

KiILTO



Sustainability Report 2023

Kiilto Family Group

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Business and Strategy



By simply adapting and complying, you lose potential competitive advantage. Thus, we must actively seek solutions to challenges and future-proof our business, in the face of economic and geopolitical uncertainties. We're fully committed, heavily investing in this future."

Ville Solja, Chief Business Development Officer

Commitment to the future

Kiilto is committed to the future. For this commitment to become reality, we are taking concrete actions to contribute to the sustainable development of our various customer and stakeholder groups as well as the entire industry.

WE INVEST IN THE FUTURE by promoting occupational wellbeing, fostering innovation, and making our operations more sustainable. We aim to be a reliable partner to our customers and have a curious and future-focused mindset. Continuous renewal has made us a trusted partner for our customers. At Kiilto, everyone is encouraged to make a difference. The future can only be shaped together and with everyone on board.



Sustainability highlights

Kiilto Super Healthy Buildings

Today, the buildings in which we spend 90% of our lives continue to be responsible for 39% of global energy related carbon emissions and indoor air that's up to 5 times more polluted than outdoor levels. Solving these challenges in the midst of climate change, biodiversity loss, and rapid urbanisation will require a radical approach to collaboration that accelerates the delivery of needed **Sustainable, Productive,**

Ecological and Reusable solutions. Kiilto is building an ecosystem to revolutionise sustainability in the construction industry and looking to team up different research, startup, and industry players to create and commercialise SUPER products, services, processes, and business models that bring about positive impact as fast and effective as possible.

Read more: [Kiilto is building an ecosystem to revolutionise sustainability in the construction industry: "Even in the midst of a crisis, we must invest in the future"](#)

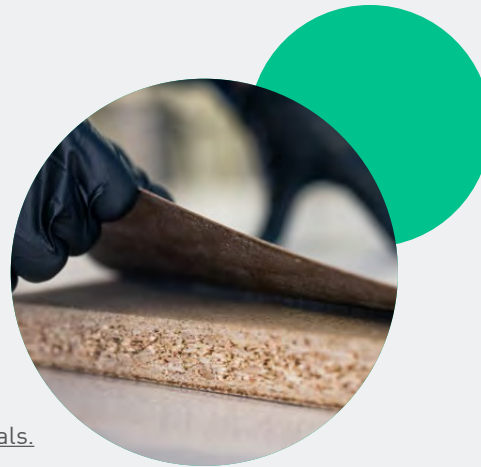
Sustainability highlights

Debonding on demand

No more waste from renovation? Kiilto revolutionises the global construction industry with an adhesive solution that enables full recyclability of used materials. Kiilto's Debonding on Demand solution is the first of its kind. The innovation significantly reduces the carbon footprint caused by the built environment as materials that are glued together can be separated from each other using, for

example, heat and making demolition waste recyclable.

Read more: [No more waste from renovation? Kiilto revolutionises the global construction industry with an adhesive solution that enables full recyclability of used materials.](#)



The Circular Design – a path towards circular economy

In January 2023, a training programme on design capabilities in line with the circular economy started for businesses in Finland and Kiilto was chosen to join. The programme was unique even by international standards. The Circular Design – a path towards circular economy programme was the first of its kind that focused on the circular economy principles for design and practical solutions for business. The 1-year training curriculum consisted of two tracks: one for strategic decision makers, the other for personnel behind product and service development, marketing, brand and customer experience.

Read more: [Novel circular economy training programme starting – the development path deepens the understanding of practical solutions for companies](#)



Kiilto Sustainability Report 2023

Studying the consumer's readiness to refill of laundry detergent bottles

Kiilto has been piloting the refilling of Serto laundry detergent in consumer stores. With the pilot Kiilto is studying if the consumers were ready to refill their old laundry detergent bottles if 0% of new plastic waste was generated. What would that mean for sustainable packaging and consumer behavior in the future? Could re-use and refilling become a common practice? The pilot wanted to spark a discussion about new approaches to reduce the environmental impact of packaging, and to find out the interest of consumers and the trade in such solutions.

Read more: [Would you refill your old laundry detergent bottle if 0% of new plastic waste was generated?](#)



From 50% to 100% – Kiilto doubled household cleaning products with environmental label in a year

As Kiilto was renewing its household cleaning product range, one of the key targets was to make products more sustainable and to take environmental aspects comprehensively into consideration throughout the life cycle of the products. The new Kiilto household cleaning sprays are sold in bottles made of 100% recycled plastic, and the packaging reform will reduce the use of virgin plastic by about 50,000 kg per year. In addition to this, the foaming nozzle improves safety as the number of aerosols released into the air is reduced, thereby reducing the risk of inhaling the product.

Read more: [From 50% to 100%: The most used household cleaning brand in Finland doubled products with environmental label in a year](#)



Kiilto Family Group

We've been researching, developing, and innovating since 1919. That is when our story began in a small factory that produced hair tonic and shoe polish in the Pispala district of Tampere, Finland. Today, we employ more than 700 innovative professionals, "Kiiltonians" in nine countries, and in four different business areas.



WE TAKE PRIDE in our own research, development, and innovation functions, which serve as the foundation for our agile and valuable cooperation with our customers.

Kiilto Family Group is a limited company consisting of the parent company Kiilto Family Oy, Kiilto Group and KiiltoClean Group with their international subsidiaries. A smaller Finland-based company, Intermedius, is also a part of the Kiilto Family Group.

During the financial year, the Group finalised the exit from Russia. The Group had four subsidiaries in Russia, three of which were sold on 31 October 2022, and the sale of the fourth subsidiary was completed on 27 January 2023. The Belarusian subsidiary ceased operations in the spring 2022 and the liquidation process was completed on 17 February 2023. Since then, the Group has not had any operations in Russia or exports to Russia, either directly or indirectly.

Kiilto Family Oy

Field: Parent company: finance, ICT, legal, corporate communications, human resources, business development

Location: Lempäälä, Finland

Kiilto Group

Field: Constructions and Industrial Adhesives & Fireproofing

Locations: Finland (HQ), Sweden, the Baltics, Ukraine, Poland

KiiltoClean Group

Field: Professional Hygiene, Consumer Goods

Locations: Finland (HQ), Sweden, Norway, Denmark, The Baltics, Russia. Divestment process in the Russian operations finished in January 2023.

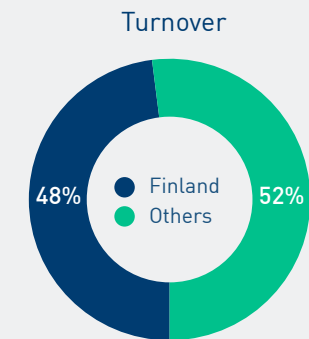
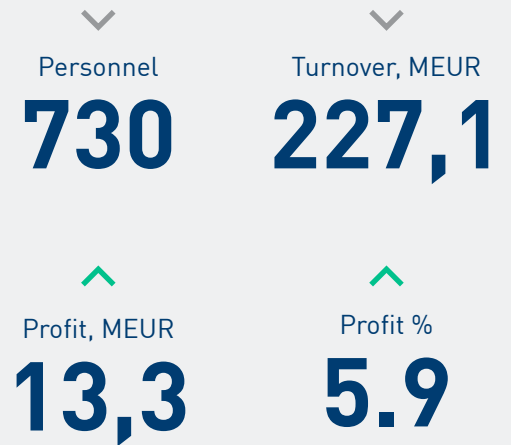
Intermedius

Field: Cover materials for books, technical textile solutions and laminations as well as polyester felts for numerous end-uses.

Location: Virrat, Finland

In addition, an investment company Antso Oy investing to Kiilto Ventures operations and Kiilto Kiinteistöt Oy owning the Finnish real estate assets belong to the Kiilto Family Group.

Kiilto in numbers 2023





Strong financial position

IN 2023 KIILTO RECEIVED its thirteenth Achievers certificate and is one of the rare Recurring Achievers companies. The certificate was awarded to the Kiilto Family Group by Kauppalehti. Kauppalehti is a Finnish commerce-oriented newspaper that has been in circulation since 1898. For the Achievers certificate, a financial analyst evaluates the company and awards the certificate if they find that the company is performing better than its peers. Less than 1% of companies are awarded the Achievers certificate for more than 10 consecutive years.

To obtain the certificate, the financial situation of the company is measured in six different areas:

- Growth
- Profitability
- Profit or loss
- Liquidity
- Solvency
- Risk tolerance

Developing and growing our business

For Kiilto, growth is a result of courage, desire, and the ability to renew. By focusing on environmental innovations, we continually test and develop new products, services and processes that maximise reusability without harming people or the planet. This enables us to move beyond a

take-make-dispose business model and optimise our resource use.

Business processes and strategy drafting are integral to corporate sustainability. They are led at the senior level by the management teams, who are also involved in regular process, quality, environmental and safety reviews.

Direct economic value generated and distributed

	2020	2021	2022	2023
Economic added value generated				
Customers (net sales, other operating income, financial income)	315,069,251€	276,885,986€	262,988,022€	235,841,270€
Economic value distributed				
Business partners (operating costs)	185,267,340€	183,027,402€	188,174,315€	157,477,491€
Personnel (salaries, wages and other personnel expenses)	51,958,062€	52,980,647€	51,842,823€	46,612,249€
Payments to providers of capital	1,829,777€	2,291,955€	2,659,064€	682,469€
Payments to government (taxes)	14,300,606€	6,246,951€	1,456,451€	4,165,991€
Economic value retained in business	61,713,466€	32,339,031€	18,855,370€	26,903,070€

Voluntary donations

COUNTRY	2021	2022	2023
Norway	90,000€	75,000€	17,391€
Sweden	117,433€	36,337€	147,826€
Denmark	16,000€	48,293€	0€
Finland	38,500€	45,250€	59,301€
Total	261,933€	204,880€	224,518€

Kiilto Ventures

KIILTO VENTURES is investing in and supporting early-stage startups that future-proof the built environment, which is currently responsible for 39% of global energy related carbon emissions. Investment targets are engaged in offering solutions for sustainable energy, efficient construction, sick building syndrome, new materials, and circularity.

During 2023, Kiilto Ventures made three new investments in European-based startups:

VOLTAN ENERGY, a Finnish scaleup that designs, constructs, finances and operates geothermal energy infrastructure. Compared to traditional heating sources, Voltan's energy solutions provide a cost-effective, emission-free alternative for residents and building owners.

KAMMA DATA, an UK-based based geospatial technology startup that builds data and SaaS (Software as a Service) products for the property and financial sectors to achieve net zero. Now mortgage lenders, asset managers, letting agents, housing associations, investors and more can profile their portfolios down to individual addresses, using real-time data to resolve challenges ranging from securitisation and environmental impact to property licensing and compliance.

RECOMA, a Swedish startup specialising in 100% recycled construction boards. RECOMA turns packaging waste into low-carbon, fully circular construction boards that can replace traditional materials, such as plywood, drywall, and oriented strand board (OSB), without extra cost or effort for builders. And because no virgin materials get added during the manufacturing process, operational waste and water use achieve net-zero.

Kiilto Ventures also has a key role in Kiilto's SUPER Healthy Buildings ecosystem work, validating market problems within the built environment and matching these problems with experienced entrepreneurial talents.



Owner's foreword

Sustainability is enhanced by doing incremental improvements each day. It is a continuous learning process that needs to be integrated into every aspect of operations. Sustainability is not a competition. Quite the opposite. It is about fostering innovation through openness, transparency, and collaboration. That is why we at Kiilto embrace the new reporting standards, viewing them as a meaningful step towards building a more sustainable society.

AS AN OPERATOR in the chemical industry, we have recognised the environment as the area of sustainability where we can make the biggest impact. In 2018, we launched Our Promise to the Environment, which has become an integral part of our 2080 vision, strategy, and culture. I believe that our mission to create wellbeing from cleanliness and build a sustainable future will provide value to our customers, value chains, and society.

For us, 2023 marked a year of multifaceted sustainability development. To deepen our understanding of social responsibility, we launched Our Promise to the People. At the same time, we continued the ambitious work with Our Promise to the Environment. Various areas of sustainability cannot be handled separately, and with these two Promises, we aim to better understand the relationships between these different areas

as well as to make a difference in a more comprehensive scale.

Our over century-old history has provided us with an excellent foundation to collaborate with our customers across our four business areas with the aim to create a more sustainable future. As stated on the wall of our headquarters in Lempäälä, "Believing in the future is important, but we must also remember to actively influence it". That is why we have a vision looking far ahead: to produce and sell solutions profitably in 2080 aiming for regional market leadership. This can only be achieved by continuous renewal and sustainable choices.

Instead of pursuing short-term gains, we aim for long-term progress by taking small, impactful steps forward. Sometimes it is also important to help others in taking the first steps. Investing in a built environment

that is great for the planet and people becomes reality in Kiilto Ventures. We believe that when companies invest in their sustainability expertise, it eventually adds value to the whole industry.

Creating a more sustainable future for all of us is our most important task, and we can all make a difference as individuals, organisations, nations, and as humankind. At Kiilto, we want to ensure that we have a culture that supports fulfilling this task. And we want to welcome all Kiiltonians, our customers, stakeholders, and partners to join us on this journey.

Erkki Solja, CEO, Chair of the Board, Owner



Our value chain

Kiilto operates in four business areas: construction, industrial adhesives and fireproofing, professional hygiene, and consumer goods. Thanks to Kiilto's strong in-house research, development, and innovation function, we can quickly react to customer needs, changes in legislation and technological development. Our own production minimises the environmental impact of our operations and enhances our security of supply.



Construction

Kiilto produces, sells, and markets products, solutions, trainings, and services for professionals related to waterproofing, tiling, flooring, and walls. The customer groups mainly comprise construction companies, hardware stores and designers. Majority of the products are produced at Kiilto's own plants. Kiilto serves construction markets with the Kiilto Pro brand in Finland, Sweden, Estonia, Poland, Latvia, Lithuania, and Ukraine.

Industrial adhesives and fireproofing

Kiilto's industrial adhesives and fireproofing business area serves customers in different industries, such as paper and cardboard, marine, window and exterior doors, woodworking and furniture, floor, transportation, filter, food, prefabricated buildings, CLT and glulam, graphics, and foundry. Kiilto serves these solutions under the Kiilto Pro brand in Finland, Sweden, Estonia, Poland, Latvia, Lithuania, and Ukraine.

Production units for construction, and industrial adhesives and fireproofing:

- Finland, Lempäälä: chemical plant, dry-mix plant, polymerisation plant
- Finland, Forssa levelling compound factory
- Sweden, Örnsköldsvik, production of premix
- Sweden, Hallstahammar, production of levelling compounds

Products:

- Adhesives
- Waterproofing membranes
- Primers
- Floor levelling and pumpable floor screeds
- Cementitious adhesives, silicones, grouts, and sealants
- Flame retardants



Professional hygiene

In professional hygiene, Kiilto specialises in serving customers in the food, healthcare, professional cleaning, and technology industries. Most of the products are produced in Kiilto's own plants. Kiilto's professional hygiene brands are Kiilto Pro, Erisan Pro, Dax, Plum and Antibac. In Professional hygiene, Kiilto serves markets in Finland, Sweden, Denmark, Norway, Estonia, Latvia, and Lithuania.

Production units for Professional Hygiene:

- Finland, Turku and Hankasalmi
- Denmark, Assens
- Sweden, Svedala

Products:

- Disinfectants
- Detergents
- Cleaning agents
- Cleaning devices and equipment



Consumer goods

Kiilto has a strong market position in the consumer market in Finland and Norway. Kiilto's well known consumer brands are Kiilto, Erisan, Serto, Antibac and Linna. Most of our consumer products are made at our own production plants in Finland and Denmark. In addition to cleaning and hygiene products, Kiilto sells cosmetics for the consumer market.

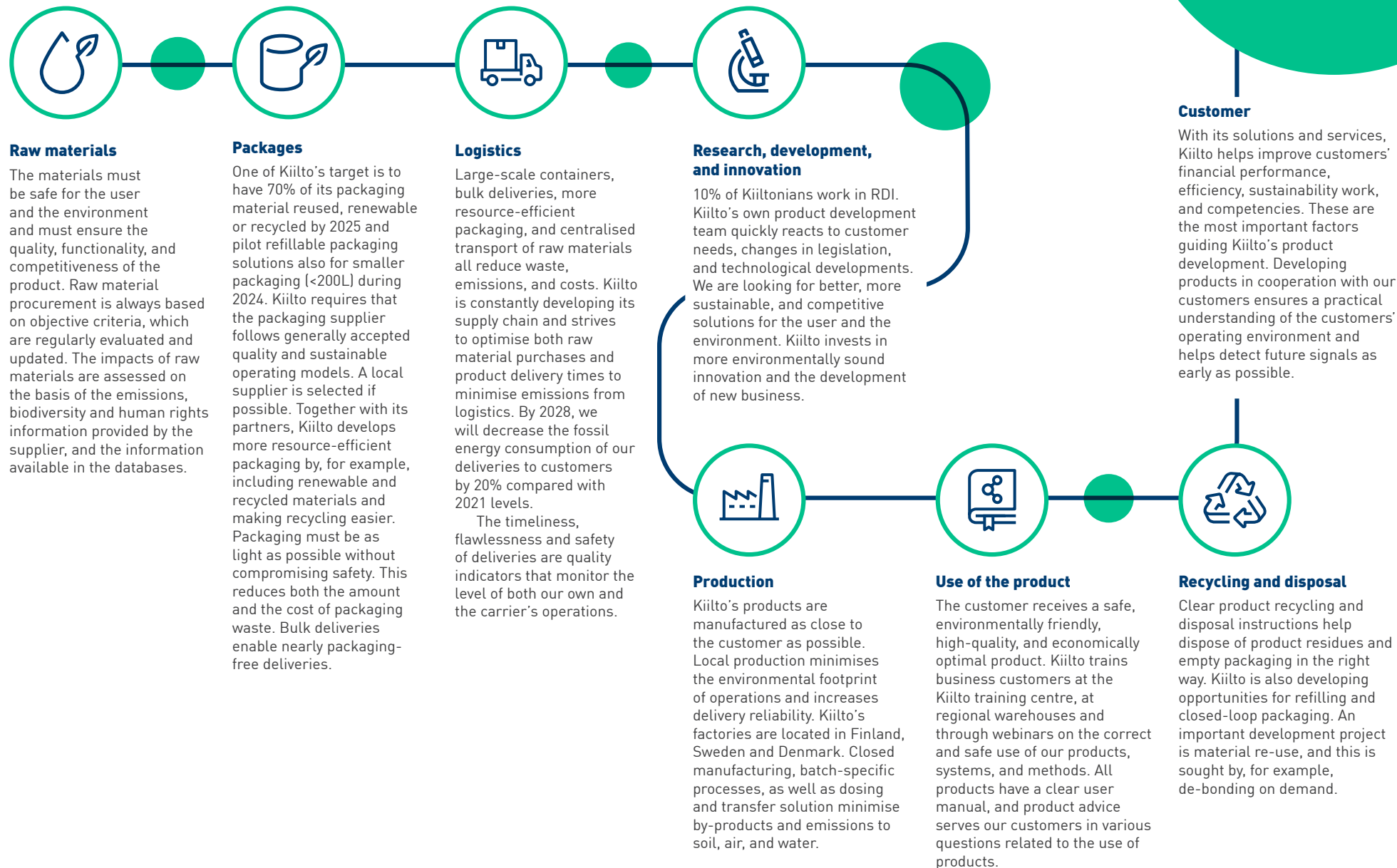
Production units for Consumer Goods:

- Finland, Turku and Hankasalmi
- Denmark, Assens





Sustainable choices throughout the value chain



Significant changes in the value chain and markets

THE 2023 OUTLOOK FOR B2B SECTOR was challenging. The war in Ukraine, the energy crisis, high inflation, and interest rates created uncertainty. At the turn of 2023, the construction, industrial adhesives, and fireproofing businesses prepared for a possible energy shortage of our raw material suppliers by increasing inventories from normal levels. The weakening of demand continued in early 2023. Deliveries to Russia stopped due to the withdrawal from the market and the transition period ended after the turn of the year. Due to the combined effect of these two factors and the estimated long-term nature of weak market demand, change negotiations started at KiiLto Oy in February. In addition to other cost-saving measures, they ended with a total of 17 redundancies. KiiLto AB's operations also had to be adjusted in the early autumn due to low demand. As part of the cost-saving measures, the workforce was reduced from various functions by a total of seven employees. The implemented cost-saving measures and the decline in raw material prices towards the end of the year made the result satisfactory despite the challenging market situation.

Demand for construction remained good considering the situation until the second half of the year, especially driven by professional construction. In the floor-as-a-service sector, demand weakened already during Q2, especially in Sweden, where the decline in construction was steeper than in Finland. The steep drop in new housing construction starts towards the end of 2022 was also reflected in our sales towards the end of the year in wet room construction. Distribution channel volumes weakened clearly more strongly than professional construction due to weak consumer demand. In the Baltics, our construction volume grew clearly from the previous year. The volume of KiiLto's construction business decreased clearly less than the market in Finland and Sweden. We started exporting construction products to Denmark through a partner. The renovation volume, which is important to us, remained roughly on previous year level.

Customer demand for Industrial Adhesives and Fireproofing business was clearly weaker than the previous year throughout the year in all our operating countries. The bright spot was the sales of structural adhesives that remained at the previous year's level and the price of raw materials fell from the peak level during the year.

We made great progress in the sales of bio-based adhesives, launching several novelties to our wood industry customers. Volumes in the filtration industry increased. We solved production challenges and created a market for the commercialisation of our unique innovation, Biomelt, a fully biodegradable and home-compostable hot melt adhesive.

In the hygiene business sector both business areas achieved very good results. Our cost control was successful, and the overall result for the year clearly exceeded the budget level. We achieved particularly good growth in Latvia, Finland and towards the end of the year in Denmark. During 2023, extensive updates were made to the strategy of the professional hygiene business.

In the consumer business, especially in Finland, we succeeded excellently throughout the year. Several new monthly sales records were achieved during the year, and as a result, sales for the whole year also rose to a new record level. In addition to the growth, KiiLto's consumer business gained more market share.

In the second half of the year, we were able to return to the path of investment,

and it was great to see that the KiiLto Board of Directors approved three significant investments to develop the future of the hygiene business. The largest project is the acquisition of a new production line in Assens, which also involves the expansion of the tank storage area and the restructuring of old production lines. As another major project, we decided to transfer our Swedish production operations for solid dishwashing detergents and their dosing equipment to Assens, and for liquid products to Turku. As a result of these changes, production operations in Sweden will end and in hygiene business we will focus on operating as a sales company in Sweden. The third major project was the decision to automate one production line in Turku. These changes will have a positive impact on the efficiency and productivity of our supply chain, ensuring our competitiveness going forward.

With the approval of the Russian authorities, KiiLto was able to finalise the selling of the last Russian subsidiary in January 2023. KiiLto's operations in Belarus ceased in spring 2022 and the liquidation of the company was finalised during February 2023.





Cultural cornerstones

Kiilto's company culture forms the shared value base for the everyday decisions, big or small. It sets the standards for Kiiltonian ways of working beyond regulations and ethical principles.

2023 WAS A YEAR OF EXTENSIVE culture work at Kiilto. Over 200 Kiiltonians participated in cultural workshops across Kiilto countries. The aim was to discuss with the personnel what our cultural cornerstones mean to them, how they are perceived in our different operating countries and what barriers there might be to implement them. The definitions of Kiilto's cultural cornerstones will be reassessed according to the workshop findings during 2024.

