

PROMECO GROUP SUSTAINABILITY REPORT 2020

Reporting on our Progress and Milestones

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MESSAGE FROM OUR CEO



Marica Kilponen
CEO of Promeco Group Oy



At Promeco, sustainability covers the social, environmental, and economic responsibility of our operations. Promeco's strategy for growth is based on customer insights and innovation, supported by structured processes and motivated employees, and underlined and encircled by sustainability.

Promeco is working systematically for a better future. Our environmental procedures have been certified since 2004 and safety procedures since 2018.

Now, we are publishing our very first Sustainability Report, where we want to emphasize some examples we are proud of.

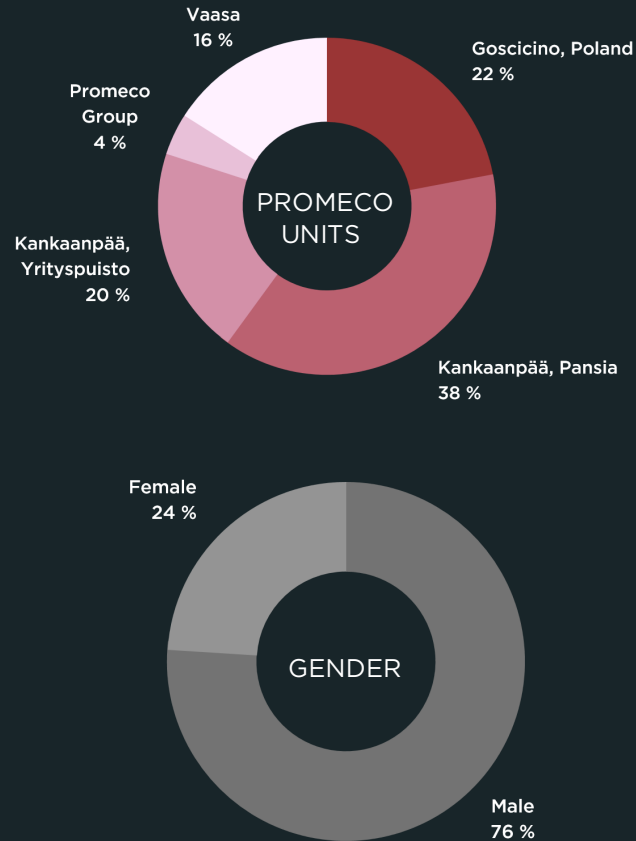
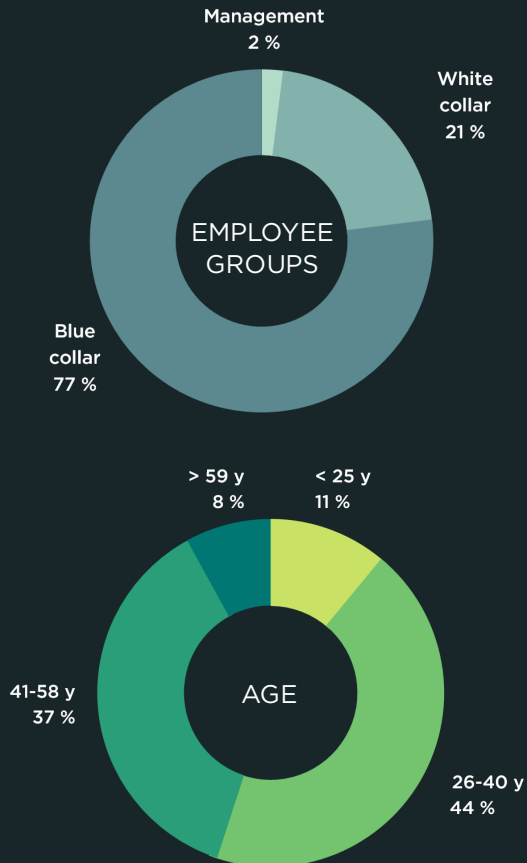
Kankaanpää, May 25th, 2021

A handwritten signature in black ink, which appears to read 'Marica Kilponen'. The signature is stylized and fluid, with a long horizontal stroke at the end.

