell pressurized biogas (CBG) to our traffic customers. This is part of our environmental strategy, according to which we will increase the share of biogas of our total gas sold and distributed.



**The Group’s subsidiary –  
Auris Energiaratkaisut Oy**

Auris Energiaratkaisut Oy offers industry and real estate individually tailored solutions for increasing energy efficiency. All of our steam, heat and cooling solutions are technology-independent and customized according to the needs of each site. They can be based on, for example, gas and biogas technology, energy recycling and the use of heat pumps and geothermal heat wells. Our technology-independent approach enables us to always identify the cleanest possible energy solution for each customer’s individual needs. We make the investments necessary for the customer’s energy production and produce energy for the customer as a service. We also take responsibility for the operation, servicing and maintenance of all equipment installed at the customer’s site, allowing the customer to focus on their core business.



**The Group’s subsidiary –  
Auris Kaasunjakelu Oy**

Auris Kaasunjakelu Oy owns gas distribution networks in 17 municipalities in Southern Finland. We own, use, maintain and monitor our distribution network ourselves. Our company was awarded a high Rating Alpha credit rating each year during the period 2012–2021.



# Economic responsibility

Financial profitability, the continuity of operations and the growth of our businesses are among the SK Group's key objectives. We consider our impacts on the environment and our stakeholders. They are key aspects of our financial reporting.

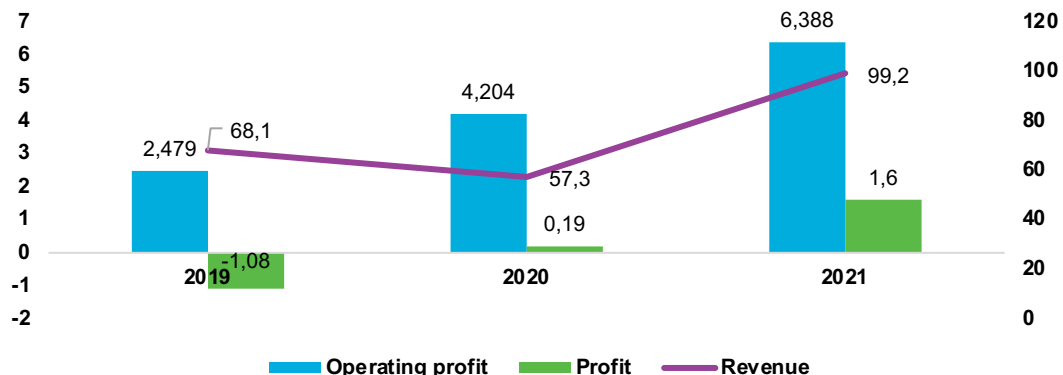


# Economic responsibility indicators

## Financial indicators

Group, EUR 1,000	2019	2020	2021
Revenue	68,147	57,336	99,253
Operating profit	2,479	4,204	6,388
Profit	(1,083)	192	1,601

## Financial indicators, EUR million



Our Group has achieved strong revenue growth. In the financial year 2021, our revenue increased by over EUR 41 million compared to the financial year 2020. This was due to the sharp rise in prices in the European gas market. The TTF gas futures reference value began increasing markedly in late 2021. The year 2021 was also colder than average.

While our procurement costs have increased in line with our growth in revenue, our other operating costs have only increased moderately, which has enabled us to improve our EBITDA from one year to the next.

The COVID-19 pandemic had less of an impact on our operations than we expected. This was mainly due to the diversity of our customer base. Some of our customers even increased their gas consumption during the pandemic.

## Tax footprint

We pay all of our taxes to Finland. This means that we are committed to paying, collecting and remitting taxes, and reporting on our tax-related activities. We adhere to the OECD transfer pricing guidelines in business transactions between our group companies.

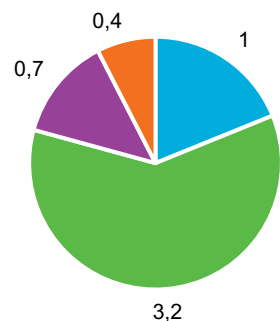
Our tax footprint nearly doubled in the financial year 2021 due to rapid growth in value added taxes and income taxes.

Our tax footprint represented 13% of our revenue. Our group companies have no tax debt entered in the Finnish Tax Debt Register.

Financial year, EUR 1,000	2019	2020	2021
Income taxes	1,088	1,309	1,725
VAT	3,256	4,565	9,643
Withholding taxes	714	888	930
Pension insurance contributions	488	579	427
<b>Tax footprint* total</b>	<b>5,546</b>	<b>7,341</b>	<b>12,726</b>

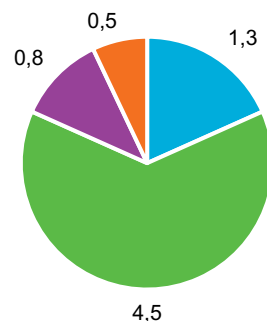
\*Actually paid taxes

### Tax footprint 2019, MEUR



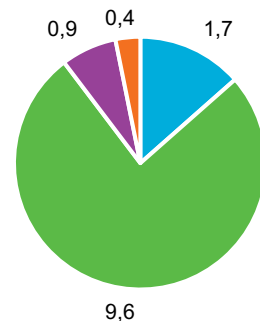
- Income taxes
- VAT
- Withholding taxes
- Pension insurance contributions

### Tax footprint 2020, MEUR



- Income taxes
- VAT
- Withholding taxes
- Pension insurance contributions

### Tax footprint 2021, MEUR



- Income taxes
- VAT
- Withholding taxes
- Pension insurance contributions

### Personnel expenses

The company hired five people during the period under review in this sustainability report. The Group's personnel expenses have increased, but the average pay per employee has remained practically unchanged.

Financial year	2019	2020	2021
Group personnel expenses, EUR 1,000	2,701	3,071	3,495
Number of personnel*	23	24	28
Average pay per employee, EUR 1,000	117	128	125

\*Excludes seasonal workers

### Investments in sustainability

The sustainability investments we made in 2019–2021 were focused on renewable energy solutions as well as the modernisation, repairs and development of our distribution network, and the automation of monitoring operations. We provide energy services that are based on renewable

energy, such as biogas and geothermal energy. The modernisation of the gas distribution network reduces methane emissions and is therefore a sensible investment both environmentally and financially. Automating the monitoring of the distribution network enhances network maintenance and the delivery of high-quality customer service.

Financial year	2019	2020	2021
Group, EUR 1,000	1,674	2,256	1,828

### Other investments

Other significant investments were focused on the maintenance and new construction of the gas distribution network. We have also invested in the development of information systems.

