

A person with long brown hair, wearing a dark blue puffer jacket and a grey scarf, is seen from behind. They are carrying a brown leather backpack and looking out over a calm lake towards a range of snow-capped mountains under a cloudy sky. The scene is peaceful and scenic.

iLOQ

Sustainability report 2021



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iLOQ – Making life accessible

Introducing iLOQ

iLOQ's purpose is making life accessible

Our goal is to continue to develop innovative digital locking and mobile access solutions that offer people, businesses and organizations freedom from the security risks, inflexibility and high lifecycle costs related to mechanical locks and keys.

Our battery-free solutions not only minimize maintenance costs but also reduce negative environmental impact by annually saving 50,000 kg of battery waste.

iLOQ in brief

iLOQ is the global leader in software solutions and services that optimize digital and mobile access management.

iLOQ provides smart locking and secure access to the buildings and spaces we use daily. Our battery- and cable-free solutions cater to the needs of all industry and utility sectors by ensuring efficient access sharing and management.

With technologies developed and patented by the company, our strong portfolio of safe and sustainable products solves the problems of lost or copied keys, reduces lock maintenance and minimizes lifecycle costs.

Global presence

With headquarters in Finland, the iLOQ Group has subsidiaries in Sweden, Denmark, Norway, Germany, Benelux, France, Spain, the United Kingdom and Canada and operates more than 30 countries.

This Sustainability Report is part of the iLOQ Group Annual Report 2021. The Annual Report 2021 consists of the Board of Director's report (including NFI), the Financial Statements and the Auditor's report, the Corporate Governance Statement, the Remuneration Statement and the Sustainability Report. Sustainability aspects are also covered in the Non-Financial Reporting section in the Report by the Board of Directors, which is included in the Financial Statements.

Established in

2003

Over

220

employees

Increase in revenue

+39%

Revenue (2021)

102,9

MEUR

iLOQ



Product portfolio



iLOQ 5 Series – One platform for all access management needs

One highly intelligent, simple-to-use platform that manages multiple locking systems – both digital-key-based and mobile-phone-based solutions. Designed to maximize security, minimize administration time and impact on the environment, drive down lifecycle costs and boost the value of properties.



iLOQ S5 – The key to smarter properties

Opportunities offered by digitalization and the Internet of Things allowed iLOQ to create a digital locking solution that offers a range of unique features and provides even more added value to its users. iLOQ S5 brings high data security and unparalleled access control, along with competitive lifecycle costs and significant savings, to building owners, users and key holders.



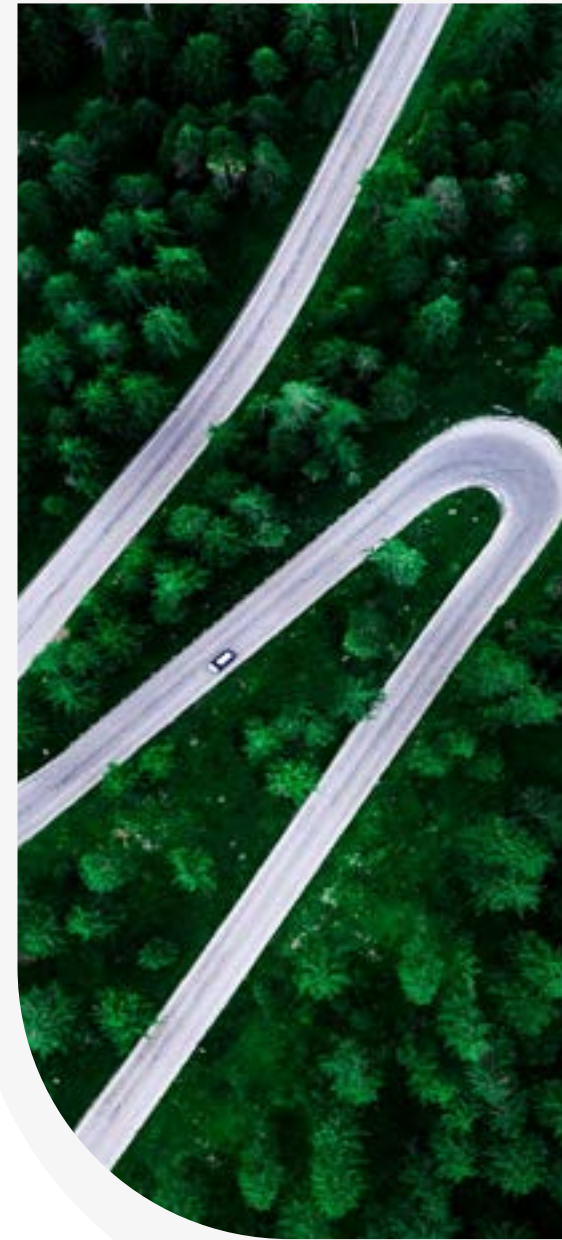
iLOQ S50 – The product family that utilizes NFC technology to its full potential

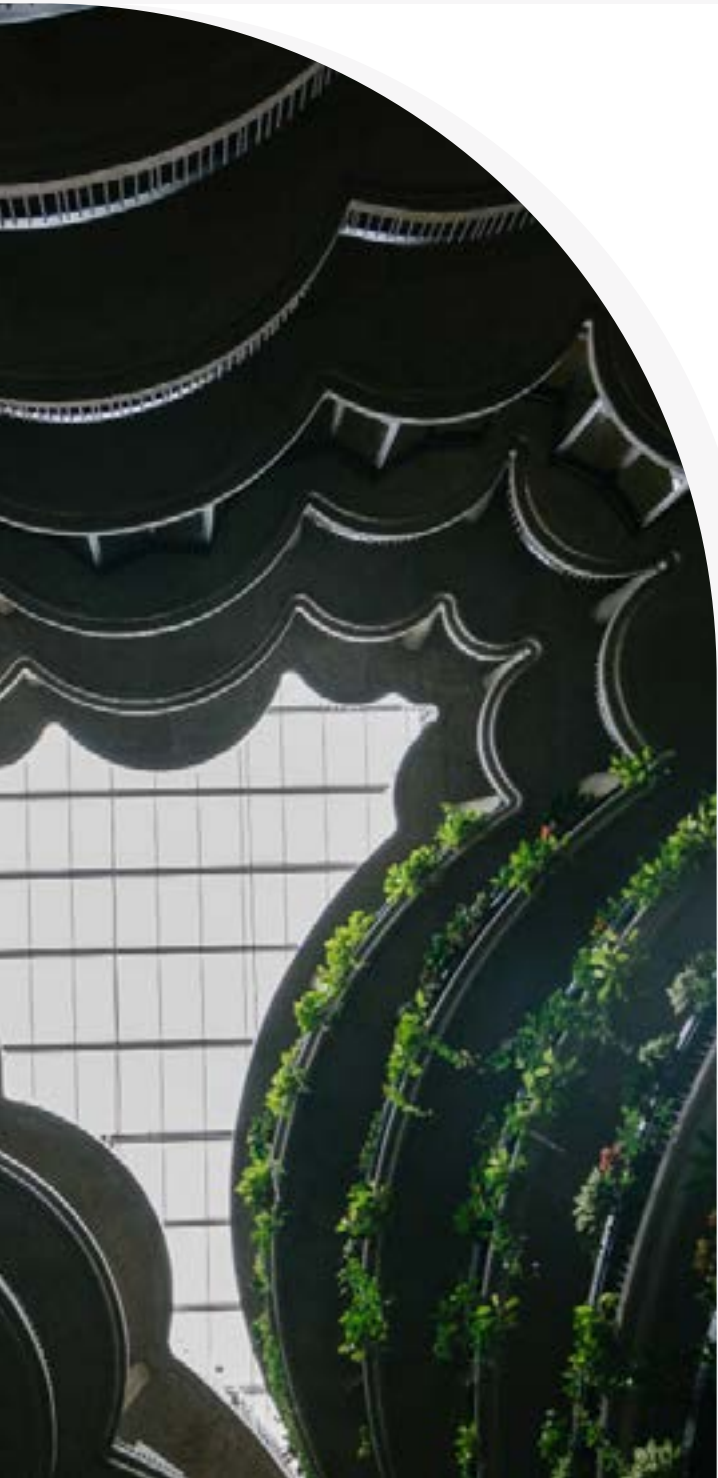
With keyless, NFC-enabled mobile access technology and secure cloud-based access sharing, the iLOQ S50 is the first lock cylinder on the planet to harvest energy for unlocking from a smartphone. The solution takes keys, batteries and excess wiring out of the equation allowing for significant product lifecycle savings. This advanced technology consolidates the access management of multiple (and remote) locations, optimizing security, improving daily efficiency and saving businesses time, money and resources.



iLOQ's cloud-based SaaS platform that provides high-level control

iLOQ's fully digital, cloud-based SaaS platform provides easy and secure access management. It offers advanced 24/7 multi-site programming, administration and maintenance of iLOQ S5 and S50 lock cylinders and keys under the iLOQ 5 Series platform.





Values

iLOQ's four values help us unify our company culture. They are a set of guiding principles that bring us together as a team and help us work towards a common goal. They are present in our everyday roles.

WE ARE CHANGING THE GAME.

We provide only unbeatable solutions and services that add real value to our customers and partners.

WE CHALLENGE CONVENTIONAL THINKING.

By questioning the status quo and arguing about the future, we ensure our continuing ability to innovate revolutionary solutions.

WE BELIEVE IN PEOPLE.

Our success is founded on competent people with a passion to make things happen. We support collective responsibility by encouraging individuals to think like entrepreneurs.

WE BASE OUR BUSINESS ON SUSTAINABILITY, RESPECT AND RESULTS.

We conserve the environment by minimizing battery waste and maximizing reusability. We build trust by being open, honest and fair. We do excellent business by being efficient at everything we do.

Year 2021

Despite exceptional circumstances due to the ongoing COVID-19 pandemic, we achieved significant growth and made great progress on our sustainability journey.

UK market entry

2021 kicked off with a bang with iLOQ extending our operations into the UK market. Adding the UK to our portfolio continued to fulfill our growth strategy and allowed us to introduce the benefits of our battery-free digital locking and mobile access sharing technology to a huge new market.