Marica Kilponen

METRICS

Promeco



Around
500
#promecopeople

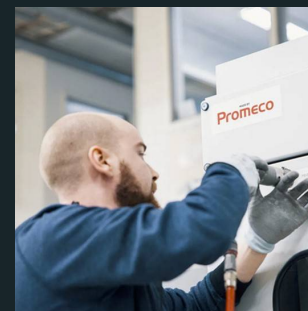
EMPLOYEE SATISFACTION, DEVELOPMENT, EDUCATION AND TRAINING

Highly motivated, professional, and knowledgeable personnel is the core of Promeco. We strive to be a better place to work also tomorrow and to improve ourselves every day, for instance, by addressing topics raised in employee satisfaction surveys. Some examples of improvements made:

- Well-being activities like sports
- Health care programs
- Open communication in employees meeting and daily management

Education in many levels, varying training and exercises are offered and enabled for employees for personal development to support Promeco's growth:

- LEAN methods
- Leadership training
- Multi-skills training



CODE OF CONDUCT

The principle for Promeco's way of working

Code of Conduct guides in daily business by illustrating proper behavior and the right values.

Every Promeco employee is expected to act responsibly with integrity and honesty, and to comply with code and instructions.

Promeco



ETHICAL COMPLIANCE

On 7 October 2019, the Council of the European Union adopted a so-called Whistleblowing directive, which will have to be implemented by the Member States in December 2021. The directive requires companies employing at least 50 people to establish a channel through which malpractices and unethical acts can be reported. Through the channel, the company also notifies the whistleblower, i.e., the notifier, of the measures taken.

PROMECO ProCode

Since 2016 all Promeco employees are required to report any suspected or observed violations of the law, of Code of Conduct, or company policies – or if they are asked to do something that might be a violation. The person making such a report does not have to be afraid of countermeasures or any other negative consequences. We duly investigate failure to comply with the principles and take appropriate actions when necessary.



CO-OPERATION WITH EDUCATIONAL PARTIES

To ensure educated employees also in future, Promeco is co-operating with different schools, education centers, and universities. We also engage in dialogue with research institutes, universities, and vocational schools through joint development projects and specific industry initiatives.

In the year 2020 we

- worked together on a master's thesis project with a University of Vaasa student
- had 27 trainees from local vocational schools
- studied new welding technologies with Lappeenranta University of Technology
- provided materials for a university project
- initiated laboratory co-operation with VAMIA
- participated in TAU's study on project marketing and sales
- donated scholarships to successful students in local high schools and vocational schools



SUPPORTING OUR LOCAL COMMUNITY

In top-level sports and in achieving business goals, the coordination of different areas plays a crucial role. As proof of that, some thoughts of successful hammer thrower Aaron Kangas, sponsored by Promeco.

Every human being is the most important resource for himself

"The most important in building a productive physical condition are health and avoiding injuries.

In addition, strength properties, speed, and explosiveness properties, elasticity, technical know-how, and mental well-being are required.

The importance of recovery, rest, food, and sleep for results can never be underestimated. Mental well-being must be balanced, as it has a significant impact on practicing and achieving results."

Reaching the next level

"In sports, the next level can be achieved through honest self-assessment, analysis, and continuous improvement in various areas.

It needs also good planning and high-quality implementation of the training. Self-confidence, faith, and desire should be realistically related to inspiring goals and vision, not forgetting circumstances and needed resources."

Focus on basics

What helps the top athlete withstand the uncertainty caused e.g. by this pandemic period?

"The uncertainty can be minimized by adapting and focusing on the basics. It is pointless to worry about things that you cannot influence yourself. Motivation for long-term goals builds with an inspiring vision and appropriate milestones. And the love of the sport helps a lot."