Financial year	2019	2020	2021
Group, EUR 1,000	452	369	605



## Material procurement

Most of the natural gas we sell is sourced from the Baltic countries, specifically Estonia and Latvia, where it is delivered in the form of LNG from various parts of the world. During the review period of this report, a small proportion of the natural gas sold by us had still been sourced from Russia. However, since the end of May 2022, all the fuels & services we provide have been sourced from countries that do not support the war in Ukraine. Until the end of 2021, the biogas we sold was sourced exclusively from Finland. In 2022, our Group has also begun to sell European biogas.

Year	2019	2020	2021
<b>Natural gas, GWh</b>			
Purchased, GWh	987	1,015	1,146
Sold, GWh	968	992	1,160
Distributed, GWh	968	922	1,157
<b>Biogas, GWh</b>			
Purchased, GWh	17	32	47
Sold, GWh	15	36	46
Distributed, GWh	15	32	43
<b>Total, GWh</b>			
Purchased, GWh	1004	1,048	1,193
Sold, GWh	983	1,028	1,206
Distributed, GWh	983	955	1,200

Our gas sales increased by approximately 190 GWh during the period 2019–2021, mainly due to acquisitions. Our biogas sales increased by approximately 30 GWh during the same period. Nevertheless, natural gas still represents a significant majority of the gas we sell and distribute (approximately 96%). The quantity of natural gas we sold and the amount of energy we produced increased in 2020 compared to 2019, but our

revenue decreased during the same period. This is due to the decreasing price of gas after the natural gas retail market was opened for competition at the beginning of 2020.

In the financial year 2021, the amount of gas sold and our revenue both increased, which was attributable to organic growth and the sharp increase in the price of natural gas in late 2021.

## Subcontractors

SK Group uses subcontractors in its operations. During the period under review in this report, 100% of the subcontractors employed were Finnish. We spent approximately EUR 2.6 million on contracting their services during the financial year 2021.

## Procurement of contracting services

Financial year	2019	2020	2021
Contracting services, EUR 1,000	2,915	2,874	2,628

## Customers

SK Group has approximately 25,000 customers. The number of customers remained largely unchanged during the period under review in this report. A better indicator of business growth for SK Group than the number of customers is the quantity of energy sold, which came to 1,206 GWh for the year 2021.

## Certificates

Auris Kaasunjakelu Oy was awarded a high Rating Alpha credit rating by Suomen Asiakastieto Oy during the period 2012–2021. The rating is evidence of the company's long track record of excellent financial indicators, positive background information and good payment behaviour.



# Environmental responsibility

SK Group recognises the environmental impacts of its industry and operations. Our operations support the energy transition of society as a whole and, in the long run, we will make our business operations carbon-neutral.

Natural gas and biogas play a very important role in the transition to a low-carbon future in line with the EU's objectives. We help our customers transition from natural gas and other fossil fuels towards cleaner forms of energy. For example, transitioning from gas to a combination of gas and heat pumps can reduce energy consumption and emissions by 50% annually. Switching from natural gas to biogas allows a customer to immediately achieve carbon neutrality.



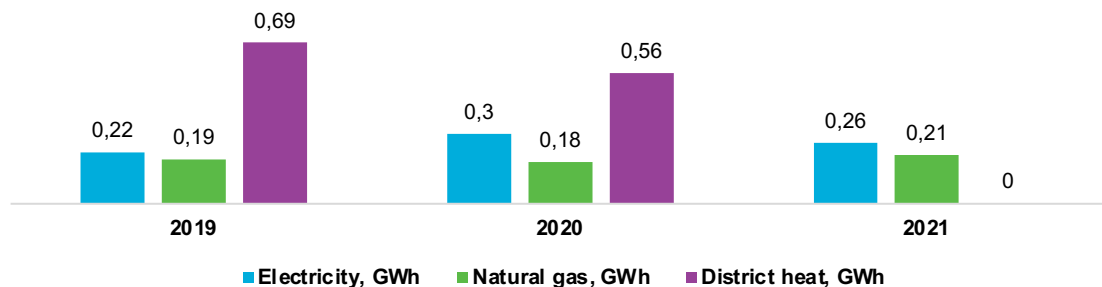
# Environmental responsibility indicators

## Energy

SK Group uses natural gas, biogas and electricity to produce steam and district heat for its customers. We purchase electricity and district heating for SK Group’s business premises, and we also utilise natural gas in the heating of the premises.

Energy used by the Group, GWh	2019	2020	2021
Electricity, GWh	0.22	0.30	0.26
Natural gas, GWh	0.19	0.18	0.21
District heat, GWh	0.69	0.56	0.00
<b>Total</b>	<b>1.14</b>	<b>1.04</b>	<b>0.47</b>

## SK Group’s energy consumption



The total energy consumption of the heating and lighting of business premises came to approximately 0.47 GWh in 2021. Compared to 2020, our electricity consumption decreased by about 40 MWh and our natural gas consumption increased by approximately 30 MWh.

Energy produced for customers, GWh	2019	2020	2021
Steam, GWh	40.4	54.4	57.1
District heat, GWh	23.5	19.4	24.2
<b>Total</b>	<b>63.9</b>	<b>73.8</b>	<b>81.3</b>

We produced approximately 81 GWh of energy for our customers in 2021. The amount of heat and steam produced by the Group increased.

In 2021, 4.1% of the gas sold to our customers was biogas. We will actively increase its share of gas sold and distributed..



# Emissions

## Scope 1

Scope 1 emissions reported in accordance with the GHG Protocol include the greenhouse gases arising from the organisation's operational activities. For SK Group, this includes the emissions arising from energy produced for customers, and emissions associated with gas leaks.

In 2021, emissions from our energy production increased by approximately 1,100 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) compared to 2020, and the emissions from energy produced by the Group came to 16,987 tCO<sub>2</sub>e in 2021. The specific emission factor of our energy plants is approximately 55 gCO<sub>2</sub>/MJ, which is based on the monthly average during the year under review. The growth in emissions was due to growth of the amount of energy produced. Our emissions intensity has decreased significantly under the reporting period, as shown on page 22.

Gas leaks generated emissions of approximately 2,000 tCO<sub>2</sub>e in 2021. This figure decreased by about 30 percent during the period under review in this report. One megatonne of methane

corresponds to 28 megatonnes of carbon dioxide in terms of its climate impact. We estimate methane emissions from gas leaks by using the volume flow measurement technique, which provides a more accurate estimate of the total amount than hourly measurements of pressure reducing units. Estimated by means of volume flow measurement, gas leaks are lower compared to the estimate based on hourly measurements, but we report both values for our methane emissions. In estimating our total emissions, we have used the more accurate value obtained by using the volume flow measurement technique.

