



Loaded with sustainability

Sustainability report 2022

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Greeting from management

You now have the pleasure of reading Närko's first (and perhaps even the industry's first) sustainability report!

We have chosen to compile a sustainability report so that we can better follow our own development, improve long-term sustainability aspects and the sustainability strategy in our operations and include society and the public in our operations and our sustainability work.

We have strived to publish the sustainability report in a simple, concise and clear way. Närko, as a medium-sized and unlisted company, is not yet subject to official sustainability reporting directives, but we want to be open, transparent and pioneers in the industry. As a significant employer in a small town, openness becomes important, both within the company and towards our partners with whom we form a competitive ecosystem.

Our purpose is to work with our customers to keep society rolling and develop more sustainable transport products and solutions. Our values of pride, entrepreneurship and responsibility are central to our philosophy as a forward-thinking family business with a strong societal connection.

In the report, we will describe Närko's operations and our work with sustainability topics. We describe how we interact with our suppliers and partners. Närko has for 20 years followed and reported environmental and climate impact internally. Now we want to share our progress with you.

Welcome to join us!

Hälsar,



Mikael Louhi
VD, Närko Group



Nicklas Pärus
VD, Närko

Närko in a nutshell

Närko is one of the Nordic region's leading manufacturers of trailers and bodies. Since the 1950s, we have offered our customers a wide range of trailers and bodies. Närko's pride lies in top-quality products and an aftermarket, which bring both safety on the roads and reliable transport.

In 1959, Närko's operations began at Nixback in Närpes. During the 1960s, the business started with a broad ownership base, and then was taken over and continued by Egil Gullström. Between the 1970s and 1980s, operations were built up at a steady pace, and various bodies of trucks and trailers were produced for a growing transport industry in Finland and the Nordic countries. The number of employees in the 1990s was at most approximately 350 people. Between 1995 and 1999, production was at its peak and Närko invested in covered semi-trailers in new market areas.

Närko was a major supplier of trailers and semi-trailers to the Nordic transport companies that transported goods for export to Russia. Exports stalled as the Russian economy entered a deep crisis in 1999 and the ruble was devalued. Närko made its way out of the crisis and continued with its old basic production with semi-trailers, trailers and bodywork.

After the financial crisis of 2008 and the accompanying downturn, we reached stable production figures in the early 2010s and now we continue to expand capacity and operations.



Närko is born
1959
1960

Steady growth
1970-80

350
employees
1990

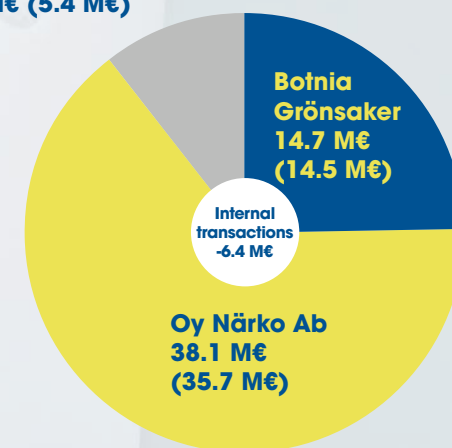
Russia collapse
2000

Re-coupe-ration
2010

Growth
250
employees
2020

Oy Trailer Rigg Ab
6,1 M€ (5.4 M€)

Oy Närko group Ab
53.3 M€
(2021: 49.8 M€)



Our differentiating factor in the market is an extraordinary customer focus!

Our business is dependent on our customers success, and we can boast with many of the longest customer relationships in the industry. We are constantly looking for new, better solutions for our customers and want to offer them more than products and services – namely a partner.

For us, customer focus also means focusing on our own employees because our knowledge, capacity and future lie with the employees and their well-being. Our staff turnover is among the lowest in the industry and we will soon introduce continuous eNPS measurements to monitor and improve

staff well-being in the growing organization.

Närko's operations are led by Närko Group, which also includes Botnia Grönsaker and Trailer-Rigg.

Botnia Grönsaker Ab (formerly Gullströms Grönsaker) started its operations in the summer of 1957 when Egil Gullström started trading vegetables and agricultural products at his home farm in Närpes.

