



LEADER OF THE REGENERATIVE SOCIETY

Annual review 2021
Lassila & Tikanoja Plc



Lassila & Tikanoja Annual report 2021 contains two reviews: Annual review 2021 and Financial review 2021.

The Annual review contains a summary of L&T's business operations, strategy and value creation, and sustainability efforts. The sustainability section is formed based on GRI Standards' reporting principles Core level, and it describes L&T's sustainability efforts and achievements in more detail.

The Financial review contains the report by the Board of Directors, corporate governance statement, remuneration statement and the financial statement.

You can download the reports below.



Annual review 2021



Financial review 2021



Corporate Governance Statement 2021



Remuneration Report 2021

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L&T in brief

Lassila & Tikanoja is a Finnish service company established in 1905 that is making the circular economy a reality. Together with our customers, we keep materials and properties in productive use for as long as possible and increase the efficiency of the use of raw materials and energy. By investing in sustainable circular economy solutions, we create value for our customers, personnel, the society in general and our shareholders.

Sustainability is an integral element of our strategy, business and day-to-day work. Our objective is to grow our carbon handprint, which refers to the positive climate impact of our operations. We bear social responsibility by

looking after the work ability of our personnel, promoting diversity in working life, and offering jobs to those who are struggling to find employment. We ensure the compliance of our operations by adhering to our Code of Conduct.

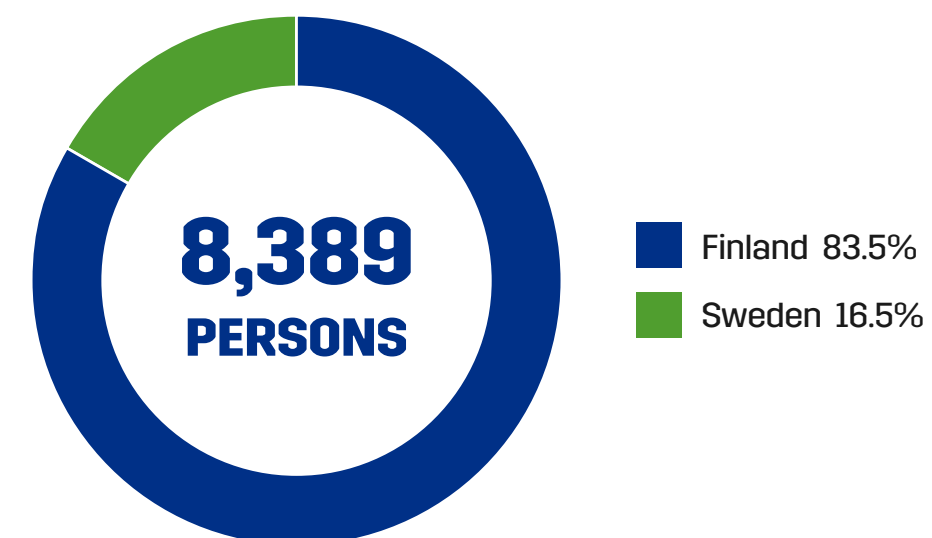
L&T's business operations are divided into four divisions: Environmental Services, Industrial Services, Facility Services Finland and Facility Services Sweden. L&T operates in Finland and Sweden.

Our net sales in 2021 amounted to EUR 812.5 million, and we employed 8,389 circular economy professionals. L&T is listed on Nasdaq Helsinki and had 20,732 shareholders at the end of the period under review.

