

# KeyPlants *sustainability strategy*

2023



# KeyPlants sustainability strategy

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The advantages of modular solutions in sectors such as life sciences are immense, especially because projects are executed with speed, flexibility and predictability.



# Our approach to sustainability

KeyPlants operates in a fast-changing, global environment both in terms of developments in the life sciences and in sustainability requirements for manufacturing projects. Demographic factors, such as a possible increase in new pandemics similar to Covid-19, and a fast-growing, global population are likely to continue to drive the demand for projects in the life sciences sector.

We are working with our clients to design facilities to the highest standards of efficiency with a focus on how to decrease projects' carbon footprints without compromising quality and safety. We are providing front-end design, project management and process design consulting, as well as turnkey modular solutions for the Life Sciences and Advanced Technology industries. The advantages of modular solutions in sectors such as life sciences are immense, especially because projects are executed with speed, flexibility, and predictability. Our sustainability efforts are grounded in the core values that have always guided our mission:

- We work together
- We are solution oriented
- We are reliable
- We are pioneers

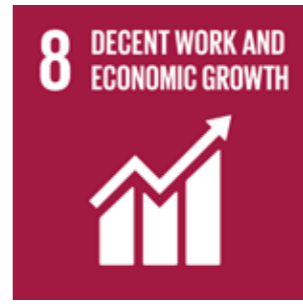


Our vision is to be the leading provider of innovative life science facilities. We want to be at the forefront of sustainability by: Minimizing the negative environmental and social impacts of our projects and products while optimizing the positive impacts of sustainable solutions for our stakeholders. During the autumn 2022, we embarked on a major sustainability assessment with our departments.

The assessment and mapping of material issues included:

- Assessing CO2-emissions in scope 1-3 of the GHG Protocol
- Stakeholder analysis and dialogues
- Risk assessment
- Mapping of the legislative and policy context

We are committed to contributing towards Agenda 2030 and the Sustainable Development Goals (SDGs). These serve as a compass for our sustainability strategy. Given our business sector, vision and opportunity to contribute positively to these goals, our strategy is grounded in the five SDGs below.





