

CORPORATE RESPONSIBILITY REPORT 2022





SUPPLY CHAIN



SOURCING



ENVIRONMENT



CARBON FOOTPRINT



EMPLOYEES



FINANCIAL



PUUSTELLI IN BRIEF

Puustelli Group Oy is a financially-sound Finnish family-owned enterprise which manufactures high-quality kitchen furniture at its production facilities in Harjavalta. Puustelli has been market leader in its field for many years and is at the forefront of developing more ecological ways of working and an environmentally friendly furniture industry in Finland. In 2022, Puustelli Group Oy had turnover of around €119 million. The company employs around 379 people, as well as around 400 people full-time in our store, installation and transport networks.

Puustelli Group Oy is part of the Harjavalta Group, a Finnish family enterprise established in 1920. The Group also includes prefab home manufacturers Kastelli Group Oy, a market leader in Finland, as well as construction and building services company Lapti Group Oy. In 2022, the Harjavalta Group had 1,241 employees and turnover of around €544 million.

Puustelli kitchens are sold to consumers in around 40 stores across Finland and to construction firms through our own project sales organisation. Puustelli is also a strongly internationalising organisation. Besides being sold in Finland, Puustelli kitchens are also exported to Sweden, the UK and Estonia. The ecological Miinus kitchen range is also additionally exported to the United States. In 2022, exports accounted for about 11% of turnover.

Puustelli kitchens have always been known for their high quality and Puustelli is a strong brand. Surveys show that Puustelli is Finland's largest kitchen manufacturer and the best-selling kitchen brand since back in 1983.*

*Rakennustutkimus RTS Oy: Surveys of single-family home builders 1983-2022





CEO'S REVIEW

Responsibility is a key part of Puustelli's operations and management. Our ambition is to be the leading responsible actor in the industry in Finland and the Nordics. We want to provide our customers with the most responsible and eco-friendliest products and services. Improving operational efficiency, equal remuneration and combating discrimination and bullying are at the core of good, responsible management. Healthy, skilled employees are the key to ensuring satisfied customers and a successful future.

Responsibility means deeds and actions. We set both short-term and long-term responsibility goals for our operations. We draw up a programme, goals and indicators for each area of responsibility and we monitor their implementation at the Management Team level. In 2022, we managed to improve our operations in many respects and the material indicators relevant to our corporate responsibility stated in the corporate responsibility report tangibly show this. Among other things, we reduced our Scope 1 and 2 emissions by 23%.

Our company has an ISO 9001 quality management system, an ISO 14001 environmental quality management system and an ISO 45001:2018 occupational health and safety management system. The systems are certified

and cover functions related to the production facilities, stores, installations, and transport. Audits in 2022 found no significant non-compliances, which verifies the quality of our operations..

Puustelli Group Oy's business showed strong performance in 2022. Our turnover rose by around 15% to reach €119m in 2022. The company posted an operating profit of €8.2m and the result for the accounting period was €2.1m. Furniture production facility deliveries were up by around 11%. Exports accounted for around 11% of turnover. Project sales in Finland showed growth of more than 30%.

Our market share is growing both in Finland and Sweden. In terms of turnover, the company is Finland's largest kitchen furniture production facility and we have been the undisputed market leader in consumer sales for more than 30 years now. More than 30% of single-family home builders and around 15% of renovators choose Puustelli as their kitchen brand. Our market share of prefab house factory and construction firm furniture deliveries has shown clear growth in recent years and we are also the leading furniture supplier on Finland's project sales market.

Demand for furniture in Finland and Sweden and in our other

market areas showed exceptional growth in 2020–2022. Due to the prevailing situation in Europe, we discontinued our Russian operations entirely. Operations in 2022 continued to be affected by issues with the availability of material supplies and a sharp rise in costs. However, Puustelli Group Oy coped well with these challenges by developing logistics and procurement forecasting systems together with our partners.

Customer satisfaction is at the heart of our strategy and we continuously study the satisfaction of our consumer and building professional customers. We use the Net Promoter Score (NPS) index as our metric. We scored an NPS of 66 in consumer sales in Finland. While this can be considered to be very good in the industry, we are aiming for an NPS of 70. Customers are very satisfied with the functionality of our kitchens and even after using them for a year our customer NPS is 71.

We studied the satisfaction of our corporate customers in telephone interviews in March 2023. The satisfaction of our corporate customers is at a level of NPS 46. The average of all success ratings was 8.31. In our project business, we received particularly good feedback concerning the professional knowhow and willingness to serve of our employees.



CEO'S REVIEW

We employed an average of 379 (362) employees. The results of last year's work atmosphere survey were eNPS 21 and we cannot be fully satisfied with this result. Based on the annual survey feedback, we are introducing several measures to improve things. Building on the competence of our people, more extensive onboarding for new employees, improving good cooperation and communication flow across the organisation are important goals for us. Our attraction as an employer is important to us.

A safe work environment is integral to our operations. Lost time injury frequency in 2022 was 29 lost time injuries per million hours worked. We missed our goal, which was 20. We must work continuously to improve safety and reduce accidents using safety programmes, safety observations and 5S.

Investments deployed amounted to €3.2m. The most important investment was the final implementation in winter 2022 of the fully automatic cabinet door and component production line. Our investment decisions emphasise increased production capacity, efficient use of raw materials, quality performance, safety at work and improved productivity. The company has an investment programme until 2026 based on its strategy.

Good governance, i.e. reliable and transparent financial reporting is a fundamental requirement for our business. We have a whistleblowing channel. We require our employees, all our suppliers and other partners to commit to the company's Code of Conduct. No violations of the Code of Conduct were reported during the year.

We continuously develop our products and launch new ones four times a year. Our product development emphasises functionality, durability, safety and low-emission materials. Training of our salespeople emphasises the importance of choosing ecological products. We aim to provide our customers with eco-friendly, sustainable products. We address the positive carbon handprint of our products, thereby enabling our customers to have a smaller carbon footprint in their own operations.

The company's major focus on improving social responsibility will continue in 2023 in line with the strategy and various programmes. In our own production, we are pursuing lower energy consumption, less raw material waste and increased recyclability.

We are committed to carbon-neutral production by 2035. Supply chain transparency is highlighted in cooperation with logistics partners.

My thanks to our employees and partners for their commitment to responsible operations and their development. We can be pleased with our performance in 2022. Our work on further improving responsibility continues, more result-oriented than earlier and with the strength of the entire organisation both at a strategic level and in our everyday work.

Jussi Aine CEO



YEAR 2022

€119m
TURNOVER
2021: €103m

€8m
OPERATING PROFIT
2021: €8m

11%
EXPORTS
2021: 14 %

NPS 66
PUUSTELLI CUSTOMER SATISFACTION
2021: NPS 61

NPS 46
PUUSTELLI PRO CUSTOMER SATISFACTION
2021: NPS 51

eNPS 21
EMPLOYEE PROMOTER SCORE
2021: eNPS 14

628
SAFETY OBSERVATIONS
2021: 430

29
LTI/MILLION HOURS WORKED
2021: 24

379
EMPLOYEES
2021: 361



NATURAL STEPS – PROGRAMME GUIDES OUR RESPONSIBILITY WORK

Natural Steps sustainable development programme helps us to guide our projects towards more sustainable furniture production. The programme is an integral part of the implementation of our company's strategy and an essential element of everyday management. As a forerunner we want to increase the environmental awareness of our customers and to bring to market the most ecological material alternatives. The Natural Steps Programme has defined the responsibility goals and measures for all our areas, the most important of which are responsible sourcing, product development promoting the circular economy and carbon-neutral production. The goals are tied to five UN Sustainable Development Goals.

We have calculated the environmental impacts of our operations all the way back to the source of the products. Our ambition is for completely carbon-neutral production by 2035. Our in-house responsibility working group defines the targets and assesses the effectiveness of our measures on a



monthly basis. Most of the environmental impacts originate in the manufacture of the materials we buy. Our longstanding, robust supplier relationships facilitate cooperation in developing a more sustainable furniture industry.

RESPONSIBLE PRODUCTS STAND THE TEST OF TIME

Puustelli quality has been trusted for decades. The sustainability of our products is the cornerstone of our

responsibility. During the past year, as many as 70% of our consumer customers chose Puustelli based on recommendation or earlier experience. Each year our promoter NPS for the kitchen after a year's use has risen to higher than what it was when the kitchen was bought. During the past year, our consumer customers considered the functionality of Puustelli products and kitchens to be at a very good level (NPS > 70) after a year's use. The promoter index for Puustelli as a whole reached a level of 66 for consumer customers and 46 for the project business. Significant growth

in production volumes and the fallout of the war that broke out in Europe meant that we were not fully able to meet the delivery times requested by our project business and this is reflected in our customer satisfaction. Our ambition is for the whole of Puustelli to reach an NPS of 70 by the end of the year. We monitor customer satisfaction with the continuous and accurate NPS metric so that we can immediately focus development measures on exactly the right things.



SUSTAINABLE VALUE CREATION

We strive for sustainability in everything we do. Our environmental programme extends to every area from production development to installation and use.



PRODUCT DEVELOPMENT. Our production development team works constantly to create longer-lasting, better quality and more ecological products. We weigh up the need for the product and strive to create the required end result with less material. We aim each year to make 10 ecological product changes and to replace 10% of the plastics we use with recycled or biobased plastics.



SOURCING. Information on the origin of the materials we use is our first and foremost selection criterion. Our unbroken supply chain ensures an uninterrupted flow of information between the origin of the materials and the production methods. We ensure that all our wood-based materials come from PEFC or FSC sources. We require all our suppliers to sign our ethical guidelines and actively audit our suppliers' way of working with regard to humanitarian and environmental aspects. We aim to perform five broader responsibility audits of our suppliers each year.



MANUFACTURE. In production, we are committed to reaching carbon-neutral production by 2035 also with regard to our indirect emissions. All the electricity we use in production has been generated by hydropower or using our solar power system. Our production facilities comply with ISO quality management, environmental management and OHSAS standards. Some of our products have also been approved for inclusion in the Nordic Swan Ecolabelling building products database. The FI mark and the Key Flag Symbol, which indicates Finnish work, also indicate high-quality production in accordance with the standards.



SALES. Our knowledgeable and trained sales team plans kitchen solutions that stand the test of time for customers' current and future needs. We strive to guide customers to choose the most ecological materials for their kitchens and the most efficient lighting and home appliance solutions.



DELIVERY. We mainly use our local distributors to transport products to the customer. We plan and optimise transport and the space used carefully depending on load direction. Our delivery reliability is excellent. Customer deliveries always leave our plant on the pre-agreed date. We have also introduced carbon footprint calculation as part of monitoring emissions from our deliveries. We aim to implement deliveries using 100% fossil-free fuels during 2025.