Strong new building construction activity and retrofitting of existing buildings is supporting the growth of the locking industry in the UK and creating a demand for smarter and more sustainable locking solutions. Capitalizing on new opportunities offered by digitalization and the Internet of Things has put iLOQ in pole position to fulfill those demands. The UK is currently building a winning team to establish the company's commercial activities and develop a strong base of partners and customers.

UAE market entry

In a bold move that reaffirmed iLOQ's ambitious growth strategy, we extended our operations into the Middle East. This was ideally timed to coincide with the opening of the doors to the Expo 2020 Dubai.

The main customer focus will be on introducing the battery-free and keyless iLOQ S50 to the critical infrastructure and utility sectors (telecoms, power production and distribution, data centers and transportation). iLOQ's robust and reliable cylinders are a

big advantage for outdoor use in this region where they must withstand the harsh weather conditions and high temperatures for almost 8 months of the year.

ISO/IEC 27001 Information Security Management certification

Following a comprehensive audit, iLOQ has been awarded ISO/IEC 27001 Information Security Management certification.

ISO/IEC 27001 is an international standard for how to manage information security. With the aim of helping organizations make the information assets they hold more secure, it details requirements for establishing, implementing, maintaining and continually improving an information security management system (ISMS).

Ensuring information security and finding ways to protect against cyber attacks are important aspects of running a successful business. With ISO/IEC 27001 certification and a dedicated team of IT professionals, iLOQ has the necessary tools and processes in place to defend against external threats and instill ongoing confidence in our customers, partners and end users.

Product Innovation award

For almost two decades, iLOQ has been developing access management products and services that fulfill the building sector's requirements for technological and sustainable solutions that create healthier and more energy-efficient spaces. From 256 candidates, iLOQ was recognized in the Advanced Architecture Awards 2021 at the Rebuild Expo in Madrid by being presented with the Product Innovation award for the iLOQ S5 digital locking solution.





iLOQ kicks off cooperation with Bayer 04 Leverkusen to strengthen growth in Germany

To strengthen our growth momentum in the important German market and boost our reputation in key Residential, Commercial and Critical Infrastructure business areas, iLOQ started collaborating with Bundesliga football team – Bayer 04 Leverkusen. With exclusive status as a ‘Safety Partner’ of Bayer 04 Leverkusen, iLOQ belongs to a selected group of brands that make a productive contribution to the future of Bayer 04 Leverkusen. iLOQ’s presence is seen on advertising boards and on the TV video panel at the stadium, in all Bayer 04 Leverkusen’s digital communications and at iLOQ’s stakeholder events.

iLOQ at the Expo 2020 Dubai

A major goal of the organizers of Expo 2020 Dubai was to deliver one of the most sustainable World Expos ever. Sustainability has been ingrained in everything they have done, and they expect the same commitment from all partners and exhibitors.

The event is currently attracting visitors from all over the world, and iLOQ is proud to be showcasing its own sustainable solutions. We are not just an exhibitor at the Expo, the entire Finland pavilion is living proof of our commitment to sustainability. It is fully equipped with our battery- and cable-free access management solutions to ensure smooth and secure access for personnel and visitors to the pavilion. And, thanks to our standard open application programming interface (API), there is a high level of automation and integration with the KONE elevator system in the pavilion to further enhance the whole flow of people.

iLOQ’s visibility at Expo 2020 Dubai supports our growth strategy into new markets and fulfills our goal to support partners and end users in the UAE and the middle east.

* Dubai Expo 2020 was organized in 2021.

Sustainability strategy

iLOQ takes a holistic 360° approach to sustainability. This means looking at all environmental, social, and corporate governance (ESG) factors, not only in the company’s own daily operations, but across the entire supply chain and throughout the lifecycle of its solutions. Continuous development of the circular economy and sustainable performance is an important part of iLOQ’s strategy.



Commitments to environmental programs

iLOQ received silver ranking from provider of business sustainability ratings – EcoVadis in the last year.

EcoVadis is the world’s largest and most trusted provider of business sustainability ratings. Their assessment methodology is built on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000.

We have participated in the Carbon Disclosure Project (CDP) since 2021.

CDP is an international not-for-profit organization that runs a global disclosure system that enables companies, cities, states, and regions to measure and manage their environmental impacts.



A few words from our CEO

Heikki Hiltunen

How would you describe the past year at iLOQ from a sustainability perspective?

2021 was marked by the crystallization of our sustainability strategy during the year and the resulting clarification of our ambition level in the different areas of ESG. We believe that sustainability is a key part of our business and the associated strategic objectives. Sustainability is intrinsically linked to everything we do.

Fundamentally, iLOQ has always been sustainable, but now we have made our ambitions clear. The biggest new thing is our environmental objectives and the desire to have transparency and measurability throughout the value chain. We also revised and completed the basis for sustainability, such as our code of ethics and introduced a whistleblowing procedure. We worked extensively on sustainability management developments, and a particularly big part of this has been our investment in CO2 measurement and the GHG data capability we are pursuing through it.



“ We believe that sustainability is a key part of our business and related strategic objectives. Sustainability is intrinsically linked to all our activities. ”



You said that iLOQ has been fundamentally sustainable. What do you mean by that?

Our business has been based on energy-saving innovation. Our locks are battery-free, which results in a significant positive environmental impact during use compared to other locking solutions. So, you could say that the company was founded on the idea of positive impact.

The company is committed to tough sustainability targets based on the policies it has set. How big a change is this?

I would see the transformation as being primarily focused on value chain issues, such as the desire to promote sustainable use of natural resources and measuring the positive impact of our activities. GHG data is key to all of this. It will bring closer cooperation with our manufacturing and distribution partners, especially those related to Scope 3 emissions. We will also reform our innovation and product development management practices to find ways towards carbon neutrality.

We decided to start the SBTi process during 2022. This will contribute to creating a framework to guide our development towards carbon neutrality. In principle, we are on track in this respect with regard to our own activities. In practice, we are already a carbon-neutral company in terms of Scope 1 and Scope 2 emissions. Our focus will therefore be particularly on reducing Scope 3 emissions in the coming years.

You mentioned previously that iLOQ is investing in the sustainable use of natural resources. What does this mean?

It is clear that our planet's resources are depleting and that we need to invest more radically in their reuse. For iLOQ, this means firstly being able to identify the points in the value chain where we can, alone or with our partners, reduce the environmental burden through circular economy means. We have already done this mapping exercise and identified the most relevant catching points for promoting the circular economy.

On the other hand, we want to play an active role in the development of our key suppliers and distribution partners and work with them to find ways to promote the circular economy and at the same time reduce Scope 3 emissions. We started the renewal of this partnership work at the end of 2021 and will continue to work closely on this theme from now on.

The sustainability strategy was adopted in late 2021, how was it received in your organization?

We have discussed it with all staff. During the development of the strategy, staff were already involved in the materiality assessment that was part of the sustainability strategy, so staff views were taken into account through that as well.

In general, one could say that our strategy has been received with great enthusiasm. It has further strengthened our image as an employer. Staff-related research from last year shows that our employees' satisfaction and engagement are at a commendable level.

According to our employee survey, almost 90% of our workforce say iLOQ is the best place they have worked in their career. Our sustainability policies have further reinforced the relevance of work for our staff. We are doing well and it's easy to buy into that story.

Finally, how do you see expectations around sustainability evolving?

We believe that the next few years will see growing expectations and even demands from customers and other stakeholders that every company must contribute to meeting. We are already recognizing this in the ever-increasing need for sustainability reporting. We are ready to play our part in meeting these requirements and beyond. We are developing every day and want to be at the forefront of the market in these areas. We also believe that sustainability and the ability to make a positive impact are the basis for sustainable growth. iLOQ is ideally placed to succeed in this.

iLOQ has set out clear development actions for sustainability for the 2021–2025 strategy period. In all of these, we are particularly focused on delivering sustainable benefits to our customers.

Heikki Hiltunen
CEO of iLOQ



iLOQ's sustainability objectives and commitments



Responsibility as part of business

For iLOQ, 2021 was an especially sustainable year. As a follow-up to our strategy, which was clarified in 2020, we set our key sustainability objectives and identified the most relevant areas for development in terms of environmental responsibility, social responsibility and sustainability-related governance.

Ambition

We believe that sustainability is intrinsically linked to the thinking, action and attitude of all activities. We believe that our own sustainability-oriented actions can have a positive impact on our planet and its population. We understand that sustainable actions are carried out in cooperation with all our stakeholders. We want to be proactive and impactful in this development, while at the same time making sustainable growth. Sustainability is an integral part of our reputation, and we also believe that sustainable business will increase attraction in an ecosystem made up of our different stakeholders.

Sustainability is naturally linked to our core products and services. In the future, we want to make this sustainable customer benefit even more visible. We don't want to simply focus on minimizing significant environmental harm, but to increase the positive environmental benefits of our solutions compared to traditional locking solutions. Our strategy relies on the desire to break industry conventions and we see that sustainability in this context offers new opportunities.

Success in our goals requires an active and proactive approach with our key partners and throughout the value chain in all our operations. For our part, we want to look for new, more sophisticated ways of achieving sustainability-related results, and we see our own role in this as significant. There is a need among our customers that we succeed in this respect, and we believe that we can also profile ourselves as pioneers.

To succeed in a market of positive impact requires a strategic capability related to sustainability, the focus of which is on iLOQ's community of skilled people. We are ready to invest in the wellbeing and sustainability experience of our people and create meaningful work to be done.

Making life accessible

Our goal is to develop smart digital locking and mobile-based access management solutions that free people, businesses, and organizations from the security risks, inflexibility, and high lifecycle costs associated with mechanical locks and keys. Our battery-free solutions reduce both maintenance costs and environmental impact – for example, 50,000 kg of battery waste is not generated annually.

Towards carbon neutrality

We want to do everything in our power to ensure that the objectives of the Paris Agreement on climate change can be realized. We understand that time is running out to reduce man-made harm and that concrete and significant efforts are required from everyone to reduce the carbon burden. In this task, we feel it is important that iLOQ is an active player at all stages of the value chain. We want to involve the key stakeholders in the same goal. Success in this means a strong partnership-oriented approach.

iLOQ relies on science and transparency in development work. The best result is achieved by committing to international standards and commitments. During 2021, we decided to move to GRI's Core Standard, and our goal is to create the capabilities for this as comprehensively as possible during 2022. Similarly, we decided to start

preparing a commitment to Science Based Targets initiative.

