



Sustainability Report 2022

Kiilto Family Group

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Business and Strategy



As the world around us is changing at an accelerated pace, we need to find new ways to develop and reinvent our business.

Ville Solja, CBD0

Kiilto's commitment to the future

Kiilto is committed to the future. This promise is one of our four cultural cornerstones. For this commitment to become reality, we take concrete actions to contribute to the sustainable development of our various customer and stakeholder groups as well as the entire industry.

AT KIILTO, 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.

Latest developments in Kiilto's sustainability

- A significant value-based statement was made by Kiilto regarding its decision to leave the Russian and Belarussian markets after the attack on Ukraine in 2022. Kiilto strongly condemned the Russian government's military aggression against Ukraine and began the divestment process, including selling its Russian subsidiaries and liquidating its Belarussian subsidiary. Kiilto's primary focus in this challenging situation was to ensure the safety and wellbeing of the local employees, both in Russia and Ukraine.
- As an operator in the chemical industry, Kiilto has recognised the environment as the area of sustainability where it can have the biggest impact. In 2018, Kiilto launched its Promise to the Environment, which was updated in 2022. The most significant changes included adding a water consumption target, listing the goals for preserving biodiversity, aligning the climate targets with the Science-Based Targets initiative (SBTi) and replacing the achieved targets with new ones.
- Kiilto has experienced significant growth and expanded its international operations in recent years. COVID-19 challenged our strong company culture. In 2022, we wanted to better understand our employees' experiences at Kiilto and thus engaged employees to investigate the current situation and gather observations and needs for improvement through workshops. We decided to use the Our Promise to the Environment management model to address the social sustainability issues discovered in the workshops. As a result, we began to form Our Promise to the People.
- In the spring of 2022, Kiilto was selected to participate in the Sustainability Accelerator Programme organised by the strategic and impact management consultancy 4Front and VTT, a world-class research institution owned by the Finnish government. The goal of the programme was to understand how companies can respond to growing sustainability requirements, identify the sustainability challenges of their business, and turn these challenges into business opportunities. The participation initiated further cooperation, in which VTT held workshops for Kiiltonians with the goal of identifying social sustainability issues in the value chain. One target of the cooperation was to create a tool for Kiilto to perform similar identification in all business areas.
- KiiltoClean Oy, which operates in the professional hygiene business area, received a certificate in accordance with the Medical Device Regulation (MDR) in May as the first manufacturer of disinfectant products in the world.

At the end of the year, Kiilto was chosen for a training programme on circular economy design capabilities for businesses in Finland. The Circular Design – A Path towards Circular Economy programme is unique even by international standards and focuses on the circular economy principles for design as well as practical business solutions. The training is part of the government's strategic programme to promote a circular economy, and it is implemented by Design Forum Finland, which promotes the use of design in business, under the supervision of the Ministry of the Environment.



Environmental work is closely connected with understanding the impact of the company's value chain.

*Viivi Kettula,
Environmental Manager*

Our support to Ukraine

WE ARE COMMITTED TO making sure that our Ukrainian colleagues and their families are safe. We are working on understanding their individual needs and wishes and trying to find concrete ways to help them in these difficult circumstances.

As a first step to support our Ukrainian employees, we paid their 2022 annual bonus as well as their salary for two months in advance. We are closely monitoring the situation and will continue to provide help based on the changing needs and circumstances.

We have donated 50,000 euros to Kirkon Ulkomaanapu, Finland's largest international aid organisation, to help those affected by the crisis. Together with Insta Group, we have also donated 10,000 euros via Perheyrytysten liitto, an international network of family businesses.

We have shipped donations to the crisis area from Finland, Denmark, Sweden, and Norway. Together with Udvikling Assens and other Danish companies, we shipped a lorry with a donation of 14.5 tonnes of goods to the Polish-Ukrainian border. The shipment contained, for example, soap, hand cream, hand sanitizer, diapers, infant formula, beverages, and mattresses. In Finland, via a shipment organised by Pamark Group, we donated healthcare and personal hygiene goods to the crisis area. In collaboration with Swedish Medtech and Labtech, we donated hand disinfectants from Sweden to health care institutions in Ukraine through UkrainaTransporten. From Norway, we donated Antibac hand disinfectants through EagleMission.





Kiilto Family Group

We have 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, Kiilto is a growing, family-owned company that develops, produces, and sells chemical industry solutions in four business areas: construction, industrial adhesives and fireproofing, professional hygiene, and consumer goods.

WE HAVE AROUND 800 employees, 'Kiiltonians', in nine countries. We take pride in our own research, development, and innovation functions, which serve as the foundation for our agile and valuable customer cooperation.

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, which was merged with Kiiltoplast Oy in 2022, is also a part of the

Kiilto Family Group but operates outside the chemistry field.

During the financial year 2022, the Group withdrew from Russia and Belarus. The Group had four subsidiaries in Russia, three of which were sold on 31 October 2022, but the sale of the fourth subsidiary was completed after the end of the financial year on 27 January, 2023. The Belarusian subsidiary ceased operations in spring 2022 and was legally dissolved after the end of the financial year on 17 February, 2023. The minority interests in Kangasalan Pumpaus-

keskus Oy were acquired (9.9%) in December, and the Group now owns 100% of the company's shares. Similarly, the 30% minority shareholding in the Swedish subsidiary Peter Rosen Åkeri AB was acquired in June and the Group now owns the entire share capital. Further, the entire share capital of the Swedish flooring subsidiary Injo Golv AB was sold in October. The industrial subsidiaries Intermedius Oy and Kiiltoplast Oy merged on 1 October 2022.

Kiilto Family Oy

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

Location: Lempäälä (Finland)

Kiilto Group

Field: Constructions and Industrial adhesives & Fireproofing

Locations: Finland (HQ), Sweden, the Baltics, Ukraine, and Poland. Left the Russian market in 2022.

KiiltoClean Group

Field: Professional hygiene, Consumer goods

Locations: Finland (HQ), Sweden, Norway, Denmark, the Baltics and Russia. Divestment process for the Russian operations started in the spring 2022.

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, the investment company **Antso Oy**, which invests in Kiilto Ventures operations, and Kiilto Kiinteistöt Oy, which owns Finnish real estate assets, belong to the Kiilto Family Group.

Kiilto in numbers 2022

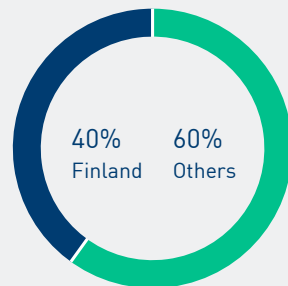
Personnel
758

Loss, MEUR
-3.1

Loss-%
1.2%

Turnover, MEUR
260.3

Turnover
Finland/Others



Developing and growing our business

AT KIILTO, we continuously test and develop new products, services and processes that maximise reusability without harm to people or the planet. This enables us to move beyond a take-make-dispose business model and optimise our resource use.

Direct economic value generated and distributed

EUR	2018	2019	2020	2021	2022
Economic added value generated (I)					
Customers (net sales, other operating income, financial income)	168 818 829	227 346 295	315 069 251	276 885 986	260 337 234
Economic value distributed (II)					
Business partners (operating costs)	110 733 203	146 914 367	185 267 340	183 027 402	188 174 315
Personnel (salaries, wages and other personnel expenses)	34 741 180	47 261 562	51 958 062	52 980 647	51 842 823
Payments to providers of capital	796 206	32 924 991	1 829 777	2 291 955	723 095
Payments to government (taxes)	3 903 939	5 941 984	14 300 606	6 246 951	1 456 451
Economic value retained in business (I-II)	18 644 301	-5 696 609	61 713 466	32 339 031	18 140 550

Voluntary donations 2022

DONATIONS EUR	2021	2022
Norway	90 000	75 000
Sweden	117433	36337
Denmark	16000	48293
Finland	38500	45250
Total	261 933	204 880

Kiilto value chain and stakeholder activities

WE ENGAGE IN SYSTEMATIC and continuous dialogue with our stakeholders through various channels to develop our products, services and other functions so that they fit the needs of our stakeholders. We expect our partners to uphold responsible practices. Through continuous dialogue, we can help our stakeholders achieve their own sustainability goals.

We use means such as surveys to collect information on the expectations of consumers and our corporate customers. Meetings and customer trainings are also important sources and distribution channels for information. We use a range of key metrics to measure customer satisfaction, such as number of claims and speed of response to customer feedback.

Annual development discussions are a key tool for analysing employees' expectations and needs. We also use employee surveys to assess employee wellbeing, working capacity and expectations towards the employer.

We have defined key indicators for the fulfilment of stakeholder expectations and goals. We monitor these indicators when working and reporting on related topics, in strategy reviews, and during process and management evaluations.



At Kiilto, transparency in the value chain is a priority due to long subcontractor chains, global production, and our emphasis on sustainability. Our materiality analysis process included our value chain.

Sustainability strategy

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 that creates global wellbeing and builds a sustainable future.

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:

Based on the materiality analysis, our most important social sustainability topics include a safe workplace, an inspiring working environment, human rights in the value chain, and competence development. To further develop our social sustainability and more effectively recognise connections with environmental issues, we decided to build a similar strategic structure and management model, Our Promise to the People, as we are using in the environmental sustainability work. This work started at the end of 2022.



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.





Owner's foreword

Kiilto has always taken pride in being at the forefront of responsible corporate citizenship. Despite having a history of over a hundred years, we have a vision looking ahead: to profitably produce and sell solutions profitably in 2080, aiming for regional market leadership. This can only be achieved if all Kiiltonians make ethical decisions daily.

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 journey towards 2080 will provide value to our customers, value chains and society as a whole.

Our Promise to the Environment has been a success story and a learning experience. On the one hand we have achieved several targets and raised our level of ambition by setting new ones. In addition, we have found that the management model we have chosen to fulfil Our Promise to the Environment is efficient owing to its comprehensiveness. Our extensive approach involves all functions at Kiilto and has enabled us to truly integrate environmental thinking into all our processes and decision-making.

On the other hand, Our Promise has shown that sustainability is a journey of continuous learning, co-operation, and re-evaluation. To deepen our understanding of social responsibility including sustainability throughout our value chain, we have decided to make a Promise to the People. We realise that the various areas of sustainability cannot be handled separately, and with this new promise, we aim to better understand the relationships between these different areas.

We reach to the future instead of looking for short-term gains, while taking small, impactful steps one at a time. 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 humankind.



We reach to the future instead of looking for short-term gains, while taking small impactful steps one at a time.

Erkki Solja, CEO, Chair of the Board, Owner

At Kiilto, we want to ensure that we have a culture that supports fulfilling this task.

Erkki Solja, CEO, Chair of the Board, Owner

Read more on our website: [When companies invest in environmental expertise, both customers and the industry can develop – Kiilto](#)

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.

Overview of our business areas

Construction

Kiilto produces, sells, and markets products, solutions, trainings and services for construction professionals related to waterproofing, tiling, flooring and walls. The customer groups mainly comprises construction companies, hardware stores, and designers. 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 serve customers in different areas of the industry, 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.

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.

Consumer goods

Kiilto has a strong market position in the consumer market, especially in Finland. Kiilto's well-known consumer brands include Kiilto, Erisan, Serto, Aisti 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.





Sustainable choices throughout the value chain



Raw materials

The materials must be safe for the user and the environment and must ensure the quality, functionality, and competitiveness of the product. Raw material procurement is always based on objective criteria, which are regularly evaluated and updated. The impacts of raw materials are assessed on the basis of the emissions, biodiversity and human rights information provided by the supplier, and the information available in the databases.



Packages

Kiilto requires that the packaging supplier follows generally accepted quality and sustainable operating models. A local supplier is selected if possible. Together with its partners, Kiilto develops more resource-efficient packaging by, for example, including renewable and recycled materials and making recycling easier. Packaging must be as light as possible without compromising safety. This reduces both the amount and the cost of packaging waste. Bulk deliveries enable nearly packaging-free deliveries.



Logistics

Large-scale containers, bulk deliveries, more resource-efficient packaging, and centralised transport of raw materials all reduce waste, emissions, and costs. Kiilto is constantly developing its supply chain and strives to optimise both raw material purchases and product delivery times to minimise emissions from logistics. By 2028, we will decrease the fossil energy consumption of our deliveries to customers by 20% compared with 2021 levels.

The timeliness, flawlessness and safety of deliveries are quality indicators that monitor the level of both our own and the carrier's operations.



Research, development, and innovation

Kiilto's own product development team quickly reacts to customer needs, changes in legislation, and technological developments. We are looking for better, more sustainable, and competitive solutions for the user and the environment. Kiilto invests in more environmentally sound innovation and the development of new business.



Production

Kiilto's products are manufactured as close to the customer as possible. Local production minimises the environmental footprint of operations and increases delivery reliability. Kiilto's factories are located in Finland, Sweden and Denmark. Closed manufacturing, batch-specific processes, as well as dosing and transfer solution minimise by-products and emissions to soil, air, and water.



Use of the product

The customer receives a safe, environmentally friendly, high-quality, and economically optimal product. Kiilto trains business customers at the Kiilto training centre, at regional warehouses and through webinars on the correct and safe use of our products, systems, and methods. All products have a clear user manual, and product advice serves our customers in various questions related to the use of products.



Recycling and disposal

Clear product recycling and disposal instructions help dispose of product residues and empty packaging in the right way. Kiilto is also developing opportunities for refilling and closed-loop packaging. An important development project is material re-use, and this is sought by, for example, debonding on demand.

Customer

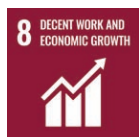
With its solutions and services, Kiilto helps improve customers' financial performance, efficiency, sustainability work, and competencies. These are the most important factors guiding Kiilto's product development. Developing products in cooperation with our customers ensures a practical understanding of the customers' operating environment and helps detect future signals as early as possible.

Kiilto's cultural cornerstones

Despite naturally evolving over time and through societal changes, Kiilto's company culture has stayed strong and stable over time. It forms the shared value base for our everyday ethical decisions, big or small. It sets the standards for Kiiltonian ways of working beyond regulations and set ethical principles.

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).