# Stakeholder dialogue

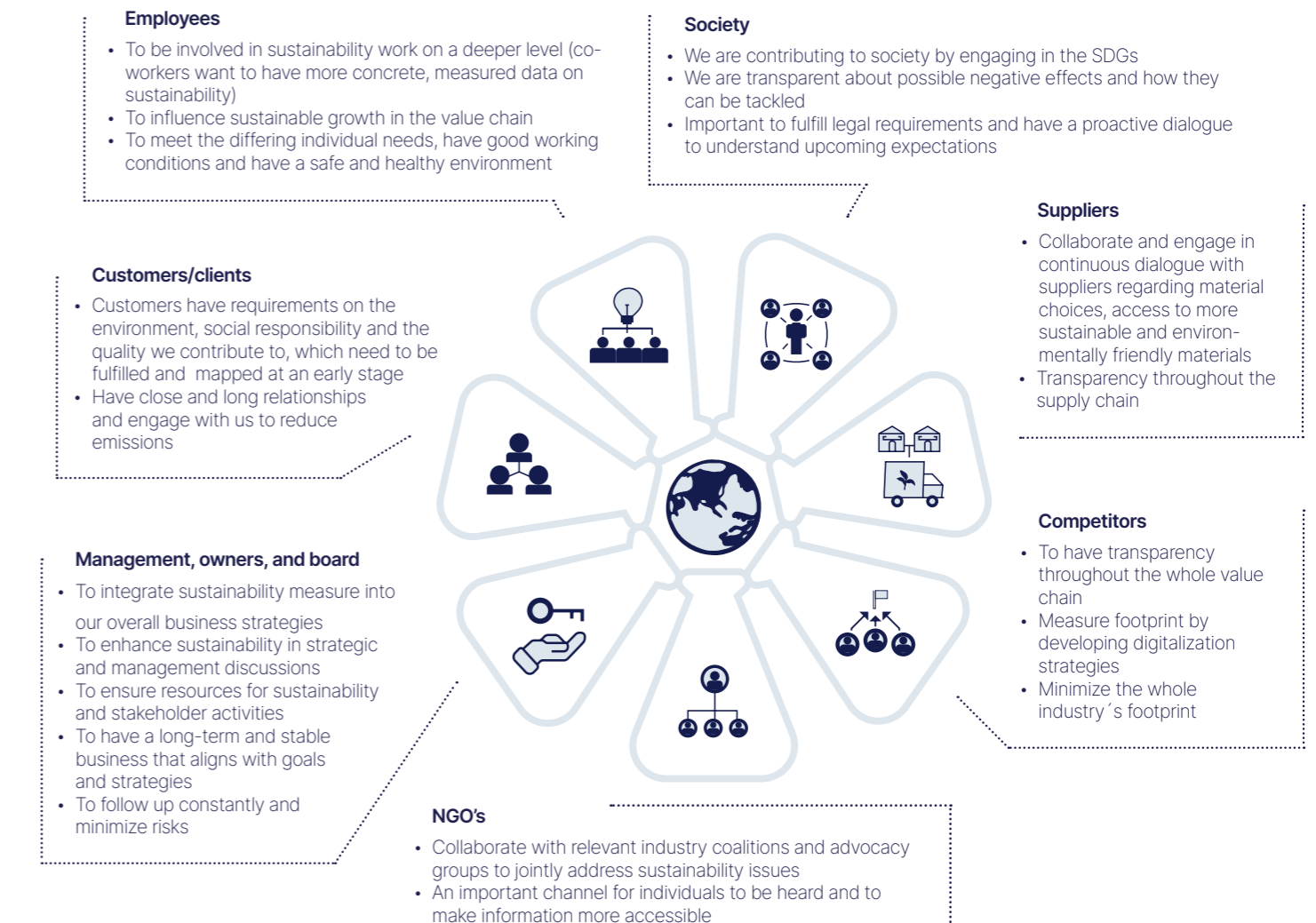


Engaging our various stakeholders is essential to us. It creates common values and trust.

Our key stakeholders include company owners, our board and our employees as well as our customers and business partners. They also extend to suppliers and governance bodies both at the national and local levels as well as to the communities where our projects are located. We have a continuous dialogue with our stakeholders, and our ambition is to enhance this into interaction within sustainability forums. These exchanges are used to identify important trends as well as developments in society and in our business areas, to incorporate them into our environmental, social, and governance (ESG) endeavors. Our SDG priorities are based on a dialogue with both our internal and external stakeholders, and we aim to develop this analysis further. Our stakeholder dialogue is also highly important for us to get an understanding of requirements and expectations as well as to identify

risks and impacts on society. We have Codes of Conduct both for our employees and for suppliers that provide guidelines on such issues as sustainability and ethical behavior.

We regularly conduct systematic stakeholder analysis, including identification and prioritization of the various stakeholders based on their impact and challenges. The purpose of the analysis is to implement dialogues to set up an action plans in line with their expectations. During 2022, we conducted an analysis that will be the basis for a stakeholder implementation plan. Some of the stakeholders were also involved in the development of our sustainable strategy, including management, employees, and main suppliers. Our most important stakeholders and how we are engaging with them are briefly shown in the infographic below.





# Risk and compliance management



Compliance, corporate governance and business ethics are core tenets of our business strategy. We take steps to ensure that all our activities adhere to relevant laws, regulations and ethical standards around the world.

As a leader in modular manufacturing we will continue to delivery facilities with superior sustainability results, which helps us remain a solid employer and business partner. We allocate resources for efficient compliance management and have initiated an ethics program based on our business values. Compliance management is divided into the following main areas of action.

