



# 2022

Sustainability report

**KONTIO**

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# 1. Introduction

The obligations of a responsible business are not only based on laws and regulations but also on high ethical standards and sustainable development. As a responsible operator, we at Kontiotuote Oy are aware of the impacts of our own operations, we comply with legislation, identify the need for change and continuously

develop our operations. We implement sustainable thinking comprehensively throughout our processes. We are committed to supporting all the UN Sustainable Development Goals. The most important targets for our operations include measures in the following areas:



We look at sustainability through a comprehensive ESG framework (Environmental, Social, Governance). Kontiotuote Oy's operations emphasise environmental issues and, in particular, carbon-neutral building targets (CO<sub>2</sub> emissions). However, we also face other challenges and opportunities that are essential for business. In terms of social responsibility, we examine the well-being and working conditions of our own employees but also extend the focus to the actors in our supply chain. In terms of corporate governance, we consider the board diversity and independence, issues related to ethics and data protection, and we look at issues related to reporting in a comprehensive manner.

We pay particular attention to the risks associated with the ESG areas. We have identified what ESG-related risks may mean for Kontiotuote Oy. After identifying the risks, we have determined how we can be better prepared for them. We recognize that our

owners and financiers are increasingly monitoring ESG risks and require us to identify and prepare for key risks.

Kontiotuote Oy's Board of Directors and the operative management define the company's sustainable development goals and supervise their implementation. Business units are responsible for development activities in accordance with the set objectives and the implementation of development plans. Kontiotuote Oy's development organisation supports business units and coordinates company-wide development projects and corporate sustainability reporting.

The company's ESG report is based on Nasdaq's ESG Reporting Guide 2.0, 2019. However, the final content of the report consists of the reporting areas and metrics that are essential for the business operations of Kontiotuote Oy.

“The operations of Kontiotuote Ltd emphasise environmental issues and especially carbon-neutral building objectives (CO<sub>2</sub> emissions).”

## 2. Kontiotuote Oy's Sustainable Development Metrics and Outturns

In the table below, we have compiled the reporting areas relevant to the business of Kontiotuote Oy, as well as the related metrics and outturns for the years 2020-2022.

Kontiotuote Oy's Sustainable Development Metrics and Outturns							
Environmental Responsibility							
Metrics	Outturns						
	2020		2021		2022		
Greenhouse gas emissions (tCO <sub>2</sub> e)	3.604		4.029		3.843		
Scope 1	219	6.1%	215	5.3%	188	4.9%	
Scope 2	3.385	93.9%	3.814	94.7%	3.655	4.9%	
Scope 3*							
Emissions intensity (tCO <sub>2</sub> e/M€)	58.68		56.35		40.33		
Scope 1	3.56		3.00		1.97		
Scope 2	55.12		53.35		38.36		
Scope 3*							
Energy usage (MWh)							
Purchased electricity	9.037		10.069		9.743		
Purchased district heat	18.621		20.944		20.036		
Water usage (m <sup>3</sup> )	6.027		7.198		4.589		
*) Scope 3 figures will be completed in the GHG calculation report.							
Social Responsibility							
Metrics	Outturns						
	2020		2021		2022		
Median gender pay ratio	103%		101%		99%		
Employee turnover	8.2%		6.6%		10.1%		
Blue-collar workers	13.4%		12.0%		11.3%		
White-collar workers	3.4%		2.2%		9.3%		
Gender diversity							
Women	19.2%		20.1%		20.8%		
Men	80.8%		79.9%		79.2%		
Temporary worker ratio							
Permanent	96.4%		94.0%		96.0%		
Temporary	1.8%		4.0%		2.9%		
Other	1.8%		2.0%		1.1%		
Occupational accident frequency	40.33 accidents per one million hours		27.19 accidents per one million hours		24.69 accidents per one million hours		
Administrative Responsibility							
Metrics	Outturns						
	2020		2021		2022		
Board diversity	Women 20%		Women 20%		Women 20%		
Board independence	80% of the board members are independent of the Company, external experts		80% of the board members are independent of the Company, external experts		80 % of the board members are independent of the Company, external experts		
Coverage of the collective agreement	Blue-collar workers 76% White-collar workers 25%		Blue-collar workers 72% White-collar workers 24%		Blue-collar workers 57% White-collar workers 25%		

### 3. Environmental Responsibility

As a responsible operator, we at Kontiotuote Oy are aware of the environmental impacts of our own operations, we comply with legislation, identify the need for change and continuously develop our operations. We implement environmental responsibility comprehensively throughout our processes.

Kontiotuote Oy's operations have a long-term impact on a sustainable environment and climate. As a processor of wood – a domestic renewable natural resource – our operations replace the use of non-renewable natural resources and emission-intensive materials in construction. The raw material we use has been harvested from certified (PEFC) sustainably managed forests. Wood products are made with low energy intensity and emissions. The emissions during the construction of the building are very small in relation to the amount

of CO<sub>2</sub> bound, and as a by-product, our company generates more renewable energy than it consumes in manufacturing. Carbon dioxide is stored in the building materials for even hundreds of years. At the end of a building's lifespan, or that of a wood product manufactured by Kontiotuote Oy, it can be recycled and refined with little energy into a new long-term wood product, biochar, or as a source of renewable energy to replace fossil fuels.



#### 3.1 Greenhouse Gas (GHG) Emissions (E1)

Kontiotuote Oy's greenhouse gas emissions (tCO<sub>2</sub>e) data for 2020–2022 are based on inventories made in 2022 and 2023. A more detailed breakdown is presented in the GHG report Kontiotuote Oy GHG 2020–2022. The emissions calculations in the report are based on GHG Protocol Corporate Accounting and Reporting as well as Corporate Value Chain Accounting and Reporting standards. The results of the GHG calculation are expressed in carbon dioxide equivalents (CO<sub>2</sub>e), which considers the different climate warming effects of different greenhouse gases.