Carbon neutrality requires transparency of operations and verification of harm related to the use of natural resources throughout the value chain. Success, especially in reducing the Scope 3 load, requires investments in developing supplier management practices. To this end, we defined ethical principles for our suppliers. These principles are in line with iLOQ's own ethical policy. The most significant investment will be to link sustainability principles to the calculation of the carbon footprint in supplier selections and to verify the criteria identified as relevant to the GRI Standard's environmental component as required.

Reducing our carbon load

The calculatable carbon footprint of our own operations is already carbon neutral. Our operating model is based significantly on our products manufactured through the partner network. Consequently, the most significant environmental impacts are achieved by allocating development inputs, in particular upstream. The environmental impact of our products during use requires the development of measurement methods so that we can verify it in the future. We are constantly working on development to make this transparent.

The product innovation at the heart of our locking solutions has a significant positive impact on reducing in-use load. The benefits come from battery-free technology in particular. We are constantly looking for new ways to reduce the harm caused during the use of products.

For the first time in 2021, we measured the carbon footprint of our operations over the last three years. For

For the first time in 2021, we measured the carbon footprint of our operations over the last three years. In 2021, iLOQ's total GHG load was 45 kilotonnes. The methodology follows the calculation principles of the GHG protocol.

GHG emissions, market-based (kt)		2021	Total energy consumption, (kt) Scope 2 electricity consumption		kWh
Scope 1, Direct emissions		0.000	2021		18,777.97
Scope 2, Purchased electricity and heating		0.000	2020		14,352.88
Scope 3, Business travel		0.193	2019		8,420.26
Scope 3, Capital goods		1.528	2018		25,711.35
Scope 3, Downstream transportation and distribution		0.911			
Scope 3, Purchased goods and services		40.317			
Scope 3, Upstream transportation and distribution		2.572			
Total amount		45.521			

Total (GHG) emissions, cumulative YTD

Scope 1, 2 and 3 GHG emissions (k-tonnes), 12.4.2022.

In 2021, the greenhouse gas emission intensity was 0.57 (kg, GHG/EUR), a decrease of 2.3 percent from the previous year.

GHG emissions (kt)	GHG emissions, market-based	GHG emissions, location-based
Scope 1, Direct emissions	0	0
Scope 2, Purchased electricity and heating	0	0
Scope 3, Business travel	0.19	0.19
Scope 3, Capital goods	1.53	1.53
Scope 3, Downstream transportation and distribution	0.91	0.91
Scope 3, Purchased goods and services	40.32	40.32
Scope 3, Upstream transportation and distribution	2.57	2.57
Total amount	45.52	45.52



Responsibility-related essentials and commitments

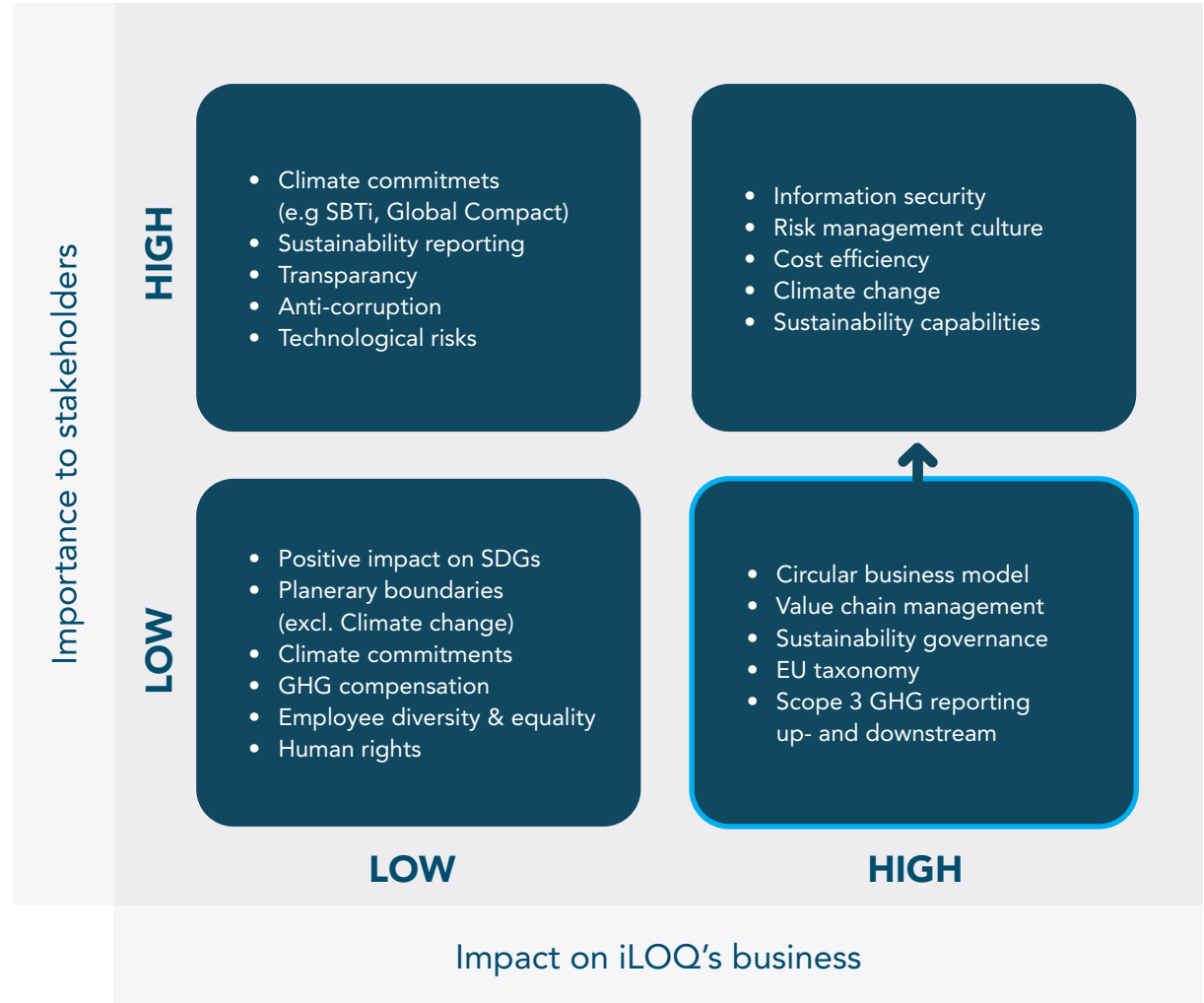
Materiality assessment

In 2021, we carried out comprehensive definition work related to sustainability based on a materiality assessment. We formed an overall picture of the changing trends that are developing in the operating environment in terms of the different current and income-related requirements and standards related to sustainability. In addition, we examined the expectations of the sustainability of our most important stakeholders. Based on the materiality assessment carried out between May and August 2021, we identified our primary sustainability commitments, which we intend to move towards in the coming years.

An analysis of iLOQ’s sustainability-related materials based on stakeholder dialogue. In the context of the stakeholder dialogue, we formed an understanding of the critical issues that exist and those that are emerging. In figure x, these themes appear in the lower-right corner of the picture.

Commitments

Sustainability is an integral part of our strategy. During 2021, we made sustainability part of the company’s strategic objectives and roadmap. At the same time, we checked that the objectives are consistent and logically balanced with the will and commitments on sustainability.



Analysis of the materials related to iLOQ’s sustainability based on stakeholder consultation.



Our commitments are based on three key themes:

In 2021, we comprehensively defined our work on sustainability based on a materiality assessment. We formed an overall picture of the changing trends in the operating environment in terms of various current and future requirements and standards related to sustainability. In addition, we clarified what we expect from our key stakeholders in relation to sustainability. Based on the materiality assessment conducted in May–August 2021, we identified our primary commitments to sustainability from which we intend to move towards in the coming years.

1. Carbon neutrality by 2050

iLOQ has already achieved zero CO₂ emissions in its own operations (Scope 1 and Scope 2). Next, we turn our attention to value chain emissions outside our own operations (Scope 3). In 2022, we will start the SBTi commitment process and will take the necessary steps towards the 1.5°C limit of the Paris Climate Agreement. We will create transparency on the environmental impact of our own activities in line with this requirement.

2. Promoting sustainability together with our key supply and distribution chain partners

Sustainability requires looking at the whole value chain with a circular economy approach. Sustainable use of natural resources requires close development work with our partners. In our own operations, we place particular emphasis on innovation and product development, constantly looking for positive effects on the environmental footprint in addition to the means to reduce environmental impacts towards carbon neutrality.

3. Diversity strengthens the Human Experience

At iLOQ, we recognize diversity as a concept that encompasses both our people and our holistic approaches to our practices and management. We focus on creating and sustaining a unique human experience at iLOQ, underpinned by our holistic understanding of people, their wellbeing and the ways we lead them. We recognize that diversity is vital and ensure an exceptional positive employee experience for all through our diverse employee practices



UN Sustainable Development Goals (SDGs)

Our approach to sustainability is based on the UN's Sustainable Development Goals (SDGs). These 17 SDGs were adopted by UN member states in 2015 and are part of the UN's 2030 Agenda for Sustainable Development. In 2021, we analyzed these goals in relation to our own operations and identified four of these SDGs that have a material connection to our business.

Going forward, iLOQ will commit to the UN Sustainable Development Goals (SDGs) and the UN Global Compact. We analyzed and identified the most relevant SDG targets by reviewing the available materials and guidelines published by the UN. We conducted this assessment in iLOQ's own workshops during autumn 2021.

As a result of the assessment, we identified four key SDG targets where our activities have both positive and negative impacts. The measurement of impacts will be refined during 2022 so that we can refine our targets and selection criteria.

The first target is number 5, gender equality, where we will pay particular attention to SDG targets 5.1, 5.2 and 5.3. In addition to this, we will focus on diversity, equality and inclusion in our own work.

The second target is number 8, decent work and economic growth. We have created an administrative framework for sustainability accountability through impacts and policies. We are investing in a broad network of suppliers, with the effect of supporting a more even distribution of economic prosperity between emerging and developing countries. At the same time, an essential criterion for cooperation is to ensure that the work done is decent.