## 1. Risk assessment

Compliance risk management is important to identify risks and to maintain a social license to operate. In 2022, we established a comprehensive risk matrix in areas such as compliance with regulatory changes, business ethics, anti-corruption, climate changes and pollution issues. This will be complemented by a regulatory monitoring function at the national and international levels of law. We will continue to maintain a continuous, data-driven approach to risk both on general and local levels. Due diligence as regarding environmental issues and human rights will be considered in our policies and Codes of Conduct.

We are extending compliance management beyond the boundaries of our own company. Our Codes of Conduct contribute to ensuring that employees as well as actors in our supply and value chains follows our standards and business values. Third party risk management is envisaged a way to ensure that we only collaborate with companies who pledge to comply with relevant laws, reject all forms of corruption, and adhere to environmental, health and safety guidelines. Partner risk management will be adapted to the regional and local circumstances at hand, such as the severity of the risks in the sector, country, and product. In the case of non-compliance, appropriate actions will be taken, which may lead to the termination of business with the client or partner.

## 2. Engagement of staff in sustainability and compliance issues

We engage our staff and all management in sustainability and compliance issues. During 2022, a rigorous series of interviews was conducted to identify risks and opportunities related to sustainability. Further activities are planned, including communicating the sustainability strategy to the entire staff and training courses on our Code of Conduct, health and safety guidelines and general sustainability issues. Some courses will also be offered to contractors, temporary employees and key business partners.

## 3. Sustainable business model

To be at the forefront of our business sector and to be an attractive client and employer, it is important to look into how the current business model can be made more sustainable. The model is associated with high standards, an innovative mindset. During 2023-2024, additional efforts are planned to enhance sustainability aspects both upstream and downstream. This is in line with current and future policy, legislation and standards.



## 4. Business ethics and anti-corruption

Business ethics are at the core of our business model, and our Codes of Conduct address them. As KeyPlants production is in a controlled factory environment in Sweden, following Swedish laws and regulations, we secure the working environment and material handling (SHE). Still, we are facing possible ethical risks which we will address. To this end, we are taking a number of complementary measures, such as commencing a global anti-corruption program, including a global risk analysis to identify high-risk jurisdictions and appropriate measures to address them. All staff will receive training on anti-corruption and business ethics to ensure full compliance. Further planned measures include a due-diligence program on environmental and human rights, engaging employees and actors in our supply and value chain.

## 6. Working environment

We will continue to create an inspiring and safe work environment by updating staff manuals and occupational health and safety routines, and continuously developing our Code of Conduct for management and employees. Targeted measures for improving work safety will be implemented at our production facility as well as for staff finalizing building projects abroad. We will continuously improve and continue making us an attractive and inspiring employer. Staff surveys will be organized more frequently to monitor well-being and satisfaction levels. Routines and checklists will be implemented for all countries where building projects are being planned to avoid unsafe situations and to adapt to foreign cultures. This will ensure safe and smooth project implementation and strengthen our reputation in these countries.

## 5. Engaging stakeholders and the supply chain

We will engage in stakeholder dialogues with our suppliers, particularly in the procurement process, to enhance transparency, leverage knowledge and good practices, as well as to identify risks and opportunities. Through dialogue and an updated purchasing process, we will ensure that all suppliers follow our Code of Conduct, and examine non-compliance. Our Code of Conduct includes our requirements and the process to approve suppliers. It will be aligned with requirements stemming from international (e.g. UN, EU) governance instruments. Issues that will be considered in the supply chain include social risks, climate risks, and risks to biological diversity, natural resources and human rights. We will plan for introducing a system of third-party audits. We will also identify and seek membership in appropriate organizations to learn and share efforts and achievements by other organizations in our sector.