The calculation includes the years 2020, 2021 and 2022 separately. The volume data used is based on Kontiotuote Oy's Enterprise Resource Planning (ERP) receipts and invoices, and partly on the volume data received through suppliers. Emission factors are based on several sources (e.g., Ecoinvent, Motiva, Co2data, Statistics Finland, Lipasto), of which the factors that best describe the operations of Kontiotuote

Oy and its suppliers have been used in the calculation. Organisationally, the emission calculation covers all offices under the control of the parent company Kontiotuote Oy. Excluded from the review are small individual emission sources that are not significant.

Operatively, Kontiotuote Oy's emission sources are classified into three different categories (scope 1, 2 and 3). Scope 1 covers direct emissions. Scope 2 includes indirect emissions of purchased energy on a location basis. Scope 3 is an optional category that includes other indirect emissions. From the 15 different categories under the GHG protocol, the relevant and verifiable categories for the operations of Kontiotuote Oy have been considered in Scope 3 emissions. For 2020–2022, Scope 3 emission figures are not yet fully verified and will therefore be added into the GHG accounting report after the publication of the ESG report.



The table below shows the emission sources included in the calculation and those excluded from the calculation, and their breakdown by scope.

SCOPE 1 included	SCOPE 2 included	SCOPE 3 included	SCOPE 3 excluded
Purchased fuel for own vehicles	Purchased electricity and district heat	<ol style="list-style-type: none"> <li>1. Purchased products and services</li> <li>3. Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2</li> <li>4. Upstream transportation and distribution</li> <li>5. Waste generated in operation</li> <li>6. Business travel</li> <li>9. Downstream transport and distribution</li> </ol>	<ol style="list-style-type: none"> <li>2. Capital goods</li> <li>7. Employee commuting</li> <li>8. Upstream leased assets</li> <li>10. Processing of sold products</li> <li>11. Use of sold products</li> <li>12. End-of-life treatment of sold products</li> <li>13. Downstream leased assets</li> <li>14. Franchises</li> <li>15. Investments</li> </ol>

Table 3.1.1 Emission sources included in the calculation and those excluded from the calculation, and their breakdown by scope.

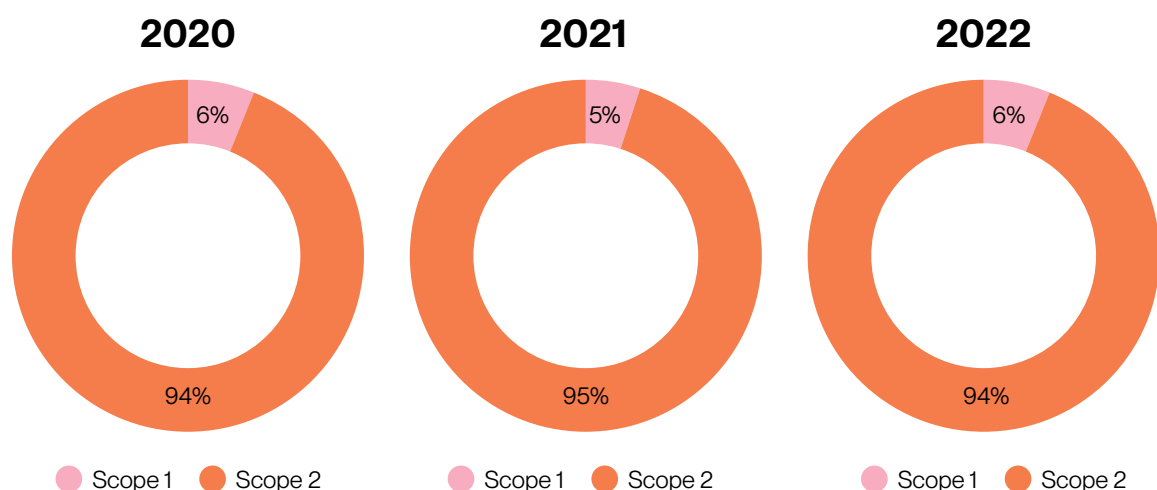
## Kontiotuote Oy's Carbon Footprint 2020-2022, Total and Breakdown by Scopes

The annual differences in total emissions are due to the increase in the production volume. In the report below, emissions are proportional to turnover and delivery volumes. The ratio gives a better picture of the development of emissions every year.

Most of the emissions from Kontiotuote Oy are Scope 3 emissions (Other indirect emissions), which is typical in this industry due to extensive purchases of products and services\*. Scope 2 emissions (Indirect emissions) are also relatively large due to the energy needs of our own production.

Emissions (tCO <sub>2</sub> e) / year						
	2020		2021		2022	
Total	3,604	%	4,029	%	3,843	%
Scope 1	219		215		188	
Scope 2	3,385		3,814		3,655	
Scope 3*						

\*) Scope 3 figures will be added in the GHG calculation report.  
Table 3.1.2 Emissions (tCO<sub>2</sub>e) / year.



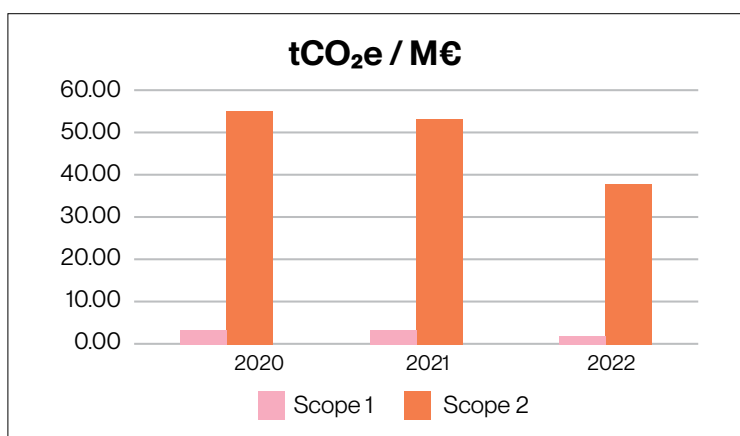
Graph 3.1 Annual share of emissions in Scopes 1 and 2.