Kiilto culture is the starting point of the company strategy, and it stipulates respecting the company's operating policy, which is committed to human rights, due diligence, and ethical business. Kiilto has also identified the essential UN Sustainability Development Goals related to the company culture and aligns with goals 5 (gender equality), 8 (decent work and economic growth), 10 (reduced inequalities) and 16 (peace, justice, and strong institutions). Kiilto's culture consists of four cornerstones: (1) You can make a difference, (2) Customer is King, (3) Start-up Spirit since 1919, and (4) Environmental leadership.

Kiilto culture is implemented and communicated through a defined on-boarding processes, everyday work, management as well as the Code of Conduct. The cultural cornerstones have been approved by the board of directors of the Kiilto group parent company and the operating policy has been approved by the management teams of the group companies. Kiilto Partnership Code of Conduct is available in the Kiilto's website. An annual Code of Conduct training is compulsory for each Kiiltonian. Kiilto's culture is also embedded in other training programmes offered to the personnel. During 2023, 28 Kiiltonians started in the Kiilto Explorer training programme. Kiilto Explorer aims to develop leadership skills and competencies. Key areas of learning include lead yourself, lead people, and lead business.

Kiilto's culture is a fundamental part of the company's operating policy. The Partnership Code of Conduct is used to communicate the Kiilto culture to both suppliers and customers. Kiilto supports various forms of social and environmental ventures as well as art and cultural endeavours. Within these areas Kiilto collaborates with, for example, actors engaged in promoting social or environmental responsibility, youth organisations and associations as well as various educational institutions.



Kiilto's cultural cornerstones



YOU CAN MAKE A DIFFERENCE

You can make a difference

Our working environment is built on trust, openness, positivity and responsibility towards ourselves and others.

Building blocks for this cornerstone are responsibility, cooperation, interaction, and positive enabling.

All Kiiltonians can make a difference, and they also should. The difference made can be ethical, innovation related or professional development. Culture of doing right is built by all Kiiltonians every day.



CUSTOMER IS KING

Customer is king

We work for the customer's benefit first. With the help of comprehensive customer insights, we can offer the best customer experience.

Building blocks for this cornerstone are being close to the customer, exceeding expectations, effective implementation, and empowerment.

Kiilto culture is also strongly present in customer relations, and we encourage continuous dialogue and feedback. This cultural cornerstone is embedded in our 2025 winning aspiration: We lead the market in customer experience and environmental solutions. We are constantly planning, implementing, measuring, and improving customer experience to achieve this aspiration. An important part of getting new ideas is to understand customers' operations, and that is why group visits to the customer sites have also been arranged to Kiiltonians. Often in many functions the customer can also be internal, another Kiiltonian. Kiilto's pair visit days offer a great opportunity to familiarise with a colleague's work.



START-UP SPIRIT SINCE 1919

Start-up spirit since 1919

We want to learn and keep trying something new continuously. Through courageous renewal, we want to ensure our customers stay at the front of developments.

Building blocks for this cornerstone are continuous learning and a culture of experimenting, innovation, and internal entrepreneurship.

Innovations are an essential part of Kiilto's culture, and we are proud of our own R&D and innovation unit that employs around 10 % of Kiiltonians. We encourage our personnel to share ideas through an initiative tool and invite volunteers to different development groups. To ensure market leadership and to accelerate growth, we launched a new concept, Kiilto Ventures, in September 2019. Kiilto Ventures aims to ensure growth and renewal for the next 100 years by collaborating and co-creating with start-ups and innovators outside of our companies.



ENVIRONMENTAL LEADERSHIP

Environmental leadership

We are guided by the desire to be environmental leaders in our field. We want to make a positive impact on the environment by considering it in all processes. We strive to continuously improve our operations from an environmental perspective.

Building blocks for this cornerstone are Our Promise to the Environment, continuous improvement and circular economy.

As a part of each Kiiltonian's yearly targets, minimum one environmental target is set. The target is set and approved together with the employee, and is chosen according to their job description.

Kiilto offers tailored trainings for teams and business areas as well as compulsory trainings for all Kiiltonians on environmental matters. All our trainings and discussions with stakeholders include an environmental aspect. We train around 25,000 people annually.

Management process and risk assessment

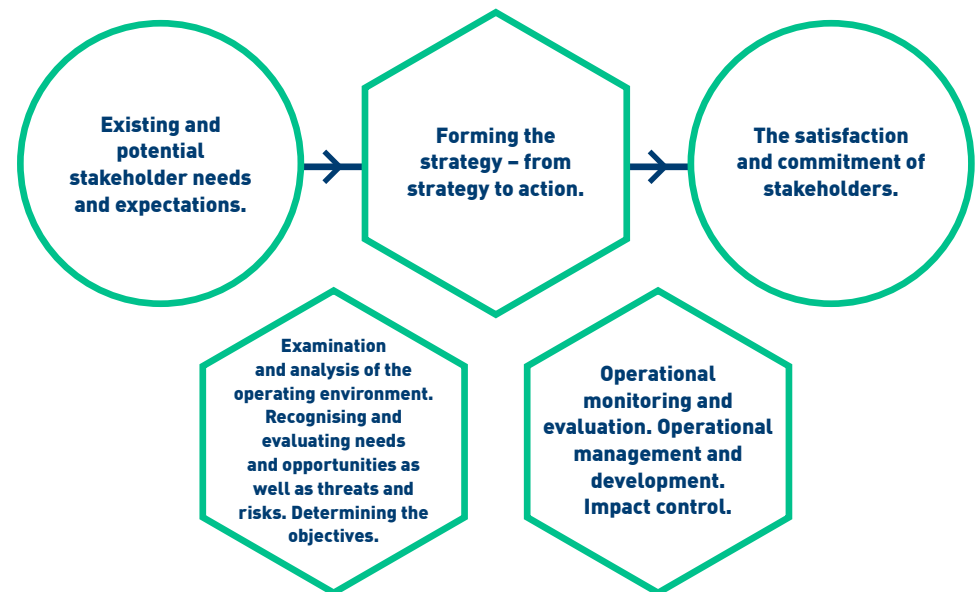
The responsibility for setting targets, designing processes, and developing and measuring sustainability at Kiilto lies with the Board of Directors, CEO, and management groups. As a family-owned company, owners have an important role in directing the development of sustainability work. The owners influence the development work through being members of the Board and their active participation in daily operations.

THE GROUP MANAGEMENT TEAMS direct and monitor organisational activities at the executive level, track the achievement of strategic goals and ensure that stakeholder expectations are met. The chair of each group management team reports to the

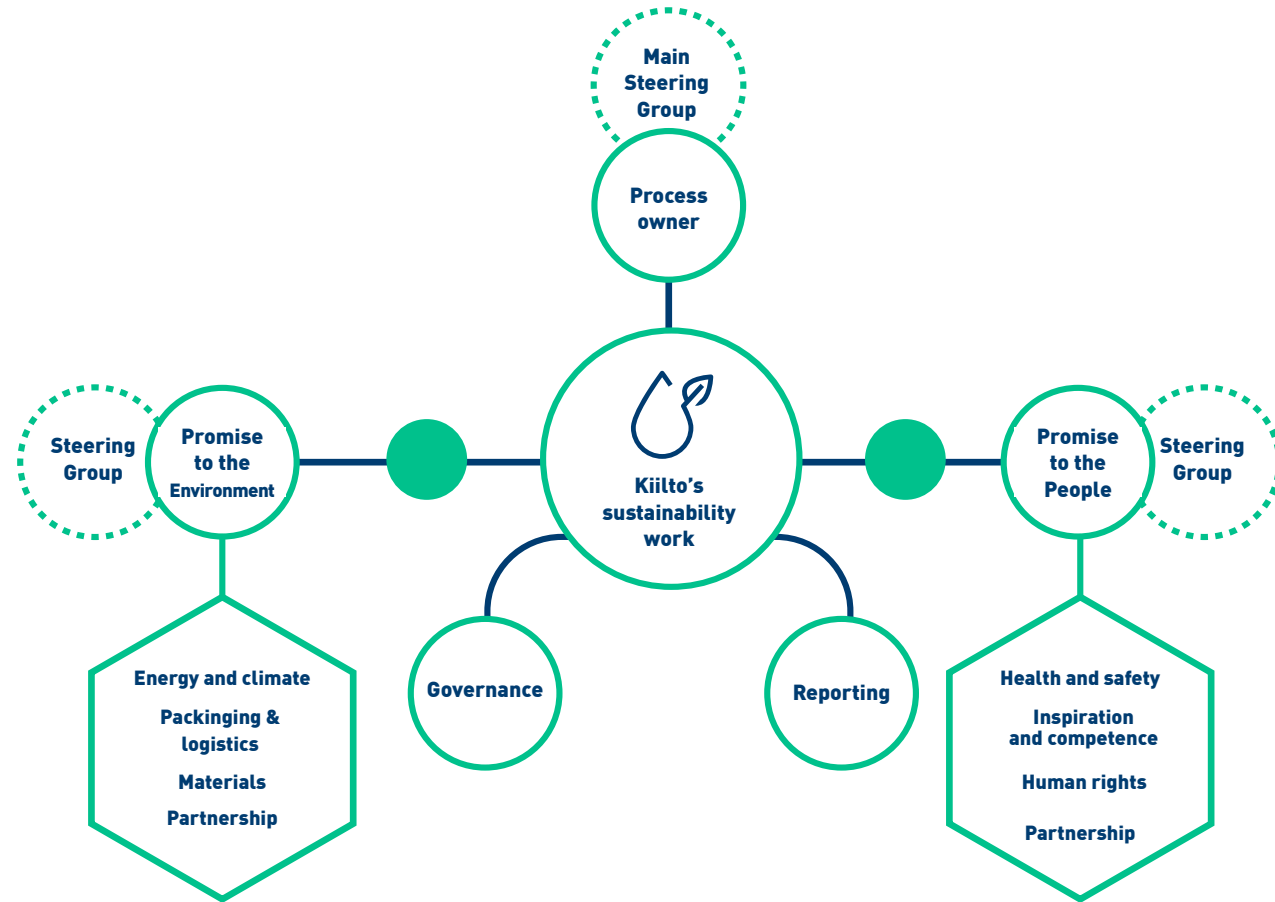
Board of Directors of their respective companies (Kiilto Group, KiiltoClean Group and Kiilto Family) as well as to the CEO. The methods of these group management teams are assessed and developed through, for example, employee surveys, audits, and self-assessments.



Strategy Management Process



Kiilto's sustainability organisation



Managing sustainability

Kiilto does not have a separate Sustainability Director. Instead, sustainability is seen as an integrated part of every Kiiltonian's job and environmental aspects play an important role in strategic decision making. Our Promise to the Environment covers all our operations and is divided into four areas each having a regularly meeting project group (energy and climate, materials, packaging and logistics, and partnership). An international project group evaluates and implements measures, investments, projects, and initiatives to reach our environmental goals. These project groups report to a steering group at least quarterly and provide regular status overviews to the Board.

Social sustainability matters are managed and developed in Our Promise to the People which is also divided into four

project groups (health and safety, inspiration and competence, human rights, and partnership). To increase the cooperation between different functions, round table sustainability groups on social matters has been established. It consists of members from HR, Communications, Supply chain,

Management, Legal, ICT, RDI, Finance and EHSQ. All groups have a regular meeting schedule, and they report to the main steering group.

We use standard-based systems for quality, environmental and safety management. The key idea is overall

improvement based on shared values. We are actively involved in developmental activities within our sector, anticipating forthcoming changes in regulation, and participating in collaborations between experts and authorities.

Kiilto's strategic and sustainability strengths

- Environmental innovations as the focus of the corporate culture
- Strong research, development, and innovation functions for all business areas
- Strong business area expertise and operating close to the customers
- Comprehensive overall solutions and services
- Extensive and regular customer training and product advisory service
- Stable economy and high equity ratio

Management systems

- Kiilto Finland: ISO 9001, ISO 14001, ISO 45001, ISO 13485
- Kiilto Denmark: ISO 9001, ISO 14001, ISO 22716, ISO 13485
- Kiilto Sweden: ISO 14001, ISO 9001

Each management key process is directed by a steering group that:

- Identifies central customers and stakeholders, and their needs
- Identifies connection points with other processes
- Defines the metrics followed and the ways data is collected
- Evaluates if the process is producing desired results
- Identifies challenges related to stakeholder groups
- Evaluates and documents internal and external challenges, risks and possibilities
- Estimates the resources needed and evaluates their efficiencies



Risk assessment

Risk assessment is an important part of our sustainability work. We evaluate our business risks annually during business strategy and budget planning, through internal expert working group reviews. The management teams assess risks and make upper-level risk management when drawing up the annual report.

The management of businesses and operations are responsible for the daily implementation of risk management. The managing directors are responsible for the execution of risk management in their subgroups. Every member of Kiilto personnel must know and manage the risks in their areas of responsibility.

Kiilto Group applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are identified, assessed, managed, monitored, and reported as part of business operations at group, subgroup, and function levels throughout the group. Risk treatment involves one or more risk management option, such as avoidance, reduction, sharing or retention.

Risk assessments of all significant projects related to capital expenditure, business arrangements or changes in operations are made. Kiilto is organising the main insurances at Group level. Together with the insurance company property and occupational safety risks are assessed. Currency and interests and M&A risks are managed by financial instruments.

Increasing costs and volatile supply chain

Increasing input costs or availability of materials, goods and services may adversely affect Kiilto's profitability. Therefore, reliable low-cost supplies and proactively managing costs and productivity are of major importance to Kiilto. There is also an increased risk of disturbances in the supply chain due to energy disturbance, cyber incidents, pandemic, and political instability. During 2023, many such earlier realised risks continued to effect Kiilto's operations. Due to strong financial position Kiilto can manage the risks and utilise the opportunities by dynamic networking capital management.

Political and regulatory developments

Kiilto's businesses may be affected by political or regulatory developments in any of the countries and jurisdictions where it operates, including changes to environmental, fiscal, tax or other regulatory regimes. Potential impacts include, among others, higher costs, and capital expenditure to meet new requirements. In 2022, the country risks in Russia and Belarus realised and the Board decided to exit from those markets. Full effects of the exit were realised 2023. In coming years, biocidal registrations and due

diligence related to environment and human rights is expected to require resources.

Active monitoring of regulatory and political developments in the operating countries is important risk mitigation regarding regulatory changes. Regulatory changes can also bring significant opportunities by driving market growth for sustainable products and create competitive advantage through renewability.

Competing for talent

Skilled and dedicated employees are essential for success. Competition for personnel is intense and among many professions, there is labour shortage in the countries where Kiilto operates. This means that Kiilto may not be successful

in attracting or retaining qualified personnel. The loss of key employees, the inability to attract new or adequately trained employees, or a delay in hiring key personnel could seriously harm business and impede reaching strategic objectives. Kiilto has started measures to make Kiilto employer brand stronger and better known both internally and externally. Both, the extensive culture project and the developments of inspiration and competence project group as part of Kiilto's Promise to the People are examples of focusing on these topics during 2023.





Safety deficiencies

Deficiencies in safety management can result in harm to Kiilto’s employees, and to neighbourhoods and the environment. Impacts in addition to physical injury, health effects and environmental damage could include liability to employees or third parties, damage to reputation, or an inability to attract and retain skilled employees. Government authorities could additionally enforce temporary closure of our operations. Personnel safety and security can never be compromised and, thus, Kiilto must be aware of potential safety risks.

Production failures

Kiilto’s production facilities have an inherent risk for failure or off-specification operations. Such could result in poor product quality, excessive downtime, lower output, or increased production costs. Consequent impacts could be discovered: the company’s ability to meet delivery commitments and the business plan could be at risk. Process risks are systematically identified, measured, and controlled. Preventive maintenance programmes and spare part criticality analyses are utilised to secure the high availability and efficiency of key machinery.

Improper use of products

Correct usage of chemical products is essential to ensure targeted results and safety of users. Failures in product safety could result in product recalls involving significant costs including compensation for damages of customers, and reputational damage. Kiilto has certified relevant ISO quality management systems in place and the company trains thousands of its customers each year for safe and proper use of its products. Furthermore, contractual liability limitation and insurance protection are used to limit the risk exposure. Superior product quality and conformity together with close co-operation with customers is an opportunity of differentiation and value creation.

Cyber security risks

Kiilto is dependent on ICT systems as major part of the communications and the day-to-day management of its operations is done in channels enabled by ICT. ICT systems, personnel and facilities are subject to cyber security risk. In 2023, Kiilto faced a cyber-attack as attackers used email links to phish passwords from Kiiltoonians. Kiilto actively works to prevent cybercrime by different types of security controls and training. Kiilto is using outsourced security services and server. Well-functioning ICT systems offer opportunities for efficient and reliable operations and data utilisation, performance optimisation and new services for Kiilto’s customers.

Failed acquisitions

Acquisitions offer possibilities for growth both on company and employee level. Failure to realise the expected benefits from an acquisition of a company or asset can have serious impacts on financial performance. The acquisitions might make Kiilto liable for past acts or omissions of the acquired business, without any adequate right of redress. Divestments may involve additional costs. Risks related to acquisitions can be mitigated by proper due diligence and contractual protection to certain extent.

The regulatory environment is constantly developing. Operations in multiple jurisdictions requires being up to date with current and upcoming legislation. Kiilto is exposed to risks related to breach of applicable laws and regulations associated with e.g. company and tax laws, customs, sanctions, environment, human rights, and safety, as well as areas covered by policies such as the Code of Conduct, e.g. fraud, anti-trust, corruption, conflict of interests and other misconduct. Breaches may lead to high compliance and remediation costs and reputational damage. Focus on ethics, not mere compliance with laws, promotes a sustainable and more successful business, fosters accountability, and enhances brand reputation.

Operating policy and guiding principles

We are committed to anticipating, preventing, and mitigating risks posed by our operations, products, and services. We comply with all statutory requirements, official regulations, and guidelines. We are committed to maintaining and developing our operating system to keep it effective and efficient. Kiilto sets, monitors, and implements annual quality, safety, and environmental goals to ensure the continuous improvement of operations.

KIILTO IS A GROWING, internationally operating, Finnish family-owned company. We develop, produce, distribute, and sell chemical industry products, solutions, and services. We operate in four business areas: construction, industrial adhesives and fire-proofing, professional hygiene, and consumer goods.

Our operations are based on the key principles of environmental leadership, closeness, and commitment to the future. Our common goal is to create the best possible customer experience and high-quality, sustainable, and responsibly produced solutions. We engage in continuous dialogue with our stakeholders to develop our operations.

Kiilto's employees act in accordance with their quality, safety, social, and environmental responsibilities. We require that our suppliers and other partners adhere to the same principles.

Kiilto's management and entire personnel are committed to continuously improving the company's operations and providing the conditions for achieving the goals.

In addition to Kiilto's sustainability themes, product safety has an important role in our sustainability work. We communicate about product safety separately in Our Promise to the Environment and Our Promise to the People.



Annual Code of Conduct training

We are looking far into the future: We produce and sell solutions profitably in 2080 aiming for regional market leadership. There are an infinite number of interesting paths we can take to reach our targets, but to maintain the direction towards our vision we all need to make ethically sound decisions every day. In addition to complying with local regulations, we also adhere to our own policies and procedures and comply with our voluntary commitments.

Kiilto Family Group has defined what is the Kiiltonian way of doing ethically sound business. Doing things right builds the foundation to reach our long-term success. We are all responsible for building this culture of integrity, with everything we do and every choice we make.

Completing the Code of Conduct e-learning course is a part of every Kiiltonian’s annual development plan, and passing it is a prerequisite for a potential bonus. All Board members completed the Code of Conduct e-learning course before its launch to employees. Code of Conduct is also included in the on-boarding programme of every new Kiiltonian. Kiilto’s Code of Conduct – and thus the e-learning course – also covers anticorruption policies and procedures. Performing of the training modules is measured and documented in the human resources management software. To pass the e-learning, one must answer to all questions and enough answers must be correct. 78% of the employees completed the e-learning 2023 course.

Kiilto Partnership Code of Conduct

Kiilto wants to be an attractive business partner and seeks reliable and fair relations with its suppliers for mutual benefit. Kiilto has a [Partnership Code of Conduct](#) that was updated in 2023 and applies for all partners including both customers and suppliers. This is used as part of contracts whenever contracts are drafted based on Kiilto’s model. Most customer contracts include the ICC Anticorruption Clause, as it is included in the general sales terms of Kiilto.

Completed Code of Conduct trainings in 2023

Country	Employees	Country Director, Management Team Members
Finland	93%	78%
Sweden	58%	100%
Denmark	31%	100%
Norway	83%	100%
Poland	100%	100%
Estonia	63%	100%
Lithuania	69%	100%
Latvia	69%	100%
Ukraine	75%	0%

The Partnership Code of Conduct outlines the minimum standard of behaviour that Kiilto requires its suppliers to comply with when doing business with Kiilto. The Partnership Code of Conduct forms an integral part of all supplier contracts. The supplier shall have appropriate management systems in place to enable adherence to the Partnership Code of Conduct or the supplier’s own equivalent code of conduct, whichever is stricter, as well as all other relevant and applicable laws and regulations. The Partnership Code of Conduct also covers human and labour rights, non-discrimination, child and forced labour, wages and working hours, occupational health and safety, environmental impacts, and responsible business.

Human rights and respectful treatment of people

We respect human rights and comply with the United Nations Guiding Principles on Business and Human Rights. At Kiilto, we want an environment of mutual respect, encouragement, and teamwork, where responsible leaders empower and engage employees at every level of the organisation.

We do not tolerate the use of forced or child labour under any conditions. We respect everyone’s right to freedom of thought, opinion, expression, and religion, right to assemble peacefully as well as right to freedom from discrimination based on age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relationships, state of health, disability, sexual orientation, or other personal characteristics. We do not tolerate any form of harassment. Kiilto endeavours to create hazard-free workplaces for its employees and contractors by applying high standards of occupational health and safety. We strive to ensure the safety of our products and solutions through our development processes. Every one of us is responsible for complying with safety instructions, for using personal protection equipment when required and for reporting any shortcomings regarding safety instructions or protection measures.

Zero tolerance for corruption and bribery

We have zero tolerance for facilitation payments (i.e. payments to government officials). We are committed to ensure that also our business partners act ethically and understand our commitment to do what is right.

We avoid inappropriate hospitality and gratuities, favours, and donations. Hospitality and gifts, provided or received, must have a legitimate business purpose and be reasonable in kind and size. They should not affect, or appear to affect, the recipient's independence of judgement.

Offering or accepting anything of value should not involve any elements of concealment. Under no circumstances does a Kiiltonian provide or accept cash, cash equivalents or personal loans in conjunction with Kiilto's business. We use the ICC Anticorruption Clause in our agreements whenever possible.

During the reporting period, no public legal cases regarding corruption were brought against the company or its employees. Nor were there confirmed incidents in which employees were dismissed or disciplined for corruption.

We prevent conflict of interest risks and promote effective and fair competition and have instructions for our personnel on how to execute this principle.

We always conduct a background check before selecting a business partner. Kiilto

is not only responsible for the actions of its employees but also for the actions of business partners that represents Kiilto. We do not engage in transactions with parties that are subject to applicable sanctions. We are not involved in unethical, illegal, or criminal activities and avoid doing business with parties who don't share this principle and have a known history of bribery. Due to increased number of sanctions, 2023 Kiilto revised the measures that are taken to fulfil know-your-customer –requirements and some related trainings were arranged to sales organisation.

Kiilto is required to comply with the customs laws and regulations of each country into which our solutions are imported. We must know for example the requirements that apply to chemicals, biocides, and medical devices. Special marking, labelling, and packaging requirements apply to many of our products, which make the products safer for the users and for the environment.