## 7. Brand development

We strive to build a strong brand as a part of the Masco Group, while strengthening the KeyPlants brand. The KeyPlants brand shall reflect transparency, accountability, and proactive action. We want to be a frontrunner in sustainability and contribute to it in society through our business concept, which requires fewer natural resources - water, chemicals and other raw materials - compared to traditional building projects. Through our innovation efforts, our pre-engineered facility solutions are designed and built to be rapidly re-configured and/or re-deployed during the life of the facility, including moving walls to support new operational layouts. Therefore, clients can quickly respond to patient needs globally without causing additional pollution from unnecessarily demolition/construction that typically is required when using traditional site-build techniques. A strong brand enhances trust and goodwill in the staff as well as among customers and suppliers.

## 8. Climate mitigation and adaptation

Climate-related risks will be dealt with in many ways. Climate issues and responses have to be considered in the purchasing process. This means avoiding high-risk products and materials and, to the extent possible, favoring options that have a low climate impact. Climate change-related issues may affect our customers, suppliers and the access to certain materials and products. This, in turn, may affect new building standards and various preventive measures such as building flood walls. We will therefore closely assess risk and monitor products that affect or are being affected by climate change to enable us to find substitutes or adapt to the new standards.

Climate neutrality is one of our main sustainability goals, and we will take the necessary measures to achieve close to net-zero CO<sub>2</sub>-emissions in our own operations. Such measures range from selection of materials,

products and services to production, transportation and operations at the project sites. During 2022, all CO<sub>2</sub>-emitting sources were identified and assessed in terms of CO<sub>2</sub>e. Objectives and indicators will be set to continuously reduce the impact of our operations. For those CO<sub>2</sub>-emissions that can't be entirely phased out, we will consider offsetting steps.

We will also plan for climate adaptation both in our operations. We will also work more proactively with climate adaptation in our projects from the conceptual phase to project implementation. Risk related to flooding, drought and storms will be identified, monitored and addressed. It will be part of the decision-making process when defining a project and in the design phase when choosing materials and products (selecting materials being able to withstand storms, heat waves or flooding, for example).

## 9. Environmental issues

We will continue to ensure that the negative environmental impacts of our operations will be minimized. KeyPlants Emtunga is certified according to ISO 14001: 2015 and 9001: 2015 which shows that we live up to concrete and recognized environmental and quality requirements. It also shows that we take responsibility for the environment and quality with respect to customers, staff, owners, and other stakeholders. The preventive work will also extend to upstream measures and in particular regarding the materials, components, products, and services

purchased as well as downstream, regarding, for instance, measures to reduce pollution from transportation, in the production processes and in waste streams. We will look further into protecting biological diversity and integrate goals and measures in our decision-making processes as buyers, producers, sellers and project leaders in the coming year. Measures will be adapted to project location. In collaboration with our clients, we will use our leverage to influence the choice of location for our facilities and the activities on site with a view to protecting biological diversity.

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# Data-driven strategy

During 2022, we mapped our operations based on all three dimensions of sustainability – economic, social, and environmental. We did also measure our environmental impact with 2021 as baseline year. In these measurements, CO2 emissions has a specific focus given our strategic goal of close to net-zero emissions by 2045.

KWh 2021	
Electricity	
Emtunga	731,406
Stockholm	35,101
Malmö	13,957
District heating - Energy	
Stockholm	34,345
Malmö	10,173
District cooling - Energy	
Stockholm	11,342
Malmö	5,100

Energy use

2021 <sup>1</sup> (kg/fraction)	
Combustible waste	151,000
Non-combustible waste	35,240
Mixed scrap metal	19,369
Wood waste	23,780
Mineral wool	1,200
Non-rigid plastic	430

Waste

## Greenhouse gas emissions

We strive to reduce emissions in line with the 1.5C goal, contributing and responding to the perils of a warmer world. We are actively taking a stance to reduce the threat of climate change, for humanity and for all ecosystems. Establishing a baseline is a key activity in our strive to become a net-zero polluter.