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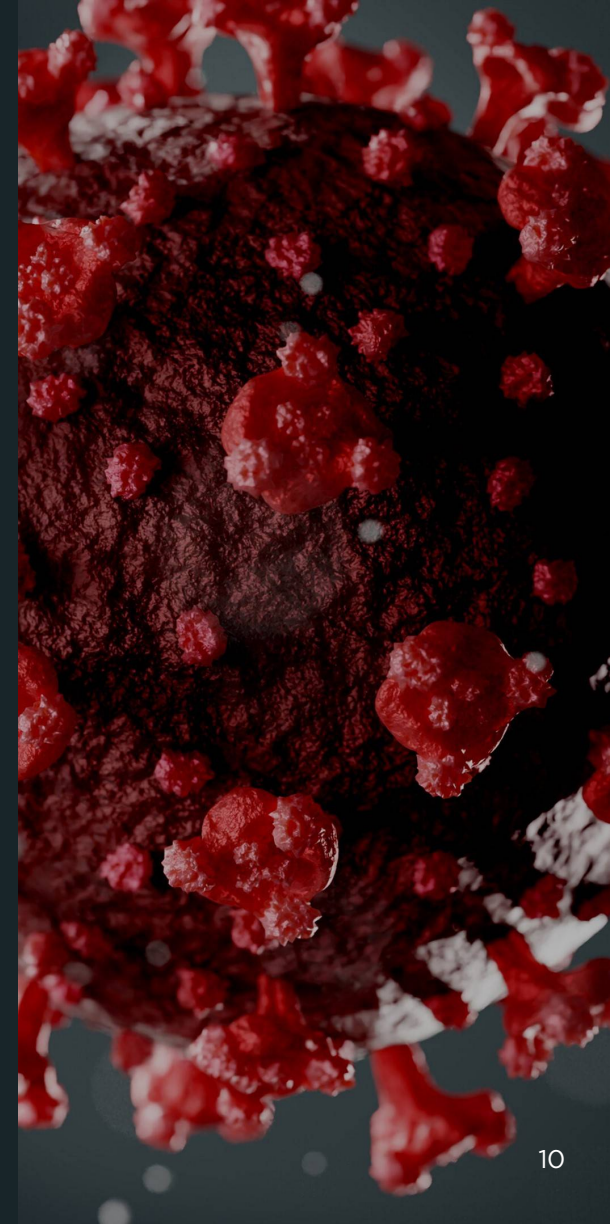
COVID-19

A COVID-19 contingency group has been set up for Promeco. The purpose of this group is to coordinate preparedness and communication.



The contingency team has carried out risk walks and based on these has made proposals for action to the organization. The contingency group actively follows the instructions given by the authorities and communicates them to the organization.

Customer communication is carried out through the visitor management software System and directly to stakeholders to ensure the health of visitors and the organization.



ENVIRONMENTAL COMPLIANCE

Since 2004 Promeco has been awarded **ISO14001** certificate for its management system by Bureau Veritas. The certification covers all Promeco units in Finland and in Poland.

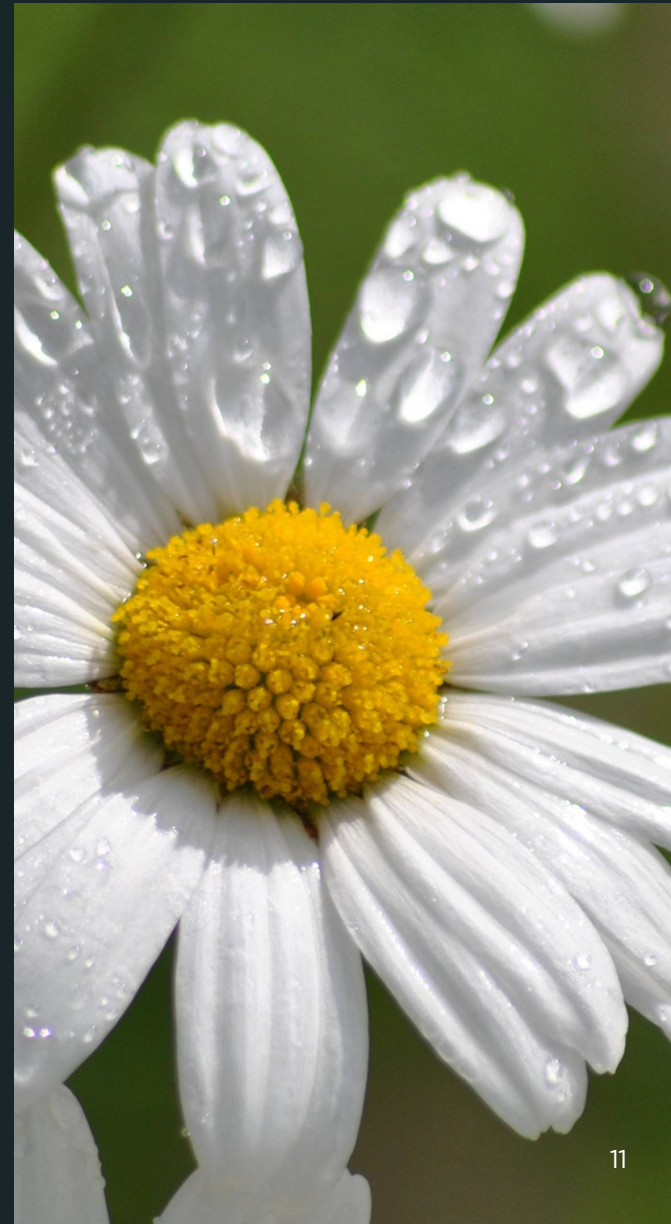


48 000

plastic spoons
were replaced
with sustainable
alternatives

Promeco is committed to responsible purchasing of raw materials with regard to its self-selected supply chain.