Handling data

We respect privacy. Personal data collection and processing is always performed for specified and legitimate business purposes and in compliance with applicable laws. We collect only the amount and type of personal data which is necessary for the specified

purpose. We keep the data up-to-date and delete it when it becomes outdated or no more needed. We are transparent in how the data will be used.

Sustainable marketing

We act in accordance with fair business, marketing and advertising practices and take all reasonable steps to ensure the quality and reliability of the goods and services we provide. Our products must be supported by safety information including, but not limited to, appropriate directions for use, hazard classifications, warnings, and first aid instructions. We make accurate and complete safety data sheets available and use legible labels. We provide accurate, verifiable, and clear information that is sufficient to enable consumers to make informed decisions, including information on content, safe use, environmental attributes, maintenance, storage, and disposal of goods. Our marketing and other public communications reflect the commitment to accuracy, integrity, transparency, and openness in communication with our customers. We do not mislead our customers with false or incomplete information, whether it is about our own products or those of others.

Reliable and transparent business

We promote transparency and integrity. Kiilto's accounting records must be accurate and reliable in all material respects. Unrecorded funds are prohibited. The records cannot contain any false, misleading, or artificial entries. Accurate recordkeeping and reporting help us meet our legal and regulatory requirements, for example, concerning taxation. We follow the 4-Eye -principle: each payment Kiilto makes must be checked by one Kiiltonian and approved by another. We avoid complex or unusual payment structures or methods (e.g. cash), requests for payments to an unrelated account or third party, or lack of an apparent business purpose for the transaction. Kiilto does not tolerate fraudulent behaviour or activities, such as embezzlement, fraud, or theft from its employees. Such violations will lead to immediate termination of employment and are subject to criminal sanctions.

Taking grievances into account

Kiiltonians are encouraged to report any suspected case of unethical behaviour or misconduct. We have multiple channels to raise concerns. All concerns, irrespective of the channels used to report, are handled confidentially and thoroughly investigated.

We are dedicated to thoroughly reviewing misconduct reports and handling personal data with care. Confidentiality of such reports will be maintained to the extent possible. We do not accept retaliation against any Kiiltonian who, in good faith, reports suspected misconduct or participates in an investigation to resolve suspected misconduct.

The channels for voicing concerns:

- Supervisor
- Local Human Resource and/or EHSQ Manager
- Managing Director and Legal team
- [Online whistleblowing channel.](#)

During the reporting period there were no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.



Our approach to sustainability

Our goal is to maintain a balance between business, technology, society, and the environment. With an innovative start-up spirit and a growth mindset, we aspire to be an environmental leader.

Our sustainability work is structured around three areas that are integral to our business strategy:

OUR PROMISE TO THE ENVIRONMENT: The environment is the core and driver of our sustainability work, which is implemented, developed, and measured through Our Promise to the Environment. Our Promise covers the entire value chain and consists of the following themes: Energy and climate, Packages and logistics, Materials, and Partnership. The basis of the Promise is a materiality analysis, through which we have recognised product and material sustainability, material efficiency, and energy efficiency to be the most important topics.

OUR PROMISE TO THE PEOPLE: Our most important social sustainability topics include a safe workplace, an inspiring working environment, competence development, and human rights in the value chain. To further develop our social sustainability and more effectively recognise connections with environmental issues, we launched a similar strategic structure and management model, Our Promise to the

People, that we are using in the environmental sustainability work. The work streams under this promise are Health and safety, Inspiration and competence, Human rights, and Partnership. These four areas cover both internal and external social sustainability development.

GOOD GOVERNANCE: From the corporate sustainability perspective, it is important to have a vision of what and who Kiilto's success will impact, what is our contribution to building a more sustainable society, and how this success can be achieved. Our governance-related focus areas include developing and growing our business, creating shared value, and ensuring ethical business.



UN Sustainable Development Goals (SDGs)

Our Promise to the Environment and the 2030 Agenda may have different paths and timelines, but both share the same end goal: to do more with less. Do better. These mutually reinforcing frameworks serve as tools to maximise positive impact throughout our value chain and strengthen our environmental leadership role.

The SDGs and Our Promise to the Environment go hand-in-hand. We at Kiilto identified the following SDGs as most critical to our operations:

In addition, we have recognised the following SDGs to be relevant for our processes:



SDG 7
We are committing to SDG 7 by substantially increasing our share in renewable energy.



SDG 9
We are committing to SDG 9 by engaging in innovations, scientific research, and development.



SDG 13
We are committed to SDG 13 by improving education and awareness-raising on climate change mitigation, adaptation, and impact reduction. Our work on waste reduction also has a direct impact on SDG 13.



SDG 12
We are committing to SDG 12 by substantially reducing waste generation through prevention, reduction, recycling, and reuse of materials.



Managing material topics

As an operator in the chemical industry, environmental sustainability is the area where Kiilto can have the biggest impact. In 2018 Our Promise to the Environment became the spearhead of Kiilto's sustainability work and the material topics were defined at the same time. Since then, they have been evaluated and confirmed by Kiilto management each year.

Managing material topics

Kiilto began preparing for upcoming EU regulations on sustainability reporting and double materiality assessment in Autumn 2023. An external partner conducted an orientation session as well as a materiality workshop for a wide group of Kiilto management. All Kiiltonians were also invited to participate in an optional online survey. Additionally, all significant customers and suppliers were identified, and their documentation, such as sustainability reports, tenders, questionnaires, and codes of conduct, was reviewed. Results from Kiilto's Reputation and Trust survey and personnel survey were also included in the review. While these actions primarily targeted the double materiality assessment, they also provided updated information on material topics for 2023.

From the perspective of social sustainability, Kiilto has traditionally emphasised the well-being of its employees, along with competence development. From the viewpoint of the value chain, the focus has been on adding value

to customers. As a result, the primary emphasis in sustainability reporting has been on environmental matters, employee experience, and customer satisfaction.

The materiality assessment conducted in autumn 2023 resulted in similar conclusions to previous assessments. Key topics identified as most significant remain concerning the environment, especially from the climate change perspective, own workforce, and business conduct. Since there were no unexpected findings in the materiality assessment work in 2023 and no significant changes in the markets or business areas, the materiality topics in 2023 remained consistent with the previous reporting year. Further assessment for the coming years for 2024–2025 will be undertaken to ensure ongoing relevance.

The management teams evaluate annually the significance and realisation of Kiilto's material sustainability topics based on standards, sustainability strategy, the perspectives of stakeholders, and the general business and



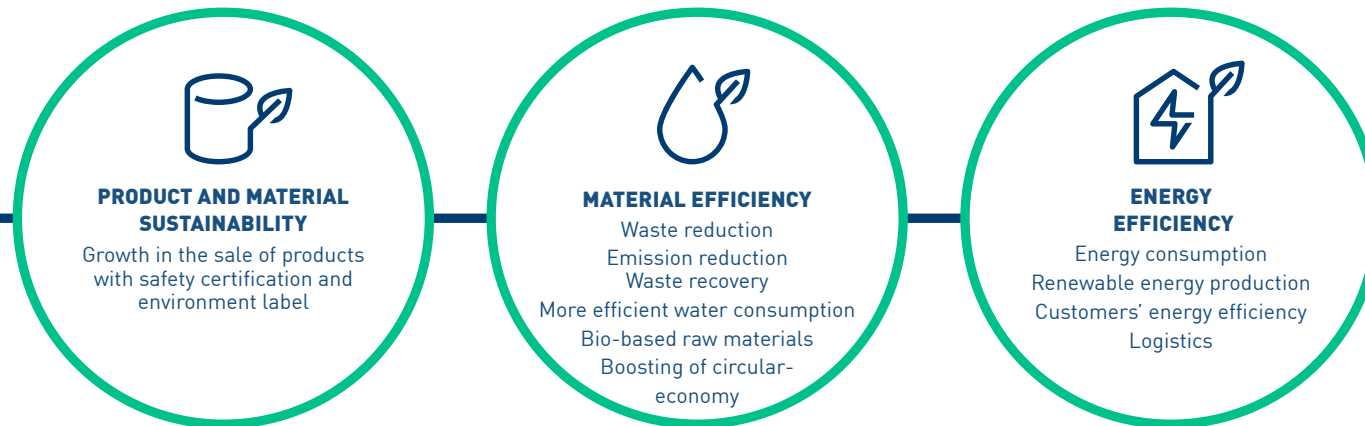
The work on sustainability emphasises cooperation with partners and stakeholders. Sparring with others usually leads to a better outcome in tackling the challenges.

Viivi Kettula, Environmental Manager

industry environment. The results of the materiality assessment have been reviewed in relation to Kiilto's strategy and the most relevant topics have been identified. The process and the material topics have been approved by the Board as well as the owners.

Kiilto's operations locate in countries where the rights of employees as well as administrative, governmental, and economic practices of companies are regulated and controlled by legislation and agreements. Therefore, and as an operator in the chemical industry, Kiilto has determined environmental sustainability to be the area where it can have the biggest impact. Kiilto is aiming for environmental leadership in its field and the environmental sustainability is emphasised in the company business strategy.

Environmental materiality topics



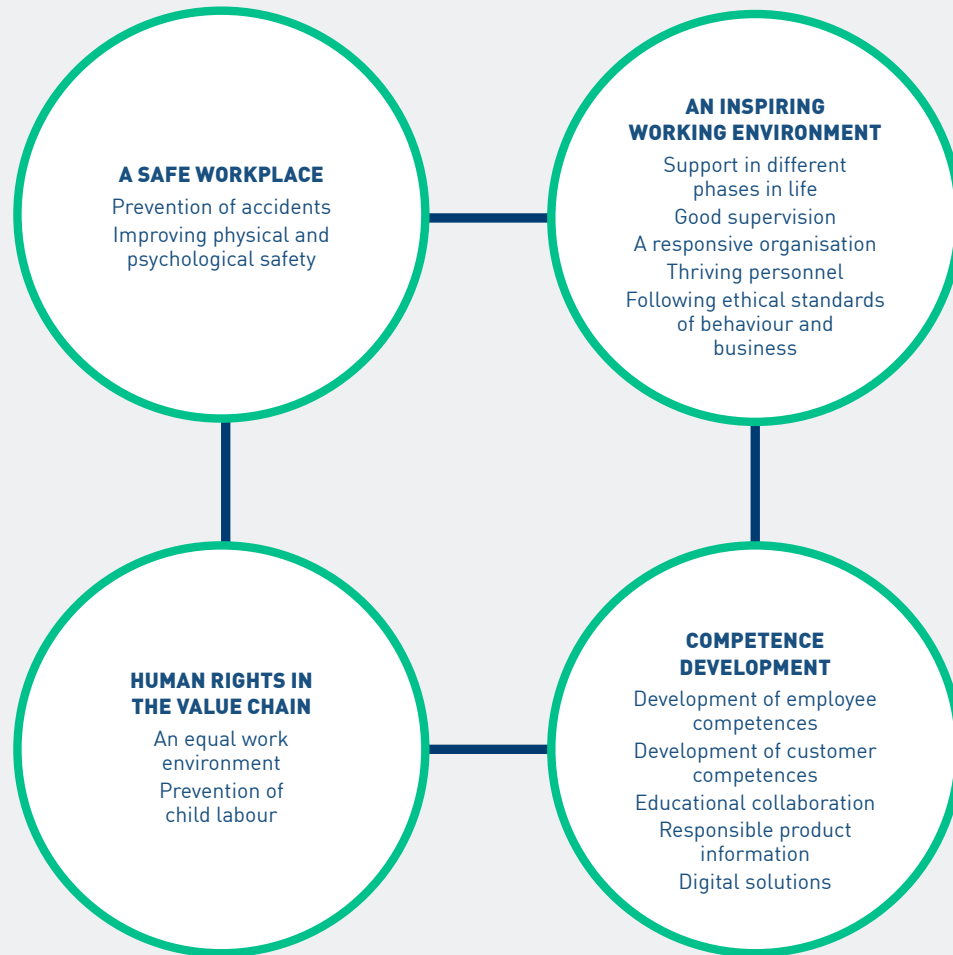
Why are these important to us?

As an industrial company, Kiilto is a part of a global ecosystem that has, over centuries, improved the wellbeing of humankind. However, we recognise our role in climate change. By enhancing our energy and material efficiency, we combat climate change and promote sustainable development. We support the circular economy and utilise bio-based raw materials to decrease our reliance on non-renewable resources and reduce our carbon footprint by reducing waste.

Our goals and actions

As a part of Our Promise to the Environment, we have set an ambitious goal of making all our company operations carbon neutral by 2028. Every year, we will reduce our use of fossil and virgin packaging materials, use less fossil and virgin raw materials, and decrease the waste that is generated by our operations. In addition to monitoring and regularly tracking our process towards our goals, we have integrated them into a larger framework by aligning them with relevant UN Sustainable Development Goals (SDG) and Science Based Targets (SBTi). Our environmental sustainability is reported in more detail in [Our Promise to the Environment](#).

Material social topics



Why are these important to us?

Kiilto is part of the chemical industry, and its product safety is subject to intense scrutiny by stakeholders. Kiilto’s adhesives, flame retardants, building supplies, detergents and hygiene products are used in hundreds of thousands of households, workplaces, and other built environments. Kiilto plays a significant role in the daily work of construction, cleaning, and healthcare professionals.

One of Kiilto’s cultural cornerstones is You can make a difference. As workplace, Kiilto wants to be safe and inspiring environment and offer opportunities for continuous personal development. Inspiration comes from effective management and a responsive organisational culture. The right support at the right time enhances the employee experience of every Kiiltonian.

Our goals and actions

To foster an open, supportive, and inspiring work environment, we encourage ongoing dialog with our personnel. We have continuous processes, such as an idea channel, to provide opportunities for our employees to contribute to the future business.

We enhance our employees’ career prospects through competence development and active training. Cooperation with educational institutions offers us both training possibilities and a communication channel with future talent. Our goal is that a career at Kiilto provides our employees the potential to succeed and develop.

By reducing our use of solvents in production and increasing sales of our safety-classified environment labelled products, we are improving occupational and customer safety in our own working environment and customers’ premises.

The safety of our customers is a key aspect of Kiilto’s social sustainability. We ensure product safety through responsible marketing and by developing our customers’ expertise, through which we can help to improve the safety and comfort of the built environment where Kiilto products are used.

To ensure that human rights are implemented at all stages of Kiilto’s business activities, we seek to promote high ethical standards and equality in the working environment. Diversity, equity, and inclusion issues are identified as a development opportunity to answer the needs of future work life. These aspects have also been considered in the culture work done during 2023. Our social sustainability is reported in more detail in [Our Promise to the People](#).

Material governance topics

DEVELOPING OUR BUSINESS AND GROWTH

Value chain management
Development of industry competences
New products and services

CREATION OF SHARED VALUE

Indirect financial impact
Corporate citizenship
Tax footprint in emerging markets

ETHICAL BUSINESS

Development of purchasing and sales
Anti-corruption activities

Why are these important to us?

Improving the sustainability of our business increases financial stability within our value chain, enables investments, promotes wellbeing, and eventually supports reinventing the industry. Kiilto is a responsible corporate citizen with wellbeing and ethical practices as its footprint. The company also has a stable and transparent tax footprint.

Our goals and actions

Kiilto enhances economic stability within its value chain by building strong business relationships and sharing knowledge. Kiilto creates a basis for financial sustainability by promoting ethical practices throughout its value chain. It prevents crime and abuse by developing purchasing and sales activities and through anti-corruption activities.

Material topics in the value chain

The raw materials for our products and packaging are flown from all over the world, and our personnel represent various nationalities. Value chain transparency is a priority for Kiilto, considering its increasingly long sub-contractor chains, international production and focus on sustainability. Our materiality analysis process included our value chain. In the chart below, we have combined our value chain with our material topics. We have listed the operators in our value chain on which our material topics have a strong impact:

Raw material suppliers	Package suppliers	Logistics and customers	End users	Residents and users of buildings suppliers	Society	Group operations
Energy efficiency	Material efficiency	Energy efficiency	Product and service responsibility	Product and service responsibility	Creation of shared value	Developing our business and growth
Developing our business and growth	Developing our business and growth	Product and service responsibility	Competence development	Competence development	Ethical business	Creation of shared value
Ethical business	Ethical business	Human rights in the value chain			Product and service responsibility	Ethical business
		Competence development			Human rights in the value chain	A safe and inspiring workplace
		Ethical business				Competence development
						Energy and material efficiency
						Product and service responsibility

Approach to stakeholder engagement

Identifying and addressing stakeholder expectations is an essential part of KiiLto's sustainability work. KiiLto seeks to ensure meaningful engagement with stakeholders by regularly collecting information and data from stakeholder groups and using the analysed information as a basis for annual action plans and decision-making. KiiLto encourages open dialogue with both internal and external stakeholders.

Identifying key stakeholders

The stakeholder groups have been identified during KiiLto's long existence, and they are constantly reconfirmed when re-evaluating the need for interaction with different customer groups, institutions, companies, and organisations. As a manufacturing and selling company, KiiLto's primary stakeholder groups consist of personnel, customers in different business areas and the organisations in the value chain that make the business operation possible. In addition, KiiLto has identified several other

stakeholders that define KiiLto's position as a sustainable operator, an attractive employer, and a reliable source of information and that require continuous interaction. KiiLto seeks to ensure meaningful engagement with stakeholders by regularly collecting information and data from stakeholder groups and using the analysed information as a basis for annual action plans and decision-making. KiiLto encourages open dialogue with both internal and external stakeholders.





Continuous dialogue with stakeholders

We gather information on both corporate customer and consumer expectations through surveys. We maintain close relationships with our customers and organise several training sessions for our B2B customers every year. This continuous dialogue with our important stakeholders helps us to improve our products, services, and processes to better meet their expectations and supports our stakeholders in achieving their sustainability goals.

With the biennial Reputation & Trust study, conducted by T-Media, Kiilto measures stakeholder support. The study includes six different indicators that measure, for example, our stakeholders' level of trust, willingness to recommend Kiilto and willingness to support Kiilto in a crisis, as well as organisation's ability to listen to and understand its stakeholders, ability to operate in an innovative, open, and transparent manner as well as act ethically and responsibly. The latest study was conducted in 2023 in Finland, Sweden, Denmark, and Norway. The identified development points to improve stakeholder support have mainly concerned more open dialog with stakeholders.

Kiilto follows and participates in sustainability-related discussions with its societal stakeholders, such as non-governmental organisations and industry associations. Kiilto is involved in, for example, shaping industry practices concerning biodiversity, the circular economy, more sustainable construction, climate change and the protection of the Baltic Sea.

The Kiilto employee survey is annually conducted by a third party. The survey examines the personnel's perceptions of their own work, their local work community, leadership, and the functionality of the entire organisation. In addition to the comprehensive annual survey, we use short monthly pulse surveys to uphold dialogue with our personnel.

We measure employee experience and willingness to recommend Kiilto as an employer. The results and actions that have been initiated are communicated to the personnel in group level information sessions.

Twice a year, all Kiiltonians participate in development discussions with their supervisors. The focus of the first discussion

is to set goals for the upcoming year and evaluate the achievement of the previous targets. The discussion also includes an evaluation and feedback section of the supervisor's abilities and management practices. The second discussion focuses on the learning and development needs related to job responsibilities.

Kiilto has several active social media accounts in all market areas and on different platforms. Kiilto's communication is open and continuous, and media cooperation is a regular activity. Environmental matters are brought up in all Kiilto's customer meetings, trainings, and discussions. All B2B areas also measure customer experience. Kiiltonians are also regular key-note speakers at different events, and we actively network with different stakeholder groups, including companies, educational institutions, non-governmental organisations, and research institutions.

In October 2023, Kiilto started an extensive stakeholder survey to re-establish [our material topics](#). Elaborating the work and analysing the results continues during 2024.

Kiilto stakeholders, expectations, and actions

Stakeholder group	Stakeholder expectations	Kiilto's expectations	Meeting stakeholder expectations
Customers: professionals and consumers, direct and indirect	<ul style="list-style-type: none"> Finding a solution that meets usage needs Increasing customers' competence and competitiveness Product quality and reliability Customer service and availability Kiilto's expertise on the customers' processes and meeting their commercial interests Sustainability in operations and products 	<ul style="list-style-type: none"> Ensuring and developing customer relationships and ensuring sustainable growth 	<ul style="list-style-type: none"> Up-to-date understanding of the operating environment and market requirements Functional, safe and effective products and a comprehensive range Own product development, innovativeness Expertise, production reliability and speed Customer-oriented process management The functionality of customer service as well as product information, advice and training Maintaining competitiveness and developing sustainability
Personnel	<ul style="list-style-type: none"> Job security, earnings level and its development Wellbeing at work and occupational safety Competence development and career advancement Social benefits Equality and good management 	<ul style="list-style-type: none"> Ensuring a skilled, committed and productive workforce 	<ul style="list-style-type: none"> Employee wellbeing programme Occupational health and safety practices Continuity of operations and business Work-life balance Training and career development opportunities Performance bonus and reward practices A corporate culture that creates a sense of community Good leadership and psychological safety
Owners and financiers	<ul style="list-style-type: none"> Financial return Risk management Steady development of operations 	<ul style="list-style-type: none"> Ensuring financing of operations Sustainable growth, development and continuity 	<ul style="list-style-type: none"> Ensuring the profitability of operations and the solvency of the enterprise Controlled growth
Suppliers	<ul style="list-style-type: none"> Commercially viable, economically stable and sustainable partnership Continuing cooperation, ensuring competitiveness, reputation, and growth Openness and constructive interactions 	<ul style="list-style-type: none"> Commitment to quality, sustainability and contracts Receiving professional service and ensuring competitiveness Nurturing, developing and communicating the corporate image and brands Compliance with laws and regulations 	<ul style="list-style-type: none"> Improving cooperation, solvency, reliability and clear assignments Maintaining purchase volume, as well as competitive price level Adequate product specifications Acting as a reference

Stakeholder group	Stakeholder expectations	Kiilto's expectations	Meeting stakeholder expectations
Authorities	<ul style="list-style-type: none"> Tax revenues, employment, general wellbeing, local investment Monitoring and responding to risks and opportunities in the chemical industry Following legislation and influencing its development Conserving natural resources and responding to climate change Access to information and support, getting help to alleviate grievances High-quality safety management 	<ul style="list-style-type: none"> Ensuring favorable conditions and permits for operations, know-how, technology, and sufficiency of resources Benchmarking of good practices 	<ul style="list-style-type: none"> Job supply and employment projects Profitable and growing business Location, expansion decisions, and investments Sustainability programmes, consultation, information exchange and cooperation Continuous expert communication to increase knowledge in the field of chemistry
Media	<ul style="list-style-type: none"> Open communication Active sharing of the latest information Expert assistance 	<ul style="list-style-type: none"> Highlighting topical issues Sharing correct information Open and constructive dialogue 	<ul style="list-style-type: none"> Open dialogue Continuous communications Media distribution and monitoring Assistance
Educational and research institutions	<ul style="list-style-type: none"> Supporting studies and enabling internships Developing degree programmes and study materials Providing expert assistance Development of professional skills and work readiness. Research projects Development of science and technology and its availability 	<ul style="list-style-type: none"> Ensuring know-how and technology Development of new innovations and solutions Promoting one's own industry image Ensuring the sufficiency of resources 	<ul style="list-style-type: none"> Provision of internships and seasonal jobs Introductory events and theses Research collaboration Scholarships, grants, donations Research projects and RDI collaboration
Non-governmental organisations	<ul style="list-style-type: none"> Support for activities Access to information and assistance Empowerment 	<ul style="list-style-type: none"> Promotion of health, culture and wellbeing Strategic cooperation potential 	<ul style="list-style-type: none"> Continuous and consistent support of chosen activities Open dialogue and cooperation with relevant organisations



Organisations KiiLTO cooperated with in 2023 (member organisations in bold)

Country	Organisation
Denmark	Dansk Industri
	Erhvervsklub Fyn Fyns Erhverv
	IKA – Organisation for Public Purchasers and Suppliers
	Kosmetik & Hygiejne Branchen
	Rengøringsteknisk Forening
	Rådet for Bedre Hygiejne
	Udvikling Assens
Estonia	Eesti Kaubandus-Tööstuskoda
	Eesti Keemiatööstus Liit
	Viimistlusmaterjalide Paigaldajate ja Tarnijate Liit
Finland	Ainutlaatuinen Saaristomeri
	Allergia- ja astmaliiitto
	Aluehallintovirasto (AVI)
	CEN
	ELY-keskus
	FIBS (Finnish Business & Society)
	Green Building Council Finland
	Hanken & SSE Executive Education
	Helsingin yliopisto
	Hämeen ammattikorkeakoulu (HAMK)
	IBC Finland
	Ilves jalkapallo
	John Nurmisen säätiö
	Joutsenmerkki
	Jyväskylän Yliopisto
	Kemesta ry
	Kemianteollisuus
	Luonnonvarakeskus LUKE
	Rakennussäätiö RTS
	Sailab – MedTech FinlandScience Based Targets Initiative
	Sisäilmäyhdistys
	Sumi Oy
	Suomalaisen Työn Liitto
	Suomen Aerosolihdistys
	Suomen Pakkauskierrätys RINKI Oy
	Suomen Pakkaustuottajat Oy
	SusCehm
	Taimiteko
	Tampereen Ammattikorkeakoulu
	Tampereen Kauppakamari
	Tampereen seudun ilmastokumppanit
	Tampereen yliopisto
	Turun yliopisto
	Turvallisuus- ja kemikaalivirasto (Tukes)
	Työterveyslaitos
	VTT
Latvia	LTRK (The Latvian Chamber of Commerce and Industry)
Norway	Grønt Punkt Norge
Poland	Wood Industry Economy Chamber /PIGPD
	Polska Izba Opakowań (Polish Packaging Chamber)
Sweden	BKR Bygggeramikrådet
	BPHR Industry Association for Professional Hygiene
	Confederation of Swedish Enterprise
	drymix.info
	FTI
	Golvavjämingsgruppen inom Golvbranschen, GAGG
	Golvbranschens Riksorganisation, GBR
	GVK (Golvbranschens VåtrumsKontroll)
	Handelskammaren Mittsverige
	KAF Kakelföreningen
SAIC The Swedish Association for Infection Control	



It has been delightful to see the transformation in Construction business area that the talk about environmental and sustainability topics feels natural these days.