CUSTOMER. We offer our customers carbon-neutral kitchens, offsetting the emissions arising in their manufacture. More than 90% of our products are in the M1 category, which is the best indoor air quality rating. This is how we ensure clean indoor air in the customer's home. We offer our customers an ecological kitchen concept with sustainable materials, energy efficient household appliances and waste sorting solutions to facilitate recycling.



RECYCLING. Our ambition is to be able to include old kitchen materials in the circular economy. We are continuously developing ways to minimise the waste both in our production facilities and at our customers. The frames in our Puustelli Miius kitchens are made of fully recyclable biocomposite. We use the waste generated in production as a power source in production.



SUSTAINABLE DEVELOPMENT GOALS

We aim to promote gender equality in accordance with our equality plan.

We aim to make 10 ecological product changes each year.

We aim to reach an eNPS of 50.

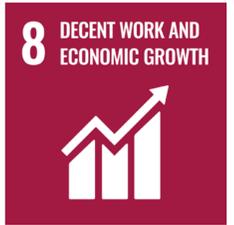
We aim to have carbon-neutral production in 2035, also regarding indirect emissions.

We aim to make the waste generated in our production part of the circular economy.



EQUALITY IN THE WORKPLACE

All employees have equal opportunities to succeed and develop in their own work. Gender must not be a discriminating factor at any point in the employment relationship. Puustelli has an equality and non-discrimination group which comprises employees and management as well as a remuneration working group. These groups discuss and assess the implementation of equality with regard to jobs and remuneration.



PRODUCT DEVELOPMENT PROMOTING THE CIRCULAR ECONOMY

We only make products to order and each year we test several recycled raw materials in our production. Our bioframes have been made from fully recycled biocomposite. We have increased the share of recyclable waste in our production each year. We study ways to make our customers' old kitchens part of the circular economy.



GROWTH, SUSTAINABLY

We advocate Finnish work and invest in the wellbeing of our employees. We create economic growth for Satakunta and ensure the retention of jobs by investing in our efficient production in Harjavalta. We have integrated sustainable development into our sourcing processes. We require all our raw material suppliers to sign our Code of Conduct and audit suppliers each year.



CARBON-NEUTRAL PRODUCTION

We have reduced direct emissions at our production facility by 85% since 2019. Going forward, we will among other things use fossil-free fuels to deliver our products, improve the energy efficiency of the production facility through solar power and build on the environmental awareness of our employees.



SUSTAINABLE USE OF FOREST RESOURCES

We ensure sustainable forest by using only 100% PEFC or FSC wood. We use waste wood from our production in heating but are studying ways in which we can make it part of the circular economy. We aim to replace virgin plastics or biobased raw materials. During the past year, our eco-deed was to plant more than 880 tree saplings and together with the John Nurminen Foundation we also supported efforts to protect the Baltic Sea.



SUPPLY CHAIN



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RESPONSIBLE AND TRANSPARENT SUPPLY CHAIN

Puustelli's responsibility begins with the sources of the materials we use. We must know the origin of the materials, the labour used in making them and how much they burden the environment. From the responsibility aspect, we source most of the materials we use from low-risk areas – Finland and elsewhere in Europe.

SUPPLY CHAIN RESPONSIBILITY DISCUSSIONS

During the past year, we began broader responsibility discussions with our long-standing suppliers. The focus of the discussions is more ecological choices of material, social and financial responsibility in the supplier's procurement chain, and packaging materials. Our ambition as market leader is to move the industry towards more sustainable furniture-making and this requires close cooperation and innovation with our supply chains. We perform five broader responsibility audits at suppliers' factories each year.

AIMING FOR 100% OF FACTORY DATA IN OUR SYSTEM

During the past year, we collected more detailed factory data on products and materials from all our suppliers and during the current year we aim to collect factory data for each of our product items.

During the current year, we will also prepare a broader

MEASURES IN 2022

- All our suppliers signed our Code of Conduct
- We performed 5 broader responsibility audits
 - We ceased buying raw materials from Russian-owned companies

analysis of responsibility risks for our supply chain. All the wood used in our products originates from PEFC or FSC sources. This enables us to ensure that also after felling, the forests retain their characteristic habitat.



We require responsible business practices throughout our supply chains and this is why all our suppliers have signed our Code of Conduct. The Code takes a position among other things on ensuring fair labour conditions, taking into account environmental aspects, unfair competition practices, the prevention of corruption and bribery, as well as employee safety and wellbeing. Under the Code, we require our suppliers to also ensure responsible manufacturing practices in their own supply chains.

Regular supplier audits are an essential part of our supplier relationship management. New suppliers undergo an extensive audit process, where we establish product quality, labour conditions and environmental impacts on site at our suppliers. Each year, we also perform five follow-up audits where we verify on site the quality of the products and responsible manufacturing practices of suppliers we have used for years. In 2022, we reached our target of five audits.

Our supply chain comprises 128 suppliers, of which 91 are Finnish and 37 international. In 2022, we bought materials and services totalling around €78.3 million.



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LASTING PRODUCTS WITHOUT COMPROMISING ON SAFETY

Product quality and safety are a key part of our responsible operations. Since we make quality products that stand the test of time, the need for new materials is decreasing. Our products are tested in our own and in third party laboratories. Twice a year, external auditors review the new products in our collections and test the safety and quality of them in accordance with the certification requirements of numerous FI standards. Our ISO 9001, 14001 and 45001 certificates,

which are also internationally recognised, communicate our commitment to continuously improve quality, product safety and the environment.

In our own test laboratory, we carry out tests to measure the mechanical, chemical and heat tolerance, and the environmental stress of our materials. We ensure that our products comply with the standards for fixtures and with Puustelli's internal quality criteria. When selecting new materials, we receive the test results which help us to choose the material best suited for the purpose from among a number of similar materials. We test the overall durability and deflection of our frames by overloading them. We test environmental impacts by stress measuring moisture resistance and we use a UV cabinet to simulate sunlight so that we can see how the materials react to the impacts of many years of sunlight. We spread the cleaning agents and foods widely used in homes on top of the material surfaces for several days so as to ensure the materials retain the quality of their surface.

M1 – THE BEST INDOOR AIR QUALITY RATING

The M1 symbol indicates that the product is clean and that it does not cause irritation or odour nuisances. We require a lot of our products, which is why more than 90% of Puustelli products belong to the best indoor air quality category. We test the emissions of all new materials in a chamber test to determine the volatile compounds such as VOC/TVOC, ammonia and formaldehyde and by organoleptic evaluation to ascertain the percentage of odours that irritate the respiratory tracts. We treat the surface of solid wood and veneered products with a natural oil or water-borne stains and varnishes. In addition, wood doors receive UV treatment to dry the surface of the product already at the production facilities. UV treatment reduces changes in colour caused by natural light.





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MORE ECOLOGICAL MATERIALS FOR THE COLLECTION

Responsibility has been integrated into our strategy and we want to respond to the demands both of customers and the environment for more sustainable furniture. During the past year, we launched the Hybrid kitchen range, which allows customers to choose frames made from recyclable biocomposite. The main material in a bioframe is biocomposite, which has a formaldehyde content of 0% and can be fully recycled. A bioframe can withstand re-attachments many times more than a conventional frame and

as trends change can be modified from a shelf cabinet into a set of drawers or even a glass cabinet.

A bioframe allows furniture to be recycled either in the customer's home or in a completely new location. We have delivered bioframes to projects requiring ecological values both in Finland and worldwide.

Our ambition of carbon-neutral production requires studies on the exact

environmental footprints of materials and raw materials. Our product development aims to make 10 ecological product changes each year and to replace 10% of the virgin plastic we buy with recycled or biobased raw material. During 2022, we changed the raw material of our waste containers to recycled plastic and reduced the amount of raw materials in several products since we can reach the required end-result using less material. We replaced some of the chipboard in our frames with more ecological OSB made from wood chips and also

MEASURES IN 2022

- We launched the ecological Hybrid kitchen range
- We replaced the raw material of our waste containers to recycled plastic

introduced sinks made of biomaterial to our range. We improved product safety by replacing glass shelves with tempered glass and the carbon footprint of transport when we replaced our Central European fittings supplier with one in Finland. During the year, we carried out several tests on more ecological materials and together with suppliers are striving to make environment-friendly materials compliant with our quality criteria.





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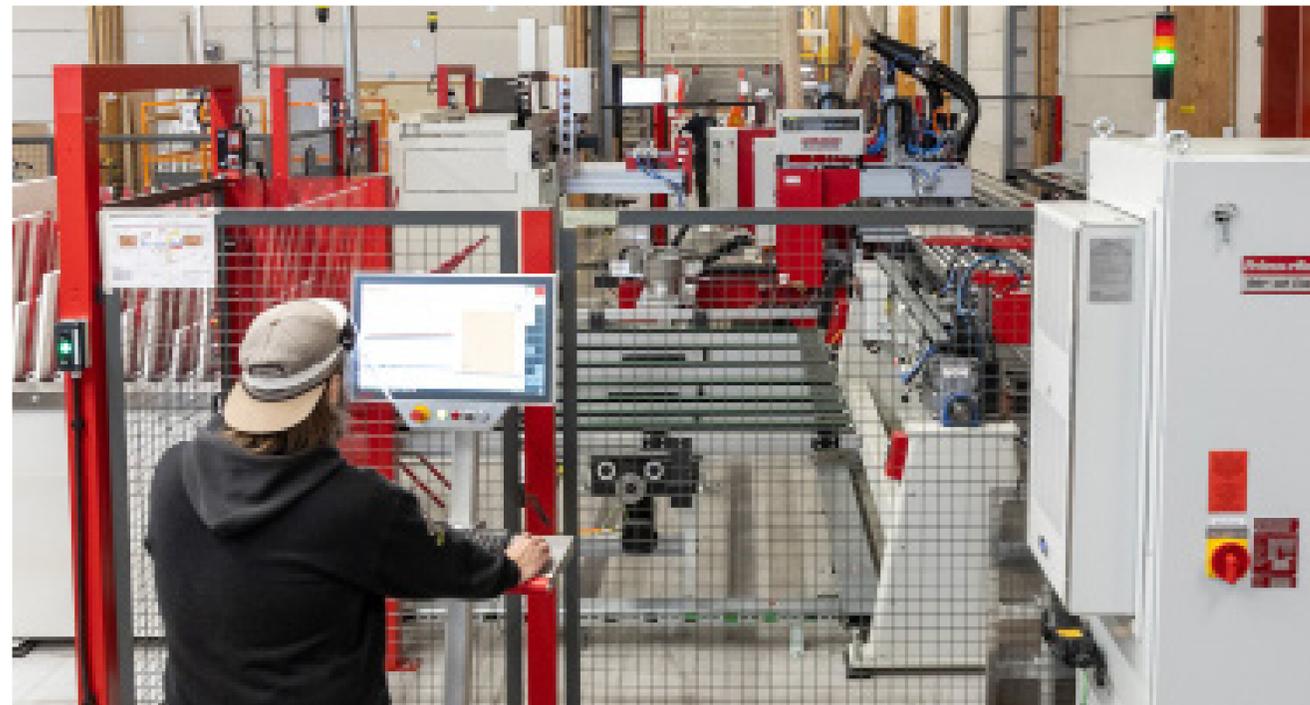
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RESPONSIBLE MANUFACTURING

REVIEW OF 2022

Our production volumes grew by 11% and we recruited record numbers of new employees. During the year we invested in new production lines and plant buildings to enable us to respond to increase production quantities. Under our 5-year investment plan, we continued to increase production capacity with regard to equipment and production facilities. We managed to reduce customer complaints by 12% and transport damage by 7%. We aim to increase the NPS of drivers to 62 and good results from training resulted in the NPS rising to 66.