The third target is number 9, sustainable industry, innovation and infrastructure, where we will focus in particular on objective 9.4. We will intensify cooperation with our suppliers with the aim of improving responsible practices in their local practices and more efficient use of natural resources.

The fourth and last target is number 12, responsible consumption, where we will focus in particular on SDG targets 12.4, 12.5, 12.6 and 12.7. We will invest in circular-economy-based practices, with the aim of reducing resource use. We also want to involve our partner network in this work.

We consider it possible that in the future some other SDG targets may become relevant to our business, depending on how our business develops. It is therefore important to regularly assess the SDGs as part of our materiality assessment. We believe that by integrating the SDGs into our sustainability development themes, concepts, targets and action plans, we will better drive our business towards sustainable growth and enhance our fight against climate change.





Sustainability development programs 2021–2025

During autumn 2021, we defined the most relevant development programs and their objectives. Renewal work and sustainability investments are anchored in five development programs.

An essential requirement that unites most development activities is our ability to measure the environmental impact of our own activities in near real-time, not forgetting other aspects of ESG. We have already started to develop our GHG data capability and will develop the measurement of the whole value chain in the coming years. In parallel to measuring our carbon footprint, we will explore the possibility of measuring our environmental footprint. These parallel measurement methods will allow us to comprehensively identify our environmental impact throughout the entire value chain.

We will continue to assess the development of our sustainability capabilities on an annual basis. This evaluation will help us to target our development investments in the most effective way.

Our five development programs and their associated areas are described in the table below and in more detail later in this chapter. In 2021, we set sustainability targets for 2025, which will be pursued through a range of development activities.

For iLOQ, 2022 will mark the start of comprehensively organizing and engaging in a range of sustainability topics. During the year, we will lay the foundations for action and define more precise objectives for the following years.





Sustainability program	Sub-topics	Goals 2025 / 2050	Achievements 2021	Key actions 2022
Product development taking into account all stages of the value chain	<ul style="list-style-type: none"> Design for Sustainability (DfS)-concept Measures to promote the circular economy in the value chain A model for the continuous development of the circular economy 	<ul style="list-style-type: none"> Carbon neutral by 2050 	<ul style="list-style-type: none"> The share of the S50 product family has increased and at the same time the degree of keylessness has increased, which has reduced the use of natural resources. 	<ul style="list-style-type: none"> Linking and implementing sustainability in the product development concept (DfX) Design and pilot of the first measures to promote the circular economy
Stakeholder policies	<ul style="list-style-type: none"> ESG policies related to supply chain management 	<ul style="list-style-type: none"> All key suppliers are committed to iLOQ's ESG goals 	<ul style="list-style-type: none"> Supplier Code of Conduct 	<ul style="list-style-type: none"> Implementing responsibility-related practices in key supplier relationships
Responsibilities related to sustainability	<ul style="list-style-type: none"> Responsibilities related to responsibility and practices that promote diversity 	<ul style="list-style-type: none"> Sustainability > 4 on a scale of 1-5 eNPS 62 Women account for 20% or > of the labor force 	<ul style="list-style-type: none"> Development program to support the sustainability competence of all personnel 	<ul style="list-style-type: none"> ESG online training for all staff Mapping of different skills development needs and the first skills development activities based on it
Distribution developments	<ul style="list-style-type: none"> Sustainability practices in partner channels 	<ul style="list-style-type: none"> The goal is to increase digital in all transactions between iLOQ and the partner. 	<ul style="list-style-type: none"> 85% order products through Partner Portal. Systematic transfer of documents and digital processes. 	<ul style="list-style-type: none"> Sustainability training, such as product recycling in accordance with the EU directive (WEEE)
Understanding and reporting practices related to GHG data	<ul style="list-style-type: none"> Measuring carbon emissions and managing related critical information 	<ul style="list-style-type: none"> 100% GRI reporting capability by 2023. 	<ul style="list-style-type: none"> A pilot related to the GHG data, based on which the Scope 1 and Scope 2 measurements were performed. On the basis of the pilot, the work has expanded and will continue in 2022. 	<ul style="list-style-type: none"> Creating the GHG meters and measurability required by the development themes described above.

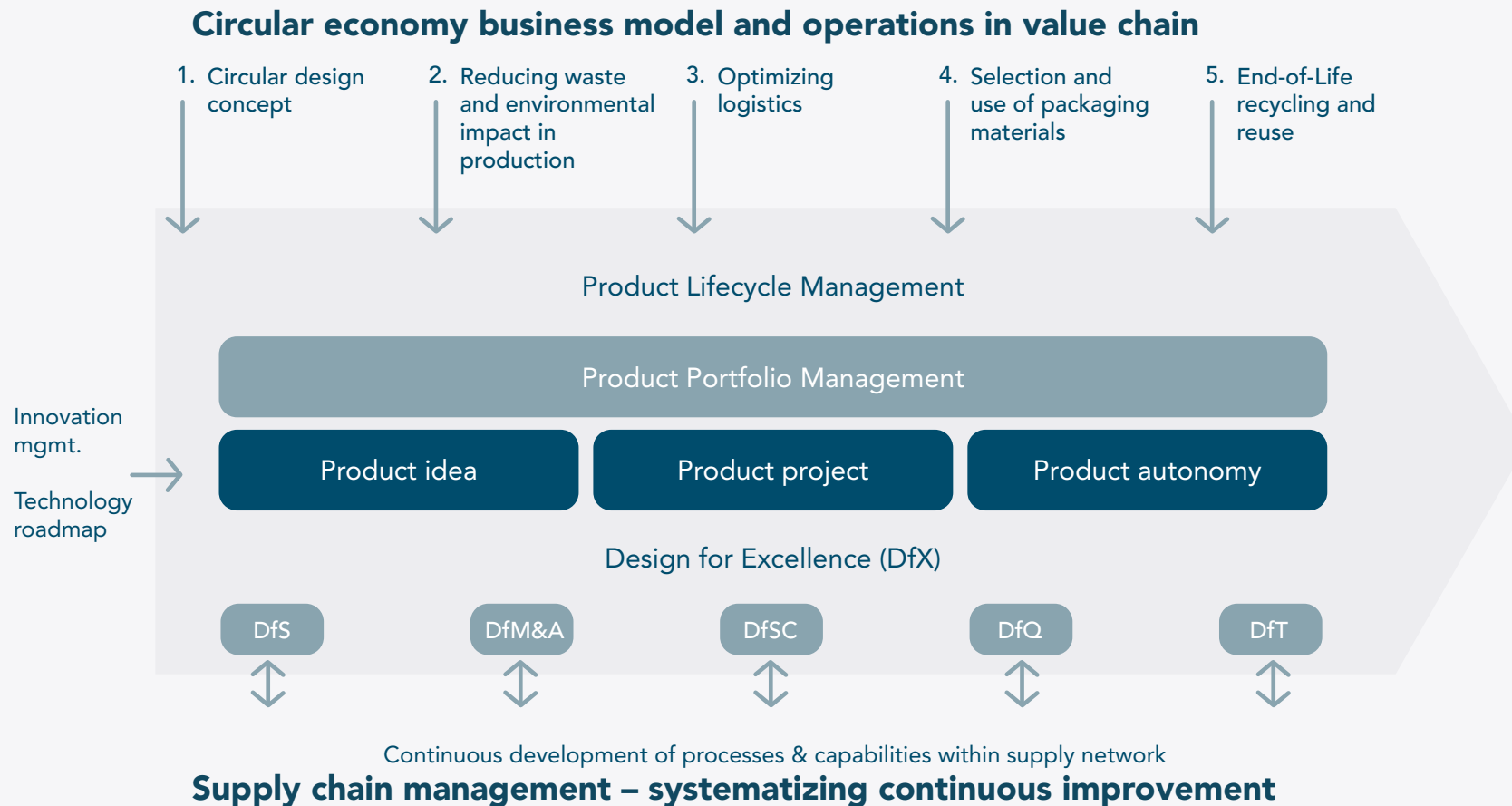
Circular economy value chain

We develop our value chain towards promoting the circular economy at every key stage. The aim is to not only minimize the carbon footprint of existing and new products but also to discover ways to have a positive environmental impact. We believe that this so-called decoupling can be achieved especially with the digital service innovations connected to our products.

Minimizing adverse impacts centers around a product lifecycle value chain model based on the circular economy

and responsibility. It consists of 1) circular-economy-based product lifecycle management, 2) the reduction of waste and environmental impact in production, 3) an optimized internal and external logistics network and 4) the recyclability of packaging materials and 5) recyclability of the product itself.

(Point 5 in the picture says 'End-of-Recycling and reuse'. I think it should say End-of-Life recycling and reuse like it says in the picture below it)





Sustainable product lifecycle development (Design for Sustainability)

The lifecycle management of existing and new products is implemented in the value chain model with the Design for Excellence (DfX) concept, which includes Design for Sustainability (DfS) as one of the five concrete and measurable elements. All the elements guide the development of new products as well as the portfolio decisions on existing ones.

In terms of sustainable development, the measurable elements are

- The CO₂/GHG emissions of products, consisting of the energy consumption of the materials and manufacturing techniques of the product, the emissions from the manufacturing country's energy production as well as the emissions from the delivery of the product.
- The recycling rate of the product, consisting of the recycled content of both the raw materials used in the product and the selected packaging materials.

The safety of the products and their use is the most important goal in our product development. Together with the supplier network, we strive to utilize recyclable alternatives when choosing materials, as long as they comply with safety standards as well as environmental durability and user demands.

Learning from the realization of products and systematically utilizing the gained knowledge in future product development are an important part of the Design for Excellence concept. The suitability of the measurable elements is observed and developed continuously also from the perspective of responsibility. The value chain model and the supporting DfX concept are central in the implementation of iLOQ's responsibility strategy as part of the continuous product lifecycle management process.

Key measures promoting the circular economy in the value chain

We emphasize the following perspectives in particular:

1. Saving natural resources in production. The reduction of waste and environmental impact of materials in production includes the management and utilization of the material and manufacturing technologies that have the least impact on the environment. The recycling rate of the chosen materials and the appropriate manufacturing technology options with a low environmental impact are also taken into account in product design.

