



Sustainability Report 2024

Kiilto Family Group

Contents

Business and Strategy	3	Our Promise to the People	34
Our commitments	4	Our Commitments	35
Developing and growing sustainable business	4	An Inspiring Working Environment	35
Forewords from the owners	5	Employees	36
Basis of preparation for sustainability statement 2024	6	Commitments and policies related to employees	36
Kiilto's sustainability governance	7	Engagement with employees	37
Kiilto's strategy, value chain and business model	9	Channels to raise concerns	38
Significant changes in the value chain and markets model	11	Actions and resources related to employees	39
Approach to stakeholder engagement	12	Targets related to employees	41
Kiilto stakeholders, expectations, and actions	13	Metrics related to employees	42
Material impacts, risks, and opportunities	15		
Identifying material impacts, risks, and opportunities	16	Governance	44
		Business conduct	45
Our Promise to the Environment	18	Cultural cornerstones and guiding principles	45
Our commitments	19	Prevention and detection of corruption and bribery	48
The journey towards environmental leadership continues	19	Payment practices	49
Climate change	20		
Energy consumption	24	Appendix	50
Carbon footprint and emissions	25		
Pollution	27		
Boosting circular economy	29		
Biodiversity impacts	30		
Waste	31		
Water consumption	32		
Water consumption in operations	33		

Business and Strategy

”

For Kiilto, growth is a result of courage, desire, and the ability to renew

”



Our commitments

Developing and growing sustainable business

Kiilto is committed to the future and takes concrete actions to contribute to the sustainable development of various customer and stakeholder groups as well as the entire industry.

2024 was the year of orientation, learning and preparations for the Corporate Sustainability Reporting Directive (CSRD). It challenged Kiiltoonians in all nine countries to rethink sustainability from both a financial materiality and impact materiality perspective. These sustainability disclosures and key metrics are based on Kiilto's Double Materiality Assessment (hereafter materiality assessment) conducted during 2023-2024.

This Sustainability Statement 2024 takes inspiration from the European Sustainability Reporting Standards (ESRS) and the previously adopted Global Reporting Initiative (GRI) standard. As the disclosure requirements between CSRD and GRI differ, some previously reported KPIs and metrics required by GRI will no longer be reported in this Sustainability Statement. The Sustainability Statement consists of four parts: general disclosures and three topical sections: Environmental, Social, and Governance information.

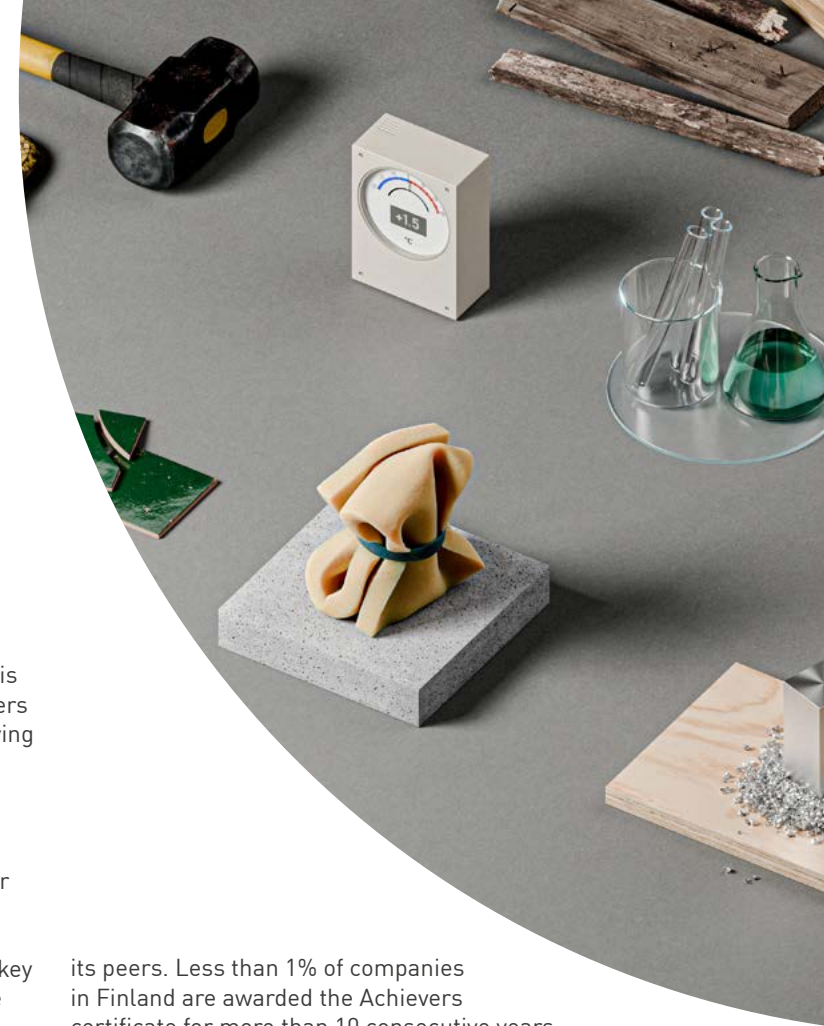
Regardless of the changes in European Commissions' schedule and implementation guidelines of CSRD, Kiilto is committed to provide its customers and other stakeholders with transparent, comprehensive, and continuously evolving sustainability reporting.

Kiilto has been a member of global chemical industry's sustainability programme, Responsible Care, since its inception in Finland. During these over 30 years, member organisations have witnessed significant changes in lowering accident rates and reducing energy and water consumption as well as greenhouse gas emissions. The key themes of the program are aligned with Kiilto's Promise to the Environment and Promise to the People including the efficient use of natural resources, safety of products, occupational safety and well-being, open interaction and co-operation.

In recognition of the strong financial performance, Kiilto received its fourteenth Achievers certificate and is one of the rare Recurring Achievers companies in 2024. The certificate, which has been in circulation since 1898, was awarded to the Kiilto Family Group by a commerce-oriented newspaper Kauppalehti. For the Achievers certificate, a financial analyst evaluates the company and awards the certificate if the company is performing better than

its peers. Less than 1% of companies in Finland are awarded the Achievers certificate for more than 10 consecutive years.

Kiilto invests in the future by promoting occupational wellbeing, fostering innovation, and assuring sustainable growth. For Kiilto, growth is a result of courage, desire, and the ability to renew. By focusing on environmental innovations, Kiilto continuously tests and develops new products, services and processes that maximise reusability without harming people or the planet. This enables Kiilto to move beyond a take-make-dispose business model and optimise resource use. At Kiilto, everyone is encouraged to make a difference. Continuous renewal has made Kiilto a trusted partner for its customers and other partners.



Forewords from the owners

In 2024, we engaged in internal discussions on reporting, sustainability management, company culture, and strategy, and on how these areas can be leveraged to enhance customer value. What united these topics was a future-driven mindset—looking ahead and rethinking what kind of a company Kiilto is today and where it should be heading.

The new ESG regulation created a need to reorganize our internal resources. Also, the new regulation has provided valuable guidance on identifying the most material topics, developing sustainability initiatives with measurable impacts, and aligning sustainability efforts with business, customer, environmental, and societal needs.

A double materiality assessment confirmed that, as a company operating in the chemical industry, Kiilto can make the greatest impact in the environmental sector. Our journey to becoming the environmental leader in our field and through this, helping our customers thrive, continues.

In the coming years, we will reinforce this commitment with more focused targets, a thriving team of Kiiltonians, and streamlined processes that allow us to do what we do best: create well-being from cleanliness and build a sustainable future.

We fully support the growing emphasis on sustainability at the Board and top management levels. We also embrace efforts to improve comparability between companies, as we believe that collaboration can drive more rapid progress toward sustainable business practices than working in isolation.

At the same time, it is important to remember that sustainability is not a competition—quite the opposite. It thrives on innovation, openness, transparency, and collaboration. Advancing the circular economy requires the courage to embrace new forms of cooperation and game-changing innovations. With a history spanning over a century, Kiilto has a solid foundation for this approach, and the new strategy developed in 2024 charts our course for sustainable growth. Our vision is to continue producing and selling solutions profitably in 2080, with the goal of achieving regional market leadership. We firmly believe that when companies

invest in sustainability expertise, they ultimately add value to the entire industry.

At Kiilto, we are committed to fostering a company culture and structures that empower every Kiiltonian to succeed in making a difference. We encourage everyone to believe in the future while taking an active role in shaping it.

*Erkki Solja, CEO, Chair of the Board, Owner
Ville Solja, CDO, Vice Chair of the Board, Owner
Eeva Solja, Brand Director, Board member, Owner*





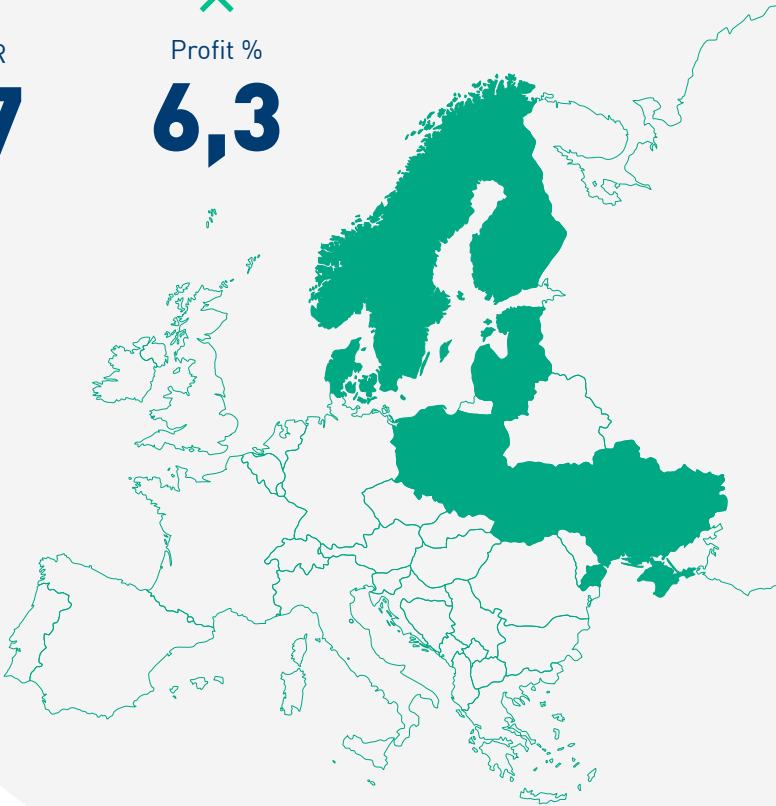
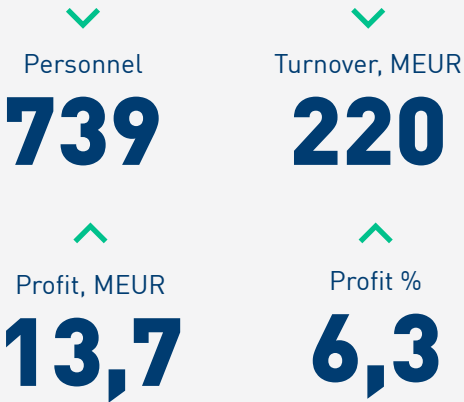
Basis of preparation for sustainability statement 2024

Kiilto's sustainability statement has been compiled with inspiration from the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) as well as from the Global Reporting Initiative (GRI). It covers the period from January 1 to December 31, 2024. The scope of the sustainability statement differs from Kiilto's financial statements, as the small group entity, Intermedius Oy, is not included. Intermedius covers 2% of Kiilto's turnover in total and hence the small impact, the processes in accordance with CSRD have not yet been implemented.

Kiilto does not use the option to omit specific information related to intellectual property, know-how, or innovation results, or use the option granted by Member States to omit disclosure of pending developments or ongoing negotiations. The sustainability statement covers both Kiilto's upstream and downstream value chain.

Comparative information for one or more prior reporting periods has not been adjusted. Kiilto has not deviated from the medium- or long-term time horizons defined by ESRS.

Kiilto in numbers 2024



Kiilto's sustainability governance

Governance structure

Kiilto's highest governance bodies consists of the The Board of Directors of Kiilto Family Oy (hereinafter "the Board") and management teams of , Kiilto Group, KiiltoClean Group, and Kiilto Family (hereinafter "the Management Teams"). The Board has one committee, which is the nomination remuneration committee, and the members are members of the Board.

The Board has seven members, of which 43% are women and 57% are men. Five of the Board members are non-executive members and two are executive members. There are no employee representatives in the Board, nor are there individual responsibilities for impacts, risks, and opportunities outlined in the terms of reference, or board mandates for the Board members.

Management Teams had 23 members in total in 2024 , of which 39% were women and 61% were men. Both Kiilto Group and KiiltoClean Oy management teams had one employee representative, who is nominated in turn by a different employee group. All Management Team members are executive members, excluding the employee representatives.