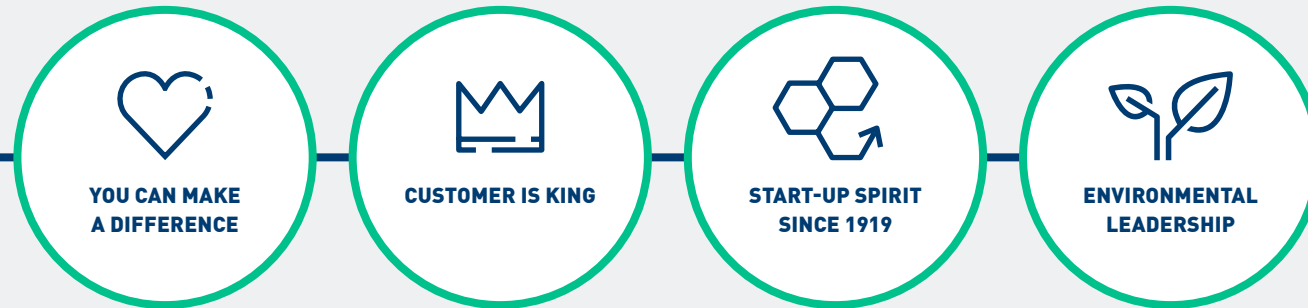
At Kiilto, we have defined four cultural cornerstones: (1) You can make a difference, (2) Customer is King, (3) Start-up Spirit since 1919, and (4) Environmental leadership.



If you want to head in the right direction, you can't afford to fear change. Instead, you have to have the courage to lead the way, clear new paths and reach for the unknown. The best results come about when the journey is planned and made together, in an atmosphere of trust.

Tomi Takala, Business Area Director, Industry

Kiilto's cultural cornerstones



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: Responsibility, cooperation, interaction, and positive enabling.

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: 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. Customer is King 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 realise this aspiration.

Start-up spirit since 1919

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

Building blocks for this cornerstone: 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 8.4% of Kiiltonians. We encourage our personnel to share ideas through an initiative tool and hold idea accelerator programmes such as Kiilto Up, which we have organised three times.

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

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: 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.

Kiilto culture is implemented and communicated through a defined on-boarding processes, everyday work, management as well as the Code of Conduct. 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 2021–2022, 100 Kiiltonians participated 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 Kiilto's operating policy. Kiilto's purchasing function uses the Supplier Code of Conduct to communicate Kiilto culture also to suppliers.

We support various forms of social and environmental ventures as well as art and cultural endeavours. Within these areas we collaborate with, for example, actors engaged in promoting social or environmental responsibility, youth organisations and associations as well as various educational institutions.

Management process and risk assessment

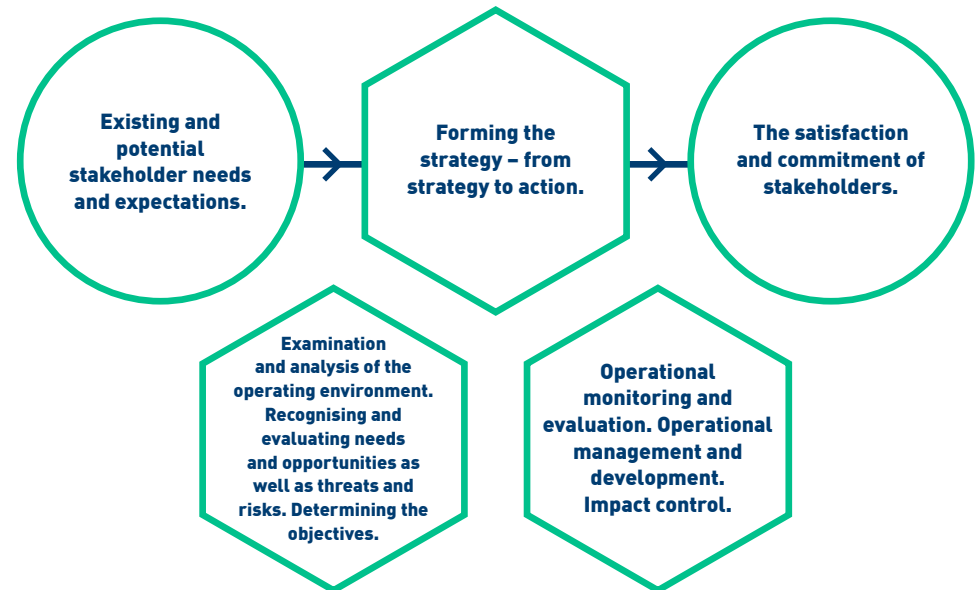
The responsibility for setting targets, designing processes, and developing and measuring sustainability at Kiilto lies with the Board of Directors, CEO, and management groups. As a family-owned company, owners have an important role in directing the development of sustainability work. The owners influence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

THE MANAGEMENT GROUPS direct and monitor organisational activities and their performance process at the executive level, track the achievement of strategic goals, and ensure that stakeholder expectations are met. The groups report to the boards

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



Strategy Management Process



Process teams, operating units, responsible parties for specific operations, environment, safety and occupational wellbeing organisations



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 collaborating with experts and authorities.

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

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 are 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

Kiilto's strategic and sustainability strengths

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

Managing sustainability

Kiilto does not have a separate Sustainability Director. Instead, sustainability is seen as an integrated part of every Kiiltonian's job. To increase cooperation between different functions and to streamline sustainability work, Kiilto has established a sustainability steering group consisting of members from the HR, communications, supply chain, management, legal, ICT, RDI, finance and EHSQ teams. The group meets monthly and reports to the Managing Directors.

Risk assessment

WE EVALUATE OUR business risks annually during strategy and budget planning and through internal expert working group reviews. The management teams assess risks when drawing up the annual report.

The management groups are responsible for daily risk management and for the execution of risk management in their subgroups. All Kiiltonians must know and manage the risks in their areas of responsibility.

Kiilto 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 the group, subgroup and function levels. Risk treatment involves one or more risk management options, 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. For example, in 2022, one of the focus areas in risk management was the lack of energy supply in Europe, which was recognised as a potential risk. A project was created to assess the risks, and measures were taken to ensure business continuity.

Increasing costs and volatile supply chain

Increasing input costs or reduced availability of materials, goods and services may adversely affect Kiilto's profitability. Therefore, having reliable low-cost suppliers 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-related lockdown measures, and political instability. During 2021–2022, many such risks came to fruition. Due to its strong financial position, Kiilto can manage these 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 Kiilto operates in, including changes to environmental, fiscal, tax or other regulatory regimes. Potential impacts include higher costs and increased capital expenditure to meet new requirements. In 2022, the country risks in Russia and Belarus materialised and the Board decided to exit those markets. In coming years, biocidal registrations and due diligence related to environment and human rights are expected to require resources.





We wanted to design an impactful learning journey covering key leadership development needs and opportunities to drive and cultivate our growth and culture.

*Tiina Lautala,
People Development
Lead*

Competing for talent

Competition for personnel is intense, and among many professions, there is labour shortage in the countries in which 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 delay in hiring key personnel could seriously harm business and impede Kiilto in reaching strategic objectives. Kiilto has taken measures to improve its employer brand and become better known both internally and externally.

Safety deficiencies

Deficiencies in safety management can harm Kiilto's employees as well as neighbourhoods and the environment. Impacts including physical injury, health effects and environmental damage could induce liability to employees or third parties, reputational damage, or an inability to attract and retain skilled employees. Furthermore, government authorities could temporarily close our operations.

Production failures

There is an inherent risk of failure at Kiilto's production facilities. This could result in poor product quality, excessive downtime, lower output, increased

production costs and the inability to meet delivery commitments. Preventive maintenance programmes and spare part criticality analyses are utilised to ensure the availability and efficiency of key machinery.

Improper use of products

As Kiilto's products are chemical products, correct usage is essential. Failures in product safety could result in product recalls, which can involve significant costs including compensation and reputational damage. Kiilto has relevant and certified ISO quality management systems in place, and the company trains thousands of customers each year in the safe and proper use of products. Furthermore, contractual liability limitation and insurance protection are used to limit risk exposure.

Cyber security risks

Kiilto actively works to prevent cybercrime through different types of security controls and training. Kiilto outsources security services and servers. Well-functioning ICT systems enable efficient and reliable operations, data utilisation, performance optimisation as well as new services for Kiilto's customers.

Failed acquisitions

Failure to realise the expected benefits from an acquisition of a company or asset can have serious impacts on financial performance. 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 to a certain extent by proper due diligence and contractual protection.

The regulatory environment is constantly developing. Operating in multiple jurisdictions requires keeping up to date with current and upcoming legislation. Kiilto is exposed to risks related to breach of applicable laws and regulations and the Code of Conduct. Breaches may lead to reputational damage and high compliance and remediation costs.

Kiilto's operating policy

We are committed to anticipating, preventing and mitigating the risks posed by our operations, products and services. We comply with all statutory requirements, regulations and guidelines. We are committed to maintaining and developing our operating system to ensure its effectiveness and efficiency. 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 fireproofing, 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.

All Kiilto employees understand their responsibilities and objectives, are responsible for the quality of their work and contribute to operational development.

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

In addition to Kiilto's sustainability themes, product safety plays 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.



Yearly training on Code of Conduct

Completing the Code of Conduct e-learning course is a part of every Kiiltonian's yearly 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 included in the on-boarding programme of every new Kiiltonian.

Kiilto's Code of Conduct – and thus the e-learning course – covers anticorruption policies and procedures.

All Board members and 70% of the employees completed the e-learning 2021–2022 course.



Completed Code of Conduct trainings in 2022

Country	Employees	Group management team, Country director
Finland	85%	83%
Sweden	49%	100%
Denmark	49%	100%
Norway	84%	100%
Estonia	83%	50%
Lithuania	69%	100%
Latvia	92%	100%
Ukraine	11%	0%

Kiilto also has a Supplier Code of Conduct. This is used as part of the supplier 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.

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 ensuring that 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.

We promote effective and fair competition and have instructions for our personnel on how to execute this principle.

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 necessary for the specified purpose. We keep the data up-to-date and delete data that are outdated or no more needed. We are transparent in how the data will be used.

When dealing with consumers, 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 that 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 our commitment to integrity and transparency. We strive for accuracy, 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.

We always conduct a background check before selecting a business partner. Kiilto is responsible not only for the actions of its employees but also for the actions of the business partners that represent 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 do not share this principle and have a known history of bribery.

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 helps us meet our legal and regulatory requirements concerning, for example, 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

Our staff is encouraged to report any suspected case of unethical behaviour or misconduct. We have multiple channels to raise concerns. All concerns, irrespective of the channel used, are confidentially handled 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 HR and/or EHQS Manager
- Managing Director and Legal team
- Online whistleblowing channel.

Reports can be made at:
<https://report.whistleb.com/fi/kiilto>

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

Kiilto Supplier Code of Conduct

Kiilto wants to be an attractive business partner and seeks reliable and fair relations with its suppliers for mutual benefit. The Supplier Code of Conduct outlines the minimum standard of behaviour that Kiilto requires its suppliers to comply with when doing business with Kiilto. The Supplier 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 Supplier 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 Supplier 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.

Kiilto Supplier Code of Conduct can be found here: <https://www.kiilto.com/wp-content/uploads/2023/04/suppliers-code-of-conduct-.pdf>



Materiality topics and approach to stakeholder engagement

In 2018, Kiiltonians worked hard to form Our Promise to the Environment, which became the baseline for the company's sustainability work. With the help of an external consultant, Kiiltonians also reformulated Kiilto's material sustainability topics. Since then, these materiality topics have been confirmed by Kiilto management each year.

Continuous dialogue with stakeholders

Identifying and addressing stakeholder expectations is an essential part of Kiilto's sustainability work. 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 improve our products, services and processes to better meet their expectations and supports our stakeholders in achieving their sustainability goals.

Every two years, Kiilto participates in T-Media's comprehensive Reputation&Trust study, which assesses factors such as

stakeholder support, an organisation's ability to listen to and understand its stakeholders, an organisation's ability to operate in an innovative, open and transparent manner as well as act ethically and responsibly.

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.

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.

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.



Innovations that reduce the burden on the environment not only create new products but also give the whole industry an opportunity to develop sustainably.

Raija Polvinen, RDI Director

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.

Organisations KiiLTO cooperated with in 2022 (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	
	Eesti Keemiatööstus Liit	
	Viimistlusmaterjalide Paigaldajate ja Tarnijate Liit	
Finland	Ainutlaatuinen Saaristomeri	
	CEN	
	FIBS (Finnish Business & Society)	
	Green Building Council Finland	
	Helsingin yliopisto	
	IBC Finland	
	Ilves jalkapallo	
	John Nurmisen säätiö	
	Joutsenmerkki	
	Kemesta ry	
	Kemianteollisuus	
	Rakennussäätiö RTS	
	Science Based Targets Initiative	
	Sisäilmayhdistys	
	Suomalaisen Työn Liitto	
	Suomen Pakkauskierrätys RINKI Oy	
	SusChem	
	Taimiteko	
	Tampereen Ammattikorkeakoulu	
	Tampereen Kauppakamari	
	Latvia	LTRK (The Latvian Chamber of Commerce and Industry)
		Norway
		Asthma and Allergy Nordic
		Grønt Punkt Norge
	Russia	Association of Wooden Housing Construction
		Finnish-Russian Chamber of Commerce
		Polish Association of Commerce and Services of Floor Coverings
St. Petersburg International Business Association		
Union of Dry Building Mixtures Producers		
Wood Industry Economy Chamber /PIGPD		
Sweden	BKR Bygggeramikrådet	
	BPHR Industry Association for Professional Hygiene	
	Confederation of Swedish Enterprise	
	drymix.info	
	FTI	
	Golvavjänningsgruppen inom Golvbranschen, GAGG	
	Golvbranschens Riksorganisation, GBR	
	GVK (Golvbranschens VåtrumsKontroll)	
	Handelskammaren Mittsverige	
	KAF Kakelföreningen	
	SAIC The Swedish Association for Infection Control	
	Stockholms Snickarmästare-förening	
	SVEFF The Swedish Paint and Adhesive Association	
	Svensk Förening för Vårdhygien	
	Swedish Concrete Association	
Swedish Medtech		
Örnsköldsviks Industrigrupp		
Denmark	Turun yliopisto	
	Turvallisuus- ja kemikaalivirasto (Tukes)	
	Työterveyslaitos	
	VTT	



By participating in the Baltic Sea Day, we wanted to celebrate the sea, which belongs to us all, to highlight important environmental concerns, take environmental action and encourage others to do the same.”