## 3.2 Greenhouse Gas (GHG) Emissions Intensity 2020-2022 (E2)

Kontiotuote Oy's carbon footprint 2020-2022 in proportion to **turnover** in total and breakdown to different scopes. The amount of carbon footprint in proportion to turnover indicates the carbon intensity of operations and facilitates annual comparison.

Emissions (tCO <sub>2</sub> e)/M€ / year			
	2020	2021	2022
Total	58.68	56.35	40.33
Scope 1	3.56	3.00	1.97
Scope 2	55.12	53.35	38,36
Scope 3*			

\*) Scope 3 figures will be added in the GHG calculation report  
Table 3.2.1 Emissions (tCO<sub>2</sub>e)/M€/year in proportion to **turnover**.



Graph 3.2 Annual share and development of emissions in proportion to turnover in Scopes 1 and 2.

Kontiotuote Oy's carbon footprint 2020-2022 in proportion to **the delivered buildings** in total and breakdown to different scopes. The amount of carbon footprint in proportion to the delivery volumes indicates the carbon intensity of the production volume and facilitates annual comparison.

Emissions (tCO <sub>2</sub> e)/pcs / year			
	2020	2021	2022
Total	2.28	2.33	1.99
Scope 1	0.14	0.12	0.10
Scope 2	2.14	2.11	1.89
Scope 3*			

\*) Scope 3 figures will be added in the GHG calculation report.  
Table 3.2.2 Emissions (tCO<sub>2</sub>e)/M€/year in proportion to **delivered buildings**.

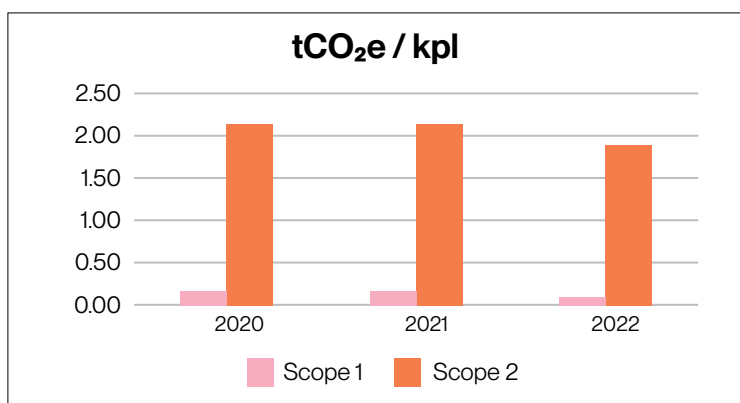


Chart 3.2 Annual share and evolution of emissions in relation to the number of buildings delivered in Scopes 1 and 2.

### 3.3 Energy Usage 2020-2022 (E3)

Most of the energy used by Kontiotuote Oy is consumed as electricity and district heat purchased for production needs. They are classified as Scope 2 (Indirect Emissions) category emissions. Kontiotuote Oy does not have its own energy production, but most of the production side stream goes to a nearby district heating plant, which still returns to the factory's heat demand, especially for the drying of timber. Most of the electrical energy goes to the needs of production machinery and equipment.

Energy Usage (MWh) / year						
	2020		2021		2022	
Total	27.658		31.012		29.779	
Electricity	9.037	33%	10.069	32%	9.743	33%
District heat	18.621	67%	20.944	38%	20.036	67%

Table 3.3 Energy Usage (MWh) / year.

### 3.4 Energy Intensity (E4)

Kontiotuote Oy's energy usage 2020-2022 in proportion to **turnover**. Energy usage in proportion to turnover indicates the energy intensity of operations and facilitates annual comparison.

Energy Usage (MWh/M€) / year			
	2020	2021	2022
Total	450	434	313
Electricity	147	141	102
District heat	303	293	211

Table 3.4.1 Energy usage (MWh/M€) / year in proportion to turnover.

Kontiotuote Oy's energy usage 2020-2022 in proportion to **production volumes**. Energy usage in proportion to turnover indicates the energy intensity of operations and facilitates annual comparison.

Energy Usage (MWh/M€) / year			
	2020	2021	2022
Total	17.47	17.18	15.43
Electricity	5.71	5.58	5.05
District heat	11.76	11.60	10.38

Table 3.4.2 Energy usage (MWh/M€)/year in proportion to production volumes.

### 3.5 Energy Mix (E5)

Kontiotuote Oy's distribution of purchased energy production into different sources of origin.

Origin Distributions of Energy Usage (%) / year			
	2020	2021	2022 *
Electricity			
renewable	7.88	9.95	
nuclear power	51.54	48.58	
non-renewable	43.34	41.47	

\*) The origin distributions of 2022 electric energy will be published in June 2023 (Energy Authority), the 2022 distributions will be updated in a report to be published in 2024.



## 3.6 Water Usage (E6)

In the production process, Kontiotuote Oy consumes water mainly in the moisture management during the drying of sawn timber and the manufacture of products. The quality and usability of the timber are optimized with the drying speed, moisture control and heat of the sawn raw material. We produce less wastewater than we consume water, which indicates that we use water as a humidifier, and more than half of it evaporates to the environment. The humidification also ensures a healthy moisture balance in the factory's working areas.

Water Usage (m <sup>3</sup> ) / year			
	2020	2021	2022
Clean water	6.027	7.198	4.589*
Wastewater	3.150	2.866	2.253

*\*) Over the course of 2022, the method of measuring clean water usage has changed from estimate to real-time measurement.  
Table 3.6 Water usage (m<sup>3</sup>) / year.*

## 3.7 Environmental Operations (E7)

Kontiotuote Oy has defined environmental and responsibility policies. The key objective of the environmental policy is to respect the environment, nature, and natural resources, and to make a significant contribution to the achievement of the UN Sustainable Development Goals, the sustainable use of natural resources, and the protection of the environment. Environmental aspects are considered in all our operations while we develop our business.