The nomination and remuneration committee has 3 members: the Chair of the Board, the Deputy Chair, and an additional Board member. The nomination and remuneration committee members 33% are women and 67% are men. One of the committee members is non-executive member, and two are executive members. There is no employee representatives in the nominating and remuneration committee.

Sustainability governance

During 2024 Kiilto 's sustainability governance model was refined to better meet the needs of both business and reporting as well as the new strategy period starting in 2025. The new model, responsibilities and titles were implemented gradually.

At Kiilto, sustainability governance is structured in two tiers: group-level sustainability coordination and business-area-level sustainability coordination. Group-level sustainability coordination includes managing Kiilto's Promise to the Environment, Promise to the People, and Good Governance Groups. This includes tasks such as risk assessment, regulatory updates, target setting, performance reviews, reporting, and communication. Business area sustainability coordination focuses on local and business area-specific sustainability initiatives, including tracking KPIs, setting project targets, monitoring performance and budgets, and reporting. Sustainability work is organised within existing business functions, and the Business Area Head of Sustainability coordinates work in cooperation with management and Kiilto Family Group 's Head of Sustainability.

The Board is the highest body responsible for overseeing the impacts, risks, and opportunities. Additionally, the Board guides the development of the company's strategy and ultimately approves it. Additionally, the Board approves sustainability objectives at the group level, including Scope 1-3 emission reduction targets and sustainability objectives related to business strategies. The Board also approves policies related to sustainability and ensures that sustainability reporting requirements are met.

The Management Teams are responsible for overseeing the impacts, risks, and opportunities within their respective sphere of influence. They manage the annual implementation of sustainability-related risk assessments, and contribute to the double materiality assessment managed by the Head of Sustainability. The Management Teams monitor changes in regulatory requirements, set operational objectives aligned with the strategy, and oversee their implementation.

The Nomination and Remuneration Committee is responsible for evaluating the Board's capabilities in sustainability oversight on an annual basis. Individual self-assessments are conducted to provide an overview of the Board's strengths and areas for improvement.

The Board members and Management Teams consist of individuals with diverse backgrounds, and the Board members bring expertise in the following areas: corporate responsibility-driven innovations, finance and risk management, international business and operational leadership, corporate responsibility and ESG, governance and compliance, strategic planning, brand building and communication, customer experience, cybersecurity, IT, and digitalisation. These skills and expertise are directly linked to the company's material impacts, risks, and opportunities, ensuring that the Board and management are well-equipped to address sustainability challenges and drive positive outcomes.

To assess the Board's necessary skills related to sustainability oversight, individual self-assessments are conducted to provide an overview of the Board's capabilities.

Management and the entire operational organisation conduct annual self-evaluations as part of integrated HR processes to assess the capabilities required for each role. Supervisors review these evaluations and collaborate with employees on development plans if there is a need to acquire new skills and knowledge to meet the position's criteria. The Board and Management Teams continuously evaluate whether the organisation has sufficient resources to oversee the sustainability agenda.

Sustainability topics addressed by the Board

The Board receives updates on sustainability initiatives through written monthly reports, which include KPIs and status updates regarding Promise to the Environment. Additionally, the Board holds one dedicated meeting each year to receive a detailed overview of the processes related to various sustainability targets and to discuss these matters with the employees responsible for achieving the sustainability objectives.

During the reporting period, the Board considered several sustainability-related topics, including the double materiality assessment results, the development of the SUPER initiative, the launch of the professional hygiene business area with lignin-based solutions, packaging material reduction, the KiiLto Venture portfolio focusing on environmentally advanced solutions to minimise emissions, and the possibilities to replace cement as a raw material.

Additionally, as part of the renewed strategy for strategy period 2025-2028, the Board approved strategic objectives and measures related to sustainability. These include KiiLto's mission, 'Building a sustainable future and creating

wellbeing from cleanliness,' as well as strategic objective to find ways to drive the markets towards positive environmental impact in each business. The business area specific strategic objectives include reducing environmental impact by increasing sustainable solutions in the portfolio and enhancing sustainable innovations.

To ensure the success of sustainability initiatives, the Board, in addition to the Management Teams, monitors the targets. Promise for the Environment working groups track the progress of their respective projects and provide monthly reports to both the management and the Board. The targets are reviewed and, if necessary, revised annually. The Promise to People targets are also reviewed annually.

Sustainability-related performance in incentive schemes

Currently, there are no incentive schemes or remuneration policies related to sustainability for members of the Board or Management Teams. However, the performance of the Board and Management Teams is evaluated based on the achievement of various targets, including the reduction of Scope 1-3 emissions, implementation of circular economy practices, improvement in employee satisfaction, health and safety metrics, enhancement of community engagement and social impact initiatives, and progress in achieving diversity, equity, and inclusion goals. Neither the Board nor the Management Teams receive compensation for meeting these targets.

Regular performance reviews and feedback sessions are conducted to ensure progress toward these targets and to identify areas for further improvement. The outcomes of

these evaluations inform decisions related to remuneration, promotions, and professional development opportunities. However, these sustainability-related performance metrics are not considered performance benchmarks nor are they included in remuneration policies.

The Board reviews and decides on incentive schemes annually. It also mandates the Management Teams to prepare new proposals for incentive schemes, if necessary.

Risk management and internal control processes related to sustainability reporting

The Board holds ultimate responsibility for reviewing and approving the reported information. The process begins with the operative organisation preparing the sustainability report, ensuring that all material topics are covered. An external advisor is then engaged to assess the report's completeness. Next, an internal team reviews the report for accuracy and completeness. Finally, the Board reviews and approves the report before its publication. A risk assessment has not been conducted for sustainability reporting.



Kiilto's strategy, value chain and business model

Strategy and business model

Kiilto is a family-owned company, with over a hundred-year history. Kiilto develops, produces, and sells chemical industry solutions in four business areas: construction, industrial adhesives and fireproofing, professional hygiene, and consumer goods. Kiilto consists of twenty four companies. Kiilto Family Oy is the ultimate parent company. Kiilto Oy and its daughter companies are active in construction and industrial adhesives and fireproofing businesses, KiiltoClean and its daughter companies are active in professional hygiene, and consumer goods. Intermedius Oy is manufacturing products for shoe, textile, steel and engineering industries as well as plastic-coated products. Intermedius Oy is not included in the sustainability report. In addition, the following companies belong to Kiilto: investment company Antso Oy, Kiilto Kiinteistöt Oy owning the Finnish real estate assets, Kiilto Family AB internal service provider for Swedish Kiilto companies and Kiilto Ventures Oy, a early-stage venture capital company , which invests in and supports startups addressing environmental challenges in the built environment. Kiilto has production in Finland, Sweden, and Denmark, and the majority of the sold products are produced at Kiilto's plants. Currently, Kiilto employs a total of 739 Kiiltonians (headcount).

Construction and industrial adhesives and fireproofing

The most significant product groups are adhesives, water-proofing membranes, primers, floor levelling and pumpable

floor screeds, cementitious adhesives, silicones, grouts, sealants, and flame retardants. The main markets for these products are Finland, Sweden, Estonia, Poland, Latvia, Lithuania, and Ukraine.

Professional hygiene

The most significant product groups are disinfectants, detergents, cleaning agents, cleaning devices, and equipment. The main markets for these products are Finland, Sweden, Denmark, Norway, Estonia, Latvia, and Lithuania.

Consumer goods

The most significant product groups are home cleaning products, cosmetics, and personal hygiene products. The main markets for these products are Finland and Norway.

There have been no significant changes in the offering during the reporting period. Kiilto has no products or services banned in certain markets, and Kiilto is not active in the fossil fuel sector, controversial weapons or in cultivation and production of tobacco. Kiilto is active in chemical production, and the revenue from chemical production was around 220 million euros.

Kiilto's strategy aims to drive the market toward a positive environmental impact across all business areas in which the group operates. Customer demand is increasingly focused on products with a smaller environmental footprint. By developing environmentally focused products, Kiilto

helps its customers achieve their own sustainability goals. In practice this is accomplished for example by increasing the use of bio-based raw materials, utilizing packaging made from bio-based, renewable or recycled materials, designing packaging that is easy to recycle after use, innovating new ways to enhance circularity and continuously training customers in the correct use of products as well as business area specific environmental and health and safety topics.

Value chain

Kiilto's value chain consists of actors in the upstream, own operations, and downstream stages. The upstream value chain includes raw material and packaging material suppliers and logistics providers. Own operations cover product manufacturing, marketing, finance, RDI, ICT, communications and governance. The downstream value chain includes logistics providers, professional users, consumers, and end-users.

Kiilto's main inputs include raw and packaging materials, energy, labour, expertise, technology, equipment, and financial resources. The key outputs consist of final products, emissions, waste, intellectual property, and innovation. Additionally, Kiilto generates benefits such as financial returns for stakeholders, employment opportunities for workers, and valuable products for customers.

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, Kiilto will decrease the fossil energy consumption of the 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.



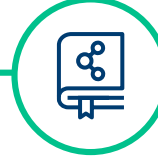
Research, development, and innovation

10% of Kiiltoonians work in RDI. Kiilto's own product development team quickly reacts to customer needs, changes in legislation, and technological developments. Kiilto is 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, high-quality, and economically optimal product. Kiilto provides training for professionals at the Kiilto's and customers' premises and on webinars on the correct and safe use of our products, systems, and methods. All Kiilto's products have clear instructions for use, and technical support team serves Kiilto's 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, de-bonding 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 customers ensures a practical understanding of their operating environment and helps detect future signals as early as possible.

Significant changes in the value chain and markets model

The demand in both of Kiilto Group's business areas is closely tied to construction volumes. The recession became apparent in the industrial adhesives and fireproofing business area at the end of 2022 and in the construction business area during the second half of 2023. The recession persisted throughout 2024 in both these business areas.

Especially the construction sector experienced 2024 a record number of bankruptcies. However, at Kiilto extensive credit insurance coverage and proactive credit control efforts resulted in minimal credit losses across all operating countries.

Kiilto compensated the reduced volume of new housing projects by increasing sales in renovation and hospital, school, and hotel projects. Training for construction customers continued through both in-person and webinar sessions.

At the end of the year, Kiilto transitioned in Finland from project sales of floor levelling compounds to material sales. Investment in the Super Healthy Buildings project continued, aiming to reduce the carbon footprint of the built environment and promote the circular economy.

Low production volumes provided the industrial customers opportunities to test alternative products, which meant for Kiilto active new customer acquisitions and many trial runs. Kiilto significantly increased sales of bio-based products to engineering wood industry customers and strengthened its market position in structural adhesives.

Kiilto developed the first commercial products based on debonding technology for furniture industry customers

and prepared the launch of a fully biodegradable and compostable (according to EN13432) Kiilto Pro Biomelt® hot melt adhesive. The industrial adhesives and fireproofing business area improved its profitability despite challenging market demand.

Despite labour disputes in Finland at the beginning of the year, Kiilto maintained excellent delivery capability throughout the year. The most crucial factor for profitability was the price level of raw materials, which remained relatively moderate due to low global demand.

The new EU regulations will play a significant role in development of the chemical industry in the coming years. Kiilto continued to develop plans to address production bottlenecks and generally improved productivity. also prepared for the upcoming CSRD-aligned reporting and continued to the work according to Kiilto's Promise to the Environment initiative. With Scope 1 and 2 emissions already close to zero, a project was initiated to reduce Scope 3 emissions by developing the supplier evaluation process. Kiilto also prepared for upcoming regulatory changes by participating in the working groups of Feica, the Association of the European Adhesive & Sealant Industry.

In the professional hygiene and consumer goods business areas, Kiilto achieved growth in both volume and net sales, complemented by improved margins, despite focusing on internal alignment and long-term planning.

Professional hygiene business area had a standout year, with notable growth in Denmark driven by successful

healthcare business and high disinfection wipe sales, which started late 2023. Latvia, Lithuania, and Norway also had strong sales growth, while Finland experienced a slight decline in top-line sales due to decreased end prices in the food industry segment.

One of the pivotal achievements of the year was ramp-up of production of solid dishwashing detergents in Assens, Denmark. This investment represents a significant step forward, equipping Kiilto with the capacity and efficiency required to support its ambitious growth targets within the food service sector.

Kiilto's consumer goods business area continued to thrive, achieving record-breaking net sales during many months in 2024. This culminated in the highest annual net sales in its history (excluding the Covid year 2020). Kiilto also made strides in preparing the biocidal product registration dossier for ethanol based disinfectants, an essential step in maintaining a competitive edge in the market. Additionally, the divestment of the Plum Safety Business, as agreed in 2020, was successfully completed.