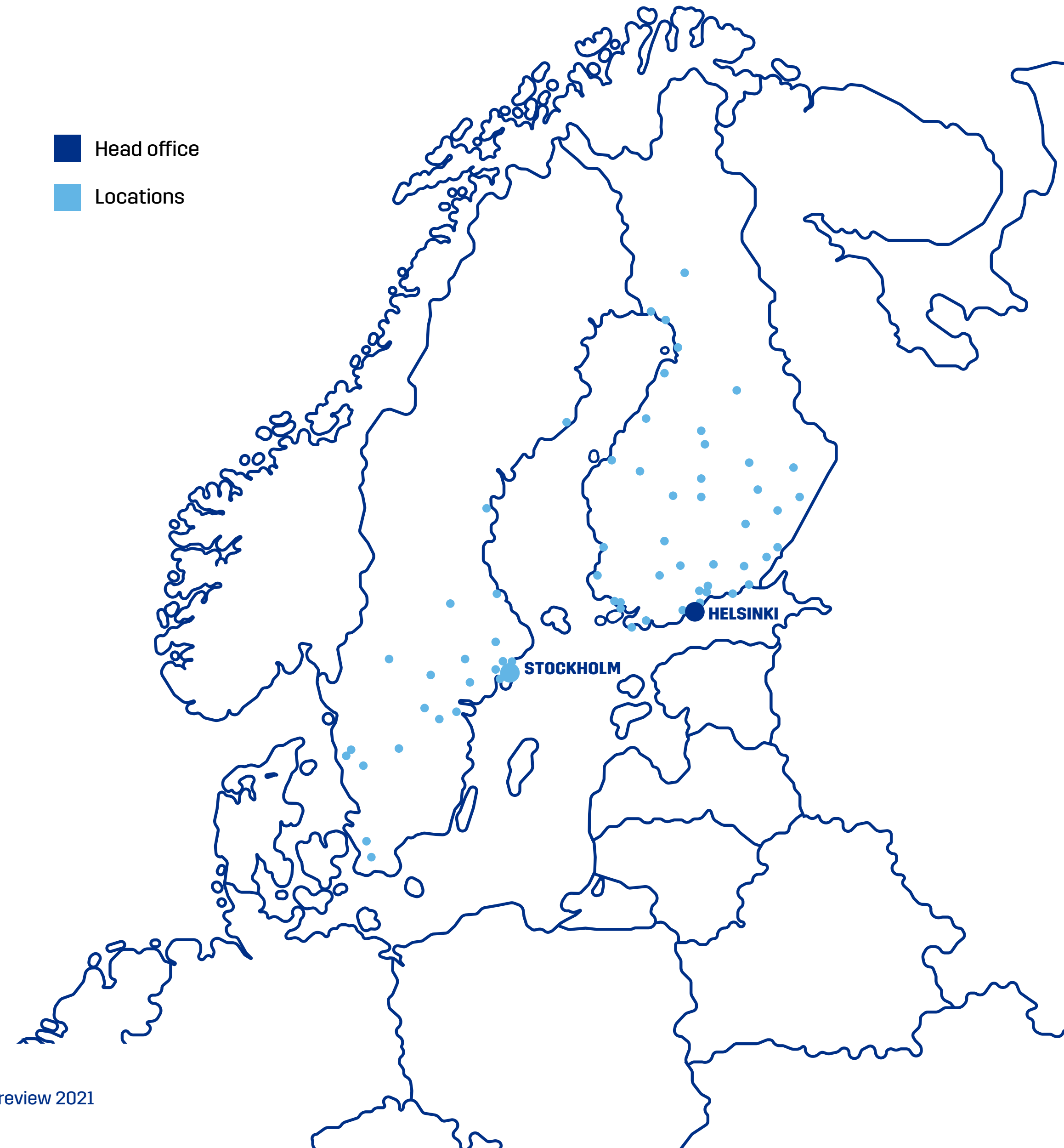
Net sales by division



Personnel by country



■ Head office
 ■ Locations



CEO'S REVIEW

Growth as the markets recovered

The year 2021 was still heavily characterised by the COVID-19 pandemic, and there were many uncertainties in our business environment. In spite of the exceptional circumstances, we achieved most of our non-financial targets, and our net sales increased by 8 per cent, which we can be fairly satisfied with.

