



# Sustainability Report 2022





# Contents



<b>Introduction to company</b>	<b>3</b>	<b>Promoting sustainability together with our key supply and distribution chain partners</b>	<b>29</b>
Introducing iLOQ	4	Circular economy value chain	30
Product portfolio	6	Continuously maintaining a network of responsible suppliers	33
Values	7	Waste management	35
<b>Year 2022</b>	<b>8</b>	The internationally recognized proof of quality in operations and management	36
Message from CEO	10		
<b>iLOQ's sustainability objectives and commitments</b>	<b>12</b>	<b>Diversity Strengthens the Human Experience</b>	<b>37</b>
Ambition	14	Our personnel	38
Governing bodies of iLOQ	15	Diversity, equity and inclusion	39
Governance	19	Health, safety and wellbeing	40
Responsibility-related essentials and commitments	23	Learning and development	41
UN Sustainable Development Goals (SDGs)	25	Interested parties	46
<b>Carbon neutrality by 2050</b>	<b>26</b>		
		<b>GRI Content Index</b>	<b>48</b>





# Introduction to company



# iLOQ

## – Life made limitless

### Introducing iLOQ Oy

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 100,000 kg\* of unrecyclable battery waste.

We want to claim a position not only as a commercial leader but also as a thought leader in everything related to modern accessibility. This means taking a step away from being a traditional 'locking' company and towards being a technology- and data-driven company.

iLOQ's 'purpose' will remain Making life accessible, but our 'brand promise' will be Life made limitless. And we will fulfill this promise by providing technology, products, software and services that make living and working a smooth and seamless experience.

Access rights are easily controlled using iLOQ's cloud-based SaaS platform, so that administrators can view up-to-date information on the keys, locks and access rights within the system at all times. And the highest levels of security are maintained because the access rights of any lost, stolen or unreturned key can be quickly and easily cancelled.

\* Annual savings based on the environmental impact caused by manufacturing, using and recycling batteries



Established  
in 2003

Over 280  
employees



Increase in revenue  
**+29 %**

Revenue (2022)

**132,9 MEUR**





## iLOQ in brief

iLOQ Oy is a technology disruptor that has revolutionized the access management industry to make life limitless. Cloud-based solutions developed and patented by the company provide multiple access possibilities without the need for batteries or cables. Resource-efficient digital and mobile technologies that maximize security while minimizing maintenance, administration and lifecycle costs provide safe, smart and sustainable living and working environments.

Read more about iLOQ as a company [www.iloq.com](http://www.iloq.com)

## Global presence

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

iLOQ operates in the smart locking industry, offering self-powered digital and mobile access management solutions. The company's business model is asset light and focuses on value-add parts of the supply chain, such as R&D and sales. Production and retail distribution are outsourced to third-party providers. Our outsourced production facilities are located in Ukraine, Malaysia and Taiwan. We work closely also with our 2nd tier suppliers, who provide us components based on our requirements.

This Sustainability Report is part of the iLOQ Group Annual Report 2022. The Annual Report 2022 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.



# Product portfolio

## **iLOQ 5 Series**

– One platform for all access management needs

## **iLOQ S5**

– The key to smarter properties

## **iLOQ S50**

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

## **iLOQ's cloud-based SaaS platform**

– Smart, secure and sustainable access management

## **iLOQ HOME**

– Unlocking smart living





# Values

iLOOQ'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 CHALLENGE CONVENTIONAL THINKING.

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



## WE ARE CHANGING THE GAME.

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



## 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 2022

## **iLOQ HOME**

iLOQ introduced a new solution that unlocks smart living – iLOQ HOME – a SaaS product that enables residents to have visibility and control of their keys in a ground-breaking way that has never been seen before in the residential sector. The solution is an extension of the iLOQ S5 digital locking system and iLOQ 5 Series platform. By removing the constraints of the traditional lock and key and how they are normally managed, iLOQ HOME has been designed to give residents more freedom, security and flexibility to live the way they want. With the introduction of the iLOQ HOME solution, iLOQ is once again innovating technological and resource-efficient solutions that fulfill society's requirements for more sustainable, secure and smarter living environments.

## **Ecovadis**

iLOQ received silver ranking from Ecovadis – 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. The silver ranking was given after evaluation of how well iLOQ has integrated environmental practices, labor and human rights, ethics and sustainable procurement into their business and management system.

## **Poland market entry**

iLOQ continued to fulfill its growth strategy by expanding to Poland. Adding Poland to iLOQ's country portfolio allows iLOQ to introduce the benefits of its battery-free digital-locking and mobile-access-sharing technology to a new market.

## **World Economic Forum**

iLOQ participated in important panel discussions in connection with the World Economic Forum (WEF) Annual Meeting in Davos, Switzerland.

The WEF's mission is to bring together the most significant leaders from all sectors of global society to identify the best ways of addressing the world's most pressing challenges. An important topic at this year's event was setting the agenda for shaping a more sustainable future.





### **Kodinportti acquisition**

iLOQ acquired Kodinportti / IT-Salonen Ltd's share capital and, through the acquisition, iLOQ will further strengthen its software development capabilities. Under the trade name DreamIt, IT-Salonen specializes in providing a wide range of IT services and various cyber services, including software product development. Kodinportti is a digital user interface for residential and commercial properties. The residents list, the noticeboard, and the reservations lists for common areas of an apartment building are replaced by a single touch-screen panel and a remote interface that can be used with a computer or mobile phone's internet browser.

### **Commitment to carbon-neutral waste management**

iLOQ has centralized its waste management activities and set goals to improve recycling methods, reduce the workload by streamlining actions and find more effective ways to get the latest information on changing requirements, for example, legislation and reporting. To help fulfill these goals, iLOQ has chosen to partner with a major player in Finland and a pioneer in sustainability and carbon-neutral waste management: Lassila & Tikanoja (L&T).

By centralizing waste management activities under one partner, iLOQ aims to increase the transparency of its actions and develop better waste management techniques. All lessons learned and activities that are successfully implemented in Finland will then be rolled out locally in all iLOQ's country sites. iLOQ continues to choose suppliers that share the commitment to waste management and overall sustainability as we do.

### **Eco-friendly packaging solutions**

iLOQ uses materials made from recyclable raw materials in its packaging like cardboard postal boxes. In addition, recycled packaging materials such as biodegradable filler materials are used. iLOQ has now gone one step even further by ensuring that the tape that secures shipments also supports iLOQ's vision for a greener future.

Other eco-friendly choices made include reducing the use of plastic straps in packaging by half. Before, four straps were used on each box. Now, only two straps are used per box and only for those weighing more than 3 kg. iLOQ has also adopted the use of completely plastic-free and 100% recyclable paper pockets for its mailing lists.

# ESG is all about our actions

We often talk about iLOQ as a company that has its roots in sustainability. We also talk about the importance of supporting and believing in people in our core values. But it is not enough that we talk about it. We need to be about it. And we are.



## Strategic choices

"Instead of having a standalone ESG strategy, we've made it an integral part of our business strategy. That's the only way it makes sense. That's how important sustainability is. And that's also how interwoven into the fabric of iLOQ it is," explains Heikki Hiltunen, CEO of iLOQ. "Offering a sustainable, energy-efficient and battery-free digital access management solution is what set us apart from our competition when we started. To this day, it continues to be our key differentiator."

## Looking beyond ourselves

But being responsible is about much more than the positive upstream environmental impact and CO2 carbon. It is about looking critically at your own operations and the downstream impacts of your business as well. "We are already carbon neutral in our own operations, but we want to take into account the entire circular economy: product lifecycle and supply chain and thus focus measures on where the carbon load is. That's why we concentrate on reducing emissions in the upstream: product design phase and supplier interface. We also focus measures on the final phase of the product's lifecycle where we can utilize our downstream emission calculations."

## A more sustainable supply chain

In recent years, activities regarding improvements in sustainable performance stakeholders have come under tighter scrutiny. The Supplier Code of Conduct was a strong step towards influencing behavior across the supply chain. iLOQ has even openly stated that preferential treatment will be given to partners that can show and prove considerable improvements in terms of environmental impact. SPT 1 reporting will be a part of life for the supplier network starting in 2023.

## Data-driven decision making

"A key achievement in providing reliable environmental performance data to base business decisions on has been the completion of our very own real-time GHG monitoring and reporting software solution," Heikki explains. The solution, developed together with Snowfox.io, uses the latest invoicing and billing transaction information to calculate daily emissions resulting from operation. "While, on one hand, we are putting pressure on our partner network to do better, there is another side to the story as well. We care deeply for our valued partners."





## Caring for our partners

Just as an example, when the conflict in the Ukraine started, instead of seeking out alternative component suppliers to improve predictability, iLOQ opted to continue placing orders to their Ukrainian suppliers to do their best to give their partners and the Ukrainian people and economy their support. "Instead of turning our backs, we continued our strong partnership and sent over some additional warm clothes and supplies," Heikki tells us. "We have several suppliers in various different locations, but we consider them all a part of our extended family."

## Putting our people first

In addition to supporting and engaging iLOQ's own employees as part of building a positive working environment that they have a chance to get involved in creating, there are other things that the company chooses to do for its most valuable assets – the people. "We are active in building a team spirit that has proven its strength in carrying us through some very tough times. However, there are some things we cannot directly help with, but we can choose to provide tools and services that may help." What Heikki is referring to is the free and anonymous online mental health support that has been made available to all iLOQ staff worldwide since 2022.

## Strength in diversity

When it comes to creating the perfect workplace, the work will never be done. And even though the majority of iLOQ employees consider the company the best employer they've ever worked with, there will always be work to do. "We are committed to paying close attention to developing DEI (diversity, equity, and inclusion) practices across our organization. While we are still a predominantly male organization, both of the new additions to our Leadership Team this year were women. Also, international expansion has brought a lot more diversity into our organization." Today, iLOQ employs 16 different nationalities.