Miikka Haapa-aho, Business Area Director, Construction

Stockholms Snickarmästare-förening
SVEFF The Swedish Paint and Adhesive Association
Svensk Förening för Vårdhygien
Swedish Concrete Association
Swedish Medtech
Örnsköldsviks Industrigrupp



Our Promise to the Environment



Through continuous dialogue and collaboration we enhance our understanding of the importance of sustainability. External discussions foster appreciation for collective efforts to safeguard our future, demonstrating our commitment to Partnership in Our Promise to the Environment.”

Robin Ambré, Business Area Director and Managing Director

Our Commitments

We desire to be the environmental leader in our sector. Environmental leadership is a part of Kiilto culture which shows how it guides the ways of thinking, evaluating actions and decision-making. Our Promise to the Environment creates the framework for all environmental efforts of Kiilto.

THE SUSTAINABILITY PROGRAMME of the chemical industry is known as Responsible Care. Kiilto has been a member of this programme since its inception in Finland 30 years ago. During these 30 years, member organisations have witnessed a significant reduction in accidents by 91%, energy consumption by 20%, water consumption by 60% and greenhouse gas emissions by 32%. The Responsible Care programme is founded on effective communication and clear goals for corporate responsibility. The key themes of the programme are aligned with Our Promise to the Environment and include the following:

- Sustainable use of natural resources.
- Sustainability and safety of production and products.
- Well-being of the work community.
- Open interaction and co-operation.

Key legislative tools for the chemicals sector include the EU's directives on the registration, evaluation, and authorisation of chemicals, such as Registration, Evaluation and Authorisation of Chemicals (REACH), Classification, Labelling and Packaging (CLP), and the Biocidal Products Directive. As downstream users of chemicals, Kiilto's suppliers need to have registered their ingredients with the joint European registry maintained by the European Chemicals Agency. Registration involves assessing the dangerous properties of substances and the risks involved in their use as well as labelling substances with information on their safe use. Our certified management systems **ISO 9001**, **ISO 14001**, **ISO 45001**, and **ISO 13485** for medical devices cover product development, manufacturing, marketing, distribution, customer services, storage, and material-related activities. All Kiilto's production plants are **ISO 14001** and **ISO 9001** certified, which guarantees that the most important environmental aspects are considered. No site-based or company-based risk assessments have been needed.

Since spring 2022, Kiilto has been in the process of setting climate targets aligned with Science Based Targets (SBTi). The same year Kiilto's energy and climate targets were aligned with SBTi as well as the Paris Agreement, which calls for global warming to be maintained below 1.5°C. By setting the science based targets, Kiilto can ensure the future growth of its business while creating a positive impact and mitigating climate change. During 2023 Kiilto supplemented its application and approval is expected in spring 2024.

Kiilto's key tools for monitoring environmental responsibility include deviation reporting. Any Kiilto employee or anyone in the company's supply chain can report an incident that impacts the environment. Each reported incident is handled by an internal expert team that identifies the required monitoring and measures.



Our Promise to the Environment

OUR PROMISE TO THE ENVIRONMENT is updated as we learn new information or when targets are reached. The latest update was made at the end of 2022. The Promise is divided into four areas that cover all our activities. The areas are energy and climate, materials, packaging and logistics, and partnership. Each area has its own sub-promise and measurable targets. The development of each area is led by a project group that meets regularly, and its progress is reported bimonthly to a steering group. Outcomes are also regularly communicated to the management groups and the Board, and employees are informed through internal information sessions, trainings, and digital communication platforms. All Kiiltonians are also welcomed to participate in the work of the project groups according to their personal interest.



ENERGY AND CLIMATE: All our company operations will be carbon neutral by 2028, and we reduce our Scope 3 emissions

By improving our energy and material efficiency, we are combating climate change and promoting sustainability. In production, we invest in environmentally friendly technologies, as well as clean and energy-saving production processes. We have set a goal for our own operations to be carbon neutral by 2028. To reach this goal, we have set following sub-targets.

- By 2028, we will only use carbon neutral energy.
- By 2031, we will decrease our indirect GHG emissions (Scope 3) by 21% from the level of 2021.
- By 2028, we will reduce our purchased energy consumption per produced tonne by 10% from the level of 2021.
- We invest in local carbon offset initiatives and biodiversity preservation.

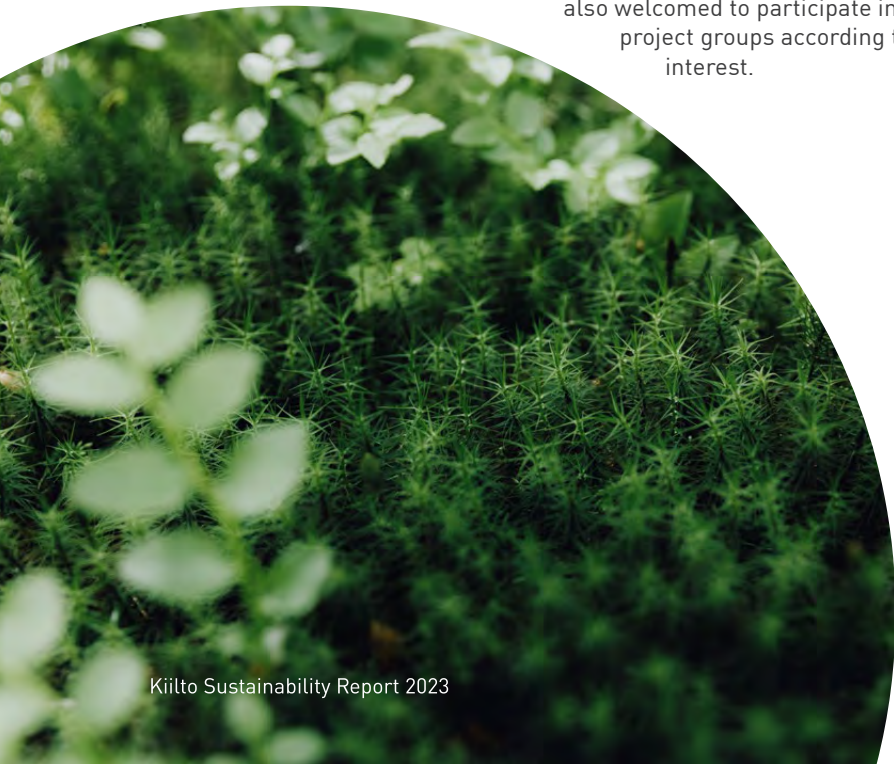
We follow the GHG protocol when accounting and reporting CO₂ emissions. We account for all Scope 1 and 2 emissions. In addition, we account for the scope 3 categories, that we have identified as relevant for our operation. These relevant scope 3 categories are: purchased goods and services, upstream transportation, waste generated in operations, business travel, employee commuting, and downstream transportation.

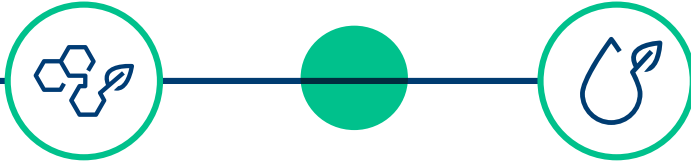
PACKAGING AND LOGISTICS: We reduce the use of fossil and virgin packaging material every year

We continuously seek raw materials and forms of packaging that are more environmentally friendly. In 2023 we piloted Serto laundry detergent refill for consumers together with the retailer and started to plan a trial with professional customers for refill of maintenance cleaners.

To reach our packaging and logistics goal, we have set following sub-targets:

- By 2025, 70% of our packaging material will be reused, renewable or recycled.
- By 2028, we will decrease the fossil energy consumption of our delivery logistics to customers by 20% from the level of 2021.
- We will decrease the material amount used in our packaging per produced tonne annually.
- By 2024, we will pilot refillable packaging solutions also for smaller packaging (<200L).





PARTNERSHIP: We help our customers minimise their environmental footprint

In addition to optimising our own operations, we provide our customers with more environmentally friendly products and services that help them to have more sustainable processes, working methods and end products. Increasing understanding of environmental aspects is crucial to continuous improvement, which is why our training plays an important role in advancing sustainability. By growing sales of our environmentally and safety-classified products, we are improving occupational and customer safety in our own working environment and on our customers' premises. To succeed in helping our customers to minimise their environmental footprint we have set following sub-targets:

- We help our customers to reduce their environmental footprint (carbon footprint, water, or material usage) and report annual reductions.
- All our trainings and discussions with stakeholders include an environmental aspect. We train around 25,000 people annually.
- We will make environmental initiatives annually to preserve biodiversity together with our partners.
- We will provide carbon footprint data for our solutions from 2025 onwards.

MATERIALS: We use less fossil and virgin raw material and reduce waste every year

We promote the circular economy and use bio-based raw materials to decrease our use of non-renewable natural resources, while reducing our carbon footprint by lowering waste amounts and utilising our production side streams. We also investigate opportunities for using recycled raw materials that are by-products of other industries. To materials we have set following sub-targets:

- By 2025, we will double the use of recycled and renewable raw materials in our chemical factories compared to the level of 2018.
- By 2025, we will halve the amount of waste generated in our operations compared to the level in of 2018.
- By 2028, we will decrease the carbon footprint of our raw material portfolio by 15% from the level of 2021.
- By 2028, we will decrease the water consumption of our processes by 20% from the level of 2021 per produced tonne.



Resource efficiency

Kiilto strives to continuously improve the material and resource efficiency. It is one of the identified material topics for Kiilto. Materials and packages are also an important part of Our Promise to the Environment. Our target is to use less fossil and virgin raw material and use renewable and recycled resources instead and reduce waste every year.

Raw materials and packages

IN 2023 THE TOTAL AMOUNT of raw materials and packaging decreased to some degree compared to the year 2022. The single biggest factor was that the amount of our manufactured products in kilograms decreased.

Compared to year 2022, the percentage of bio-based raw materials increased in our chemical plants in 2023, but stayed at the same level in the dry-mix plants. We have succeeded in replacing raw materials used in our chemical plants with bio-based or partially bio-based alternatives in 2023. In particular, the Kiilto Turku and Hankasalmi plants have managed to make a significant leap by increasing their use of renewable raw materials from 23.3% in 2022 to a significantly higher level of 29% in 2023. In the dry-mix side, we have focused on identifying low-carbon raw materials. Our overall percentage for bio-based and renewable or recycled raw materials in 2023 was 25% of our raw material portfolio. Our tools to reach the target include both fully bio-based and mass balance feedstock options.

Considering the overall percentage, we made progress also with our packaging targets. In 2023 55% of our packaging was made of renewable, reused and recycled materials. In 2022 the overall percentage of these packages was 53.1%. Kiilto's Lempäälä site remained at the overall target level of having 70% of our packaging material reused, renewable or recycled. Lempäälä site's percentage for year 2023 was 69.7%. The target year for whole Kiilto remains in 2025.

In Constructions and Industrial adhesives business areas, a total of 754,385kg of IBC containers and barrels were reused, indicating that over half of the used containers and barrels were reused. We track in our ERP system which packaging materials we buy as recycled and reused. In 2023, Professional hygiene Finland used 111 tons of washed containers and barrels, accounting for 10% of all packaging, which has remained relatively consistent. Over the past five years, the proportion of

Materials used by weight (kg)

	2020	2021	2022	2023
Total amount of raw materials	164,174,157	160,505,263	128,373,116	108,863,402
Bio-based raw materials	9,736,008	6,369,359	4,953,151	5,244,181
Not bio-based raw materials	154,438,149	154,135,904	123,419,965	103,619,221
Total amount of packaging materials	5,986,385	4,956,512	4,096,966	4,469,282
Renewable materials	1,243,047	857,953	710,498	684,425
Non-renewable materials	4,743,338	4,098,559	3,386,468	3,784,857
Renewable materials	10,979,055	7,227,312	5,663,649	5,928,606
Non-renewable materials	159,181,487	158,234,463	126,806,433	107,404,078

reused packaging has ranged from 9% to 11% of the total.

In addition, we pilot new packaging solutions and continue to innovate to reduce the amount of material used in packaging every year. We introduced a PET bottle with 10% lighter in weight compared to corresponding HDPE bottle. We also piloted Serto laundry detergent refill for consumers together with the retailer.

Recycled input materials used to manufacture primary products for 2023 was

0.3% in our chemical factories and 1.0% at our dry-mix sites. The use of recycled raw materials poses many challenges from a regulatory perspective, which is why we are increasing the level of green content in our raw material portfolio mostly with renewable options. When it comes to packaging materials, we are more capable of using recycled alternatives and the percentage for recycled alternatives in 2023 was 16.7% in packaging materials.

Sites included 2020–21:
Finland: Turku, Hankasalmi, Lempäälä, Forssa
Sweden: Halstahammar, Örnköldsvik
Denmark: Assens
Russia: Kaluga, Ramenskoe, Sertolovo

Sites included 2022–23:
Finland: Turku, Hankasalmi, Lempäälä, Forssa
Sweden: Halstahammar, Örnköldsvik
Denmark: Assens

Risks and opportunities related to products and materials

KIILTO HAS RECOGNISED the potential financial implications of the raw materials used in Kiilto's products. For example, the cost of cement, whose production process requires significant amounts of energy, might increase, and therefore financially affect Kiilto. The potential increase comes from the new EU green legislation of Carbon Border Adjustment Mechanism CBAM. In addition, the demand for such raw materials will most likely

decrease substantially as professional users and end-users will require more environmentally friendly solutions.

At the same time, Kiilto sees such risks as an opportunity to create new products requiring less raw materials that consume significant natural resources. Kiilto has recognised such opportunities in the current strategy and predicts that the sales of environmental solutions will increase ten-fold between 2021 and 2025.

Green innovations – ten-fold increase based on sales by 2025

Industrial Bonding

- Environmentally friendly flame retardants for wood, paper, and non-woven materials
- Paper and packaging portfolio based on renewable raw materials
- Market leader in biodegradable hot-melt adhesives with Biomelt
- Green solutions for the woodworking sector

Constructions

- Green wet room solutions with circular and renewable raw materials
- Green flooring solutions
- Debonding on demand



Biodiversity impacts

DURING 2023, we have taken small steps in our biodiversity work. We approached biodiversity from two perspectives: what we can do on our own property and what we can achieve in our supply chain. We organised an internal biodiversity competition for staff and the winning idea is planned to be promoted in collaboration with a local school to raise biodiversity awareness. We have encouraged our own staff to take small biodiversity actions, such as an invasive species walk to eradicate lupines, for example. Also at our Turku site, we implemented a flower garden project in our factory environment. We also continued to work with Taimiteko which aims to plant 10,000 hectares of new forest in

Finland by 2030, the equivalent of about 20 million trees. The seedlings are planted in reforestation areas.

In addition, we have been working towards our suppliers to raise awareness and increase our knowledge of the biodiversity impacts in our supply chain. The understanding of biodiversity effects is still rather low in general and in chemical industry. We see that small actions are a start and a good opening for discussion to learn more. We trust that increasing the awareness and understanding leads us to make right choices also in more impactful scale in the future.

Our objectives in Our Promise to the Environment remain the same: invest in local emission offset projects and biodiversity conservation and collaborate with partners to implement annual environmental projects to conserve biodiversity. We hope to soon be able to start our first concrete project in our supply chain, where our biggest impacts on biodiversity are. However, our focus remains firmly on reducing GHG emissions by 2023, which will also have a positive impact on biodiversity, but we are not yet able to measure this.

We are continuously producing LCA and EPD calculations for our products and are also looking to track more broadly

other impact categories than just GHG emissions, for which we receive data when making these calculations. Interpreting the data is still tricky and understanding the measurable impact of biodiversity is difficult but we are starting to pay attention to this. We will also follow the development of the SBT for nature guidelines and try to get better tools to calculate our biodiversity impact.

In addition, we have continued to participate in the Chemical Industry Biodiversity Working Group and have been involved, for example, in commissioning a biodiversity survey for member companies and analysing the results of this survey.

Boosting circular economy

CIRCULAR ECONOMY has been identified as of the most important development areas for Kiilto RDI (Research, development & innovation). It has a tight link also to the discussion about biodiversity and emission reduction. Kiilto continuously seeks for opportunities to test side streams from other areas of industry or reuse packaging. Through Kiilto's SUPER Healthy Buildings ecosystem project, Kiilto aims to make progress in the circular economy in four different areas, which are sustainable building materials, enabling construction circularity, digital & sustainable building process and healthy living & green maintenance.

Investing in debonding on demand has been the most recent circular economy project at Kiilto. It means debonding

different materials e.g. at a constructions site so that they remain usable for other projects. Kiilto wants to be a part of solving the problem of bonding solutions from the perspective of recyclability. Investing in developing the techniques and research for debonding on demand continues during the coming years.

In 2023, Kiilto participated to The Circular Design – a path towards circular economy programme which was the first of its kind that focuses on the circular economy principles for design and practical solutions for business. The programme offered valuable training related to circular design principles and generating product concepts to secure competitive advantage.



Reclaimed products and their packaging materials



AS PART OF OUR PROMISE to the Environment indicators, Kiilto collects data on kilos of reusable packages. Based on the follow-up, we get the percentage of reusable packages compared to all package material we use. Kiilto hasn't organised the reclaiming of empty packages as the waste management companies have more effective ways to do it.

All Kiilto's customer trainings include an environmental section to encourage circular economy and material recycling. To foster recycling, we have added material markings to the product labels, and instructions for package recycling.

Kiilto had a closed-loop pilot project during 2019–2022 with its customers where Kiilto's HDPE packages were reclaimed. In the closed-loop packaging pilot, 5.5 tonnes of recycled granules were produced from

collected packaging materials, yielding an equivalent amount of 5.5 tonnes of recycled plastic from customers' collections. This advancement marks a significant milestone in the closed-loop value chain, as recycled plastic now exists in granular form, ready to be transformed into new packaging materials.

At the end of 2022, Kiilto set a new target to pilot the reuse of small packages. This pilot has started and it will continue during 2024.

Kiilto cooperates with Paketo Recycling Oy and Onni Forsell Oy to reclaim containers. The containers have a label attached to them informing the customers to contact Paketo when collection of the empty containers is needed. The reclaimed containers are used again at Kiilto manufacturing.



Water consumption

THE MOST SIGNIFICANT water related impacts are assessed based on water consumption. Water at Kiilto sites is consumed for different purposes, some of them being very water efficient and some consuming large amounts of water for example washing and cooling purposes. The water consumption differences between certain factory locations are due to different product portfolios and manufacturing processes. Biggest difference is between dry-mix and chemical plants. Manufacturing processes at a dry-mix plant practically do not consume water whereas chemical

plants need water for products, cleaning process equipment, and cooling.

Kiilto only uses third-party water – municipal water – which is used in production, maintenance, cooling, and sanitation. Wastewater goes to the municipal treatment plant. Rainwater from roofs and yard areas is discharged into the terrain. No water discharge from the production processes or other processes.

Process water eventually becomes wastewater, which is directed through communal sewers into municipal water treatment plants. Wastewater is handled

per requirements of the local municipal water treatment plants and environmental authorities. This way, the water stress caused by wastewater is managed.

The Lempäälä plant has a mechanical process for wastewater pre-purification, after which the water is discharged into the municipal sewer. The industrial wastewater agreement and the environmental permit in Lempäälä define the limits for process water in terms of volume, pH, aromatic compounds, and solid content.

At the Turku plant, process water goes to the municipal treatment plant. The pH of the process wastewater is adjusted to the specifications of the municipal wastewater treatment plant before the wastewater leaves the factory for the treatment plant. At the Hankasalmi plant, wastewater is collected in a sealed well, from where it is transported by a truck. In Turku and Hankasalmi, the plants' environmental permits oblige to comply with the requirements of a local, municipal wastewater treatment plant concerning wastewater specifications (e.g. pH). In addition, certain compounds mentioned in Regulation 1022/2006 must not be discharged into the sewerage of a water supply company.

Process water has been identified as the most significant source of water consumption. The estimation is based on water consumption volumes. The consumption of process water is many times higher than that of water as domestic water at sites (drinking water, hygiene, toilets, etc.). Thus, Kiilto added a process water consumption target to Our Promise to the Environment: By 2028, we will decrease the water consumption of our processes per produced tonne by 20% from the level of 2021.

Water stress is low in Finland and in all other countries where Kiilto operates. The water consumed at the Lempäälä plant is mainly (75%) surface water taken from Roine lake and treated at Rusko water treatment plant. The rest is groundwater. At the Turku plant, the consumed water is artificial groundwater originating from the Kokemäenjoki river. The water used in Hankasalmi is local groundwater from municipal water intake plants. The data on water consumption have been collected from water bills and meters.

Water consumption in operations in Finland (megalitres)

	2020	2021	2022	2023
Surface water				
Ground water				
Rainwater				
Wastewater				
Municipal water	49,822	52,395	51,263	46,754
Total water consumption	49,822	52,395	51,263	46,754
Total wastewater				27,568
Wastewater intensity (m ³ /tn produced)				0.22%

The data about water consumption has been collected from the water bills and meter.

Total wastewater sites included in calculation:

2020–2022: Hankasalmi, Lempäälä and Turku
2023: Assens, Hankasalmi, Hallstahammar, Lempäälä, Turku and Örnsköldsvik.