*Tiina Niemi,
Executive Assistant*

Kiilto stakeholders, expectations, and actions

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.

With the biennial Reputation & Trust study, Kiilto measures stakeholder support. The study includes six different indicators that measure, for example, our stake-

holders' level of trust, willingness to recommend Kiilto and willingness to support Kiilto in a crisis. All B2B areas also use the Net Promoter Score (NPS) to measure customer satisfaction.

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.

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. Kiilto finds it crucial to utilise all opportunities to listen to stakeholders and proactively raise sustainability topics in discussions.

The Kiilto employee survey is conducted annually, and smaller pulse surveys are administered several times a year. Kiilto encourages open dialogue with both internal and external stakeholders.



Dialogue with our stakeholders

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	<p>Tax revenues, employment, general wellbeing, local investment</p> <p>Monitoring and responding to risks and opportunities in the chemical industry</p> <p>Following legislation and influencing its development</p> <p>Conserving natural resources and responding to climate change</p> <p>Access to information and support, getting help to alleviate grievances</p> <p>High-quality safety management</p>	<p>Ensuring favorable conditions and permits for operations, know-how, technology, and sufficiency of resources</p> <p>Benchmarking of good practices</p>	<p>Job supply and employment projects</p> <p>Profitable and growing business</p> <p>Location, expansion decisions, and investments</p> <p>Sustainability programmes, consultation, information exchange and cooperation</p> <p>Continuous expert communication to increase knowledge in the field of chemistry</p>
Media	<p>Open communication</p> <p>Active sharing of the latest information</p> <p>Expert assistance</p>	<p>Highlighting topical issues</p> <p>Sharing correct information</p> <p>Open and constructive dialogue</p>	<p>Open dialogue</p> <p>Continuous communications</p> <p>Media distribution and monitoring</p> <p>Assistance</p>
Educational and research institutions	<p>Supporting studies and enabling internships</p> <p>Developing degree programmes and study materials</p> <p>Providing expert assistance</p> <p>Development of professional skills and work readiness.</p> <p>Research projects</p> <p>Development of science and technology and its availability</p>	<p>Ensuring know-how and technology</p> <p>Development of new innovations and solutions</p> <p>Promoting one's own industry image</p> <p>Ensuring the sufficiency of resources</p>	<p>Provision of internships and seasonal jobs</p> <p>Introductory events and theses</p> <p>Research collaboration</p> <p>Scholarships, grants, donations</p> <p>Research projects and RDI collaboration</p>
Non-governmental organisations	<p>Support for activities</p> <p>Access to information and assistance</p> <p>Empowerment</p>	<p>Promotion of health, culture and wellbeing</p> <p>Strategic cooperation potential</p>	<p>Continuous and consistent support of chosen activities</p> <p>Open dialogue and cooperation with relevant organisations</p>



Managing materiality topics

The process of determining Kiilto's material topics involved several stakeholder groups. The most important groups are personnel, customers and business area-specific societal actors. The information gathered from surveys as well as personal encounters with customers and other stakeholders was reviewed in relation to Kiilto's strategy, and the most relevant topics were identified. The process and material topics have been approved by the Board as well as the owners. The management teams evaluate the

significance and realisation of Kiilto's material sustainability topics annually based on standards, the sustainability strategy, the perspectives of stakeholders and the general business and industry environment.

There have been no significant changes to the material topics since the last reporting period. The next stakeholder workshops for Kiilto's material assessment will be held in 2023.

Environmental materiality topics



PRODUCT AND MATERIAL SUSTAINABILITY

Growth in the sale of products with safety certification and environment label



MATERIAL EFFICIENCY

Waste reduction; Emission reduction; Waste recovery; More efficient water consumption; Bio-based raw materials; Boosting of circular-economy



ENERGY EFFICIENCY

Energy consumption; Renewable energy production; Customers' energy efficiency; Logistics

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 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 (SDGs) and our Science Based Targets initiative (SBTi).

Our environmental sustainability is reported in more detail in [Our Promise to the Environment](#).

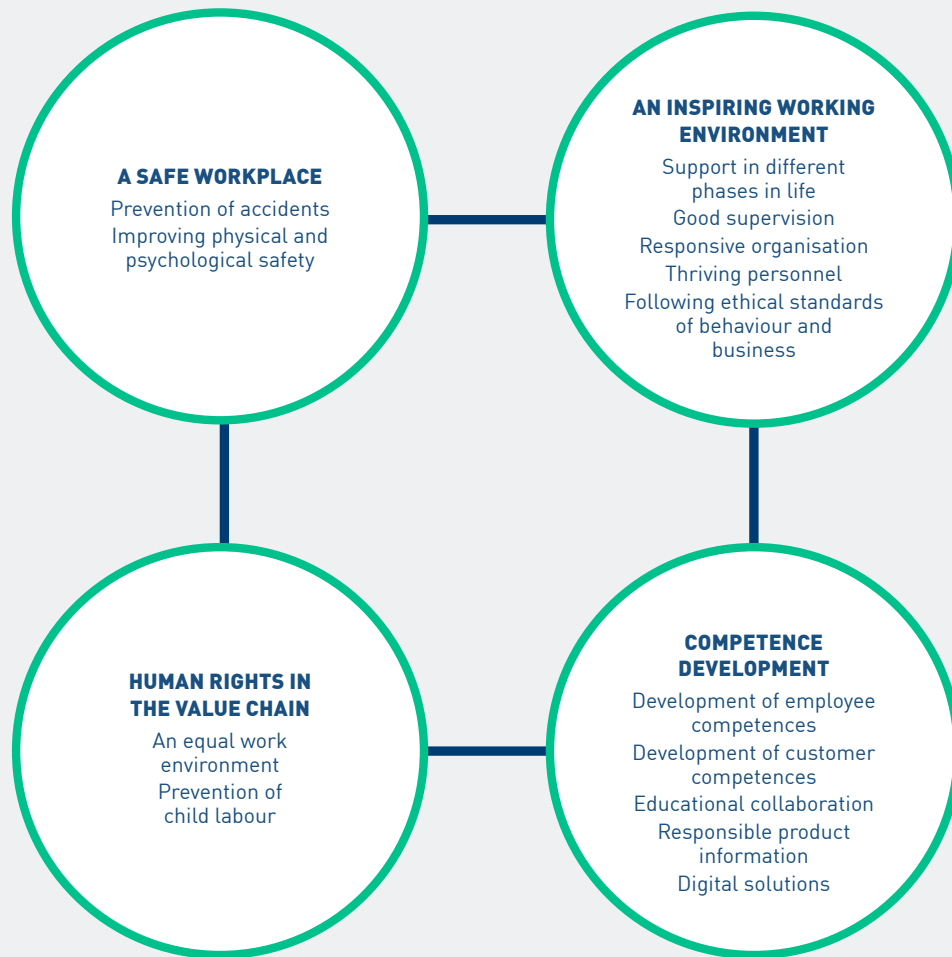


I believe my work with Kiilto's packaging and raw materials makes a difference in terms of the environment.

*Vilma-Lotta Moisio,
Head of Purchasing*



Social materiality topics



Our goals and actions

To foster an open, supportive and inspiring work environment, we encourage ongoing dialogue with our personnel. We have both continuous processes, such as an idea channel, and short-term campaigns, such as Kiilto Up, to provide opportunities for our employees to contribute to business development.

We enhance our employees' career prospects through competence development and active training. Our goal is that a career at Kiilto provides our employees the potential to succeed.

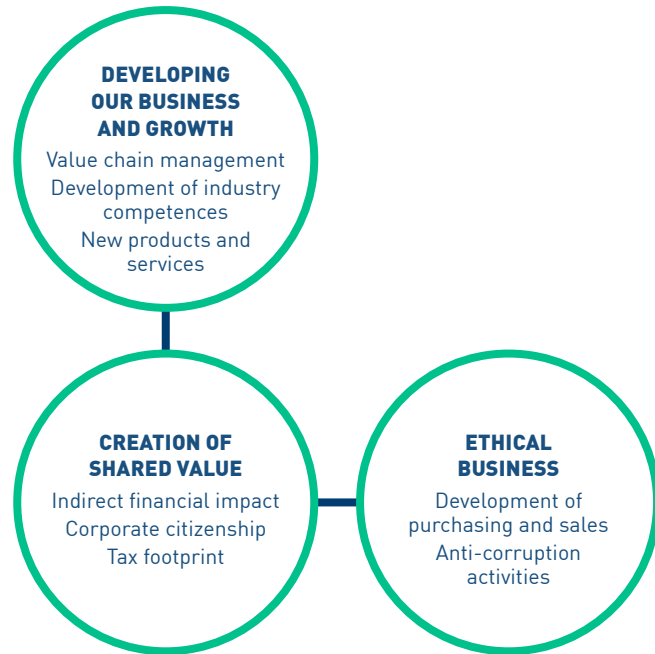
By reducing our use of solvents in production and increasing the sales of our safety-classified, environment-labelled products, we are improving occupational and customer safety in our own working environment and on our customers' premises.

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.

Our social sustainability is reported in more detail in [Our Promise to the People](#).

Governance materiality topics



Our goals and actions

Kiilto enhances economic stability within its value chain by building strong business relationships and sharing knowledge.

Kiilto is a responsible corporate citizen, with wellbeing and ethical practices as its footprint. The company also has a stable and transparent tax footprint

Kiilto creates a basis for financial sustainability by promoting ethical practices throughout its value chain.

It prevents crime and abuse through anti-corruption activities and by developing purchasing and sales activities.

Materiality 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

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.











Our Promise to the Environment



It takes courage to take the first step, and the plans must be adaptable as we gain more knowledge about biodiversity.

*Viivi Kettula,
Environment Manager*

Our Commitments

Key legislative tools for the chemicals sector include the EU's directives on the registration, evaluation, and authorisation of chemicals, such as REACH, 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 in 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.

Most of Kiilto's production plants are ISO 14001 certified, which guarantees that the most important environmental aspects are considered. No site-based or company-based risk assessments have been needed.

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,

accidents have decreased by 91%, energy consumption by 20%, water consumption by 51% and greenhouse gas emissions by 28% in member organisations. 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

The desire to be the environmental leader in our sector originates in Our Promise to the Environment, which was launched in 2018. Our Promise and its ways of thinking, evaluation actions and decision-making are a part of the Kiilto culture. Our promise to the Environment created the framework for all environmental efforts of Kiilto.

Since spring 2022, Kiilto has been in the process of setting climate targets aligned with SBTi. At the end of 2022, Kiilto updated the targets of Our Promise to the Environment, and the 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.

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 evolves over time and is updated as we learn new. The latest update was made in 2022.

The most significant updates included adding a water consumption target and goals for preserving biodiversity, aligning the climate targets with the SBTi, and replacing achieved targets with new ones.

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 promise and measurable targets. The development of each area is led by a project group that meets regularly, and its progress is reported monthly 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 playing our part in combating climate change and promoting sustainability. In production, we invest in environmentally friendly technology, 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 sub-targets to hit along the way.

- 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. Now, we account for all Scope 1 and 2 emissions. In addition, we account for the business travel and commuting categories from Scope 3.

Packaging and logistics: We reduce the use of fossil and virgin packaging material every year

When developing products, we continuously seek raw materials and forms of packaging that are kinder to the environment. 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.

- 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.

- 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.

- 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.

➤ [Read an article in our newsroom: Biodiversity, water use and collaboration with customers are now an even more integral part of Kiilto's Promise to the Environment](#)



Sustainability of products and materials

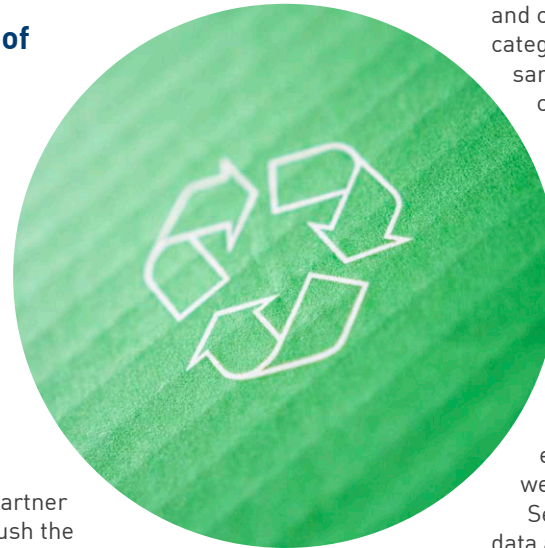
Kiilto produces products for both B2B and B2C markets. The sustainability of products and materials is an integral part of Our Promise to the Environment: Kiilto invests in environmental innovations and seeks new sustainable business via Kiilto Ventures. Kiilto has a strong in-house research, development and innovation (RDI) team, as 8.4% of Kiiltonians work in this function, developing products and innovations that help build a sustainable future.

KIILTO'S TARGET IS TO REDUCE the use of fossil and virgin packaging material every year and to ensure that 70% of Kiilto's packaging material will be reused, renewable or recycled by 2025. By 2025, we will double the use of recycled and renewable raw materials in our chemical factories compared with the 2018 levels. Kiilto's targets for product packaging and materials are introduced in more detail in [Our commitments](#).

More information on materials can be found in the section [Resource efficiency](#).

Kiilto Ventures

KIILTO VENTURES IS AN AGILE partner that invests in innovations that push the boundaries of Kiilto's current business areas. We invest in sustainable, data-driven innovations in industrial adhesives and fireproofing, construction, and professional hygiene. We assess our investments based on the strategic value that they create for Kiilto in terms of creating novel sustainable business; investment return targets are considered secondary.



Biodiversity impacts

WHEN INCLUDING BIODIVERSITY in Our Promise to the Environment, Kiilto set up a biodiversity group and conducted a materiality analysis on the different categories of biodiversity. The analysis used the same methodology as in the biodiversity survey conducted by the Chemical Industry Federation of Finland (Kemianteollisuus ry) in spring 2022.

The analysis showed that the categories most relevant to Kiilto's operations are greenhouse gas (GHG) emissions and land use. However, the survey also brought to light the difficulty of measurement, as GHG emissions were the only category for which clear indicators exist. The area in which Kiilto has the best opportunity to make a difference is the supply chain. To assess impacts in the supply chain, Kiilto is planning to map suppliers' land use as a part of more detailed environmental screening. In 2022, biodiversity targets were included in Our Promise to the Environment.