The business has developed over the years and today includes wholesale of mainly tomato, cucumber, potatoes and carrots.

Trailer Rigg began operations as early as 1909 when Grönlunds Mekaniska Verkstad opened (became part of Trailer Rigg in the 70s).

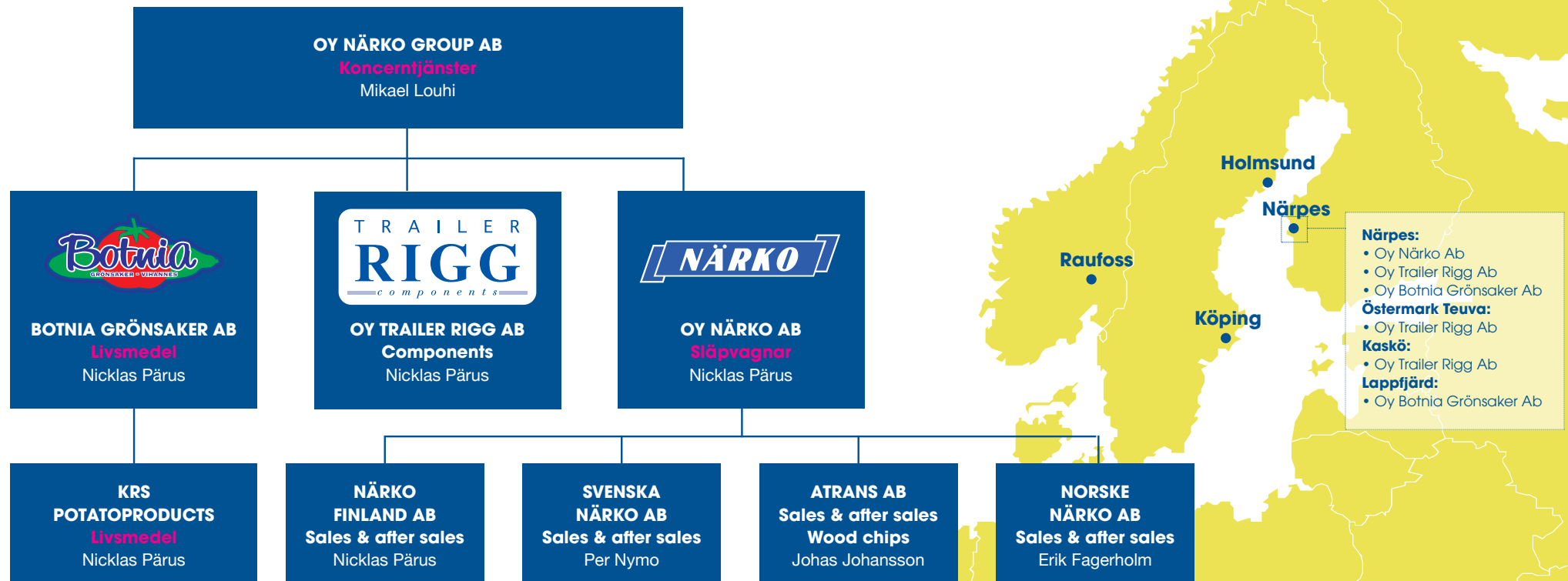
Trailer Rigg has extensive experience in customized

manufacturing and distribution of components for trailers and cargo spaces for vehicles.

Thanks to the automated manufacturing, Trailer Rigg can offer high-quality sub-delivery jobs to others in the industry as well.

Närko Group has a turnover of about 50M€ and has around 250 employees. Most of the Group's sales come from Närko's business area. The Group's turnover in 2022 is presented on the previous page.

Our head office and several of our business points are located in Swedish-speaking Ostrobothnia on the west coast of Finland. In Sweden, we have two subsidiaries; Swedish Närko and Atrans and in Norway we have Norske Närko which is an associated company.



Närko values and strategy

Närko has achieved a stable business and we now want to continue to balance growth and profitability. On a strategic level, we work with a number of selected focus programs to increase capacity and improve efficiency at the factory, focus on selected product segments and further develop our service and spare parts business in our markets. In our current 2025 strategy, sustainability is a driving force and we are now focusing above all on making sustainability and development traceable and measurable so we can continuously improve.