Waste

BY 2025, KIILTO AIMS TO HALVE the amount of waste generated compared with the 2018 level. The most significant actual or potential waste streams are related to raw material consumption, packaging material consumption and semi-finished products.

Initially, raw material purchasing is done according to production plans and planned raw material consumptions. Especially in chemical plants, majority of raw materials are labelled as hazardous substances – thus making them a potential significant waste stream if large amounts of raw material waste would be generated. Mainly all raw materials are used in production resulting in no raw material waste. In some cases, stored raw materials can expire or become obsolete due to e.g. changes in recipes and/or classification. Raw material waste is often hazardous waste due to raw material portfolio.

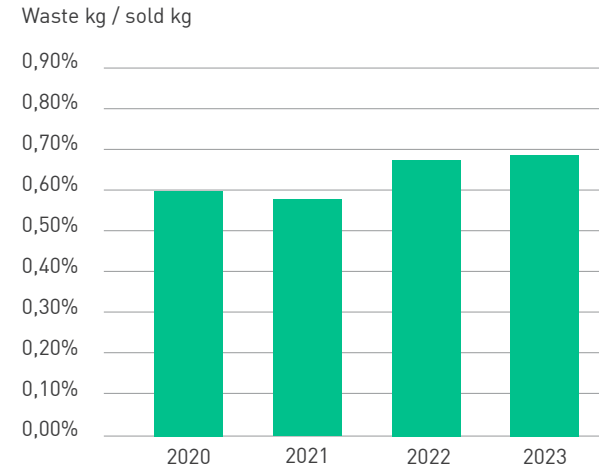
Recycling rate of packaging material is on a very high level. Majority of used packaging material is plastic, cardboard, or metal. Initially, all used packaging material is recycled. Only exception is if for some reason the purity of packaging material is compromised – due to e.g. chemical leak or if material otherwise gets wet. In these cases, packaging material cannot be recycled and is

sorted to energy waste. Big volume raw materials are ordered in bulk deliveries, which means no packaging waste. Used intermediate bulk containers (IBC), barrels and cargo pallets are washed and/or reused.

Semi-finished products in chemical plants are often labelled as hazardous substances due to e.g. corrosive substance concentrations. Potential significant waste streams consists of off-specification semi-finished products. Off-specification semi-finished products can result from errors during the mixing process, for example. In majority of these cases, the semi-finished products can be utilised without compromising product quality or safety. However, if product quality or safety cannot be guaranteed and/or product is off-specification, it becomes hazardous waste.

Kiilto's waste is managed by specialised waste management companies that have the required permissions to handle and collect waste. Waste accounting is based on monthly reports and invoices from these waste management companies. Waste intensity increased during 2023 compared to the previous year. Major contributing factors were a lower manufacturing volume combined with a temporary increase in hazardous waste amount.

Waste intensity



Waste intensity

	2020	2021	2022	2023
Waste kg	1,188,507	1,101,805	1,022,958	941,368
Sold products kg	197,867,354	190,149,045	150,978,742	136,853,328
Waste kg / sold kg	0.60%	0.58%	0.68%	0.69%

Sites included in calculation:

2020–2021

Finland: Forssa, Hankasalmi, Lempäälä, Turku

Denmark: Assens

Russia: Kaluga, Ramenskoe, Sertolovo

Sweden: Hallstahammar, Örnsköldsvik

2022–2023

Finland: Forssa, Hankasalmi, Lempäälä, Turku

Denmark: Assens

Sweden: Hallstahammar, Örnsköldsvik

The non-hazardous waste diverted from disposal includes:

- Dry mix plant waste (directed to replace the virgin material in the infrastructure of dump yards)
- Barrels and IBC-containers (reused)
- Bio waste (used in producing recycled fuel)
- Baled plastic wrapping (recycled)
- Small plastic packages, e.g. bottles and canisters (recycled)
- Cardboard (recycled)
- Metal (recycled)
- Paper (recycled)
- Glass (recycled)
- WEEE (recycled)

The non-hazardous waste directed to disposal includes:

- Mix waste that is burned and the energy is collected
- Non-hazardous adhesive waste, that is burned without collecting the energy
- Wastewater sludge from sedimentation, that is burned without collecting the energy

Climate and energy

Climate and energy are part of Our Promise to the Environment, and our updated 2022 targets have been aligned with the Science Based Targets initiative.

OUR ENERGY AND CLIMATE TARGETS support the following UN Sustainable Development Goals (SDG): #7 Affordable and clean energy, #9 Industry innovations and infrastructure, and #13 climate action. We commit to SDG 7 by substantially increasing the share of renewable energy in our energy consumption, SDG 9 by engaging in innovation, and scientific research and development, and to SDG 13 by educating and raising awareness about climate change mitigation, adaptation and impact reduction. Our work on waste reduction also has a direct impact on SDG 13.

Our energy and climate targets are introduced in more detail in [Our commitments](#). We follow the GHG Protocol when calculating our emissions. In the 2023 calculation, we account for all Scope 1, Scope 2 and Scope 3 (relevant categories) emissions.

Energy consumption and energy efficiency

Kiilto has heavily invested in sustainable energy solutions over the years. By 2028, Kiilto aims to reduce the consumption of purchased energy per produced tonne by 10% compared with the 2021 level and use only carbon-neutral energy.

In 2022, Kiilto and the energy company Lempäälän Lämpö launched a joint network to reduce emissions. Kiilto and Lempäälän Lämpö are now connected to each other by a heat pump plant, which generates district heat from the plant's waste heat and outdoor energy. With this new Ambiheat system at Kiilto's Lempäälä plant area, we were able to significantly reduce the use of natural gas during the year 2023. Natural gas consumption at Lempäälä plant was reduced by 63% compared to the year 2022.

During the reporting year, Kiilto had solar power plants on the roof of its plants in Lempäälä, Hankasalmi and the newest addition Turku. The solar panels in Lempäälä, which were upgraded in

2019, produce twenty times more energy than the old panels. The investments in geothermal energy and heat recovery in Lempäälä's polymerisation and hot-melt adhesive production generate a significant amount of energy. Almost all energy produced at Kiilto plants is used for Kiilto's own operations. There is no direct energy consumption for cooling purposes.

Majority of self-produced energy is used on site. However, some of the produced electricity and electricity and heat are sold, when energy consumption is lower than the energy produced. Cooling or steam energy is not sold.

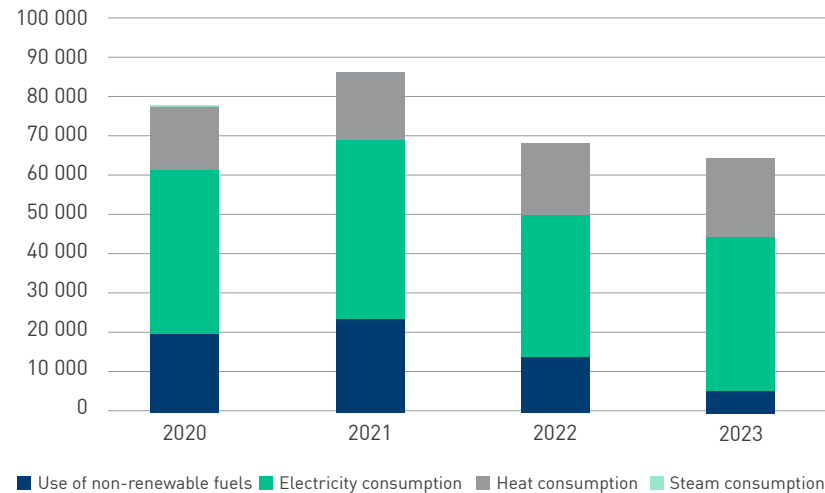


Energy consumption

Energy consumption (GJ) in Kiilto

	2020	2021	2022	2023
Use of non-renewable fuels	Natural gas 17,246	Natural gas 22,969	Natural gas 11,837	Natural gas 4,371
	Fuel oil 1,441	Fuel oil 1,079	Fuel oil 1,976	Fuel oil 944
Use of renewable fuels	0	0	0	0
Electricity consumption	41,947	42,207	36,128	39,163
Heat consumption	15,567	18,412	18,104	20,062
Steam consumption	360	0	0	0
Total energy consumption	76,561	84,667	68,045	64,540

Total energy consumption (GJ) in Kiilto



Sold energy (GJ)

	2020	2021	2022	2023
Electricity sold	142.6	92.8	48.2	50.4
Heating sold	0	0	158.4	6,293
Total energy sold	142.6	92.8	206.6	6,343.4

Sites included in the calculations:

2020-2021

Finland: Forssa, Hankasalmi, Lempäälä, Turku

Denmark: Assens

Russia: Kaluga, Ramenskoe, Sertolovo

Sweden: Hallstahammar, Örnsköldsvik

2022-2023

Finland: Forssa, Hankasalmi, Lempäälä, Turku

Denmark: Assens

Sweden: Hallstahammar, Örnsköldsvik





Energy intensity

Kiilto's energy intensity (GJ/tonne) is calculated based on total energy (purchased+self produced). Energy consumption is calculated based on data provided by energy companies. Tonnes of manufactured product is used as a denominator. The intensity ratio includes all energy used (electricity, district heating, natural gas, fuel oil, waste heat, geothermal heat and air-water heat energy).

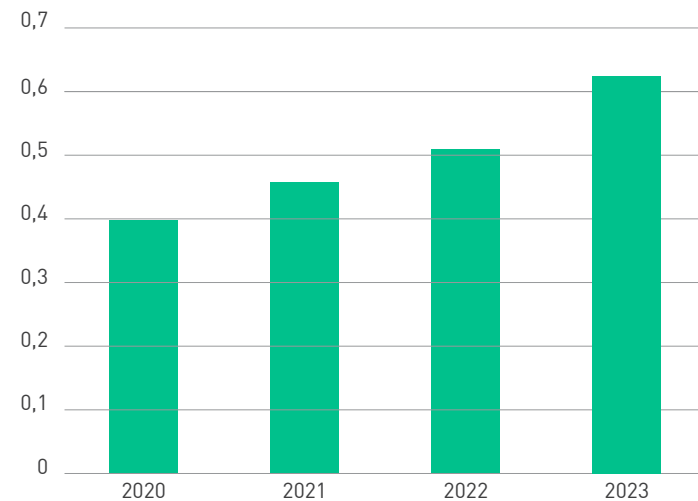
Purchased energy (GJ)

	2020	2021	2022	2023
Total purchased energy	76,560	84,667	68,045	65,386
Total own energy production	12,218	12,585	13,245	17,509
Manufactured (tonne)	225,574	212,703	157,577	134,058
Energy intensity (GJ/tonnes)	0.39	0.46	0.52	0.62

Self-produced energy (GJ)

	2020	2021	2022	2023
Solar panels	3,122	2,805	2,530	2,637
Energy from polymerisation	6,403	6,078	7,943	3,664
Energy from hot-melt	2,693	3,702	2,772	4,438
Lempäälä Ambiheat system	-	-	-	6,770
Total self-produced energy	12,218	12,585	13,245	17,509

Energy intensity in Kiilto (GJ/tonnes)



Sites included (self-produced energy and energy intensity):

2020–2021

Finland: Forssa, Hankasalmi, Lempäälä, Turku
Denmark: Assens

Russia: Kaluga, Ramenskoe, Sertolovo

Sweden: Hallstahammar, Örnsköldsvik

2022–2023

Finland: Forssa, Hankasalmi, Lempäälä, Turku

Denmark: Assens

Sweden: Hallstahammar, Örnsköldsvik

Reduction in fossil fuel

Fossil fuel (fuel oil and natural gas) consumption intensity has been decreased by about 69% between years 2018–2023. Fossil fuel intensity is calculated by dividing consumed fossil fuel amount (GJ) by the manufacturing volume (tn).

Reductions have been possible due to investments in renewable energy production on factory sites. Majority of these reductions have been made possible by harnessing waste heat, geothermal heat and solar power at Lempäälä site. In addition, also Hankasalmi plant has invested in air-water technology, geothermal heating system and solar power and has been able to eliminate the use of fuel oil.

Reduction in fossil fuel consumption

	2020	2021	2022	2023
Fuel oil (GJ)	1,402	1,040	1,976	969
Natural gas (GJ)	12,206	17,029	11,837	4,371
Total fossil fuel consumption (GJ)	13,608	18,069	13,813	5,430
Manufactured (tn)	225,574	212,703	157,577	134,058
Fossil fuel intensity (GJ/tn produced)	0.083	0.113	0.088	0.04

Sites included (fossil fuel reductions):

2020-2021

Finland: Forssa, Hankasalmi, Lempäälä, Turku

Denmark: Assens

Russia: Kaluga, Ramenskoe, Sertolovo

Sweden: Hallstahammar, Örnsköldsvik

2022-2023

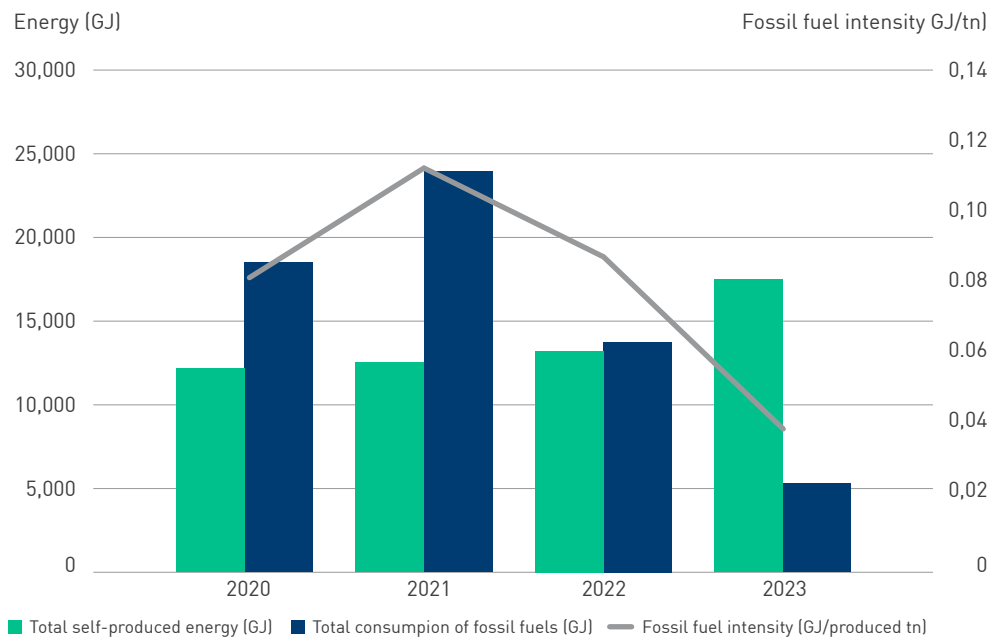
Finland: Forssa, Hankasalmi, Lempäälä, Turku

Denmark: Assens

Sweden: Hallstahammar, Örnsköldsvik



Energy production and fossil fuel consumption



Carbon footprint and emissions

Calculating scope 1, 2 and 3 emissions is an important part of Kiilto’s climate goals and sustainable development. It helps us to better manage and reduce emissions and understand how different activities affect our environmental footprint.

OUR BIGGEST IMPACT comes from indirect Scope 3 emissions. We aim to decrease our Scope 3 emissions by 21% between the years 2021–2031.

Scope 1

Kiilto’s Scope 1 calculation considers direct emissions that are caused by Kiilto’s own operations, such as fuel use, process emissions and waste management. In 2023, Kiilto’s Scope 1 emissions were 315 tCO₂e (2022: 794 tCO₂e). The significant reduction in direct CO₂ emissions was due to the implementation of Ambiheat system at Lempäälä plant. This system greatly reduced the use of natural gas, which lead to lower direct CO₂ emissions.

The base year for Kiilto’s calculations is 2018, which is the launching year of Our Promise to the Environment, that set a target of having all our own operations carbon neutral by 2028. In the base year 2018, the emissions were 1,427 tCO₂e. The

reduction in the Scope 1 emissions since the base year is mainly attributable to reduced natural gas use. In Hankasalmi, we were also able to completely stop using fuel oil for heating.

Kiilto uses carbon dioxide equivalent (CO₂e) as the unit in all Scope 1 calculations. The calculation includes all GHG emissions. Biogenic CO₂ emissions cannot be separated in Kiilto’s group-level calculations. The sources used in the Scope 1 calculation are the emission factors of the WWF climate calculator for liquefied natural gas and heating fuel oil as well as Fuel Classification 2023 of Tilastokeskus. The calculation is performed according to the GHG Protocol standard.

All Kiilto production units are included in the Scope 1 calculation, but the nature of the calculation varies depending on the country and production unit. Further, the Scope 1 emissions are not generated in the same intensity. Consolidation approach is operational control.

Sites included (scope 1 CO₂e emissions):

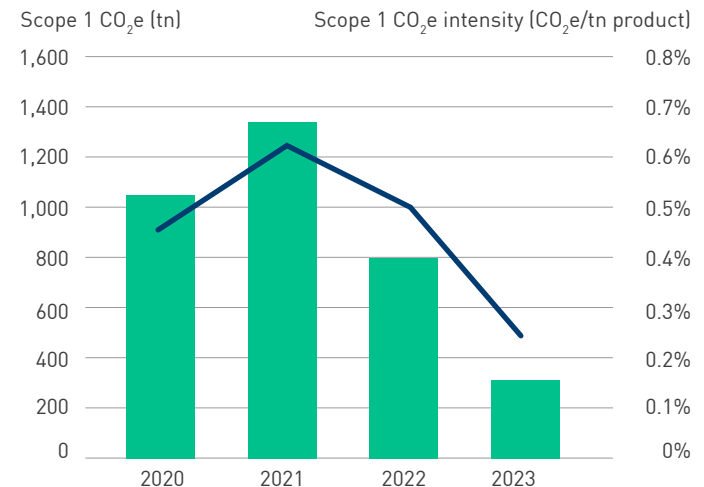
2020–2021
Finland: Forssa, Hankasalmi, Lempäälä, Turku
Denmark: Assens
Russia: Kaluga, Ramenskoe, Sertolovo
Sweden: Hallstahammar, Örnsköldsvik

2022–2023
Finland: Forssa, Hankasalmi, Lempäälä, Turku
Denmark: Assens
Sweden: Hallstahammar, Örnsköldsvik



Direct (Scope 1) GHG emissions, tonnes

GJ	2020	2021	2022	2023
Scope 1, CO ₂ tn	1,053	1,342	794	315
Scope 1 intensity, tn CO ₂ e/tn produced	0.47%	0.63%	0.50%	0.23%



Scope 2

Kiilto's Scope 2 emissions – indirect emissions from electricity, heat and cooling purchased by the company – were 127 tCO₂e in 2023. In the base year 2018, Scope 2 emissions were 2,723 tCO₂e. The reduction in the Scope 2 emissions since the base year is mainly attributable to the electricity source being changed to renewable sources. Another significant cause of the decrease was Kiilto leaving the Russian market.

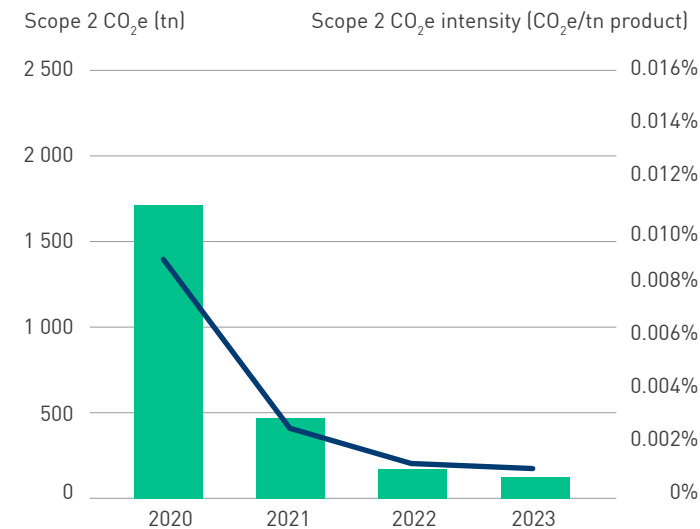
We use primary data as a source of the emission factors. Most of the data have

been collected from annual reports and corresponding documents and reports on websites of local energy companies (e.g. Turku Energia in Finland). The calculation is performed by site, and the total results are a sum of all calculation results.

Depending on the nature of the processes at the site unit, Scope 2 emissions are generated in different ways at different sites. Emissions are calculated as location based. Emissions are calculated in CO₂ equivalent and all applicable emission components are included.

Indirect (Scope 2) GHG emissions, tonnes

GJ	2020	2021	2022	2023
Scope 1, CO ₂ tn	1,698	477	174	127
Scope 1 intensity, tn CO ₂ e/tn produced	0.75 %	0.22 %	0.11 %	0.09 %



Sites included (Scope 2 CO₂e emissions):

2020–2021

Finland: Forssa, Hankasalmi, Lempäälä, Turku
Denmark: Assens
Russia: Kaluga, Ramenskoe, Sertolovo
Sweden: Hallstahammar, Örnsköldsvik

2022–2023

Finland: Forssa, Hankasalmi, Lempäälä, Turku
Denmark: Assens
Sweden: Hallstahammar, Örnsköldsvik





Scope 3

Kiilto's Scope 3 emissions mainly consist of purchased products and services, arriving, and departing logistics, waste logistics, waste handling, business travel, and commuting. The Scope 3 emissions for the group can be seen in the table below for the years 2021–2022. The emissions have decreased at the group level due to reduced procurement of raw materials and decreased transportation activities. The emissions for the year 2023 are calculated only for Kiilto Finland operations. The development can be witnessed in the table below. The figures for the group for 2023 will be finalised later during 2024.

All greenhouse gases are included in the calculations, and we are using carbon dioxide equivalent as the unit. Information on biogenic CO₂ emissions is not available. The accounting of purchased products was extended last year in terms of definition, which brought more precision to our calculations. The

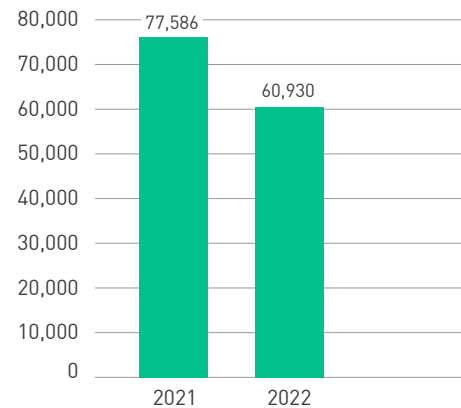
data is collected from suppliers and the ecoinvent database version 3.6 or 3.8.

The work is ongoing, and we are constantly refining our calculations as the data improves. We are aware that there are still a lot of estimates in the calculations. To enhance data accuracy, we have integrated our Scope calculations into our ERP system. This helps us to monitor our indirect emissions on a supplier level.

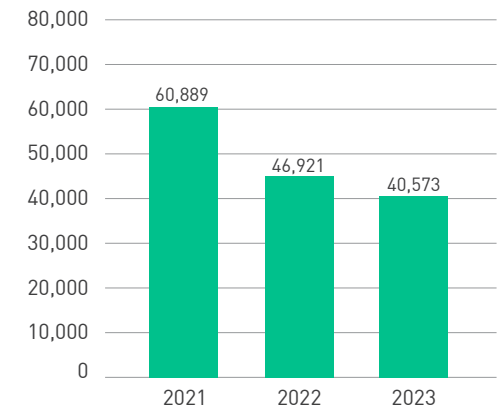
At the moment, the figures for the two years calculated as a whole are presented in the table on right. We will continue to refine the calculation as data and information become more available. We are aware, that there are still a lot of estimates in the calculations.