Heikki finishes by saying, "Diversity can only enrich us. We will continue to work on building a more diverse organization, both at the Oulu, Finland HQ and across our global operations. The only similar thing we want to have in everyone we employ is the strong winning mentality and team spirit."

# iLOQ's sustainability objectives and commitments

## **Responsibility as part of business**

Materiality assessment is the common thread of iLOQ's sustainability operations and development. Development activities are based on materiality assessments and the SDGs derived from them.





# ESG objectives 2022

The 2022 ESG objectives were based on iLOQ's strategic goals and are:

- Develop marketing and sales from sustainable aspect and define and implementing brand marketing that supports this
- Design for sustainability taking note of all phases of value chain to achieve expected GHG reductions and discover the new customer needs and business opportunities
- Create stakeholder practices to achieve expected ESG-impacts
- Develop sustainability capabilities valuing different perspectives and continuously developing our capability to build sustainable business
- Establish GHG intelligence and reporting practices to comply with procurement and financial practices and enable sustainability data-driven operations

## 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.

## GRI as our guideline

Reporting basically covers ILOQ Group and its fully owned subsidiaries. There is no minority ownership within group companies and thus no minority interest. Please see more at <https://www.iloq.com/releases/financial-statements-and-annual-report-1-january-2022-31-december-2022/>

ILOQ's 2022 sustainability report has been carried out according to the Global Reporting Initiative (GRI) framework. In 2022, ILOQ switched to using the partially reformed GRI Index. This sustainability report is carried out as in previous year and there are no restatements done to the previous years information. iLOQ Group acquired IT Salonen Oy during the reporting period, which has not had any material impact to the reporting. Reporting period is a calendar year, and iLOQ publishes a GRI-compliant sustainability report once a year in connection with its annual report. The previous report was published in April 2022. The report has been pre-

pared in accordance with the GRI standards and is confirming to core scope (Core). iLOQ now partially complies with new standards set in October 2021.

iLOQ's sustainability reporting is based on GRI's defined guidelines, principles and calculation methods. Reporting covers iLOQ Group as defined above. iLOQ's reported key figures cover the whole iLOQ Group.

# 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.



# Governing bodies of iLOQ

## Board of Directors

iLOQ Oy is a privately held company fully owned by Capnor Weasel Bidco Oyj, which is fully owned by Capnor Weasel Midco Oy, which is fully owned by Capnor Weasel Topco Oy. All votes of Capnor Weasel Topco Oy are held by a Nordic private equity company Nordic Capital. The decision-making bodies managing and overseeing iLOQ's administration and operations are the Board of Directors of Capnor Weasel Topco Oy with its Financial and Audit Committee and the Remuneration Committee, and the CEO, supported by the iLOQ Leadership Team.

As sustainability is an integral part of iLOQ's strategy and operations, the highest decision-making on sustainability and climate-related matters is with the Board of Directors. Therefore, iLOQ has not established a specific Sustainability Committee for the decision-making on Environmental, Social and Governance (ESG) matters. The Financial and Audit Committee, members of the iLOQ Leadership Team, and other senior executives support the Board of Directors in the decision-making in these matters. Sustainability and its management are therefore ultimately the responsibilities of the CEO and iLOQ Leadership Team.

The Board of Directors is responsible for the iLOQ's strategic development and for supervising and steering the company's business and management. Further, in line with the company's Articles of Association and the Finnish Companies Act, the Board of Directors represents the company and is responsible for defining the company's strategy, and also for proper arrangement of the control of the company's accounts and finances.

The Board of Directors comprises five members who are elected at the Annual General Meeting for a one-year term of office expiring at the end of the first Annual General Meeting following the election. The Annual General Meeting also elects the Chair of the Board of Directors. Currently 20% female and 80% male.

The Board of Directors convenes according to a schedule agreed to discuss specified themes and issues on its charter. The Chair of the Board of Directors prepares the agenda for the Board of Directors' meetings based on the proposal by the CEO. The members of the Board of Directors have the right to suggest specific matters to be included in the agenda. More than a half of the members must be present at the meeting to constitute a quorum.

Decisions of the Board of Directors shall be made by a simple majority. The Board of Directors has approved a written charter for its work, including the duties of the Board of Directors.

The President and CEO, the Chief Financial Officer, and the General Counsel as secretary to the Board of Directors all attend the Board meetings on a regular basis. The other iLOQ Executive Management members and senior executives attend the meetings as required.

As part of its duties, the Board of Directors conducts an annual self-assessment in order to further develop its work. No actions taken responds to this assessment in 2022.

The members of the Board of Directors are obliged to refrain from involvement in the handling of matters affecting either their personal interests or those of a company with which they have an affiliation. This obligation to refrain from involvement has no influence on the requirements for a quorum when passing resolutions. Business dealings between the company and governing bodies or related parties are subject to the principle of conclusion at conditions as with independent third parties.

**The main duties of the Board of Directors include:**

**Strategy**

- Strategic development and steering of the company’s business and fields of activity
- Confirming the company’s Code of Conduct, operating principles and company policies, including sustainability, and overseeing their implementation

**Supervision and oversight**

- Ensuring that the administration and operations of the Company are properly organised
- Ensuring that the accounting, financial administration and the risk management are arranged appropriately

**Financial matters of significance**

- Confirming the company’s business plan on an annual basis
- Setting and following up the annual performance targets, including sustainability and climate-related targets, for the company and its management
- Reviewing the interim reports and approving the consolidated financial statements, the parent company financial statements and the operating and financial review

- Deciding on major investments, divestments and business arrangements
- Decisions having effect on the corporate organisation
- Confirming the company’s organisational structure at the top management level, and appointing and dismissing the members of the iLOQ Executive Management
- Appointing and dismissing the President and CEO; deciding on his/her remuneration
- Appointing the Chair and Deputy Chair as well as other members of the company’s committees

**Other**

- Convening the Annual General Meeting and the Extraordinary General Meeting, when necessary

**Members of the Board of Directors**

Tzachi Wiesenfeld. Israeli Citizen. Chairman. Independent member of iLOQ’s Board of Directors since 2019. Chairman at ACRE, Board Member of Belysse, Board Member of FläktGroup, Senior Industry Expert, Triton Partners. Executive Vice President & CEO EMEA of ASSA ABLOY Group in 2006-2018.

Joy Durling. US Citizen. Independent member of iLOQ’s Board of Directors since 2022. EVP, Chief Information and Data officer in Procore Technologies. Board member of Observe Point and Domo inc.

Robert Furuhjelm. Finnish Citizen. Non-independent member of the Board of Directors since 2019. Partner at Nordic Capital

Karl Petersson. Swedish Citizen. Non-independent member of the Board of Directors since 2019. Director at Nordic Capital

Joachim Zetterlund. Swedish Citizen. Independent member of iLOQ’s Board of Directors since 2020. Chairman of the Board and of the Remuneration Committee Förlagssystem AB and previously several Chairman or Board of Directors and Remuneration Committee positions in Swedish companies.

**Gender Diversity of the Board and committee**

	Board	Rem. Committee	F&A Committee
Female	4		
Male	1	2	2
Total	5	2	2



## Remuneration Committee

The purpose of the committee is to act in an advisory capacity to the Board in matters to review the remuneration and benefit programs applied throughout the Group. Remuneration Committee consist of Chairman Robert Furuholm and member Tzachi Wiesenfeld. In order to ensure the independence in their supervisory function, members of the Board of Directors (BoD) receive a fixed remuneration in the form of cash. The remuneration of the iLOQ Leadership Team consists of fixed and variable elements. Base salary and benefits form the fixed remuneration and are based on prevalent market practice. Variable remuneration drives and rewards best-in-class performance based on ambitious annual financial targets.

### **The duties and responsibilities of the committee include:**

- To review appointment of senior management in the Group, including all direct reports of the CEO
- To review the remuneration arrangements for the senior management of the Group
- To review any proposed stock option plans, stock purchase plans, bonus plans, retirement plans and any other plans, systems and practices of the Group relating to the compensation of any employees of the Group

- To review and discuss succession planning for senior management in the Group
- Such other matters as the Board may from time to time prescribe

## Finance and Audit Committee

- The purpose of the Committee is to act in an advisory capacity to the Board in matters to review the adequacy of the group's financial reporting and internal controls. Finance and Audit Committee consists of Chairman Karl Peterson and member Joachim Zetterlund

### **The duties and responsibilities of the committee include:**

- To review the adequacy of the Group's system of internal controls, including an appropriate risk assessment
- To review the financial policy of the Group
- To review annually the independent auditor's proposed audit scope and approach
- To conduct a review of financial information – including annual and periodical reports, filings and any other published documents containing financial statements

- and auditors' findings, including their constructive proposals to the management and/or the Board for improvement
- To review, in advance, proposed changes in accounting principles and adjustments to financial statements materially affecting financial reporting
- To review the financing situation of the Group
- To consult with management and independent auditors as to programs being maintained with respect to compliance with laws and regulations relating to financials matters
- To review annually the compensation of the independent auditors
- To review the annual planning and budgeting process and to review the draft budget proposal ahead of the Board meeting
- To perform such other investigatory functions as requested by the full Board
- To inform the Board and to recommend resolutions to be taken by the Board when and if motivated by the findings of the committee resulting from its exercising the duties and responsibilities as per the above



## CEO

The CEO of the company shall administer the company's ongoing operations pursuant to the guidelines and directives issued by the Board and to the CEO's agreement.