Setting quantitative goals was very difficult, as more data are needed. Nevertheless, Kiilto was able to set two goals: invest in local emission offset projects and biodiversity preservations, and make environmental initiatives annually to preserve biodiversity together with our partners.

➤ [Read an article in our newsroom: Biodiversity – a challenge to companies](#)

Risks and opportunities

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. 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

<p>Industrial Bonding</p> <ul style="list-style-type: none"> • 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 	<p>Constructions</p> <ul style="list-style-type: none"> • Green wet room solutions with circular and renewable raw materials • Green flooring solutions
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➤ *Read an article in our newsroom: [From 50% to 100%: The most used household cleaning brand in Finland doubled products with environmental label in a year](#)*

Product safety

SAFE PRODUCTS ARE VITAL to sustainable business. The product must be safe for the Kiiltoonians manufacturing it, product users and the environment. In 2022, many new chemical legislation initiatives were implemented to improve product safety.

EU legislations, REACH and CLP were updated, which required all safety data sheets to be updated by the end of 2022. New classifications were added, such as environmental hazards for ground organisms and endocrine disruptors.

➤ *Read more about product safety: [Product safety](#)*

➤ *Find the recycling instructions on our website: [Recycling and disposal of packaging](#)*



Resource efficiency

Kiilto strives to continuously improve its material and resource efficiency, which is one of our identified materiality topics. Materials is also one of the four areas of Our Promise to the Environment. Our target is to use less fossil and virgin raw materials and reduce waste every year.

Raw materials

IN 2022, THE TOTAL AMOUNT of raw and packaging materials decreased. The largest contributing factor was Kiilto's withdrawal from the Russian market. The amount of bio-based raw materials decreased compared with the year 2021. The reason was the increase in the amount of floor screed manufactured compared with adhesives, as the floor screed does not contain bio-based materials. For the same reason, there was a small increase in the amount of recycled materials. In 2020, the amount of bio-based raw materials reached its peak owing to the pandemic and the significant increase in bio-based ethanol used in hand disinfectants. Because the production volumes have stabilised, the amount of bio-based materials has also levelled to follow the previous development path.

The overall amount of bio-based packages remained on the same level as in 2021. However, the amount of recycled packaging materials increased, and Kiilto's Lempäälä site reached the target of having 70% of packaging material reused,

renewable or recycled. The target year for the entire Kiilto is 2025. Kiilto will also annually decrease the materials used in our packaging per produced tonne.

The total amount of renewable and recycled raw materials increased during

2021–2022 from 13.3% to 15.0%. After a struggle of finding bioethanol that meets the quality requirements, Kiilto was able to start using it in the disinfectants. Kiilto also invested in using recycled materials in packaging and finding mass-balance raw materials.

Materials used by weight (kg)

	2018	2019	2020	2021	2022
Total amount of raw materials	140 870 696	156 120 267	164 174 157	160 505 263	128 373 116
Bio-based raw materials	4 310 776	4 896 946	9 736 008	6 369 359	4 953 151
Not bio-based raw materials	136 559 920	151 223 321	154 438 149	154 135 904	123 419 965
Total amount of packaging	4 388 347	4 878 091	5 986 385	4 956 512	4 096 966
Renewable materials	859 235	926 396	1 243 047	857 953	710 498
Non-renewable materials	3 529 112	3 951 695	4 743 338	4 098 559	3 386 468
Renewable materials	5 170 011	5 823 342	10 979 055	7 227 312	5 663 649
Non-renewable materials	140 089 032	155 175 016	159 181 487	158 234 463	126 806 433

Sites included 2020–21:

Finland: Turku, Hankasalmi, Lempäälä, Forssa

Sweden: Halstahammar, Örnsköldsvik

Denmark: Assens

Russia: Kaluga, Ramenskoe, Sertolovo

Sites included 2022:

Finland: Turku, Hankasalmi, Lempäälä, Forssa

Sweden: Halstahammar, Örnsköldsvik

Denmark: Assens

Boosting the circular economy

CIRCULARITY HAS BEEN identified as one of the most important development areas for Kiilto RDI. It is also tightly linked with preserving biodiversity and reducing emissions. Kiilto continuously seeks opportunities to test side streams from other areas of the industry or reuse packaging.

Investing in debonding on demand has been the most recent circular economy project at Kiilto. It involves debonding different materials at, for example, a construction

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. Investments in the research and development of techniques for debonding on demand will continue in the coming years.

At the end of 2022, Kiilto was chosen to participate in *The Circular Design – A Path towards Circular Economy* programme, which focuses on circular economy principles for design and practical solutions for business.

Reclaimed products and their packaging materials

AS A PART OF OUR PROMISE to the Environment indicators, Kiilto collects data on the amount of reused packages. The percentage of reusable packages compared with all packaging materials we use was 26.2% in 2022. Kiilto has not organised the reclaiming of smaller empty packages, as the waste management companies have more effective ways to do it.

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 empty containers need to be collected. The reclaimed containers are reused in Kiilto manufacturing.

During 2019–2022, Kiilto conducted a closed-loop pilot project with its customers, in which Kiilto’s HDPE packages were reclaimed. The pilot produced 5,000 kg plastic packages to be reproduced as new packages. At the end of 2022, Kiilto set a new target to pilot the reuse of small packages. This pilot will be conducted during 2023–2024.

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.



Water consumption

THERE WERE NO SIGNIFICANT changes in water consumption in 2022 compared with 2021. The water consumption data are available only for Finland, where a significant part of Kiilto's production is located. 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. The Lempäälä plant has a mechanical process for wastewater pre-clarification, 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. The amount of wastewater from our Lempäälä plant was 14,252 m³ in 2022.

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 the 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)

	2018	2019	2020	2021	2022
Surface water					
Ground water					
Rainwater					
Wastewater					
Municipal water (Turku and Hankasalmi)	21 251	22 865	28 625	29 675	29 610
Municipal water (Lempäälä)	22 757	20 847	21 197	22 720	21 653
Total water consumption	44 008	43 712	49 822	52 395	51 263



Waste

BY 2025, KIILTO AIMS TO HALVE the amount of waste generated compared with the 2018 level.

Batches that do not meet product or raw material requirements are utilised in Kiilto's own manufacturing if this can be done without compromising the quality of the products. When the usage volume of raw materials is sufficiently high and tank capacity is available, raw materials are ordered in bulk, resulting in no packaging waste. The intermediate bulk containers (IBCs) and cargo pallets are washed and reused.

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 in 2022 owing to the exclusion of the Russian production sites because of Kiilto leaving the market. The production in Russia was less waste-intensive compared with Finland and Sweden. Also, more non-conforming (off-spec) products were disposed in Lempäälä and Forssa in 2022 than in 2021.

Waste intensity*

	2018	2019	2020	2021	2022
Waste kg	1 356 549	1 377 633	1 188 507	1 101 805	1 022 958
Sold products kg	168 708 891	181 958 544	197 867 354	190 149 045	150 978 742
Waste kg / sold kg	0.80%	0.76%	0.60%	0.58%	0.68%

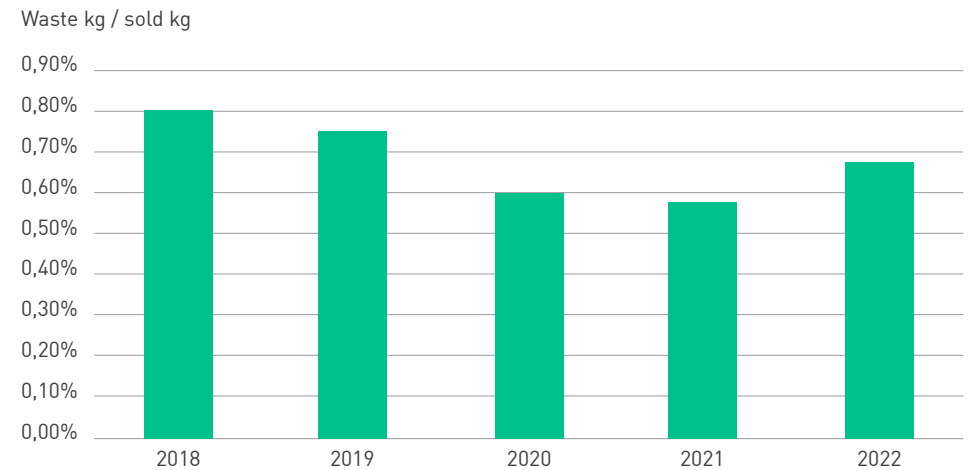
*Sites included 2020–21:

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

*Sites included 2022:

Finland: Turku, Hankasalmi, Lempäälä, Forssa
Sweden: Halstahammar, Örnsköldsvik
Denmark: Assens
Estonia

Waste intensity



The non-hazardous waste diverted from disposal includes:

- Dry mix plant waste (directed to replace the virgin material in the infrastructure of dump yards)
- Energy waste (used in producing recycled fuel)
- Baled plastic (recycled)
- Cardboard (recycled)
- Metal (recycled)
- Barrels and containers (reused)

The non-hazardous waste directed to disposal includes:

- Mixed waste (burned, and the energy collected)
- Non-hazardous adhesive waste (burned without collecting the energy)
- Sedimentation tank (burned without collecting the energy)

The total amount of hazardous waste in 2022 was 8,845 kg. The hazardous waste diverted from disposal at the Lempäälä plant included washing acetone, which was redistilled for Kiilto's use. Other hazardous waste was burned and thus used as an energy source.

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 SDGs – 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, to 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 2022 calculation, we accounted for all Scope 1 and 2 (direct) emissions and business travel and commuting-related indirect (Scope 3) emissions.

Energy consumption and 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 was able to decrease the amount of purchased energy due to investments in geothermal energy and heat recovery. This increased Kiilto's own energy production. The year 2022 was slightly warmer compared with 2021, which directly affected the need for heating. Kiilto also left the Russian market in 2022, which impacted the need for purchased 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 solution, Lempäälän Lämpö will replace the use of

gas in summer district heating production in the Sääksjärvi network in Lempäälä, Finland. The new cooperation and configuration will result in carbon-neutral district heating.

During the reporting year, Kiilto had solar power plants on the roof of its plants in Lempäälä and Hankasalmi. 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.

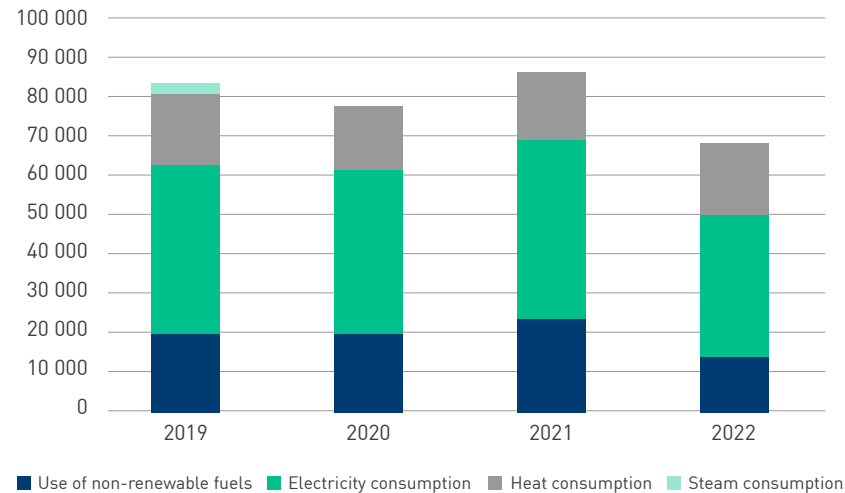
➤ [Read an article in our newsroom: *Kiilto's new joint network with a local energy company reduces emissions significantly*](#)

Energy consumption

Energy consumption in Kiilto

	2019	2020	2021	2022
Use of non-renewable fuels (GJ)	Natural gas 19 268 GJ Fuel Oil 1 799 GJ	Natural gas 17 246 GJ Fuel oil 1 441 GJ	Natural gas 22 969 GJ Fuel oil 1 079 GJ	Natural gas 11 837 GJ Fuel oil 1 976 GJ
Use of renewable fuels	0	0	0	0
Electricity consumption (GJ)	41 563	41 947	42 207	36 128
Heat consumption (GJ)	17 243	15 567	18 412	18 104
Steam consumption (GJ)	2 678	360	0	0
Total energy consumption (GJ)	82 551	76 561	84 667	68 045

Total energy consumption (GJ) at Kiilto



All energy and climate calculations include the following Kiilto sites:

Sites included 2020–21:

Finland: Turku, Hankasalmi, Lempäälä, Forssa

Sweden: Halstahammar, Örnsköldsvik

Denmark: Assens

Russia: Kaluga, Ramenskoe, Sertolovo

Sites included in 2022:

Finland: Turku, Hankasalmi, Lempäälä, Forssa

Sweden: Halstahammar, Örnsköldsvik

Denmark: Assens

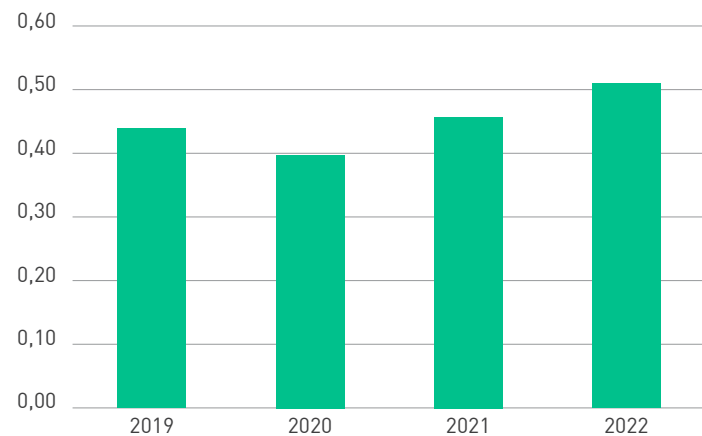


Energy intensity

Kiilto's energy intensity (GJ/tonne) is calculated based on purchased energy. 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, natural gas, oil, waste heat, geothermal heat).