The Scope 3 emissions calculated only for Kiilto Finland operations and their development can be seen in the table below for the years 2021–2023. The 2023 figures for the whole group will be finalised later.

Kiilto Scope 3 emissions (tn CO₂e)



Kiilto Finland Scope 3 emissions (tn CO₂e)





All GHG gases are included in the accounting, and we are using carbon dioxide equivalent as the unit in the calculations. The information for biogenic CO₂ emissions is not available.

Other indirect (Scope 3) GHG emissions categories and activities included in the calculation are purchased products and services, upstream transportation, waste generated in operations, business travel, employee commuting and downstream transportation.

The accounting of purchased products was extended last year in terms of definition, which brought more precision to our calculations. The source of the emission factors and the global warming potential (GWP) rates used, or a reference to the

source of GWP data. The data concerning Scope 3 emissions and factor is collected from suppliers and ecoinvent database 3.6. or 3.8.

The work is ongoing, and we are constantly refining our calculations as the data improves. We have now also started to integrate our calculations into our ERP system, which will be a major leap forward in data accuracy and in terms of monitoring our indirect emissions on a supplier level.

GHG Intensity

GHG emission intensity is calculated based on Scope 1 and Scope 2 CO₂e emissions. Denominator for the intensity ratio is the total production volume of the company.

GHG intensity

	2020	2021	2022	2023
Scope 1, tCO ₂ e	1,053	1,342	794	315
Scope 2, tCO ₂ e	1,698	477	174	127
Scope 3, tCO ₂ e	Not calculated	77,586	60,930	50,094
Manufactured kg	225,574,578	212,703,870	157,577,510	134,057,917
CO ₂ e intensity (kg CO ₂ e/kg product)	0.012*	0.373	0.393	0.377

Sites included (GHG intensity):

2020–2021

Finland: Forssa, Hankasalmi, Lempäälä, Turku

Denmark: Assens

Russia: Kaluga, Ramenskoe, Sertolovo

Sweden: Hallstahammar, Örnsköldsvik

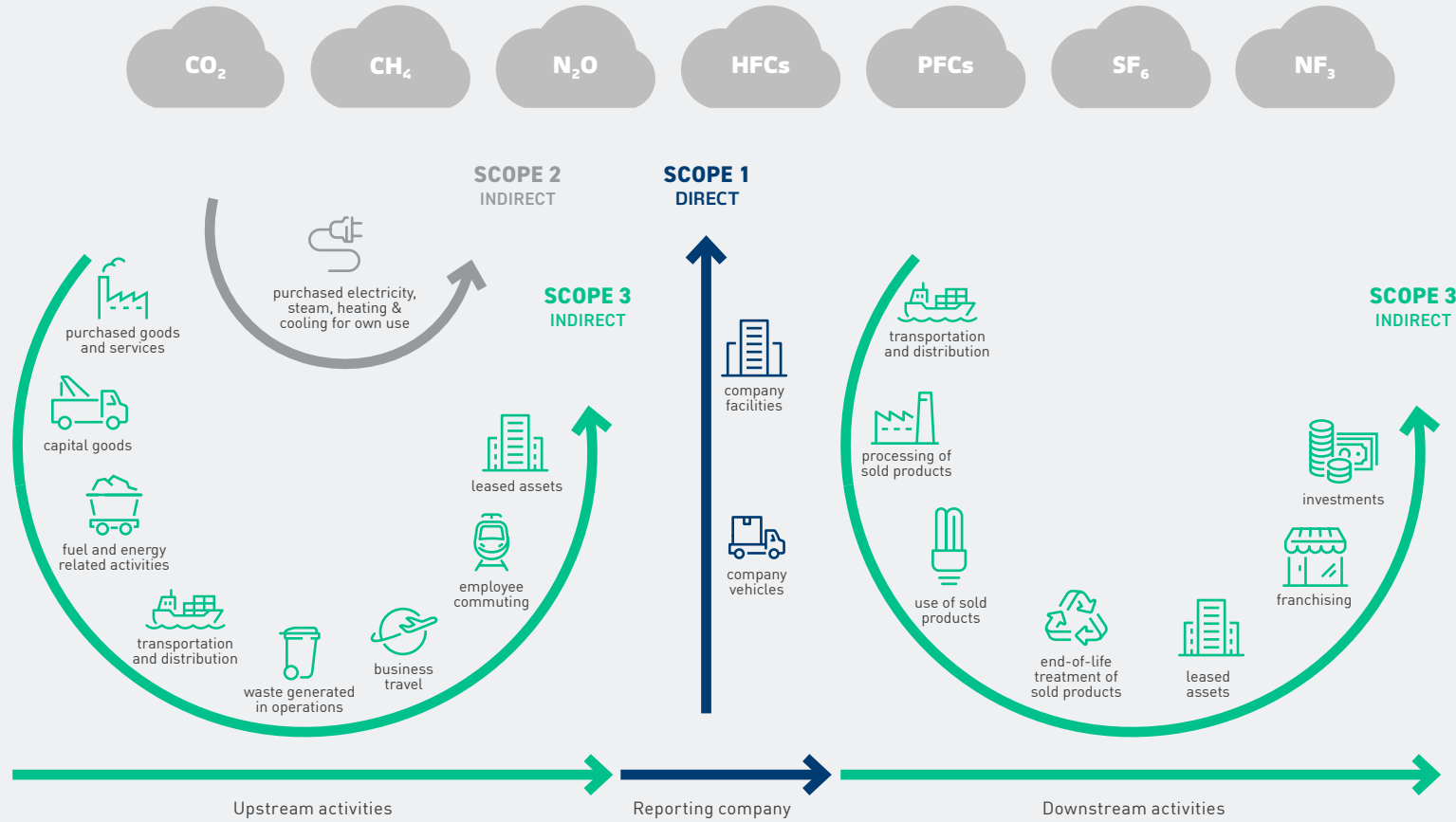
2022–2023

Finland: Forssa, Hankasalmi, Lempäälä, Turku

Denmark: Assens

Sweden: Hallstahammar, Örnsköldsvik

Kiilto's climate calculations follow the GHG Protocol standard



Identified as the most relevant Scope 3 emission sources, Kiilto focuses on

1. purchased goods and services
4. upstream transportation and distribution
5. waste generated in operations
6. business travel
7. employee commuting
9. downstream transportation and distribution

Source: Technical Guidance for Calculating Scope 3 Emissions. Greenhouse Gas Protocol.

Ensuring suppliers' environmental sustainability

As the supply chain is identified as one of the most significant areas for Kiilto to have an environmental impact, screening the suppliers from an environmental perspective has been identified as a key development area for Kiilto.

ENVIRONMENTAL MATTERS were part of almost all supplier discussions in 2023 with both current and potential suppliers. Environmental criteria were considered when performing audits on current and potential suppliers. However, additional or separate screenings were not performed in 2023. When new suppliers are approved, the company's background, including financial responsibility, social and environmental criteria, are always checked. Also, the new supplier approval process at Kiilto Group was updated in the beginning of 2023 to better document the sustainability process of each supplier.

Kiilto prefers to purchase local raw materials when possible. Kiilto has defined "local" as of European origin. In business areas of products for construction, industrial adhesives and fireproofing, the significant locations of operations are the production units in Finland and Sweden. The share of spend in local raw materials used in production was over 80%. In professional hygiene and consumer products production locations of operation in 2023 are Finland, Denmark, and Sweden. The share of spend in local raw materials used was 78%.

In 2023 Kiilto has gathered a significant amount of data by gathering suppliers' LCA and EPD documents of the raw materials

purchased. Based on these environmental documents, there is now a good understanding of scope 3 emissions related to purchased raw materials. This process and the gathered data have also improved understanding of also other environmental impacts in addition to the GHG emissions. In addition to this, supply chain was not separately evaluated for negative environmental impacts.

In 2023 a process for supplier sustainability evaluation was updated and there is an action plan for 2024 for procurement to go forward with this evaluation. In 2024 a significant number of suppliers will be evaluated against environmental and human rights criteria.





Our Promise to the People



We need to be proud of the level of the leadership scores got in the yearly employee survey at Kiilto as it is one of the most important elements in building great employee experience.”

Kati Korolainen-Kujala, Chief People Officer

Our Commitments

Kiilto operates in nine countries and has an impact on thousands of customers, suppliers, and product users. Directly, Kiilto has an impact on over 700 employees. As a workplace, Kiilto provides a safe and inspiring environment and an opportunity for continuous personal development. The responsibility for the quality, environment and safety includes taking care of both our external and internal operating environments, including personnel and stakeholders.

SINCE ITS INCEPTION in Finland more than 30 years ago, Kiilto has been committed Responsible Care, a voluntary sustainability program in the chemical industry. The program's goal is to continuously improve safety measures towards achieving a zero-incident goal. Kiilto adheres to the principles of Due Diligence, the Kiilto Code of Conduct, and the Partnership Code of Conduct. Kiilto Oy and KiiltoClean Oy are certified under the ISO 45001 Occupational health and safety management systems, while the social sustainability principles and practices are implemented and monitored by certified ISO 9001 quality system and the related management process. Kiilto is also committed to ILO Declaration on Fundamental Principles and Rights at Work. Our other commitments are explained further in the relevant parts of the report.

In addition to following the legal and regulatory requirements of each operating country, Kiilto has designed its Operational Health and Safety (OHS)

management procedures to offer its employees comprehensive and preventative services. Kiilto wants actively take actions that increase personnel's understanding on health, prevent accidents and occupational health issues and support coping and wellbeing at work. Kiilto is a smoke-free company. Health and safety are seen as integral parts of a good workplace and key factors in ensuring motivation, commitment, enjoyment, and trust.

The built environment connects all of Kiilto's B2B sectors, as healthy buildings have a substantial impact on wellbeing. In addition, Kiilto plays a significant role in the overall societal wellbeing as our cleanliness and hygiene solutions are widely utilised in healthcare, food industry, and households.





Our Promise to the People

TO IMPROVE the management and enhance the development of social sustainability, we decided to utilise the positive experiences from our Our Promise to the Environment to create our commitment to social sustainability. Our Promise to the People was launched in the spring 2023 and specific targets for this new commitment were determined by project groups during the year. Like Our Promise to the Environment, Our Promise to the People consists of four areas that cover Kiilto's social sustainability. To identify these areas, Kiilto used the materiality assessment, questionnaires from customers, reporting standards and requirements, and previous learning together with internal gap analysis concerning social sustainability. The project groups are focused on health and safety, inspiration and competence, human rights, and partnership. An internal round table project group, consisting of representatives from HR, communications, supply chain, management, legal, ICT, RDI, finance, and EHSQ, is guiding this work and reporting to the steering group and top management.

Our Promise to the People



THE HEALTH AND SAFETY group is developing a safety and security culture, occupational health, occupational safety, process safety, transportation safety, information security, and chemical and product safety. The target is to increase health and safety within Kiilto's value chain.

THE COMPETENCE AND INSPIRATION group concentrates on diversity, equity, and inclusion, occupational wellbeing, fostering a unified Kiilto culture, enhancing competence and leadership, and promoting psychological safety. The target of this work is to create an outstanding employee experience.

THE HUMAN RIGHTS PROJECT group focuses on human rights throughout the value chain, assessing human rights impacts, preventing child labor, and combating corruption. The target is to increase transparency in compliance with Human Rights principles alongside Kiilto's suppliers.

THE PARTNERSHIP work stream addresses topics related to customer experience, responsible marketing and communications, regulatory compliance, stakeholder requirements, and sponsorship or similar forms of cooperation. The goal is to strengthen collaboration within Kiilto's network to enhance societal wellbeing.

Employees

The total number of Kiilto's personnel is 730. This represents the headcount at the end of the reporting period, December 31, 2023. The total number of employees consists of active employments only; on-demand employees, unpaid trainees, summer workers, thesis workers, and agency workers are excluded from this count. Agency workers are typically hired for production or warehouse tasks. The number of agency workers varies depending on changes in demand throughout the year.

IN FINLAND AND SWEDEN, all employees are covered by collective bargaining agreements. At KiiltoClean AS in Denmark, the coverage is 81%. However, those not covered by collective bargaining agreements still follow the same guidelines. In Kiilto's other operating countries, there are no collective bargaining agreements.



Breakdown of Kiilto's employees

Country	Female	Male	Total
Finland	186 (42 %)	260 (58 %)	446
Permanent	178	250	428
Temporary	8	10	18
Full-time	183	255	438
Part-time	3	5	8
Sweden	25 (30 %)	60 (70 %)	85
Permanent	24	59	83
Temporary	1	1	2
Full-time	25	60	85
Part-time	0	0	0
Denmark	59 (63 %)	34 (37 %)	93
Permanent	59	33	92
Temporary	0	1	1
Full-time	32	50	82
Part-time	9	2	11
Norway	8 (45 %)	10 (55 %)	18
Permanent	8	9	17
Temporary	0	1	1
Full-time	8	10	18
Part-time	0	0	0
Estonia	7 (22 %)	25 (78 %)	32
Permanent	7	25	32
Temporary	0	0	0
Full-time	7	25	32
Part-time	0	0	0
Latvia	2 (15 %)	11 (85 %)	13
Permanent	2	11	13
Temporary	0	0	0
Full-time	2	11	13
Part-time	0	0	0

Country	Female	Male	Total
Lithuania	2 (12 %)	14 (87 %)	16
Permanent	2	14	16
Temporary	0	0	0
Full-time	2	14	16
Part-time	0	0	0
Poland	1 (15 %)	6 (85 %)	7
Permanent	1	6	7
Temporary	0	0	0
Full-time	1	6	7
Part-time	0	0	0
Ukraine	8 (40 %)	12 (60 %)	20
Permanent	8	12	20
Temporary	0	0	0
Full-time	8	12	20
Part-time	0	0	0

At the end of 2023, non-guaranteed hours employees and agency workers were employed as follows:

Country	Non-guaranteed hours employees	Agency workers
Finland	24	9
Sweden	1	2
Total	24	11

Data on our new employee hires and employee turnover can be found on page [82](#).

A Safe Workplace

Safety culture is continuously being improved at KiiLto. Safety management is led by environmental, health and safety (EHS) managers and implemented through regular safety trainings, a safety on-boarding programme, monthly safety and quality letters to personnel and continuous encouragement to personnel to make safety observations.

ALL EMPLOYEES are aware of their respective responsibilities and goals and take ownership of the quality of their own work while actively participating in process development. Safety is a significant part of KiiLto's Promise to the People.





Hazard identification

KIILTO HAS UTILISED the workplace risk assessment workbook, drawn up by the Ministry of Social Affairs and Health and the Centre for Occupational Safety, to conduct risk identification. The most dangerous work has work permit procedures, and if processes are changed, a specific change management procedure is conducted. Risk level is defined by assessing the probability and the severity of consequences.

The most dangerous tasks (e.g. hot works and confined spaces) are under work permit procedures. These tasks require a separate, written work permit before the task can begin. Work permits always include a short additional risk assessment and the definition of additional safety measures during the task.

Change management process is applied when management processes, process technology or working methods are changed. Goal of the change management process is to ensure, that safety and compliance of operation are not compromised when changes are implemented.

Actions based on these procedures are monitored, for example, in the IMS quality system or the PRO24 system. All work-related injuries are investigated, the root causes are identified, and corrective actions are defined. All safety deviations are reported and monitored in company's HSEQ platforms. Safety deviations include LT11-accidents, medical treatment cases, restricted work cases, first aid incidents and near miss situations.

Kiilto actively monitors and ensures the implementation of legislation and regulations related to OHS.

In Finnish operations, the quality of Kiilto's OHS processes has been verified with the OHS management system standard ISO 45001. Kiilto actively monitors and ensures the implementation of legislation and regulations related to OHS. OHS management processes, among others, are audited regularly by both internal and external parties.

Employee participation

OBSERVATIONS RELATED to safety typically refer to hazardous conditions, which could cause harmful consequences to people, the environment, property, or the company's reputation. Positive safety observations are also possible. Kiiltoonians are encouraged to report safety and environmental observations. Observations can be made either for Kiilto's own locations or operations or for those of the customer.

Safety is a regular topic covered in company information sessions. Keeping safety matters in discussions has led to an increase in safety observations in all Kiilto operations as well as to a decrease in accidents. Safety observations and actions decided or taken are reported on the company intranet. EHSQ matters are regularly communicated to all personnel.

Safety culture is developed through internal communications, theme days, a

dedicated wellbeing development group and in discussion with the occupational health service provider. Continuous development of safety culture and quick reactions to identified hazards prevent compromising the safety of personnel.

Kiilto conducts regular drills to train personnel to evacuate from situations they find risky for safety or health. If the safety matter requires anonymous reporting, our whistleblowing channel provides an opportunity to report such issues. The whistleblowing channel is an early warning system to reduce risks.

Employees participate in the Board of Directors' meetings twice a year and in the safety committee meetings four times a year. The company-wide safety committee is in operation as required by national OHS legislation. The committee members represent all employee groups.

Employee training on occupational health and safety

ALL NEW EMPLOYEES attend EHS training, which covers safety culture, safety rules and requirements, chemical safety, and fire safety. Trainings on OHS, first aid, fire safety and chemical safety are regularly arranged for all personnel.

Crisis and accident exercises are organised regularly. Training for personnel responsible for managing health and safety is organised based on needs. If an employee feels that their current job could cause injury or ill health, other positions are offered to them if possible.





Occupational health

THE OPERATOR providing occupational health care services has been assessed during the tendering phase to be qualified to conduct the statutory workplace surveys. Kiilto's Occupational safety and health manager, the occupational safety and health representative and the personnel of the function participate in the workplace surveys. The workplace survey results can be found in the company intranet, and they are reviewed in the function in question.

The promotion of worker health is done according to Kiilto's occupational well-being programme. All Kiiltonians are covered by an occupational health and safety management system.

POTENTIAL, SEVERE INJURY RISKS are related to working at heights, working with hazardous chemicals and internal logistics (machinery and vehicles). These risks have been identified through local risk assessments. Typically used hazard identification and risk assessment method is Job Safety Analysis (JSA), which is followed by the assessment of risk level through probability and severity of consequences. This kind of severe injuries did not occur during reporting period.

Falling from heights risk is controlled by either avoiding the work entirely (e.g. install platforms with railings on roofs of buildings or storage tanks) or by arranging personal falling protection, which prevents persons from falling to the ground.

Hazardous chemicals are systematically changed into less hazardous chemicals when there is the possibility to do so. The hazardous chemicals, that are in use, are handled with technical safety barriers in place. Such safety barriers can be e.g. different devices preventing chemical

Sites included (in calculation):
Denmark: Assens
Finland: Forssa, Hankasalmi, Lempäälä, Turku
Sweden: Hallstahammar, Örnsköldsvik

splashes (for example pressure relief valves) or targeted exhaust ventilations, which mitigate the possible exposure to fumes or dust. Residual chemical risk is managed with proper personal protective equipment such as safety eyewear, chemical gloves or respirators. Personnel working with hazardous chemicals are always trained to work with such chemicals and receive training on e.g. chemical hazards, proper first aid and incompatibility hazards.

Risk related to internal logistics is initially managed by separating the machine and vehicle traffic from pedestrian traffic. However, this is not always possible so mitigative actions are also needed. Such mitigative actions can be e.g. use of traffic mirrors

in-/outdoors, spotlights and blinking light beacons on forklifts and motion detectors in indoor intersections.

Most accidents are related to slips and trips or work with hands and are typically minor sprains or minor hand injuries (e.g. cuts). These were also the typical causes during the reporting period.

There have been no accidents to workers who are working at Kiilto -related projects but are not directly on Kiilto's payroll.

LT11 accident rate is followed both short and long term. LT11 accident means an accident, which has led to at least one full day of absence from work. LT11 accident rate is calculated based on 1 000 000 hours worked.

Company	Number of LT11 cases (at least one day of absence)	Working hours	Frequency per million working hours	LTIF1 (LTI working hours)	Work-related ill health
Kiilto Oy / Finland	5	418,202	12.0		no cases
KiiltoClean Oy / Finland	5	372,528	13.4		no cases
Kiilto AB / Sweden	0	88,651	0		no cases
KiiltoClean A/S / Denmark	1	179,230	5.6		no cases
TOTAL	11	1,058,610	10.4		-



An Inspiring Working Environment

Personnel wellbeing

AT KIILTO, personnel's wellbeing is one of the key factors to profitable business activities and to implement our strategy, and it has a positive impact on both work atmosphere and productivity. We want our customers to be served by energetic personnel, who enjoy their work.

Our workplace wellbeing activities are aligned in **Kiilto Cares Wellbeing Programme**. This comprehensive wellbeing programme aims at developing our personnel's wellbeing systematically on a

long-term basis and at focusing on the most relevant development targets. The wellbeing activities are monitored yearly by KPIs defined in the wellbeing programme.

The objective of our wellbeing activities is to create and lead excellent employee experience.

We want to offer our employees sustainable work life and work environment, where people feel well and are committed to Kiilto's success.

Renewing the wellbeing programme

During 2023, Kiilto Cares Wellbeing Programme has been under renewal. Until these days, the programme has consisted of five areas: Leadership, Work community and environment, Physical activity, Health and physical capacity and Competence.

The work life is changing, and we also wanted to renew the approach to our wellbeing work. During the recent decades, the emphasis has shifted from physical wellbeing more to mental and social wellbeing. That's why we chose these three

areas – **mental wellbeing, social wellbeing, and physical wellbeing** – as the basis of our renewed Kiilto Cares Wellbeing Programme. The new programme will be launched to our personnel during the first quarter of 2024.

Kiilto Cares Wellbeing Programme sets the guidelines for our wellbeing work in all our international organisations. The idea is to share best practices and, in addition to the group-wide activities, to inspire our organisations to innovate also own activities.

Versatile choice of activities for our employees

We constantly aim at developing our personnel's leadership skills and competencies by offering extensive training programmes to our leaders, managers, and experts. We also support our personnel's motivation to develop their competencies and self-leadership skills by offering different kinds of learning and development processes.

We strive to build an attractive and positive work community and to develop the sense of community by, for example, open interaction between different employee groups and by offering social activities to have also fun together.

We support our employees to take care of their physical wellbeing by versatile means, for example by offering a wide range of physical exercising and training possibilities, activating break exercising practices during workdays and supporting our personnel to adopt healthy lifestyle habits. Safe working conditions are of great importance, especially in production work, and in this field, we aim at zero accidents. We work in close co-operation with our occupational health specialists to consult and take care of our personnel's physical and mental wellbeing.

Recent developments

One of our focus areas is developing hybrid work practices and building team spirit and sense of community at the workplace.

One major effort has been our cultural project aiming at broadening our understanding and interpretation of our cultural cornerstones and at restudying their definitions. In this project, we organised cultural workshops for our employees in our different operating countries. We had altogether about 200 Kiiltoonians participating these workshops to discuss the Kiilto culture.

One of the future focus areas will be developing diversity, equity, and inclusion in our work communities. This work is planned to be started by defining DEI alignments and guidelines and by organising training for our managers.



Diversity and inclusion

DIVERSITY AND INCLUSION are part of Our Promise to the People work. With diversity and inclusion, we foster work environment where diverse backgrounds, for example, in terms of race, gender and age come together with variety of skills and perspectives contributing the overall success of our business. Focus on diversity and inclusion also builds an attractive employer brand and helps us to attract the best talents from the job market. Diversity and inclusion do not happen by themselves, and thus is vital that leaders throughout the company take D&I perspectives into account in their daily work.