The amount of our gas leaks decreased by approximately 30% during the period 2019–2021. In spite of the higher volume of gas sold and distributed, the share of gas leaks of our total gas sales has remained at the level of 0.5%. We continuously reduce leaks in our gas pipelines by making investments and being diligent in monitoring the network.

Total Scope 1 emissions in 2021 amounted to 19,018 tCO<sub>2</sub>e.

Scope 1	2019	2020	2021
Energy produced (GWh)*	63.9	73.8	81.3
<b>Emissions (tCO<sub>2</sub>e)**</b>	<b>13,343</b>	<b>15,803</b>	<b>16,987</b>

	2019	2020	2021
Gas leaks (nm <sup>3</sup> )	479,991	499,337	495,186
Gas leaks, volume flow measurement (nm <sup>3</sup> )	127,984	122,552	88,476
<b>Emissions (tCO<sub>2</sub>e)***</b>	<b>2,938</b>	<b>2,813</b>	<b>2,031</b>

	2019	2020	2021
<b>Total Scope 1 emissions, tCO<sub>2</sub>e</b>	<b>16,157</b>	<b>18,741</b>	<b>19,018</b>
Leaks as a share of gas sold, %	0.5%	0.5%	0.5%

\*Steam and district heat

\*\*The emissions for 2019 were estimated using the emission factor for 2020

\*\*\*Emissions calculated on the basis of the volume flow measurement figure. GWP classified according to the IPCC AR5 report 100-year time horizon 28 tCO<sub>2</sub>e. Calculated in accordance with the GHG Protocol: x tCH<sub>4</sub> \* GWP(CH<sub>4</sub>).

The EU's soon-to-be-introduced taxonomy for assessing environmental impacts will make the monitoring and prevention of gas leaks a key climate change mitigation activity. SK Group promotes the monitoring and prevention of gas leaks and studies new options for the elimination of harmful emissions. We take a determined and responsible approach to minimising our negative environmental impacts.

## Scope 2

We have calculated the indirect emission impacts of our purchased electricity, natural gas and district heating in accordance with the GHG Protocol.

Our electricity consumption has increased by approximately 40 MWh due to the expansion of business operations. Electricity consumption in 2020 was increased by the higher number of pressure reducing stations, which was due to an acquisition made in 2019, and the first gas filling station, which opened at the end of 2020.

The emission factor we use for electricity consumption is Motiva’s average emission factor for electricity consumption, which is 131 kgCO<sub>2</sub>/MWh. The emission factor for natural gas energy

production is 55.37 tCO<sub>2</sub>e/TJ, and the emission factor for district heating energy production is 58.48 gCO<sub>2</sub>e/kWh.

The share of natural gas of our energy consumption has increased during the period 2019–2021. However, the share of district heating decreased, as SK Group was responsible for the heating of pressure reducing stations before 2021. As a consequence of agreements renewed in 2021, this district heat is sold back to Gasgrid Finland, which means that the responsibility for the heating of pressure reducing stations – and the related consumption – lies with Gasgrid Finland. Consequently, our Scope 2 emissions decreased substantially in 2021. The total emissions came to approximately 77 tCO<sub>2</sub>e.

Scope 2	2019	2020	2021
Energy – electricity (MWh)	226	303	266
Natural gas (MWh)	186	185	211
District heat (MWh)	698	561	0
<b>Emissions (tCO<sub>2</sub>e)</b>	<b>107</b>	<b>109</b>	<b>76.8</b>



### Scope 3

Our other emissions currently only consist of kilometres driven for which employees have received compensation. According to the GHG Protocol, Scope 3 emissions should also include emissions from procurement and the procurement value chain, which are substantial in our industry. Nevertheless, the lack of resources and available information prevent us from accurately estimating the total impact of our Scope 3 emissions. We are seeking a solution to this issue and we will develop our total emission estimates in the future.

Most of the kilometres driven in 2021 for which our employees received compensation were powered by gas (77%). The other fuels for vehicles used by

our employees included petrol and electricity. The number of kilometres driven decreased substantially during the review period due to the pandemic. In particular, the number of kilometres driven powered by petrol decreased by more 51%.

The total emissions of vehicles, estimated using Lipasto\* emission factors, decreased by over one third during the period under review. In 2021, the total emissions from compensated kilometres driven amounted to approximately 15 tCO<sub>2</sub>e.

Going forward, we will avoid unnecessary travel and reduce travel-related emissions further. Our total Scope 3 emissions in 2020 amounted to approximately 15 tCO<sub>2</sub>e.

Scope 3	2019	2020	2021
Compensated kilometres, km	204,321	164,168	149,296
Emissions, tCO <sub>2</sub> e	23	17	15

### Total emissions and emission intensity

Our total emissions in 2021 amounted to 19,111 tCO<sub>2</sub>e. Our emission intensity was approximately 192 tCO<sub>2</sub>e per one million euros. In other words, for one million euros in revenue, we generated 192 tonnes of CO<sub>2</sub>e emissions, and each euro we generated produced approximately 0.19 kg of emissions.

Emission intensity	2019	2020	2021
Total emissions, tCO <sub>2</sub> e	16,288	18,868	19,111
Revenue, MEUR	68	57	99
Emission intensity, tCO <sub>2</sub> e per MEUR	239	329	192

The European Union and the United States have planned to restrict methane emissions to one-third of the current level by 2030\*\*. For our company, at the figures for 2021, the EU's target would mean the reduction of approximately 1,300 tCO<sub>2</sub>e by 2030, which corresponds to reducing gas loss by approximately 58,000 nm<sup>3</sup>.

\*<http://lipasto.vtt.fi/index.htm>

\*\* [www.reuters.com](http://www.reuters.com): U.S., EU pursuing global deal to slash planet-warming methane -documents

### Indirect greenhouse gases

Our energy production operations also generate other emissions besides carbon dioxide, such as NO<sub>x</sub> and SO<sub>x</sub> emissions and particulate emissions. The combustion of natural gas at our steam plants generates a small amount of NO<sub>x</sub> emissions, and the oil used as an auxiliary fuel at one of our plants generates both SO<sub>x</sub> emissions and particulate emissions. In 2019, we used an oil boiler as an auxiliary power source at one of our steam locations, but we did not use any fuel oil in 2020 and 2021. Our NO<sub>x</sub> emissions increased by approximately one tonne in 2021.