The choice is made as part of the Design for Manufacturing analysis in collaboration with the suppliers. iLOQ has the responsibility and capability to carry out material and manufacturing technology management together with our supplier network and to ensure that our environmental targets are taken into account from the beginning of the project lifecycle management.

2. Logistics optimization. iLOQ's internal and external logistics network and the inbound and outbound material flow are directed as a whole. The logistics solutions chosen in the project and autonomy phases for the realization of each product aim to minimize the environmental impacts of the place of manufacture and the delivery methods (CO₂ emissions from production and delivery) while acknowledging the optimum overall impact.

3. Recyclable packaging materials. As a rule, we use 100 percent recycled and recyclable packaging materials. The packaging and material choices of products are designed as a whole in collaboration with the packaging material suppliers.

4. Recyclability and reusability. Our product design strives to ensure that end-of-life recycling of the product is possible and that the materials can be reused. The recycling rate of products is determined by the product together with the selected recycling partners.

The continuous development of the different value chain stages is partly guided by internal customer work between product development and the operative functions. The most significant carbon footprint impacts are generated in the upstream of the product value chain, and short-term development efforts have been directed towards this issue. The later stages in the product lifecycle and the customer interface functions will also be included in the model.



GRI 417-2 INCIDENTS OF NON-COMPLIANCE CONCERNING MARKETING COMMUNICATIONS

Marketing and labeling	2021	2020
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0
Incidents of non-compliance with regulations resulting in a warning	0	0
Incidents of non-compliance with regulations resulting in a warning	0	0

Year 2021 no incidents of non-compliance concerning marketing communications

CUSTOMER HEALTH, SAFETY AND DATA PROTECTION (GRI 416 GRI 418)

For iLOQ, the security experienced by our customers is a key part of our operations. In our operations, we take into account the laws and regulations that affect the safety of end users.

As part of the design process, we consider safety by carefully selecting the raw materials used. In terms of design, we ensure that the product does not cause consequences for the customer's well-being. For example, we make sure that products do not have sharp edges or hazardous substances. The materials are approved in the design process and supplier selection is made carefully with safety considerations in mind. Our operations are

guided by international and European legislation as well as several regulations such as REACH, RoHS and California proposition 65. In 2021, no feedback was received regarding customer health and safety.

Compliance with the General Data Protection Regulation (GDPR) is central to the management and processing of customer data. In the customer relationship, iLOQ plays the role of data processor and the end customer is the actual controller. Agreements with customers are covered by a Privacy Statement (DPA). The company's website also describes the company's Privacy policy.

All safety feedback and complaints we receive from customers are taken seriously. Customers can provide feedback through a variety of channels; for example, by using a customer portal or providing feedback anonymously through a whistle-blowing channel. Feedback is processed in the Deviation Handling Tool. If incidents occur, they are responded to immediately. In serious cases, the crisis management team meets to assess the situation, the consequences, and the continuity of the business. The customer is kept up to date at all times. Deviations are carefully analyzed and corrective and preventive actions are planned to eliminate recurrence and reduce risks.

Total number of identified:	Target	Actual
Leaks	0	0
Thefts	0	0
Losses of customer data	0	1

Table. Customer privacy incidents in 2021.



Continuously maintaining a network of responsible suppliers

iLOQ and its suppliers operate in a demanding and regulated business environment where responsible business is paramount to maintain our reputation, growth and success.

iLOQ develops its network of responsible suppliers according to our business needs and based on our values, which we expect all suppliers to share. The iLOQ Code of Conduct and iLOQ Code of Conduct for Suppliers ensure compliance with our values by setting out guidelines for ethical behavior.

We require that iLOQ's suppliers act responsibly, ethically and legally in all situations. Compliance with relevant laws and regulations is always a minimum requirement. We conserve the environment, and as a part of our supplier requirements is compliance to ISO14001 or similar internationally recognized standards which we expect our suppliers to follow.

Procurement is an essential part of iLOQ's strategy to ensure availability of products, the ability to meet customer requirements and mitigate any risks. iLOQ sources finished goods, materials and components from suppliers located in Europe and Asia. The major suppliers are located in China, Malaysia, Ukraine, Taiwan and Finland.

The iLOQ Supplier Management Collaboration Policy plays a key role in carefully managing and developing our supplier network. Dedicated metrics within the model are constantly reviewed with our main suppliers.

iLOQ Supplier Management Collaboration Policy

The principles of this policy describe how we expect iLOQ's suppliers to commit to act responsibly.

We require our suppliers to comply with all applicable laws, and respect all human rights and anti-corruption regulations, including the refusal to use child or forced labor. We also expect compliance with environmental standards and actions in support of sustainable development.

Our open corporate culture ensures that we work equally for all existing and potential suppliers. We do not encourage unhealthy cooperation that could compromise the independence of the supplier. We believe in fierce, but fair, competition and do not accept any form of corruption or bribery.



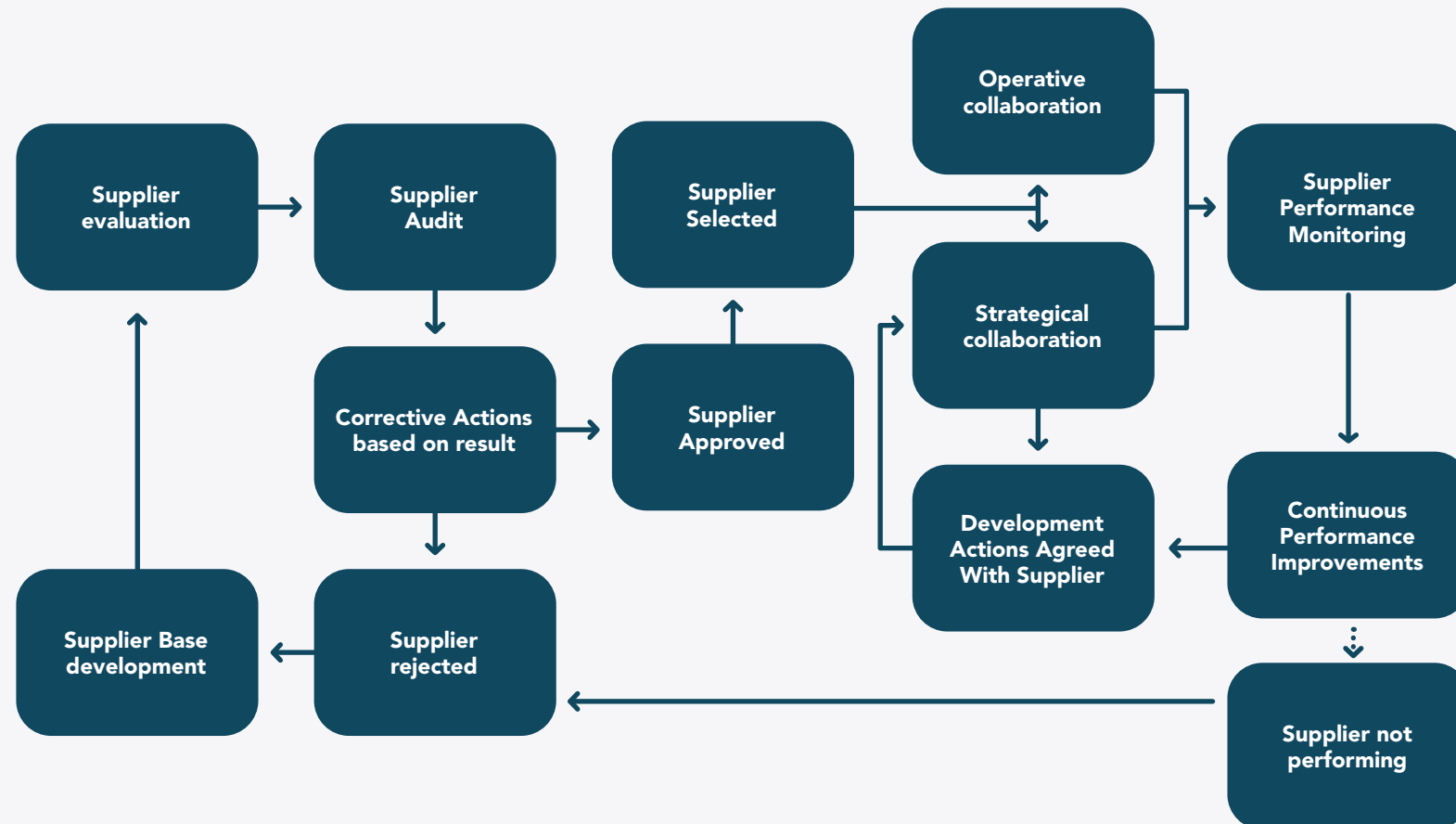


Supplier selection, evaluation process

iLOQ manages its network of suppliers based on the iLOQ Supplier Management Collaboration Model. We also use data-based metrics which are continuously developed together with our suppliers. As a part of our long-term collaboration with them, we constantly follow suppliers' performance to monitor costs, ensure availability of products, mitigate risks and take advantage of opportunities to ensure the fulfillment of our minimum requirements.

New suppliers are evaluated as part of the supplier selection process. Audits are carried out on-site, remotely or as self-assessment by the supplier.

The following flow chart shows our process for selecting a supplier and how we develop our collaboration with them and implement continuous performance improvements.



We strengthen our human experience

Personnel data

iLOQ's Human Resources organization is responsible for collecting, maintaining and reporting personnel data. The company's global HR system contains versatile and comparable HR data globally. Harmonized global HR reporting principles and a systematic data validation process form the basis for data quality for our personnel related reporting. The employee data reported in the sustainability reporting for 2021 includes active iLOQ Group employees.

Personnel

In the very heart of our business is our employees, and we aspire to create a safe and healthy workplace where our personnel can thrive. At the end of 2021, 224 (2020: 184) employees worked at iLOQ. We experienced high growth within our personnel numbers as we continued our active approach on recruitment to secure talent within our extremely competitive markets. The increases in our personnel numbers followed our ambitious strategy and helped iLOQ reach our goals for 2021.

A unique human experience now and in the future

Creating and maintaining a unique human experience for our personnel is a cornerstone of our strategy and a focus area within our social responsibility that we are proud of. The wellbeing of all members of the iLOQ Family is

top on the agenda and helps us ensure an exceptionally positive employee experience on a day-to-day basis and throughout entire careers with iLOQ.