MEASURES IN 2022

- We reduce the emissions from factory 23% (Scope1&2)
- We reduce the amount of mixed waste by 24 %

During the summer of 2022, we repaired the moisture damage to our wooden door plant roof which had caused deterioration of the indoor air and in turn safety at work. We have a 12-person maintenance team responsible for the upkeep of buildings and machinery at the plant. Our maintenance people work hard to ensure continuous, efficient production in line

with our machine-specific proactive servicing programme. Extending the technical life of machinery reduces the need for investment and in turn our carbon footprint. Our production facilities have excellent skills and capability to also service equipment spare parts, which helps us to manage risks facing maintenance of our production capacity. We mainly employ local entrepreneurs in other general maintenance work at our production site.

RENEWABLE FUEL FOR THE PLANT SITE

We aimed to reduce the emissions from the fossil-fuelled vehicles at our production plant by 30%. We succeeded in this by bringing into use renewable fuel and two new e-trucks using renewable energy to recharge. The solar power plant installed on the roof of our production facilities generated 36,270 KWh of solar power for us last year. We aim to extend our solar power plant during 2023.



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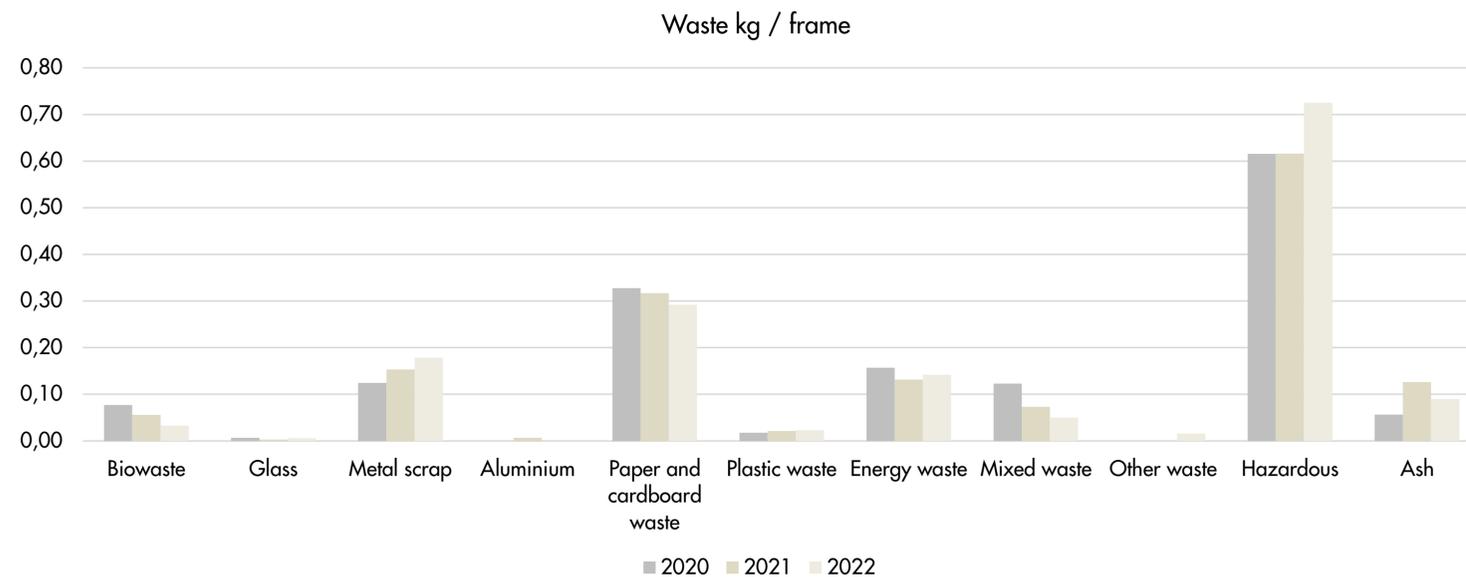
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WASTE

Our entire waste processing is handled by Lassila & Tikanoja Oy's services who effectively promote the circular economy. Despite higher production volumes, we successfully managed to reduce the amount of mixed waste by 24% by among other things recycling plastic and cardboard. With the acquisition of plastic balers, we have successfully increased our plastic recycling by 20 %. Our waste re-use percentage was 34% of our entire waste amount. The waste classified as hazardous waste at our production facilities is our most significant waste component and originates from the washing

water used in washing coating machinery. Most of this hazardous waste is water which we have not yet managed to evaporate as part of the process. Due to increased production volumes and varies range of shades, the amount of hazardous waste increased by 31 %. During 2023, we will continue to enhance recycling at our workplaces by engaging employees to innovate eco-friendly practices.



Waste, t/yr	2020	2021	2022
Biowaste	14	12	8
Glass	1	1	1
Metal scrap	23	32	42
Aluminium		2	1
Paper and cardboard waste	60	66	68
Plastic	3	4	5
Energy waste	29	28	33
Mixed waste	22	15	12
Hazardous waste	113	129	169
Ash	10	26	21
Other waste		6	4
Recycling and re-use	101	119	125
Total waste amount	276	321	363



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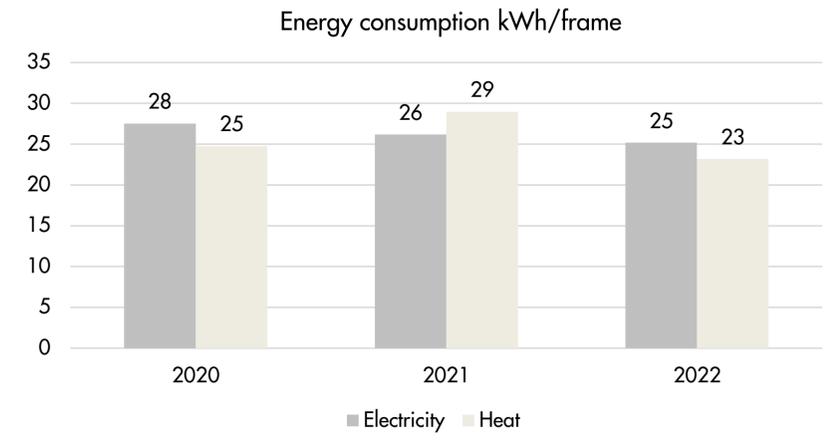
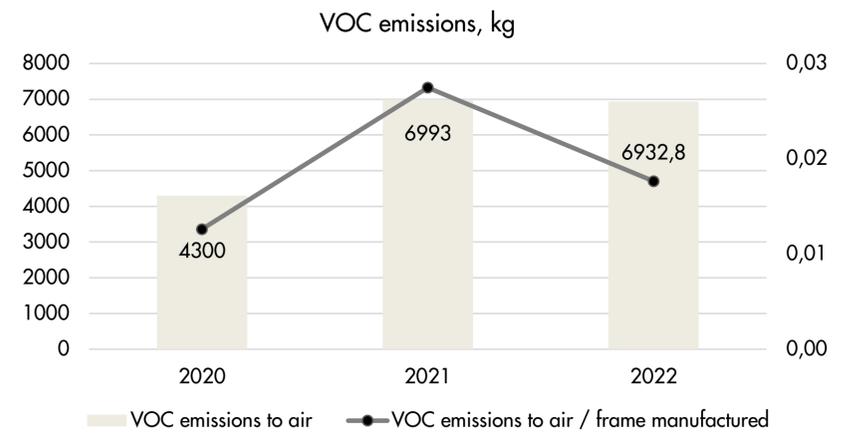
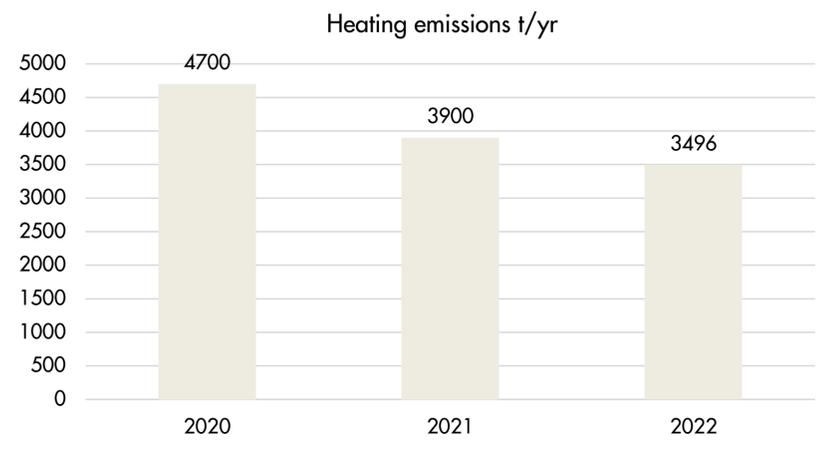
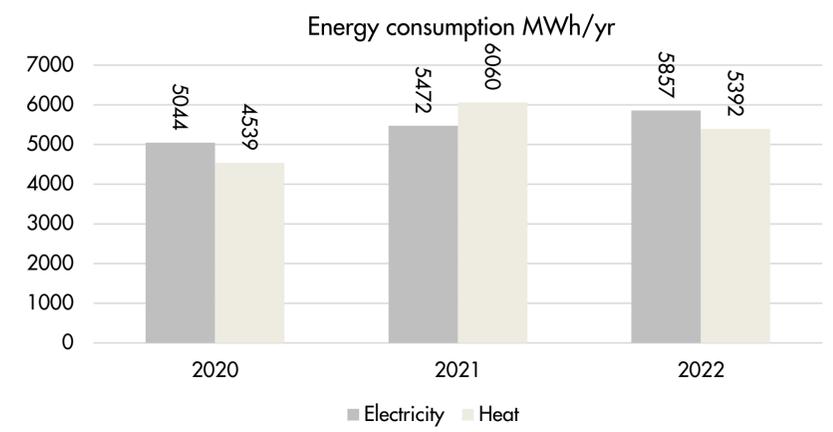
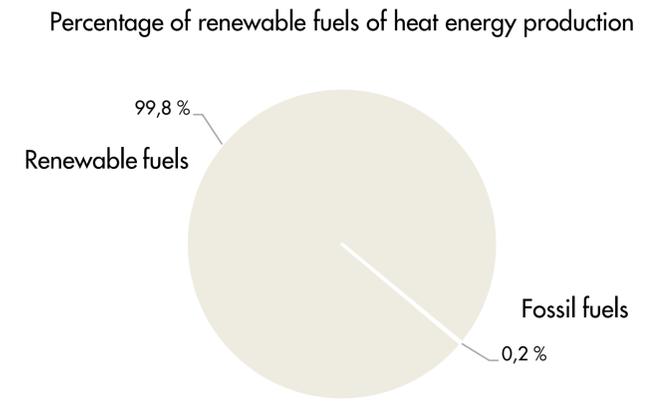
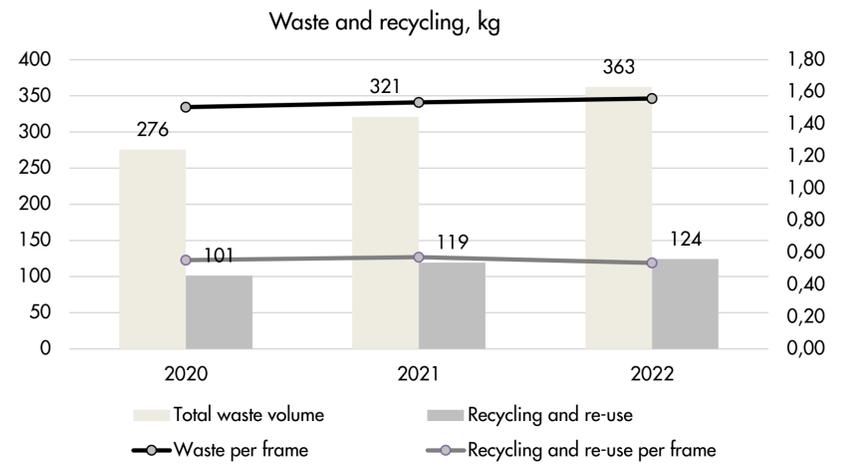
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NATURAL STEPS – CARBON-NEUTRAL PRODUCTION BY 2035