These changes highlight the company's resilience and strategic adjustments in response to market challenges and opportunities. At the end of the reporting year, Kiilto launched a new strategy extending from 2025 to 2028, sharpening the strategic focus and setting new, clear goals.

Approach to stakeholder engagement

Kiilto seeks to ensure meaningful engagement with various stakeholder groups by regularly collecting information and data from them. This analysed information serves as the foundation for annual action plans and decision-making. Kiilto encourages open dialogue with both internal and external stakeholders.

Stakeholder interests and perspectives were studied in the double materiality assessment process. The stakeholders involved included the company's own workforce, customers, owners, management teams, financial partners, municipalities where the group companies operate, suppliers, and some relevant non-governmental organizations and educational institutions. Kiilto will update the double materiality assessment annually and assess the need for further stakeholder engagement. The next review and plan for stakeholder engagement related to double materiality assessment will be conducted in the spring of 2025.



Kiilto stakeholders, expectations, and actions

Stakeholder group	Stakeholder expectations	Kiilto's expectations	Meeting stakeholder expectations
Customers: professionals and consumers, direct and indirect	<ul style="list-style-type: none"> Finding a solution that meets usage needs Increasing customers' competence and competitiveness Product quality and reliability Customer service and availability Kiilto's expertise on the customers' processes and meeting their commercial interests Sustainability in operations and products Kiilto's help in meeting sustainability targets 	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 	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 and steady development of operations. Meeting strategic and sustainability targets. 	Ensuring financing of operations,	<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. 	Commitment to quality, sustainability, Code of Conduct and contracts.	<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 and Kiilto's production municipalities	<ul style="list-style-type: none"> • Tax revenues, employment, general wellbeing and local investments. • Monitoring, mitigating and responding to risks and opportunities in the chemical industry and sustainability. • Following legislation and influencing its development. • Conserving natural resources and mitigating and adopting to climate change. • Access to information and support, getting help to alleviate grievances. • High-quality safety and security management. 	<ul style="list-style-type: none"> • Ensuring favorable conditions and permits for operations, know-how, technology, and sufficiency of resources. • Benchmarking of good practices. 	<ul style="list-style-type: none"> • Job supply and employment projects. • Training and supporting employee and ensuring needed capabilities. • Profitable and growing business. Location, expansion decisions, and investments. • Sustainability programmes, consultation, information exchange and cooperation. • Continuous expert communication to increase knowledge in the field of chemistry.
Media	<ul style="list-style-type: none"> • Open communication and active sharing of the latest information. • Expert assistance. • Transparency and openness to discussion. 	<ul style="list-style-type: none"> • Highlighting topical issues, sharing correct information and open and constructive dialogue. 	<ul style="list-style-type: none"> • Open dialogue and transparency. • Continuous communications. • PR work and media distribution and monitoring. • Offering expert assistance.
Educational and research institutions	<ul style="list-style-type: none"> • Enabling internships and research projects. Contributing to development of degree programmes and study materials and providing expert assistance. Development of professional skills and work readiness. Development of science and technology and its availability. 	<ul style="list-style-type: none"> • Ensuring up-to-date know-how and technology. • Developing new innovations and solutions and providing research results. • Promoting the attractiveness of the Chemical industry and ensuring the sufficiency of resources. 	<ul style="list-style-type: none"> • Provision of internships, seasonal jobs and thesis. • Introductory events and research collaboration. • Scholarships, grants, donations, research projects and RDI collaboration.
Non-governmental organisations	<ul style="list-style-type: none"> • Support for activities and cooperation. • Transparency, open dialogue, access to information and assistance. • Empowerment. 	<ul style="list-style-type: none"> • Promotion of health, culture, wellbeing and sustainability. • Strategic cooperation potential. 	<ul style="list-style-type: none"> • Continuous and consistent support of chosen activities. • Open dialogue and cooperation with relevant organisations.

Material impacts, risks, and opportunities

Material topic	Sub-topic	Impact, risk, opportunity	Time horizon	Value chain position
Climate change	Climate change mitigation	Opportunity to reduce scope 1 and 2 emissions	Short-term	Own operations
	Climate change mitigation	Negative impact related to carbon footprint of products	Short and medium-term	Upstream, own operations, downstream
	Climate change adaptation	Financial risk if legislative environment tightens	Medium-term	Own operations
	Climate change mitigation	Financial opportunity in the built environment due to tightening regulation and requirements	Long-term	Own operations
	Climate change mitigation	Financial risk if emissions in the value chain can't be reduced	Long-term	Upstream, downstream
Pollution	Substances of high concern	A risk due to the use of certain compounds in the processes and products.	Short-, medium-, and long-term	Upstream
Own workforce	Health and safety	Risks related to information security	Short- and medium-term	Own operations
Business conduct	Corporate culture	Positive impact for the company when maintained and developed in the future	Short-, medium-, and long-term	Own operations
	Corporate culture	Poorly maintained culture is considered to create significant negative impact	Short-, medium-, and long-term	Own operations

Identifying material impacts, risks, and opportunities

In 2023, Kiilto began preparing for the upcoming EU regulations on corporate sustainability reporting by conducting a double materiality assessment. This assessment aimed to identify and evaluate the company's impacts, risks, and opportunities across various sustainability matters. The process outlined below was used to assess these factors, considering both sub- and sub-sub topics within each sustainability area. An external partner guided the assessment. The process for identifying material impacts, risks, and opportunities was as follows:

Identifying significant stakeholder groups to understand the impacts and their scale. Stakeholder groups engaged in the process were:

- Customers
- Own workforce
- Owners
- Municipalities, where Kiilto has production
- Actors in Kiilto's supply chain
- Educational institutions
- Financing partners
- NGO's relevant for Kiilto's business

Data collection from stakeholders and operational landscape review: An external partner conducted an orientation session on double materiality and a materiality workshop

with a broad group of Kiilto's management from all operating countries. Kiiltonians were also invited to participate in an optional online survey. Additionally, key customer groups and suppliers were identified, and their documentation—such as sustainability reports, tenders, questionnaires, and codes of conduct—were reviewed. Results from the company's Reputation and Trust survey, as well as the personnel survey, were also included in the review. Interviews were conducted as a data collection method when other materials were unavailable or when data gaps emerged. Furthermore, a benchmark study of typical industry-related impacts, risks, and opportunities was carried out by the The Chemical Industry Federation of Finland, and this was used to better understand potential material impacts, risks, and opportunities for Kiilto. The first two phases of the double materiality assessment resulted in a list of potential impacts, risks, and opportunities for further evaluation.

Analysis of impacts, risks and opportunities: Based on the material collected in the first two phases, the impacts, risks, and opportunities were reviewed and scored in internal workshops. The identified actual and potential impacts were linked to the subtopics and sub-subtopics outlined in the ESRS standards and assessed across short-, medium-, and long-term time horizons by a diverse, cross-func-

tional team. All participants focused on the company's impacts on the environment, society, employees, and other stakeholders, as well as the qualitative and financial risks and opportunities related to sustainability matters for the company's business.

Reporting: The findings of the phases in the double materiality assessment were reported and presented to Management Teams and the Board.



Scoring criteria

The impacts identified in the previous phases of the materiality assessment were scored based on a combination of scale, scope, irremediability, and likelihood. Risks and opportunities were assessed based on their likelihood of occurrence and magnitude. These impacts, risks, and opportunities stemmed from KiiLTO's own operations as well as its upstream and downstream value chain – through products, services, and business relationships. Impacts on various sustainability topics were evaluated based on whether they were actual or potential, positive or negative, and their expected duration (short, medium, or long term). Actual positive impacts were assessed based on scale and scope, while potential positive impacts were evaluated based on scale, scope, and likelihood. Actual negative impacts were assessed in terms of severity, which was determined by a combination of scale, scope, and irremediability. Potential negative impacts were assessed based on severity as well, incorporating scale, scope, irremediability, and likelihood.

Risks and opportunities were categorised as either potential or actual and were assessed based on their likelihood of occurrence and magnitude. A sustainability matter was considered financially material if it generated risks or opportunities that affected, or could reasonably be expected to affect, the company's financial position, financial performance, cash flows, access to finance, or cost of capital over the short, medium, or long term. Additionally, dependencies on natural, human, and social resources were identified as potential sources of financial risks or opportunities.

The materiality scoring was conducted using 1-5 scoring scale. Impacts were evaluated at the product, product group, or product family level, considering the number of affecting business areas, the number of impacted groups, and whether the impact was local or global. The scale of impact (measured as an effect on profit, expressed as a percentage of net sales) was categorised as follows: none (0%), minimal (max 0.1%), low (max 0.5%), medium (max 1%), high (max 4%), and absolute (more than 4%). The risks and opportunities were evaluated on scale minimal (<5), informative (5-8), important (8-10), significant (10-12) and critical (≥ 12). The topics reaching the critical level were considered material and reported. However, though biodiversity, water, waste, supplier evaluation and circular economy didn't reach the critical level, they were considered relevant to report. The results of the double materiality assessment and the scoring criteria will be reviewed and specified annually.





Our Promise to the Environment

”

The new strategy implements environmental sustainability even more strongly to all levels of Kiilto's business

”

Our commitments

The journey towards environmental leadership continues

Environmental leadership is a part of Kiilto's culture, which shows how it guides the ways of thinking, evaluating actions and decision-making. Kiilto's Promise to the Environment initiative creates the framework for all Kiilto's environmental efforts. In 2024, Kiilto went through an extensive strategy work for strategy period 2025-2028. The new strategy implements environmental sustainability even more strongly to all levels of Kiilto's business.

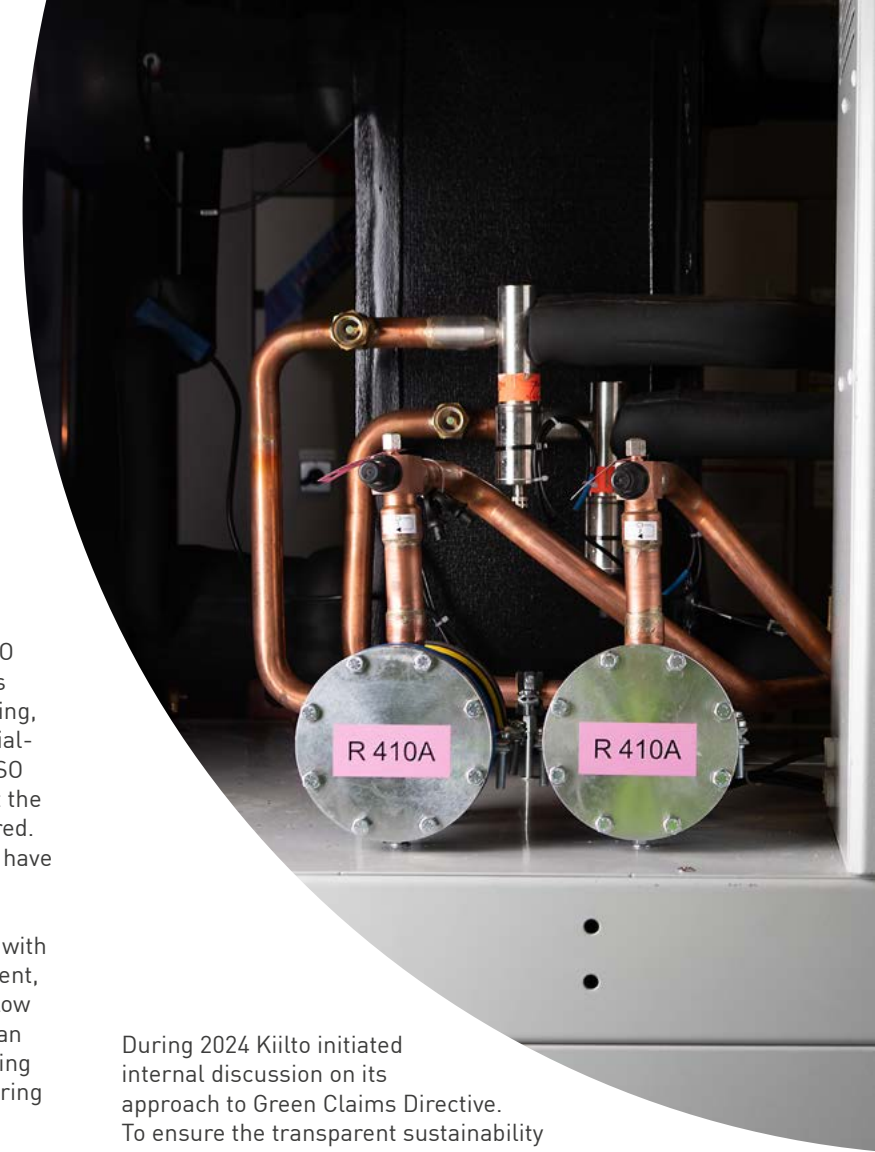
Key legislative tools for the chemicals sector include the EU's directives, such as Registration, Evaluation and Authorisation of Chemicals (REACH), Classification, Labelling and Packaging (CLP), and the Biocidal Products Directive. As downstream users of chemicals, Kiilto's suppliers need to have registered their ingredients with the joint European registry maintained by the European Chemicals Agency. Registration involves assessing the dangerous properties of substances and the risks involved in their use as well as labelling substances with information on their safe use.