Our iLOQ Family spirit and open atmosphere with shared responsibility means that we are all part of building our success story and driving us forward. Our global Family is growing fast and spreads out to over 10 countries around Asia, Europe and North America. We are a multinational and multifunctional organization that employs experts from various fields which is why we facilitate constant cross functional working in order to stay innovative, develop our personnel's competencies and challenge conventional thinking. With a mixture of cultures and professionals from around the world, we recognize that in the very heart of our business is our employees.

Signi Future Workplace

Listening to our personnel has always been our priority as it allows us to constantly develop our practices and create an open workplace. We strive to be a responsible employer to ensure the wellbeing of our personnel and to attract talent among strong competition. The Signi Survey focuses on the factors that the personnel determines to be most meaningful for them and then explains how these are fulfilled within iLOQ. This employee insight enables iLOQ to identify and focus on the development areas that have the biggest impact on employee experience throughout the group.

iLOQ took part in the Signi Survey for the third year in a row and also achieved the third consecutive Future Workplaces certification which is awarded to companies that have succeeded in creating an exceptionally positive

employee experience. Even during times of strong growth and increases in personnel, our eNPS and engagement levels have remained at excellent levels and with a large majority of our personnel describing iLOQ as the best work-life experience of their careers. Our results stand to prove our serious commitment towards the comprehensive wellbeing and unique human experience of our personnel.

**FUTURE
WORKPLACES**
— 2021 CERTIFICATION —



GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Turnover rate calculation: (Leavers / average number of employees 2021) x 100. Calculations exclude mutual agreement leavers and temporary contract ends.

Full time employees only.

Total number and rate of new employees by age

	New hires	New hire rate, %
Under 30	7	12.1
30-50	43	74.1
Over 50	8	13.8
Total	58	100.0

Total number and rate of new employees by region

	New hires	New hire rate, %
Europe	56	96.6
North-America	1	1.7
Asia	1	1.7
Total	58	100

Total number and rate of new employees by gender

	New hires	New hire rate, %
Female	11	19.0
Male	47	81.0
Total	58	100

Total number and rate of employee turnover by gender

	Number of Leavers	Turnover Rate, %
Female	1	0.5
Male	13	6.2
Total	14	6.7

Total number and rate of employee turnover by age

	Number of Leavers	Turnover Rate, %
Under 30	1	0.5
30-50	7	3.3
Over 50	6	2.9
Total	14	6.7

Total number and rate of employee turnover by region

By region	Number of Leavers	Turnover Rate, %
Europe	14	6.7
North-America	0	0
Asia	0	0
Total	14	6.7



GRI 401-2 BENEFITS

A key focus during our rapid growth is to maintain our culture and the wellbeing of our personnel within the organization. In addition to the salary, which is in line with market rates, benefits are available to all our employees. These vary according to their local national legislation and level in the organization.

Health and safety

Our focus on the health and safety of our personnel and our workplaces is a priority at iLOQ and all our health and safety issues are treated with openness and care. Safety is a vital part of our identity, and we prioritize it in all our activities which is why our employees always have the right to stop work if they assess that working conditions are not safe or healthy. Despite not having a standardized occupational health and safety management system we actively conduct analysis and assessments on risks and take immediate actions to develop and ensure the safety of our operations well into the future. We actively strive to be a responsible employer and continuously develop our operations to prevent accidents or illnesses in cooperation with local occupational health services where applicable.

Occupational safety and health care are organized in our operating countries in line with local legislative requirements, for example through occupational healthcare services or health insurances. In addition, in Finland the occupational safety committee represents the employer and all personnel groups within the country through electives, and they regularly address issues related to occupational safety and workplace wellbeing. iLOQ also provides all its personnel access to voluntary services and programs to promote healthy lives such as voluntary mental health service Auntie to ensure comprehensive care on wellbeing and mental health.

iLOQ encourages that all its suppliers and partners engage in systematic occupational health and safety work. We conduct supplier audits that cover HSE topics as part of supplier selection and evaluation process.

The management of health and safety includes complying with the legal requirements set by local legislations as well as cooperation and collaboration within the group. Our health and safety issues are recognized as a part of our continuous risk assessment processes and governed in accordance with local procedures e.g., occupation health and safety committees. As the identified risks are assessed, the control measures are also identified. Reassessments of risks are carried out regularly to identify new risks and determine where risks have been adequately controlled.

We conduct regular safety inspections and 6S internal audits within our major locations to continuously improve our healthy and safe workplaces. The findings from these internal audits as well as any reported deviations such as near misses or opportunities for improvements that are produced by our accessible and comprehensive deviation tool are reviewed regularly. In addition, we report our key health and safety figures from our HR system which are reviewed by the management team and board of directors regularly.

Training on occupational health and safety

At iLOQ we ensure that our personnel has the competencies and capabilities to work in a safe and healthy manner. In addition to the mandatory safety trainings provided during onboarding and role specific training, and yearly office safety tours, iLOQ launched e-learning content on office safety and security concerning our major office locations that allows personnel to complete short trainings on emergency

response, evacuation procedures and workplace ergonomics. We also take steps to ensure that our supervisors are able to react to a variety of situations regarding the wellbeing of themselves and their teams by offering supportive services and online mentorship.





GRI 403-9 WORK-RELATED INJURIES

(LTAF)	0
Number of fatalities	0
Rate of fatalities	0
Number of high-consequence work-related injuries	0
Rate of high-consequence work-related injuries	0
Number of recordable work-related injuries	3
Rate of recordable work-related injuries	1.7
The number of hours worked	350000
Near misses reported	2

The modern, comfortable, and bright facilities that consist of office space, a warehouse and a distribution center will make iLOQ's operations even more efficient than before. In line with the company's dedication to conserving natural resources and reducing environmental impact, the building is equipped with solar panels. In addition, great focus was given to ensure that personnel at the new location are able to operate safely and the new premises support personnel wellbeing.

Having a dedicated, centralized logistics center will enable us to provide our customers with fast and accurate deliveries and help to support iLOQ's ongoing growth plans.

New Logistics Center in Finland

To cope with our rapid growth and demand for products, in 2021 iLOQ opened a new logistics center close to the company's headquarters in Oulu, Finland. The logistics center is significantly larger and offers modern and safe premises for our logistics operations. Previously, logistics were handled in 700 m² of space within the iLOQ headquarters, whereas now iLOQ has about 1600 m² of dedicated space for logistics. This move secured our logistics capabilities and left much-needed room for expansion in the headquarters during our rapid growth.



Learning and Development

iLOQ's personnel is its most valuable asset and for this reason, iLOQ wants to offer its personnel a variety of opportunities to develop their personal skills and capabilities. Our goal is to support individual growth which corresponds to our common success. We engage with our personnel as part of our Development Discussion process to map out learning and development needs. We support learning and development initiatives such as work rotation and career advancement, public projects, learning from colleagues, independent studying and formal trainings.

Learning through work, colleagues and formal trainings

We believe that the majority of learning takes place through working itself, tackling challenges and solving problems. Our culture and values support learning within everyday work as our personnel are given responsibilities that challenge them and are encouraged constantly challenge conventional thinking. We also accept mistakes and learn from them because at the heart of our business is innovating and changing the game with radical solutions.

"I accept mistakes and learn from them" – iLOQ Leadership Principle

We also recognize that a portion of learning comes from social interaction and shared knowledge which is extremely important in our specialized field of business. iLOQ offers a variety of trainings and encourages its personnel to attend formal trainings and seminars that help build strategic capabilities. We ensure that our personnel are effectively to use tools and systems required in their daily work. During 2021 we also made major steps in offering accessible online training modules for our entire personnel. We also had in place

mandatory online trainings on four topics including Code of Conduct and our standardized management systems for quality, environment and information security. We also began a project to create a mandatory training on sustainability and ESG themes. Besides more formal learning opportunities, we actively organize webinars and events that foster learning and personal development for example on wellbeing at the workplace.

Performance and career development

An integral part of iLOQ's culture and our personnel's development is our Development Discussion process which is comprehensive and is conducted with each iLOQ employee regardless of location or position. This process builds on one of our strengths which is that our personnel feels that our supervisors are easily approachable, and communication is open and honest. The Development Discussion process serves as a common framework throughout iLOQ in which employee wellbeing, successes, feedback, development and performance goals are all acknowledged and discussed in detail throughout the year.

iLOQ Code of Conduct

Our trustworthiness and long-term success are built on ethically sustainable operations, the basic principles of which are enshrined in our principles of good business practice.

iLOQ's ethical principles in the form of our Code of Conduct was published in 2021 to reflect the company's common ways of operating. iLOQ's personnel, the members of our Board of Directors, and anyone representing iLOQ is expected to operate and conduct themselves in accordance with our Code of Conduct and we also require all our suppliers and partners to adhere. The common ethical principles were put into practice through a training provided to the entire personnel of iLOQ, the work of supervisors and comprehensive internal communication.

Along with our Code of Conduct, we also launched an anonymous reporting channel which is maintained by an external partner, WhistleB. We find it important that everyone has the opportunity to voice their concerns without fear of repercussion, no matter their relation to the company and that any issues are handled with utmost care.

"iLOQ operates in a demanding and regulated business environment, where responsible business practices are paramount to iLOQ's reputation and success. It is important that we act responsibly, ethically, and legally in all situations. Our operations are based on the trust of our stakeholders. These principles describe how we commit to responsibility. The cornerstones of iLOQ's Code of Conduct are our values, our employees and our business environment," explains Heikki Hiltunen, iLOQ's CEO.