The CEO shall produce all the necessary information and basis for decision making prior to the Board meetings. The CEO may, in situations where it is deemed relevant, delegate to a subordinate the submission of reports in specific cases, while keeping overall responsibility in such cases. The CEO ensures that the members of the Board are continuously provided with all information needed in order to follow the situation, financial condition and progress of the Group and, in general, fulfil his duties to report on the economic situation. The CEO is responsible to ensure that obligations, agreements or other legal documents concerning the company or the group are documented in an appropriate way and do not conflict with any Finnish statutory imperatives. The CEO also monitors the observance of those targets, policies and strategic plans for the company and the group established by the Board and ensure that such targets, policies and plans are, when necessary, presented to the Board for updating or review. The CEO shall report to the Board if the company has risks not be able to fulfil payments or has not to be able to fulfil payments of withheld taxes and/or other tax liabilities of

any kind. The CEO is responsible for compliance within the Group and to ensure that all activities comply with the relevant legislation, procedures and guidelines related to compliance, including those of the Lead Investor. The CEO is responsible to keep the Board chairman updated about the Group business and to consult with the chairman about strategic topics and significant changes to the organisation.

Sustainability and its management are ultimately the responsibilities of the CEO and iLOQ Leadership Team.

## CEO

Heikki Hiltunen, Finnish Citizen. Working experience: Senior Vice President of Sales, Marketing and Service for Danfoss Drives at Danfoss. EVP and deputy to CEO at Vacon Oyj, Vice President Europe, Middle-East and Africa at Tellabs Inc and Director Operations at Honeywell.

## iLOQ Leadership Team

Please see introduction of the iLOQ Leadership Team at <https://annual-report.iloq.com/2022/en/governance/iloq-executive-board/>



# 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

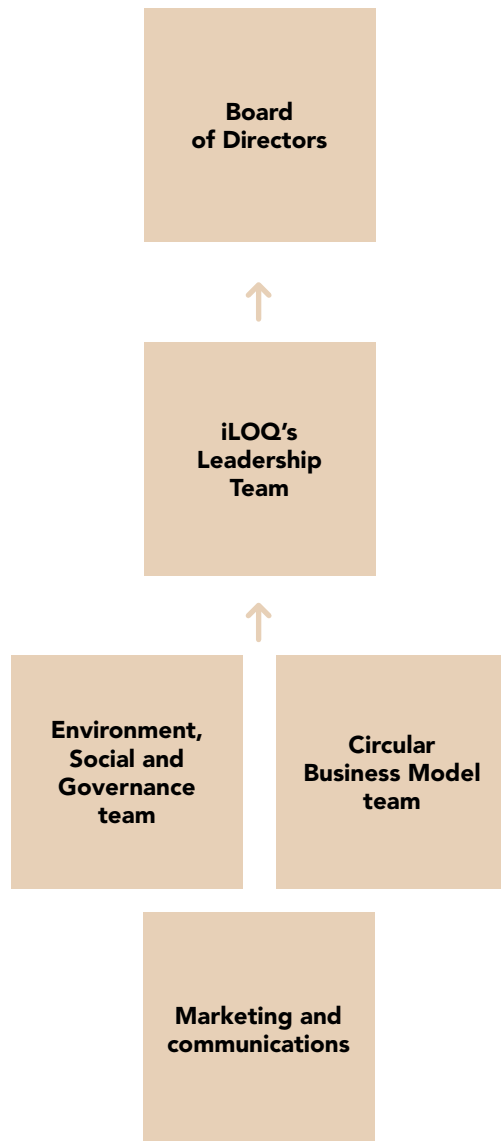
- anti-bribery and corruption policy
- information and disclosure policy
- trade compliance, competition and donations policy
- information security and data protection policy
- procurement policy
- whistle blowing policy
- tax policy
- UK modern slavery act statement

Compliance with the Code of Conduct is ensured through a range of controls, such as requiring all employees to complete compliance training. iLOQ's mechanisms for seeking advice and raising critical concerns are included in the training material. 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. No cases of discrimination,

corruption or bribery or human rights violations were detected in iLOQ's own operations in 2022.

## Sustainability management in iLOQ

iLOQ's Board of Directors and Leadership 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 nonfinancial information statement as part of the parent company's financial statements. In this process the Board of Directors evaluates the management of the organisation's impacts on the economy, environment and people. 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. There has not been any sustainability related education provided to Board of Directors in 2022.



## 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.

## Direct economic value generated and distributed

Economic performance, EUR million	2022	2021	2020
<b>Customers</b>			
Sales	132,948	102,921	74,125
<b>Suppliers</b>			
Operating costs	56,845	44,458	32,408
<b>Employees</b>			
Wages and benefits	25,066	21,391	14,982
<b>Public sector</b>			
Corporate income taxes	4,452	2,873	1,862
<b>Shareholders</b>			
Payments to providers of capital	0	0	0
<b>Creditors</b>			
Interest	0,978	0,591	0,424
<b>Communities</b>			
Sponsorship and donations			
<b>Economic value retained</b>	46,584	34,199	24,873



---

## Managing the risks associated with sustainability and compliance with laws and regulations

The assessment of risks related to non-financial aspects, mainly environmental, social, human resources and human rights, and the fight against corruption and bribery, are continuous processes in iLOQ's activities. We regularly and comprehensively assess the risks and opportunities for all our operations and stakeholders, including the different aspects of sustainability. The two most significant risks identified in the non-financial risk analysis were the ESG capability of the organization and the non-adherence of our stakeholders to iLOQ's ethical principles. The assessment of risks related to projects and product design and manufacturing are integrated into the company's project management. Considering the nature of our industry, assessment of security risks in all our operations is a particular priority for us. There were no incidents to report what comes to breaches of customer privacy or compliance with laws and regulations in 2022.

iLOQ follows laws, compliance and processes that come from stakeholders and from within the organization. Potential negative impacts are assessed through our materiality assessments and are regularly identified as part of the ESG risk assessment process. If we are approached about a potential negative impact related to

our operations, our crisis management team is activated and it initiates the Business Continuity Plan (BCP) process. We welcome feedback from our stakeholders regarding our grievance mechanism and its development. iLOQ tracks the effectiveness of its grievance mechanism through annual management review process.

### 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 2022, the iLOQ Group paid EUR 4.5 million in taxes. Top five countries where iLOQ Group paid income taxes were Finland, France, Denmark, USA, 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 longterm 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.

## Remuneration

The General Meeting decides on the remuneration of the members of the Board of Directors and the Board's Committees. The Board of Directors decides on the remuneration, benefits and other terms of employment of the CEO based on the preparatory work by the Remuneration Committee. The Board determines the total remuneration elements of the CEO based on market benchmarking and other relevant facts.

All remuneration-related decisions require grandparent approval. In other words, the remuneration of an employee must always be approved by the manager's manager. Remuneration Committee does the preparatory work of the company's short-term incentive program for the Board of directors to decide.

### Remuneration of the Board of Directors

Remuneration of the members of the Board of Directors consists of an annual fee. No additional fee is paid to the members of the Board's committees. In addition, Board member's travel expenses are compensated.

### Remuneration of the President and CEO

The remuneration of the President and CEO is comprised of the total salary (monthly base salary and customary

fringe benefits, such as a car and a mobile phone, according to the local legislation and market practice, and short-term incentive. In addition, CEO owns shares in the company. The relative proportion of the variable pay elements of the President and CEO at maximum level is 0.5 times the fixed pay.

The remuneration policies for members of the highest governance body and senior executives are not related to the management of the organization's impacts on the economy, environment, or people.

## Sustainability report assurance

iLOQ's sustainability report has been verified by an independent third party assurance provider in accordance with the decision of iLOQ's board and senior executives to conduct voluntary external assurance in sustainability reporting. DNV has provided a level of Limited Assurance with GRI Standards as criteria covering the sustainability reporting. The external assurance report can be found at the end of this report. The GRI Content Index General disclosures.





# Sustainability-related essentials and commitments

## Materiality assessment

In 2021 we conducted our first sustainability materiality assessment. The process was refined during 2022 to align with GRI standards and a new assessment took place in October 2022. Our employees, management team, customers and markets form the key stakeholder groups for analysis. By prioritizing the collected data on important themes from different sources, we were able to examine the most significant sustainability themes to iLOQ.

The selected material topics were analyzed and mapped with relevant Sustainable Development Goals and GRI disclosures. Relevant KPIs were identified and carried out an action plan for Sustainable Development. A Gap

analysis was done to understand which reporting measures are incomplete. Each topic has an owner, who's responsible for developing and monitoring the performance of the topic.

We found four main categories:

1. Human Experience
2. Sustainable products
3. Environmental awareness
4. Risk management and information security

The full list of material topics is found on page 47 with linking to SGDs. Compared to 2021, in 2022 we highlighted the importance of waste management, energy management, efficient material usage and supplier sustainability approach.



## 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.

Our commitments are based on three key themes:

### **1. Carbon neutrality by 2050**

iLOQ has already achieved zero CO<sub>2</sub> 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). During March 2023 we will submit our Science-Based Targets for reduction of emissions. Based on the targets, we will create an action plan to proceed reducing our emissions according to 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 development 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. Based on our 2022 materiality assessment, we found 4 relevant SDGs to our business. Compared to 2021, three same Goals Remain and we integrated SDG 5 Gender Equality with SDG 9, and adapted SDG 13 Climate action.

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 2022.

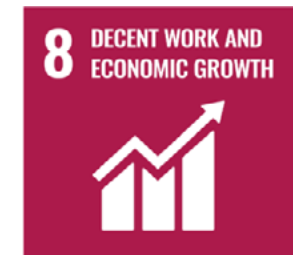
As a result of the assessment, we identified four key SDG targets where our activities have both positive and negative impacts. The measurement of impacts will be refined during 2023 so that we can refine our targets and selection criteria. The first one is number 8, decent work and economic growth. 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 second one 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 third 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.