	2019	2020	2021	2022
Total purchased energy	82 551	76 560	84 667	68 045
Total own energy production	8 538	12 218	12 585	13 245
Manufactured (tonne)	212 497	225 574	212 703	157 577
Energy intensity (GJ/tonnes)	0.43	0.39	0.46	0.52

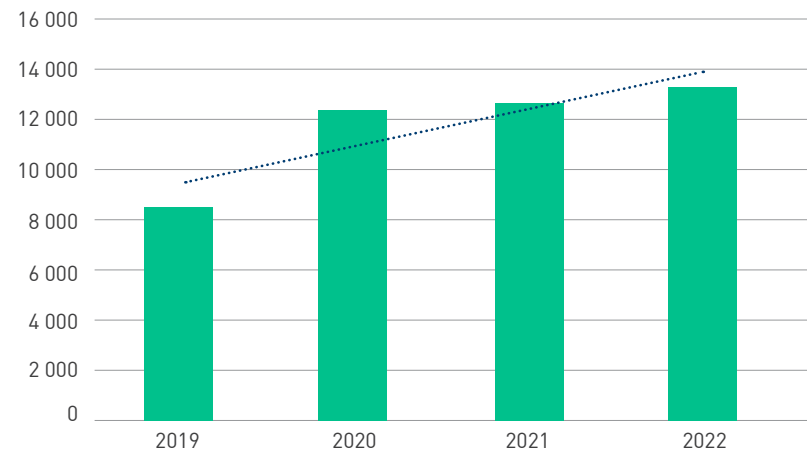
Energy intensity at Kiilto (GJ/tonnes)



Self-produced energy

GJ	2018	2019	2020	2021	2022
Solar panels	251	306	3 122	2 805	2 530
Energy from polymerisation	3 330	7 362	6 403	6 078	7 943
Energy from hot-melt	0	870	2 693	3 702	2 772
Reduction in purchased energy	3 581	8 538	12 218	12 585	13 245

Reduction in purchased energy (GJ)





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.

To understand the overall ratio, we included the Scope 3 calculation as part of our environmental processes. As expected, our biggest impact comes from indirect emissions. The calculation results led us to set more ambitious goals and have our climate targets approved by the SBTi. By 2031, we will decrease our indirect (Scope 3) emissions by 21% from the 2021 level.

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 2022, Kiilto’s Scope 1 emissions were 794 tCO₂e (2021: 1,342). The reduction in Scope 1 emissions was mainly attributable to the changes in energy consumption.

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

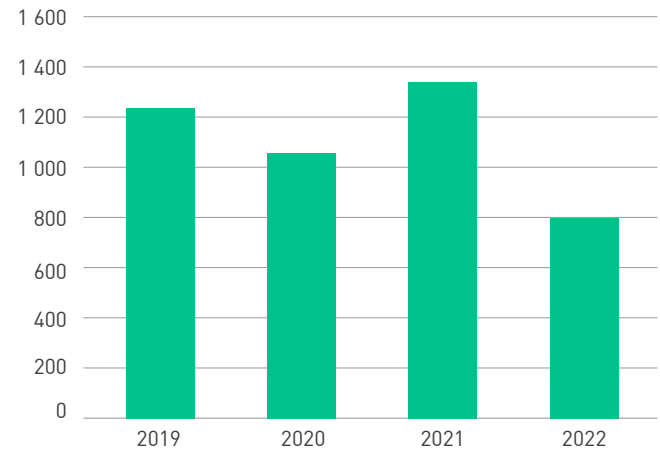
carbon-neutral by 2028. In the base year 2018, the emissions were 1,427 tCO₂e. The reduction in the Scope 1 emissions since the base year is mainly attributable to reduced natural gas use. In Hankasalmi, we were able to completely stop using the heating fuel oil.

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 offices and plants 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.

Direct (Scope 1) GHG emissions, tonnes

GJ	2019	2020	2021	2022
Scope 1, CO ₂ tn	1 190	1 053	1 342	794



The investments in the production of own clean energy have reduced the consumption of natural gas; thus CO₂ emissions have decreased.

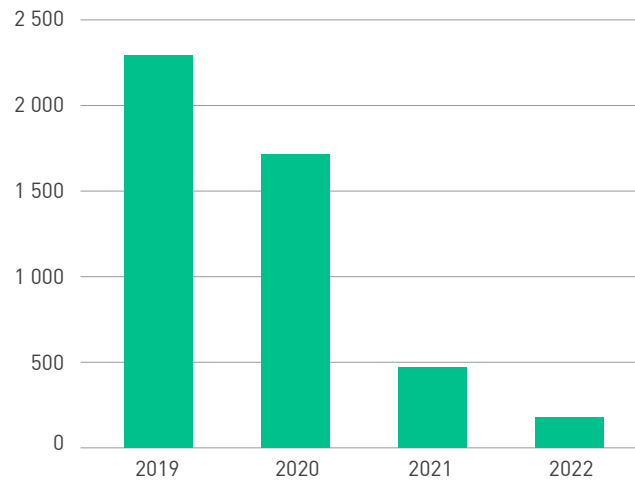
Scope 2

Kiilto's Scope 2 emissions – indirect emissions from electricity, heat and cooling purchased by the company – were 174 tCO₂e in 2022. 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 on websites of energy companies. 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.

Indirect (Scope 2) GHG emissions, tonnes

GJ	2019	2020	2021	2022
Scope 2, tCO ₂	2 293	1 698	477	174



The decrease in indirect GHG emissions is due to the use of green electricity

Scope 3

So far, Scope 3 emissions are available only for Kiilto Finland. In 2022, Scope 3 emissions were 65,000 tCO₂e. Kiilto uses CO₂e as the unit in all calculations. The calculation includes all GHG emissions. Biogenic CO₂ emissions cannot be separated in Kiilto's group-level calculations.

The categories and activities included in the calculation are purchased products and services, arriving, and departing logistics, waste logistics and waste handling, business travel, and commuting.

The base year for Scope 3 calculations in Finland is 2020, but the comparison year for the whole Kiilto will be 2021. The calculation

was performed in 2021 when Kiilto decided to join the SBTi and wanted to fulfil the requirements.

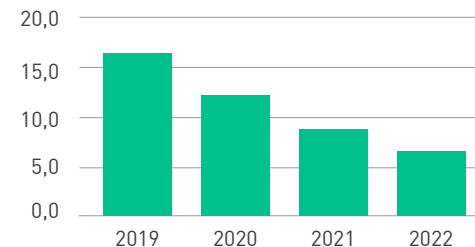
The accounting of purchased products may slightly expand based on their definition; the examination of a few new categories (now 6/15) might require some additional calculation and specifying the calculations in other operating countries.

The data concerning Scope 3 emission factors and global warming potential (GWP) are collected from suppliers and the Ecoinvent database 3.6.

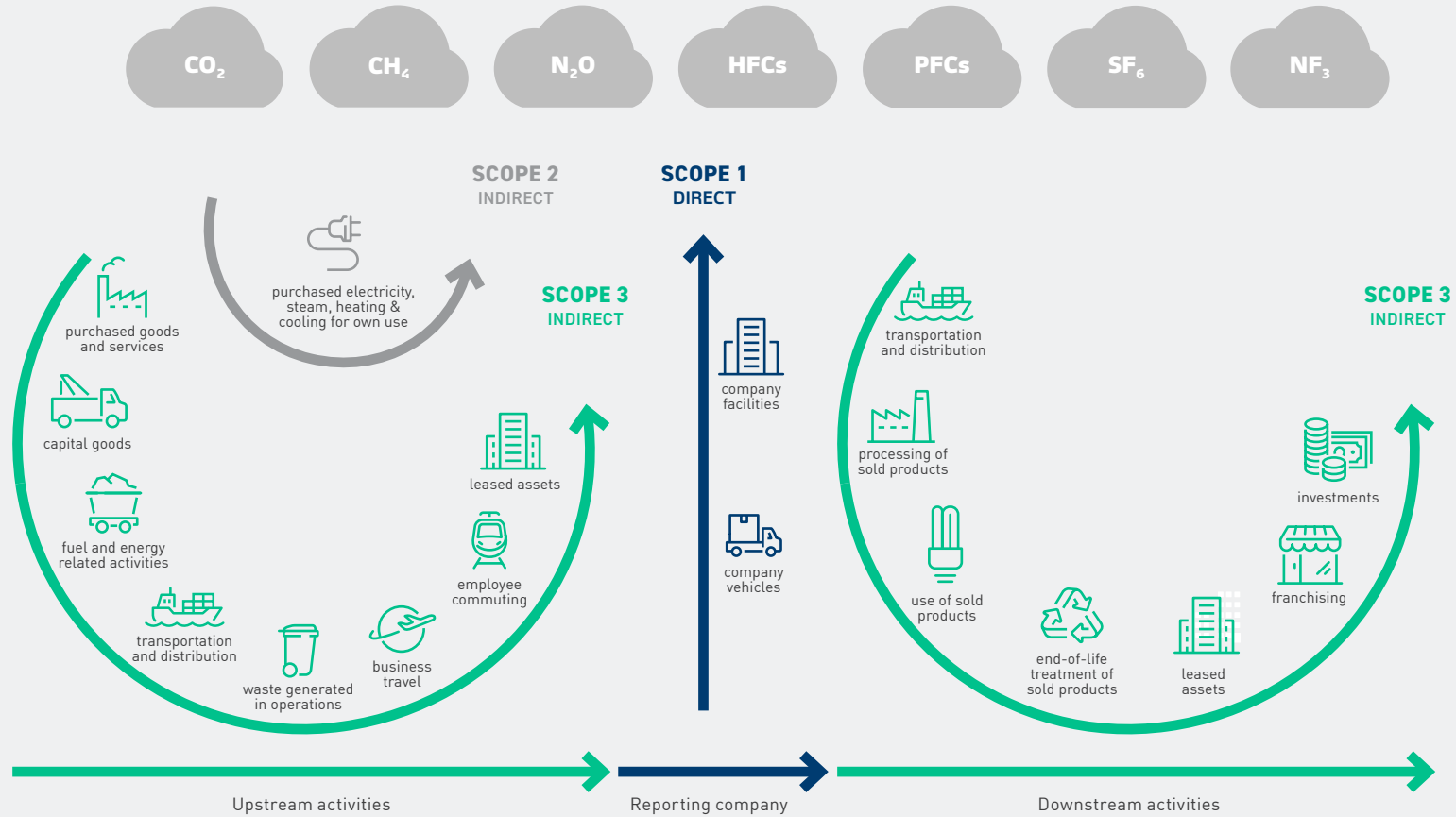
GHG intensity

	2019	2020	2021	2022
Scope 1, tCO ₂ e	1 190	1 053	1 342	794
Scope 2, tCO ₂ e	2 293	1 698	477	174
Manufactured kg	212 497 346	225 574 578	212 703 870	157 577 510
CO ₂ intensity (kg CO ₂ e/tn)	16.4	12.2	8.6	6.1

CO₂ intensity (kg CO₂ / tonnes)



Kiilto's climate calculations follow the GHG Protocol standard



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

Ensuring suppliers' environmental sustainability

As the supply chain is one of the most significant areas where Kiilto can 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 2022 with both current and potential suppliers. Also, environmental criteria were considered when performing audits on current and potential suppliers. However, additional, or separate screenings were not performed. When new suppliers are approved, the company's background, including financial responsibility and social and environmental criteria, is always

checked. No separate screening was done in 2022.

Kiilto prefers to purchase local raw materials when possible. In the business areas of construction and adhesives and fireproofing, more than 60% of the raw materials by weight were locally purchased in Finland and more than 70% in Sweden.

At the end of 2022, Kiilto began to work on strengthening its supplier screening processes.

As an international company with a wide network of suppliers, Kiilto has identified the following needs:

- Define more accurately what 'local' means for Kiilto.
- Determine what kind of environmental and social screening will be used and what are defined as acceptable levels.
- Determine the schedule with which Kiilto can proceed with the screenings.
- Assess what tools are needed to execute the screening and measuring.
- Identify negative environmental and social impacts in the value chain and define actions.
- Identify potential operations and suppliers where the right to freedom of association and collective bargaining may be at risk.





Our Promise to the People



By creating a safe and inspirational workplace and ensuring compliance with ethical principles throughout our value chain, we create a positive cycle of sustainable business as well as impact people and our planet.

Kati Korolainen-Kujala, Chief People Officer

Our Commitments

At Kiilto, the common thread across all our B2B business areas is the built environment. Our products and solutions are used to either build or maintain it. Healthy buildings, including the materials used and the quality of indoor air, have a substantial impact on the wellbeing of their occupants.

IN ADDITION, KIILTO PLAYS A SIGNIFICANT ROLE in the public's wellbeing, as our cleanliness and hygiene solutions are widely utilised in healthcare and households. Kiilto operates in nine countries and has an impact on thousands of customers, suppliers and product users. As an employer, Kiilto has a direct impact on about 800 employees.

For over 30 years, Kiilto has been committed to Responsible Care, which is a voluntary sustainability programme of the chemical industry. The programme's aim is to continuously improve safety measures to achieve the goal of zero safety incidents. Kiilto adheres to the principles of due diligence, the Kiilto Code of Conduct and the Supplier Code of Conduct. Kiilto Oy and KiiltoClean Oy are certified under the ISO45001 occupational health and safety (OHS) management system, and social sustainability principles and practices are implemented and monitored by the certified ISO 9001 quality system and related management process.

Kiilto is also committed to the ILO Declaration on Fundamental Principles and Rights at Work. Our other commitments are explained further in relevant parts of the report.

In addition to following the legal and regulatory requirements of each operating country, Kiilto has designed its OHS management procedures to offer its employees comprehensive and preventative services. Kiilto wants to actively improve personnel's awareness and understanding of 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.



Our Promise to the People

THE LESSONS LEARNED AND POSITIVE EXPERIENCES from Our Promise to the Environment were utilised to create Kiilto's commitment to social sustainability, Our Promise to the People. The specific targets for this new commitment are still being determined by project groups focused on health and safety, competence and inspiration, human rights and partnership. An internal round table steering group, consisting of representatives from various departments, including HR, communications, supply chain, management, legal, ICT, RDI, finance and EHSQ, is guiding this effort.

Our goal is to increase internal understanding about Kiilto's social sustainability, identify the touchpoints in Kiilto's operations, set targets and monitor further development.