We started our journey in 2022 to measure our CO2 emissions against the baseline year of 2021 and have developed a strategy forward to continuously reduce our impact on the climate. By utilizing recognized system boundaries, including scope 1, 2 and 3, the baseline provides a point of departure that serves

us means to align KeyPlants with the Paris Agreement and the 1.5C goal. We have used the science-based target tool when we set our greenhouse gas emission targets, to make sure that we are decreasing our emissions even more than required for KeyPlants to come close to net-zero 2045.

	Directly emitted greenhouse gas emissions (scope 1)	Indirect greenhouse gas emissions Energy (scope 2)	Indirect greenhouse gas emissions (scope 3)	Greenhouse gas emissions the average module
2021 (ton/CO2e)	63.28	58.57	5800.50	226.21
Scope 3	Business travel	Transport in operations	Purchased material and product manufacturing	Other activities related to energy
2021 (ton/CO2e)	589.46	659.15	4078,43	473.46

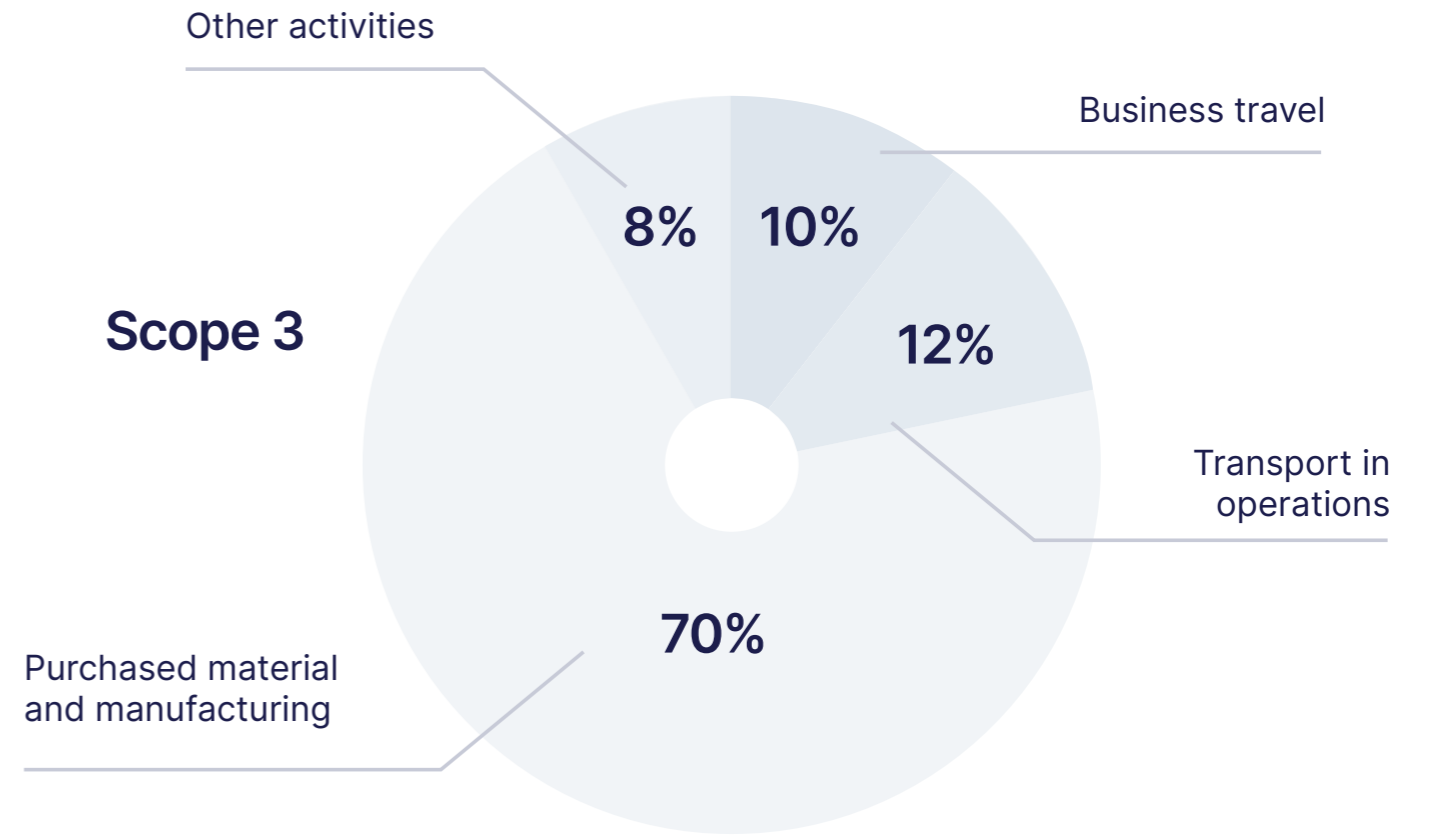
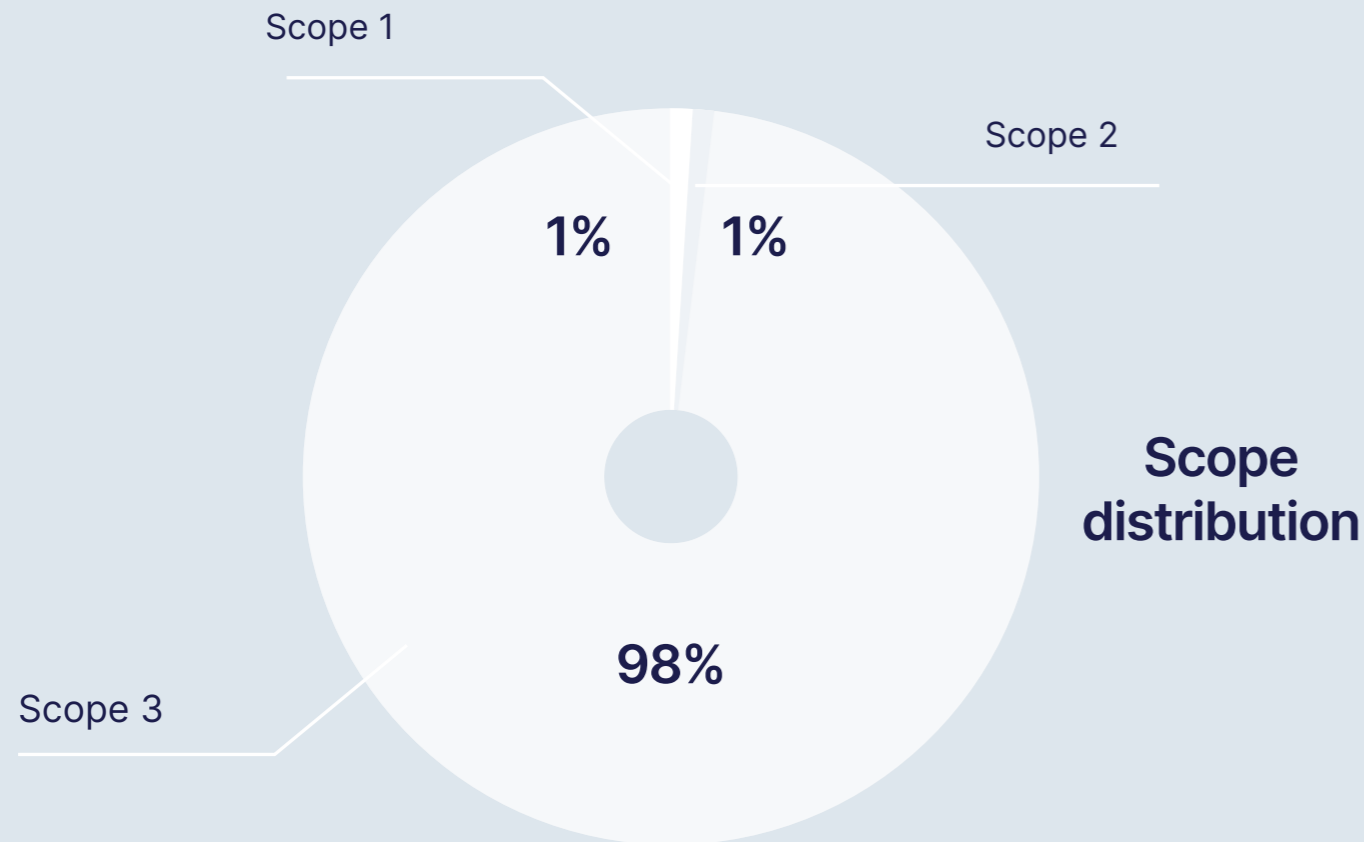