Our purpose is to, together with the customer, keep society rolling and be the industry's most customer-focused company. Närko's values include pride, responsibility and entrepreneurship, which have been maintained equal since the company's inception and further strengthened by together with the staff continuously formulating concepts and philosophies that are perceived as central to our business.

Responsibility: For us, responsibility means workplace safety, product safety and reducing the environmental footprint. The company keeps itself up-to-date, is constantly evolving, and products have a long service life and good resale value. We also manage customer responsibility and regional social and societal responsibility as a safe and reliable employer.

Entrepreneurship: We have long roots of entrepreneurship. We operate in a business-friendly region and together with our customers, often also entrepreneurs, we form a productive collaboration. Our staff has an entrepreneurial attitude where the family business is reflected in the daily operations

Pride: Närko is proud of its history, its future plans and goals. Our employees are proud of what they do and the company they represent because we have a significant impact on the industry and the region. We maintain a broad and high-quality product range and a customer-oriented aftermarket which is continuously confirmed and reinforced by our regular customer feedback process.

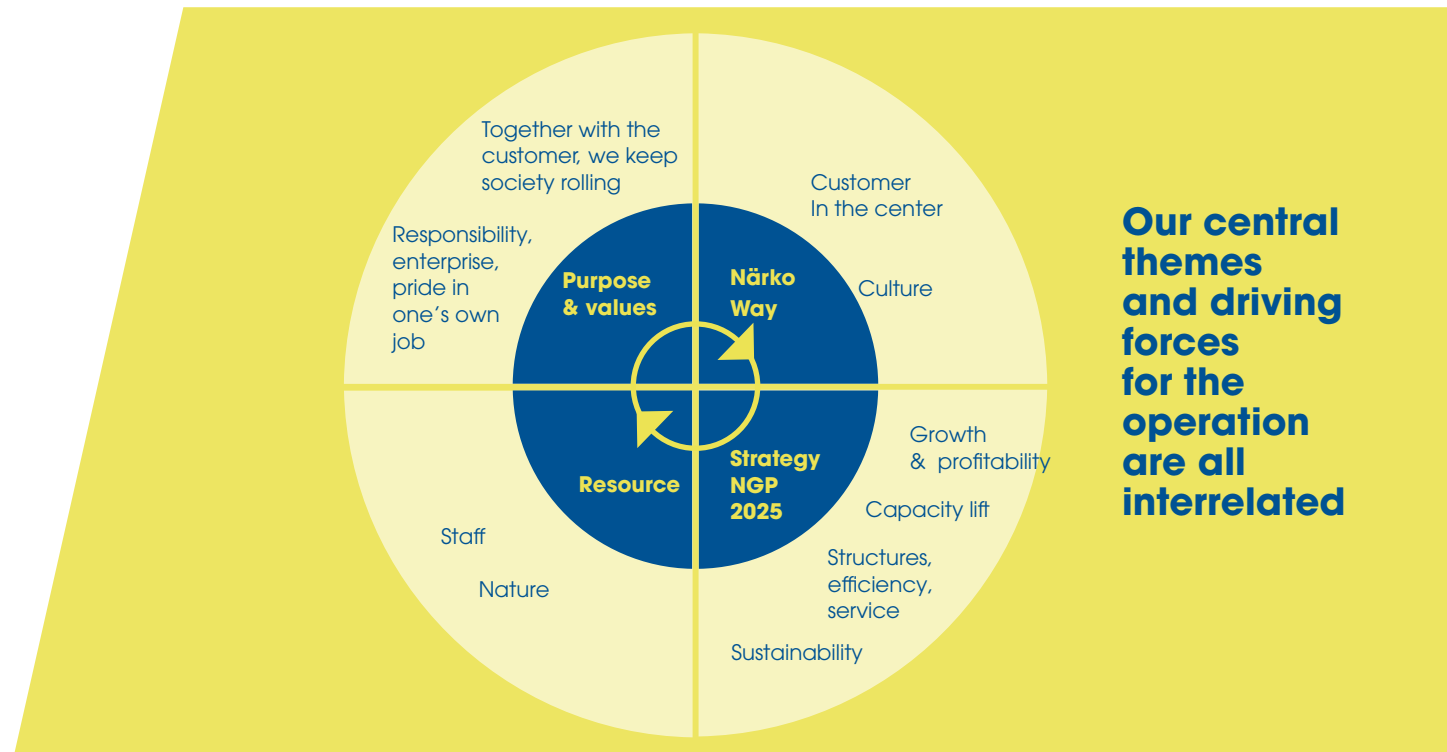
These values can be seen in Närko's mission to keep society rolling together with our customers. We strive to be a forerunner in the development of a better flow of goods, which we achieve by manufacturing the transport products and solutions of the future in a sustainable way.