Market recovery drove our growth

The markets began to recover in early 2021, and service demand was strong across all services compared to the pandemic-influenced months of the previous year. Customers' restriction measures to limit the spread of COVID-19 had a negative impact on a few segments, but the overall effect of the restrictions was substantially smaller than in the previous year.

Production operations went normally in continuous services, but production planning was challenging in one-off work and project work. Annual maintenance breaks in the industrial sector largely took place over a small number of months, which increased production costs due to the increased use of subcontracting.

I am particularly pleased to note that all of our businesses achieved organic growth. Our growth was also accelerated by three strategic acquisitions that strengthened our market position in the segments in question.

Our strong growth was also reflected in our financial results, with all of our businesses except Facility Services Finland improving their result. The Industrial Services division, in particular, had an excellent level of profit performance. There were major challenges in Finland in property maintenance and technical services throughout the year. In response to this, we simplified and streamlined the structure in the fourth quarter to create the conditions for profitable business development.

At the heart of the green transition

During 2021, we reviewed our strategy in relation to changes in the operating environment. The ongoing green transition strongly supports our business. The circular economy plays an increasingly critical role in combatting climate change and biodiversity loss. We identified lots of growth opportunities in both the materials business and the built environment. The circular economy and the sustainable business solutions that support it are increasingly at the core of Lassila & Tikanoja's strategy.

Strong stakeholder support for our operations

Strong stakeholder support is one of the cornerstones of L&T's strategy implementation. We actively seek feed-



back from our key stakeholders and steer our operations accordingly. Reputation surveys conducted among the general public and other stakeholders, as well as our customer and personnel surveys, indicated strong support for our operations.

The surveys also highlighted areas for improvement, which have been taken into account in the Group's strategy and annual planning. We set highly ambitious long-term targets for our customer experience and employee experience.

Sustainability is integrated into everything we do

Last year, we took significant steps forward in the development of sustainability. The role of the Board's Personnel Committee was expanded to include sustainability-related matters, and we began to report on sustainability on a quarterly basis alongside our financial results. The same integrated approach was applied to setting our targets for 2022. I am pleased with this development and the manner in which our employees in all parts of the organisation have committed to developing sustainability in their work. Sustainability is increasingly integrated into our leadership, reporting and remuneration. Most importantly, however, it is integrated into the work we do with our customers.

When it comes to sustainability, we focus on impact. Through our solutions, we help our customers achieve their sustainability targets and make a course correction towards a more sustainable future.

Eero Hautaniemi
President and CEO

We support the UN Global Compact initiative

Lassila & Tikanoja adheres to the principles of the UN Global Compact initiative. "We are committed to operating responsibly, and we engage in active co-operation with our stakeholders to build a more sustainable future," says Eero Hautaniemi, President and CEO of Lassila & Tikanoja plc.



STRATEGY AND VALUE CREATION

- 6 Strategy and value creation
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L&T's strategy: We create more value with the circular economy

Lassila & Tikanoja creates solutions for mitigating climate change and biodiversity loss, and promotes the transition to a sustainable economy.

We make the circular economy a reality and help our customers achieve their sustainability goals. We reviewed and updated our strategy in autumn 2021. Our strategy, "Leader of the regenerative society", will guide our operations during the 2022–2026 strategy period.

L&T's mission is to make the circular economy a reality. All of our businesses build future sustainable growth based on the circular economy and the opportunities it brings.

- **Environmental Services** recycles our customers' materials with the highest possible refining rate.
- **Industrial Services** recovers industrial waste and side streams and takes care of the maintenance of industrial processes.
- **Facility Services** improves the value of our customers' properties and aims for the continuous improvement of energy efficiency, supporting the circular economy principle.

Our goal is to be the leader of the regenerative society. We want to provide our customers with circular economy and sustainability expertise combined with the capacity to put plans into action at a practical level.

Climate change mitigation and the growth of cities create opportunities

Climate change and biodiversity loss are megatrends that create business opportunities for L&T.