Indirect greenhouse gases	2019	2020	2021
NO <sub>x</sub> emissions, tonnes	8.47	11.41	12.33
SO <sub>x</sub> emissions, tonnes	128.6	0	0
Particulate emissions, tonnes	39.4	0	0



## Impact on nature and the environment

Our most significant impacts on nature and the environment arise from the expansion of our gas network. The excavation of gas pipelines, in particular, requires special diligence.

Our safety rules and procedures have been drafted in accordance with Government Decree 205/2009, and we pay particular attention to the protection of the environment and waterways, as well as the reduction of noise, dust and vibration.

Hazardous chemicals are handled with care and the condition of containers is inspected regularly. In the event of accidents – which we have not had with hazardous chemicals – our instructions are to use fuel peat or oil absorption agents to absorb the chemicals.

## Identified risks related to gas distribution

In response to an order issued by the energy authorities, we have identified and documented the operative risks involved in our gas distribution

operations. The most significant risks identified in Auris Kaasunjakelu's preparedness plan are as follows:

- Burst pipes
- Fires
- Disruptions caused by maintenance
- Defects in gas appliances
- Insufficient personnel at the time of a hazardous incident
- Gas distribution disruptions in the distribution network
- Vandalism

Our preparedness plan addresses the prevention of these significant risks and our preparations for disruptions. We prepare for technical defects through our own monitoring activities as well as continuous monitoring outsourced to a service provider.

We also keep an inventory of commonly used spare parts at our business locations. Burst pipes caused by earthworks are prevented by using advance notifications of earthworks and the demonstration of pipelines before excavation work begins.

## Physical risks to the environment

The most common physical environmental risks involved in SK Group's operations are burst gas pipes and defective equipment. These may result in methane escaping into the air, which has a

significant impact on the warming of the climate. While our gas distribution network has been significantly expanded due to acquisitions, the number of burst pipe incidents remained largely unchanged during the period under review. Excavation work is the most common reason for burst pipes.

Burst pipes	2019	2020	2021
Gas leaks, substation measurement (m <sup>3</sup> n/a) *	479,991	499,337	495,186
Gas leaks, volume flow measurement (m <sup>3</sup> n/a) **	127,984	122,552	88,476
Burst pipes, number	3	4	4
Pipeline length, km	894	892	892

\*All of the pressure reducing units in our network provide remotely readable hourly measurements. In calculating gas leaks, unit consumption is measured nightly between 2:00 and 5:00 from June to August. The measurement results are reported to the authorities annually.

\*\*The area to be measured is separated from the rest of the distribution network using stop valves, and the tightness of the stop valves is confirmed by monitoring the pressure in the network. Gas is then fed into the area via a bypass and the amount of gas is measured. The measurement period is one hour and the amount of gas is monitored in 10-minute intervals.

## Water

Water is essential for the production of steam at our steam production sites. Our total water consumption in 2021 came to 67 megalitres, which includes the water used by Auris Energiaratkaisut and the water consumed at our properties.

As water consumption data was not available for

2019 for all of our sites, that year is not included in the report.

Part of the water we use circulates in production systems, which makes it difficult to estimate absolute water consumption. Water used in energy production mainly consists of cooling water, which is channelled into the sewage system after the process.

Year	2020	2021
Water consumption, MI	80	67

## Waste

At SK Group, waste is mainly generated by goods used at business premises. We have reduced the use of office supplies by transitioning to a digital archive, for example.

While waste generated in the maintenance and expansion of our distribution network is the responsibility of our subcontractors, our safety rules and procedures obligate our subcontractors to prevent adverse impacts on the environment and waterways.





**Our operations support the energy transition of society as a whole and, in the long run, we will also make our own business operations carbon-neutral.**



# Social responsibility

At SK Group, social responsibility plays a significant role in developing and maintaining the well-being of our personnel and the employees of our subcontractors.

We actively monitor and report on the training of our personnel, our customer satisfaction, the safety and development of our products and services, and the health and safety of our subcontractors' employees.

Safety and health are key aspects of social responsibility, which is why they are discussed in a separate section in this report.



# Social responsibility indicators

## Personnel

The number of employees in our Group increased by approximately a quarter during the period 2019–2021. As our operations have grown, we have recruited more permanent employees in various business areas. Most of our employees have extensive experience in our industry, which enables the continuous development of our business operations and our employees.

As stated above, SK Group’s number of employees increased significantly during the period under review in this report. At the same time, the average

age of our personnel has increased, which creates the risk of future loss of know-how when employees retire.

This risk has been taken into account in our annual report, and we have designated substitutes for the members of our Executive Team. We have also developed the active exchange of information related to work duties. We focus on transferring tacit knowledge from our experienced employees to new recruits. This ensures that we will maintain a high level of service quality and competence in our organisation.

Newly recruited employees	2019	2020	2021
Permanent employees, number	23	24	28
Newly recruited employees, number	6	1	4

Age distribution	2019	2020	2021
Under 30 years	4%	4%	3%
30–50 years	70%	63%	64%
50+ years	26%	33%	32%

## Employee retention

SK Group had an employee turnover rate of 0% during the reporting period of this report, which is indicative of strong employee retention and commitment. Employee satisfaction is monitored by means of Pulssi surveys by our occupational healthcare provider, and the feedback received from the surveys is used in the development of well-being, safety and skills.

## Non-discrimination

We observe Finnish legislation and our ethical principles in everything we do. We have our own policies regarding inclusion, diversity and equality.

We do not condone any form of discrimination and take immediate action if any discrimination is observed. We also encourage our personnel to highlight potential problems.

Supervisors must use all means at their disposal to promote direct, open and constructive discussion in the workplace community. Creating and maintaining a positive and safe workplace atmosphere is a shared goal for us, and each of our employees is responsible for realising that goal.



### Diversity

The difference in pay between genders among our personnel was 0% during the period under review, which is a significant indication of the promotion of diversity in SK Group.

In 2021, 14% of our employees were women and 86% were men.

### Freedom of association

We respect our employees' right to the freedom of association in accordance with Finnish legislation\*\*, which means that every employee has the right to belong to, or not belong to, various labour and other organisations.

Non-discrimination Act 1325/2014, \*\*Constitution of Finland 731/1999

	2019	2020	2021
Hours of training per year per employee	23	22	15

### Prohibition of forced labour and child labour

We observe the Finnish Young Workers' Act\* and have unequivocally prohibited the use of child labour at SK Group.