Our Promise to the People: Four sectors that cover all our operations



Employees

AT THE END OF 2022, Kiilto employed 758 people (headcount). Among them, 59% were men and 41% women, according to the HR system's selected gender.

The total number includes active employments and excludes agency workers and interns. Agency workers are typically hired to production or warehouse departments for blue-collar tasks. The number of agency workers changes throughout the year depending on demand.

In 2022, agency workers, interns and non-guaranteed hours employees were employed as follows:

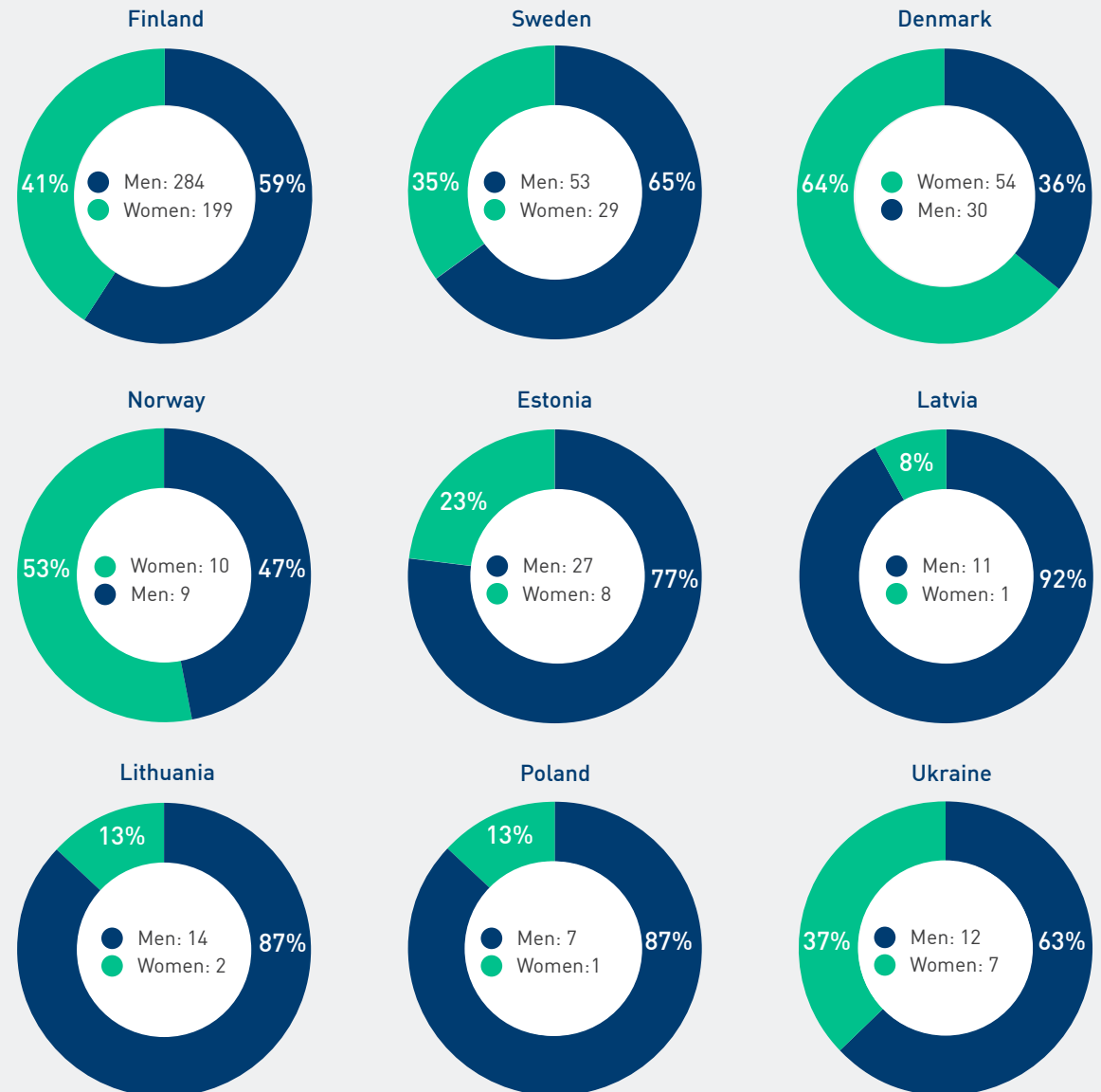
Country	Non-guaranteed hours employees	Agency workers
Finland	17	8
Sweden	0	1
Total	17	9

Data on our new employee hires and employee turnover can be found on page [73](#).



Kiilto employees per gender and region

Options: Man, woman, other.



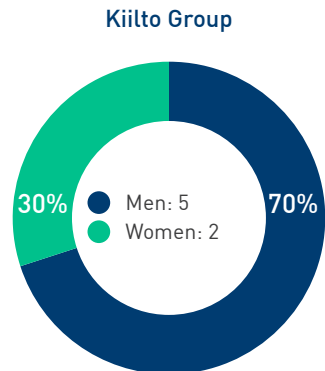
The numbers of permanent, temporary, full-time and part-time employees were as follows:

Country	Permanent	Temporary	Full-time	Part-time
Finland	462	21	473	10
Sweden	77	5	82	-
Denmark	84	-	74	10
Latvia	11	1	12	-

For all the other countries, all employment relationships were permanent and full-time.

In Finland, all the employees are covered by collective bargaining agreements. In Denmark (KiiltoClean AS), the coverage is 81%. Accurate data from other countries was not available.

Board of Directors by gender 2022



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.

AT KIILTO, THE RESPONSIBILITY for quality, the environment and safety includes taking care of both our external and internal operating environments. 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.



Hazard identification and risk assessment

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. 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 the PRO24 system. Safety deviations include LTI1-accidents, medical treatment cases, restricted work cases, first aid incidents and near miss situations.

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.

All new employees attend EHS training, which covers, among other things, 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.





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. Kiiltonians 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 common 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 communicated monthly to all personnel via a monthly report. 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 flaws 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.



Occupational health

THE OCCUPATIONAL HEALTHCARE services vary depending on the location and country legislation.

Our early intervention process ensures that Kiilto is committed to supporting employees to get the help they need prematurely and when they are returning from a long-term sick leave. If needed and when possible, employee's tasks are adjusted in cooperation with healthcare professionals to support their health condition.

In Finland, Kiilto has an extensive occupational healthcare programme, which includes preventive healthcare services and medical care. We work closely with healthcare service providers and pension insurance company. Kiilto's occupational healthcare service provider is regularly audited to be qualified to produce occupational healthcare services for Kiilto and conduct statutory workplace surveys. Kiilto's OHS manager, the OHS representative and personnel participate in the workplace surveys. The workplace survey results can be found on the company intranet, and they are reviewed in all relevant functions together with the supervisor and the team.

Employee health is also promoted according to Kiilto's wellbeing programme. All Kiiltonians are covered by an OHS management system.

Work related injuries and ill health

MOST ACCIDENTS ARE RELATED TO SLIPS, trips or working with hands and are typically minor sprains or hand injuries. In 2022, no employees who were working on Kiilto-related projects but were not directly on Kiilto's payroll had any accidents.

Company	Number of LTI1 cases (at least one day of absence)	Working hours	LTIF1 (LTI Frequency per million working hours)	Work-related ill health
Kiilto Oy	3	356 532	8	no cases
KiiltoClean Oy	4	372 913	1	no cases

An inspiring working environment

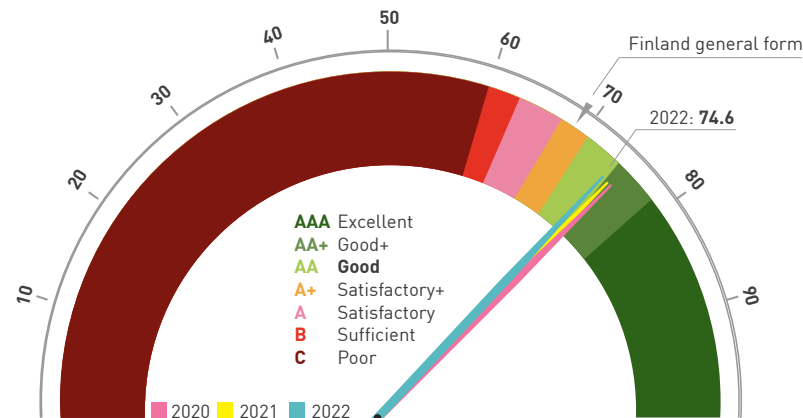
Kiilto believes that it is important to hear and acknowledge the opinions and views of employees and that their value for the continuous development is understood throughout the company. The valuable insights offered by employees help move both the individual and the entire work community forward, taking Kiilto in the right direction on the journey towards the 2080 vision.



Employee survey

AN IMPORTANT CHANNEL of dialogue is the annual employee survey, which provides insights into employee engagement and offers Kiiltonians an opportunity to give feedback. The themes of the survey are related to the leadership, performance and commitment. This survey provides Kiilto with information to help take action to develop and improve. Each team discusses the results and creates an action plan accordingly. In 2022, 86% of Kiiltonians responded to the annual survey with the average People Power Index of level AA (Good). During the reporting period, one incident of discrimination was being reviewed. The case was further investigated and under consideration during 2023.

Kiilto employee survey Kiilto Family Oy, Kiilto Group & KiiltoClean Group



PeoplePower®
Rating **AA**

PeoplePower® Rating shows the overall result of the unit compared with the benchmark (grey arrow).

In 2022, the overall result was at the level Good, i.e. AA. In total, 88% of the personnel responded to the survey.

Your Voice survey and pulse surveys

THE EMPLOYEE Net Promoter Score (eNPS) measures the willingness of employees to recommend their company as a workplace. At KiiLtoClean Group, eNPS is measured quarterly in the Your Voice survey. Personnel are divided into four groups, and each group receives the questionnaire once a year, meaning that each employee replies to the survey once a year. In addition to eNPS, additional statements of the survey on which feedback is requested 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.

At KiiLto Oy, an eNPS pulse survey is conducted quarterly to measure the development of employee satisfaction.

There are the two questions in the pulse survey: 1) Would you recommend KiiLto as an employer? 2) How can we improve your willingness to recommend?

Diversity and inclusion

Actions to ensure diverse groups of people have equal treatment at the workplace

- Creating an equality plan according to the legal requirements in Finland
- Implementing local agreement on regular review of wage equality in Finland
- Considering aspects of leading diversity in leadership trainings
- Positively considering international applicants in recruitments: for example, in Finland, in most recruitments, Finnish language skills are not required, and most of the recruitment advertisements are in English.
- In visual employer branding, enhancing different nationalities, genders and age groups
- Incorporating questions in a yearly employee survey about fair and equal treatment
- Using gender-neutral terminology when describing different roles and positions
- Offering voluntary courses for English and Finnish for everyone, as the corporate language is English.





Inclusion

- The on-boarding process begins before the start of employment by publishing an introduction video of a new employee on the intranet. During the first months of employment, the new employee gets to know all key stakeholders. Newcomers often have a work buddy whose responsibility is to make sure that the new employee is well integrated into the company.
- KiiltoLearns -an eLearning platform to enable effective introduction of different company practices.
- In information sharing, office and remote workers are considered by enabling online participation in meetings and information session.
- One of the core cultural cornerstones is that everyone can make a difference. Kiilto encourages Kiiltoonians to give their input on company operations by sharing ideas on the 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 for evaluation to the specialist responsible for the area. The initiative is freely available for all Kiilto employees to comment.
- Regular employee surveys and pulse surveys are conducted to enable personnel to make sure their voice is heard.

Transition assistance programmes

In case of termination of an employment relation, Kiilto offers support for re-employment based on the individual needs. In addition to legal responsibilities, the support can include outplacement, career coaching, training for updating desired skills, or support in an early phase of entrepreneurship.

For retiring employees, Kiilto supports flexible working arrangements, such as part-time work whenever possible. Kiilto also pays attention to knowledge transfer by reserving time for the retiring person to mentor their successor in the role of a 'senior advisor'.

Pay equity and pay gaps

Blue-collar employees

The salaries are based on average hourly earnings. Acceptable reasons for differences in the annual salaries of men and women are generated through shift allowances (working overtime or night shifts) and vocational examination allowance. Non-justified differences could be generated through personal pay raises, which are awarded based on personal work performance – for example, learning new, more complicated work assignments and the versatility of the employee. At Kiilto's production plants, men have traditionally been more motivated and willing to learn new tasks and fields of work.

White-collar employees

The job descriptions of white-collar employees have wide variations. The salaries are determined based on how demanding the job is. There are a few

subgroups in the white-collar employees' group where the job descriptions are the same or of equal value, and in those subgroups, there are no significant differences in the salaries that cannot be explained by know-how, skills, responsibility, working conditions or another objective factor. For example, some of the gender pay gaps are explained by men being in superior positions.

Upper white-collar employees

The job descriptions of upper white-collar employees have wide variations. The salaries are determined based on how demanding the job is. The differences in pay originate from the job description's demand, international tasks, seniority and the size of area of operation. Also, personal factors have influence, including know-how, skills and performance



Personnel wellbeing

AT KIILTO, personnel's wellbeing is one of the key factors of profitable business activities, and it has a positive impact on both work atmosphere and productivity. Kiilto wants its customers to be served by energetic personnel who enjoy their work. Our workplace wellbeing activities are outlined in the Kiilto Cares Wellbeing Programme. This comprehensive wellbeing programme aims to systematically develop our personnel's wellbeing on a long-term basis and to focus on the most relevant development targets.

Areas of wellbeing

The Kiilto Cares Wellbeing Programme consists of five areas with the following visions:

Leadership	Work community and environment	Physical activity	Health and physical capacity	Competence
Enabling inspired, effective and innovative work for our employees through empowerment, self-leadership and enhanced international leadership.	Establishing a safe and flexible working environment and a positive work community. Enhancing positive team spirit and a sense of belonging.	Supporting our employees to be physically active to feel well and stay healthy.	Employees' working capacity enables effective and safe work performance. Employees feel well at work and in their leisure time.	Our personnel work for the company's strategic and commercial goals. Enabling meaningful and effective work.

The goal of our wellbeing activities is to ensure inspired, effective and inventive personnel and to contribute to personnel's wellbeing at work and on their leisure time. Wellbeing activities are monitored yearly by KPIs defined in the wellbeing programme.