Management Team

Age group	Female, %	Male, %	Total, %
Under 30	0	0	0
30–50	11.1	22.2	33.3
Over 50	0	66.6	66.6
Total	11.1	88.8	100

Supervisors

Age group	Female, %	Male, %	Total, %
Under 30	0	2.6	2.6
30–50	10.5	42.1	52.6
Over 50	5.3	39.5	44.8
Total	15.8	84.2	100

Employee by employee group and gender

	Sales, %	Operative, %	R&D, %	Admin, %	Marketing, %	Total, %
Female	3.1	10.2	0.9	3.1	1.8	19.1
Male	39.1	14.7	21.8	2.7	2.7	80.9
Total	42.1	24.9	22.7	5.8	4.4	100

Employee by employee group and age

	Sales, %	Operative, %	R&D, %	Admin, %	Marketing, %	Total, %
Under 30	2.2	4.4	2.2	0.4	0.0	9.3
30–50	29.3	16.4	14.7	3.6	3.6	67.6
Over 50	10.7	4.0	5.8	1.8	0.9	23.1
Total	42.2	24.9	22.7	5.8	4.4	100

Diversity

iLOQ believes in equal opportunities for employment and career development. We are committed to apply equal rights, obligations and opportunities regardless of gender, age, sexual orientation, disability, race, religion or belief etc. for all employees. iLOQ operates in compliance with local country legislation in regard to diversity and equality and strives to make our industry and organization a safe and healthy workplace for everyone.

iLOQ Group's Code of Conduct describes our zero-tolerance approach to discrimination and we have anonymous reporting channels available for all stakeholders. In 2021 there were zero cases of discrimination reported.

"iLOQ actively strives to create a culture where employees are hired on the basis of qualifications, merit and cultural suitability without fear of any form of retaliation, discrimination or harassment."

iLOQ values diversity and different cultures and continuously improves employee engagement by investing in the systematic development of issues relevant to staff. We also recognize that diversity is an advantage and as an innovative organization we want to make sure that iLOQ retains a wide range of capabilities and backgrounds within our organization.



Safe and successful group event in pandemic conditions

Celebrating and sharing success together – safely

One of iLOQ's core values is that it believes in people. It demonstrates this by offering an inspiring, innovative and entrepreneurial workplace and by creating a unique human experience. All employees work hard and support each other while, at the same time, celebrating and sharing successes together.

It takes a lot of work to maintain such a strong team spirit. And, with people working remotely and unable to meet each other face to face, it was particularly challenging for iLOQ at the height of the global pandemic.

The company is known for its innovation – developing solutions that are changing the face of the access management industry. iLOQ also found innovative ways to ensure their unique team spirit never dies.

Towards the end of 2021, after a challenging year in terms of business and personal lives, iLOQ organized a unique event for its employees. The entire iLOQ Family gathered together for a business seminar and celebration in the BayArena – the home of Bundesliga giant Bayer 04 Leverkusen, where iLOQ is an Official Safety Partner.

A multitude of special arrangements and precautions were in place to prevent the spread of COVID-19. All participants were required to be fully vaccinated (or possessing anti-bodies from a previous infection), anyone with symptoms was not able to participate, use of face masks was mandatory and extensive on-site testing was arranged during the event.

The event involved a presentation of iLOQ's business strategy, the launch of iLOQ's sustainability initiative and an award ceremony for some outstanding business performances.

The comprehensive measures and the personnel's commitment to them allowed the group event to be implemented safely and without any COVID-19 cases.

GRI 102-41 EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

iLOQ supports the employees' rights to freedom of association and collective bargaining. In total, 64% of iLOQ employees are covered by collective bargaining agreements. Participation in collective bargaining agreements varies significantly between regions.

GRI 102-8 EMPLOYEES BY CONTRACT TYPE, GENDER, REGION AND WORK TIME

Number of employees by employment contract and gender

	Regular	Fixed term	Total
Female	43	0	43
Male	178	3	182
Total	221	3	224

Number of employees by employment contract and region

	Regular	Fixed term	Total
Europe	218	3	222
North America	2	0	2
Asia	1	0	1

Number of employees by work time and gender

	Full time	Part time	Total
Female	43	0	43
Male	179	2	182
Total	221	2	224



Governance

From the very beginning, the iLOQ story has been one of sustainable development. The company's first technological innovation was to design and bring to market a digital access management solution that eliminated the need for batteries and extensive wiring. This resource efficiency ideology has always made sense from both a business and sustainable values perspective. From this foundation, iLOQ has developed its business into what it is today; iLOQ is a sustainable technology company providing digital cloud-based access management services around the world.

General principles of accountability management

iLOQ operates in accordance with responsible business practices and promotes responsible employee behavior through common rules and values, and by ensuring that all employees are committed to them. iLOQ's Code of Conduct builds on the company's Code of Ethics and Corporate Governance Principles, which define the ethical and responsible business practices of the company. iLOQ's Code of Ethics includes the ten principles of the UN Global Compact initiative on human rights, labor, environment and anti-corruption. All employees must comply with the company's Code of Ethics in their daily work and in making business decisions.

In addition to the Code of Ethics and Corporate Governance, there is a Code of Conduct covering

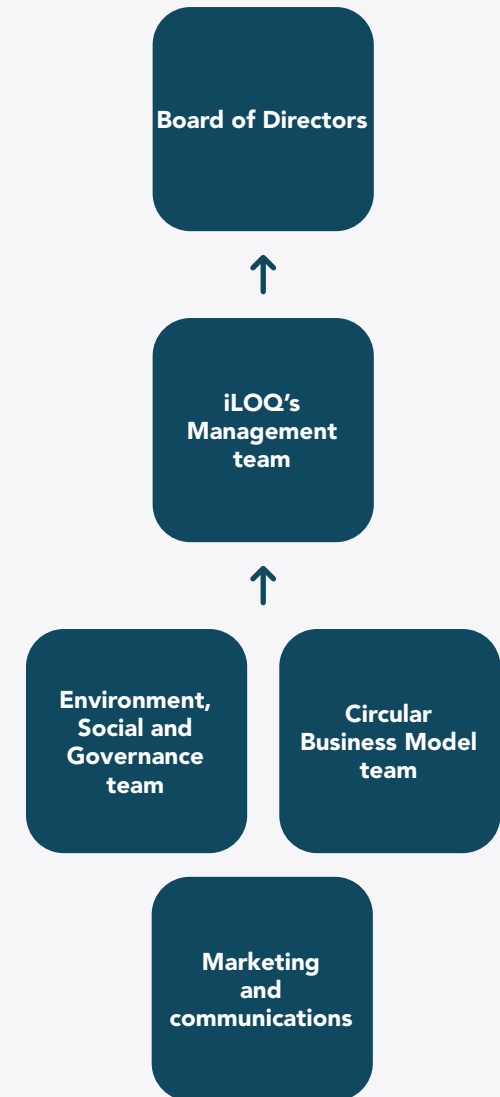
- anti-bribery and corruption policy
- information and disclosure policy
- donations policy
- information security and data protection policy
- procurement policy
- tax policy

Compliance with the Code of Conduct is ensured through a range of controls, such as requiring all employees to complete compliance training. iLOQ's online Code of Conduct training is mandatory for all employees.

The Code of Ethics, the Supplier Code of Ethics and iLOQ's policies and practices are designed to detect misconduct and prevent improper or illegal activities. Suspected misconduct can be reported anonymously through internal or external reporting channels. iLOQ uses an external web-based reporting channel maintained by a third party. A link to the reporting channel is available on the iLOQ website and intranet.

Sustainability management in iLOQ

iLOQ's Board of Directors and Management Team regularly monitor the development of sustainability. The Board of Directors discusses corporate sustainability issues twice a year in accordance with the Board's annual calendar and when approving the company's non-financial information statement as part of the parent company's financial statements. iLOQ's parent company Capnor Weasel Bidco Plc's non-financial information reporting obligation is based on Swedish law due to the company's domicile but does not include EU taxonomy reporting as the company does not have more than 500 employees. The Board of Directors discusses the corporate responsibility objectives and action plan as part of the company's strategy. iLOQ's sustainability strategy is an integral part of the company's strategy and the management team monitors the implementation of the strategy on a monthly basis as part of its normal management system.





Sustainability teams meet regularly

The Environment-Social-Governance team supports iLOQ's sustainability growth goals by developing global processes.

The Circular Business Model team promotes growth while continuing to build a long-term strategy throughout the value chain, taking into account the customer and supplier interface.

Marketing and communications are responsible for brand management and sustainability communications.

Managing the risks associated with sustainability

iLOQ has not yet identified risks related to non-financial aspects, but will examine risks related to the environment, social and human resources, human rights, anti-corruption and anti-bribery as part of the implementation of its corporate responsibility strategy during the current year.

GRI 200 Financial responsibility

Economic performance, EUR million	2021	2020	2019
Customer			
Sales	102,921	74,125	61,073
Suppliers			
Operating costs	36,204	27,587	23,872
Employees			
Wages and benefits	20,594	14,445	12,62
Public sector	0	0	50
Corporate income taxes	2,873	1,862	1,456
Shareholders			
Payments to providers of capital	0	0	2,471
Creditors			
Interest	0,591	0,424	0,407
Sponsorship and donations			
Economic value retained	42,659	29,807	20,247





Taxation

The subsidiaries of the iLOQ Group are sales companies whose transfer pricing for tax purposes is based on the arm's length principle. In our transfer pricing documentation, we have explained the key elements of the transactions between our group companies and demonstrated that the terms and practices applied to our transactions meet the requirements of the arm's length principle. In 2021, the iLOQ Group paid EUR 2.9 million in taxes. Top five countries where iLOQ Group paid income taxes were Finland, Denmark, Norway, France and United Kingdom.

In line with iLOQ's tax policy, the company strives to comply with the highest tax administration standards in all jurisdictions in which it operates. The company is committed to conducting its tax affairs in accordance with the letter, spirit and intent of the law, with the goal of always paying the correct amount of tax and filing all tax returns in a timely and accurate manner. This is supported by relevant practices and compliance processes in each jurisdiction in which the Group operates. The Group takes into account the changing tax environment, both regulatory and societal, and strives to ensure compliance with applicable tax laws and regulations.

iLOQ does not carry out independent tax planning activities. However, the company seeks to maximize value creation for its stakeholders and does not refrain from tax planning measures simply because there may be different interpretations of taxation or case law if the measures are motivated by a business purpose. However, the company will never engage in transactions or artificial arrangements that are considered aggressive. The company's tax decisions will always be guided by its commercial objectives, prudence, transparency and long-term sustainability.

iLOQ believes that inappropriate tax practices can erode trust in the group and in turn damage the company's reputation and potentially, in the long term, its ability to operate.



iLOQ uses both internal and external tax professionals to operate effectively and manage tax-related risks. We act with integrity and accuracy in all tax matters in order to report our tax affairs to the company's owners and other stakeholders.