Our Natural Steps programme aims for carbon-neutral production by 2035 (Scopes 1-3 according to the GHG Protocol). We have calculated the size of our carbon footprint for our entire operations, starting with raw material production and ending with product recycling. Besides the carbon footprint from operations, we have drawn up an LCA of the environmental impacts of a kitchen and are working on an environmental product declaration for the kitchen frame.

CHOICE OF MATERIALS IS CRITICAL

Our largest emissions occur from the materials and raw materials we use. This is why the focus of our Natural Steps programme is on choice of sustainable materials, reducing quantities of raw materials and making used materials part of the circular economy. During the past year, we tested several alternative raw materials for our products and reduced quantities of raw material in many of small products. In coming years, we expect an improvement in the environmental data on the materials available and this will

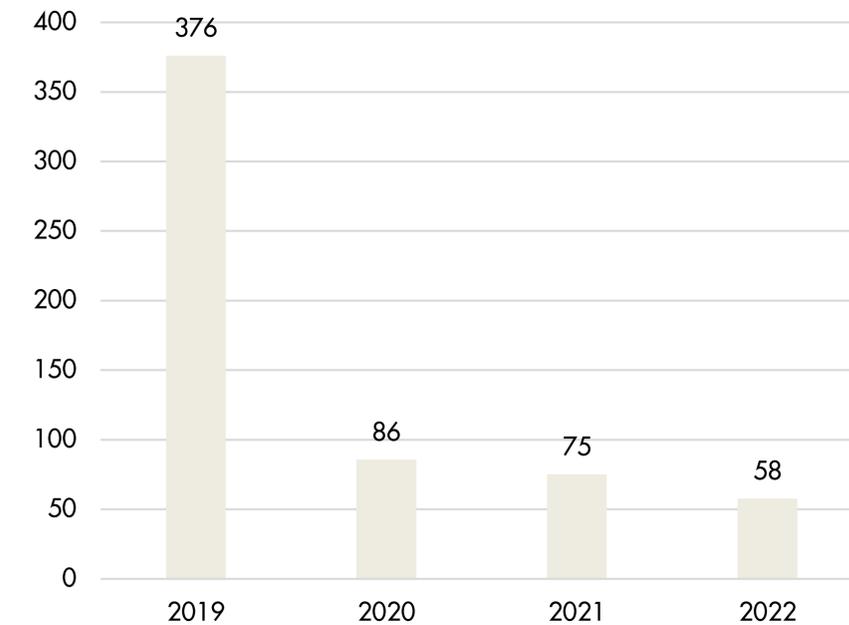


enable us to more accurately specify our future target levels for different materials. We collect EPD data on the materials we buy in order to chart and select the best possible materials for our products from the environmental aspect.

DIRECT EMISSIONS CUT BY 23 %

Direct emissions from our plant comprise emissions from fossil-fuelled vehicles and the heating energy we use. Most of the heating energy we use we produce ourselves from sawdust

Direct emissions in our production t CO₂e
Scope 1 & 2



and biomass, which in turn reduces emissions originating from energy use. There are no other emissions at our production facilities involving energy production since the electricity we use is from 100% renewable energy resources. We have reduced direct emissions at our production facilities by more than 300 t CO₂e by switching to emission-free electricity and by replacing fossil-fuelled vehicles with e-powered ones.



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EMISSIONS TO AIR

Besides fossil-fuelled vehicles, emissions to air at our plant originate in conjunction with heating the plant. Emissions measurements carried out show that the annual CO₂ emissions from heating the plant totalled 3496 tonnes. Dinitrogen oxide emissions were an estimated 15 tonnes. During the year, momentary dinitrogen oxide levels exceeded the permitted level. During the past year, we conducted a survey to build a new heating production system. In line with general emissions factors, our carbon footprint calculation takes into account only methane and dinitrogen emissions with regard to bio-based fuels.

Since we mostly use water-borne coating agents, our VOC emissions are very low compared to those of manufacturers using solvent-borne coatings. Most VOC emissions originate from using solvents when washing production machinery. However, significantly higher production volumes mean that our VOC emissions have risen. We have developed our operations so that the solvents used when washing production machinery are recycled as many times as possible as part of the cleaning process.

REDUCING CARBON DIOXIDE EMISSIONS IN DELIVERIES

Our entire manufacturing process starts by planning

transport to the customer and aims to optimise customer deliveries based on transport direction as effectively as possible to save both costs and the environment. Transport from the production facilities to the customer takes place in cooperation with internal and local logistics companies. We monitor emissions from transport using a transport carbon footprint calculator designed for our production facilities so that we can measure the emissions from each transport taking into account the route and product weights. During the past year, we surveyed ways to reduce the carbon footprint of our deliveries by utilizing renewable fuels.



We aim to implement deliveries using 100% fossil-free fuels during 2025.

PACKAGING AND RECYCLING

We are also working to reduce packaging waste and waste material. We choose packaging materials that take the environment into account. We use only cardboard as the furniture frame packaging material and we constantly strive to develop new ways to reduce packaging in plastic. We have also signed up for membership of the RINKI, FTI, SERTY and El-Kretsen organisations, which aim to ensure

the proper recycling of packaging materials and electrical appliances. We are also involved in a packaging material recycling programme where our producer responsibility extends to the packaging that reaches consumers. For example, some of the transport packaging in the boxes used when importing is recyclable and is in efficient use between the manufacturer and Puustelli.



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OUR CARBON FOOTPRINT

Our carbon handprint describes the positive climate impacts from our operations. A positive carbon footprint is created when, for example, a product enables a lower carbon footprint for the customer. When it has grown, the wood material used in furniture has sequestered carbon dioxide from the atmosphere and stored the carbon it contains in the wood. This means that the carbon bound up in our wood and bio-based raw materials remains in them often for many decades, during which time the carbon is not in our atmosphere. In 2022, around 11 400 t of CO₂e were

bound up in our wood and bio-based products.

TAKING ENVIRONMENTAL ACTIONS BY AFFORESTING FINNISH WASTELANDS

Oceans and forests are the most important natural carbon sinks. Our partners in the Natural Steps programme are Puuni Oy and John Nurminen Foundation. Puuni Oy removes carbon dioxide from the atmosphere by afforesting Finnish wasteland. The John Nurminen Foundation protects the Baltic Sea through a number of Clean Baltic Sea projects.



Under the Natural Steps programme, we have offset 420 thousand kg of CO₂ by planting carbon sinks in Mikkeli. Besides these, we have also supported Baltic Sea protection in partnership with John Nurminen Foundation.





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Our healthy workforce is the most important resource for our growing business. We emphasise the meaningfulness of work and we work continuously for the wellbeing of our employees. The quality of all our operations and products is built around our people. We want to create a work community where our people are both healthy and committed.

EQUAL WORK ENVIRONMENT

In 2022, women accounted for 30% of our workers, 53% of our senior salaried employees and 17% of our Management Team. Puustelli's equality plan aims to promote the equality of employment of employees of different gender and ages in the work community. Each of our employees has an important role in helping us to reach our ambitions. Employees participate in regular meetings of the equality and non-discrimination group and remuneration group, which are intended to ensure non-discrimination and transparency across



MEASURES IN 2022

- We increased our starting pay by 10 %
- We made 600 safety observations
 - We rewarded 289 development measures

the organisation. A person's age, gender, religion or ethnic background may not be a discriminatory factor at any point of a person's employment relationship. All our salaried employees have signed our Code of Conduct, which is available in-house and on our website. We have a whistleblowing channel to enable the reporting of all breaches of ethical principles. Puustelli had no cases involving discrimination or equality during the reporting period.

AIMING FOR ENPS 50

We measure our employees' workplace wellbeing in an annual work atmosphere survey and aim to respond to the wishes expressed by our employees during the current year. Our eNPS in 2022 was 21, an improvement on the

previous year. Survey respondents gave an average score of 3.2 on a scale of 1-4, which is fairly good. Our headcount grew by 18 employees, but at 12.7% employee turnover was also high. During the current year, we will in particular address our onboarding process and boosting our internal and external employee image to ensure adequate labour resources for our growing needs. We responded to the wishes of our employees by increasing our starting pay by 10% and by doubling the value of recreational benefits. We involved employees more actively in the development of our operations by working with our employees to improve frame production efficiency. Our project to increase production capacity has delivered excellent results. We strive to engage employees more closely in the development of their own work by continuing with our next development project, which focuses more broadly on quality, productivity and reducing material waste, with employees in our wood door production facility. During the past year, we educated employees to think about continuous improvement and employees implemented 289 development measures to, among other things, improve working practices and safety. In 2023, we aim to implement 500 continuous improvement measures. We reward all improvements implemented in accordance with our CI programme.