In the graphics below, we illustrate our central themes and driving forces for the business and how everything is a coherent entity. Based on our purpose and values, we shape our way of working internally and externally, the Närko way. Our corporate culture is reflected in a constantly renewable strategy, where we regularly update short-term and long-term goals. Strategic programs involve the entire organization and consider our resources that we work with to implement our programs and achieve our goals. These resources are the human and natural resources that are extremely central and important from a sustainability point of view.

Focus of the report

In our first sustainability report, we have chosen to focus on Närko's operations because the manufacturing business is the largest in size and environmental footprint. All consumption data specified in this report are derived from the combined energy consumption of Oy Närko Ab and Oy Närko Finland Ab.

From a sustainability point of view, our policy, together with the legislation, sets the framework for Närko's actions in various areas. These policies; Sales policy, Development policy, Delivery policy and Maintenance policy and guidelines clarify and emphasize the requirements and expectations that exist for Närko's employees.



Essential Sustainability themes in Närke's business

We have identified the most relevant activities and themes for our business and sustainability that are

- **Environment and Climate impact**
- **Interest groups and cooperation**
- **Our work community**
- **Ethical aspects**

The manufacturing of bodies and trailers takes place in a factory with a production line that works all year round. This results in the consumption of raw materials and emissions into the environment.

The environmental goal identified is a continuous optimization of the consumption of district heating and electricity in relation to production and operations. These are measured and followed up within Scope 1 (direct emissions from owned or controlled sources) and Scope 2 (indirect emissions from the production of purchased heat, energy) emissions. Our goal is to achieve climate-neutral operations by 2030 with our own resources and measures. In Chapter 2, we talk in more detail about data and objectives.

Other environmental goals include a continuous reduction of waste from manufacturing processes.

Estimation and definition of Scope 3 is processed with EU

directives in the form of Vehicle Energy Consumptionmed EU direktiv i form av Vehicle Energy Consumption calculation Tool - VECTO that will be implemented in the coming years.

Within the Närke Group, openness, diversity and acceptance of other people are fundamental prerequisites for the Group's success. Närke respects and complies with the EU's General Data Protection Regulation (GDPR).

Employees of Närke shall not accept gifts or benefits from external or internal parties, if this is done with the intention of affecting the employee's performance of duties. In order to live up to these guidelines regarding staff, we have a Discrimination and Equality Policy, a Privacy Policy and a Policy against Bribery and Bribery.

In setting up our sustainability strategy, we have reflected it against the UN's global goals for sustainable development and can identify our efforts with the following goals.



When we have set up our sustainability strategy, we have reflected it against the UN's global goals for sustainable development and can identify our aspirations with the following objectives.



Environ- ment and climate impact in focus

In the governance of environmental issues, we start from continuously reducing our environmental impact through preventive measures. For Närke, it is important that we use natural resources in a way that supports sustainable development.

Constant improvement, minimized footprint

When developing new products and solutions, we take into account the environmental aspects and environmental impact of our products throughout the product's life cycle. The environmental goals aim to lead to improvement of the company's results, function and environmental impact.

The work with identification, assessment and evaluation of environmental aspects is carried out continuously, as well as in the event of change, to map risks and changes in the environmental impact of our processes. Närko's environmental work is led by a team consisting of the Group head, the CEO, the environmental manager, and maintenance managers.