The wellbeing group is 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 annually required from all Kiiltonians to make sure that everyone is aware of and follows Kiilto's operational practices and ethical principles

From local to international

In Finland, the wellbeing programme has been setting the guidelines for wellbeing activities for several years now. In 2022, Kiilto launched an international approach to develop these activities also in other countries. The level of occupational wellbeing services varies between different countries owing to, for example, legislation issues or resources. The idea is to share best practices and to encourage development in Kiilto operations in other countries.

Recent developments

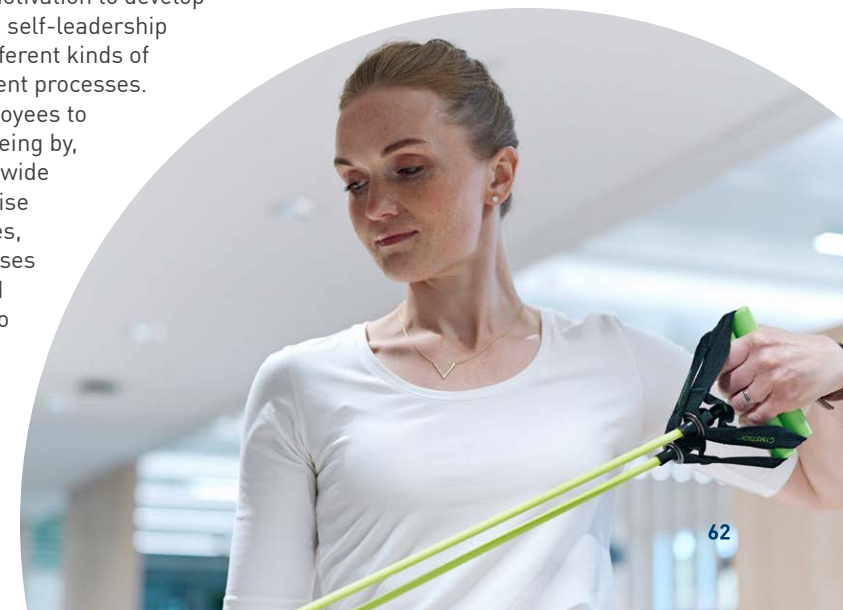
Kiilto constantly aims to develop personnel's leadership skills and competencies by offering extensive training programmes to leaders, managers, and experts. Kiilto also supports personnel's motivation to develop their competencies and self-leadership skills by introducing different kinds of learning and development processes.

Kiilto supports employees to take care of their wellbeing by, for example, offering a wide range of physical exercise and training possibilities, conducting break exercises during the workday and supporting personnel to adopt healthy lifestyle habits. Safe working conditions are of great importance,

especially in production work. Kiilto works in close co-operation with occupational health specialists to consult and take care of Kiiltonians' physical and mental wellbeing.

In recent years, one of the focus areas has been developing hybrid work practices and rebuilding the team spirit and sense of community at the workplace after several years of white-collar employees' remote work. Those who worked remotely during the pandemic were isolated from their work communities, had less physical activity during the working days and, in some cases, had poor work ergonomics.

One of the future focus areas will be developing diversity, equity and inclusion in the work community.



Competence development

Learning by doing

LEARNING AND COMPETENCE development are key factors in Kiilto's success. It is deeply embedded in Kiilto's corporate culture that each employee has an important role in developing Kiilto. Kiilto's ambition is to have capable and engaged professionals and to help Kiiltonians succeed in a changing world.

At Kiilto, most of the learning happens organically by collaborating and learning from others, learning by doing and participating in projects. We encourage our employees to contribute to their own career paths. To ensure personal development, performance (GO discussions) and learning & development (LeD) discussions are

conducted annually and they are reported in Finland through HR Management system. The reporting practices will be unified in other Kiilto countries during 2023. These discussions aim to ensure that the set goals and competence development activities are aligned with Kiilto's strategic goals as well as to identify competence

gaps and reinforce professional discussion culture. Furthermore, Kiiltonians are encouraged to prepare individual development plans and take a proactive role in their own career path development. Learning and development are approached through the 70-20-10 model, in which 70% of competence development happens by doing, 20% by learning from others and 10% from training.



Our goal is that a career with Kiilto provides each and every one of our employees with the potential to succeed.

*Kari Laakso, Managing Director,
KiiltoClean Group*

Kiilto's learning and development

TO SUPPORT KIILTONIANS in their professional development and in various stages of their career, Kiilto offers a range of learning and development programmes. Kiilto Explorer consists of two international development programmes: HighWay for leaders and ProWay for specialists. These programmes aim to develop leadership skills and competences. A partner in the development of the programme is Hanken & SSE Executive Education.

Kiilto organises regular HSEQ training for personnel. Training courses include occupational safety card, MD training, logistics-related training, chemical safety, food safety, GMP and quality training. To reinforce environmental leadership, environmental matters are introduced as part of internal events, information sessions and on-boarding. Environmental training is also arranged for all personnel groups. Current environmental training includes the content of Our Promise to The Environment. Kiiltonians are also offered the opportunity to complete vocational qualifications in their field in collaboration with local educational institutes.

KiiltoLearns is an online training platform for Kiiltonians that offers training related to, for example, the Code of Conduct and information security. To improve cross-border communication, employees are offered an online English language learning programme.

One of Kiilto's strategic goals is data-driven Kiilto. Developing the business to be more data-driven requires new digital abilities from the whole company.

Increasing digital capabilities starts with understanding and using job-related tools that are used daily. Kiilto offers regular online training on different topics relevant in the digital environment. In 2022, trainings related to enhancing digital skills were related to Microsoft Office tools, time and resource management with digital solutions, information security, smart online meeting practices and virtual facilitation. More specifically, trainings were organised on the following topics:

- Using Microsoft software (e.g., Teams) more effectively
- Using a digital survey tool
- Effective time and resource management with digital solutions
- Managing one's own work
- Information security
- Smart online meeting practices
- How to adapt traditional business processes into the digital world
- Virtual facilitation





Average training hours per employee in 2022. Since the war in Ukraine, Ukrainian employees are not included.

Country	Company	Hours
Finland	Kiilto Clean Oy	14.7
	Kiilto Family Oy	12.1
	Kiilto Family Oy	8.8
Sweden	Kiilto AB	6.3
	KiiltoClean AB	13.2
	Kiilto Family AB	12.4
Denmark	KiiltoClean A/S	4.1
Norway	KiiltoClean AS	8.5
Estonia	Kiilto Eesti OÜ	14.1
	KiiltoClean OÜ	5.9
Latvia	SIA Kiilto	1
	SIA KiiltoClean	19.4
Lithuania	UAB Kiilto	8.7
	UAB KiiltoClean	5.5
Poland	Kiilto Polska Sp z o.o,	66.9

Trainings are reported according to the training history data saved in the HR system. In countries other than Finland, the trainings saved in the HR system are mostly completed on Kiilto Learns, a digital learning platform. Training reporting is being improved to be more comprehensive. The number of hours used for the trainings on Kiilto Learns is theoretical.

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.



We wanted to design an impactful learning journey covering key leadership development needs and opportunities to drive and cultivate our growth and culture. Our previous international training programmes had already built a good foundation of basic leadership skills. It was time to go and explore beyond: To successfully lead others and to lead businesses, first you need to know yourself. From the inside out. At Kiilto, we believe that people in specialist roles require the same leadership skills as any leader.”

Tiina Lautala, People Development Lead

Read the whole article on our [website](#).



Leadership Development

LEADERSHIP PLAYS A KEY ROLE in achieving business success and reinforcing the Kiilto culture. Kiilto's leadership principles have been developed based on Kiilto's strategy and cultural cornerstones. These principles can be summarised into three areas of competence: leading oneself, leading people and leading business. These leadership competence areas create a framework that enables us to support and develop the right leadership competencies. Leadership competence development is supported in various ways, such as the Kiilto Explorer training, annual GO and LeD discussions, individual support and coaching, and targeted individual or collective trainings. One practical and important tool in daily leadership is the early support discussion model, which aims to tackle employees' work ability challenges at an early

stage. Leadership success is measured through the annual employee survey. Data on our GO discussions can be found on pages [73](#) and [74](#).

The goal of the Kiilto Explorer leadership programme is to inspire Kiiltonians to explore various aspects of impactful, daily leadership practices that allow people and businesses to renew and grow. The international development programme brings our leaders and specialists together, and the core of the programme is to boost courage, leadership and the One Kiilto culture.

Collaboration with higher education institutions

KIILTO HAS A LONG and strong history with local higher education institutions. The cooperation includes internships, theses, student visits, lectures from Kiilto, participating in fairs and recruitment events, product trainings, on-the-job learning, participating in future work life skills development and training programmes for Kiiltonians.

In 2022, Kiilto partnered with the following educational organisations and institutions:

- Tampere Vocational College Tredu (strategic partnership established in 2021)
- Tampere University of Applied Sciences (TAMK). In addition to educational cooperation Kiilto has an employer representative on the advisory board.
- University of Helsinki
- University of Turku
 - [Endowed professorship in circular economy for University of Turku – Kiilto one of the donors](#)
 - Mentoring programme I-Me-Pro for International Talents
- PoDoCo programme (Post Docs in companies)
- Turku University of Applied Sciences
- Hanken & Stockholm School of Economics Executive Education (Hanken & SSE EE). Partner in the Kiilto Explorer programme
- Åbo Akademi
- Southern Denmark University (SDU)



Human rights in the value chain

Kiilto's own operations are located 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.

HOWEVER, 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.

Kiilto has identified the need for enhanced management and transparency in its value chain. As a first step and for compliance with the Transparency Act in Norway, Kiilto has drafted a policy and distributed a Supplier Code of Conduct and a due diligence questionnaire to its suppliers to assess the state of human rights in the

value chain. Kiilto aims to implement a similar questionnaire for all its suppliers, evaluate them using both social and environmental criteria and begin conducting human rights assessments on the most significant suppliers in its value chain. Kiilto will also determine the definition of a local supplier in its value chain. In addition, as part of Our Promise to the People, Kiilto has formed a project group dedicated to the development of human rights in the value chain, which will set targets and objectives for further development during 2023.



Responsible 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's features, correct amounts and application technique, taking account of environmental and safety matters. A range of training activities are organised for various target groups. Training availability and details depend on the market area.

Contractors and installers

Kiilto arranges training for contractors and installers. Depending on the topic, our training focuses on the technical features of our products and the right working methods. The correct use of products ensures high-quality, long-lasting results and waste minimisation.

Design, supervision, and hosting

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

Salespeople

Training for salespeople includes workshops on various themes such as waterproofing and tiling, dry area renovation, and floor and wall levelling. The 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, training is organised based on customer needs in all B2B business areas.

Professional hygiene professionals

Kiilto trains professionals on the right methods to maintain hygiene in healthcare

and presents best practices in the field. Kiilto also keeps them up to date on legal issues that affect cleanliness and hygiene in healthcare settings.

Expert consultancy

Kiilto's consulting services, exclusively tailored to clients' healthcare facilities, ensure cost-effective and competent functions. Kiilto's experts in RDI and healthcare develop needs-based training that is planned together with the customer and based on mapping visits.

Technical service

Kiilto's technical experts help with performance qualification and guide customers in performance and routine control. Kiilto offers technical design and implementation services for setting up centralised dosing systems in instrument reprocessing facilities. Kiilto also supports healthcare customers with other equipment maintenance needs that require technical expertise. These include maintenance of appliances used in industrial kitchens and maintenance cleaning.

Kiilto's website offers the latest information on our products and working methods. Information on different warning symbols and product markings as well as on the recycling and disposal of packaging can be found on the website.

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

Training stakeholder groups is also an important part of Our Promise to the Environment. One aim of the Partnership group is that all trainings and discussions with stakeholders must include an environmental aspect. In 2022, 73% of trainings and discussions included an environmental aspect. Kiilto trains around 25,000 people annually.

Complaints and impact assessments

During the reporting period, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data, incidents of non-compliance concerning the health and safety impacts of products and services, or incidents of non-compliance regarding our product labelling.

In assessing the health and safety impacts of product and service categories, Kiilto follows regulations and laws. In 2022, no assessments were needed. In 2021, Kiilto had a discussion with the Finnish Safety and Chemicals Agency (Tukes) about benzyl alcohol. Benzyl alcohol was used in Erisan+ products as a preservative. However, Tukes considers benzyl alcohol a fragrance because the appendix to the Cosmetics Regulation states that it also has a fragrance function. The discussion ended in Kiilto's voluntary decision to drop the fragrance-free claim until the formula change was implemented and benzyl alcohol was replaced.

An example of an incident where the health and safety effects of a product category had to be reassessed because of the classification of the raw material owing to legislation is the change in the classification of nitric acid and the changes it causes in product compositions in 2021. These kinds of reassessments caused by changes in classifications also involve customer communications.





GRI

Reporting principles

This report covers 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.

The report is based on the materiality analysis of Kiilto's sustainability. You can read more about our sustainability approach in the sections *Sustainability strategy* and *Materiality topics and approach to stakeholder engagement*.

Kiilto's sustainability report for 2022 was published on 27 June, 2023. It has been prepared with reference to the GRI standards. The report includes a GRI index starting on page 76. Kiilto continues to improve data quality and further develop data collection process to improve 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 entire Kiilto Family Group, of which the key financial figures are published annually also on the website kiilto.com. The managing directors' reviews from Kiilto Oy and KiiltoClean Oy are also published on the website.