GHG data capability as a key part of our management system

We invest in GHG data capability to consistently develop our operations in line with our environmental objectives. GHG data is needed at all stages of the value chain when aiming for a circular-economy-based business. We have identified the most significant use scenarios for GHG data during the 2021 carbon footprint calculation pilot. Instead of the traditional backward-looking GHG measurement method, the goal is to build proactive and real-time data capability and integrate this into our management system.

The internationally recognized proof of quality in operations and management

It is important to fulfill the requirements of recognized international standards. In many cases, compliance with the requirements of ISO standards can play a key role in influencing a customer's purchasing decision. In 2021, iLOQ added the ISO 27001: 2013 Information Security Management System to its list of ISO certifications.

iLOQ already has a certified quality system ISO 9001: 2015 and an environmental system ISO 14001: 2015. The ISO 27001 certificate in our operations covers nine iLOQ locations worldwide.

We operate in the field of digital access management, so ISO 27001 is especially important to us

Certification of our information security management system was important to us as we operate in the field of digital access management. Security is important in our own operations and it is also a necessity for our customers who use our solutions.

Commitment of the whole organization

Implementing new management systems in international organizations is a major project. With the resources required by the standard and strong management support, iLOQ was able to complete the process in almost half a year. Getting to the current situation required a lot of internal communication, online training and the integration of methods into everyday work.

An important factor in the successful implementation of the standard has been the active involvement of senior management in internal communication and support

In addition to the strong commitment of various country organizations and IT, R&D and HR departments, an important factor in the successful implementation has been the active approach of senior management in relation to internal communication and support. Maintaining strict standards keeps an internationally growing company like iLOQ busy. Commitment to standards is part of our daily work. Annual follow-up inspections and re-certification every three (3) years ensure that the focus is on the right things.

Certification	Site/location
ISO 9001:2015 Quality Management Systems (QMS)	Finland; Espoo, Oulu (Elektroniikkatie ja Graniittitie)
ISO 14001:2015 Environmental Management System (EMS)	Finland; Espoo, Oulu (Elektroniikkatie ja Graniittitie)
ISO 27001:2013 Information Security Management System (ISMS)	Finland; Espoo, Oulu (Elektroniikkatie ja Rusko), Sweden, Germany, The Netherlands, Denmark, France, Spain



Interested parties

	Engagement approach	Actions and response 2021
Personnel/employees	We engage with our employees through employee satisfaction surveys, monthly management team info sessions to all employees, employee communications in different internal and external channels, development discussion, internal trainings and extensive on-boarding process	Employee satisfaction survey, internal communication, development discussion, supervisors' training, all employment event in Leverkusen, e-learning portal, external trainings
Customers: partners and end users	We work closely with our extensive global partner network consisting of ~1300 partner locations worldwide with e-learning platforms and regular partner days. We have industry leading NPI scores at end customer and partners varying between 50-60. During 2021 we also conducted interviews with our customers on their sustainability expectations as a part of our materiality assesment.	Partner trainings, performed customer satisfaction survey, sustainability commitments in marketing and sales programs
Suppliers: manufacturing partners, component and material suppliers, service providers	We engage with our suppliers through the supplier collaboration model including e.g. regular meeting, site visits and supplier audits	Sustainability for Supplier was planned and created. Increasing of suppliers' awareness of environmental and ethical matters e.g. introducing iLOQ Code of Conduct for Suppliers to ensure ethical behavior based on iLOQ values. All new suppliers were audited as a part of our supplier evaluation and selection process.
Shareholders and Financial partners e.g. investors, Business Finland, banks (e.g. Bond), insurance and pension companies, external finance services, collection agency and auditors	Building business, sustainable growth and value creation. Reporting of market environment and competitive situation, objectives, reporting, strategy and financial position.	Interim reports subject to regular and ongoing disclosure based on iLOQ's Bond listed on Nasdaq Stockholm Stock Exchange, financial statement bulletin, annual report, financial statements, ongoing dialogue with investors, analysts and iLOQs internet webpages
Environmental organizations (e.g. CDP and Ecovadis)	iLOQ engagement includes partnerships, memberships and ongoing dialogue	Participating and committing to the spesific environmental reporting programs.
Other Business Management partners e.g. law firms, Certification body of management systems, universities, VTT, Business Oulu, chamber of commerce, real estate providers, occupational health services and consultant services, cleaning services, recruitment partners	We actively collaborate with different organizations e.g. universities through our product development.	Acting together with several associations and organisation participating to the seminars and events.
Society and authorities, e.g. complying with legal obligations	Compliance with laws and regulations, reporting and iLOQ's ethical guidelines and key principles of corporate responsibility	Compliance, support for local well-being and a diverse and democratic society
Media	We engage with media through specific press releases	Following iLOQ's communication policy, interviews and press releases published by iLOQ, social media channels. More communication on sustainability with stronger messages to inspire and engage people e.g. first communication campaign in LinkedIn.



GRI Content Index

GRI 102: GENERAL DISCLOSURE 2016

	General disclosures	Location, page number	Additional information
Organizational profile	102-1 Name of the organization	iLOQ Group	
	102-2 Activities, brands, products, and services	www.iloq.com/en/company/about-us/	
	102-3 Location of headquarters	www.iloq.com/en/company/about-us/	iLOQ Oy headquarter is located in Oulu, Finland.
	102-4 Location of operations	www.iloq.com/en/company/about-us/	
	102-5 Ownership and legal form	www.iloq.com/en/investors/ , p. 31	
	102-6 Markets served	www.iloq.com/en/company/contact-information/ , p. 3	
	102-7 Scale of the organization	www.iloq.com/en/company/contact-information/ , p. 3	
	102-8 Employees by contract type, gender, region and work time	p. 24-25, p. 29	
	102-9 Supply chain	p. 22-23	
	102-10 Significant changes to the organization and its supply chain	p. 23	
	102-11 Precautionary Principle or approach	p. 31	
	102-12 External initiatives	p. 14, 15, 16	UN Sustainable Development Goals (SDG, Sustainable Development Goals)
	102-13 Membership of associations	p. 35	



	General disclosures	Location, page number	Additional information
Strategy	102-14 Statement from senior-decision-maker	www.iloq.com/en/vision-and-strategy, p. 8-9	
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	www.iloq.com/en/vision-and-strategy, p. 5	
Governance	102-18 Governance structure	p. 31	
Stakeholder engagement	102-40 List of stakeholder groups	p. 35	
	102-41 Employees covered by collective bargaining agreements	p. 30	
	102-42 Identifying and selecting stakeholders	p. 14	
	102-43 Approach to stakeholder engagement	p. 14	
	102-44 Key topics and concerns raised	p. 15	
Reporting practice	102-45 Entities included in the organization's consolidated financial statements	p. 32	All Group companies are included in the reporting
	102-46 Defining report content and topic boundaries	p. 14, p. 17	
	102-47 List of material topics	p. 18	
	102-50 Reporting period		January 1, 2021 – December 31, 2021
	102-51 Date of the most recent report		iLOQ's Group Sustainability Report 2021 was published in May 2022
	102-52 Reporting frequency		Annual
	102-53 Contact point for questions regarding the report	p. 41	
	102-54 Claims of reporting in accordance with the GRI Standards	p. 3	
	102-55 GRI content index	p. 36	
	102-56 External assurance		We only commenced systematic sustainability reporting during 2021 when sustainability was built into the company's corporate strategy. Reporting readiness does not yet fully meet the requirements of the GRI standard and therefore iLOQ's 2021 Sustainability Report has not been verified. The verification process has begun and next year's report will be verified."



Topic-Specific Standards

GRI 200: ECONOMIC 2016

General disclosures	Location, page number	Additional information
201-1 Direct economic value generated and distributed	iLOQ's Annual Report	https://annual-report.iloq.com/2021/en

GRI 300: ENVIRONMENT 2016

	General disclosures	Location, page number	Additional information
Energy	302-1 Energy consumption within the organization	p. 13	
	302-2 Suppliers' energy consumption		Reported in 2023
	302-3 Energy intensity		Reported in 2023
	302-4 Reduction of energy consumption		Reported in 2023
	302-5 Energy needs of products and services deductions		Reported in 2023
Emissions	305-1 Direct (Scope 1) GHG emissions	p. 13	
	305-2 Energy indirect (Scope 2) GHG emissions	p. 13	
	305-3 Other indirect (Scope 3) GHG emissions	p. 13	
	305-4 GHG emissions intensity	p. 13	
	305-5 Reduction of GHG emissions		Reported in 2023



GRI 400: SOCIAL RESPONSIBILITY 2018

General disclosures	Location, page number	Additional information
401-1 Total number and rates of new employees and turnover by age group, gender and region	p. 25	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 26	
403-1 Occupational health and safety management system	p. 26	
403-2 Hazard identification, risk assessment, and incident investigation	p. 26	
403-3 Occupational health services	p. 26	
403-4 Worker participation, consultation, and communication on occupational health and safety	p. 26	
403-5 Worker training on occupational health and safety	p. 26	
403-6 Promotion of worker health	p. 26	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 26	
403-9 Work-related injuries	p. 27	

GRI 404: TRAINING AND EDUCATION 2016

General disclosures	Location, page number	Additional information
404-1 Average training hours per year per person	p. 28	Investing in know-how
404-2 Programs for upgrading employee skills and transition assistance programs	p. 28	
404-3 Percentage of employees receiving regular performance and career development reviews	p. 28	



GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

General disclosures	Location, page number	Additional information
405-1 Diversity of governance bodies and employees	p. 29	

GRI 406: NON-DISCRIMINATION 2016

General disclosures	Location, page number	Additional information
406-1 Incidents of discrimination and corrective actions taken	p. 28-29, 40	iLOQ's Code of Conduct, https://codeofconduct.iloq.com/

GRI 417: MARKETING AND LABELING 2016

General disclosures	Location, page number	Additional information
417-2 Incidents of non-compliance concerning product and service information and labeling	p. 21	
418-1 Total number of identified	p. 21	



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iLOQ

We are the market and technology leader in digital access management

iLOQ provides smart locking and secure access to buildings and spaces we use daily and caters to the needs of industry and the utility sector with mobile and digital solutions for efficient access sharing and management.

We are industry-leading innovators of battery-free solutions with a strong portfolio of safe and sustainable products that have been designed to make life easier.

www.iLOQ.com