Kiilto's certified management systems ISO 9001, ISO 14001, ISO 45001, and ISO 13485 for medical devices cover product development, manufacturing, marketing, distribution, customer services, storage, and material-related activities. All Kiilto's production plants are ISO 14001 and ISO 9001 certified, which guarantees that the most important environmental aspects are considered. No site-based or company-based risk assessments have been needed.

In 2022 Kiilto aligned its energy and climate targets with Science Based Targets (SBTi) and the Paris Agreement, which calls for global warming to be maintained below 1.5°C. By setting the Science Based targets, Kiilto can ensure the future growth of its business while creating a positive impact and mitigating climate change. During 2024, Kiilto supplemented its application, and the approval is expected during 2025.

Kiilto's key tools for monitoring environmental responsibility include deviation reporting. Any Kiiltonian 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.

During 2024 Kiilto initiated internal discussion on its approach to Green Claims Directive. To ensure the transparent sustainability communications towards its customers and stakeholders, Kiilto aims to take a holistic approach to its entire operations in alignment to the directive, and follows the discussion about the Green Claims Directive closely.



Climate change

Transition plan for climate change mitigation

Kiilto has set targets to reduce greenhouse gas emissions in alignment with the 1.5°C limit of the Paris Agreement. Its emission reduction strategy follows the pathways defined by the Intergovernmental Panel on Climate Change (IPCC). Kiilto has applied for SBTi validation, and the targets are currently undergoing the validation process. The reduction targets have been approved by Kiilto's Board of Director's and the Management Teams.

Kiilto aims to achieve carbon neutrality in its own operations by 2028, primarily through reduction measures in Scope 1 and 2 emissions. Key initiatives include transitioning to bio-based district heating, increasing the use of renewable energy, and improving efficiency in production processes. Emission compensation remains an option, but only after all feasible reduction measures have been implemented. Kiilto is not excluded from Paris-Aligned Benchmarks.

Emission reduction targets

- **Carbon neutrality in own operations by 2028** through reductions in Scope 1 and 2 emissions, compared to 2021 levels. This is achieved by transitioning to bio-based district heating, increasing the use of renewable energy, and improving efficiency in production processes.
- **21% reduction in Scope 3 emissions by 2028**, compared to 2021 levels. This is achieved primarily by switching to raw materials with lower emission factors and integrating circular economy practices in the supply chain. Raw materials account approximately

85-90% of all Scope 3 emissions. To support this goal, Kiilto is developing a planning and reporting tool to optimise Scope 3 emission reductions.

- **10% decrease in purchased energy intensity** (per produced tonne) compared to 2021 levels. This will be achieved through local energy production solutions, including solar power plants and heat production systems utilising air-water, geothermal, and waste heat recovery technologies.

Decarbonation levers

The decarbonisation levers to achieve the targets include expanding the share of renewable energy, such as air-water, solar, and geothermal power, shifting from fossil fuels to renewable electricity in operations, enhancing energy efficiency in buildings and plants, and using alternative materials in production, such as replacing synthetic ethanol with bioethanol, among others.

Investments supporting the implementation of reduction targets

Kiilto estimates that achieving fully carbon-neutral operations will require capital expenditures of €2.8 million between 2025 and 2028. In 2024, no significant energy investments were made, but €318,000 was saved by using 17,509 GJ of self-produced energy. The transition to bio-based raw materials has so far

resulted in minor additional expenses, as the share of costlier bio-based materials remains low. However, the annual additional cost of bio-based materials is projected to exceed €1 million.

Locked in GHG emissions

Kiilto recognises that certain key assets and products may contribute to locked-in greenhouse gas (GHG) emissions, which could present challenges in meeting Kiilto's carbon neutrality targets. Locked-in emissions arise from long-lived infrastructure, energy-intensive manufacturing

processes, and products that generate emissions throughout their lifecycle. Kiilto's production facilities rely on industrial heating and energy-intensive chemical processes which, if not fully transitioned to renewable energy sources, may result in sustained emissions over their operational lifespan. Additionally, the procurement of fossil-based raw materials can cause significant embedded emissions that persist throughout the product lifecycle. Certain Kiilto solutions, while designed for durability and performance, may contribute to prolonged carbon emissions, particularly in applications where end-of-life disposal or recycling infrastructure is limited.

Locked-in emissions may jeopardise Kiilto's 2028 carbon neutrality targets unless mitigation measures are implemented at an accelerated pace. Dependency on high-carbon raw materials may slow the transition to low-carbon alternatives and hinder overall reduction efforts. Stricter EU climate and sustainability reporting requirements may impose additional compliance costs and necessitate more rapid decarbonisation. The growing market demand for low-carbon products may further weaken Kiilto's competitiveness if adaptation is not executed in a timely manner.

Capital investments in carbon-intensive assets may become stranded if rapidly advancing low-carbon technologies render them obsolete. The costs associated with transitioning to renewable energy sources and sustainable materials could impact Kiilto's profitability if not strategically managed. Kiilto aims to reduce locked-in emissions by expanding the use of renewable energy in its production facilities, enhancing research and development to replace fossil-based raw materials with bio-based or recycled alternatives, and promoting product recyclability and material recovery at the end of their lifecycle. Kiilto has implemented a phased decarbonisation roadmap, incorporating milestone targets and aligning with international climate frameworks such as the Science Based Targets initiative (SBTi).

Emission reduction targets as a part of business strategy and financial planning

Kiilto's emission reduction and carbon neutrality targets are core components of its overall strategy and financial planning. This includes prioritising the development of products with a lower environmental impact and focusing on raw materials with smaller CO₂ emission factors. These efforts align with the company's commitment to reducing Scope 3 emissions by 21% by 2028, compared to 2021 levels.

Additionally, investing in renewable energy is one of the Kiilto's strategic priorities, directly contributing to Scope 1 and 2 reduction targets. These targets are also integrated into the company's financial planning, with an investment of €2.8 million allocated to achieving carbon neutrality in its own operations. Kiilto's financial planning includes long-term investments in sustainability-related projects. This includes the development of new technologies and processes that support the reduction targets.

Progress in implementing the transition plan

- Between 2021 and 2024, Kiilto achieved a **35% reduction** in Scope 1 and 2 CO₂ intensity (kg CO₂e per kg product), compared to 2021 levels. This was accomplished by increasing the use of renewable energy and making energy efficiency investments at plants in Lempäälä, Hankasalmi, and Turku. Lempäälä plant utilises geothermal heat and waste heat from production processes, Hankasalmi plant has eliminated the use of fuel oil by adopting air-water heat and geothermal heating systems, and all plants generate part of their electricity locally through solar power installations.
- In Scope 1 alone, Kiilto achieved a **51% reduction** in CO₂ intensity, compared to 2021 levels.

- During the reporting year, **87% of purchased energy** was renewable or from carbon-free sources.
- There has been a slight decrease in the overall Scope 3 CO₂e-intensity and in the Purchased goods and services -category, which is primarily influenced by emissions from raw materials. Additionally, resources allocated for CO₂ emission data management and calculation has improved, enabling a better understanding of the individual emission components that have the biggest impact on overall Scope 3 CO₂e emissions.
- Kiilto has not progressed in the purchasing energy intensity reduction target during the reporting period. This is due to our primary goal of carbon neutrality and thus eliminating direct, scope 1 CO₂ emissions. In our Lempäälä plant, Kiilto has made significant investments to reduce the consumption of natural gas. With these investments, Kiilto has succeeded in significantly reducing scope 1 CO₂ emissions. However, this has also meant, that Kiilto has transferred to consuming more purchased energy (electricity and district heating). For this reason, the purchased energy intensity has increased rather than decreased.



Policies related to climate change mitigation and adaptation

Kiilto's climate change initiatives are guided by the company's Promise to the Environment's Energy and Climate -targets. Strategic goals and targets of Energy and Climate sector create the framework and policy for climate goals and actions in all Kiilto companies. Energy and Climate's main goal is to become carbon neutral by 2028. The targets included in Climate and Energy are presented in chapter Transition plan for climate change mitigation. Kiilto Family Group's Head of Sustainability and Kiilto Family Group's CEO are responsible for implementing the Energy and Climate -sector. Kiilto's Promise to the Environment covers the whole value chain.

Sustainability matters addressed in the Energy and Climate:

- Reducing carbon emissions across all operations and supply chains
- Improve energy efficiency and increase the use of renewable energy sources
- Enhance circular economy practices through sustainable materials and waste reduction
- Foster stakeholder collaboration to drive industry-wide climate action.

The progress of these objectives is measured and monitored systematically. The Climate and Energy -targets align with the GHG Protocol, which Kiilto follows to calculate its emissions annually. In addition to following the GHG Protocol, Kiilto adheres to the UN Sustainable Development Goals and is committed to the Science Based Targets initiative, as

UN Sustainable Development Goals (SDGs)

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:



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.

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



well as the Paris Agreement's objective of limiting global temperature rise to 1.5°C. Kiilto integrates climate considerations into multiple aspects of its operations. Through continuous improvements in logistics, product sustainability, and circular economy initiatives, Kiilto aims to support its long-term commitment to climate action and carbon neutrality. The Promise to the Environment and its targets have been established by cross-functional teams within Kiilto. Additionally, benchmarking has been conducted with various external stakeholders, including The Chemical Industry Federation of Finland.

Kiilto's Promise to the Environment initiative is available at Kiilto's website.

Actions and resources related to climate change

Kiilto has implemented key actions to address climate-related impacts, risks, and opportunities. Key actions include:

- Commitment to achieving carbon neutrality through emission reductions and process improvements. This includes reducing greenhouse gas emissions in operations and supply chains by optimising logistics and transportation, as well as investing in process improvements to lower emissions from production activities. To support this action, Kiilto has initiated discussions with external logistics partners regarding a shift to lower-emission logistics options. It has been decided that the transition to these options will be implemented in 2025.

- Transitioning to bio-based district heating, such as the partnership with Lempäälän Lämpö, to reduce dependency on fossil fuels. Increasing the share of renewable energy in production facilities and implementing energy efficiency measures in production and office buildings to reduce overall consumption.
- Increasing the use of recycled and renewable materials, as demonstrated at the Turku plant. Expanding the use of biodegradable and sustainable packaging solutions and enhancing material reuse and recycling initiatives, such as the 5,000 kg packaging collection effort in closed-loop pilot project, which was finalised during 2024.
- Increasing the number of environmentally certified products, such as those carrying the Nordic Swan Eco-label. Providing training to employees, customers, and partners to drive climate awareness and participating in industry-wide initiatives promoting sustainable practices and regulatory compliance.
- Collaborating with suppliers to increase the sustainability of raw material sourcing. Optimising packaging and logistics to reduce transportation emissions. Enhancing energy efficiency in logistics and warehousing to lower the overall carbon footprint. During the reporting period, Kiilto was able to achieve a reduction of approximately 4% to the raw material CO₂e-intensity.

The scope of these actions includes Kiilto Family Group's production countries: Finland, Sweden, and Denmark. These actions are long-term and ongoing, aimed at achieving the goals set in the Promise to the Environment. Currently, Kiilto does not report the financial resources allocated to these actions.

Targets related to climate change

Kiilto has set emission reduction targets in accordance with the Greenhouse Gas Protocol and the Science Based Targets initiative, aligned with the 1.5°C global warming limit. For Kiilto, energy and fuel consumption in Scope 1 and 2 are the primary focus areas for emission reduction. Within Scope 3, the most relevant categories are purchased goods and services, as well as downstream logistics. Raw materials are the largest source of emissions within the purchased goods and services category. To manage Scope 3 emissions, Kiilto has set category-specific reduction targets. Additionally, it has established an overall reduction target for total Scope 3 indirect emissions. The targets related to climate change are presented in chapter *Transition plan for climate change mitigation*.

Kiilto's base year for its targets is 2021. However, it has been monitoring its Scope 1 and 2 emissions since 2018, while Scope 3 emissions have not been fully tracked during that period. Between 2018 and 2021, direct Scope 1 CO₂e emissions were reduced by 18.6% (intensity: kg CO₂e per kg of product), while indirect Scope 2 emissions decreased by 97.8% (intensity: kg CO₂e per kg of product). The progress after 2021 is presented in the chapter Carbon footprint and emissions.