We also observe Article 5 of the EU Charter of Fundamental Rights\*\* and we have prohibited forced labour in our operations.

### Training

We want to maintain our employees' existing skills and provide them with various development opportunities. As part of our personnel plan and training goals, we provide our employees with extensive access to various training activities, from English language studies to invoicing and debt collection in the energy sector.

Our sustainability and ESG training activities include training for operations supervisors in natural gas operations, first-aid training, data security training and GDPR training. This also includes mandatory training, such as hot work certification, electrical installation training and gas installation training.

Our employees received an average of 15 hours of training in 2021.

We also require our subcontractors and suppliers to observe the same legal obligations, and we prohibit child labour and forced labour in our ethical principles and our Supplier Code of Conduct.

\*Young Workers' Act 1993/998, \*\*EU Charter of Fundamental Rights, Title I: Dignity, Article 5: Prohibition of slavery and forced labour

### Customer satisfaction

Customer satisfaction is important to us, which is why we measure it by using the NPS (Net Promoter Score) and FCR (First Contact Resolution) performance indicators. Between 2019 and 2021, our NPS improved by approximately 22%, and our FCR improved by 2%.

### Cyber security and customer privacy

We are committed to maintaining the privacy and

data security of our customers and suppliers.

We have updated our data protection guidelines together with our IT service partner and ensured that our partners protect our data in accordance with the provisions of the GDPR. We have also instructed our employees to adhere to our updated data protection policy.

There were no reported data leaks or information security violations in our company during the review period 2019–2021.

Customer satisfaction	2019	2020	2021
NPS	53%	68%	65%
FCR	81%	87%	83%



## Cooperation with the authorities

We engage in close cooperation with the authorities in our sector. Each year, we report to the Energy Authority on the components of our gas distribution network, our financial indicators and our technical indicators.

Similarly, we report to the Finnish Safety and Chemicals Agency (Tukes) on burst pipe incidents and hazardous incidents as well as our renovation plans concerning our distribution network in Helsinki.

Naturally, we also comply with all legislation applicable to our operations.

The inspections carried out by the authorities on our network have not highlighted any problems to be addressed. We have submitted all of the reports required of us to the authorities in the appropriate manner.

## Cooperation with other organisations

SK Group engages in cooperation with Finnish Energy, the Finnish Biocycle and Biogas Association, the Finnish Gas Association, the Finnish Hydrogen Cluster, and WEC Finland.

Cooperation keeps us at the leading edge of our industry and helps us take companies and society towards a future of lower emissions and greater energy efficiency.

## Political activity

We do not represent, support or cooperate with political parties or organisations.

## Anti-bribery, anti-corruption and anti-fraud activities

We comply with Finnish legislation and our own ethical guidelines with the aim of avoiding bribery, corruption and fraud.

## Whistleblowing preparedness

Whistleblower protection legislation in accordance with EU Directive 2019/1937 had not yet entered into force at the time of drafting this sustainability report. The new legislation will apply to all private sector organisations with over 50 employees. This means that SK Group is not yet within the scope of the legislation in question.

Nevertheless, we encourage our employees to report all potential safety deviations, unethical conduct or actions that violate – or potentially violate – the rules laid out in our ethical principles. Such reports can be submitted by, for example, e-mailing or calling our executives, Board of Directors or the relevant public authority.

When the number of permanent employees exceeds 50, we will prepare an internal whistleblowing channel in accordance with the law.

# Safety

The safety and health of our employees, customers and partners are the foundation for all of our operations. We continuously monitor and report on the safety of our operations. We identify and prevent the realisation of detected safety and well-being risks in our operations and in the operations of our subcontractors.



# Safety indicators

## Occupational health and safety

Most of the work performed by our personnel is office work, which involves minimal physical risks but potentially significant psychological stress. We take increasing psychological stress into account and assign duties in a balanced manner. Our occupational healthcare provider has also assessed the health and safety risks of our construction sites.

Sickness-related absences at SK Group decreased slightly during the period 2019–2021, while the number of permanent employees increased during the same period. The decrease in sickness-related absences during the COVID-19 pandemic was due to changed sickness absence practices and remote work.

Year	2019	2020	2021
Sickness absence rate	0.6%	1%	0.4%
Personnel, FTE	23	24	28

Our safety rules and procedures specify detailed requirements for the safety of our operations and the operations of our subcontractors.

### Our goals are as follows:

- **maintaining our record of zero accidents**
- **avoiding damage to our gas pipes and other equipment**
- **preventing third-party hazardous incidents and adverse impacts**

There were no occupational accidents at SK Group during the period under review in this sustainability report. We prevent accidents by means of safety walks, which involve monitoring compliance with safety instructions by our employees and subcontractors.

We identify potential risks before any work is carried out and report these to the management. Our Board of Directors also monitors the safety of the work carried out by, and for, SK Group through regular reporting.

Safety walks and inspections have had a positive effect on our efforts to maintain a high standard of

safety, and we did not have to issue any complaints to our subcontractors for neglecting to comply with safety measures during the period under review.

Our Auris companies have separate occupational safety guidelines that all employees are required to adhere to. We require our employees to engage in continuous observation related to safety, and these observations are documented in the Auris safety channel.

The construction, quality, inspection and use of the gas pipeline and the notes of the operations supervisor are documented in a separate monitoring log.

Year	2019	2020	2021
Occupational accidents, number	0	0	0

## The health and safety impacts of products and services

As a leading company in our field, we understand the health and safety risks associated with our products and services. To minimise these risks, we comply with all legal requirements, monitor our distribution network 24/7 and, where necessary, provide instructions to our customers and partners on how to minimise risks.


We also conduct safety walks at our subcontractors' construction sites, and Auris Energiaratkaisut monitors its energy production plants 24/7, all year round.

The safety and quality of the gas we sell and distribute is the responsibility of the Finnish gas transmission system operator Gasgrid Finland Oy.

# Total impacts and targets







**We help our customers recognise and understand the business impacts of sustainable energy solutions and energy efficiency by creating quantifiable benefits. We apply the same principle to our own operations.**

# Summary of economic impacts

**We help our customers recognise and understand the business impacts of sustainable energy solutions and energy efficiency by creating quantifiable benefits. We apply the same principle to our own operations.**

The economic impacts of SK Group, presented in this report, cover the financial indicators of our business activities, our tax footprint, our investments, the physical risks associated with our operations, material procurement, cooperation with the authorities, and the certification of our operations.