The fourth is number 13, climate action, where we will focus in particular on SDG targets set by ourselves. We aim to reduce our emission load based on targets to be set in 2023 through Science-Based Targets. We aim to increase organizational knowledge related to climate issues.

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.



Commitment:  
Carbon neutrality  
by 2050



# Towards carbon neutrality

## Reducing our carbon load

Considering our supply chain and manufacturing, we have the responsibility in reducing emissions and energy consumption. 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.

Besides the societal approach, our markets are increasingly more aware of the climate impacts of products purchased. To elaborate the importance of emission reductions, in 2022 we decided to include SDG 13 Climate Action to our selected Goals. We commit in systematically reducing our Carbon load and spread climate-related awareness in our network.

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. Therefore, emission reductions in the Supply Chain provides us the greatest opportunities for development. Investing in these development opportunities is important to iLOQ to gain more visibility and control over the environmental impacts of our operations.

## Highlights from 2022

To proceed setting emission reduction targets, iLOQ started a project to submit Science-Based Targets to SBTi. The submission will be done during April 2023. We decided to set Long-term targets, to give enough focus on our most significant emission categories in Scope 3 Upstream. Since we are already Carbon Neutral in Scope 1 and 2, we find it important to focus on where we can have the largest impact, our supply chain.

To refine our GHG measuring methods, we completed a project for creating reporting capability for Downstream emissions. We build the capability to report emissions from our entire operations in 2022. iLOQ utilizes a real-time AI-based carbon accounting tool, in which downstream emission data will be added during 2023.

## Emission Calculation (kt CO2e)

	2021	2022
Scope 1, Direct emissions	0.0000	0.0000
Scope 2, Purchased electricity and Heating (Market-Based)	0.0000	0.0000
Scope 3, Business travel	0.1930	0.3000
Scope 3, Capital goods	1.5280	1.6000
Scope 3, Purchased goods and services	40.3170	49.9000
Scope 3, Upstream transportation and Distribution	2.5720	2.1000
Scope 3 Upstream Leased Assets		0,22
Scope 3, Downstream Transportation and Distribution	0.4087	0.4173
Scope 3, Use of Sold Products	0.2729	0.3514
Scope 3, End-of-Life Treatment of Sold Products	0.0631	0.0761
<b>Total amount</b>	<b>45.35</b>	<b>54.96</b>

<b>Total energy consumption</b>	<b>MWh</b>
2022	2238,55
2021	18,78
2020	14,35
2019	8,42
2018	25,71

Energy consumption of iLOQ Oy Logistics Center and Headquarters have been added to energy consumption calculations first time in 2022. Figures from 2021 and earlier aren't available





## GHG Data Capability and Measuring

Our Carbon accounting is following GHG protocol guidelines. Emissions are measured as CO2 equivalents, which are used universally to express the greenhouse gases' Global warming potential (Kyoto protocol). The consolidation approach for emissions is currently equity share. Data is collected from Purchase and Sales invoice data. Scope 2 market-based emission factors are obtained from suppliers. Scope 3 emission factors are derived from EXIOBAS3 and considers Supplier Country, Product Category, Posting account and Spend in euros. The CO2 emission factor is a four-year average of the period 2013-2016 and covers emissions for CO2, CH4, N2O, SF6, HFC and PFCs. Scope 1, 2 and 3 emissions cover iLOQ and its subsidiaries.

Downstream calculations are conducted using Sales Shipment Figures. Three categories are found relevant to iLOQ; Transportation and distribution, Use of sold products and End-of-life treatment of sold products. Our downstream transportation emissions utilize emission factors by SYKE Y-Hiilari and distance-based calculation. Use of sold product category is calculated based on the direct use-phase emissions method and End-of-life treatment of sold products based on the Waste-type-specific method.

iLOQ reports its GHG emissions using an equity share approach. Leased assets with operational control are accounted in Scope 3. In 2022, we calculated emissions caused by energy consumption in the most significant locations of operation: Oulu Logistics center and Headquarters.

## Measuring Energy Consumption

iLOQ currently purchases energy directly to only one office location and the purchased electricity is renewable. However, similarly to Emissions, we recognize that we have an impact in the Supply Chain. We have found it important to start building an understanding of energy consumption outside of our organization, for example within our Supplier Network.

## Offsetting transportation emissions

Since the beginning of 2021, iLOQ has compensated the emissions caused by inbound and outbound deliveries paid by iLOQ. This was made possible by the partnership between iLOQ and logistic service providers, offering methods to offset emissions from purchases and sales.



Commitment:  
Promoting sustainability  
together with our key  
supply and distribution  
chain partners

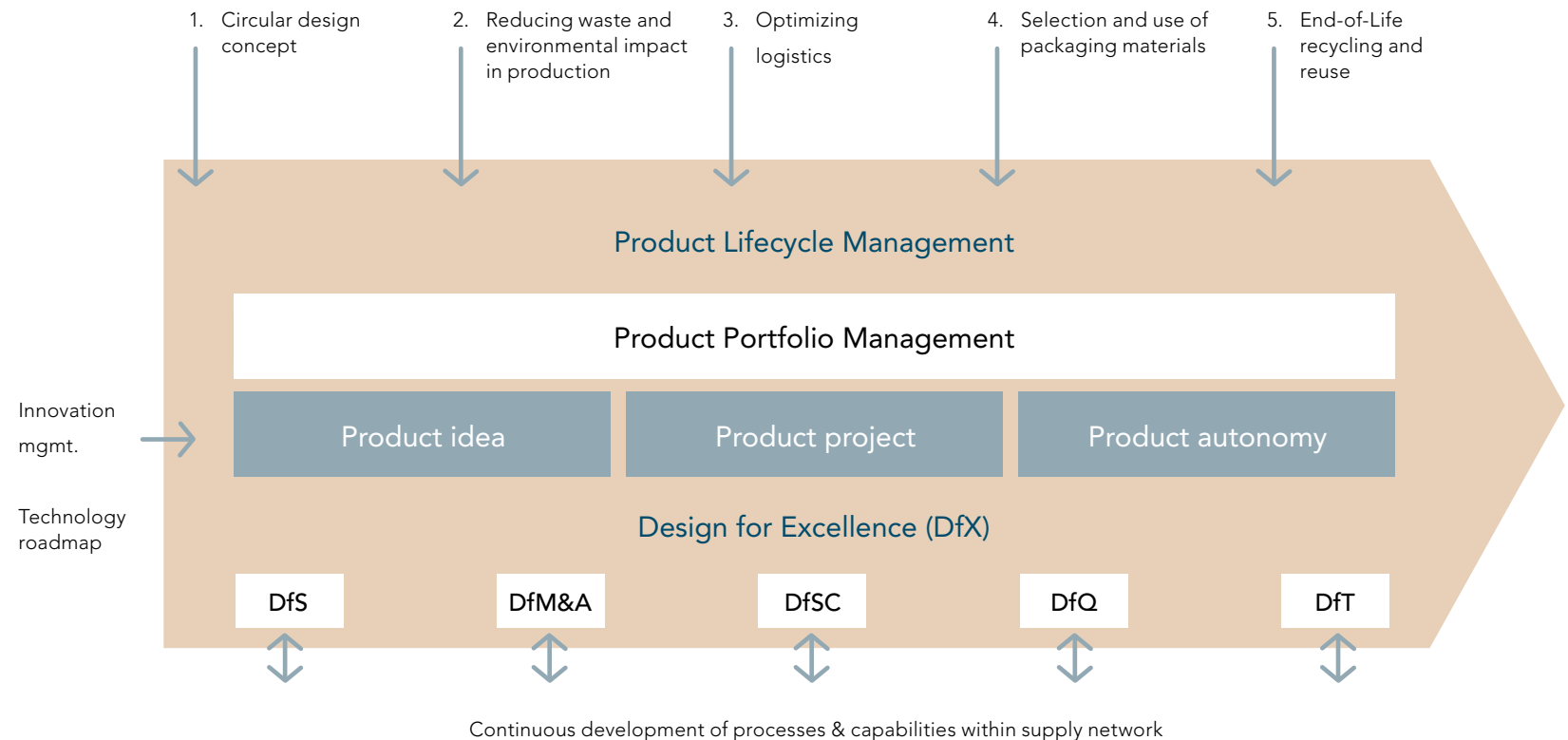


# Circular economy value chain

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 by enhancing both our physical products' eco-friendliness and offering a wide range of digital products and services, we can minimize our environmental impact.

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 4) the recyclability of packaging materials and 5) recyclability of the product itself.

## Circular economy business model and operations in value chain



## Supply chain management – systematizing continuous improvement



## 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. The concept includes Design for Sustainability (DfS), which aims to study the environmental impacts of the product's lifecycle and how to reduce negative impacts. The DfS, being relatively new within the iLOQ DfS framework, is currently being piloted and implemented.

As DfS focuses on building in the measurable sustainability elements in product design and development phases, we are simultaneously developing a comprehensive evaluation method to cover whole product lifecycle and portfolio management. This evaluation method, Product Power Card, will introduce the below mentioned measurable sustainability elements in balance with other product

decision making factors, such as market and strategic fit, quality and financial performance.

In terms of sustainable development, measurable elements within the DfS framework are:

- The CO<sub>2</sub>/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 and usage of the product.
- Recyclability of products, consisting of material and assembly method selection, and collaboration with external partners to analyze and implement feasible end-of-life dismantling and recycling.

- The recycled input materials 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.

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.



## 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 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 in our own logistics center. 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.