Energy consumption

Fuel consumption from (MWh)	2021	2022	2023	2024
Coal and coal products	0	0	0	0
Crude oil and petroleum products	307	567	287	536
Natural gas	4 730	3 288	1 214	1 450
Other fossil sources	0	0	0	0
Purchased or acquired electricity, heat, steam and cooling from fossil sources	147	175	416	652
Total fossil energy consumption	5 184	4 030	1 917	2 638
Share of fossil sources in total (%)	25 %	21 %	10 %	14 %
Total nuclear sources energy consumption	0	0	9 631	9 444
Share of nuclear sources in total (%)	0 %	0 %	53 %	49 %
Renewable sources, including biomass	0	0	0	0
Renewable purchased or acquired electricity, heat, steam and cooling	14 971	15 029	5 664	5 753
Self-generated non-fuel renewable energy	3 496	3 679	4 852	4 494
Total purchased renewable energy consumption	14 971	15 029	6 778	7 204
Share of renewable sources in total (%)	75 %	79 %	37 %	37 %
Total energy consumption	20 094	19 059	18 326	19 288

Methodology to calculate energy consumption

Energy consumption figures are obtained from the energy provider’s data sources or local systems (e.g., building automation systems). Primary data is provided either in MWh or GJ. If in MWh, the figures are converted to GJ using a factor of 3.6. Kiilto aims to collect data from primary sources, but when unavailable, assumptions have been used. Only production sites and countries are included in the energy consumption calculation. No external third-party assurance has been performed to the energy consumption calculations. The purchased or acquired electricity, heat, steam, and cooling from fossil sources include district heating from the Lempäälä and Forssa plants, which are sourced from non-renewable or carbon-free sources.

Carbon footprint and emissions

Scope 1	2021	2022	2023	2024
Total Scope 1 emissions (tCO ₂ eq)	1 017	804	330	427
% of Scope 1 GHG emissions from regulated emission trading schemes	0 %	0 %	0 %	0 %
Scope 2				
Location-based (tCO ₂ eq)	46	100	118	154
Market-based (tCO ₂ eq)	-	-	-	-
Scope 3				
Total Scope 3 emissions (tCO ₂ eq)	77 586	62 226	50 094	56 217
Purchased goods and services	73 657	57 559	46 060	51 504
Upstream transportation and distribution	811	822	687	746
Waste generated in operations	309	377	357	468
Business travel	599	760	594	590
Employee commuting	237	363	247	352
Downstream transportation	1 973	2 346	2 148	2 558

Methodology to calculate emissions

The emissions are calculated by using the methodology provided by Greenhouse Gas Protocol. The carbon footprint calculation encompasses Scope 1, Scope 2, and Scope 3 emissions, utilising activity data from operations and the supply chain combined with recognised international emission factors.

For Scope 1 and Scope 2 emissions, Kiilto relies on direct activity data from energy consumption, including fuel use and purchased electricity. Emission factors are sourced from national energy authorities and international standards, such as the IPCC Guidelines for National Greenhouse Gas Inventories, to ensure accuracy and geographical relevance.

Scope 3 emissions are estimated using a combination of primary data from suppliers and industry-average emission factors where direct data is unavailable. The company employs economic input-output models and lifecycle assessment (LCA) data to approximate emissions from raw material procurement, transportation, and waste treatment. The ecoinvent database serves as a primary source for emission factors in the Scope 3 calculations, offering scientifically robust and regionally relevant data. In cases where specific data is lacking, Kiilto applies conservative assumptions to avoid underestimating emissions.

The estimation of Scope 3 emissions is based on a combination of primary data from suppliers and operational activities, along with secondary data from industry databases and emission factors. Priority is given to activity-based data where available, with spend-based data applied in cases where detailed activity data is not accessible.

Kiilto has excluded several Scope 3 categories from its emission calculations due to their immateriality or negli-

ble contribution to the company's overall carbon footprint. The excluded categories include capital goods, as they represent only a minor share of the company's total emissions, and fuel- and energy-related activities not included in Scope 1 or Scope 2, which are not considered a significant emissions source. Upstream leased assets are excluded as they are not materially relevant to Kiilto's operations.

Additionally, emissions from the processing of sold products are excluded, as Kiilto's products are not typically subject to further processing that would generate significant emissions. The use phase of sold products is excluded because Kiilto's products generally do not require substantial energy consumption during use. End-of-life treatment of sold products is also excluded due to its minor contribution to the overall emissions profile.

Kiilto does not have downstream leased assets or operate under a franchise model, rendering these categories not applicable. Investments are excluded as they are not considered a significant source of greenhouse gas emissions.

The exclusion of these categories is consistent with the principle of relevance under the Greenhouse Gas Protocol, which encourages the prioritisation of significant emission sources, those that influence business decisions, or those of interest to stakeholders. Kiilto regularly reviews its Scope 3 emissions boundaries to ensure that all material emission sources are identified and accounted for, demonstrating the company's commitment to enhancing transparency and comprehensiveness as data availability and methodologies evolve.

The emission figures are not assured by a third party. No significant changes in circumstances related to emissions compared to previous reporting periods. Biogenic emissions are not included in the calculations.

Greenhouse gas removals and mitigation projects and international carbon pricing

Kiilto does not report greenhouse gas removals or mitigation projects financed through carbon credits, as no such projects are currently in place. Additionally, Kiilto does not apply internal carbon pricing schemes.

Pollution

Policies related to pollution

Kiilto is committed to reducing its negative impacts throughout its whole value chain. This commitment follows Kiilto's strategy, Code of Conduct, and other policies, including the Integrated Management System. Key aspects include minimising harmful releases into air, reducing resource consumption and waste generation, and ensuring consistent product quality. Kiilto's Environmental Policy aligns with the Kiilto Partnership Code of Conduct and other internal policies, such as the Chemical Policy.

Kiilto's initiatives related to pollution are guided by the company's Chemical Policy. It includes targets related to emissions to air, microplastics, and substances of concern and substances of very high concern. In addition to the Chemical Policy, Kiilto has a CMR (carcinogenic, mutagenic, reprotoxic) and toxic substances policy in place.

CMR and toxic substances policy's purpose is to bring safe products to the market, and that all mixtures supplied by Kiilto are developed and manufactured in compliance with legal and internal guidelines. The policy is a combination of avoidance and substitution of CMR and toxic-labelled substances as well as endocrine disrupting, PBT/vPvB (Persistent Bioaccumulative and Toxic/very Persistent very Bioaccumulative/) and PMT/vPvM (Persistent Mobile Toxic/very Persistent very Mobile) substances and comes on top of the legal obligations connected with the use of such chemical substances.

In addition to these policies, Kiilto has a mitigation hierarchy in use in chemicals that are classified as harmful:

- **Avoidance:** Kiilto aims to avoid adopting newly classified substances. Kiilto has an evaluation process in place before any substances are approved for ordering. The use of SVHC (Substances of Very High Concern) substances is prohibited. If a substance receives a new classification that designates it as an SVHC, a replacement project will be initiated immediately.
- **Reduction:** Kiilto aims to reduce the amount of raw materials classified as harmful and seeks to replace chemicals with less harmful alternatives whenever possible.
- **Control:** For harmful chemicals used in manufacturing, Kiilto monitors airborne concentrations and ensures that workers' health is regularly assessed through occupational healthcare.
- **Remediation:** The wastewater treatment plant works to mitigate microplastic migration into municipal drainage systems.

Actions and resources in relation to pollution

During the reporting period, Kiilto did not implement specific action plans related to pollution. However, ongoing measures to prevent pollution include:

- **Integrated Management System:** Kiilto maintains a certified Integrated Management System, which includes site-level standards and procedures to ensure compliance with permit and regulatory requirements. Key environmental protection measures include spill prevention, process safety, and maintenance standards.

All incidents affecting air, water and soil are documented in the company's incident reporting system. No such incidents occurred during the reporting period.

- **Regulatory compliance:** Kiilto's sites comply with environmental permits and pollution control measures reported through municipal programs, covering air emissions and onsite wastewater treatment. Internal and external audits assess compliance with ISO 9001, ISO 14001, and ISO 45001 standards. Additionally, third-party EHS legal compliance audits are conducted annually, with verification integrated into environmental performance reporting.
- **Emergency preparedness:** Kiilto follows precautionary principles and has processes to identify, prevent, and mitigate negative environmental impacts during emergencies. Emergency response and crisis management measures focus on containing incidents and minimising risks to employees and surrounding communities. Kiilto's Emergency Planning and Preparedness standard ensures adequate response capabilities.
- **Workplace safety training:** Kiilto continues its safety training programs, with a focus on chemical handling and risk mitigation.
- **Substance monitoring:** Kiilto actively tracks raw materials, intermediates, and process chemicals for substances of concern (SoC) and substances of very high concern (SVHC) as part of its priority substance management process. Risk assessments and action plans are being developed for these substances.



- **Microplastics:** Kiilto aims to comply with legal requirements for identifying and labelling microplastics by 2025. As regulations are not yet in effect, comprehensive data on raw materials and products classified as microplastics is not available. Currently, only confirmed sources of microplastics are reported. Kiilto is improving data collection and will fulfil ECHA reporting obligations once they take effect.

Kiilto had no significant operational (OpEx) or capital (CapEx) expenditures related to pollution prevention during the reporting period.

Targets in relation to pollution

The Chemicals Policy includes high-level targets related to pollution. However, Kiilto has not yet established any specific, numerical pollution-related targets beyond those outlined in the Chemicals Policy and those required by environmental permits, which regulate dust emissions. Kiilto aims to set additional pollution reduction targets in the future.

Metrics related to pollution

Pollution to air
Kiilto measures volatile organic compounds (VOCs) released into the air at each production plant. During the reporting period, total VOC emissions amounted to 2,163 units. Dust (dry mix) is also measured per plant, with a total of 0.0796 recorded during the same period. Kiilto has not identified any pollution from its operations affecting water or soil.

Microplastics
Some of the raw materials Kiilto uses in its production processes include microplastics. During the reporting period, the total amount of microplastics used was 151 tonnes. Additionally, one of Kiilto’s adhesives is classified

as a microplastic, contributing to a total of 351 tonnes of microplastics generated during the period. In total, Kiilto generated and used 502 tonnes of microplastics during the reporting period.

Substances of high concern
SVHC substances are identified in accordance with the EU REACH Regulation and are added to the Candidate List for Authorization by ECHA. One material used in Kiilto’s products contains a listed substance, and in 2024, the total amount of SVHC substances entering the company was 175 kg, while 199 kg left the facilities.

Methodology to calculate pollution -related metrics

Kiilto’s pollution data for air is limited to manufacturing sites with environmental permits. Excluded operations include offices, sales offices, and warehouses. Pollution-related metrics are not assured by an external party.

The data on microplastics, SVHC, and SoC substances is sourced from the ERP system. Dust pollution is measured in the air using equipment and by a third party, while VOC emissions to air are calculated using a specific method. Emission levels are consistent with those of 2023. Kiilto did not have any non-compliance incidents or enforcement actions related to breaches of permit conditions.
*Figures related to Danish operations are not included in these calculations.

Substances of concern (tons)	Health hazard class 2024	Environmental hazard class 2024
CMR classes	7 357	-
STOT SE, RE and Sensitizers classes	12 474	-
Aquatic classes		1 012
The total amount of SoC that is generated, used during production, or procured	19 831	1 012
CMR classes*	1 162	-
STOT SE, RE and Sensitizers classes*	273	-
Aquatic classes*		1 240
The total amount of SoC that leaves the facilities as products or as part of products*	1 435	1 240

Boosting circular economy

The circular economy is closely linked to discussions about biodiversity and emission reduction. Kiilto is continuously exploring opportunities to test side streams from other industries or reuse packaging. Kiilto aims to make progress in four main development areas: sustainable building materials, enabling construction circularity, digital and sustainable building processes, and healthy living and green maintenance.

Investing in Debonding on Demand (DoD) has been Kiilto's most recent circular economy project. This involves debonding different materials at construction sites so they remain usable for other projects. Kiilto is committed to solving the problem of bonding solutions from a recyclability perspective and will continue to invest in developing techniques and research for debonding on demand in the coming years.

From 2019 to 2022, Kiilto conducted a closed-loop pilot project with its customers, reclaiming empty HDPE packages. The pilot produced 5.5 tonnes of recycled granules from collected packaging materials, yielding an equivalent amount of recycled plastic from customer collections. Although it was clear that the recycled material could be used for Kiilto's other products, Kiilto's target was that it would meet the quality standards for professional hygiene products. In autumn 2024 all trial tests were done the production of the new packaging finally began. Kiilto successfully completed a closed-loop project for detergent bottles, and a total of 90,000 new packages containing 35% recycled plastic will be produced for Kiilto's products using recycled bottles.