Our growth has been strong in financial terms. Our revenue grew by 46% during the period 2019–2021. The most significant reason for this growth was the sharp increase in the price of gas in late 2021 and the weather conditions during the same year being colder than usual. In addition, the full effect of the acquisitions we made before the COVID-19 pandemic was reflected in our results for 2020 and 2021. The pandemic had less of an impact on our finances than we expected. This was mainly due to the diversity of our customer base. Our tax footprint increased during the period 2019–2021, and the group companies have no tax debt entered in the Finnish Tax Debt Register.

The number of personnel increased during the period under review, which led to an increase in personnel expenses. However, the average pay in SK Group has remained largely unchanged. Our personnel expenses came to approximately EUR 3.4 million for the financial year 2021.

**Finnish subcontractors' share of our subcontractors was 100 % throughout the period under review.**

Our sustainability-related investments during the period 2019–2021 were mainly focused on renewable energy solutions as well as the modernisation, repair and development of our gas distribution network and the automation of network monitoring. We spent approximately EUR 1.8 million on promoting sustainability during the financial year 2021.

Our other significant investments were allocated to the development of the Group's information systems, the maintenance of the gas distribution network, and new construction. We spent approximately EUR 239,000 on these investments in the financial year 2021.

Natural gas and biogas are the most significant products we sell, and the most common raw materials we use in our energy production. Most of the natural gas we sell is delivered via the Balticconnector pipeline from the Baltic countries, where it arrives in the form of LNG from various parts of the world, such as Norway and the United States. During this report's reporting period, a small proportion of the natural gas has still been sourced from Russia. However, by the end of 2022, all of the fuels and services we provide will be sourced from countries that do not support the war in Ukraine.

Until the end of 2021, our biogas was sourced exclusively from Finland. In 2022, our Group has also begun to sell European biogas.

Our total gas sales increased by approximately 190 GWh during the period 2019–2021. This was due to organic growth as well as acquisitions. Our biogas sales increased by approximately 30 GWh during the same period.

Finnish subcontractors' share of our subcontractors remained at 100 per cent throughout the period under review. SK Group has approximately 25,000 customers. The number of customers remained largely unchanged during the period under review.

Auris Kaasunjakelu Oy was awarded a high Rating Alpha credit rating by Suomen Asiakastieto Oy during the period 2012–2021.

SK Group's financial position has remained strong in spite of the COVID-19 pandemic. Our ability to produce and provide low-emission energy solutions is also positive from the perspective of the environment and society.

By maintaining the financial profitability of our operations and by making carefully considered investments in new solutions, we can provide companies and consumers with even lower-emission energy in the future.

We recognise the impacts of our energy production operations, particularly with regard to the environment. We actively mitigate these impacts by upgrading our gas distribution network, servicing the network, using geothermal and other low-emission heat production solutions, and by increasing the share of sales represented by biogas.

# Summary of environmental impacts

**Since 2002, SK Group has sought to prevent the adverse environmental impacts of our business and increase the safety of operations. We have reduced our gas losses by 83% between 2002 and 2022. We have invested EUR 1.2 million annually in upgrades and improvements, a total of approximately EUR 22 million.**

Our most significant theoretically possible environmental risks are related to burst gas pipes in the distribution network, fires, defects in gas appliances, disruptions in gas distribution, shortages of personnel during disruptions, and vandalism in our distribution network. We prepare for & prevent technical faults and damage by engaging in continuous monitoring. Burst pipes caused by earthworks are prevented by requiring advance notifications of earthworks and demonstrating the location of pipelines to contractors doing works near them.

SK Group's energy production and consumption consist of the energy produced for our customers in the form of steam and district heat, and the energy used for the heating and lighting of our premises.

The amount of energy we produced for our customers increased by approximately 17 GWh during the period under review. We produced a total of 81 GWh of energy for our customers in 2021.

The energy used for heating and lighting our premises amounted to 0.4 GWh in 2021. Electricity represented the most significant part of this energy consumption figure.

The emissions arising from our operations are categorised by Scope in accordance with the GHG Protocol. Scope 1 emissions consist of the emissions arising from our own operations, which include the emissions generated by the combustion of natural gas in energy production, and methane leaks from gas pipes.

The emissions arising from energy produced for our customers came to approximately 16,000 tCO<sub>2</sub>e in 2021. Gas leaks generated emissions of approximately 2,000 tCO<sub>2</sub>e, but the amount of gas leaks decreased by approximately 27% in 2020–2021. In 2021, gas leaks in our distribution network corresponded to 0.5% of the gas we distributed. Our Scope 1 emissions totalled 19,018 tCO<sub>2</sub>e in 2021.

Our Scope 2 emissions consist of our purchased electricity, natural gas and district heat. Our total energy consumption came to approximately 470 MWh and our emissions amounted to 76.8 tCO<sub>2</sub>e.

Our Scope 3 emissions consist of SK Group's other emissions. This includes kilometres driven for which employees have received compensation. We recognise that the definition of Scope 3 emissions also includes many other sources of emissions, but SK Group's current resources and the lack of data prevent us from estimating the full extent of our Scope 3 emissions. The number of kilometres driven decreased substantially during the review period due to the COVID-19 pandemic. In 2021, our employees received compensation for approximately 149,000 kilometres driven, corresponding to total emissions of 15 tCO<sub>2</sub>e. Going forward, we will avoid unnecessary travel and thereby further reduce travel-related emissions.

**We have reduced our gas losses by approximately 83% between 2002 and 2022.**

Our total emissions in 2021 amounted to 19,111 tCO<sub>2</sub>e. Our emission intensity was approximately 0.19 kgCO<sub>2</sub>e per euro generated. SK Group's most significant reduction in emissions to date consists of the prevention of methane leaks in the distribution

network. Estimated using the volume flow measurement technique, methane emissions in 2021 amounted to approximately 88,000 m<sup>3</sup>.

Due to the nature of our energy production operations, we also generate other emissions, such as NO<sub>x</sub> and SO<sub>x</sub> emissions. In 2020 and 2021, we did not use the auxiliary oil boiler located at one of our heating plants as an auxiliary power source at all, which meant that there were no SO<sub>x</sub> emissions or particulate emissions. The amount of NO<sub>x</sub> emissions was approximately 12 tonnes in 2021.

The other environmental impacts of our operations include the consumption of water in the production of steam. Our water consumption in 2021 came to approximately 67 megalitres, which includes both our energy production operations and our business premises. However, our absolute water consumption is difficult to estimate because part of the water we use circulates in production systems.