Measuring and following-up on climate-related data are key for us to reach our goal. We have started our work with an implementation plan to measure all our climate-related emissions throughout the whole value chain. It is a high priority for us to be transparent in our results and show a trustworthy picture. We have a goal that by 2023, we will have developed a new, effective foundation to keep track of and measure all aspects of our climate-related impacts. In the

diagrams, we show our distribution of the three scopes and between our scope 3 contributors. Our main source of CO<sub>2</sub>- emissions is the purchase and manufacturing of materials, which account for about 70% of our total emissions in scope 3. transportation is the second-largest contributor in scope 3, Transportation in our operations and our business travels together account for 22%. We see that we have a large potential to reduce our climate-related emissions in scope 3.

Therefore, we have key indicators for the total score of scope 1, 2 and 3 and additionally for our largest contributors in scope 3. Generated waste in scope 3 had a minimal effect on CO<sub>2</sub> emissions. However, we have key indicators to reduce our waste applying as high up as possible in the waste hierarchy. We have a goal to minimize our waste going to landfill and to increase the amount of recycled waste.

*Our main source of CO<sub>2</sub>- emissions is the purchase and manufacturing of materials, which account for about 70% of our total emissions in scope 3*



*Therefore, material production and transportation of materials are a high priority for us.*

As the global leader in modular off-site manufacturing, we make several contributions regarding climate-related emissions. A primary one is the short, precise manufacturing period that minimizes both CO<sub>2</sub>-emissions and waste. Due to the low use of concrete in the projects, water use is also minimized. However, we do also have some challenges that we need to address. As in manufacturing buildings, the highest energy

consumption is during the use phase, which accounts for more than 90% of the total energy uses during the life cycle. Although this takes place after the delivery to our customers, it is important for us to take responsibility by measuring and improving the energy efficiency during the operational phase. With more efficient technologies such as renewable energy resources, buildings have become more energy efficient over the operation phase.

This makes the manufacturing phase becomes more and more important. Therefore, material production and transportation of materials are a high priority for us. This is where we have our greatest impact on climate-related emissions, and it has a specific focus, given our strategic goal of close to net-zero emissions by 2045.



# Our strategic sustainability

Our sustainability strategy is both local and global and involves the whole KeyPlants Group. We want to create long-term, added value for society and be a source of inspiration within the life science and advanced technology industries. Our three strategic goals are coupled to six focus areas and the relevant SDGs. These are translated into key indicators, and the baseline year being 2021.