Environmental policy is based on current environmental legislation, industry practices, and, where applicable, international environmental protection frameworks, and ISO 14001 principles and guidelines.

## 3.8 Climate Oversight / Board (E8)

Kontiotuote Oy's Board of Directors is responsible for the proper organisation and integration of environmental management as part of our company's strategy and operations. The Board approves the environmental policy and eventual updates. Kontiotuote Oy's Board of Directors is responsible for organising comprehensive internal oversight and risk management and for ensuring that the Company has functional internal oversight and risk management procedures and systems that support them.

The Board of Directors oversees that internal oversight and risk management matters are implemented in accordance with the guidelines, monitors the efficiency of our company's internal oversight, possible internal audit and risk management systems, and related-party transactions in accordance with the reporting policy. The Board of Directors approves the risk management policy and eventual updates.

In addition to the management of other corporate risks, climate-related risk management is a key part of Corporate Governance at Kontiotuote Oy. Risk management is based on the current Companies Act, the Company's statutes, and the Company's internal plan, and, where applicable, international risk management frameworks, and ISO 31000 risk management principles and guidelines.

## 3.9 Climate Oversight / Management (E9)

The CEO is generally responsible for the management and implementation of environmental issues. The CEO and the operational management review the functioning of the environmental management system and prepares environmental policy and environmental targets for the following year for the Board to discuss. Other members involved in environmental management are responsible for their area of responsibility. Operational management promotes the formation and further development of responsible internal oversight and environmental management culture and ensures that environmental issues are considered in the company's strategic decision-making.

The CEO is generally responsible for environmental and climate risk management. The CEO and the operational management are responsible for identifying and describing the material risks of the operations and evaluating the impacts of the risks, the likelihood of realization, and the ability to manage the risks. Other members involved in risk management are responsible for risk management in their area of responsibility. Operational management promotes the formation and further development of responsible internal oversight and risk management culture and ensures that risk management is considered in the company's strategic decision-making.

## 3.10 Climate Risk Mitigation (E10)

Kontiotuote Oy invests in carbon neutrality in production, e.g., by reducing the emissions of energy sources and by making production more efficient.

At Kontiotuote Oy we generate more energy than we consume in manufacturing. With development measures, we primarily seek quick and simple energy saving measures and map out more carbon-neutral energy sources. The drying of sawn timber consumes the most energy in the factory. The aim is to improve energy efficiency and energy used in the drying.

### Circular economy and material efficiency

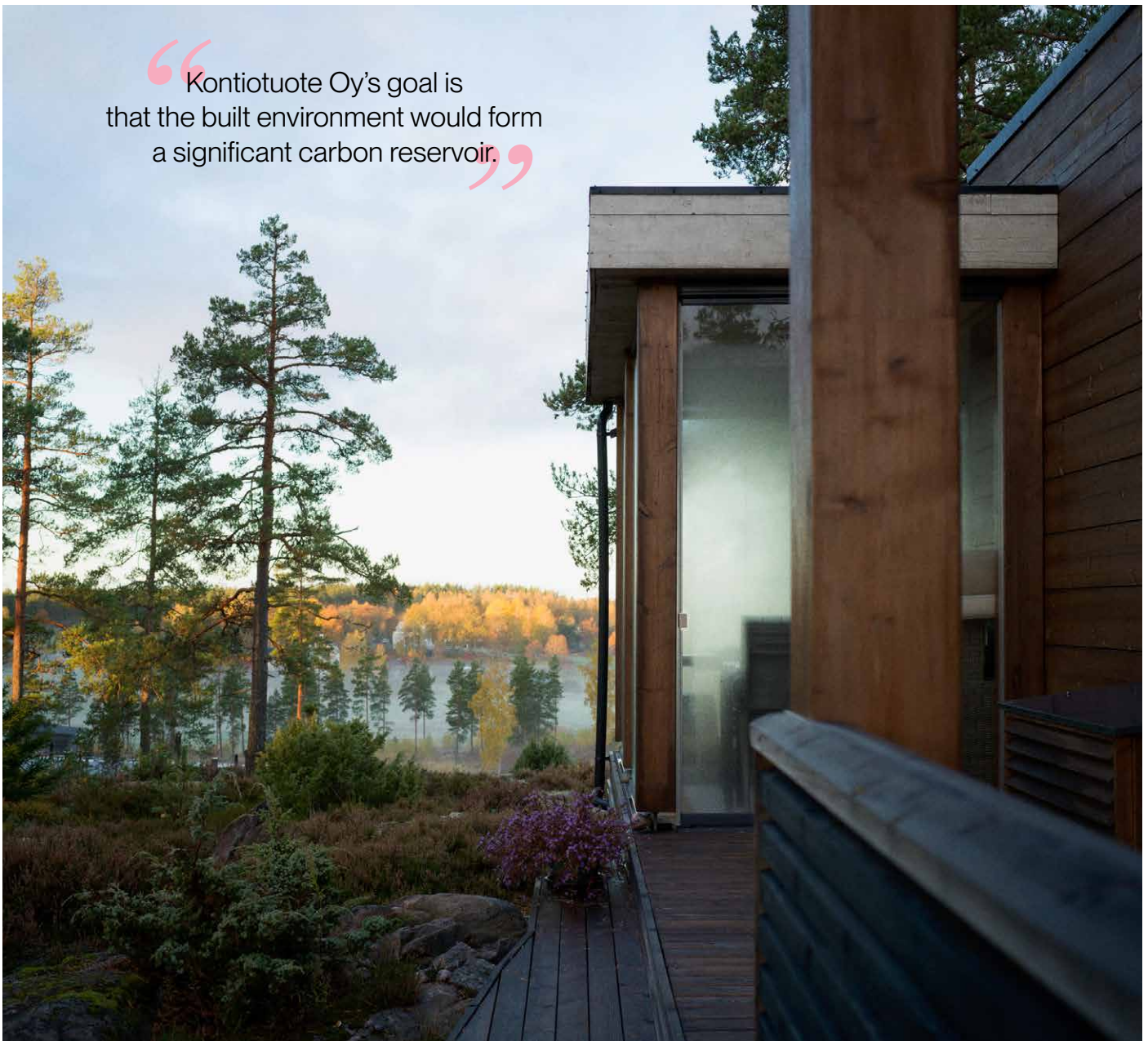
According to the 2020 Green Deal of Construction Plastics Agreement between the Finnish Ministry of the Environment and various associations of the construction industry, one of the key objectives is that 40% of the raw materials used by the end of 2027 are recycled plastic films. Kontiotuote Oy's protective plastic wrappings for wood products use on average just over 60% of recycled plastic. All used cling wrap is still 100% recyclable. The factory also uses plastic films for other purposes. The aim is to reach a recycling rate of at least 40% as set in the Green Deal.