# Continuously maintaining a network of responsible suppliers

iLOQ maintains a network of suppliers and contract manufacturers, who provide us the majority of our products. Therefore, our largest environmental impacts are within the supply chain and require a significant focus from us. 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 compliance with ISO 14001 (or similar internationally recognized standards) is part of our supplier requirements 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 and Code of Conduct for Suppliers

These principles describe how we expect iLOQ's suppliers to commit to act responsibly. During 2022, iLOQ started to require its suppliers to comply with the contents of the Code of Conduct. 70% of approved iLOQ material suppliers have either signed the iLOQ Code of Conduct for Suppliers or, alternatively, provided evidence of their own Code of Conduct compatible with iLOQ principles. In 2022, these suppliers formed 90,25% of the Spend base for material purchases. We are continuing the work on completing our list in 2023.

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. The health and well-being of employees should be secured. Our Code of Conduct for Suppliers requires our suppliers to comply with requirements regarding Information Security, for example through the requirements of ISO 27001

iLOQ expects Environmental responsibility from its suppliers. We support our suppliers in making more sustainable decisions within their operations. We encourage suppliers to further understand their environmental impact and find ways to reduce negative impacts while creating positive impacts.

Our open corporate culture ensures that we work equally for all present 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.

By 2024 iLOQ plans to implement a comprehensive Supplier ESG questionnaire to ensure responsible business. We aim to improve our suppliers' ability for GHG measuring and eventually, reduction of emissions.

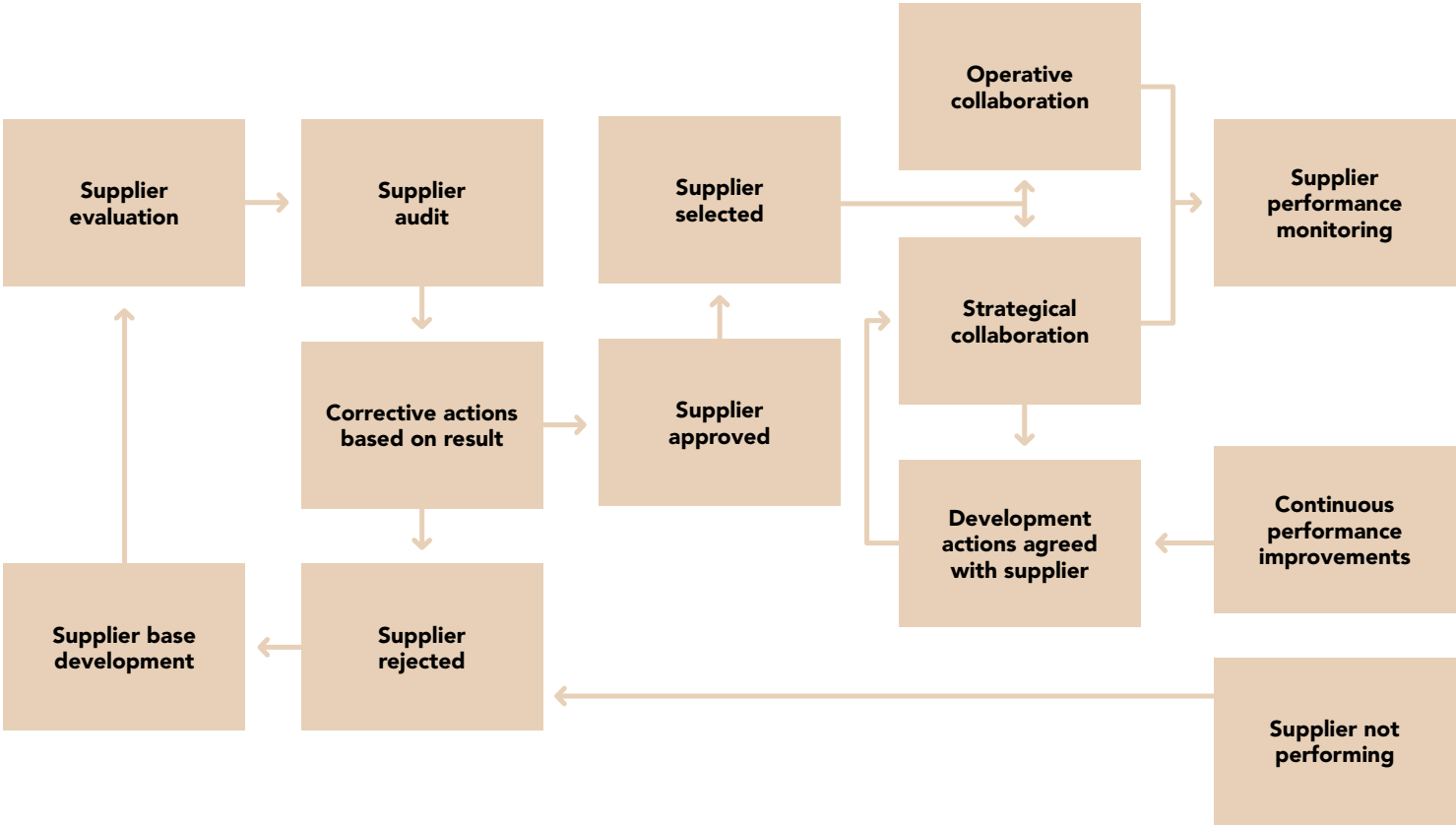


**Supplier selection,  
evaluation and audit process**

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.

All new suppliers are audited as a part of our supplier evaluation and selection process. Whenever possible, audits are conducted onsite. When onsite audits are not possible, self-assessment audits are carried out and verified at a later date during scheduled supplier visits.

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



Flow chart: Supplier evaluation and selection process

# Waste management

## Enhancing circular business model with effective waste management

In our own operations, we aim to recycle generated waste with our best efforts. We have comprehensive recycling trainings available for employees and work on increasing our recycling percentage.

Starting from January 2023, iLOQ agreed a more efficient and transparent waste management partnership. We receive monthly reports on our Logistic Center's recycling percentages and the environmental load caused. iLOQ is working on further enhancing participation in the circular economy in terms of developing reduction of waste, reusing and recycling.

## Optimizing packaging materials

During 2022 iLOQ completed a packaging harmonization project, which resulted in more eco-friendly packaging solutions and reductions in materials used. Currently as a rule, we use materials made from recyclable raw materials in our packaging, when packing outbound deliveries in our logistics center. Our next focus regarding packaging materials is to secure use of eco-friendly options with inbound deliveries.

With hundreds of product variations, the value of a uniform packaging design is even greater. As the number of packaging varieties decreases, so do the costs and environmental impact. Harmonized packaging design is already having a positive influence on our day-to-day work and on the environment.



# The internationally recognized proof of quality in operations and management

## Commitment of the whole organization

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. 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.

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.

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

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.

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

Cerfication	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, Norway, Germany, The Netherlands, Denmark, France, Spain



# Commitment: Diversity Strengthens the Human Experience





# Our Personnel

At iLOQ, we recognize that our success depends on our employees as they are in the very heart of our business. In 2022, we continued our high growth strategy, attracting and retaining the best talent in order to reach our objectives. As we grow, we place emphasis in creating an inclusive, safe and healthy workplace for everyone at iLOQ to make sure that our employees can thrive and grow with us.

At the end of 2022, a total of 280 (2021: 224) employees worked at iLOQ in various roles around the world, creating value to our customers, partners and local communities. iLOQ also manages temporary external employees in R&D and Operations related roles when specific expertise is required or there are temporary increases in workload. At the end of 2022, there were 35 external employees at iLOQ.

## We believe in people

We value the voice of our employees and believe that listening to the feedback and development ideas of everyone strengthens our culture and workplace wellbeing. As a responsible employer we focus on making a difference in areas that our employees find meaningful to promote inclusion and ensure a unique human experience for all our employees.

We took part in the Signi Survey for the fourth year in a row and also achieved the fourth consecutive Future Workplaces certification which is awarded to companies that have succeeded in creating an exceptionally positive employee experience. In 2022, we had a response rate of 91%. These excellent results continued to highlight our efforts and showed that we are on the right path despite our fast-paced growth and constantly changing business environment.

Employee insight and engagement enables iLOQ's global HR function to identify and focus on the development areas that have the biggest impact on employee experience throughout the group. The wellbeing, safety and equal treatment 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 comprehensive employee life-cycle processes from recruitment to offboarding guide actions at a global level and are developed continuously together with our stakeholders.

Building a unique human experience is a cornerstone of our strategy, driving the actions for development and ensuring that we put employee needs as priority

## ENPS: 52

Best worklife experience is from iLOQ

## 88%

\*iLOQ personnel voted

Overall satisfaction

## 84

**FUTURE  
WORKPLACES**  
— 2022 CERTIFICATION —

# Diversity, equity and inclusion

Diversity, equity and inclusivity strengthen the human experience at iLOQ and they are critical for a happy and thriving personnel. iLOQ is committed to provide 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 values diversity and different cultures as an advantage to our innovative organization which is why we are committed to increasing the ratio of women in the entire personnel and the cultural diversity of all hires into our headquarters in the future.

In 2022, we began planning our DEI related actions more comprehensively and took more actions to reach our goals. We took concrete steps in revising our recruitment process with modern tools and engaged actively with our local communities such as students. We organized events for international students at our headquarters and took part in various events to promote employability for students and young professionals. Our aim is to continuously improve employee and community engagement to make sure that everyone can be a part of building our successful future.

## Benefits

iLOQ offers various benefits to its personnel in order to support comprehensive wellbeing. Our offered benefits vary depending on location, but we do not distinguish between employment types in eligibility for benefits in our significant locations of operation due to applicable legislation and our efforts to promote equality.

## Employees Covered by Collective Bargaining Agreements

iLOQ supports the employees' rights to freedom of association and collective bargaining. In total, 72.9% of iLOQ employees are covered by collective bargaining agreements. Participation in collective bargaining agreements varies significantly between regions.