Further questions on sustainability matters can be directed to the following:

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



New employee hires and employee turnover

		Total number of new employees during 2022	Rate of new employees	Total number of employee turnover during 2022	Rate of employee turnover*			Total number of new employees during 2022	Rate of new employees	Total number of employee turnover during 2022	Rate of employee turnover*
Finland	Total	70	14%	146	15%	Latvia	Total	2	17%	5	21%
	Women	29	6%	51	13%		Women	0	0%	1	50%
	Men	41	8%	95	17%		Men	2	17%	4	18%
	Under 30 Years	25	5%	39	35%		Under 30 Years	0	0%	1	25%
	30-50 Years	39	8%	80	15%		30-50 Years	1	8%	3	19%
	Over 50 Years	6	1%	27	8%		Over 50 Years	1	8%	1	25%
Sweden	Total	19	23%	39	24%	Lithuania	Total	2	13%	3	9%
	Women	6	7%	14	24%		Women	0	0%	0	0%
	Men	13	16%	25	24%		Men	2	13%	3	11%
	Under 30 Years	5	6%	9	30%		Under 30 Years	1	6%	1	25%
	30-50 Years	10	12%	18	21%		30-50 Years	1	6%	2	8%
	Over 50 Years	4	5%	12	24%		Over 50 Years	0	0%	0	0%
Denmark	Total	9	11%	9	5%	Poland	Total	1	13%	1	6%
	Women	8	10%	8	8%		Women	0	0%	0	0%
	Men	1	1%	1	2%		Men	1	13%	1	7%
	Under 30 Years	2	2%	2	25%		Under 30 Years	0	0%	0	0%
	30-50 Years	3	4%	3	5%		30-50 Years	1	13%	0	0%
	Over 50 Years	4	5%	4	4%		Over 50 Years	0	0%	1	17%
Norway	Total	3	16%	3	8%	Total	Total	108	15%	212	14%
	Women	2	11%	2	10%		Women	45	15%	78	13%
	Men	1	5%	1	6%		Men	63	14%	134	15%
	Under 30 Years	1	5%	1	50%		Under 30 Years	35	41%	54	32%
	30-50 Years	2	11%	2	8%		30-50 Years	58	14%	112	14%
	Over 50 Years	0	0%	0	0%		Over 50 Years	15	6%	46	9%
Estonia	Total	2	6%	6	9%	Ukraine: no data available					
	Women	0	0%	2	13%						
	Men	2	6%	4	7%						
	Under 30 Years	1	3%	1	10%						
	30-50 Years	1	3%	4	9%						
	Over 50 Years	0	0%	1	7%						

*[(new employees + left employees /2)/total number of employees]

Amount of GO discussions in 2022 (%)*

			Blue-collar employees	White-collar	Senior White-collar	Management
Finland	Kiilto Oy	Total	95.8	88.9	91.7	100.0
		Women	107.1	92.7	95.5	100.0
		Men	93.9	83.9	88.5	100.0
	KiiltoClean Oy	Total	82.4	96.3	95.0	100.0
		Women	100.0	92.6	92.6	100.0
		Men	65.0	100.0	97.0	100.0
	Kiilto Family Oy	Total	No blue-collar employees	100.0	81.3	100.0
		Women	No blue-collar employees	100.0	88.9	100.0
		Men	No blue-collar employees	100.0	71.4	100.0

* KPK Oy (Finland) and Intermedius Oy (Finland) excluded

Average salaries of women and men in each country (no data available from Ukraine)

	Currency	Total Personnel			Blue-collar workers			White-collar workers			Senior White-collar workers			Management		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Finland	EUR	4 033	3 720	3 901	2 651	2 446	2 593	4 181	3 272	3 650	5 424	5 297	5 326	10 417	8 203	9 753
Sweden	SEK	42 104	44 613	45 560	32 655	36 000	33 209	46 552	47 219	49 034			0	9 0000	82 500	86 250
Denmark	DKK	39 015	30 900	33 726	26 977	24 363	25 364	46 000	34 234	34 617	0	0	0			76 580
Norway	NOK	63 467	63 478	62 737												
Estonia	EUR	2 855	1 884	2 570	1 846	1 513	1 729	2 636	1 997	2 435						
Latvia	EUR			2 641												
Lithuania	EUR	2 345	3 999	2 714	1 397		1 397	2 257	3 999	2 653				8 144		8 144
Poland	EUR							10 215	6 890	8 552				25 214		25 214

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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.72	Kiilto does not publish any consolidated financial statements.
2-3	Reporting period, frequency and contact point	Reporting principle p.72	Kiilto does not publish any consolidated financial statements.
2-4	Restatements of information	Reporting principles p.72	This report is the first sustainability report covering the entire Kiilto, and the report includes data that has not been published before. No restatements.
2-5	External assurance		Kiilto Sustainability report 2022 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.11-12	No significant changes compared to the previous reporting period.
2-7	Employees	Employees p.52	The data collected from Finland is the headcount number taken at the end of the reporting period 2022-12-31. Total number of employees consists of active employments, agency workers etc. are excluded from the number and presented separately. The data is not presented by age group, because the data was not available during the reporting period. There are changes in the number of employees depending on demand changes throughout the year.
2-8	Workers who are not employees	Employees p.52	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. Numbers are reported as head count.
2-9	Governance structure and composition	Management process and risk assessment, p.15 Corporate Governance statement	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.15 Corporate Governance statement	Corporate Governance statement
2-11	Chair of the highest governance body	Management process and risk assessment, p.15 Corporate Governance statement	Corporate Governance statement
2-12	"Role of the highest governance body in overseeing the management of impacts"	Management process and risk assessment, p.15 Corporate Governance statement	Corporate Governance statement

Code	Indicator name	Location	Additional information and comments
2-13	Delegation of responsibility for managing impacts	Management process and risk assessment, p.15	
2-14	Role of the highest governance body in sustainability reporting	Management process and risk assessment, p.15 Corporate Governance statement	Corporate Governance statement
2-15	Conflicts of interest	Management process and risk assessment, p.15 Corporate Governance statement	Corporate Governance statement
2-16	Communication of critical concerns	Kiilto operating policy, p.19 Corporate governance -verkkoteksti	Corporate Governance statement There were five (5) cases in 2022. Different types of critical concerns were communicated to the Board related to potential and actual negative impacts on stakeholders. 2022 such concerns related to CO ₂ emissions of the companies' solutions, COVID-19 impacts on supply to healthcare sector and to employees, lay-offs, exit from Russia, and biocidal regulation change.
2-22	Statement on sustainable development strategy	Owner's foreword p.10	
2-24	Embedding policy commitments	Kiiltos's cultural cornerstones p.13–14	
2-26	Mechanisms for seeking advice and raising concerns	Kiilto operating policy, p.19–22 Corporate governance -verkkoteksti	Corporate Governance statement
2-27	Compliance with laws and regulations	Management process and risk assessment, p.15 Corporate Governance statement	Corporate Governance statement
2-28	Membership associations	Materiality topics and approach to stakeholder engagement p.23–24	
2-29	Approach to stakeholder engagement	Materiality topics and approach to stakeholder engagement p.26–27	
2-30	Collective bargaining agreements	Employees p.53	
3-1	Process to determine material topics	Materiality topics and approach to stakeholder engagement p.28	
3-2	List of material topics	Materiality topics and approach to stakeholder engagement p.28–30	No changes compared to the previous reporting period.
201-1	Direct economic value generated and distributed	Developing and growing our business p.7	
201-4	Financial assistance received from government		In 2022, Kiilto has received in 163 462 € in total from Business Finland to support RDI projects and green energy investments.

Code	Indicator name	Location	Additional information and comments
205-1	Operations assessed for risks related to corruption	Kiilto operating policy p.21	No risk assessment regarding corruption was conducted in 2022; however, there are plans to perform one in 2023. There were no public legal cases regarding corruption in 2022.
205-2	Communication and training about anti-corruption policies and procedures	Kiilto operating policy p. 20-21	In 2022, no corruption-related training was organized for customers and suppliers.
205-3	Confirmed incidents of corruption and actions taken	Kiilto operating policy p.21	No cases in 2022.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Kiilto operating policy p.21	No cases in 2022.
301-1	Materials used by weight or volume	Resource efficiency p.38	
301-2	Recycled input materials used	Resource efficiency p.38	
302-1	Energy consumption within the organisation	Climate and energy p.43	<p>The figures are based on invoiced amounts (from energy companies). Figures in SI units (possible conversion factors used e.g. 1 MWh -> 3.6 GJ). 10 kWh/litre (or MWh/m³) has been used as the calorific value of light fuel oil. Kiilto does not use energy for cooling. Electricity sold in 2022 only from the Hankasalmi plant. No other energy is sold. Amounts sold from the Hankasalmi plant:</p> <p>2022: 3.9 MWh 2021: 1.7 MWh 2020: 8.3 MWh 2019: 10.7 MWh</p>
302-3	Energy intensity	Climate and energy p.44	The intensity figure is calculated (GJ/tonne) based on purchased and self-generated energy. Includes all energy used within the organisation (electricity, natural gas, oil, waste heat, geothermal).
303-1	Interactions with water as a shared resource	Resource efficiency p.40	
303-2	Management of water discharge-related impacts	Resource efficiency p.40	
303-4	Water discharge	Resource efficiency p.40	No discharge of waste water (or other water) into the environment. No priority substances or permit violations.
303-5	Water consumption	Resource efficiency p.40	<p>The data of total water consumption only apply to Finland. No abstraction from water risk areas. No storage of water. The amount of waste water is based on the water company's billing. At the Turku site, total water consumption taken from water utility billing. In Hankasalmi, the total annual consumption is taken from the local water meter. The amount of process waste water is calculated as total consumption - water used for products - calculated amount of sanitary waste water.</p>
305-1	Direct (Scope 1) GHG emissions	Climate and energy p.45	<p>There have been no significant changes in emissions that would have triggered recalculations of base year emissions.</p> <p>The Scope 1 emissions have been calculated based on the sites' energy consumption and emission factors received from the energy suppliers. The calculation used operational control.</p>

Code	Indicator name	Location	Additional information and comments
305-2	Energy indirect (Scope 2) GHG emissions	Climate and energy p.46	<p>There have been no significant changes in emissions that would have triggered recalculations of base year emissions.</p> <p>Calculated based on the sites' energy consumption and emission factors received from the energy suppliers. Only CO₂ emissions were considered. The calculation used operational control and is market-based. Market-based calculation chosen, as all sites have electricity contracts with the local energy company. Hence we know the source of the purchased energy.</p>
305-3	Other indirect (Scope 3) GHG emissions	Climate and energy p.46	<p>Primary data from suppliers or stakeholders such as transportation companies, other than that the source is ecoinvent database 3.6. Scope 3 calculations are currently available only for Kiilto Finland.</p>
305-4	GHG emissions intensity	Climate and energy p.46	<p>Only CO₂ emissions included in the calculation as there are no other emissions.</p>
306-1	Waste generation and significant waste-related impacts	Resource efficiency p.41	<p>Kiilto generates waste through production (Lempäälä, Forssa). Production waste includes packaging materials (plastic, cardboard, energy/mixed waste, drums, containers), raw material/product waste (adhesive/hazardous waste), wastewater, and metals from maintenance. This covers only Kiilto Oy factories in Finland.</p>
306-2	Management of significant waste-related impacts		<p>Our target is to halve the amount of waste. In practice, we are looking for partners for recovering waste and byproducts. Unsaleable raw materials and production batches are used in in-house production if this can be done without compromising product quality. Raw materials are ordered in bulk (no packaging waste) when there is a sufficient quantity of raw materials to be used and container capacity is available. We wash and reuse IBC containers and re-use pallets.</p> <p>Waste services are provided by third parties. These are waste management companies with whom contracts have been signed and who have the appropriate permits to receive and treat waste.</p> <p>Waste accounting is based on monthly reports and invoices from waste management companies.</p>
306-3	Waste generated	Resource efficiency p.41	<p>Baled plastics: 13 310 kg Cardboard: 24 220 kg Metal: 9 690 kg For reuse: - Barrels (Onni Forsell Oy): 3 320 kg (assumption: one barrel equals 20 kg) - Containers (Onni Forsell Oy): 67 680 kg (assumption: one container equals 60 kg) Total: 118 220 kg.</p> <p>All waste goes to treatment. No differences in waste generation and treatment diversion.</p>
308-1	New suppliers that were screened using environmental criteria	Ensuring suppliers' environmental sustainability p.48	
401-1	New employee hires and employee turnover	New employee hires and employee turnover p.73	

Code	Indicator name	Location	Additional information and comments
402-1	Minimum notice periods regarding operational changes		<p>In Finland: With substantial changes, the proposal is given five days prior to the start of the negotiations regarding the 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. Sweden and Norway: Negotiations required before any changes. The union has 14 days to answer the proposal by the employer.</p> <p>Dismissal periods are the same under the collective bargaining agreements and the law. Consultation and negotiation procedures are governed by the law.</p>
403-1	Occupational health and safety management system	A safe workplace p.57	
403-2	Hazard identification, risk assessment and incident investigation	A safe workplace p.55	
403-3	Occupational health services	A safe workplace p.56–57	
403-4	Worker participation, consultation, and communication on occupational health and safety	A safe workplace p.56–57	
403-5	Worker training on occupational health and safety	A safe workplace p.56–57	
403-6	Promotion of worker health	An inspiring working environment p.62	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.
403-8	Workers covered by an occupational health and safety management system	A safe workplace p.57	<p>a.i. 100 % a.ii. 100 % a.iii. 100 %</p> <p>No worker group is excluded.</p>
403-9	Work-related injuries	A safe workplace p.57	
403-10	Work-related ill health	A safe workplace p.57	
404-1	Average hours of training per year per employee	Competence development p.64–65	Trainings are reported according to the training history data saved in the HR system. In countries other than Finland, the trainings saved in the HR system are mostly completed on Kiilto Learns, a digital learning platform. Training reporting is being improved to be more comprehensive. The number of hours used for the trainings on Kiilto Learns is theoretical. We do not have accurate data of the training hours per region and gender.
404-2	Programs for upgrading employee skills and transition assistance programs	Competence development p.64–65 An inspiring working environment p.59–60	
404-3	Percentage of employees receiving regular performance and career development reviews	Amount of GO discussions in 2022 p.74	GO discussions report 2022 is provided only from companies in Finland as we are currently unifying our GO discussions reporting practices in Kiilto companies in other countries.

Code	Indicator name	Location	Additional information and comments
406-1	Incidents of discrimination and corrective actions taken	An inspiring working environment p.58	
416-1	Assessment of the health and safety impacts of product and service categories	Responsible marketing and developing customer expertise p.69-70	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Responsible marketing and developing customer expertise p.69-70	
417-2	Incidents of non-compliance concerning product and service information and labeling	Responsible marketing and developing customer expertise p.69-70	
417-3	Incidents of non-compliance concerning marketing communications	Responsible marketing and developing customer expertise p.69-70	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible marketing and developing customer expertise p.69-70	