The waste generated within the site is sorted into three categories: recyclable, energy-recyclable and non-recyclable. We aim to increase the share of recyclable waste in a target-oriented manner. Kontiotuote Oy manages the producer responsibility of packaging through Rinki Oy. In addition, Kontiotuote Oy finances the recycling of impregnated timber with a recycling fee. The recycling rate of packaging materials for products purchased from contract partners is developed with the targets set together. The on-site sorting and recycling of both these and the packaging materials delivered from the company's factory will

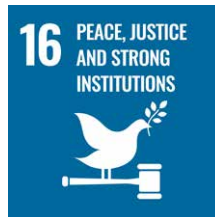
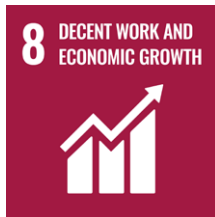
be developed together with industry operators to achieve a 40% green deal recycling rate, especially for plastics and timber.

The efficient use of wood – a renewable virgin raw material – is of particular importance to Kontiotuote Oy. Kontiotuote Oy is constantly developing material and recycling efficiency together with universities, research institutes, and other partners. The aim is to prolong the life cycle of manufacturing by-product fractions (sawdust, cutter, and chips) as much as possible before by-product fractions become a source of CO<sub>2</sub> emissions. Currently, 100% of by-product fractions are used to replace either virgin raw material (e.g., in the pulp industry) or fossil fuels in energy production. Each ready-to-move building delivered by Kontiotuote Oy is subject to both carbon and handprint calculations in accordance with Finland's national low-carbon calculation procedure. The company continuously develops the efficiency of buildings during their life cycle with the aim of reducing the carbon footprint of the built environment and increasing the carbon handprint by capturing carbon dioxide into long-term reservoirs. The company's goal is to move towards carbon-neutral buildings and businesses. Kontiotuote Oy does its share in building a more sustainable and equal future.

“Kontiotuote Oy's goal is that the built environment would form a significant carbon reservoir.”



## 4. Social Responsibility



In Kontiotuote Oy, we examine social responsibility extensively as factors related to our own staff, such as occupational health and safety of employees, opportunities for development, equality and equity, as well as wider impacts on society. We extend the review of social responsibility to actors in our supply chain and consider indirect responsibility for, for example, working conditions in supplier chains, human rights, freedom of association, and the use of child labour.

### 4.1 Gender Pay Ratio (S2)

When determining **wages**, we at Kontiotuote Oy take several factors into account:

- work demands, tasks, and changes to them;
- internal equity;
- experience in work tasks;
- qualifications (existing competences and skills and their development);
- performance at work (quality of work and intentionality);
- developing one's own work and working methods; and
- cooperation and interaction.

The applicable collective agreements provide a framework for the employer to determine the remuneration of blue-collar and white-collar workers. Gender is not a factor in wage setting. In Kontiotuote Oy, median wages for women and men are very close. In 2022, women's median salary was 99% of men's median wage, and in 2021, the ratio was 101%.

### 4.2 Employee Turnover (S3)

#### Kontiotuote Oy's staff

Kontiotuote Oy's staff in 2022 averaged 276 people, of whom 115 were blue-collar workers and 161 white-collar workers/managers with subordinates/senior management. With the growth of business operations, the number of employees increased by 32 persons compared to the previous year (2021: 244).

Kontiotuote Oy's employees are committed to the company, which is why the employee turnover has remained at a relatively good level. In 2022,

- employee turnover was 10.1%
- for blue-collar duties, the turnover rate was 11.3%, and
- 9.3% for white-collar/management duties.

Turnover is reduced by the company's strong value base, good working conditions, meaningful tasks, training opportunities, and career progression opportunities.

#### Subcontractors and/or consultants

Kontiotuote Oy uses temporary agency workers, subcontractors and/or consultants to supplement the resource needs of the company, ei-

ther in terms of quantity or competence. The company's reputation is good, and the cooperation is interesting — that's why Kontiotuote Oy has got strong partners to support its operations. The need for external actors is determined by the company's current business situation, and the turnover has not had a negative impact on the operations.

### 4.3 Gender Diversity (S4)

The promotion of **equality** is a legal obligation of the employer, the objective of which is fair and equal treatment of employees. Equal treatment enhances the diversity of personnel's expertise and creates a positive corporate image. The law obliges the employer to promote equality systematically by requiring good equality practices.

In order to promote equality in the workplace, the employer shall take into account available resources and other relevant factors (Section 6 of the Act on Equality between Women and Men):

1. Act in such a manner that both women and men apply for vacancies.
2. Promote equal access for women and men to different positions and equal opportunities for career advancement.
3. Promote equality between women and men in working conditions, in particular in pay.
4. Develop working conditions in such a way that they are suitable for both women and men.
5. Make it easier for women and men to balance work life and family life, paying particular attention to work arrangements.
6. Take steps in advance to prevent gender discrimination..