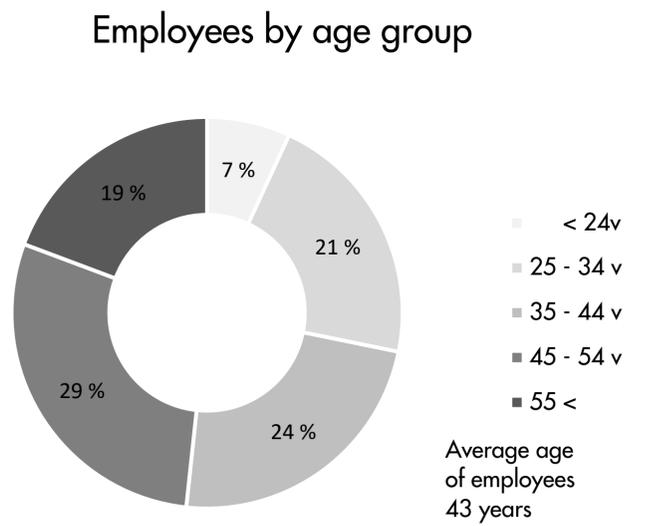
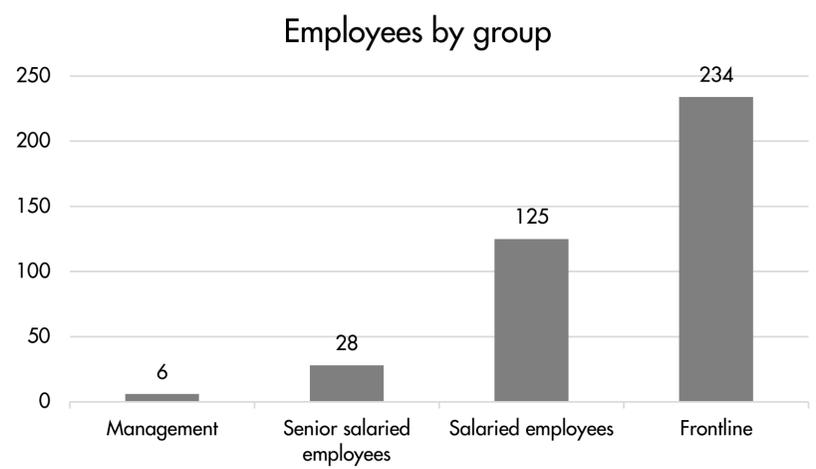


EMPLOYEES

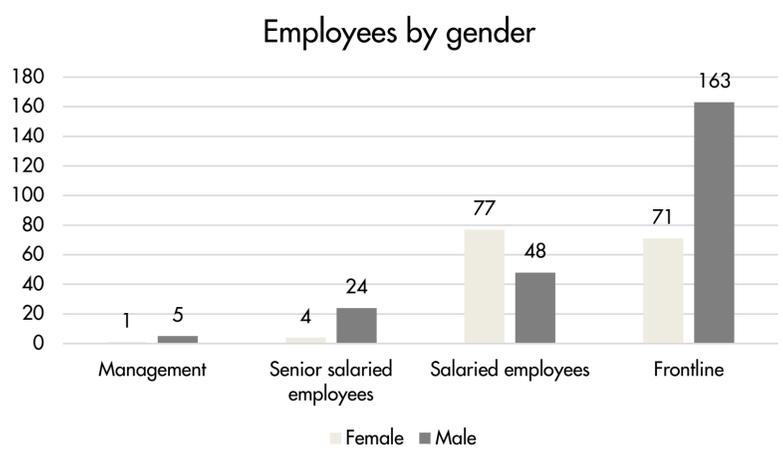
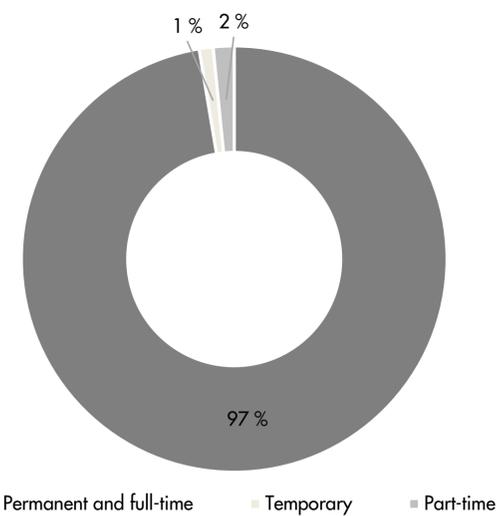
GROWING NEED FOR SKILLED LABOUR

The continuous growth of our operations means we have a growing need for skilled labour. In 2022, our average headcount grew by 18 employees. Due to the growing need for employees, we also resorted to using agency workers for around 5 full-time equivalents. All new employees and existing employees transferring to new jobs were given orientation. Our people received a total of 3,695 hours in training for work related to the woodworking and other industries. We also worked with the TE office to enable the employment of people drifting away from the labour market by arranging work trials in our production. Our salespeople also receive regular training in products and sales work each year.

Employees	2020	2021	2022
Employee turnover, %	11	13,9	12,7
Average number of employees	340	361	379
Harjavalta (31.12.2022)			306
Other Finland (31.12.2022)			87
Employees under the control of the administration (estimated)			2022
Sales			131
Transportation			47
Installation			233



Employees by employment contract





FOCUS ON PROACTIVE SAFETY WORK

Our main theme during the year was to develop an occupational safety culture at our production facilities. We focused on pro-active measures and have done target-oriented work to reduce our lost time injury frequency. We educated employees using videos made for our production facilities, we held first aid firefighting training for employees and our own occupational healthcare was responsible for comprehensive measures to prevent corona by administering vaccinations and testing for employees.

Besides corona measures, we prevented the spread of bacteria by protecting common surfaces with a photocatalytic coating, which control measurements have shown to improve

surface hygiene.

Despite our measures, the number of injuries rose and the corona pandemic added to absenteeism at our production facilities. We will continue during the current year to improve our safety culture by in particular focusing on onboarding and assessment of workplace-specific risks. Our goal is for 1,000 safety observations and a lost time injury frequency of below 18 per million hours worked.

RECORD NUMBER OF SAFETY OBSERVATIONS

We managed to collect our target of 600 safety observations and successfully cascaded the safety culture

down to become part of our employees' everyday work. We collect observations in our system from employees and through monthly 5S assessments, which focus on safety and tidiness. All safety observations are processed and every injury is reported all the way up the organisation to senior management. There was a total of 20 injuries the past year. One of these injuries was serious and also investigated by the regional state administrative agency, which found that working practices and safety guidance were in order. Each incident was investigated and corrective measures implemented in accordance with the investigation process in our safety standard.

	2020	2021	2022
Commuting accidents	2	2	2
Accidents at work excl. commuting accidents) absence < 1 day	2	8	6
Accidents at work excl. commuting accidents) absence => 1 day	8	11	14
Lost time injury frequency per million hours worked	20	24	29
Sick leave days, total (excl. lost time injury absences)	3693	5009	5911
Sick leave days per employee (excl. lost time injury absences)	11	14	16
Sickness absence % of hours worked (excl. lost time injury absences)	4,4	6,9	7,7



SUPPLY CHAIN



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EMPLOYEES



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OCCUPATIONAL HEALTH AND SAFETY

SYSTEMS TO SUPPORT SAFE WAYS OF WORKING

Our operations are guided by occupational health and safety management standard ISO 45001, under which we maintain, develop and evaluate the safety of the work environment. The standard operating procedures extend from the factory to the stores. The occupational safety and health committee, along with our in-house occupational health care, collaborates to improve the safety and ergonomics of workstations. We conduct cross-audits annually across various departments and collect safety observations, which we monitor on a monthly basis. Additionally, we utilize the 5S system to maintain and supervise the safety, cleanliness, and ergonomics of workstations.

EARLY INTERVENTION MODEL

We have an early support model that maintains employees' ability to work. Through this model we strive together with the employee and occupational healthcare doctor, to find ways to improve the person's ability to work regardless of whether the reasons are work related or because of civilian life. Through early support measures, we strive to support the employee's ability to work and to prevent incapacity for work by intervening in sickness absences exceeding 10% of working hours twice a year. The model includes active forms

of support, for example, methods for early support discussions between the supervisor and his or her employee and, where appropriate, opportunities for support from occupational safety and healthcare.

WE SUPPORT RECREATIONAL ACTIVITY

We also support the activity of our employees outside the workplace by providing cultural and exercise benefits on an annual basis and by providing weekly recreational opportunities, including ice sports and floorball. The

recreation committee consisting of our employees organises various out-of-office and sports events for the whole personnel. Our employees also have an opportunity to take advantage of other benefits we provide including our holiday homes in Northern Finland.





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ECONOMIC RESPONSIBILITY

Puustelli has been the best-selling kitchen brand in Finland since 1983. Going forward, we aim to be the industrial leader in Finland. Through profitable growth, we ensure that we are able to operate in the best possible way taking into account the environment and stakeholders. Profitable and competitive operations allow us to develop every area of our business. Puustelli is known for the high quality of its products and services. Upholding these expectations requires a company that operates in accordance with its values and on a financially sound basis.

REVIEW OF 2022

Our turnover in 2022 was around €119 million, up by 15% year on year. Operating profit was around €8 million. The construction industry was the focus of significant growth. During the year under review, we invested in new production lines and expanded our plant buildings. Production volume was record high and we strove to ensure security of supply. Under our investment programme, we will expand our production facilities during the current year and invest in equipment to ensure the level of security of supply as our operations grow.

Also, the war breaking out in Europe affected the availability of materials in the early part of the year.

Economic responsibility in figures, €m	2020	2021	2022
Turnover	86,2	103,4	119
Purchases (goods and services)	54,6	65,6	78,3
Wages and salaries paid to employees	13,4	15,1	16,2
Financial expenses	0,2	0,2	0,2
Dividends paid to owners	1,0	1,0	1,5
Taxes paid	1,9	3,5	3,7
Economic added value to stakeholders	69,5	82,2	96,6
Investments	3,8	6,6	3,2

Since raw material prices continued rising, we had to increase our customer prices. Economic value generated for stakeholders, which consisted of purchases of materials and services, salaries paid and financial expenses, rose by around 18% to €96.6 million.

Puustelli is included in the collective agreement of the Finnish Federation of the Woodworking Industry. Membership of the Finnish Federation of the Woodworking Industry also means membership of the Confederation of Finnish Industries (EK). The Finnish Federation of the Woodworking Industry negotiates the frontline workers' collective agreement with the Industrial Union and the salaried employees' collective agreement with Trade Union Pro.