“Sustainability is a focus area in our strategy and an important element in our core business”

Jörgen Harrysson  
Managing Director



<p><b>Contribute to society</b></p> <p>“By 2030, significantly contribute to society and wellbeing”</p> <p><b>Focus areas</b></p> <ul style="list-style-type: none"> <li>Impact of our projects on health and wellbeing</li> <li>Impact as a change-maker in modular off-site manufacturing for the life science industry</li> </ul>	<p><b>Creating sustainable value chains</b></p> <p>“By 2030, integrate sustainability into all our value chains”</p> <p><b>Focus areas</b></p> <ul style="list-style-type: none"> <li>Sustainability culture</li> <li>Sustainable, transparent, and valuable supply chains</li> </ul>	<p><b>Reducing our ecological footprint</b></p> <p>“By 2045, achieve close to net-zero emissions and have a circular business model”</p> <p><b>Focus areas</b></p> <ul style="list-style-type: none"> <li>Greenhouse gas emissions and value chains</li> <li>Material and resource efficiency</li> </ul>



# Our strategic sustainability goals

**Contribute to society**

By 2030, significantly contribute to society and wellbeing

**Creating sustainable value chains**

By 2030, integrate sustainability into all our value chains

Focus area

Sustainability key indicators



**Our impact on health and wellbeing**

- Satisfaction level in employee surveys
- Environmental, health and safety incident rate
- Incidents related to social and labor standards
- Number of clients or other stakeholders with whom there is close cooperation and engagement in research or investments in the life science sector

Focus area

Sustainability key indicators



**Sustainability culture**

- Share of women in leadership positions
- Share of employees integrating sustainability in the strategic and operational work
- Number of actions/incentives strengthening integration and well-being at the workplace
- Number of different ethnic backgrounds of employees



**Impact as a change-maker in modular off-site manufacturing for the life science industry**

- The contribution of prefabrication to decreasing the total carbon footprint in the life science sector, e.g. in energy and material consumption
- Increase of standardized, build-off-site prefabrication in the life science sector
- Number of initiatives contributing to social improvement, on local site



**Sustainable, transparent and valuable supply chains**

- Percentage of suppliers that adhere to the Supplier Code of Conduct
- Percentage of suppliers that have sustainability strategies and connected operational goals
- Risk of bribery and corruption
- Number of incentives strengthening sustainability in the value chain



**Reducing our ecological footprint**  
 By 2045, achieve close to net-zero emissions and have a circular model

Focus area

Sustainability key indicators



Climate change and emissions

- Reductions in % of directly emitted GHG emissions and indirect GHG emissions from energy production (scope 1 and 2)
- Reductions in % of indirectly emitted GHG emissions, not energy (scope 3)
- Reductions in % of CO<sub>2</sub>-emissions per module
- Greenhouse gas emissions close to zero in our operations and projects



Material and resource efficiency

- Landfill reduction and ensure that waste is reused or recycled
- Percentage of agreements that include circular terms
- Improved resource management
- Percentage of green steel in our projects (either produced with non-fossil processes or recycled steel)





# Roles and responsibilities

Our executive board has group-wide responsibility for our sustainability strategy.

A Group Corporate Sustainability Unit has been set up and is responsible for developing and shaping the sustainability strategy. It regularly informs the executive board about the progress made and the need for action.

The unit consists of representatives from our business sectors and from key group functions. This unit will operate on a global scale to implement the sustainability strategy. It aligns the strategy with the individual business strategies, defines priorities, specifies globally applicable sustainability guidelines, and recommends corresponding initiatives to the executive board.

Moreover, the unit ensures that the initiatives of our various business sectors and group functions align with our global sustainability strategy. The unit will meet at least three times a year and addresses and ensures that the strategic goals - the indicators for measuring and steering sustainability - really are effective. The unit has a mandate to take decisions within the set goals and indicators but must inform the board of this at least three times a year. Decisions that negatively affect the bottom line in the short-term must be approved by the executive board.

The measures adopted by the unit are implemented by relevant line managers as well as by interdisciplinary project teams. To achieve our operational sustainability goals, and depending on the topic, responsibility is assigned to specific teams, functions and business units. To ensure that sustainability is truly integrated in the company and resonates in each employee, the various business divisions discuss sustainability strategy, goals and achievements on a continuous basis and encourage employees to suggest ideas for improvements and actions in line with the three strategic goals and the six focus areas.