Kontiotuote Oy operates in accordance with the obligation set out in the Equality Act, and the operational management of the company is committed to its part in the realisation of equality. Operational management requires that each member of the work community takes responsibility for the functioning of the work community and respects other members of the work community as individuals. It is also required that all management activities are carried out based on laws, as well as general good practices, to ensure equal treatment of all members of the work community. Depending on the situation, the operational management will address any problems that may arise

In the end of 2022, 20.8% of the staff were women and 79.2% were men. Compared to the situation one year ago 12/2021, the relative number of genders of total staff has remained broadly the same (2021:



women 20.1%, men 79.9%). Compared to the general situation in the construction industry (10% women), at Kontiotuote Oy women's share of staff is significantly higher (Statistics Finland 2021).

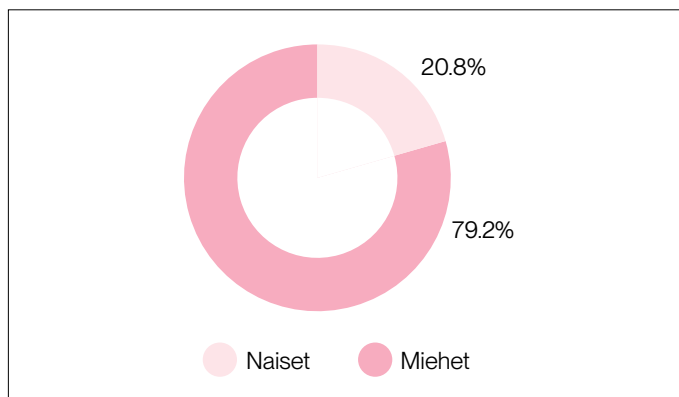


Chart 4.3 Share of men and women in total staff (source: Kontiotuote Oy's HRM system)

The relative share of men and women by category of staff in Kontiotuote Oy in 2022:

- White-collar workers: women 40%, men 60%
- Managers with subordinates: women 16%, men 84%
- Blue-collar workers: women 7%, men 93%
- Senior management: women 25%, men 75%.

## 4.4 Temporary Worker Ratio (S5)

Kontiotuote Oy uses different forms of employment in accordance with the requirements of labour law. If possible, we also try to consider people's own needs, e.g., in terms of reduced working hours.

A temporary employment contract is possible when there is a justified reason for doing so, such as the project nature of the work, the seasonality of the work, or replacement. Otherwise, the employment is of indefinite duration. The principles of the use of temporary agency labour are followed in accordance with the provisions of the Act on Cooperation. In production work, the use of temporary agency labour responds primarily for temporary needs, due to seasonal variation.

If the need is prolonged and the interests of both parties are met, a temporary agency worker may be hired for an indefinite period with Kontiotuote Oy. The share of temporary agency labour in production work varies from 0% to 20%, depending on the seasonal needs of construction. In non-production tasks, temporary agency labour can be used for replacements or other temporary needs.

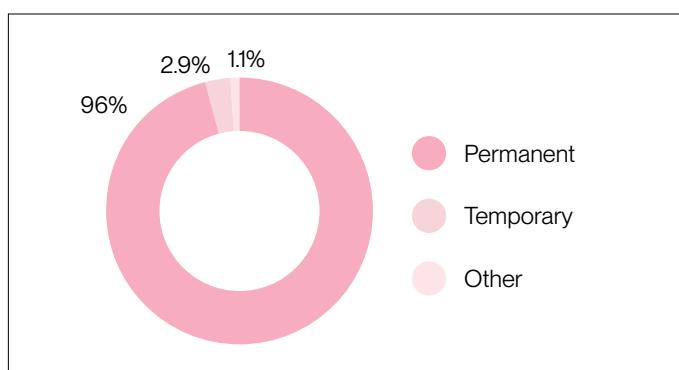


Chart 4.4 Different types of employment, share of total number of employees (does not include contractors and/or consultants).

The use of contractors and consultants is justified, for example, in situations where it is necessary to strengthen the organisation's competence through external actors. Similarly, external aid can be used to offset volume variations and flexible resourcing of development projects.

## 4.5 Non-Discrimination (S6)

The Non-Discrimination Act promotes equality, prevents discrimination, and enhances the legal protection of victims of discrimination. Kontiotuote Oy has drawn up an equality plan with the aim of promoting equality by defining and describing the framework, means, and methods by which the employer promotes equality in its operations in a goal-oriented and long-term manner.

Equality is promoted, for example, by ensuring that no one is discriminated against on the grounds of age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relations, health, disability, sexual orientation, or other personal reasons. Discrimination is prohibited regardless of whether it is based on facts or assumptions concerning that person or someone else. In addition to direct and indirect discrimination, discrimination within the meaning of this Act is harassment, denial of reasonable accommodation, and instruction or order to discriminate. The employer seeks to identify, address, and prevent all forms of discrimination.

The aim of the incentive measures is to ensure that the procedures to be followed in the workplace, for instance when recruiting employees, giving assignments, deciding on access to training, and determining obligations relating to employment and working conditions, are genuinely non-discriminatory. Measures shall be designed to be effective, appropriate, and proportionate, considering the operating environment, resources, and other circumstances.

Kontiotuote Oy operates in accordance with the obligation set out in the Non-Discrimination Act, and the company's operational management is committed to promoting equality and non-discrimination. Operational management requires that each member of the work community takes responsibility for the functioning of the work community and respects other members of the work community as individuals. Depending on the situation, the operational management will address any problems that may arise.

Promoting equality is part of workplace development. Equality measures are examined from time to time as part of the Work Community Development Plan (formerly the Human Resources and Training Plan) and, if necessary, changes and clarifications are made to the measures.

Kontiotuote Oy is committed to acting in accordance with the United Nations Universal Declaration of Human Rights and the Charter of Fundamental Rights of the European Union. Kontiotuote Oy's Ethical Guidelines also contain a strong message to ensure non-discrimination.