Mitigating climate change and biodiversity loss requires circular economy actions from society, businesses and individuals. Businesses need responsible partners in the transition to a circular economy and to improve the energy efficiency of properties.

The growth of cities continues, and the expectations concerning the built environment are increasing, which creates demand for our services. Properties are expected to have long life spans, and changes in needs and building use over the years need to be taken into account in maintenance and new construction.

Growth in our core businesses

During the strategy period 2022–2026, L&T seeks growth in its core businesses by strengthening its market share. We want to be the best sustainability partner for our customers and an excellent workplace for the best experts in our field. We seek cost efficiency by investing in the renewal of operating models.

Long-term goals

	Target 2024	Outcome 2021
Net Promoter Score	NPS > 25	All divisions achieved the target*
Employee recommendation rate, %	> 80%	82%
Carbon footprint intensity	-50% per kilometre driven by 2030, compared to 2018	771 gCO ₂ -eq.** Reduced by 19% compared to 2018
Carbon handprint intensity	Grows faster than net sales	-17%***
Net sales	5%	8.1%
Return on invested capital	15%	10.8%
Gearing	less than 125%	79.4%

* The Net Promoter Score (NPS) is determined by asking the customers who decide on agreements or orders how likely they would be to recommend Lassila & Tikanoja to a friend or colleague (on a scale of 0–10). The NPS index is calculated by deducting the share of critics (scores 0–6) from the share of promoters (scores 9–10).

** Carbon footprint intensity of our own operations: Scope 1 and 2 emissions' relation to kilometres driven.

*** Carbon handprint intensity, i.e. the carbon handprint relative to net sales.

We create more value with the circular economy

By investing in the sustainable solutions of the circular economy, we are seeking increasing value for all our key stakeholders.

- **Value for customers:** Our strategy is to support our customers' sustainability, create excellent customer experiences and develop the best services in our industry. The value of the work we have done for our customers can be seen in, for example, an improved recycling rate, more efficient energy consumption or improved property user satisfaction. We continuously develop our services according to our customers' needs and regularly measure our success. Our goal is an excellent and continuously improving customer experience.
- **Value for personnel:** We take care of our personnel and offer meaningful work with competitive pay, as well as

opportunities for development. We want our employees to enjoy their work and go home in good health at the end of each day. This is how we pursue a better employee experience and an increase in our employee recommendation rate.

- **Value for society:** We create value for society by replacing fossil materials with renewable raw materials and by replacing virgin natural resources with recycled raw materials. Our goal is to continuously increase our carbon handprint, which refers to the positive climate impact of our operations. We also promote social responsibility by offering work to persons who have difficulties finding employment or are unable to work full days.
- **Value for shareholders:** We aim for rapid growth in our business operations, promoting sustainable development with our unique competence in the circular economy. We pursue organic growth and invest in the markets of the future.



WE MAKE CIRCULAR ECONOMY A REALITY

FOR THE CUSTOMERS

We support our customers' responsibility, create excellent customer experiences and develop the best services in our industry.

FOR THE EMPLOYEES

We take care of our personnel and provide them with meaningful work and opportunities for development.

FOR SOCIETY

We combat climate change, bring forward new solutions for the circular economy and promote social responsibility through employment.

FOR THE OWNERS

We aim for rapid growth in our business operations promoting sustainable development with our unique competence in the circular economy. In addition to pursuing organic growth, we invest in the markets of the future.