**One of our DEI targets for 2025 is to increase the ratio of women in our personnel to 25% and in 2022, women accounted for 21.1% (19.2% in 2021).**

## Incidents of discrimination and corrective actions taken

In 2022, iLOQ's Whistle-blowing team received two concerns via iLOQ's whistle blowing channel. Both concerns were related to discrimination and were processed strictly in compliance with the Whistleblowing Policy of iLOQ. Due to the lack of further detailed information, examples or details from the whistleblowers, it was not possible to determine that the concerns raised could be investigated through the whistle-blowing process and therefore both cases were closed as unfounded. iLOQ Group's Code of Conduct describes our zero-tolerance approach to discrimination and we have anonymous reporting channels available for all stakeholders.

Status of the incidents and actions	2022
Incidents reviewed by the organization;	2
Remediation plans being implemented;	0
Remediation plans that have been implemented, with results reviewed through routine internal management review processes;	0
Incidents no longer subject to action	2



# Health, Safety and Wellbeing

A safe and healthy workplace is our priority at iLOQ. We strive to ensure that our employees and any other applicable stakeholders operate in a safe manner and that all our premises allow for safe operations with minimal risks. iLOQ does not implement an occupational health and safety management system, but we actively strive to be a responsible employer and continuously develop our operations to prevent accidents or illnesses. We take comprehensive actions on the prevention and mitigation of occupational health and safety implications deriving from our business relations such as providing health and safety trainings to all external workers operating in our premises or auditing our suppliers to ensure materials are safe to work with. The management of health and safety issues includes complying with the legal requirements set by appropriate local legislation as well as health and safety cooperation within the iLOQ 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. We conduct regular health and safety inspections and internal audits e.g. 6S inspections within our major locations as well non-regular check-ups for ergonomics or changed equipment if necessary to constantly identify work-related hazards and assess potential risks. The findings

of our inspections or internal audits as well as any reported deviations are reviewed regularly and followed in our internal deviation tool by trained internal auditors and the appropriate responsible personnel. We ensure the quality of our risk management process through compliance to management systems and support developing the competencies of the organization as a whole in identifying work related risks and creating a safe working environment.

Our employees always have the right to stop work if they assess that working conditions are not safe or may cause injury and ill health. We encourage all our employees to actively report any incidents and near misses to their immediate supervisors and our internal deviation tool in order to start actions in remedying the situation and documenting the case for investigation. Our personnel is protected from any reprisals from reporting on work related hazards or stopping work due to work related hazards as we prioritize safety in our actions above all. We continuously try to improve our employees' safety awareness through organized trainings and e-learning courses that include topics such as office emergency & safety procedures, ergonomics and wellbeing.

Occupational health services are organized in our operating countries in line with local legislative requirements, for

example through occupational healthcare services or health insurances. We support and facilitate our personnels access to these through internal communications and co-operation with the service providers. Our quality accredited occupational healthcare partner works in close co-operation to identify and eliminate hazards and risks in our operations through steering group meetings and reporting. In Finland the occupational health and safety committee jointly represents the employer and all personnel groups within the country through electives, and they regularly address issues, conduct investigations, and develop procedures related to occupational safety and workplace wellbeing. iLOQ promotes healthy lives by providing all its personnel access to the voluntary mental health service Auntie and by organizing internal events to ensure comprehensive care on wellbeing and mental-health.

iLOQ has determined the use of chemicals as a work-related hazard that poses a risk of high-consequence injury. Use of chemicals did not cause or contribute to high-consequence injuries during the 2022 reporting period. iLOQ's current mitigation actions include using material safety data sheets, compliance to external obligations, using approved chemicals and conducting regular exposure evaluations.

# Learning and Development

At iLOQ we aim to create an environment where all of our employees thrive in their roles and develop their personal capabilities as part of our growth journey. The foundation of our Learning and Development activities is recognizing key strategic capabilities to develop as our business landscape changes and our strategy evolves. Identifying development areas starts from our strategy but also involves engaging with our employees as they are the experts of their own work. This way we empower our employees to take actions towards their personal growth.

We continue to support learning and development initiatives such as work rotation and career advancement, public projects, learning from colleagues, independent studying and formal trainings at a global level at iLOQ. We offer a variety of online trainings to our personnel through our e-learning platform, iLOQ Academy. In 2022, in addition to our internal provided trainings we also began offering language courses to all our global personnel through Lingoda learning software.

## Ensuring performance and career development

An integral part of iLOQ's culture and our personnel's development is our Development Discussion process which is a comprehensive performance and development review and is conducted with iLOQ employees regardless of location or position during January-February. During 2022, 91.8% of our personnel took part in a Development Discussion. The Development Discussion process serves as a common framework throughout iLOQ in which employee wellbeing, successes, feedback, development and performance goals are acknowledged and discussed during the start of the year. In addition, iLOQ provides career coaching as a transition assistance program.

### Percentage of employees receiving regular performance and career development reviews

	Supervisors	Employees
Female	88.9%	100%
Male	85.3%	91.8%

## Case: Launching our e-learning training on sustainability

One of our 2022 ESG achievements was our internal launch of a new e-learning training with the objective to raise awareness on sustainability and our ESG programs to our personnel. The spark for the training came from our engagement with our personnel and the recognized gaps in understanding challenging ESG topics. The training was launched to the whole personnel and integrated to our onboarding process.

By the end 2022, 76% of our global personnel had completed the training. Our next steps are to expand our sustainability trainings to also include our external stakeholders such as partners. Understanding the core topics of ESG and our own ambitions and programs at a global level is key to achieving our objectives together. Building our sustainability related capabilities is a joint effort and requires commitment from the whole organization.

# Personnel data

## Total number and rate of new employees by age

	New hires	New hire rate, %
Under 30	9 (7)	13.2 (12.1)
30-50	45 (43)	66.2 (74.1)
Over 50	14 (8)	20.6 (13.8)
Total	68 (58)	100 (100)

## Total number and rate of employee turnover by age

	Number of leavers	Turnover Rate, %
Under 30	0 (1)	0 (7.1)
30-50	6 (7)	55.6 (50.0)
Over 50	5 (6)	44.4 (42.9)
Total	11 (14)	100 (100)

## Total number and rate of new employees by region

	New hires	New hire rate, %
Europe	67 (56)	98.5 (96.6)
North America	1 (1)	1.5 (1.7)
Asia-Pacific	0 (1)	0 (1.7)
Total	68 (58)	100 (100)

## Total number and rate of employee turnover by region

	Number of leavers	Turnover Rate, %
Europe	11 (14)	100 (100)
North America	0 (0)	0.0 (0.0)
Asia	0 (0)	0.0 (0.0)
Total	11 (14)	100 (100)

## Total number and rate of new employees by gender

	New hires	New hire rate, %
Female	15 (11)	22.1 (19.0)
Male	53 (47)	77.9 (81.0)
Total	68 (58)	100 (100)

## Total number and rate of employee turnover by gender

	Number of leavers	Turnover Rate, %
Female	2 (1)	18.2 (7.1)
Male	9 (13)	81.8 (92.9)
Total	11 (14)	100 (100)



**Number of employees by  
employment contract and gender**

	Regular	Fixed term	Total
Female	56 (43)	3 (0)	59 (43)
Male	216 (178)	5 (3)	221 (181)
Total	272 (221)	8 (3)	280 (224)

**Number of employees by  
employment contract and region**

	Regular	Fixed term	Total
Europe	268 (218)	8 (3)	276 (221)
North America	3 (2)	0 (0)	3 (2)
Asia	1 (1)	0 (0)	1 (1)
Total	272 (221)	8 (3)	280 (224)

**Number of employees by work time and gender**

	Full time	Part time	Total
Female	55 (43)	4 (0)	59 (43)
Male	218 (179)	3 (2)	221 (181)
Total	273	7 (2)	280 (224)

**Total number of employees that were  
entitled to parental leave, by gender**

	2022
Female	59
Male	221
Total	280

**Total number of employees that  
took parental leave, by gender**

	2022
Female	0
Male	10
Total	10

**Total number of employees that  
returned to work in the reporting period  
after parental leave ended, by gender**

	2022
Female	N/A
Male	10
Total	10

**Return to work and retention rates of  
employees that took parental leave, by gender.**

	Return to Work Rate
Female	N/A
Male	100

**Ratio of basic salary and remuneration  
of women to men**

	Managers	Employees
Ratio in %	95.2	99.5

# Diversity of governance bodies and employees

## Management team by gender and age in %

	Female	Male	Total
Under 30	0 (0)	0 (0)	0 (0)
30–50	30.0 (11.1)	20.0 (22.2)	50.0 (33.3)
Over 50	10.0 (0)	40.0 (66.7)	50.0 (66.7)
Total	40.0 (11.1)	60.0 (88.9)	100 (100)

## Supervisors by gender and age in %

	Female	Male	Total
Under 30	0 (0)	2.2 (2.6)	2.2 (2.6)
30–50	21.7 (10.5)	39.1 (42.1)	60.9 (52.6)
Over 50	2.2 (5.3)	35.0 (39.5)	37.0 (44.8)
Total	23.9 (14.8)	76.1 (84.2)	100 (100)

## Employees by employee group and gender in %

	Sales	Operative	R&D	Admin	Marketing	Total
Female	2.5 (3.1)	9.6 (10.3)	3.2 (0.9)	3.6 (3.1)	2.1 (1.8)	21.1 (19.2)
Male	38.6 (39.3)	15.0 (14.7)	23.6 (21.9)	1.1 (2.2)	0.7 (2.7)	78.9 (80.8)
Total	41.1 (42.4)	24.6 (25.0)	26.8 (22.8)	4.6 (5.4)	2.9 (4.5)	100 (100)