Kiilto promotes circular economy by utilising bio-based raw materials to decrease the reliance on non-renewable resources and reduce the carbon footprint by reducing waste. Kiilto is aiming to have 70% of its packaging material reused, renewable or recycled by 2025. Kiilto is also one of the donors for endowed professorship in circular economy for University of Turku. All Kiilto's customer trainings include an environmental section to encourage circular economy and material recycling.



Biodiversity impacts

During 2024, Kiilto's objectives in the Promise to the Environment remained consistent: investing in local emission offset projects and biodiversity conservation, and collaborating with partners to implement annual environmental projects aimed at conserving biodiversity.

Kiilto launched the Debonding on Demand solution, which uses heat-based debonding technology to enable the controlled disassembly of elements, making their indefinite reuse possible. A pilot study conducted by students from Lappeenranta-Lahti University of Technology (LUT) compared the life cycle impacts of ceramic tiles between the conventional linear operating model and their controlled removal. The life cycle assessment (LCA) demonstrated that the longer the tiles can be reused, the less they impact biodiversity and the environment per year.

Kiilto has also started a pilot calculation for the first product-level calculation to examine what the life cycle analysis looks like for our product when it is expanded to also include biodiversity. Kiilto is particularly aiming to improve our understanding of land use, which has previously been identified as a significant driver of biodiversity loss in Kiilto's operations. In this project, Kiilto gets to examine a product from a new computational environmental perspective and make comparisons specifically between different solutions in terms of biodiversity, which is greatly valuable new information for Kiilto and helps guide the operations and make better decisions based on computational data.

In addition, Kiilto has given LUT University students taking part in Sustainability Challenge course the challenge to investigate the benefits of product-level calculations, particularly from the customer's perspective. How does the

customer benefit from Kiilto being able to produce these calculations for its products and share this information with the customer? In this project, students also conduct stakeholder interviews as part of the work. Kiilto has provided two experts to guide the work throughout the project. The topic of the challenge resonates with many students, and Kiilto recognises the importance of being involved in the work as future industry experts create models to lead these issues in the future.

Kiilto has not identified critical material impacts, risks, and opportunities for biodiversity in the first round of the double materiality assessment. However, they were recognised as significant, and during the preparation of a strategy process in 2024, sustainability was strongly integrated into Kiilto's strategy and business model, making it resilient to biodiversity and ecosystems-related risks. The most critical drivers of biodiversity loss for Kiilto are the GHG emissions caused by own operations and the impact of land use.

During 2024 Kiilto discussed with suppliers and customers to raise awareness and increase understanding of biodiversity impacts in the supply chain. The understanding of biodiversity effects is still rather low in general and in the chemical industry. As customer awareness on the topic of biodiversity rises, Kiilto plays a positive role in mitigating biodiversity impacts in both upstream and downstream operations through improved environmental innovations, sustainable raw materials, reused, recycled, or bio-based packaging materials, and customer training.

Biodiversity impacts decrease substantially as professional users and end-users demand more environmentally friendly solutions. Kiilto sees such development as opportunities

to create new products requiring fewer raw materials that consume significant natural resources. These opportunities have been recognized in the new strategy.

Kiilto will also follow the development of the Science Based Targets for Nature guidelines to obtain better tools for calculating biodiversity impact. Additionally, Kiilto is represented in the Chemical Industry Biodiversity Working Group. Kiilto also continuously produces LCA and EPD calculations for products and aims to track more broadly other impact categories beyond GHG emissions.

During 2024, Kiilto continued to work with Taimiteko, which aims to plant 10,000 hectares of new forest in Finland by 2030, equivalent to about 20 million trees. The seedlings are planted in reforestation areas.



Waste

The most significant actual or potential waste streams are related to raw material consumption, packaging material consumption and semi-finished products. Initially, raw material purchasing is done according to production plans and planned raw material consumptions.

Especially in chemical plants, majority of raw materials are labelled as hazardous substances. Mainly all raw materials are used in production resulting in no raw material waste. However, stored raw materials can expire or become obsolete due to e.g. changes in recipes or classification. Raw material waste is often hazardous waste due to raw material portfolio.

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

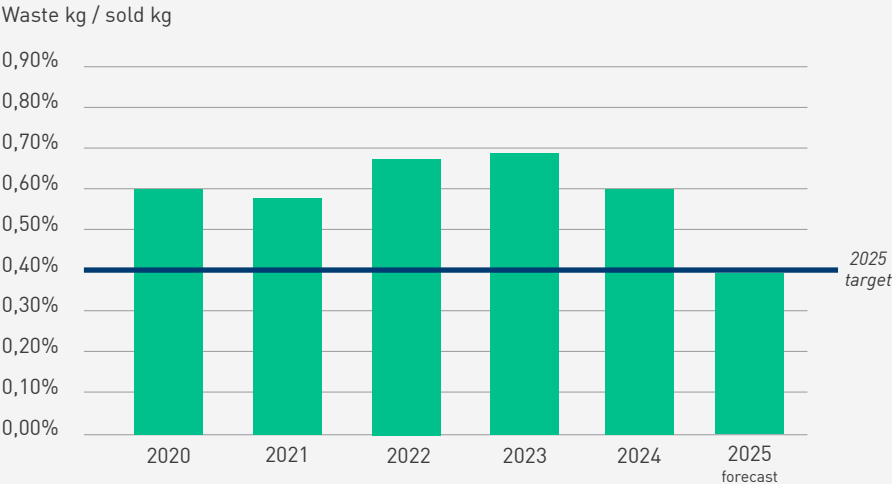
Big volume raw materials are ordered in bulk deliveries, which means no packaging waste. Used intermediate bulk containers (IBC), barrels and cargo pallets are washed or reused.

Semi-finished products in chemical plants are often labelled as hazardous substances due to e.g. corrosive substance concentrations. Potential significant waste streams consists of off-specification semi-finished products. Off-specification semi-finished products can result from errors during the mixing process, for example. In majority of these cases, the

semi-finished products can be utilised without compromising product quality or safety. However, if product quality or safety cannot be guaranteed and/or product is off-specification, it becomes hazardous waste.

Kiilto's waste is managed by specialised waste management companies that have the required permissions to handle and collect waste. Waste accounting is based on monthly reports and invoices from these waste management companies.

Waste intensity



Water consumption

The most significant water related impacts at Kiilto are assessed based on water consumption. Water at Kiilto sites is consumed for different purposes, some of them being very water efficient and some consuming large amounts of water e.g. for washing and cooling purposes. The water consumption differences between factory locations are due to different product portfolios and manufacturing processes. The biggest difference is between dry-mix and chemical plants. Manufacturing processes at a dry-mix plant practically do not consume water, whereas chemical plants need water for products, cleaning process equipment, and cooling.

Kiilto uses only 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. There is no water discharge from the production processes or other processes.

Process water eventually becomes wastewater, which is directed through communal sewers into municipal water treatment plants. Wastewater is handled according to requirements of the local municipal water treatment plants and environmental authorities. This way, the water stress caused by wastewater is managed.

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

At the Turku plant, process water goes to the municipal treatment plant. The pH of the process wastewater is adjusted to the specifications of the municipal wastewater treatment plant before the wastewater leaves the factory. 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 domestic water at sites (drinking water, hygiene, toilets, etc.). Thus, Kiilto added a process water consumption target to the Promise to the Environment and aims to decrease the water consumption of its processes per produced tonne by 20% from the level of 2021. In 2024 the reduction was 12% in total and 17% compared to year 2023. This development was mainly due to outsourcing the washing of IBC-containers and changing a cooling cycle of one mixer to a closed system. Previously, tap water was used for cooling.

Water stress is low in all Kiilto's operative countries. 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

Location	Municipal water consumed (m3)		Wastewater produced (m3)		Manufactured (tn)		Waste water intensity (m3/tn product)	
	2023	2024	2023	2024	2023	2024	2023	2024
Forssa	-	-	-	-		8 164		
Hankasalmi	3 095	3 224	544	591	3 018	3 119	0,18	0,19
Lempäälä	15 959	14 164	7 838	5 624	52 376	52 205	0,15	0,11
Turku	21 751	26 546	15 095	19175	14 374	15 875	1,05	1,21
Assens	5 679	5 881	3 822	4255	4 060	3 281	0,94	1,30
Örnsköldsvik	125	125	125	125	823	763	0,15	0,16
Hallstahammar	145	108	145	108	50 234	66 502	0,003	0,002
TOTAL	46 754	50 048	27 568	29 879	124 885	149 910	0,22	0,20

Our Promise to the People

“

Kiilto's Promise to People gathers together all the efforts to improve the social responsibility

”



Our Commitments

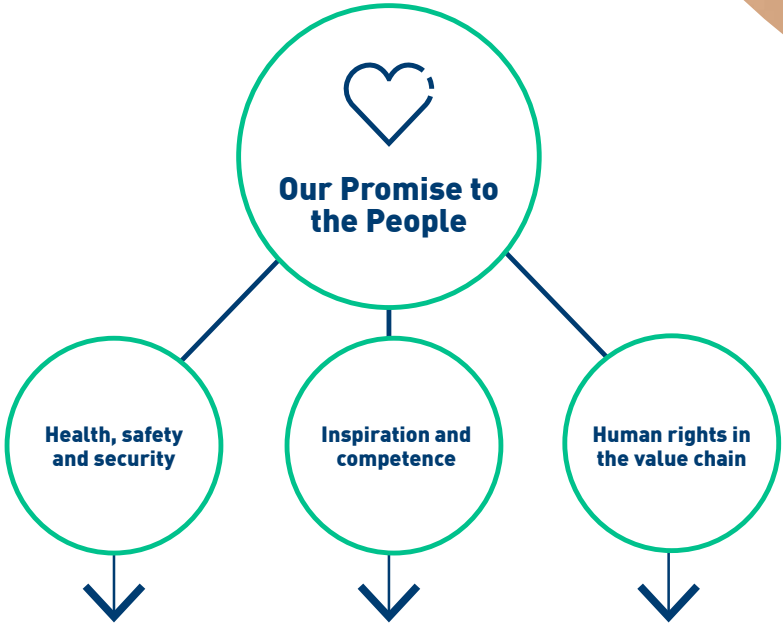
An Inspiring Working Environment

As a workplace, Kiilto provides a safe and inspiring environment and an opportunity for continuous personal development. Every day at Kiilto, over 700 colleagues, Kiiltonians, develop, innovate, learn, try, succeed or fail, make a difference and have an impact together to reach the common goals.

The wellbeing of Kiiltonians is one of the key factors to profitable business activities and to implement strategy, 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.

The responsibility for the quality, environment and safety includes taking care of both the external and internal operating environments, including personnel and stakeholders. Kiilto´s Promise to the People gathers together all the efforts to improve the social responsibility. During 2024 information security was added to the health and safety group of the Promise, as compromising it is most often both a cause of a human error and a threat to individual safety. The safety culture is continuously being improved at Kiilto.

Kiilto´s Promise to the People consists of three work streams. In addition to the Health, safety and security stream, the social responsibility is built stronger in the Inspiration and competence, and Human rights in the value chain work streams.



Employees

Commitments and policies related to employees

Kiilto adheres to multiple ethical standards related to its employees. Its operating policy is based on international human rights standards, including the Universal Declaration of Human Rights, the UN Global Compact principles, OECD guidelines, the UN Convention on the Rights of the Child, and ILO core conventions.

In addition to its operating policy, Kiilto has policies focused on health and safety, ensuring a secure working environment for all employees. To support employee wellbeing, Kiilto has launched its wellbeing program, Kiilto Cares. Its purpose is to prioritise employee wellbeing as a key factor in driving sustainable, and profitable business. The program outlines Kiilto's approach to wellbeing, focusing on mental, social, and physical health, including objectives and actions for each area. Kiilto has implemented a workplace risk assessment workbook, serving as an accident prevention system. This workbook is developed by the Ministry of Social Affairs and Health in collaboration with the Center for Occupational Safety. Kiilto is also a smoke-free company.

Kiilto has established guidelines for the prevention of harassment and inappropriate treatment in the workplace. As a part of its commitment to Responsible Care – a voluntary sustainability initiative in the chemical industry – Kiilto is working toward a zero-incident target.

Kiilto has developed its human rights due diligence process to identify and manage human rights risks related to its operations, aiming to prevent potential adverse impacts.

However, it does not have a dedicated policy addressing human trafficking, forced labor, compulsory labor, or child labor, as these are not considered material topics for the company.

To ensure employees understand and implement its guidelines and policies, Kiilto provides regular training programs. Additionally, Kiilto facilitates ongoing communication with Kiiltonians to effectively manage human rights-related risks.

All company policies are presented to and approved by the Board of Directors, with each country's CEO responsible for their implementation and enforcement. All company policies are presented in Kiilto's intranet.