OPERATING RISKS AND OPPORTUNITIES

We have identified the risks in our business and manage them through good monitoring, planning and insurance. We manage risks affecting our security of supply with the help of several back-up suppliers and by sourcing our main materials straight from the parties making them. Decades of close cooperation and mutual trust contribute to maintaining security of supply also in challenging circumstances. During the current year, we will carry out a broader risk assessment of climate-related risks and opportunities in accordance with Task Force on Climate-Related Financial Disclosure (TCFD) recommendations.

We minimise and prevent risks to the technical quality of products by operating in accordance with quality management certificate ISO 9001, which in turn impacts productivity, quality and customer satisfaction. Urbanisation means that demand is increasingly focused on growth centres. General housing market development can be considered a significant financial risk that has direct implications for the scope and profitability of Puustelli's operations. We have expanded our HR operations to manage labour risks and focused on the visibility of recruitment channels locally, not forgetting workplace atmosphere improvement. As shown by the Covid-19 pandemic, physical risks to human health and the work environment increase business risks and

among other things affect the prices and availability of raw materials. During 2022, profitability was hit by challenges in the availability of raw materials and the significant rise in the prices of materials. Any significant rise in interest rates and a weakening of the Swedish krona are also considerable risks that partly weaken business profitability. In addition, any deterioration in the solvency of customers and partners increases business risks.

WE ARE INVESTING IN IMPROVING DATA SECURITY

Digitalisation highlights the importance of data security as an important part of our social responsibility. Our IT department operates under the IT manager and ensures the secure use and confidentiality of the personal data of our customers, partners and employees. All new employees go through data security guidelines relating to staff confidentiality and software as part of our onboarding process. Compliance with our broader GDPR policy on the storage and disclosure of personal data is an integrated part of the everyday work of our salespeople and salaried employees.

During the past year, we enhanced monitoring the state of our terminal devices through an endpoint detection and response (EDR) solution to enable us to detect any



potential security attacks more quickly. We introduced multi-step authentication to almost all our services to protect the company's digital assets. Our internal network is effectively checked with the help of artificial intelligence and data backup has been expanded to cover the entire information system environment. During the current year, we will educate employees using cyber security coaching. There was not a single personal data breach in 2022. Our customers can use a personal MyPuustelli app, where they can access all information and documents about the arrival, installation and user instructions for their kitchen together with guarantees. This is how we are reducing the need for paper documents and improving the speed of information flow.

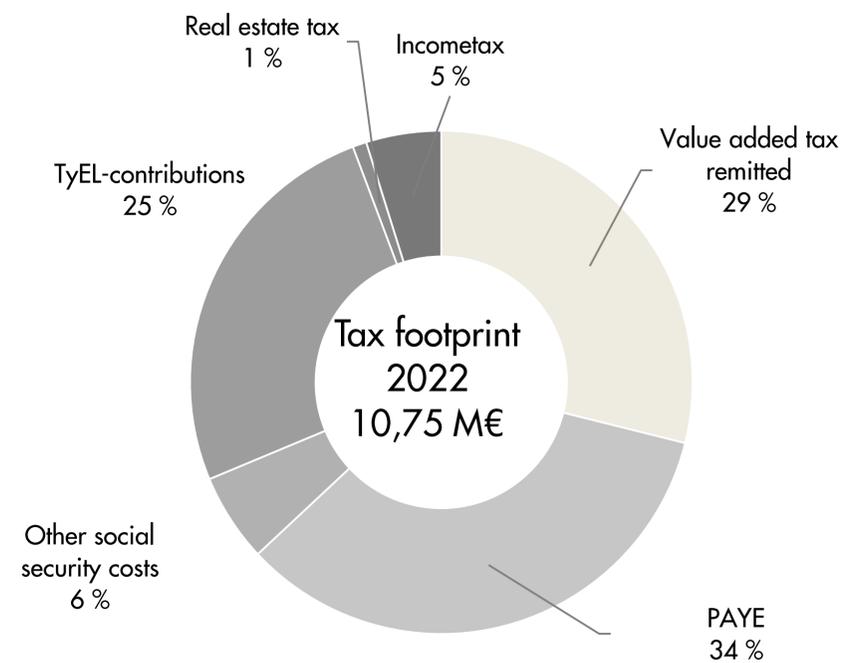
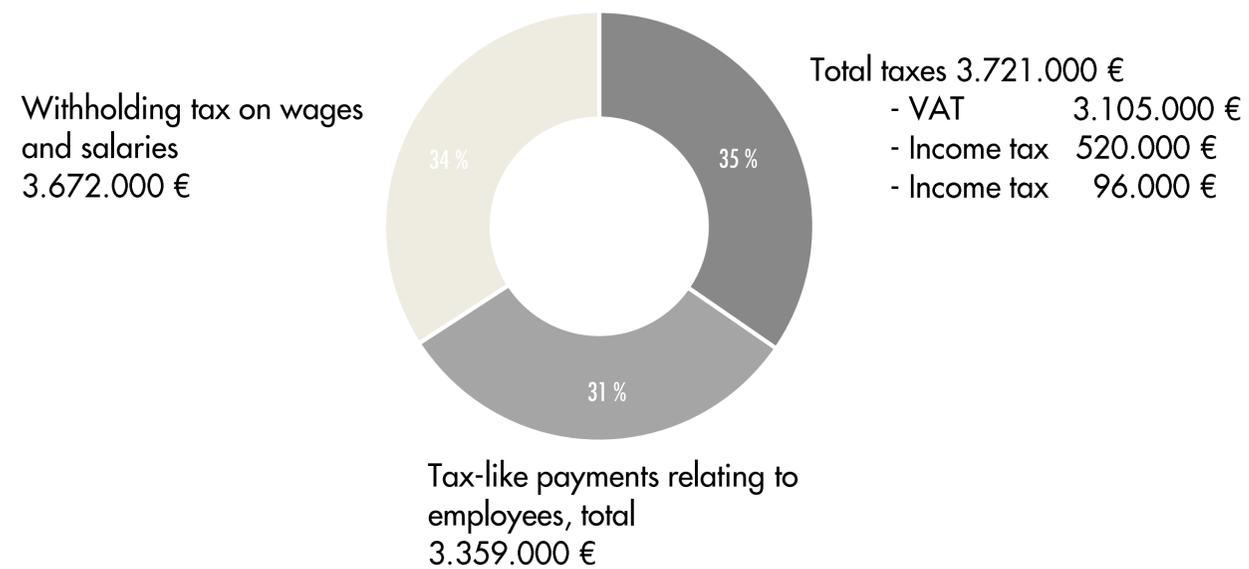


TAX FOOTPRINT

Taxes paid to society are an important and significant part of Puustelli's economic responsibility and are well reflected in our tax footprint. Tax footprint means the taxes and tax-like payments accruing to society from company operations. Our

tax footprint shows direct and indirect taxes as well as tax-like payments relating to the employees. Out tax footprint in Finland in 2022 totalled €10.75 million, in addition to which we paid €1.8 million in taxes to Sweden.

Tax footprint in Finland 2022





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RESPONSIBILITY MANAGEMENT

Our operations are based on responsible business as part of our daily work and decision-making. We identify the most significant stakeholders and their expectations of our products. We have initiated a broader materiality assessment focusing on responsibility in our value chain with suppliers, vendors, consumers and our logistics companies among others. We continue to study the key responsibility expectations for stakeholders in order to respond as best as possible to our stakeholders' needs.

The operations of the entire organisation are guided by the strategy adopted by the Board of Directors. The strategy underscores the increasing importance of responsibility as one of the strategic goals. We guide annual operations on the basis of the action plan. Business objectives are determined annually for production and services processes from the aspects of economic, ecological and social activities. The company's management oversees achievement of the goals of the entire network's operations and ensures sufficient trained resources in the areas of responsibility. The Management Team is responsible for implementation of the responsibility strategy and the goals in accordance with the strategy.

Our Quality and HR department is responsible for planning and implementation of the responsibility programme

and report together with our in-house responsibility working group. Achievement is followed monthly with the responsibility working group and management. The Management Team accepts the responsibility indicators and policies under which operations are guided. We meet the regulatory requirements, the standards of our industry and the requirements of our own integrated management system. Our operations are based on our Code of Conduct.

Management is responsible for ensuring employees know our internal guidance and that our products are in compliance with all the relevant regulations and standards. Our operations are guided by a management system that complies with the requirements of ISO 9001:2015, 14001:2015 and ISO 45001:2018 quality, environment occupational health and safety management standards in both Finland and Sweden.

During the past year, auditing found no major deviations.

Our Natural Steps programme will help our production to be carbon-neutral by 2035.

We want to make information on the most ecological choices of material available to the customer.

We aim to move the industry towards more responsible and environment-friendly working practices in close cooperation with our stakeholders.



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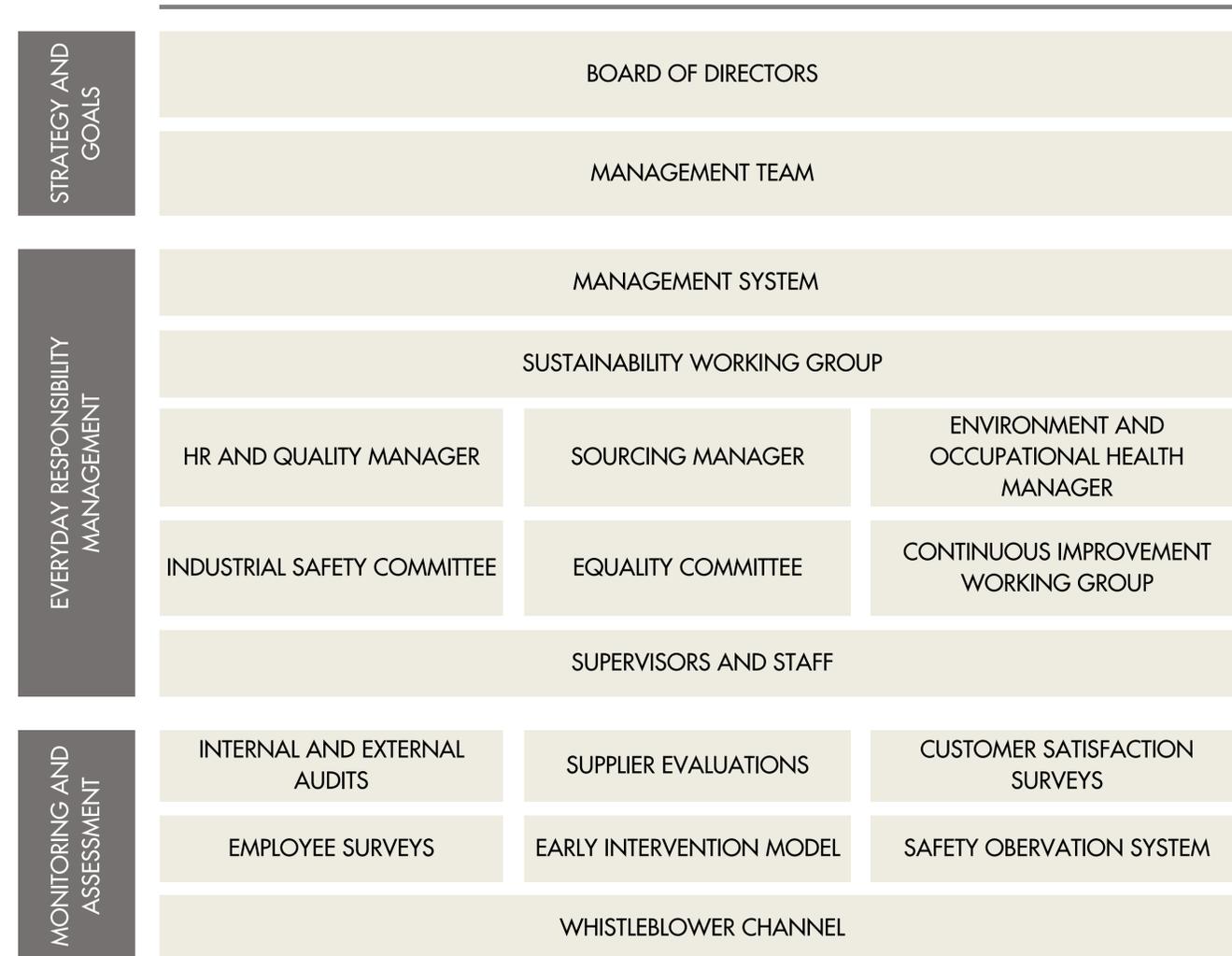
HOW WE WORK