## Employees by employee group and age in %

	Sales	Operative	R&D	Admin	Marketing	Total
Under 30	2.5 (2.2)	3.9 (4.5)	2.9 (2.2)	0.4 (0.4)	0.4 (0)	10.0 (9.4)
30–50	27.5 (29.5)	15.4 (16.5)	18.2 (14.7)	3.2 (3.6)	1.8 (3.6)	66.1 (67.9)
Over 50	11.1 (10.7)	5.4 (4.0)	5.7 (5.8)	1.1 (1.3)	0.7 (0.9)	23.9 (22.8)
Total	41.1 (42.4)	24.6 (25.0)	26.8 (22.8)	4.6 (5.4)	2.9 (4.5)	100 (100)



Work related injuries	2021	2022
LTAF	0	0
Number of fatalities	0	0
Rate of fatalities	0	0
Number of high-consequence work-related injuries	0	0
Rate of high-consequence work-related injuries	0	0
Number of recordable work-related injuries	3	3
Rate of recordable work-related injuries*	1.7	1.2
The number of hours worked	350 000	500 000

**Training and (Communication) percentage on anti-corruption by region and employee category**

	Supervisors	Employees
Europe	88.9 (100)	85.3 (100)
North America	100 (100)	50 (100)
Asia	N/A	0 (100)

Total personnel trained on anti-corruption during 2022: 239/280 (86%).  
Total personnel communicated on anti-corruption during 2022: 280/280 (100%)

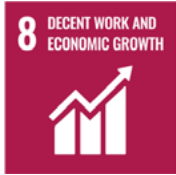
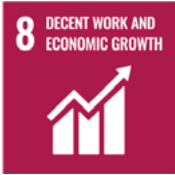











**Approach to stakeholder engagement**

We assess the type of partners and other stakeholders involved and the type of legal obligations needed to be considered in regard to those stakeholders in question, for example through environmental and/or social impact assessments or licensing processes. We define the appropriate cooperation methods and prioritise the issues to be addressed in each case, as needed. If a iLOQ partner has not complied with relevant and agreed sustainability- or disclosure requirements or good governance practices, we will intervene and seek solutions with the partner where appropriate and possible. We assess the type of partners and other stakeholders involved and the type of legal obligations needed to be considered in regard to those stakeholders in question, for example through environmental and/or social impact assessments or licensing processes. We define the appropriate cooperation methods and prioritise the issues to be addressed in each case, as needed. If a iLOQ partner has not complied with relevant and agreed sustainability- or disclosure requirements or good governance practices, we will intervene and seek solutions with the partner where appropriate and possible.



# Interested parties

	Engagement approach	Actions and response 2022
<b>Personnel/employee</b>	Our employee engagement is critical as our employees are in the heart of our business. We engage our employees comprehensively to retain, develop and build an inclusive workplace. We believe that employees who are engaged support our ability to reach our business objectives.	Our employee engagement actions include: Signi Employee satisfaction survey, active internal communications and frequent leadership team meetings available to the entire staff, development discussion, internal and external trainings and our comprehensive onboarding process.
<b>Customers: partners and end users</b>	We work closely with our extensive global partner network consisting of over 1600 partner locations worldwide with partner program, partner portal, e-learning platforms, events and regular partner days. We have industry leading NPS scores at end customer and partners varying between 50-60 (or should we say the numbers 2022: 49 and 61).	Sustainability race for partners (take a picture of your daily actions related to sustainability, iLOQ may publish it in <a href="http://www.iloq.com">www.iloq.com</a> ), sustainability training, new sustainability questions in annual customer and partner survey, sustainability one pager for sales.
<b>Suppliers: manufacturing partners, component and material suppliers, service providers</b>	We engage with our partners through collaboration model base on created supplier levelling and supplier quality requirements. Supplier collaboration model includes regular meetings, continual monitoring and quality governance including supplier evaluation and handling of nonconformities.	Supplier quality requirements have been included to iLOQ requirements on environmental and ethical matters including Code of Conduct. Supplier quality requirements has been reviewed and updated. For example supplier levelling has been updated, audit governance created and clear targets of supplier performance have been set. All updated requirements are linked via supplier audit process and all new suppliers are audited with updated requirements, main suppliers are audited every 3rd months.
<b>Shareholders and Financial partners e.g. investors, Business Finland, banks (e.g. Bond), insurance and pension companies, external finance services, collection agency and auditors</b>	Expanding business, sustainable growth and value creation. Reporting of market environment and competitive situation, objectives, reporting, strategy and financial position	Maintaining an open and continuous dialogue enables us to collaborate efficiently and helps us create a more predictable business environment for all parties listed here.
<b>Environmental organizations (e.g. CDP and Ecovadis)</b>	iLOQ engagement includes partnerships, memberships and ongoing dialogue.	Participating and committing to the spesific environmental reporting programs.
<b>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</b>	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.
<b>Society and authorities, e.g. complying with legal obligations</b>	Compliance with laws and regulations, local standards, iLOQ's local ethical guidelines and Code of Conduct	We continue to be fully committed to the laws, regulations and ethical quidelines of the countries where we operate and contiinue to build our awareness on these.
<b>Media</b>	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 in <a href="https://www.iloq.com/en/sustainability/">https://www.iloq.com/en/sustainability/</a>

  							 			 
Human Experience			Risk management and information security		Sustainable products				Environmental awareness	
Employee attraction & retention	Equity, Inclusivity & Diversity	Employee health & safety	Information security	Systemic Risk management	Green Product innovation	Safe and secure products	Digitalization	Circular business model	GHG reporting & targets	Supply chain transparency
401: Employment	405: Diversity and Equal Opportunity	403: Occupational Health and Safety	418: Customer Privacy	500 Other topics not in GRI standards	301: Materials	418: Customer Privacy	500 Other topics not in GRI standards	301: Materials	305: Emissions	205: Anti-corruption
404: Training and Education	406-1 Incidents of discrimination and corrective actions taken	406-1 Incidents of discrimination and corrective actions taken			500 Other topics not in GRI standards			302: Energy	302: Energy	302: Energy
406-1 Incidents of discrimination and corrective actions taken								306: Waste		305: Emissions
								500 Other topics not in GRI standards		308: Supplier Environmental Assessment
										414: Supplier Social Assessment

# GRI Content Index General disclosures

	General disclosures	Location/ additional information	Omissions	Assured
Organizational profile	2-1 Organizational details	p. 4, 5, iLOQ Group, <a href="http://www.iloq.com">www.iloq.com</a> , <a href="http://www.iloq.com/en/investors">www.iloq.com/en/investors</a>		
	2-2 Entities included in the organization's sustainability reporting	p. 13		
	2-3 Reporting period, frequency and contact point	p. 13, 55, iLOQ Oy headquarter is located in Oulu, Finland.		
	2-4 Restatements of information	The turnover rate calculation has been changed from the 2021 sustainability report to only consider the ratios among leaving employees not the entire organization.		
	2-5 External assurance	p. 22		
	2-6 Activities, value chain and other business relationships	p. 4-6, 26-28		
	2-7 Employees	p. 38-39 b) iLOQ does not employ non-guaranteed hours employees. c) Headcount at the end of the reporting period.		
	2-8 Workers who are not employees	p. 38 b) Headcount at the end of the reporting period. c) There were no significant fluctuations in the number of workers who are not employees during the reporting period.		
	2-9 Governance structure and composition	p. 15-18 No representatives of under-represented social groups have been identified on iLOQ's Board of Directors.		
	2-10 Nomination and selection of the highest governance body	p. 15		
	2-11 Chair of the highest governance body	p. 15		



	General disclosures	Location/ additional information	Omissions	Assured
Organizational profile	2-12 Role of the highest governance body in overseeing the management of impacts	p. 16		
	2-13 Delegation of responsibility for managing impacts	p. 19		
	2-14 Role of the highest governance body in sustainability reporting	p. 19		
	2-15 Conflicts of interest	<a href="https://www.iloq.com/en/investors/">https://www.iloq.com/en/investors/</a>		
	2-16 Communication of critical concerns	p. 19, 39		
	2-17 Collective knowledge of the highest governance body	p. 19		
	2-18 Evaluation of the performance of the highest governance body	p. 15		
	2-19 Remuneration policies	p. 22		
	2-20 Process to determine remuneration	p. 17		
	2-21 Annual total compensation ratio	a) Annual total ratio is 3. c) Based on base salary in EUR.	2-21, b) Information unavailable, No comparable data available from 2021. Will be available will be built for 2024 reporting	
	2-22 Statement on sustainable development strategy	p. 10		
	2-23 Policy commitments	p. 15, <a href="https://codeofconduct.iloq.com/">https://codeofconduct.iloq.com/</a> , <a href="http://www.iloq.com/en/sustainability/governance">www.iloq.com/en/sustainability/governance</a>		
	2-24 Embedding policy commitments	p. 15, <a href="https://codeofconduct.iloq.com/">https://codeofconduct.iloq.com/</a> , <a href="http://www.iloq.com/en/sustainability/governance">www.iloq.com/en/sustainability/governance</a>		
	2-25 Processes to remediate negative impacts	p. 21		
	2-26 Mechanisms for seeking advice and raising concerns	p. 19		
	2-27 Compliance with laws and regulations	p. 21 d) Significant instances of non-compliance break our code of conduct or applicable policies.		