Engagement with employees

Kiilto's collective agreement in Finland ensures compliance with labor rights and facilitates effective communication with employees. While Kiilto does not have a Global Framework Agreement (GFA), it adheres to national labor standards and collaborates with workers' representatives to uphold employee rights and welfare.

In Finland, Kiilto operates under a legally binding collective agreement negotiated with workers' representatives or with employee and employer unions. This agreement ensures compliance with Finnish labor laws and provides a structured framework for employee rights and workplace conditions. Through this agreement, the company maintains open communication with its Finnish workforce. Regular meetings with personnel representatives are held.

An important channel of dialogue is Kiilto's annual People Power employee survey, which allows Kiiltonians to provide feedback and the survey provides insights to employee engagement. The survey covers themes such as leadership, performance, commitment, diversity, inclusion, and equity. This extensive survey provides valuable insights and guides the necessary developmental actions based on the results. Each team discusses the results and makes its action plan accordingly. In 2024, 87,7% Kiiltonians responded to the annual survey with the average People Power Index of level **AA (Good)**.

The Employee Net Promoter Score (eNPS) measures employees' willingness to recommend Kiilto as a workplace. eNPS surveys are conducted in Kiilto Clean Group Oy, Kiilto Oy, and Kiilto Family Oy. In Kiilto Oy and Kiilto Family Oy, the eNPS is measured four times a year, with one of the surveys conducted alongside the annual employee survey. In

Kiilto Clean Group Oy, eNPS measurements were carried out three times in 2024: in May, September (together with the employee survey), and December. The survey was sent to all Kiilto Clean Group employees.

To support personal development and maintain continuous dialogue between Kiiltonians and Kiilto, annual performance discussions (GO discussions) and learning and development discussions (LeD discussions) are conducted. These discussions aim to align goals and competence development activities with Kiilto's strategic objectives, identify competence gaps, and reinforce a professional discussion culture. Kiiltonians are encouraged to prepare individual development plans and take a proactive role in their career path development. The objectives of these discussions include:

- Align goals and competence development activities with strategic objectives.
- Support a culture where everyone can make a difference through inspirational task-based goals and active competence development.
- Identify learning or competence gaps and plan short and long-term actions to facilitate professional growth.

In addition to the GO and LeD discussions, supervisors are encouraged to hold one-to-one discussions with each team member throughout the year. The frequency of these one-to-one discussions is determined based on the individual needs of the team member and the supervisor's assessment of the required support.



Channels to raise concerns

Kiilto is committed to addressing and remediating negative impacts on its employees. This includes a structured process to ensure all reports of misconduct are handled appropriately and that corrective actions are taken to prevent recurrence. Kiilto has reporting mechanisms in place, allowing employees to report misconduct anonymously and confidentially through the whistleblowing channel. Employees may also directly contact the Head of Legal or external authorities, such as the Chancellor of Justice in Finland. Reports can cover violations of safety regulations, discrimination, harassment, corruption, environmental crimes, privacy breaches, and other concerns.

Confidential handling of reports is ensured through external management. The whistleblowing service is operated by WhistleB, an independent provider, which guarantees anonymity by removing all metadata. Access to reports is restricted to authorized individuals, whose actions within the system are logged to maintain transparency and confidentiality throughout the process.

The reporting process consists of several stages. Upon receiving a report, the whistleblowing team conducts an initial review to determine whether to accept or reject it. If accepted, an investigation is launched, potentially involving additional experts as needed. The investigation aims to gather all relevant information while ensuring confidentiality. Every step and finding is documented to maintain transparency and accountability.

If misconduct is confirmed, corrective measures are implemented. These may include disciplinary actions, policy revisions, training programs, or other interventions

to address the issue and prevent recurrence. The outcomes of the investigation and the remedial actions taken are communicated to relevant stakeholders.

Kiilto continuously monitors the implementation of corrective actions to assess their effectiveness. Feedback from affected parties is actively sought to evaluate the impact of these measures and make further improvements when necessary. Regular surveys and feedback sessions are conducted with stakeholders to gather their input on the effectiveness of the whistleblowing channels. This feedback helps identify areas for improvement and ensures that the channels meet the needs of their intended users.

To ensure accessibility for employees, Kiilto's whistleblowing channel is available 24/7. The platform is maintained by a dedicated technical team to ensure continuous operation and offers multiple language options for ease of use. Employees also have the option to directly contact designated personnel, such as the Head of Legal, providing an alternative for those who prefer to report concerns in person. Regular training sessions are conducted to educate employees on the whistleblowing channel, its usage, and the importance of reporting misconduct. Additionally, periodic awareness campaigns are run to remind employees of the channel's availability and encourage its use. During 2024 there were no incidents reported in the whistleblowing channel. In addition to previously held trainings, a new training was prepared during 2024 to increase awareness of the channel and its proper use. The training will be implemented in 2025.

Actions and resources related to employees

Kiilto has implemented key actions to address employee-related impacts, risks, and opportunities. These actions focused on competence development, enhancing mental, social, and physical wellbeing, and maintaining a low level of sick leave absences.

Competence development

At Kiilto, most learning occurs organically through collaboration, learning from others, participating in projects, and employees contributing to their career paths. Kiilto utilises the 70-20-10 model, where 70 % of competence development happens by doing, 20 % by learning from others, and 10 % by training. In 2024, kiiltonians used 7578 work hours for learning and training.

To support Kiiltonians in their professional development at various career stages, Kiilto offers a range of learning and development programmes:

- **Kiilto Explorer:** An international development programme for supervisors and specialists, aimed at developing leadership skills and competencies and enabling change and growth in Kiilto's culture. The programme is developed in partnership with Hanken and SSE Executive Education.
- **Regular Training Programmes:** Kiilto organises regular HSEQ training for its personnel, including Occupational Safety Card, MD training, logistics-related training, Che-

mical safety, Food safety, Good Manufacturing Practice (GMP), and quality training. Environmental leadership is reinforced through internal events, information sessions, and onboarding, with environmental training provided to all personnel groups.

- **Online Training Platforms:** Kiilto Learns offers training related to Code of Conduct, Information Security, and Our Promise to the Environment. Additionally, every Kiiltonian has access to Eduhouse online training service, providing online courses and webinars on various subjects. Regular online training on digital skills, information security, and AI tools is also conducted.
- **Language Learning Programmes:** To improve cross-border communication and interaction, Kiilto offers virtual English language learning programs and tailored virtual Swedish, Danish or Finnish language courses. In 2024, in addition to ongoing language courses, 2 new groups of Kiiltonians started learning English, one group of Kiiltonians started their Finnish course and also one group started a Swedish course. In total there were 69 Kiiltonians participating in language learning programmes in 2024.

During the reporting period, in accordance with the Kiilto Cares wellbeing programme's focus areas for 2024, Kiilto carried out multiple activities related to mental wellbeing, social wellbeing, and physical wellbeing.

Mental wellbeing

- A DEI theme month was organised in October and Kiilto offered several trainings for both managers and all employees to raise awareness of DEI topics.
- Kiilto continued the international Leader Forum practice.
- The one-to-one discussion practices were developed, and feedback culture was discussed in Leader Forums.
- Personnel perspective was included in Kiilto's new strategy.
- A tool and facilitation for strategic capability discussion during the strategy process was offered.
- Training to lead emotions for the personnel was offered in Finland.

Social wellbeing

- A major cultural cornerstones workshop project was carried out to broaden the understanding and interpretation of the cultural cornerstones. As a result of this project, Kiilto launched the redefined cultural cornerstones.
- Multiple social activities in different locations were organised.

Physical wellbeing

- The possibility of initiating annual fitness testing practices for employees internationally was evaluated. However, due to factors such as limited resources, it was decided that the current practices will be continued for the time being.
- Efforts were made to support and encourage break exercise practices. For example, in Denmark, regular break exercise sessions were introduced for both production and office employees. These sessions have been positively received and have contributed not only to physical wellbeing but also to social wellbeing.

In addition to Group-wide activities, various local initiatives and actions have been implemented across different locations to promote employee wellbeing.

Sick leave absence levels

Maintaining low levels of sick leave and keeping track of absences can help ensure productivity and minimise operational disruptions. It also reduces costs associated with temporary staffing and lost workdays. At KiiLto, it is believed that a healthy workforce boosts morale and fosters a positive work environment, thereby enhancing overall employee satisfaction.

Several processes and methods have been implemented to prevent the risk of long-term disability and to reduce sick leave, including:

- Enhanced occupational health monitoring for employees over the age of 45, conducted every three years
- An early intervention model
- Active monitoring of sick leave and the initiation of necessary actions
- Work arrangements that support functional capacity
- A model for lighter or substitute work
- Occupational health care that exceeds statutory requirements
- Muscle fitness tests conducted during employee entry and health examinations
- Promotion of physical activity during the workday, such as break exercise sessions
- Support for self-care through small group coaching and wellness activities.





Targets related to employees

Kiilto has set several targets related to employee’s wellbeing in Kiilto Cares Wellbeing Programme. The targets are measured by KPI’s listed below.

KPI	Target	Result 2024
Employee Survey result (People Power Index)	Minimum AA+	AA
Accidents at work	Zero	Kiilto Oy, Finland 3
		Kiilto AB, Sweden 0
		KiiltoClean Oy, Finland 2
		KiiltoClean A/S, Denmark 3
Sick absence rate	Less than 3%	Kiilto Oy 3,9%
		KiiltoClean Oy, Finland 3,8%
		Kiilto Family Oy, Finland 1%
		KiiltoClean A/S, Denmark 3,1%
Supervisor index	Minimum 80 (scale 0-100)	84,48
Would you recommend Kiilto as a workplace (eNPS)	Minimum 20	38,87

The sick leave absences and accidents at work are tracked locally, and therefore regarding 2024 we are reporting only numbers which were reported to Group HR.

In addition to wellbeing targets Kiilto has set targets for kiiltonians regarding performance and professional development. Regarding the annual performance and development discussions (GO discussions) Kiilto has set a target of 100 % with completed discussions. The percentage of completed GO discussions in 2024 was 76 %.



Metrics related to employees

Gender of Kiilto's employees

Gender	Number of employees (headcount)
Female	310
Male	429
Other	0
Not reported	0
Total	739

Kiilto's employees per country

Country	Number of employees (headcount)
Finland	458
Sweden	81
Norway	16
Denmark	100
Estonia	31
Latvia	11
Ukraine	19
Poland	7
Lithuania	16
Total	739

Top management by gender

	Female	%	Male	%	Other	%
Top management	7	23 %	24	78 %	0	0 %

Top management consists of country leaders, group leaders and business area leaders.

Kiilto's employees by contract type and gender

Contract type	Female	Male	Other	Not disclosed
permanent employees	301	417	0	0
temporary employees	9	12	0	0
non-guaranteed hours employees	8	13	0	0
full-time employees	291	420	0	0
part-time employees	19	9	0	0

Kiilto's employees by contract type and region

Contract type	Finland	Sweden	Norway	Denmark	Estonia	Latvia	Ukraine	Poland	Lithuania
permanent employees	441	80	16	98	30	11	19	7	16
temporary employees	17	1	0	2	1	0	0	0	0
non-guaranteed hours employees	20	1	0	0	0	0	0	0	0
full-time employees	447	81	16	84	31	11	18	7	16
part-time employees	11	0	0	16	0	0	1	0	0

Employees by age group

	Under 30 years old	30 to 50 years old	Over 50 years old
Employees	70	393	276

During the reporting period, 80 employees left the company, resulting in an 11% turnover rate.



Health and safety

73 % Of Kiilto's employees are covered by a health and safety management system. This includes Kiilto's production sites in Finland, Denmark, and Sweden. During the reporting period, there was no fatalities in own workforce or other workers as a result of work-related injuries and work-related ill health.

The number of recordable work-related accidents was 8. Number of lost days to work-related injuries from work-related accidents was 17 days. Kiilto has an ISO 45001 system in place, which is audited and certified by DNV. During the reporting period, no fines, penalties or compensation was paid for damages as a result of severe human rights issues or incidents. In Finland, Sweden and Ukraine all employees are covered by collective bargaining agreements. At KiiltoClean AS in Denmark, the coverage is

77 %, since leaders and engineer educated employees are not covered by collective bargaining agreements. However, those not covered by collective bargaining agreements still follow the same guidelines. In Kiilto's other operating countries, there are no collective bargaining agreements.

Methodology for data collection

The data is sourced from Kiilto's HR system, Solarforce, based on employment records effective as of December 31, 2024. The headcount excludes certain employment types, including on-demand employees, unpaid trainees, summer workers, thesis workers, special groups, and agency workers. Relevant groups have been reported separately. The figures represent the headcount at the end of the reporting period. No external party has verified the presented data, and no assumptions have been applied.