Diversity: Actions or planned actions to ensure diverse groups of people have equal treatment at workplace:

- An equality plan according to legal requirements
- Local agreement on regular review on wage equality
- Initiating discussions on DEI topics and sustainable leadership with the supervisors
- Increasing awareness of DEI topics across Kiilto
- Positive consideration of international applicants in recruitments by carefully assessing the need of local language knowledge in each open position
- In visual employer branding, we want to enhance different nationalities, genders, and age groups
- Using gender neutral terminology when describing different roles and positions
- We incorporate questions in a yearly employee survey about fair and equal treatment
- Possible separate DEI audit or survey will be conducted in the end of the year 2024
- The yearly Kiilto Family Group KPI target for the level of DEI in our yearly employee survey is >3,5.



Inclusion:

- Onboarding process starts already before the start of an employment by publishing introduction video of a new person in our intranet to help integrate new employees into the new work community
- During the first months of employment, new person has a plan to get to know all key stakeholders and often newcomers have a named work buddy whose responsibility is to make sure new person is well integrated into the company
- KiiltoLearns eLearning platform to enable effective introduction of different company practices
- In information sharing, office and remote workers are considered by enabling online participation
- One of the core cultural cornerstones is that everyone can make a difference. Kiilto encourages Kiiltonians to give their input to company operations by sharing ideas and development of the organisation in diverse ways and in several channels. Most typically new initiatives and ideas presented by the staff are collected in a digital system. The initiator records the initiative in the system, after which it is referred to the specialist responsible for the area for evaluation. The initiative is also freely available for all Kiilto employees to comment.
- Regular employee survey and pulse surveys to enable personnel to make sure their voice is heard.
- Wellbeing group responsible for arranging wellbeing activities for Kiiltonians. The group consists of Kiilto employees from different roles, functions, and personnel groups.
- Code of Conduct training is required from all Kiiltonians annually to make sure we all are aware and follow Kiilto's operational practices and ethical principles.

Transition assistance programs

- In case of termination of an employment relation, we offer support for re-employment based on the individual needs. The support can include outplacement, career coaching, training or updating desired skills, or support in an early phase of entrepreneurship in addition to legal responsibilities.
- For retiring employees, we support flexible working arrangements, such as part-time work whenever possible. We also pay attention to knowledge transfer by reserving decent time for retiring person to mentor successor in the role of a "senior advisor".
- It is important for Kiilto to strive for equality, and therefore we are reporting by gender and age groups. The ethnic diversity is scarce, and therefore we haven't yet started to report the data by ethnicity. Developing our work community in a more diverse direction is our objective in the long run. The collective labour agreements and labor laws set a base for equality in pay and rights.
- Corporate language is English, and we provide voluntary courses for English, Finnish and Swedish for everyone. We strive to enhance linguistic diversity in our vacancies.



Pay equity and pay gaps

Explaining the difference between the salaries of men and women:

Blue-collar workers:

The salaries reported are based on average hourly earnings. The differences in the salaries of men and women are generated through shift allowances (working overtime or night shifts and vocational examination allowances). Differences could be generated through personal pay raises which are awarded based on personal work performance, by for example learning new, more complicated work assignments.

White-collar workers:

Between the white-collar employees, the job descriptions vary widely, and the salaries are determined by the job description. There are a few groups inside the white-collar employees' group

where the job descriptions are the same, and in that group, there are no significant differences in the salaries that would not be explained through know-how or another objective basis.

The difference between men and women is partially explained also through the fact that there are more men in supervisory positions. The supervisory positions typically are compensated in the salaries. Also, men tend to have longer employment relationships which is also compensated.

Upper white-collar workers:

Between the upper white-collar employees, the job descriptions vary widely, and the salaries are determined by the job description. The differences in pay are generated through the job description's demand, internationality, superior position, and the size of area of operation.

Ratio of basic salary of women to men

Country	All personnel	Blue collar	White collar	Senior white collar	Management
Finland	1.06	1.08	1.20	0.97	1.20
Sweden	0.94	-	1.28	-	-
Denmark	1.19	1.10	1.17	-	-
Norway	1.20	-	1.09	-	-

Estonia, Latvia, Lithuania, Poland and Ukraine: data is not available.



Competence development

Learning and competence development are key factors to Kiilto's success. It is deeply embedded in our corporate culture that each person, Kiiltonian, has an important role in developing our company towards our vision. Our ambition is to have capable and engaged professionals, and to help our people succeed in a changing world.

AT KIILTO, MOST OF THE LEARNING

happens organically by collaborating and learning from others, learning by doing, by participating in projects, and by employees contributing to their own career paths. We use 70-20-10 model, meaning that 70 percent of competence development happens by doing, 20 percent by learning from others and 10 percent from training. To ensure personal development, we conduct performance and development discussions (GO discussions) and learning and development (LED discussions) discussions annually. These discussions aim to ensure that the set goals and competence development activities are aligned with our strategic goals as well as identify competence gaps and reinforce professional discussion culture. Furthermore, we encourage Kiiltonians to prepare individual development plans and take a proactive role in their own career path development.

With these discussions we aim to

- Ensure that the set goals and competence development activities are aligned with our strategic goals

- Support a culture where everyone can make a difference through inspirational task-based goals and active competence development
- Identify learning or competence gaps and plan short as well as long term actions and aspirations accordingly: to facilitate professional growth of Kiiltonians
- Reinforce professional discussion culture at Kiilto.

Kiilto learning and development programmes

To support Kiiltonians in professional development and in various stages of their career, we offer a range of learning and development programmes.

Kiilto Explorer is an international development programme for supervisors and specialists. The content of the programmes aims to develop leadership skills and competences and enable change and growth in Kiilto's culture. Partner in the development of the programme is Hanken and SSE Executive Education.

We organise regular HSEQ training for our personnel. They include training

courses like Occupational Safety Card, MD training, logistics related training and Chemical safety, Food safety, GMP and quality training. To reinforce environmental leadership, we introduce environmental matters as part of internal events and information sessions as well as onboarding. We also arrange environmental training for all personnel groups. Current environmental training consists of the content of [Our Promise to The Environment](#).

We offer our personnel the chance to complete vocational qualifications in their field with local educational institutes. We

also offer an online training platform Kiilto Learns, which involves training related to Code of Conduct, Information Security and Our Promise to the Environment, for example. In addition, every Kiiltonian has access to an external Eduhouse online training service that provides a possibility to take online courses and webinars on various subjects. We also offer regular online training on topics relevant in the digital environment. In 2023, trainings were conducted on enhancing digital skills, specifically in the Microsoft 365 environment, information security and the introduction of the latest AI tools.

Language training

TO IMPROVE OUR CROSS-BORDER communication and interaction between clients, suppliers, and employees of different nationalities, it is important that employees are equipped with an appropriate level of English. We offer our employees the possibility to participate in a virtual English language learning program and in tailored virtual Swedish or Finnish language courses. In 2023, two groups of Kiiltonians started to learn Swedish in the courses tailored for Kiilto. In addition, we offer a possibility to enrol to the courses in Finnish as a foreign language. First group of Kiiltonians starts their Finnish courses in February 2024.

People Power survey

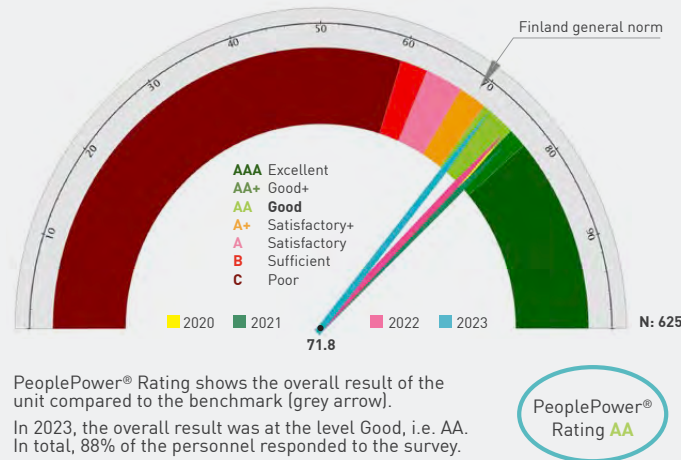
AN IMPORTANT CHANNEL of dialogue is our annual People Power employee survey, which allows Kiiltonians to provide feedback and the survey provides insights to employee engagement.

The themes of the survey are related to leadership, performance, and commitment. In addition, topics cover diversity, inclusion, and equity. Ethical questions are also a part of the survey. This extensive survey provides us with an understanding and direction to take the required developmental actions based on the results. Each team has a discussion on the results and makes its own action plan accordingly.

In 2023, 88% Kiiltonians gave their response to the annual survey with the average People Power Index of level AA (Good).

Kiilto employee survey

Kiilto Family Group



Digital skills

ONE OF KIILTO'S STRATEGIC GUIDELINES

is data driven Kiilto. Developing the business to be more data-driven requires new digital abilities from the entire organisation. Increasing organisation's digital capabilities starts with managing the daily used job-related tools. Kiilto offers regular online training on different topics relevant in the digital environment. In 2023, trainings were organised covering topics such as:

- Using Microsoft 365 environment and applications effectively
- Guidelines on the use of Artificial Intelligence (AI)
- The online information security training

Your voice survey and Pulse surveys

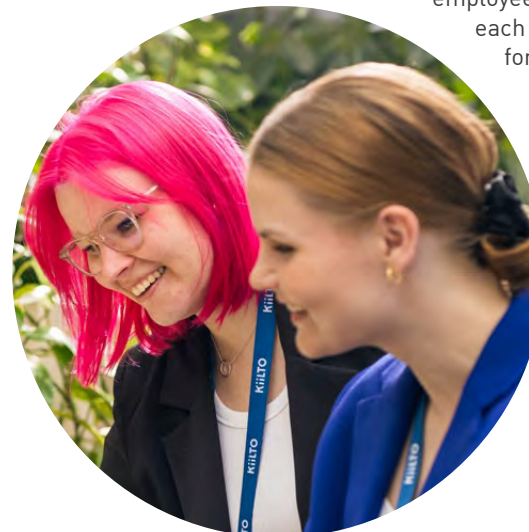
IN KIILTOCLEAN GROUP, eNPS (Employee Net Promoter Score) measures the willingness to recommend Kiilto as a workplace and is assessed quarterly in the Your Voice survey. The personnel is divided into four groups, and each employee responds to the survey once a year. In addition to promotion, other statements to be answered in the survey include:

- "I can make decisions about my work independently enough."
- "In our function we are constantly trying to find better ways of doing."

- "I am enthusiastic about the 'Customer is King' way of working."
- "I would recommend our company as an employer."

In Kiilto Group, an eNPS Pulse survey is conducted quarterly to measure the development of employee satisfaction, in addition to the annual People Power survey. The Pulse survey consists of two following questions:

1. Would you recommend Kiilto as an employer?
2. How can we improve your willingness to recommend? We would love to hear your ideas for enhancing the employee experience.



We acknowledge that within Kiilto, our employees hold diverse positions, each with varying requirements for digital skills. We also have a wide range of age groups and nine different operational countries that to some extents are in a different phase of digital transformation. We need to lead the digital transformation so that it does not create inequalities within our personnel but helps us to implement our strategy and achieve our goals even better.

Leadership development

TO ACHIEVE BUSINESS SUCCESS and reinforce the Kiilto culture, leadership plays a key role. We have developed our leadership based on our strategy and cultural cornerstones. Our leadership development is based on three competence areas: **leading oneself, leading people, and leading business**. Our commitment to developing leadership throughout the organisation has proven to be effective and according to the personnel survey the work of supervisors has been considered one of Kiilto's strengths.

The areas of competence in leadership create a framework that enables us to support and develop the right leadership competencies. We support leadership competence development in various ways, such as with Kiilto EXPLORER training, in an annual GO and LeD discussions, by offering individual support and mentoring, and by targeted individual or collective trainings. Online information security training is compulsory for every Kiiltonian and is a part of every on-boarding process.

Kiilto has employees in all age groups, in nine countries and with different positions and roles. The digital transformation needs to be led so that it does not create inequalities among Kiiltonians but helps implement Kiilto's strategy and achieve goals.





Collaboration with higher education

KIILTO HAS A LONG AND STRONG HISTORY

of collaboration with local higher education institutions. This partnership encompasses internships, thesis commissions, student visits, lectures by Kiilto's professionals, participation in fairs and recruitment events, product trainings, on-the-job learning opportunities, and involvement in future work-life skills development and training programmes for Kiitonians. We also organise field trips to our plants for students studying relevant subjects to help students get to know their potential future employer.

During 2023 Kiilto was in cooperation with the following educational organisations and institutions:

- Haapsalu Vocational Education and Training Centre
- Hanken & Stockholm School of Economics Executive Education (Hanken & SSE EE). The partner in Kiilto Explorer programme
- Häme University of Applied Sciences (HAMK)
 - [HYBRITUT project](#)
 - [Lignis project](#)
- LAB University of Applied Sciences
- Lempäälä Upper Secondary School
- PoDoCo program (Post Docs in companies)
- Southern Denmark University (SDU)
- Tampere University
- Tampere University of Applied Sciences (TAMK). In addition to educational cooperation, Kiilto has an employer representative at the advisory board.
- Tampere Vocational College Tredu (strategic partnership established in 2021). In addition, Kiilto has an employer representative at the advisory board.
- Tartu Vocational College
- Tallinn Kopli Vocational School
- Tallinn School of Construction
- Turku University of Applied Sciences
- University of Helsinki
- University of Turku
 - Endowed professorship in circular economy for University of Turku – Kiilto is one of the donors
 - Mentoring programme I-Me-Pro for International Talents
- Åbo Akademi

Human rights in the value chain

Kiilto's own operations are in countries where human rights are enforced by law. Kiilto acts in accordance with the law and the company's Code of Conduct and operating policy. Kiilto places great importance on preventing any human rights violations in its operations.

ASSESSING THE ENTIRE VALUE CHAIN for human rights compliance is a relatively new concept for Kiilto, as the highest risk for human rights violations lies upstream the value chain, particularly in the sourcing of raw materials, where the value chain can be lengthy and complex. In 2022, Kiilto identified the need for enhanced management and transparency in its value chain. As a first step and as a part of compliance with the Transparency Act in Norway, Kiilto drafted a policy and distributed a Partnership Code of Conduct and a due diligence questionnaire to its suppliers to assess the state of human rights in the value chain. The implementation of human rights management procedures, and the routine

for the supplier's assessment has enabled us to gain and obtain extended knowledge on the status of ethical behaviour in the Kiilto Norway value chain.

In 2024, Kiilto will initiate the implementation of a similar questionnaire for all its suppliers, assessing them based on both social and environmental criteria and to begin conducting human rights assessments on the most significant suppliers in its value chain.

As a part of Kiilto's Promise to the People, a project group was formed to focus on developing human rights within the value chain. The group aimed to establish targets and objectives for further development during 2023. The task of the group in 2023 was to create a promise and set targets



to enhance human rights within the value chain in the future. The implemented promise is that together with our suppliers, we increase the transparency in complying with human rights principles. The targets established to achieve this promise are:

1. Kiilto will communicate its Partnership Code of Conduct with the relevant suppliers
2. Relevant Kiilto suppliers will be screened using the risk assessment process
3. Kiilto will introduce an updated checklist (including human rights aspects) for new suppliers
4. Kiilto has agreed with its material suppliers that their suppliers comply with basic human rights principles
5. Kiilto will increase the awareness level of certifications of its suppliers
6. Kiilto will engage with its suppliers to improve working conditions by increasing supplier evaluation.



Kiilto emphasises the importance of ethical behaviour and accountability throughout its supply chain and requires all suppliers to adhere to the same principles it respects itself and which are outlined in its internal Code of Conduct. In alignment with the internal Code of Conduct, Kiilto has updated its Partnership Code of Conduct. The new revision strengthens the expectations for suppliers and partners, fostering a culture of responsibility and ethical behaviour. The revised Code of Conduct have been delivered to the new suppliers who have been asked to confirm that their operations comply with the principles mentioned in the Code of Conduct the same way as Kiilto is committed to apply said principles in accordance with its customer agreements. These principles include commitment to respect human and labour rights and have specific sections among others regarding child labour, collective bargaining, and forced labour.

This procedure ensures consistency and responsible practices across the entire supply and customer network. Recognising the significance of human rights, Kiilto is constantly and proactively mapping out essential human rights principles from its perspective. This mapping exercise serves as a foundation for ensuring that the company's operations align with globally accepted human rights standards.

Kiilto is currently developing a human rights compliance process for procurement. This involves conducting supplier assessments based on factors such as country of origin and expenditure. In 2023, a supplier evaluation process was established, and an action plan for procurement in 2024 is underway. In 2024, a significant number of suppliers will be evaluated against environmental and human rights criteria. KPIs based on this updated process will be defined in 2024, which will include a questionnaire on human rights issues, audits, and continuous monitoring.

As part of the development and creation of the due diligence process, Kiilto started the double materiality assessment process in 2023, which is expected to be completed in 2024. The aim of the double materiality assessment is to identify the most critical issues on which Kiilto can focus during the due diligence process.





To the extent that the supplier evaluation process was carried out in 2023, no operations or suppliers of Kiilto were considered to have significant risk for forced or compulsory labour and neither was there any signs of suppliers being non-compliant with rights regarding collective bargaining or freedom of association. However, in a proactive move regarding the forced labour rights, Kiilto's representative has participated in modern slavery training. Furthermore, an anti-slavery policy has been implemented within one of its daughter companies, with plans to extend this policy across the entire corporate group in 2024. The intention is to create a framework that addresses and prevents modern slavery within the company and its subsidiaries. Kiilto is also in the process of incorporating issues related to modern slavery and forced labour into its employee training agenda for the year 2024.

Recognising the importance of providing a platform for stakeholders to voice concerns and grievances, Kiilto has established a robust grievance mechanism, a whistleblowing channel. The channel is designed to provide a

secure and confidential way for individuals to report any wrongdoing or ethical violations and provides an opportunity to report anonymously of any suspicions of misconduct: anything that is not in line with our values and policies. This mechanism serves as an early warning channel through which employees, suppliers, customers, and other relevant parties can report issues related to ethical concerns, human rights violations, or any other matters that require attention. The grievance mechanism is designed to be:

1. Accessible with clear guidelines on how to raise grievances
2. Transparent with providing stakeholders information on how their concerns will be addressed (with the expected timelines for resolution and the steps taken in the investigation process)
3. Responsive with ensuring a prompt and thorough investigation from the designated grievance resolution team.

Kiilto has integrated the whistleblowing channel into its intranet with clear instructions on how to report a concern. An anonymous misconduct report can be made via [WhistleB](#), [Whistleblowing Centre](#). Suppliers have received a direct link to the webpage in our Partnership Code of Conduct. In 2023, this Whistle Blowing channel was linked to Kiilto's webpage and is open for external parties. Kiilto wants to promote a culture of raising concerns openly among all its stakeholders and is grateful to notice that the stakeholders have found the channel. In 2023 Kiilto received one report to the channel, related to suspected corruption case. The report was evaluated carefully, the individuals involved were contacted and actions were taken to correct the suspected wrongdoing and to improve the procedures.

Kiilto's ESG initiatives reflect a proactive approach to sustainable business practices, with a strong emphasis on human rights, supplier accountability, and modern slavery or forced labour prevention. With a continuous process of aligning internal policies, updating codes of conduct, and implementing robust compliance processes, Kiilto is committed to making a positive impact on both its business operations and the broader community.



Responsible products and marketing and developing customer expertise

An important part of responsible marketing is increasing the understanding of end users. Users and distributors of KiiLto products are trained on the product features, correct dosage and application techniques, and understanding environmental and safety matters. Safety issues must be communicated clearly and in compliance with legislation. We organise training for different target groups. Training availability and details depend on the market area.

KIILTO OPERATES IN ACCORDANCE with EU and national legislations. In our business, the essential regulation is related to chemicals, such as detergent regulation and food contact material regulation, REACH, MDR, BPR and CLP which covers package labelling. In addition, we have created our own internal policies to avoid usage of dangerous classified chemicals in our products. This enables our customers to use the products safely and avoid further measures in the supply chain that would result from chemical classifications.

Product safety

SAFE PRODUCTS are vital for sustainable business. The product must be safe for manufacturing employees, end-users and the environment. In 2023, many new chemical laws and restrictions were prepared, and KiiLto was involved in advocacy work.

For example, legislation on per-and polyfluoroalkyl substances (PFAS) restriction may have a significant impact on our production, especially from the perspective of safety and the environment. KiiLto has tried to get a derogation for production plants that manufacture

chemicals to be able to use, for example, in Teflon seals.

Ensuring product safety is an important part of the development and launch process of a new product. Safety must be guaranteed also during the whole life cycle of products, and in compliance with changing laws and requirements.

Many recipe changes were made during 2023 aiming to improve the safety or environmental friendliness of the final products. An example of this is the replacement of sensitising fragrances with a safer alternative in 13 products.

Complaints and official inspections

THE CUSTOMER COMPLAINT PROCESS

involves recording complaints, conducting investigations to determine the root cause, implementing corrective actions, and communicating with customers. Complaints are classified based on their reasons during the process. The process and system in use can exclude complaints that Kiilto has met the agreed requirements with customers. All complaints are actively monitored, evaluated, and addressed as required by Kiilto's quality management system. The same procedure applies during official inspections, with corrections monitored and followed up by the responsible person.

In assessment of the health and safety impacts of product and service categories, Kiilto has one incident where authorities in Sweden found out that a closure of a bottle had not been tested according to requirements and four cases where label and SDS were not compliant. 2023 no fines were paid. Some packages have too small transport pictograms in Finland.

All our product labels (100%) and safety data sheet (SDS) contain safety information and instructions on how to dispose residual products and packages. If the label does not have sufficient space, there is a link on

the web page where the instructions can be found. Obligatory requirements for label content include having warning symbols and texts and list of ingredients.

All marketing materials are checked by more than one relevant employee and any required changes in marketing materials are informed to marketing operations. Materials are handled in label handling program where the old versions are being replaced with the newer versions. In 2023, there was one case where we got feedback from an external stakeholder that our web page text was misleading concerning services which we are supplying.

In 2023, Kiilto experienced one data protection attack. It began with a phishing message on October 30th, leading some personnel to inadvertently disclose their usernames and passwords to the attacker. Immediate action was taken to mitigate the impact on data subjects, and relevant authorities were notified in accordance with legal obligations. Immediate actions included for example active inspection and management of systems, taking new security measures into use, and forced changing of passwords.



Trainings

IN AUGUST 2023, mandatory safe use training for di-isocyanates came into force. The training requirement applies to everyone who handles diisocyanates at work (professionals and industrial users). Kiilto assisted in the translation of the Finnish materials. The next big effort was to train and ensure the Kiiltonians competence of more than 200 people. In addition, Kiilto took care of the training of its customers, a total of over 600 people were trained during the fall.

Construction

To contractors and installers, we arrange training, where the focus is on the technical features of our products and the right working methods. The correct use of products both ensures a high quality and long-lasting result and minimises the waste.

Supplementary training on the design and supervision of wet rooms provides participants with training in those subjects. The training is suitable for professionals in charge of the design, realisation and supervision of wet rooms, and moisture control during construction projects.

Training for salespeople includes workshops on various themes, for

example waterproofing and tiling, dry area renovation and floor and wall levelling. Our Waterproofing and tiling workshop focuses on wet room products, the Dry room workshop on the renovation of dry interiors, and our Levelling training on floor and wall levelling and tiling adhesives. In addition, we organise training based on customer needs in all our B2B business areas.

Professional hygiene

Professionals are trained the right methods to maintain hygiene in health care, and present best practices in the field. We will also keep up to date on legal issues that affect maintaining cleanliness and hygiene in healthcare settings.