For Kontiotuote Oy's Ethical Guidelines (Finnish version) visit <https://www.kontio.com/fi-FI/kontiotuote-oy/eettinen-ohjeistus/>.

## 4.6 Safety at Work (S8)

Safety is always a priority in all Kontiotuote Oy's operations. We provide a safe and healthy working environment in accordance with applicable laws and regulations and are committed to continuously improving occupational health and safety. Our goal is to prevent accidents at work

and reduce health and safety risks in the workplace. We continuously develop our processes and guidelines in relation to health and safety, and we have also defined the principles related to these areas as part of Kontiotuote Oy's ethical guidelines.

The frequency of accidents at work (the frequency of accidents at work) in proportion to the total working time of all staff in Kontio Oy in 2022 was 24.69 accidents / million hours.

There was some improvement from 2021 (2021: 27.19 accidents / million hours), and the improvement was significant in comparison to 2020 (2020: 40.33 accidents / million hours).

## 4.7 Forced Labour or Child Labour (S9)

We have defined the principles associated with child labour or forced labour as part of our Ethical Guidelines.

Kontiotuote Oy does not tolerate any form of discrimination, threats, harassment, or insults. We treat people equally and fairly. We also do not accept inappropriate treatment based on gender, sexual orientation, age, origin, language, religion, belief, opinion, health, disability, or other personal reasons. Kontiotuote Oy does not accept the use of child labour or any form of forced labour, or any other violations of human rights. Kontiotuote Oy is committed to acting in accordance with the

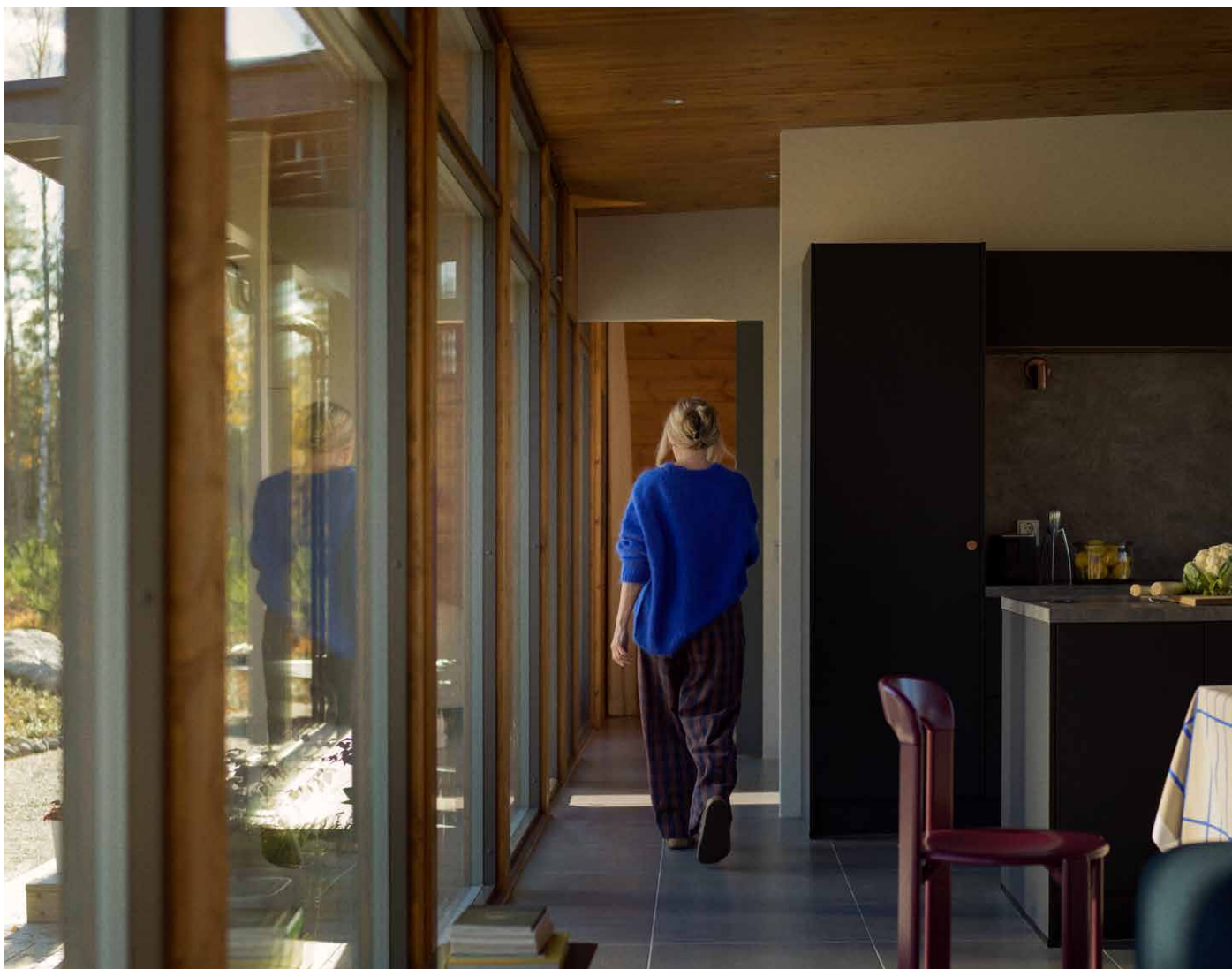
United Nations Universal Declaration of Human Rights and the Charter of Fundamental Rights of the European Union. Kontiotuote Oy has also prepared Ethical guidelines for supplier cooperation.

## 4.8 Human Rights (S10)

We have defined the principles related to human rights as part of our Ethical Guidelines.