Governance



Kiilto's culture is established and communicated through a structured onboarding process, daily operations, management practices, and the company's Code of Conduct



Business conduct

Cultural cornerstones and guiding principles

Kiilto's operations are based on the guiding principles of environmental leadership, closeness, and commitment to the future. Kiilto's common goal is to create the best possible customer experience and high-quality, sustainably produced products.

Guiding principles

Kiilto's culture is established and communicated through a structured onboarding process, daily operations, management practices, and the company's Code of Conduct. Its cultural cornerstones have been approved by the Board of Directors.

In addition to these cultural cornerstones, Kiilto's operations are guided by an Operating Policy, which has been approved by the management teams of the Group's companies. The Operating Policy addresses Kiilto's commitment to preventing, eliminating, and reducing risks posed to the environment or health by its operations, products, and services.

Kiilto has implemented a Partnership Code of Conduct, which is available at Kiilto's website. The Partnership Code of Conduct outlines the minimum standard of behaviour that Kiilto requires its partners to comply with when doing busi-

ness with Kiilto. The Partnership Code of Conduct is based on the universal declaration of Human Rights, ten principles of the United Nations Global Compact initiative, OECD Guidelines for multinational enterprises, UN's convention of the Rights of the Child and the principles concerning fundamental rights in the eight ILO core conventions. The Partnership Code of Conduct forms an integral part of contracts between the partner and Kiilto.

All Kiiltonians are required to complete annual e-learning on Kiilto's Code of Conduct to ensure they understand Kiilto's cultural cornerstones, values, and principles for ethical business behaviour. As an integral part of the Code of Conduct, the training covers also anti-corruption, whistleblowing, and good business practices. This training is mandatory for all employees, including new hires and members of management.

In addition to the Code of Conduct training, Kiiltonians must also complete other mandatory annual trainings, including One Kiilto General Security, Our Promise to the Environment, and whistleblowing trainings.

Whistleblowing

All employees are actively encouraged to report any suspected misconduct they experience. The company is subject to legal requirements under national laws implementing the EU Whistleblowing Directive. Measures to

protect whistleblowers—including their rights, privacy, and confidentiality—include secure and anonymous reporting channels, as well as a strict non-retaliation policy. Reports can be made through any of the Group's grievance channels, including personal contact, email, phone, or anonymously via the WhistleB reporting channel. This service, which covers all group companies, is available 24/7 and allows anonymous submissions. Additionally, the scope of reports is not limited to the Whistleblowing Directive. The service is also accessible to external stakeholders, including suppliers and customers.

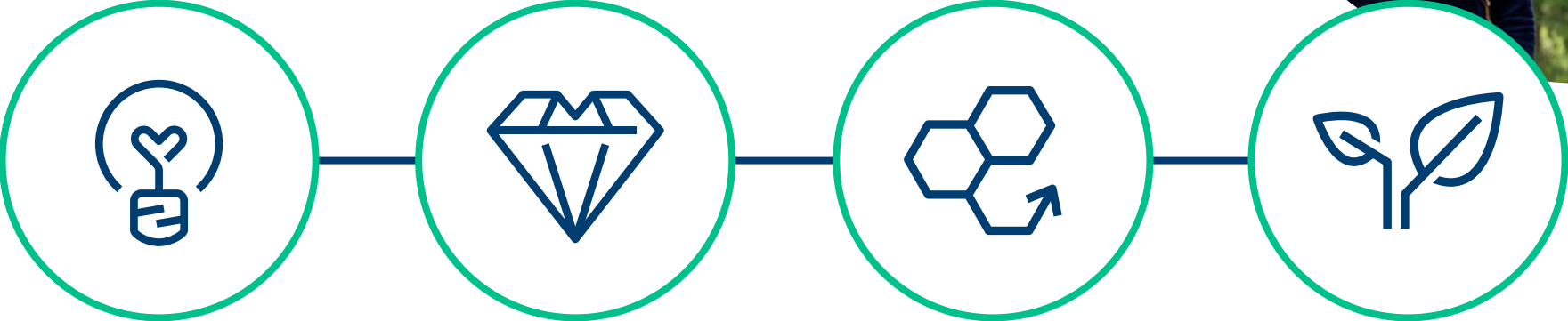
All potential non-compliance cases involving an employee or a contracted third party are promptly, thoroughly, and objectively investigated by a dedicated team independent of the management chain involved in the matter. Upon completion, all cases are reported to the managing director of the relevant company, with high-risk cases escalated to the Board of Directors. If necessary, a remediation plan is implemented in collaboration with relevant management representatives.

The whistleblowing channel and the policy protecting whistleblowers were introduced in 2021.



Kiilto's cultural cornerstones

Company culture is a versatile and multi-level element, which influences how the people in the organization behave. Company culture refers to the entity composed of common values, beliefs, attitudes and behavior. In other words, company culture means “how we tend to act”.



You can make a difference

You are empowered to make an impact and use your expertise. Together we unite across borders to achieve common goals and harness the power of diversity.

- We trust, respect and care for each other and embrace our differences.
- We speak up, listen and learn from each other as we know that success is only done together.
- We take big and small steps that drive us forward and we take responsibility for our actions.

Building lasting bonds

With the help of deep customer insight and broad expertise, we keep our customers' best interest in the core of everything we do.

- We have the courage to challenge status quo and find win-win solutions.
- Across all roles and functions, we work together for the best interest for our customers.
- We take pride in building close and long-lasting partnerships with our customers.

Start-up spirit since 1919

Inspired by our past we create sustainable future. This is done by taking every opportunity of being curious.

- We see problem as an opportunity and something to overcome, as we are open to challenge and be challenged.
- We love, embrace and explore ideas, big and small.
- We never get tired of learning and improving, and making mistakes is part of the process.

Environmental leadership

We are guided by the desire to be environmental leaders in our fields. On that journey, we know that every action counts.

- We strive to continuously improve our solutions and way of working from an environmental perspective.
- Step by step we live true our promise to the environment.
- We collaborate with the ecosystem for creating environmental sustainability.

Management of relationships with suppliers

Sustainability is at the core of supplier discussions at Kiilto. Kiilto has established supplier evaluation process, which was further developed in 2024 to be on a more detailed level. The Partnership Code of Conduct guides relationships with suppliers and was last updated in January 2024 to ensure comprehensive coverage of sustainability areas and supplier compliance.

The supplier evaluation process includes external indicators assessing sustainability risks across various areas. Supplier classification is based on key factors such as criticality, spend, risks, quality, availability, and location. All Kiilto's raw material suppliers were evaluated based on these criteria, with supplier-specific actions taken accordingly. Kiilto prioritises long-term supplier partnerships and supports continuous improvement and transparency with suppliers.

A significant amount of data has been collected through suppliers' Life Cycle Assessment (LCA) and Environmental Product Declaration (EPD) documents for purchased raw materials. This has provided a strong understanding of Scope 3 emissions related to raw material procurement. In 2024, new tools were planned to enhance Scope 3 emissions tracking and planning at a more detailed level, with this work continuing in 2025.

Whenever possible, Kiilto prioritises purchasing local raw materials, defining "local" as originating from Europe. In the business areas of construction products, industrial adhesives, and fireproofing, key production sites are in Finland and Sweden. In professional hygiene and consumer products, production operations in 2024 were based in Finland and Denmark. The share of spend on locally sourced raw materials exceeded 80%.

Additionally, a development project for a new Supplier Relationship Management (SRM) tool started in 2024. This tool will streamline supplier data management and improve the handling of supplier-related actions.



Prevention and detection of corruption and bribery

Kiilto has zero tolerance for any form of corruption or bribery. A key measure in preventing such incidents is providing employees training on anti-corruption and other business ethics topics. These subjects are included in Kiilto's annual mandatory e-learning for all Kiiltonians. To ensure compliance in daily operations, strict controls are in place, including the four-eye principle and the one-over principle, which are followed without exception. Any suspected unlawful behaviour or breaches are investigated and handled by the HR and Legal teams. Kiilto aims to implement an anti-corruption policy aligned with the United Nations Convention against Corruption by 2025. Sales and procurement functions are considered to be the areas at higher risk for corruption and bribery.

Kiilto's Whistleblowing Channel provides a confidential way to report any incidents of corruption or bribery. Severe cases may be escalated directly to Kiilto Family's Managing Director and Legal team. High-risk cases, once investigated and completed, are reported to the Kiilto Family Board of Directors, while outcomes of other cases are communicated to the management of the respective company. Governance structures and procedures are in place to ensure that case handling is managed appropriately based on the reported case. Cases concerning employees, management, or board members are handled with different precautionary measures to ensure prompt, independent, and objective resolution.

The Partnership Code of Conduct is a legally binding document for suppliers, outlining a common set of minimum standards, including provisions related to corruption and bribery. All suppliers are required to commit to these principles as part of the prequalification process.

During the reporting period, Kiilto had no convictions nor fines for violation of any anti-corruption and anti-bribery laws.





Payment practices

Kiilto follows an invoice payment process as part of its certified ISO 9001 management system. Invoices are paid on time, with only minor exceptions. Kiilto applies generally accepted standard payment terms for suppliers with an average of 45 days. During the reporting period, Kiilto had no unresolved legal cases related to late payments.





Appendix

Standard	Disclosure requirement	Name	Location in the report
ESRS 2	BP-1	General basis for preparation of the sustainability statement:	Basis of preparation for sustainability statement 2024
ESRS 2	BP-2	Disclosures in relation to specific circumstances	Basis of preparation for sustainability statement 2024
ESRS 2	G0V-1	The role of the administrative, management and supervisory bodies	Kiilto's sustainability governance – Governance structure, Sustainability governance
ESRS 2	G0V-2	Information provided to, and sustainability matters addressed by the under-taking's administrative, management and supervisory bodies	Kiilto's sustainability governance – Sustainability topics addressed by the board
ESRS 2	G0V-3	Integration of sustainability-related performance in incentive schemes	Kiilto's sustainability governance – Sustainability-related performance in incentive schemes
ESRS 2	G0V-5	Risk management and internal controls over sustainability reporting	Kiilto's sustainability governance – Risk management and internal control processes related to sustainability reporting
ESRS 2	SBM-1	Strategy, business model and value chain	Kiilto's strategy, value chain and business model
ESRS 2	SBM-2	Interests and views of stakeholders	Approach to stakeholder engagement
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks, and opportunities
ESRS 2	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Identifying material impacts, risks, and opportunities
E1	E1-1	Transition plan for climate change mitigation	Climate Change – Transition plan for climate change mitigation
E1	E1-2	Policies related to climate change mitigation and adaptation	Climate Change – Policies related to climate change mitigation
E1	E1-3	Actions and resources in relation to climate change policies	Climate Change – Actions and resources in relation to climate change
E1	E1-4	Targets related to climate change mitigation and adaptation	Climate Change – Targets related to climate change
E1	E1-5	Energy consumption and mix	Energy consumption
E1	E1-6	Gross Scopes 1,2,3 and Total Greenhouse Gas emissions	Carbon footprint and emissions
E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Carbon footprint and emissions – Greenhouse gas removals and mitigation projects and international carbon pricing
E1	E1-8	Internal carbon pricing	Carbon footprint and emissions – Greenhouse gas removals and mitigation projects and international carbon pricing
E2	E2-1	Policies related to pollution	Pollution – Policies related to pollution
E2	E2-2	Actions and resources related to pollution	Pollution – Actions and resources in relation to pollution
E2	E2-3	Targets related to pollution	Pollution – Targets in relation to pollution
E2	E2-3	Metrics related to pollution	Pollution – Metrics related to pollution
S1	S1-1	Policies related to own workforce	Employees – Commitments and policies related to employees
S1	S1-2	Process for engaging with own workers and workers' representatives about impacts	Employees – Engagement with employees
S1	S1-3	Process to remediate negative impacts and channels for own workers to raise concerns	Employees – Channels to raise concerns

Standard	Disclosure requirement	Name	Location in the report
S1	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Employees – Actions and resources related to employees
S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Employees – Targets related to employees
S1	S1-6	Characteristics of the undertaking’s own employees	Employees – Metrics related to employees
S1	S1-8	Collective bargaining coverage and social dialogue	Employees – Metrics related to employees
S1	S1-9	Diversity metrics	Employees – Metrics related to employees
S1	S1-14	Health and safety metrics	Employees – Metrics related to employees
G1	G1-1	Business conduct policies and corporate culture	Business conduct – Cultural cornerstones and guiding principles
G1	G1-2	Management of relationships with suppliers	Business conduct – Management of relationships with suppliers
G1	G1-3	Prevention and detection of corruption and bribery	Business conduct – Prevention and detection of corruption and bribery
G1	G1-4	Incidents of corruption or bribery	Business conduct – Prevention and detection of corruption and bribery
G1	G1-6	Payment practices	Business conduct – Payment practices