We meet the regulatory requirements, the standards of our industry and the requirements of our own integrated management system. Management is responsible for ensuring employees know our internal guidance and that our products are in compliance with all the relevant regulations and standards. Our operations are guided by a management system that complies with the requirements of ISO 9001:2015, 14001:2015 and ISO 45001:2018 quality, environment occupational health and safety management standards.

REWARDS

We employ incentives to promote achievement of the strategy and reward employees for personal performance. Incentives form an element in employees' monthly pay and is determined on the basis of the results of strategic indicators. The annual bonus of salaried employees and management, however, is linked to the achievement of strategic goals, the achievement of which is monitored monthly. During the current year, we will educate our employees on how our reward system works and increase awareness of personal possibilities to influence.

RESPONSIBILITY MANAGEMENT AT PUUSTELLI



	MANAGEMENT AND PROCEDURES	MANAGEMENTS SYSTEMS AND STANDARDS
ECONOMIC RESPONSIBILITY	Profitable growth enables the continuous development of our business	Quality Management Standard ISO 9001, Internal audits
SOCIAL RESPONSIBILITY	We comply with and uphold ways of working determined for the principles of human rights and labour (Code of Conduct)	Puustelli's ethical guidelines, Occupational Health and Safety Management Standard ISO 45001, Key Flag
ENVIRONMENT AND PRODUCT RESPONSIBILITY	Environmentally responsible way of working covering the entire lifecycle of the product	Environmental Management Standard ISO 14001, Quality Management Standard ISO 9001, M1 rating, FI mark, Supplier evaluations



VALUES

Responsible management at Puustelli is based on our values, which determine the way we work and provide services. Our business is guided by Puustelli's ethical principles, which must be complied with across the organisation. We also act in compliance with the ten principles of the UN Global Compact initiative relating to human rights, labour, the environment and anti-corruption.

CUSTOMERS COME FIRST

We want to surprise customers positively throughout our service chain from the very first contact to installation. We consistently seek information about changing customer needs and wishes, and these serve as a basis for our development work. We understand the customer's need holistically and keep our customers up to date through active communication. We value internal customer relationships and actively monitor

the level of quality assurance capability of the entire service chain and reward successful performance.

BASED ON TRUST

We are consistent and honest in everything we do. We treat everyone fairly and always keep our word. We value all our colleagues and their opinions. In our operations, we are responsible for our employees, customers, the environment and financial continuity. We look after the wellbeing of our employees and support this through good supervisory work. We maintain an open atmosphere at work and also discuss difficult matters.

each other. We value diligence and results and constantly encourage them. We maintain a positive attitude and are proud of every success.

INNOVATING FOR THE FUTURE

We are active seekers of new impulses and opportunities. We dare to try out new things and to take the initiative. As individuals and teams, we constantly develop what we do and strive for effective, clear solutions that deliver a lasting competitive edge. We set our goals beyond a year but respond quickly to changes. We roll out new products, services and ways of working faster than others and ensure their commercial utilisation.

TEAMWORK DELIVERS RESULTS

Performance is generated when different units understand and see the big picture and work in the same direction. We are committed to common rules of play and work consistently for them. We constantly monitor business performance and quickly put in place corrective measures. Together, we set goals that we achieve as individuals and teams, supporting





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KEY STAKEHOLDERS

We have identified our key stakeholders with whom we are in active dialogue. We take into account the needs and expectations of our stakeholders in our everyday operations and engage closely with them to develop responsibility. We monitor the needs of our stakeholders through continuous open dialogue and through various surveys and indicators.

CUSTOMERS

Our customers are private new home builders and renovators as well as construction firms that come to us through our project sales business. Our products must be aligned to our brand, responsibly produced, flawless and in the right place at the right time. Our construction firm customers expect us to have certified quality management systems, which enable us to assure quality and responsible business. We actively monitor customer satisfaction through customer satisfaction surveys and NPS.

EMPLOYEES

Our employees expect our operations to show overall responsibility, and to provide meaningful, reliable, long-term work, where there are opportunities for development. A safe and motivating work environment forms the basis of our operations. We engage in active dialogue using communication and regular development discussions. We monitor the wellbeing of our employees through annual job satisfaction measurements and we actively develop operations and supervisory skills on the basis of the results we obtain.

STORES

We also employ salespeople in more than 50 Puustelli stores and in the project sales organisation serving construction firms. Our salespeople expect high-quality products and reliability from us in deliveries and other operations. We engage in active discussion with the sales field about common operating models, sales needs and forecasts. We regularly train our sales personnel in systems, products, and responsible sales practices. We regularly measure and communicate sales performance.

SUPPLIERS

Our suppliers expect lasting cooperation, reliable forecasts, high volume and good solvency from us. By developing materials, we work together to improve the responsibility of our products and we work closely with our suppliers starting from product development processes. We monitor compliance with the principles of responsible sourcing through regular supplier evaluations and we require all suppliers to sign our Code of Conduct.

AUTHORITIES AND OTHER PROFESSIONAL BODIES

The authorities expect compliance with our statutory obligations, openness and cooperation. We act in accordance with responsible and ethical procurement principles and report openly and actively on matters related to corporate responsibility. We are also involved in the following organisations who are tasked with developing the entire industry and Finnish work: Finnish Federation of the Woodworking Industry, Finnish Forest Industries, Confederation of Finnish Industries and the Association for Finnish Work.

OWNERS, FINANCIERS AND OTHER STAKEHOLDERS

Owners expect profitable, continuing and responsible business as well as satisfied customers and employees. Reliable, accurate, transparent and timely information is paramount. We carry out regular risk assessments. The company's competitiveness and performance is actively monitored and regularly communicated to employees and owners alike.



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CERTIFICATES AND RECOGNITIONS



M1 BEST INDOOR AIR QUALITY RATING

M1 recognition has already been granted to more than 90% of Puustelli products. The products are tested in an independent laboratory and their indoor air cleanliness is divided into three different categories of which M1 is the best.



QUALITY MANAGEMENT SYSTEM

All our services are covered by international ISO certification. We have been using an ISO 9001 quality management system since 2004.



ELECTRONIC AND ELECTRICAL EQUIPMENT RECYCLING AND WASTE MANAGEMENT

We are a member of Serty, which manages the collection and recycling of waste electrical and electronic material in Finland, and El-Kretsen Ab, a similar organisation in Sweden. Our memberships commit us to contributing to the cost of the electronics we send for recycling in Finland and Sweden.



PRODUCT COMPLIES WITH STANDARDS

The FI Mark indicates that a Puustelli product has been verified as being made in compliance with standards and is safe, durable and of high quality. Products covered by the FI Mark are constantly overseen and inspected. The safety of Puustelli products has been tested officially since back in 1989.



ENVIRONMENTAL MANAGEMENT SYSTEM

We take the environment into account in all our operations. ISO 14001 certification tells about the continuous improvement of our operations for the good of the environment.



THE KEY FLAG IS A SYMBOL OF FINNISH WORK

Each Puustelli kitchen is made in Harjavalta, Finland. The Key Flag symbol awarded by the Association for Finnish Work tells that a product has a Finnish content of at least 50%. The Key Flag was first awarded to Puustelli furniture more than 20 years ago.



OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

We aim to create the best possible working conditions for our employees. Our ISO 45001 certificate tells about how we address our employees' wellbeing and continuous skills development.



RECYCLING OF PACKAGING MATERIALS

We are members of the Finnish packaging recycling organisation Rinki Oy and Förpacknings- och Tidningsinsamlingen (FTI), a similar organisation in Sweden. Our membership communicates that we manage our packaging producer responsibility and that the arrangements mean only a small share of overall packaging is not reused.