	General disclosures	Location/ additional information	Omissions	Assured
<b>Organizational profile</b>	2-28 Membership associations	iLOQ is member of Chamber of Commerce Oulu, Finnsecurity Ry, Ecovadis, CDP, FIBS, HENRY – Finnish Association for Human Resource Management, Sesko electrotechnical standards in Finland, Pohjois-Suomen Kiinteistöyhdistys Association, The Enterprise Protection Association (EPA), Suomen Yrittäjät Association, SELT association, NFC Forum Inc., FinnSecurity Association, Technology Industries of Finland's, Suomen Sairaalektiikan yhdistys Association, Keski-Uudenmaan Isännöitsijät Association, Lukkoseppämestarikilta Association and Suomen Turvaurakoitsijaliitto Association.		
	2-29 Approach to stakeholder engagement	p. 46		
	2-30 Collective bargaining agreements	p. 39 d) Significant instances of non-compliance break our code of conduct or applicable policies.		
<b>Material topics</b>	3-1 Process to Determine Material topics	p. 23		x
	3-2 List of material topics	p. 23		x
	3-3 Management of material topics	p. 47		x
<b>205 Anti-corruption</b>	3-3 Management of material topics	p. 47, iLOQ Code of conduct		x
	205-1 Operations assessed for risks related to corruption		205-1, a, b) Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
	205-2 Communication and training about anti-corruption policies and procedures	p. 45	205-2, a,c,d) Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
	205-3 Confirmed incidents of corruption and actions taken	p. 19 a-d) 0		x

	General disclosures	Location/ additional information	Omissions	Assured
<b>301 Materials</b>	3-3 Management of material topics	p. 30, 47		x
	301-1 Materials used by weight or volume	a) iLOQ numbers can be retrieved approx. during 2023 from ERP system. Supply chain material usage during 2024 once supplier questionnaires fixed	301-1 All information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting.	
	301-2 Recycled input materials used		301-2 All information unavailable. There is currently no capability and data to report on this but capability will be built for 2025 reporting	
	301-3 Reclaimed products and their packaging materials		301-3 Not calculated during the reporting period. Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
<b>302 Energy</b>	3-3 Management of material topics	p. 27, 47		x
	302-1 Energy consumption within the organization	p. 27, 28		x
	302-2 Energy consumption outside of the organization		302-2 Not calculated during the reporting period. Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
<b>305 Emissions</b>	3-3 Management of material topics	p. 27, 47		x
	305-1 Direct (Scope 1) GHG emissions	p. 27		x
	305-2 Energy indirect (Scope 2) GHG	p. 27	305-2 e) Information unavailable, calculation not done. There is currently no capability to report on this but capability will be built for 2024 reporting	x
	305-3 Other indirect (Scope 3) GHG emissions	p. 27		x
	305-4 GHG emissions intensity	p. 27	305-4 c, d, f) Information unavailable, calculation not done. There is currently no capability to report on this but capability will be built for 2024 reporting	x
	305-5 Reduction of GHG emissions		305-5 Information unavailable, reduction plan not done. There is currently no capability to report on this but capability will be built for 2024 reporting	



	General disclosures	Location/ additional information	Omissions	Assured
<b>308 Supplier Environmental Assessment</b>	3-3 Management of material topics	p. 33, 47		x
	308-1 New suppliers that were screened using environmental criteria		Information unavailable. Supplier Evaluation and Selection process include ESG topics, but we haven't yet implemented official data collection methods to report the number of suppliers, will be revised in 2024	
	308-2 Negative environmental impacts in the supply chain and actions taken		Information unavailable. More refined impact analysis to be carried out during 2023 with Supply chain partners, will be revised in 2024	
<b>401 Employment</b>	3-3 Management of material topics	p. 32, 47		x
	401-1 New employee hires and employee turnover	p. 42 a) Reporting on permanent contract employees only b) Reporting on voluntary turnover for permanent contract employees		x
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	p. 39 b) Significant location of operation: Finland		x
	401-3 Parental leave	p. 43	d) Information unavailable, There is currently no capability and data to report on this but capability will be built for 2024 reporting e) Information unavailable, No capability to report "Retention Rate" currently, data unavailable. Capability will be built for 2024 reporting	x

	General disclosures	Location/ additional information	Omissions	Assured
<b>403 Occupational health &amp; safety</b>	3-3 Management of material topics	p. 38, 47		x
	403-1 Occupational health and safety management system		No certified management system in place, will be revised in 2025	
	403-2 Hazard identification, risk assessment, and incident investigation	p. 40		x
	403-3 Occupational health services	p. 40		x
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 40	.	x
	403-5 Worker training on occupational health and safety	p. 40		x
	403-6 Promotion of worker health	p. 40		x
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 40		x

	General disclosures	Location/ additional information	Omissions	Assured
	403-8 Workers covered by an occupational health and safety management system		403-8 Information unavailable. There is currently no certified health and safety management system on place, will be revised in 2025	
	403-9 Work-related injuries	p. 40, 45 a) Main types of injuries: product assembly b) Reported jointly with section e) Rate per 200 000 hours worked f) Does not include independent contractors		x
	403-10 Work-related ill health		403-10 Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
<b>404 Training &amp; Education</b>	3-3 Management of material topics	p. 41		x
	404-1 Average hours of training per year per employee		404-1 Information unavailable. There is currently no capability and reliable data to report on this but capability will be built for 2024 reporting	
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 41		x
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 41 a) Information not available for those not employed during development discussion period (Jan/Feb).		x



	General disclosures	Location/additional information	Omissions	Assured
<b>405 Diversity &amp; Equal opportunity</b>	3-3 Management of material topics	p. 39		x
	405-1 Diversity of governance bodies and employees	p. 44		x
	405-2 Ratio of basic salary and remuneration of women to men	p. 43 a) Full time employees b) Significant location of operation: Finland		x
<b>406 Non-discrimination</b>	3-3 Management of material topics	p. 19, 39		x
	406-1 Incidents of discrimination and corrective actions taken	p. 39		x
<b>407 Freedom of Association and Collective</b>	3-3 Management of material topics	p. 47		x
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		407-1 Information unavailable. There is currently no capability and data to report on this but capability will be built for 2025 reporting	
<b>414 Supplier Social assessment</b>	3-3 Management of material topics	p. 47		x
	414-1 New suppliers that were screened using social criteria		414-1 Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
	414-2 Negative social impacts in the supply chain and actions taken		414-2 a) Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
<b>418 Customer Privacy</b>	3-3 Management of material topics	p. 47		x
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 21 No complaints		x

# Independent Limited Assurance Report to the Management of iLOQ Group

## Scope of Engagement

iLOQ Group ("iLOQ Oy") commissioned DNV Business Assurance Finland Oy Ab ("DNV") to conduct a limited assurance engagement over selected sustainability disclosures presented in iLOQ Oy Sustainability Report 2022 (the "Report") for the period 1st January to 31st of December 2022.

## Scope of work

The scope and boundary of our work is restricted to the Universal and Topic specific GRI Standards disclosures (the "Selected Information"). The location of the Selected Information in the Report is specified in the "GRI Content Index".

To assess the Selected Information, which includes an assessment of the risk of material misstatements in the Report, we have used GRI Sustainability Reporting Standards (GRI Standards) (the "Criteria").

We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the report and/or on iLOQ Oy's website for the current reporting period.

## Our conclusions

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Report and is to be read in the context of this Assurance Report, in particular the inherent limitations explained below.

## Standard and level of assurance

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance

with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, 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.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less detailed than those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced, but not reduced completely.

## Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Report; our work included, but was not restricted to:

- Assessing the appropriateness of the Criteria for the Selected Information;
- Conducting one on-site and two remote audits for review the processes and systems for preparing site-level data consolidated at the Head Office. The on-site visit was conducted at:
  - Oulu, Finland
- Conducting an interview with iLOQ Oy's management to obtain an understanding of the data management systems and processes used to generate, aggregate and report the Selected Information;
- Conducting two data owner interviews to assess the procedures for gathering, consolidating and reporting data for material topics in the Report, concentrating on data regarding environmental and social disclosures;
- Reviewing data at source and following this through to consolidated Group data;
- Reviewing whether the evidence, measurements, and scope of the Selected Information is prepared in accordance with the Criteria;

- Reviewing the Report and narrative accompanying the Selected Information in the Report with regard to the Criteria;
- Closing out reported non-compliances and observations.

## Inherent limitations

Our assurance relies on the premise that the data and information provided by iLOQ Oy to us as part of our review procedures have been provided in good faith. Because of the selective nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities may not have been detected. The selection of different but acceptable measurement techniques may result in materially different measurements.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Report.



## Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and – where applicable – others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals, whose members have not been involved in the development of any of the Criteria. Our team consisted of professionals with sustainability report assurance experience.

## Responsibilities of the Management of iLOQ Oy and DNV

The Management of ILOQ Oy have sole responsibility for:

- Preparing and presenting the Report in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Report that is free from material misstatements;
- Measuring and reporting the Report based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Report has been prepared in accordance with the Criteria and to report to iLOQ Oy in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

**For and on behalf of DNV Business Assurance  
Finland Oy Ab**

**Høvik, Norway**

**29th June, 2023**

**Catharina Torp**

Lead Auditor  
DNV Business Assurance  
Norway AS

**Edwin Aalders**

Principal Scientist  
DNV AS

DNV Business Assurance Finland Oy Ab is part of DNV Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)

# Contacts



## Environment

### **Erja Sankari**

Chief Operating Officer  
Tel. +358 (0) 44 435 2382  
erja.sankari@iloq.com



## Social

### **Minna Tuomikoski**

Chief Human Resources Officer  
Tel. +358 (0) 40 3170 276  
minna.tuomikoski@iloq.com



## Governance

### **Timo Pirskanen**

Chief Financial Officer (CFO)  
Tel. +358 (0)44 435 2329  
timo.pirskanen@iloq.com

## 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](http://www.iLOQ.com)

---

The logo for iLOQ, featuring the lowercase letter 'i' followed by the uppercase letters 'L', 'O', and 'Q'. The 'L' and 'O' are solid, while the 'Q' has a stylized, open design with a small gap at the bottom right.

iLOQ

Life made limitless.