Kiilto's consulting services, tailored exclusively to healthcare facilities, ensure cost-effective and competent operations. Our experts in RDI and health care develop training based on customer needs and in co-operation with our customers.

Kiilto's technical experts help with performance qualification and guide customers in performance and routine control. Kiilto offers technical design and implementation for setting up centralised dosing systems in instrument

reprocessing facilities. Kiilto supports healthcare customers with other equipment maintenance needs that require technical expertise. These include appliances used in industrial kitchens and maintenance cleaning, for example.

Kiilto websites offer the latest information on products and working methods. The information on different warning symbols and product markings as well as recycling and disposal of packaging can also be found on the website.

- [Product safety](#) – Kiilto
- [Product markings](#) – Kiilto
- [Warning symbols](#) – Kiilto
- [Recycling and disposal](#) – Kiilto

Training our stakeholder groups is also an important part of Our Promise to Environment. One target of the partnership section is that all our trainings and discussions with stakeholders include an environmental aspect. We train around 25 000 people annually. In 2023 we reached 95,5% of our annual goal.



Appendix



Reporting principles

This report includes Kiilto Group, KiiltoClean Group and Kiilto Family Oy. Intermedius and the investment companies without operational activities are not included in the report, but they are managed according to the same principles and guidelines as the reported Kiilto companies.

THIS REPORT IS BASED ON material sustainability topics of Kiilto. You can read more about our sustainability approach in the sections [Sustainability strategy](#) and [Materiality topics and approach to stakeholder engagement](#).

Kiilto Sustainability Report 2023 was published on 22 April, 2024. It has been prepared with reference to the GRI standards. The report includes a GRI index on [page 87](#). Kiilto continues to improve data quality, and further develop data collection process in order to improve the reporting.

Both Kiilto's sustainability report and the Annual report are published annually. Kiilto's sustainability report can be found from the website [kiilto.com](#) and internally from Kiilto's intranet. The sustainability report is published only in digital format.

The Annual report is published in print. It includes the full financial data from the whole Kiilto Family Group, of which the financial key figures are published annually also on the website [kiilto.com](#). Also, the managing directors' reviews from Kiilto Oy and KiiltoClean Oy are published on the website.

Further questions on sustainability matters can be pointed as follows:

General information and sustainability communications: Laura Heinovaara

Product safety and sustainability (constructions, industrial adhesives, and fireproofing): Lilli Puntti

Product safety and sustainability (professional hygiene): Oili Kallatsa



Data

New employees and new employee turnover

		Number of employees 31.12.2023	Total number of new employees during 2023	Rate of new employees	Total number of employee turnover during 2023	Rate of employee turnover [(new employees + left employees /2)/ total number of employees]			Number of employees 31.12.2023	Total number of new employees during 2023	Rate of new employees	Total number of employee turnover during 2023	Rate of employee turnover [(new employees + left employees /2)/ total number of employees]
Finland	Total	446	36	8%	103	16%	Latvia	Total	13	5	38%	10	58%
	Women	186	18	4%	48	7%		Women	2	1	8%	1	8%
	Men	260	18	4%	55	8%		Men	11	4	31%	9	50%
	Under 30 Years	44	13	3%	28	5%		Under 30 Years	1	0	0%	0	0%
	30–50 Years	245	21	5%	55	9%		30–50 Years	9	5	38%	10	58%
	Over 50 Years	157	2	0%	20	2%		Over 50 Years	3	0	0%	0	0%
Sweden	Total	85	10	12%	28	22%	Lithuania	Total	16	2	13%	3	16%
	Women	25	6	7%	13	11%		Women	2	0	0%	0	0%
	Men	60	4	5%	15	11%		Men	14	2	13%	3	16%
	Under 30 Years	11	3	4%	6	5%		Under 30 Years	2	0	0%	0	0%
	30–50 Years	44	6	7%	18	14%		30–50 Years	11	2	13%	3	16%
	Over 50 Years	30	1	1%	4	3%		Over 50 Years	3	0	0%	0	0%
Denmark	Total	93	16	17%	24	22%	Poland	Total	7	0	0%	1	7%
	Women	59	7	8%	10	9%		Women	1	0	0%	0	0%
	Men	34	9	10%	15	13%		Men	6	0	0%	1	7%
	Under 30 Years	11	7	8%	8	8%		Under 30 Years	0	0	0%	0	0%
	30–50 Years	28	2	2%	4	3%		30–50 Years	6	0	0%	0	0%
	Over 50 Years	54	7	8%	12	10%		Over 50 Years	1	0	0%	1	7%
Norway	Total	18	3	17%	6	25%	Ukraine	Total	20	2	10%	3	13%
	Women	8	0	0%	2	6%		Women	8	2	10%	2	10%
	Men	10	3	17%	4	19%		Men	12	0	0%	1	3%
	Under 30 Years	1	1	6%	2	8%		Under 30 Years	1	0	0%	0	0%
	30–50 Years	12	1	6%	3	11%		30–50 Years	15	1	5%	1	5%
	Over 50 Years	5	1	6%	1	6%		Over 50 Years	4	1	5%	2	8%
Estonia	Total	32	0	0%	1	2%	Total	Total	730	74	10%	176	17%
	Women	7	0	0%	1	2%		Women	298	34	5%	75	7%
	Men	25	0	0%	0	0%		Men	432	40	5%	102	10%
	Under 30 Years	4	0	0%	0	0%		Under 30 Years	75	24	3%	44	5%
	30–50 Years	21	0	0%	0	0%		30–50 Years	391	38	5%	93	9%
	Over 50 Years	7	0	0%	1	2%		Over 50 Years	264	12	2%	39	3%

Parental leave

401-3	A	B	C	D	E
Finland	100%			100% of employees who returned to work were still employed at the end of the reporting period 31.12.2023	100%
Total		31	100%		
Men		18	100%		
Women		13	100%		

A Total number of employees that were entitled to parental leave, by gender.

B Total number of employees that took parental leave, by gender.

C Total number of employees that returned to work in the reporting period after parental leave ended, by gender.

D Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.

E Return to work and retention rates of employees that took parental leave, by gender.

Average hours of training per year per employee

		Blue collar workers	White collars	Senior White collars	Management
Finland	Total	9,6	11,5	10,6	5,6
	Women	12,0	12,7	11,6	10,8
	Men	8,7	10,1	9,7	4,1
Sweden	Total	0,2	5,4	6,7	6,8
	Women		6,4	8,8	15,0
	Men	0,2	4,7	3,5	4,0
Denmark	Total	0,2	3,8	5,0	
	Women	0,1	4,4	8,5	
	Men	0,2	2,9	3,3	6,00
Norway	Total		3,6		4,5
	Women		4,4		
	Men		2,9		4,5
Estonia	Total	1,2	2,1	2,4	2,3
	Women	1,0	3,5	1,8	
	Men	1,3	3,4	3,0	2,3
Latvia	Total		3,3	0,0	1,00
	Women		0,0		
	Men		1,8	0,0	1,00
Lithuania	Total	0,00	3,6	0,0	7,0
	Women		3,5		
	Men	0,00	3,7	0,0	7,0
Poland	Total		15,8	31,0	6,0
	Women		31,0		
	Men		12,0	31,0	6,0
Ukraine	Total	1,5	30,3	4,5	8,00
	Women		13,4	1,2	
	Men	3,0	5,0	4,0	8,00

Amount of GO discussions in 2023 (%)

		Total number of employees	Blue collar workers	White collars	Senior White collars	Management
Finland	Total	446	87.9	94.7	97.5	88.2
	Women	186	95.6	93.9	96.4	100.0
	Men	260	84.8	97.0	98.5	84.6
Sweden	Total	85	20.0	50.0	60.0	50.0
	Women	25		72.2	33.3	100.0
	Men	60	20.0	35.7	100.0	33.3
Denmark	Total	93	96.0	83.3	83.3	1.0
	Women	59	93.5	84.6	100.0	
	Men	34	100.0	80.0	75.0	1.0
Norway	Total	18		76.5		100.0
	Women	8		87.5		
	Men	10		66.7		100.0
Estonia	Total	32	100.0	90.5	75.0	100.0
	Women	7	100.0	75.0	50.0	
	Men	25	100.0	94.1	100.0	100.0
Latvia	Total	13	0.0	33.3		100.0
	Women	2		50.0		
	Men	11	0.0	28.6		100.0
Lithuania	Total	16	100.0	36.4	100.0	100.0
	Women	2		50.0		
	Men	14	100.0	33.3	100.0	100.0
Poland	Total	7		80.0	0.0	100.0
	Women	1		100.0		
	Men	6		75.0	0.0	100.0
Ukraine	Total	20	<i>Go discussions were not held in Ukraine in 2023.</i>			
	Women	8				
	Men	12				
Total	Total	730				
	Women	298				
	Men	432				

Intermedius Oy is included in the number of employees of Finland. They do not have a Go discussion process, and therefore the percentage of the Finnish employees (especially blue collars) is below 100%. All organisations in Finland (except Intermedius Oy) where Go discussions are implemented, had a percentage 100%.

Diversity of Kiilto's employees

Diversity of governance bodies and employees		All employees	Blue collar workers	White collars	Senior White collars	Management
Finland	Total		35%	34 %	27 %	4 %
	Women	42%	29%	55 %	45 %	24 %
	Men	58%	71%	45 %	55 %	76 %
	Under 30 Years	10%	12%	13 %	5 %	0 %
	30–50 Years	55%	52%	49 %	65 %	59 %
	Over 50 Years	35%	36%	38 %	30 %	41 %
Sweden	Total		29%	54 %	12 %	5 %
	Women	29%	0%	39 %	60 %	25 %
	Men	71%	100%	61 %	40 %	75 %
	Under 30 Years	13%	20%	9 %	10 %	25 %
	30–50 Years	52%	44%	59 %	70 %	50 %
	Over 50 Years	35%	36%	33 %	20 %	25 %
Denmark	Total		54%	39 %	6 %	1 %
	Women	63%	62%	72 %	33 %	0 %
	Men	37%	38%	28 %	67 %	100 %
	Under 30 Years	12%	20%	3 %	0 %	0 %
	30–50 Years	30%	24%	39 %	33 %	0 %
	Over 50 Years	58%	56%	58 %	67 %	100 %
Norway	Total		0%	94 %	0 %	6 %
	Women	44%	0%	47 %	0 %	0 %
	Men	56%	0%	53 %	0 %	100 %
	Under 30 Years	6%	0%	6 %	0 %	0 %
	30–50 Years	67%	0%	65 %	0 %	100 %
	Over 50 Years	28%	0%	29 %	0 %	0 %
Estonia	Total		16%	66 %	13 %	6 %
	Women	22%	20%	19 %	50 %	0 %
	Men	78%	80%	81 %	50 %	100 %
	Under 30 Years	13%	40%	10 %	0 %	0 %
	30–50 Years	66%	40%	67 %	100 %	50 %
	Over 50 Years	22%	20%	24 %	0 %	50 %

Diversity of governance bodies and employees		All employees	Blue collar workers	White collars	Senior White collars	Management
Latvia	Total		15%	69 %	8 %	8 %
	Women	15%	0%	22 %	0 %	0 %
	Men	85%	100%	78 %	100 %	100 %
	Under 30 Years	8%	0%	11 %	0 %	0 %
	30–50 Years	69%	100%	67 %	100 %	0 %
	Over 50 Years	23%	0%	22 %	0 %	100 %
Lithuania	Total		19%	69 %	6 %	6 %
	Women	13%	0%	18 %	0 %	0 %
	Men	88%	100%	82 %	100 %	100 %
	Under 30 Years	13%	67%	0 %	0 %	0 %
	30–50 Years	69%	33%	73 %	100 %	100 %
	Over 50 Years	19%	0%	27 %	0 %	0 %
Poland	Total		0%	71 %	14 %	14 %
	Women	14%	0%	20 %	0 %	0 %
	Men	86%	0%	80 %	100 %	100 %
	Under 30 Years	0%	0%	0 %	0 %	0 %
	30–50 Years	86%	0%	80 %	100 %	0 %
	Over 50 Years	14%	0%	20 %	0 %	100 %
Ukraine	Total		20%	55 %	20 %	5 %
	Women	40%	50%	45 %	25 %	0 %
	Men	60%	50%	55 %	75 %	100 %
	Under 30 Years	5%	0%	9 %	0 %	0 %
	30–50 Years	75%	50%	91 %	75 %	0 %
	Over 50 Years	20%	50%	0 %	25 %	100 %
Total	Total		34%	42 %	20 %	4 %
	Women	41%	32%	48 %	44 %	17 %
	Men	59%	68%	52 %	56 %	83 %
	Under 30 Years	10%	15%	9 %	5 %	3 %
	30–50 Years	52%	46%	54 %	66 %	52 %
	Over 50 Years	36%	39%	37 %	30 %	45 %

GRI Index

Code	Indicator name	Location	Additional information and comments
2-1	Organizational details	Kiilto Family group p.6	
2-2	Entities included in the organization's sustainability reporting	Reporting principles p.81	Kiilto does not publish any consolidated financial statements.
2-3	Reporting period, frequency and contact point	Reporting principles p.81	Kiilto does not publish any consolidated financial statements.
2-4	Restatements of information	Reporting principles p.81	No restatements of information.
2-5	External assurance		Kiilto Sustainability report 2023 is not assured by a third party.
2-6	Activities, value chain and other business relationships	Kiilto Family group p.6 Our value chain p.10-12	No significant changes compared to the previous reporting period.
2-7	Employees	Employees p.59-60	<p>The data collected from Finland is the headcount number taken at the end of the reporting period, 2023-12-31. Total number of employees consists of active employments, agency workers etc. are excluded from the number and presented separately.</p> <p>There are changes in the number of employees depending on demand changes throughout the year.</p>
2-8	Workers who are not employees	Employees p.59-60	<p>The agency workers are typically hired to production or warehouse for blue-collar tasks. There are changes in the amounts of agency workers depending on demand changes throughout the year.</p> <p>There were no non-guaranteed hours employees and agency workers in other Kiilto's operating countries besides Finland and Sweden. Numbers are reported as head count.</p>
2-9	Governance structure and composition	Management process and risk assessment, p.16-17 Corporate Governance statement	There are no representatives of under-represented social groups in the Board of Directors.
2-10	Nomination and selection of the highest governance body	Management process and risk assessment, p.16-17 Corporate Governance statement	
2-11	Chair of the highest governance body	Management process and risk assessment, p.16-17 Corporate Governance statement	
2-12	Role of the highest governance body in overseeing the management of impacts	Management process and risk assessment, p.16-17 Corporate Governance statement	
2-13	Delegation of responsibility for managing impacts	Management process and risk assessment, p.16-17	

Code	Indicator name	Location	Additional information and comments
2-14	Role of the highest governance body in sustainability reporting	Management process and risk assessment, p.16–17 Corporate Governance statement	
2-15	Conflicts of interest	Management process and risk assessment, p.16–17 Corporate Governance statement	
2-16	Communication of critical concerns	Management process and risk assessment, p.16–17 Corporate Governance statement	
2-22	Statement on sustainable development strategy	Owner’s foreword p.9	
2-23	Policy commitments	Cultural cornerstones p.14–15	
2-24	Embedding policy commitments	Cultural cornerstones p.14–15	
2-25	Processes to remediate negative impacts	Human rights in the value chain p.74–76	
2-26	Mechanisms for seeking advice and raising concerns	Operating policy and guiding principles p.24 Corporate Governance statement	
2-27	Compliance with laws and regulations	Corporate Governance statement	During the reporting period, there were no significant instances of non-compliance with laws or regulations.
2-28	Membership associations	UN Sustainable Development Goals (SDGs) p.26 Managing material topics p.27–30	
2-29	Approach to stakeholder engagement	Approach to stakeholder engagement p.31–35	
2-30	Collective bargaining agreements	Employees p.59	
3-1	Process to determine material topics	Managing our material topics p.27	
3-2	List of material topics	Managing material topics p.27–30	No changes compared to the previous reporting period.
3-3	Management of material topics	Managing material topics p.27–30	
201-1	Direct economic value generated and distributed	Developing and growing our business p.7	The data from 2022 has been corrected in this reporting period. Data is not available per country, regional, or market levels.
201-3	Defined benefit plan obligations and other retirement plans		In the countries where Kiilto operates there are obligatory pension systems. Kiilto has fully paid statutory retirement benefits and there are no accumulating liabilities.
201-4	Financial assistance received from government		In 2023, Kiilto received a total of €695,943 from the government to support RDI projects in Finland and to subsidize electricity in Sweden.

Code	Indicator name	Location	Additional information and comments
202-2	Proportion of senior management hired from the local community		Kiilto had factories in three different countries and in 8 different locations and each factory is defined as significant location of operation. Senior management ie. top management responsible for local production operations is hired from local community in each factory. Local is defined here as from the same province or county.
204-1	Proportion of spending on local suppliers	Ensuring suppliers' environmental sustainability p.54	
205-1	Operations assessed for risks related to corruption	Operating policy and guiding principles p.23	A risk assessment related to corruption was not carried out in 2023, it is planned to carry out a risk assessment in 2024. There were no significant cases (value above 25.000€) of corruption.
205-2	Communication and training about anti-corruption policies and procedures	Operating policy and guiding principles p.22–23	The code of conduct e-learning consists of training related to anti-corruption. In 2023, no corruption-related training was organized for customers and suppliers.
205-3	Confirmed incidents of corruption and actions taken	Operating policy and guiding principles p.23	In 2023, there were no confirmed incidents of corruption or public legal cases. One incident could be prevented just before it realized and corrective actions were taken to prevent the same to happen again. No one was dismissed nor contracts were terminated due to corruption.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Operating policy and guiding principles p.24	In 2023, there were no legal actions related to anticompetitive behavior, anti-trust and monopoly practices.
207-1	Approach to tax	Kiilto's tax strategy	
207-2	Tax governance, control and risk management	Kiilto's tax strategy	
301-1	Materials used by weight or volume	Resource efficiency p.40	
301-2	Recycled input materials used	Resource efficiency p.40	
301-3	Reclaimed products and their packaging materials	Resource efficiency p.42	
302-1	Energy consumption within the organisation	Climate and energy p.45–46	
302-3	Energy intensity	Climate and energy p.47	
302-4	Reduction of energy consumption	Climate and energy p.48	Baseline year: 2018
303-1	Interactions with water as a shared resource	Resource efficiency p.43	
303-2	Management of water dischargerelated impacts	Resource efficiency p.43	
303-5	Water consumption	Resource efficiency p.43	
305-1	Direct (Scope 1) GHG emissions	Climate and energy p.49	There have been no significant changes in emissions that would have triggered recalculations of base year emissions. The Scope 1 emissions have been calculated based on the sites' energy consumption and emission factors received from the energy suppliers. Consolidation approach for emissions: operational control.
305-2	Energy indirect (Scope 2) GHG emissions	Climate and energy p.50	There have been no significant changes in emissions that would have triggered recalculations of base-year emissions. Calculated based on the sites' energy consumption and emission factors received from the energy suppliers. Reported as CO ₂ equivalent, so all applicable gases are included. The calculation used operational control and is location-based.
305-3	Other indirect (Scope 3) GHG emissions	Climate and energy p.51	Scope 3 calculations are currently available only for Kiilto Finland in 2023.

Code	Indicator name	Location	Additional information and comments
305-4	GHG emissions intensity	Climate and energy p. 51	Only CO ₂ emissions included in the calculation as there are no other emissions. Kiilto Danmark is not included in the calculations.
305-5	Reduction of GHG emissions	Climate and energy p. 49-51	Baseline year: 2018
306-1	Waste generation and significant waste-related impacts	Resource efficiency p. 44	
306-2	Management of significant waste-related impacts	Resource efficiency p. 44	
306-3	Waste generated	Resource efficiency p. 44	
308-1	New suppliers that were screened using environmental criteria	Ensuring suppliers' environmental sustainability p. 54	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Benefits, such as insurances, health care, disability and invalidity coverage, parental leave, retirement provisions, are provided equally to temporary and part-time employees in all Kiilto's operating countries.
401-3	Parental leave	TABLE: Parental leave p. 83	Data available only in Finland.
402-1	Minimum notice periods regarding operational changes		<p>FINLAND: With substantial changes, the proposal is given five days prior to the start of negotiations regarding operational changes. The duration of the negotiations depend on the extend of change: 14 days if the planned actions (resignation, lay-off, part-time work) applies less that 10 persons and 6 weeks if the planned actions apply more than ten persons. The regulation of operational change negotiations is dictated by law and collective bargaining agreements.</p> <p>SWEDEN:No specifications, negotiations are needed before changes can be made. The Union has 14 days to answer a proposal from the employer. Ongoing development according the strategy for example law, sustainable packing etc.The Collective agreement offers transistions programs (Trygghetsrådet).</p> <p>NORWAY:No specifications, negotiations are needed before changes can be made. The Union has 14 days to answer a proposal from the employer. Ongoing development according the strategy for example law, sustainable packing etc.</p>
403-1	Occupational health and safety management system	Our commitments p. 56-58	
403-2	Hazard identification, risk assessment and incident investigation	A safe workplace p. 62-63	
403-3	Occupational health services	A safe workplace p. 62-63	
403-4	Worker participation, consultation, and communication on occupational health and safety	A safe workplace p. 63	
403-6	Promotion of worker health	Our commitments p. 56-58 An inspiring working environment p. 65	When health services outside occupational healthcare are required, Kiiltonians are guided forward according to the local healthcare system. Currently, however, this service covers only Kiiltonians in Finland.

Code	Indicator name	Location	Additional information and comments
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Responsible products, marketing and developing customer expertise p.77	
403-8	Workers covered by an occupational health and safety management system	A safe workplace p.62–63	No worker groups are excluded.
403-9	Work-related injuries	A safe workplace p.64	
403-10	Work-related ill health	A safe workplace p.64	
404-1	Average hours of training per year per employee	Competence development p.64–65 TABLE: Average hours of training per year per employee p.83	
404-2	Programs for upgrading employee skills and transition assistance programs	Competence development p.70–72 An inspiring working environment p.59–60	
404-3	Percentage of employees receiving regular performance and career development reviews	Amount of GO discussions in 2023 p.84	
405-1	Diversity of governance bodies and employees	TABLE: Diversity of Kiilto's employees p.85	We do not report other indicators of diversity. Information by age group is not available.
405-2	Ratio of basic salary and remuneration of women to men	Diversity and Inclusion p.69	
406-1	Incidents of discrimination and corrective actions taken		During the reporting period, there was one incident of discrimination. The incident was reviewed and consequently, the remediation plan was implemented after management review process. No incidents were subject to action during the reporting period.
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human rights in the value chain p.74–76	
408-1	Operations and suppliers at significant risk for incidents of child labor	Human rights in the value chain p.74–76	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human rights in the value chain p.74–76	
415-1	Political contributions		No political contributions made in 2023.
416-1	Assessment of the health and safety impacts of product and service categories	Responsible products, marketing and developing customer expertise p.78	No data available on the percentage of the products assessed.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Responsible products, marketing and developing customer expertise p.78	
417-1	Requirements for product and service information and labeling	Responsible products, marketing and developing customer expertise p.77–79	No required information regarding the sourcing of components or content.

Code	Indicator name	Location	Additional information and comments
417-2	Incidents of non-compliance concerning product and service information and labeling	Responsible products, marketing and developing customer expertise p.78	
417-3	Incidents of non-compliance concerning marketing communications	Responsible products, marketing and developing customer expertise p.78	There were no non-compliance concerning marketing communications that resulted in a fine or a warning in 2023.
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible products, marketing and developing customer expertise p.78	In 2023, Kiilto experienced one data protection attack. Immediate action was taken to mitigate the impact on data subjects, and the relevant authorities were notified in accordance with legal obligations.