- All electricity Närko uses is so-called green electricity, which is produced from renewable and fossil-free energy sources.
- In order to become a winner in the circular economy, the development of new products and solutions has taken into account the environmental aspects and environmental impacts of our products throughout the product's life cycle. The material of our products is recyclable (metals, plastics, rubber, electronics, oil and grease, paint, solvents).
- The service life of the product is important from an environmental point of view. The design lifetime of Närko products is 10–20 years. With proper maintenance and handling, the life of Närko products can be further extended.

How we work with environmental issues

In Närko's policy and operations, environmental issues and aspects are taken into account through preventive measures, sustainable use of natural resources, and the environmental impact of new products in their development. Närko takes into account environmental risks related to its own operations' environmental aspects and manages these by reporting and responding to events such as emissions to the environment. Each process is analyzed separately according to the following scheme:

- **Emission**
- **Waste**
- **Material and energy use**
- **Surroundings, aesthetic values**

The most significant environmental aspects from the business are waste and residues, raw material use and energy use.

Law and ISO compliant

With the business, Närko inevitably has an impact on the environment. To enable a more environmentally friendly impact, we always ensure that environmental laws and permits that affect the business are met and continuously try to raise the bar with our goals.

Production & product development

Närko takes into account the environmental impact of products throughout their life cycle and works with environmental improvement measures from the time of their creation. A number of technical innovations have been implemented on Närko's trailer products to reduce fuel consumption. Creating modularized products is part of the environmental thinking, which means that we get less waste in production.

An important environmental aspect of all construction work is the weight of the product in relation to fuel consumption. To obtain lightweight structures, the design principle is that no extra constructions, i.e. unnecessary material, must be present on the product and the material must be both light and durable. Other features that contribute are driving stability, sizing of brake cylinders and valves, as well as tires with less rolling resistance, and which generate less noise.

Our factory breathes

Närko collects and reports consumption data annually on waste, electricity, gases, oil and district heating, as well as water. We aim for constant improvement in all aspects and have taken 2015 as a comparison year. With current knowledge and data, we can calculate our Scope 1 & 2 emissions.

According to the GHG protocol, our Scope 1 and Scope 2 emissions are as follows:

GHG	2015	2022
Scope 1	59.3 t CO ₂ e	68.6 t CO ₂ e
Scope 2	1105.2 t CO ₂ e	0 t CO ₂ e (*643.7 t CO ₂ e)

*District heating produced with biomass is counted according to the GHG protocol as 0 emissions, but is reported separately. However, we use both electricity and energy consumption as metrics in the goals of our continuous improvement.



Our goal in the total Electricity consumption is <3.5 MWh/unit.



What we've done?
What we will
do for net zero?

Reduced environmental footprint

Selection until 2023

Doors are reviewed and sealed annually. Old unsealed doors have been replaced

Ventilation pipes are cleaned

Energy-efficient heat exchanger was installed for painting

Air curtains for front doors have been renewed

LED lights both outdoors and indoors have been installed according to the established timetable

Systematic periodic audits of gas pipelines have been introduced

Switching to more energy-efficient compressors has been made

Next steps

Solar cells are installed

Stepwise transition to geothermal heating

Energy-efficient cooling of office space

An investigation into how to improve ventilation in an energy-efficient way is ongoing.

Energy-efficient LED lamps are yet to be installed in the remaining places

The staff is engaged in finding out how further energy savings can be made

How can the lighting be switched off automatically investigated

Own vehicles are switched to electric ones

The increase in Scope 1 emissions is due to an increase in driving kilometers with own vehicles, which can be derived directly from an increased production. Between 2015 and 2021, we have switched completely to green electricity and have since 2006 used district heating produced with biomass and can thus indicate 0 emissions on scope 2!

For more than 20 years, we have been collecting data and following up on our development. Consumption data is analyzed in relation to the number of units produced and compared with previous years. All electricity Närke uses is so-called green electricity, that is, fossil-free electricity. Measures to reduce energy consumption have shown the desired effect and the results show a positive trend. We will maintain the targets for some time to ensure that electricity consumption is kept at this level.

Elektri- city year	Antal producerade enheter	Annual consumption	MWh/ unit	MWh/ FTE
2015	579 pcs	2,467 MWh	4.3	19.5
2021	705 pcs	2,370 MWh	3.4	19.8
2022	671 pcs	2,260 MWh	3.4	17.7

The consumption district heat per year is adjusted by taking into account weather conditions and the number of units produced.