Our office work also generates office waste, which we reduce by using digital archives, for example. We have not reported waste generated in the repair and expansion of the distribution network, as the treatment of that waste is the responsibility of our subcontractors. However, our procedures obligate our subcontractors to prevent adverse impacts on the environment and waterways. Our instructions and safety guidelines emphasise the importance of protecting the environment and waterways and the reduction of noise, dust and vibration.

# Environmental responsibility targets

**Our environmental targets are an integral part of our strategy. SK Group's long-term strategy is focused on increasing the share of biogas, other low-emission gases and energy forms in our services, as well as the prevention of gas leaks.**

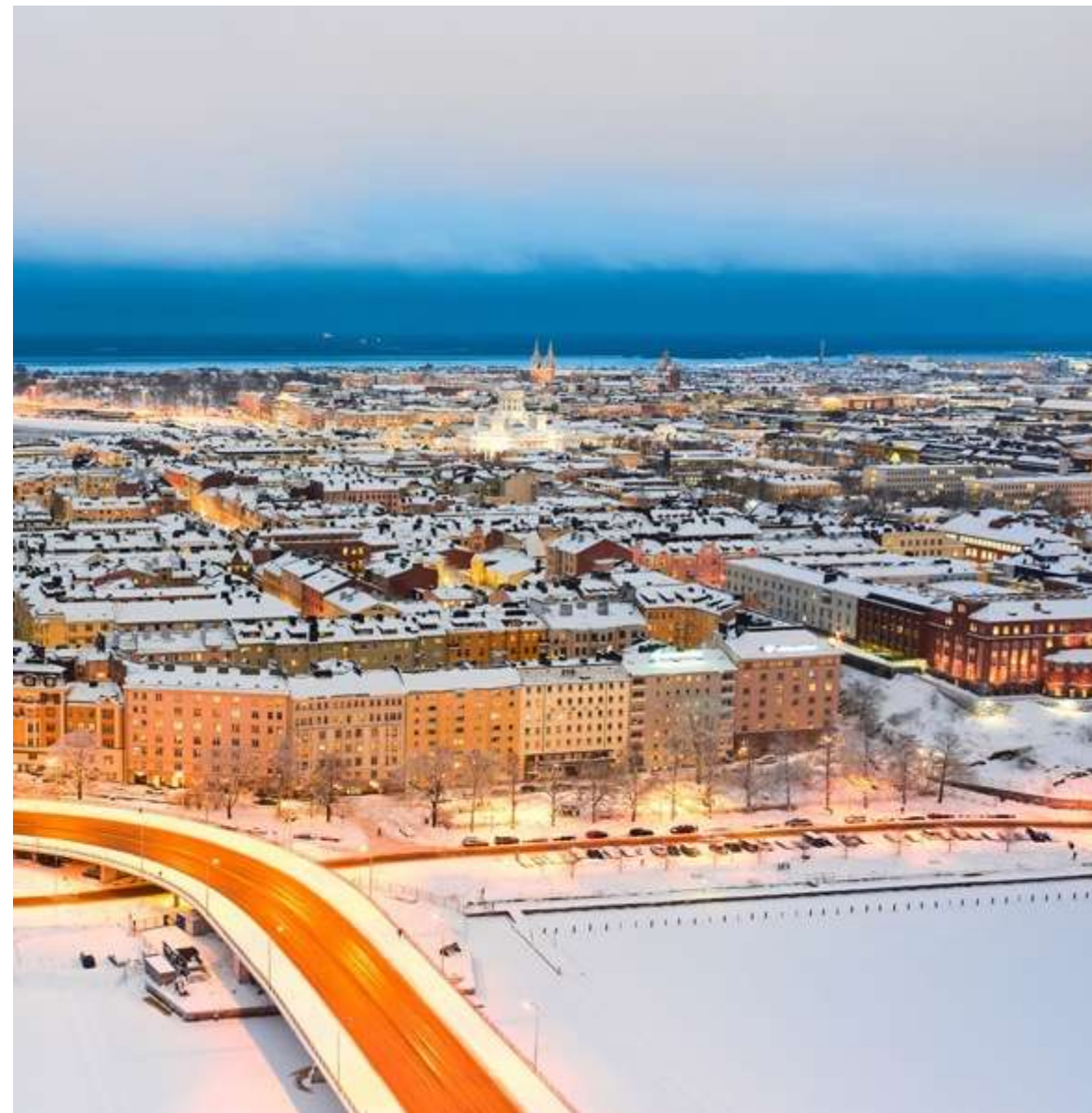
We will increase the share of biogas and other low-emission gas to 50% of our sold & distributed gas volume by 2035, compared to circa 4% in 2021. By 2050, 75% of our gas products will be partially or fully carbon-neutral.

We will achieve this target by increasing the share of biogas and other low-emission gases in the distribution network, and by incorporating carbon dioxide capture technology into our business operations. We will also continue to actively pursue the reduction of gas losses in our networks.

The sustainability strategy of Auris Energy Solutions is part of the Group's sustainability strategy, which sets a target of 75% of Auris Energy Solutions' heat production services being zero-emission by 2030.

Our other actions to reduce our carbon footprint are focused on measures that promote both our business operations and well-being in society. We have divided these into six quantifiable measures:

1. SK Group will significantly reduce its own carbon dioxide emissions – and society's – by 2035 and by 2050. This will be achieved by replacing high-emission energy sources, such as coal, oil and liquefied petroleum gas (LPG), with renewable gases. The ultimate goal is zero-emission business operations.
2. SK Group will increase the share of its total gas distribution and sales represented by biogas and low-emission gas.
3. SK Group will reduce methane leaks in its distribution network by upgrading the network.
4. We will increase the efficiency of our customers' gas consumption through the modernisation and optimisation of the tools associated with gas use.
5. In the future, the majority of Auris Energiaratkaisut's products and services will be based on low-carbon and zero-carbon energy production.
6. We will contribute to the future of renewable and low-carbon energy production by supporting research and testing activities related to low-carbon technology.



# Summary of social impacts

## Our social responsibility covers our impacts on our personnel, partners, customers, cyber security as well as our own operations.

Our number of personnel increased by approximately a quarter during the period 2019–2021. In 2021, the Group had 28 employees in a permanent employment relationship. We hired 11 new employees during the period under review in this report.

14% of our employees are women and 86% are men, but there are no differences in pay between the genders. Our personnel ranges in age from under 30 to over 50, and most of our employees have extensive experience in the energy sector.

Some of our employees are approaching retirement age, which increases the risk of losing know-how. To mitigate this risk, we have begun to transfer tacit knowledge from more experienced employees to new employees and designated substitutes for the members of the Management Team.