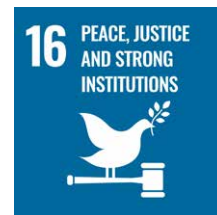
We strive to create a workplace for all our employees, where the value, privacy, and rights of everyone are respected. Kontiotuote Oy does not tolerate any form of discrimination, threats, harassment, or insults. We treat people equally and fairly. We also do not tolerate inappropriate treatment based on gender, sexual orientation, age, origin, language, religion, belief, opinion, health, disability, or other personal reasons. Kontiotuote Oy does not accept the use of child labour or any form of forced labour, or any other violations of human rights.

Kontiotuote Oy is committed to acting in accordance with the United Nations Universal Declaration of Human Rights and the Charter of Fundamental Rights of the European Union. Kontiotuote Oy has also prepared Ethical guidelines on supplier cooperation and representative cooperation.



## 5. Corporate Governance

Kontiotuote Oy commits to adhere to corporate governance and responsible business principles. We think that board diversity and independence are important. In addition to legislation, we act in accordance with applicable collective agreements. Our operations are ethical and transparent. We also extend responsibility requirements to supplier cooperation.



### 5.1 Board Diversity (G1)

The diversity of the board must be part of a cooperative and functioning Board of Directors. The Board of Directors is required to be able to meet the requirements of the company's business operations and strategic goals and to support and challenge operational management in a proactive and constructive manner. The composition of the Board of Directors is always examined primarily from the point of view of the company's business needs.

Key factors for the composition of the Board of Directors are the board members' complementary and diverse competence and training, and experience in different professional and industry sectors, management, business operations in different stages of development, as well as the personal qualities of the members, all of which strengthen diversity.

The diversity of the Board of Directors is also supported by experience in industries and markets of strategic importance to the company, experience and ability in an international operating environment and a diverse age and gender balance so that the Board always has enough members of both genders.

All these diversity factors have been considered in the formation of the company's Board of Directors. The Board of Directors also assesses the composition of the Board of Directors and the realisation of diversity in the annual self-assessment of the Board's work.

#### The Board of Directors in 2022:

- Tero Ylinenpää (Chair) CEO, Lappset Group Oy
- Ilkka Sydänmetsä (Vice Chair) CEO, PRT-Forest Oy
- Lars Husberg, Director of Business Development and Deputy CEO, Lappset Oy
- Jan Montell, professional executive
- Anna-Maria Ronkainen, professional executive

During 2020-2022, women's share in the Board of Directors has remained the same, i.e., one in five (20%) board members have been women. Kontiotuote Oy has an Audit Committee with three members of the Board of Directors.

Jan Montell acts as chair. Tero Ylinenpää and Ilkka Sydänmetsä are members.

### 5.2 Board Independence (G2)

Kontiotuote Oy does not restrict the CEO to be a member or chairman of the Board of Directors. However, according to good corporate governance, the CEO has not acted as a member or chairman of the Board of Directors. The CEO acts as Chairman of the Board of Directors of the subsidiary, Kontio Hus Ab.

4 out of 5 members of the board of Kontiotuote Oy are external experts independent of the Company.

### 5.3 Incentivized Pay (G3)

The company's critical success factor is sustainable operations and carbon neutrality. The company develops its operations comprehensively in relation to these critical success factors, as they have a direct impact on the company's ability to make profits. Currently, the remuneration system is linked to the company's ability to make profits.

### 5.4 Collective Bargaining (G4)

Kontiotuote Oy is a member of the Association of Finnish Wood Industries.

The Employers' Union has negotiated the collective agreements concerning the log and CLT industries with the Finnish Industrial Union (blue-collar workers) and the Trade Union PRO (white-collar workers). The applicable collective agreements are the collective agreement for the log industry and the collective agreement for the white-collar employees in the log industry. Membership of the union is voluntary and if the employee so informs, the employer may withhold from the salary and pay the membership fees on behalf of the employee.

#### Coverage of collective agreements

	2020	2021	2022
Blue-collar workers	76%	69%	57%
White-collar workers	25%	24%	25%

Table 5.4 Coverage of collective agreements (based on the membership fees paid through the Company) jäsenmaksuihin)

### 5.5 Supplier Code of Conduct (G5)

Kontiotuote Oy's framework agreement defines the laws and regulatory provisions to be followed, the quality requirements, the origin of the products, and product safety.

16/40 main suppliers use framework agreements in building materials in the end of 2022, i.e., the coverage is 40%. Six new framework agreements will be negotiated in 2023, so the coverage will be 52.5%.

In the end of 2022, in euros, Kontiotuote Oy's framework agreements cover 24.3/38.5 million euros, i.e., 63.1% including sawn timber and log suppliers (in 2021 61.5%). The products of log and sawn timber suppliers are PEFC-certified. This year's negotiations will increase the share of framework agreements to 76% (in 2022 64%).

The Ethical Supplier co-operation is also framed by the Ethical Guidelines for Supplier Collaboration developed by Kontiotuote Oy.



## 5.6 Ethics and anti-corruption (G6)

Kontiotuote Oy has created Ethical Guidelines. The staff has been trained to follow the ethical guidelines, and all the employees of the company must follow them. Reviewing the ethical guidelines is part of the orientation plan. The training has been successfully completed by 83% of the staff in December 2022. The ethical guidelines are also part of the orientation of new employees. At the end of the training, individuals give their commitment to act in accordance with the guidelines.

In addition to the company's own staff, ethical guidelines have been prepared for supplier cooperation and representatives. The guidelines have been sent to all the existing suppliers and representatives. In addition, they are discussed with all new suppliers and representatives.

## 5.7 Data Privacy (G7)

Kontiotuote Oy complies with GDPR rules. Staff registers, staff register handlers and other related information can be found in EasyGDPR. The information can also be found on the company website. The Company keeps the information up to date.

## 5.8 ESG Reporting (G8)

Kontiotuote Oy's business-relevant information is published in a sustainability report published in conjunction with the financial statements.

The information related to the permit conditions shall be reported to the authorities concerned.



# KONTIO

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