Various measures to achieve the target for district heating consumption have been examined. At the top of the priority list of measures is the optimization of the ventilation system, with a more efficient heat exchange system. In this way, we would take advantage of already heated indoor air to reduce heat waste. This, together with effective air curtains at the doors, makes the goal achievable.

District heating Year	Antal producerade enheter	Annual consumption	MWh/ unit	MWh/ FTE
2015	579 pcs	4,148 MWh	7.2	32.7
2021	705 pcs	4,133 MWh	5.9	34.4
2022	671 pcs	4,180 MWh	6.2	32.7

Our goal in
district heating
consumption
is <4.5 MWh/unit.



Our working community, our success

We work systematically and purposefully to ensure that our work environment is safe and secure, and we counteract all forms of discrimination. Workplace safety is a central theme in Närko's operations!

At Närko, personnel issues are governed by Närko's personnel policy, which has been designed on the basis of long-term good relations that are continuously developed and adapted to today's society and the staff's expectations. We strive for our employees to feel that they thrive and develop, and that they are driven by openness and a sense of responsibility. We develop these themes by offering apprenticeship places, promoting a multicultural and pleasant work community, and the possibility of flexible working hours. Future goals are to improve the flow of information and through it further increase the staff's commitment and well-being.

We are all different

Together with the legislation, the personnel policy sets the framework for Närko's actions. Personnel policy is permeated of our overarching values and compliance with laws and collective agreements. Närko's personnel policy, discrimination and gender equality policy deal with respectful treatment, zero tolerance of forced and child labor, openness, diversity, equal pay and conditions for equal performance.

Within Närko, openness, diversity and acceptance of other people are fundamental prerequisites for the success of the Group. It is therefore self-evident that no employee within the Group's companies should be discriminated against or treated differently on the basis of gender, age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relationships, health status, disability, sexual orientation or any other circumstance that concerns the individual as a person. At Närko, all people shall be treated with respect and dignity in accordance with our business principles and fundamental values.

Occupational accidents

Preventive work with continuous risk analyzes, analysis of close events, training, and accident follow-up help us minimize the risks in the workplace. Meters show how many days have passed since the last work accident. The current target is 100 days and the target will be gradually increased.

The supervisors' Safety Walks are a good tool for building a safe and secure working environment. The ongoing safety work takes place in good and close cooperation with the staff.

Recruitment

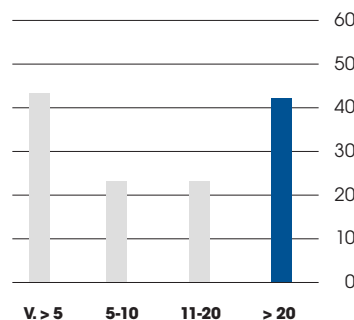
The difficulty of recruiting skilled personnel consists of low unemployment combined with a large number of vacancies in our commuting area. The risk of the ageing population structure is that skilled labour is not found. To succeed, Närko strives to be an attractive employer. Närko welcomes immigrants to the region and also contributes to the integration of new Finns.

Safety in the workplace

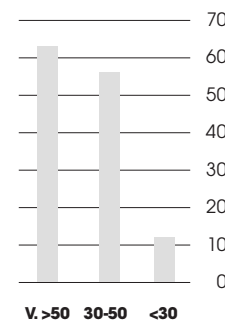
Our employees should feel that he/she is an important part of the business and be proud of their work. We work actively to ensure that both physical and psychosocial work environments are suitable for all employees. By that we mean taking into account that all employees should be given equal opportunities / conditions regarding working hours, amenities and more.

Närko offers occupational health care based on a plan created together with Sydmedi, now part of Mehliläinen. Personnel surveys with subsequent reviews, analyzes and action plan have also been made.