Our employees are highly committed to SK Group. The employee turnover rate for the Group's permanent employees is 0%. We monitor employee

satisfaction by means of Terveystalo's (our occupational healthcare provider) Pulssi surveys, and we use the feedback we receive from the surveys in the development of the well-being, safety and skills of our personnel. We provide a wide range of training to our personnel. In 2021, our employees spent an estimated 15 hours on training.

We have prohibited all forms of discrimination and we take immediate action against it. We encourage our employees to notify us of any problems, and supervisors must use all means at their disposal to promote direct, open and constructive discussion in the workplace community.

We have prohibited all use of forced labour and child labour, and we require our subcontractors and suppliers to adhere to the same legal obligations.

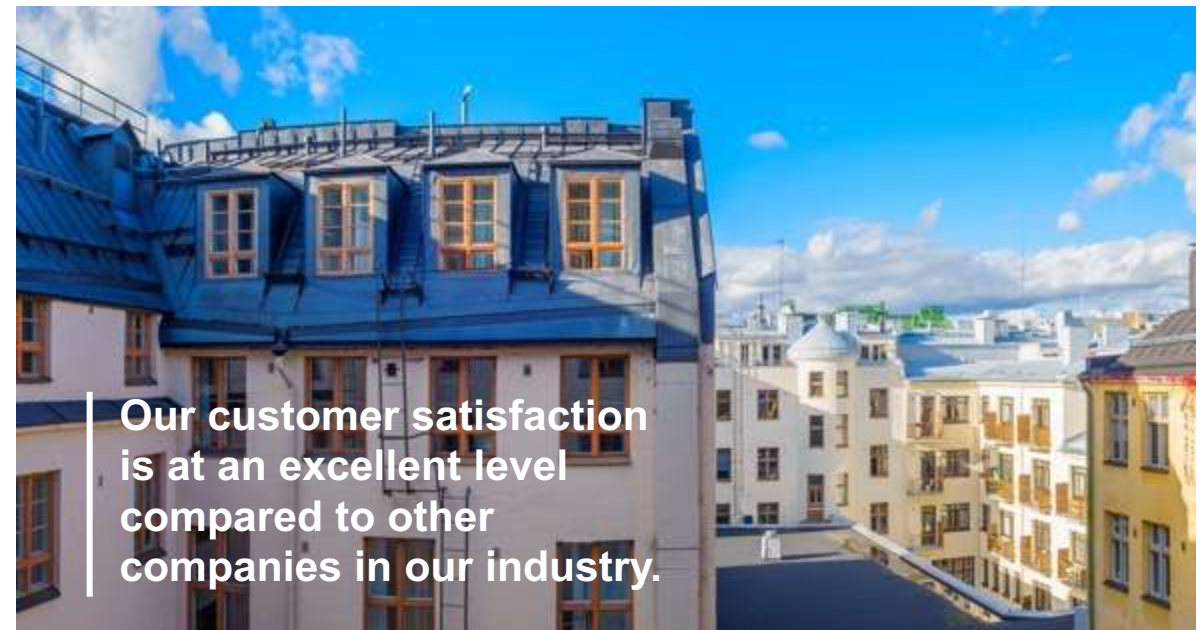
We monitor customer satisfaction by means of the NPS and FCR indicators. Our NPS and FCR scores both increased during the period 2020–2021. Our customer satisfaction is at an excellent level compared to other companies in our industry.

We engage in close cooperation with various public authorities and partners. We report to the Energy Authority on our gas distribution network as well as our financial and technical performance indicators. We report to the Finnish Safety and Chemicals Agency on burst pipes and hazardous incidents in our distribution network as well as our renovation operations on our distribution network in Helsinki.

We also engage in cooperation with various organisations, including Finnish Energy, the Finnish Biocycle and Biogas Association, the Finnish Gas Association, the Finnish Hydrogen Cluster, and WEC Finland. Our cooperation network does not include political connections, and we do not represent, support or cooperate with political organisations.

The privacy of our customers is a high priority for us. We updated our data protection guidelines in 2020 and we ensure that our partners protect our data in accordance with the provisions of the GDPR. There were no reported data leaks or information security violations in our company during the period 2019–2021.

We have prohibited bribery, corruption and fraud in all of our operations, and we comply with Finnish legislation and the ethical guidelines drafted for our Group. We encourage our employees to use internal communication channels to report safety deviations, unethical conduct and any other actions that violate our ethical principles.



Our customer satisfaction is at an excellent level compared to other companies in our industry.

# Summary of our responsibility regarding safety

**During the period under review in this report, in addition to increasing our revenue, we also improved the safety of our operations markedly.**

We monitor any damage to our gas pipeline by using the damage frequency indicator (damaged pieces per 100 km), which fell from 1.2 to 0.4 between 2002 and 2020. The total length of our distribution pipeline has increased from 510 km to 891 km, but the number of damaged pieces per year has remained largely unchanged. This means that our sustainability and development efforts have significantly reduced emissions while also improving the safety of our gas distribution network.

The safety of our personnel is a top priority for us, and we want to maintain our position as a safe employer. Most of our employees perform administrative duties at our office, which means that physical risks are low, but the risk of psychological stress has been identified. In addition to monitoring employee satisfaction, we monitor the sickness absence rate, which was fairly low at 0.4% in 2021.

Our occupational healthcare provider has also assessed the health and safety risks of our

construction sites. Our target in that area is zero accidents, and there were no occupational accidents during the period under review in this report.

We prevent occupational accidents by providing instructions and guidelines and by conducting safety walks at construction sites. During safety walks, employees representing the Group monitor compliance with safety procedures by our personnel and by our subcontractors. Safety walks and inspections have had a positive effect on the safety of work, and we did not identify any incidents of negligence during the period under review. Our goal is to minimise accidents, damage to gas distribution pipes and appliances, and third-party hazardous incidents.

To ensure the safety of our products and services, and to minimise adverse health impacts, we comply with all legal requirements concerning the qualifications of personnel who work with gas. We also monitor the distribution network around the clock and, where necessary, provide our customers with instructions for the safe use of gas. The safety and quality of the gas we sell and distribute is the responsibility of the state-owned gas transmission system operator Gasgrid Finland Oy.





### **Statement on the production of this report**

The analyses and calculations presented in this sustainability report have been produced in cooperation with Azets Insight Oy (Azets). Azets' contact person in the drafting of this report was Sustainability Consultant Leonard Breukers, [leonard.breukers@azets.com](mailto:leonard.breukers@azets.com).