REPORTING PRINCIPLES

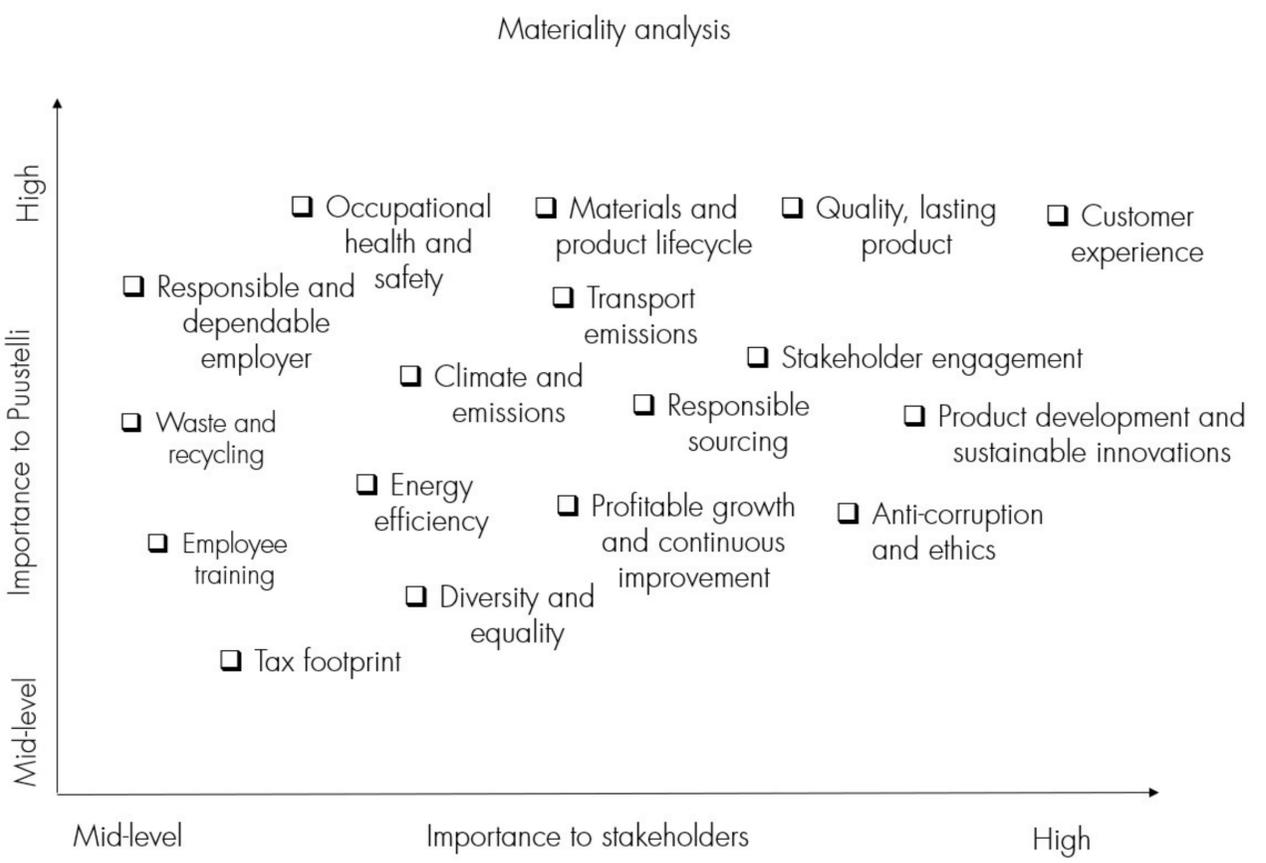
We ensure the transparency of our operations by regularly reporting our corporate responsibility. Our corporate responsibility report has been prepared in accordance with the core option of Global Reporting Initiative (GRI)-standards.

The financial information disclosed in the report is based on the operations of the whole Puustelli Group Oy. The social and environmental data mostly covers Puustelli Group Oy's production facilities in Harjavalta. The GRI table shows the

report content compared to GRI standards. The report content is based on a materiality analysis where the management system management team has identified Puustelli's most important responsibility aspects.

Puustelli's most important aspects of sustainability are

- Environmentally friendly materials and quality products
- Product development and sustainable innovations
- Excellent customer experience
- Cooperation with stakeholders for environmentally friendlier solutions





KEY FIGURES IN THE REPORT

This report describes the economic, social and environmental impacts for the accounting period 1 January to 31 December 2021. The key economic responsibility figures are based on Puustelli's accounts and the adopted financial statements for 2021. The occupational safety and headcount figures have been obtained from Puustelli's own monitoring systems. The key figures for environmental responsibility have been collected from Puustelli's own

monitoring system and from the energy management systems of external service providers. In the VOC emissions into the air table, we report the solvents (kg) bought and from which we subtract the amount of solvent waste sent for treatment. NOx emissions were 11.3 tonnes/yr based on a measurement made on 1 April 2019, and 34 tonnes/yr based on the measurement made 17 February 2021. Annual emissions of 15 tonnes/yr is an estimate (+/-30%), based on measurements made and the amount of fuels

used. The carbon footprint figures for operations are based on the calculation template drawn up by Ecobio Oy in accordance with the GHG protocol and which Puustelli updates annually. Customer satisfaction data is based on customer satisfaction surveys conducted by Puustelli. The report is published annually in April. EY provided external assurance for this report on 27 April 2023.



INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

TO THE MANAGEMENT OF PUUSTELLI GROUP OY

SCOPE

We have been engaged by Puustelli Group Oy (Puustelli) to perform a 'limited assurance engagement,' as defined by ISAE 3000 standard, here after referred to as the engagement, to report on information presented in Puustelli's Corporate Responsibility Report 2022 (the "Subject Matter") for the period from 1.1.2022 to 31.12.2022.

CRITERIA APPLIED BY PUUSTELLI

In preparing the Corporate Responsibility Report 2022 Puustelli applied the Global Reporting Initiative Sustainability Reporting Standards and Puustelli's own internal reporting criteria (Criteria). As a result, the subject matter information may not be suitable for another purpose.

PUUSTELLI'S RESPONSIBILITIES

Puustelli's management is responsible for selecting the Criteria, and for presenting the information in the Corporate Responsibility Report 2022 in accordance with that Criteria, in all material respects. This responsibility includes

establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITY

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'). Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY CONTROL

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management ISQM 1, (before ISQC 1), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were



INDEPENDENT ASSURANCE REPORT

designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Corporate Responsibility Report 2022 and related information, and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- a) Creating an understanding of Puustelli's material reporting topics,
- b) Interviews with senior management to understand Puustelli's corporate responsibility management,
- c) Interviews with personnel responsible for gathering and consolidation of the corporate responsibility information to understand the systems and processes related to gathering and consolidating the information,
- d) Assessing corporate responsibility data from internal and external sources and checking the data to reporting information on a sample basis,
- e) Performing recalculation of information and checking the underlying data on sample basis which is the basis of narrative disclosures related to the data,

We also performed such other procedures as we considered necessary in the circumstances.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information presented in Corporate Responsibility Report for the period from 1.1.2022 to 31.12.2022 in order for it to be in accordance with the Criteria.

Helsinki, 27th April 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Osmo Valovirta
Authorised Public Accountant

Nathalie Clément
Leader of Climate Change and Sustainability Services



SUPPLY CHAIN



SOURCING



ENVIRONMENT



CARBON FOOTPRINT



EMPLOYEES



FINANCIAL



GRI TABLE

ORGANISATION AND ITS REPORTING PRACTICES		PAGE	ADDITIONAL INFORMATION
2-1	Organisational details		Puustelli Group Oy, Teollisuuskatu 46, 29200 Harjavalta, Finland
2-2	Entities included in the organisation's sustainable reporting	2	Puustelli Group Oy.
2-3	Reporting period, frequency and contact point		Accounting period 1 January - 31 December 2022. Puustelli publishes the report in April each year. More information from responsibility@puustelli .
2-4	Restatements of information		The number of sickness absence days reported for 2021 has been changed to more accurately respond to the information provided by the system.
2-5	External assurance	31	Assurance report by EY
ACTIVITIES AND WORKERS			
2-6	Activities, value chain and other business relationships	2,6	
2-7	Employees	17-18	
2-8	Workers who are not employees	18	
GOVERNANCE			
2-9	Governance structure and composition	25	
2-10	Nomination and selection of the highest governance body	25	
2-11	Chair of the highest governance body	25	
2-12	Role of the highest governance body in overseeing the management of impacts	24	
2-13	Delegation of responsibility for managing impacts	24	
2-14	Role of the highest governance body in sustainability reporting	24	
2-15	Conflicts of interest		Puustelli Code of Conduct is available at https://www.puustelli.com/about-us/responsibility
2-20	Process to determine remuneration	25	
2-21	Annual total compensation ratio		Ratio including employment relationships lasting the whole year: 5.4
STRATEGY, POLICIES AND PRACTICES			
2-22	Statement on sustainable development strategy	5,6,7	
2-23	Policy commitments	7,17,26	
2-24	Embedding policy commitments	8,17	
2-26	Mechanisms for seeking advice and raising concerns	17	https://report.whistleb.com/fi/puustelli
2-27	Compliance with laws and regulations		No non-compliances or fines relating to sustainability topics
2-28	Membership associations	14,21	
STAKEHOLDER ENGAGEMENT			
2-29	Approach to stakeholder engagement	27	
2-30	Collective bargaining agreements		All employees

GRI 3: MATERIAL SUSTAINABILITY TOPICS			
3-1	Process to determine material topics	28-29	
3-2	List of material topics	27,29	
3-3	Management of material topics	24	
FINANCIAL IMPLICATIONS			
201-1	Direct economic value generated and distributed	21	
LOCAL POLICIES			
202-1	Ratios of standard entry level wage compared to local minimum wage		Not available
INDIRECT ECONOMIC IMPACTS			
203-2	Significant indirect economic impacts	21-23	
PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers	8,21	
ANTI-CORRUPTION			
205-2	Communication and training relating to anti-corruption policies and procedures	17	
205-3	Confirmed incidents of bribery and actions taken		No incidents of bribery during the reporting year
ANTI-COMPETITIVE BEHAVIOUR			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices		No violations during the reporting year
MATERIALS			
301-1	Materials used by weight or volume		Not yet available for the reporting year
ENERGY			
302-1	Energy consumption within the organisation	12	
BIODIVERSITY			
304-2	Impacts of activities, products and services on biodiversity	13-14	
EMISSIONS			
305-1	Direct GHG emissions	13	
305-2	Indirect GHG emissions	13	Scope 2
305-5	Reduction of GHG emissions	13	
305-7	Air emissions of nitrogen oxides (NOx) and sulphur dioxides (SOx)	14,3	
DISCHARGES INTO WATERWAYS AND WASTE			
306-2	Total waste by type and disposal method	11	
COMPLIANCE WITH ENVIRONMENTAL LEGISLATION			
307-1	Non-compliance with environmental laws and regulations		No non-compliances during the reporting year



GRI TABLE

SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	Proportion of new suppliers screened using environmental criteria		All new suppliers (1)
EMPLOYMENT			
401-1	New employee hires and employee turnover	18	
LABOUR/MANAGEMENT RELATIONS			
402-1	Minimum notice period regarding organisational changes		Based on collective agreement
OCCUPATIONAL HEALTH AND SAFETY			
403-2	Types and frequency of injury, occupational disease, lost days, absenteeism and work-related fatalities	19	
TRAINING AND EDUCATION			
404-1	Average hours of training per employee per year	18	
404-2	Programmes for upskilling and transition assistance	18	
DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	18	
NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken		No incidents of discrimination during the reporting year
SUPPLIER SOCIAL ASSESSEMENT			
414-1	Suppliers that were screened using social responsibility criteria		31 suppliers were assessed
CUSTOMER HEALTH AND SAFETY			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No non-compliances during the reporting year
MARKETING AND LABELLING			
417-2	Incidents of non-compliance concerning product and service information labelling		No non-compliances during the reporting year
CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No non-compliances during the reporting year
SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area		No non-compliances during the reporting year