We comply with conflict mineral-free operations, EU RoHS Directive, European REACH Regulation and IHM.



ENERGY AND ENVIRONMENT

Promeco's energy consumption in relation to net sales has decreased. The biggest change in terms of energy savings has been the installation of a photovoltaic system at the Kankaanpää Pansia factory. For Promeco, the choice of a photovoltaic system was part of the carbon footprint reduction strategy.

A total of 180 panels with a nominal power of 300 watts were selected for the photovoltaic system of the Pansia production unit. These created a 54 kWp system.

7 AFFORDABLE AND CLEAN ENERGY



OUR ENVIRONMENTAL EQUIVALENTS ACHIEVED BY USING RENEWABLE ENERGY

25 879

days energy
to operate
a TV

687

computers to
power for
1 year

14

years pollution
emits of an
average car

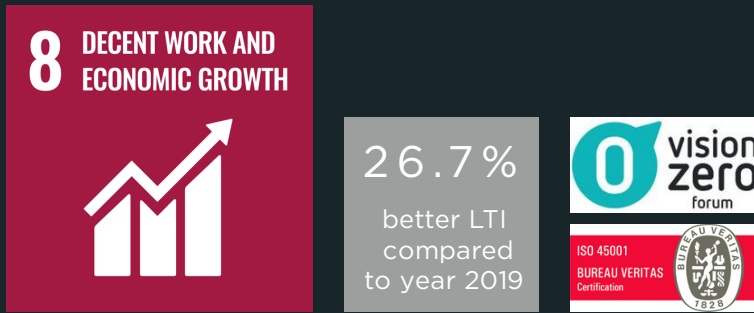
SAFETY MANAGEMENT

Promeco has been awarded **ISO45001** certificate since 2018 for its management system by Bureau Veritas. The certification covers all Promeco units in Finland and in Poland.

Promeco has joined the Zero Accident Forum in 2013 and is committed to the continuous improvement of safety. The Lost time injury (LTI) rate in Promeco dropped by 26.7 % compared to 2019.

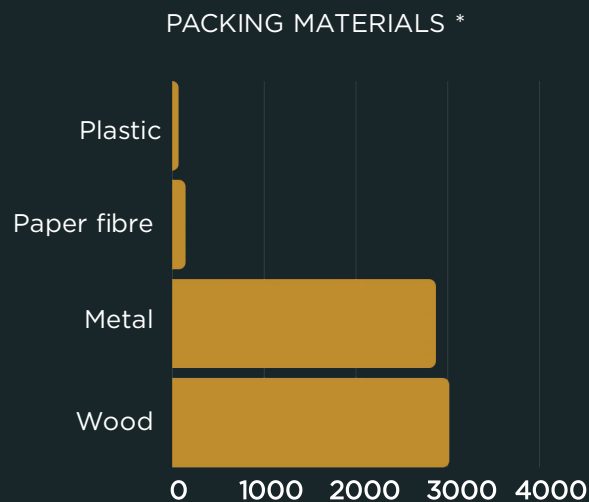
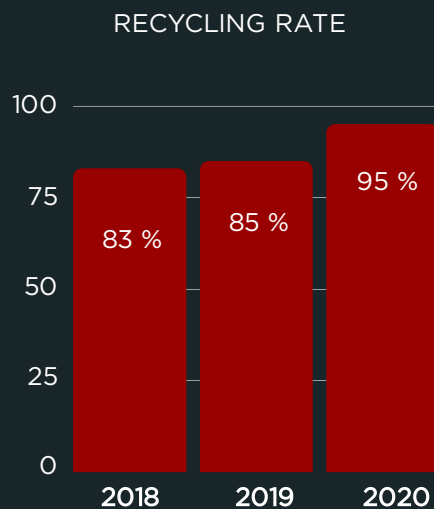
Occupational health and safety activities have increased at Promeco in 2020, and the occupational health and safety committees of each unit share information on occupational accidents in order to better anticipate and prevent similar accidents in their own units. These committees have held common meetings and developed an annual plan for the implementation of which the most significant safety aspects are developed. In 2020 we also developed our chemical procurement process and implemented a new visitor management system.