EMPLOYMENT DURATION
FTEs



AGE DISTRIBUTION
FTEs



Team Närko in numbers

In 2021, the number of staff-years worked was 128, which was an increase of eight compared to the previous year, when the number of staff-years performed was 120. A few years ago, Närko had a pension boom, which demanded to intensify new recruitment. Statistics show that Närko has employed 50 people in the past five years. Närko's personnel data shows that the recruitment process has been successful, where the distribution of the new employees' age and work experience has been favorable. By this we mean that we have been able to take advantage of the youth's enthusiasm and openness to new challenges, and at the same time also have been able to take advantage of the solid experience and stability that older new employees have brought with them.

Currently, the average age is 46 years. To our delight, we can state that we have many employees who have contributed to Närko's success over the years. Many examples are found on employees who have over 40 years of working conditions at Närko.

År	Betald sjukfrånvaro	Antal olycksfall
2021	4.9%	12 stycken
2022	5.4%	7 stycken

Our key resources

Selection until 2023	Next steps
50 employees latest 5 years	An average of 10 new employees per year
100 days w/o accident	200 days w/o accident
Strive for diversity	Strive to have both sexes represented in recruiting positions on the white-collar side and as possible in the factory
Safety walks	Introduce eNPS

What we've done? What we will do?

Stakeholders and cooperation

We want to constantly improve our sustainability aspects in the supply chain. This requires us, together with our suppliers, to strive to achieve sustainability throughout our business.



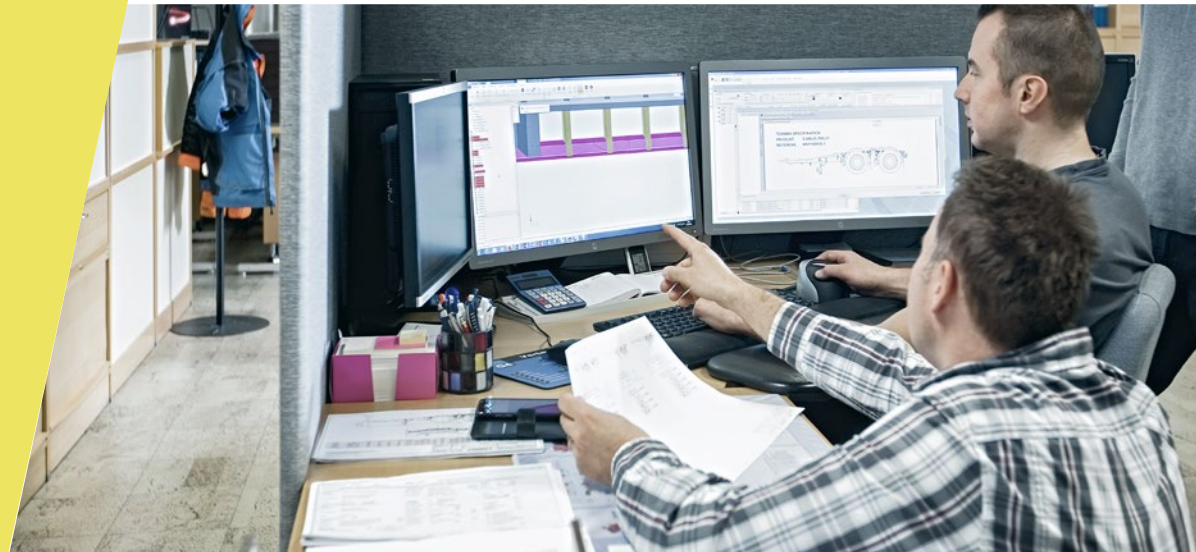
Our interest groups and their expectations

We work with external suppliers to reduce risks from supply and demand for critical materials, and actively maintain contact with suppliers in order to be able to act quickly towards customers and staff.

We want the economic, environmental and social impact of Närke's activities on the world around us to maintain a high level of sustainability. Närke is committed to constantly improving its responsibility. This requires us, together with our suppliers, to strive to achieve sustainability throughout our business. Närke's suppliers should respect the requirements of Närke's Supplier Code of Conduct and comply with them in all their business activities.

Through our Supplier Code of Conduct, we govern cooperation with the supply chain in accordance with our values and sustainability aspects.

The purpose of the Code of Conduct is to present the basic sustainability requirements that are imposed on Närke's suppliers. Närke's suppliers, including its subcontractors, must always comply with the relevant legislation, rules and regulations in the countries in which they operate. The business relationship between Närke and our suppliers is based on honesty, trust and cooperation.