The System Respa service manages visits, including familiarization with safety instructions. Electronic automatic recording of visitor data and enabling self-service with check-in machines have not only increased safety and released resources, but it has also brought great benefits in controlling COVID-19.



RECYCLING RATE AND PACKING MATERIALS

Packaging has been optimized and developed so that transportation racks have been taken into use between the customers and Promeco for large assemblies. The products are delivered to customers in transportation racks which are returned to Promeco, eliminating the need for disposable packaging. This reduces the use of disposable packaging materials. It can be seen from the diagram that the share of metal in packaging materials is 290 tons which means about 47 %.



*RINKI Oy handles producer responsibility for us in Finland.



RESPONSEA

PROMECO IS CREATING A SUSTAINABLE FUTURE BY RESPONSEA INITIATIVE AND COMMITMENT2050.



ResponSea focuses on reducing the environmental impact of shipping and shipbuilding, continuous development of the industry's companies as fair employers, monitoring the sustainability of the delivery chain, and enhancing the circular economy and lifecycle efficiency in all actions. In our vision, the marine industry's processes stress the environment and the people as little as possible.

Promeco has committed to reducing energy consumption and the amount of mixed waste by 4 % by 2021 from the level in 2017.

SUPPLIER REQUIREMENTS

We at Promeco have clear expectations towards our suppliers in terms of compliance with relevant legislation, environmental aspects, quality, occupational health and safety management, and social responsibility. Our supplier requirements were updated in 2020 particularly enhancing the sections covering environmental aspects and material compliance.



All our suppliers are obliged to fulfill the requirements stemming from legislation, industry standards, and customer requirements. Compliance is verified in the supplier qualification process and continuously monitored via regular supplier audits.

Local supply chains

All of Promeco's production units are mainly served by local suppliers allowing for short transportation distances which translate to lower emissions. As an example, when production for one product was transferred from Poland to Finland in 2020 we were able to merge the new material needs into the existing local supply chain.

As a result, transportations were consolidated with more material incoming in one shipment. Simultaneously, we were able to cut five suppliers from the supplier base in Poland, thus completely eliminating thousands of transportation kilometers overall.

INVESTMENTS AND YEARLY BONUSES

In all our locations, Promeco benefits the local economy as a major employer, taxpayer, and partner to local entrepreneurs. We apply precautionary management actions to mitigate and remedy potential adverse environmental and social impacts on neighboring communities. These include third-party certified management systems at our production units that apply international standards such as **ISO 14001** and **ISO 45001**.

- New bending and grinding machines in Yrityspuisto
- New welding department in Vaasa
- Jakamo to support co-operation and partnership with our supplier

Performance bonus scheme

The principle of the performance bonus system is based on the thought of one, unified Promeco. This means that everyone's effort combined together makes Promeco's profit. In addition, the production units set their own specific targets, such as net profit, delivery reliability, and quality level, which must be achieved in order to receive a performance bonus.

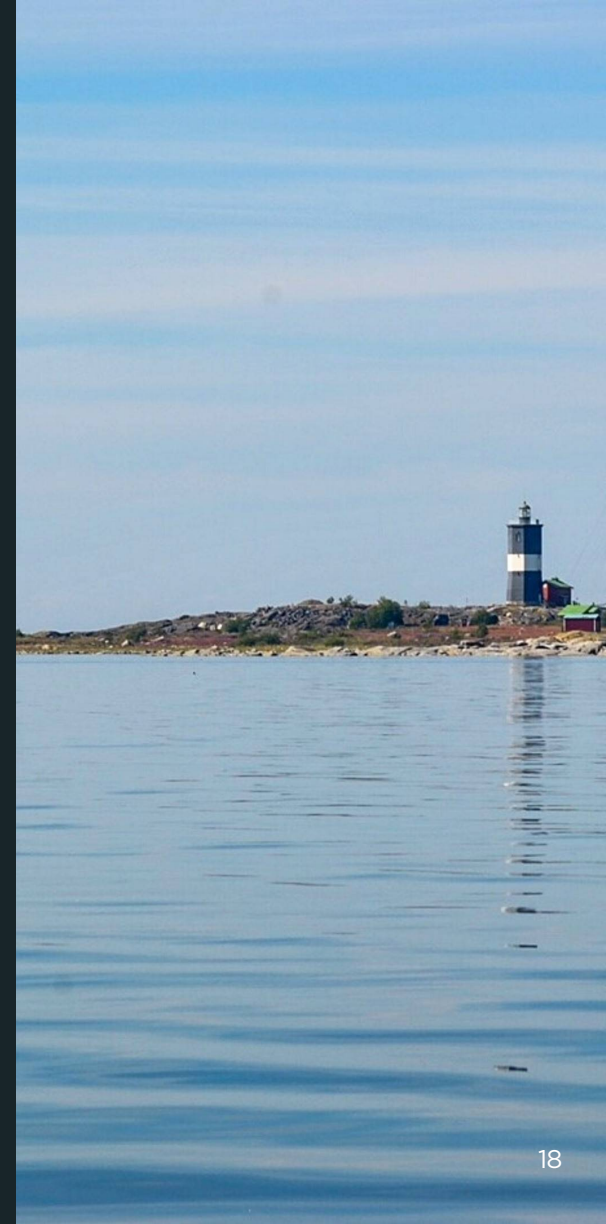
GOVERNANCE AND MANAGEMENT

Sustainability management at Promeco is strategy-driven and based on the company's values, the Code of Conduct, and other policies and their specifying instructions defined at the Group level. We comply with laws and regulations. All of our operations are guided by good governance, effective risk management, and robust controls.

Promeco's goal is a high level of environmental and safety management in all business activities. The sites develop their operations with internal and external audits required by environmental, occupational safety, and quality management systems.

RESPONSIBILITIES

As sustainability is an integral part of Promeco's strategy and operations, the highest decision-making on sustainability and climate-related matters falls on the duties of the members of the Board of Directors, who share joint responsibility for these matters.





PROMEKO'S BOARD OF DIRECTORS is made up of the company's owners. Mikko Ojala, Tommi Aurejärvi, Jenni von Veh (chairman of the board), Marco Koistinen and Antti Ojala.

Promeco is owned by its founders and their close family members: the Ojala family with both the first and second generation involved, the Koistinen family with the second generation involved, and the Aurejärvi family.

Many of the owners work for Promeco – a clear indication of strong commitment to the company.

The members of the Promeco Group Management Team support the Board of Directors in the decision-making in economic, environmental, and social matters.

Promeco Group Management Team decides on the sustainability approach and Group-level sustainability targets that guide annual planning. The targets are ultimately approved by Promeco's Board of Directors.

CUSTOMER'S VOICE



WE Tech Solutions is a leading provider of energy efficiency solutions with a global position in the marine industry. The company specialises in hybrid solutions based on frequency converters, permanent magnet machines, DC-link power distribution, energy management systems, and energy storage solutions. WE Tech's solutions are suitable for new buildings and retrofits, bringing numerous benefits to the environment and the shipping industry worldwide.

ENERGY-EFFICIENT SOLUTIONS

The overall improvement in efficiency is significant and increases depending on the type of vessel and its operating profile, as well as the solution offered.

The various solutions by WE Tech can solve several challenges, e.g. black-out prevention, peak-shaving of the main engine, and generators.

ADDS VALUE, EFFICIENCY, AND PROTECTS OUR FRAGILE ENVIRONMENT

The solutions increase flexibility in the ship's energy management and enable better efficiency, leading to lower fuel consumption and lower emission levels. Thanks to their smart technology, the ship's energy efficiency can be increased by up to 35 %. WE Tech's solutions also minimize the need for large switchboards and large transformers. That means greater savings in space and weight, as well as much better overall vessel efficiency.

TRULY ENVIRONMENTAL FRIENDLY

- Lower fuel consumption
- Reduce emissions

Even the logo of the company reflects environmental values. The green leaf represents clean technology and environmental responsibility. Green is also a symbol of efficiency, innovation, and hope. Blue symbolizes the ocean, the marine industry, and professionalism.

FUTURE VISIONS

WE Tech believes that the market has accepted these modern solutions from a broader perspective and is very optimistic about the company's future. Their future vision is to continue developing these intelligent solutions for hybrid and electric motors so that the global shipping industry would consume 30 % less fuel by 2030.

Read more: www.wetech.fi
Promeco Sustainability Report 2020



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CUSTOMIZED PRODUCTION
COMPREHENSIVE SERVICES

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