Selected suppliers

Närko has a routine for systematically assessing and selecting suppliers in order for delivered products to meet Närko's requirements. In this way, continuous improvement is maintained in the purchasing process.

The assessment is made by the purchasing department, on the initiative of the purchasing manager. The suppliers covered by the assessment are those who account for 80% of the purchased turnover, and those suppliers in addition that the purchasing manager deems to have a significant impact on the final product or on product development.

The following aspects are taken into account when assessing

1. ISO 9001 Certificate from Authorized Certification Body
2. ISO 14001 certificate from authorized certification body
3. Delivery punctuality
4. Noted deviations on product/process
5. External complaints caused by the supplier's process or product

What we've done? **What we will do?**

Ecosystem

Until 2023

Strive for sustainability throughout the chain

Annual risk analysis

Next steps

All suppliers comply with the Code of Conduct.

Open communication with all stakeholders



Ethical activities

Together with the legislation, Närko's policy sets the framework for Närko's actions in various areas. These policies and guidelines clarify and emphasize the requirements and expectations that exist for Närko's employees. We develop the business by reassessing our policy every year at the management team's review and ensure that all employees are aware of the requirements.

The policy lays the foundation

In Närko, operations are governed by Närko's policy. Our policies cover areas such as sales, development, planning, purchasing and logistics, delivery, maintenance, personnel, discrimination and gender equality, privacy protection, bribery and bribery, and IT.

In addition to the policy, we have issued a Suppliers' Code of Conduct. The purpose of the Code of Conduct is to present the basic sustainability requirements that are imposed on Närko's suppliers. Närko's suppliers, including its subcontractors, must always comply with the relevant legislation, rules and regulations in the countries in which they operate.

Employees at Närko must also act according to policy and code of conduct and shall, for example, not accept gifts or benefits from external or internal parties, if this is done with the intention of affecting the employee's performance of their duties. Employees at Närko must not allow decisions or actions to be influenced by open or disguised threats from external or internal parties.

Närko has identified risks in the supply chain being globalized. Sustainability risks in Närko's business operations regarding Among other things, environment, health and safety, human rights and business ethics, legal and compliance risks are themes that we deal with during the annual risk analysis that is done by department.

We have a zero tolerance for both forced and child labor (with several examples) and our suppliers must sign and follow our policy against forced labor and child labor. Business ethics risks include money laundering, fraud, embezzlement and corruption. Närko's entire value chain is exposed to risks related to human rights and we strive to have transparent communication with our suppliers on all points.

According to our IT policy, Närko respects and complies with the EU General Data Protection Regulation (GDPR). Sensitive personal data is not stored and is not disclosed to unauthorized persons.

The IT policy serves three main purposes and is also designed to maintain as reliable a digital environment as possible. It is designed to:

- Protect classified and other sensitive material from unauthorized access or dissemination
- Create an ethically and formally and technically correct use of the Group's IT equipment.

TellUs

Närko shall respect the right of every employee to join, or refrain from joining, trade unions or other legal organizations. Reporting of all suspected violations of the Code of Conduct can be reported either to the contact person at Närko, or via Närko's whistleblower channel TellUs.

TellUs is available to all internal and external stakeholders to inform management that something improper is happening and can be used anonymously if it is necessary, for example, to protect internal sources from attacks and bullying. Our values and policies contained in the management schedule are communicated to management and staff, and when hiring new employees. Närko's suppliers should respect the requirements of Närko's Supplier Code of Conduct and comply with them in all its business activities. By acting



correctly and require partners to do the same, we can create a positive spiral and help the value chain and industry to improve their business ethics.

What we've done? **What we will do?**

Ethics

Until 2023

Local policy in the workplace
Whistleblowing - TellUs has been implemented
IT policy in accordance with GDPR

Next steps

Suppliers' code of conduct fully in use
Follow up TellUs's statistics, act and improve

GRI-index

All consumption data listed in the report are derived from the combined energy consumption of Oy Närko Ab and Oy Närko Finland Ab.

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405-1	Diversity among organs and employees	11	Partially
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Together with
our customers,
we keep society
rolling



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