WE CREATE MORE VALUE WITH CIRCULAR ECONOMY

We increase our customers' properties value and user satisfaction

We recycle the materials of society

We utilize the side streams of industry and society

We improve energy efficiency



L&T's value creation in 2021

INPUTS

Our work input

- 8,389 L&T employees
- 13,6 million hours worked
- Investments in safety, work ability and well-being: MEUR 7.1
- Benefits paid from the sickness fund: MEUR 1.9
- Nearly 51,000 observations to improve safety
- Diversity in Finland: 91 nationalities

Our resources

- 914 heavy vehicles
- 52 recycling plants, terminals and transhipments stations
- 757,000 tonnes of customer materials collected
- 8,240 properties under maintenance (Finland)

Our financial input

- Shareholders' equity MEUR 210.4
- Interest-bearing liabilities MEUR 195.6
- Investments EUR 72.3

ACTIVITIES



- More than 50 000 companies and 120 000 households
- Containers emptied 13 million times
- 15 000 hectares of managed forests
- More than 916 000 maintenance actions in Finland
- Over 3 000 energy efficiency proposals

OUTPUTS

Healthy personnel

- Employee recommendation rate 82%
- Sickness-related absence rate 5.0% (Finland)
- Retirement age 63.9 years
- Health presentage 45% (Finland)
- 144 persons returned to working life
- Overall accident frequency (TRIF) 24*

Realising the circular economy

- Reuse and recycling rate of customer materials 58.4%
- More than 440,000 tonnes secondary raw materials
- 2.4 TWh of fossil energy replaced
- 39,000 tonnes of waste rendered non-hazardous
- Over 190,000 tonnes of soil and side streams delivered for material recycling

Profitable growth

- Net sales MEUR 812.5, growth 8.1%
- Salaries, fees and social security contributions paid MEUR 342.6
- Goods, services etc. purchased MEUR 377.6
- Dividends and capital repayment paid MEUR 15.2
- Investments into the development of business MEUR 71.8

IMPACTS

Mitigating climate change

- Carbon handprint of operations 1.1 million tonnes CO₂ (eq.)
- Carbon footprint intensity of our own operations 771 gCO₂ (eq.), -19.0% from base year (2018)

Social employment and prevention of marginalisation

- L&T's working ability team worked with 674 people in 2021

Improved service promoter score

- All divisions reach the strategic Net Promoter Score target (>25)

Increased well-being

- Added value created: MEUR 438.7
- Tax footprint: MEUR 179.4

*Number of accidents in relation to working hours.

Why invest in Lassila & Tikanoja

L&T has reinvented itself many times over the course of its history. Climate change, dwindling natural resources and growing sustainability requirements are taking this circular economy company towards a new path of growth.

Strong market position

L&T is a leading circular economy company that helps its customers keep materials and properties in productive use for as long as possible in Finland and Sweden. Our competitive advantage in all of our businesses is based on a strong presence in the various steps of the value chain of our customers' materials and constructed environment.

Global megatrends, such as climate change and increasingly scarce natural resources, are accelerating the transition to a circular economy, creating new opportunities for L&T's business and growth. The correction towards a sustainable economy in the coming years will result in radical changes in industrial engineering, energy systems and the way we use and consume resources. This development is expedited by tighter regulations and increasing sustainability requirements. The significance of recycled materials as industrial raw materials will increase. At present, less than 10 per cent of materials in the EU are reused.

A pioneer in the circular economy and a sustainability partner for customers

Compared to its competitors, L&T has a broader service offering, more extensive expertise and strong resources

to implement service solutions that promote the circular economy in various customer segments, from industry to households.

L&T's circular economy service solutions reduce carbon dioxide emissions. The emission reductions implemented by L&T for its customers in 2021 amounted to 1.1 million tCO₂e. The emissions of L&T's operations (Scope 1–3) represented only 5 per cent of this amount.

Some 56 per cent of L&T's services can be linked to the mitigation of, and adaptation to, climate change, in accordance with the EU Taxonomy.

Pursuing profitable growth

L&T pursues profitable growth of 5 per cent during the 2022–2026 strategy period. The growth is pursued both inorganically and through acquisitions.

All of our businesses build future growth driven by the circular economy and the opportunities it brings. L&T's financial position is stable and its working capital is managed well. The Group has a strong cash flow and balance sheet, which enables investments in growth and business development. We pay stable dividends to our shareholders. The economic cycle has little effect on the demand for L&T's services. There is a steady demand for professional waste management, cleaning and property services.



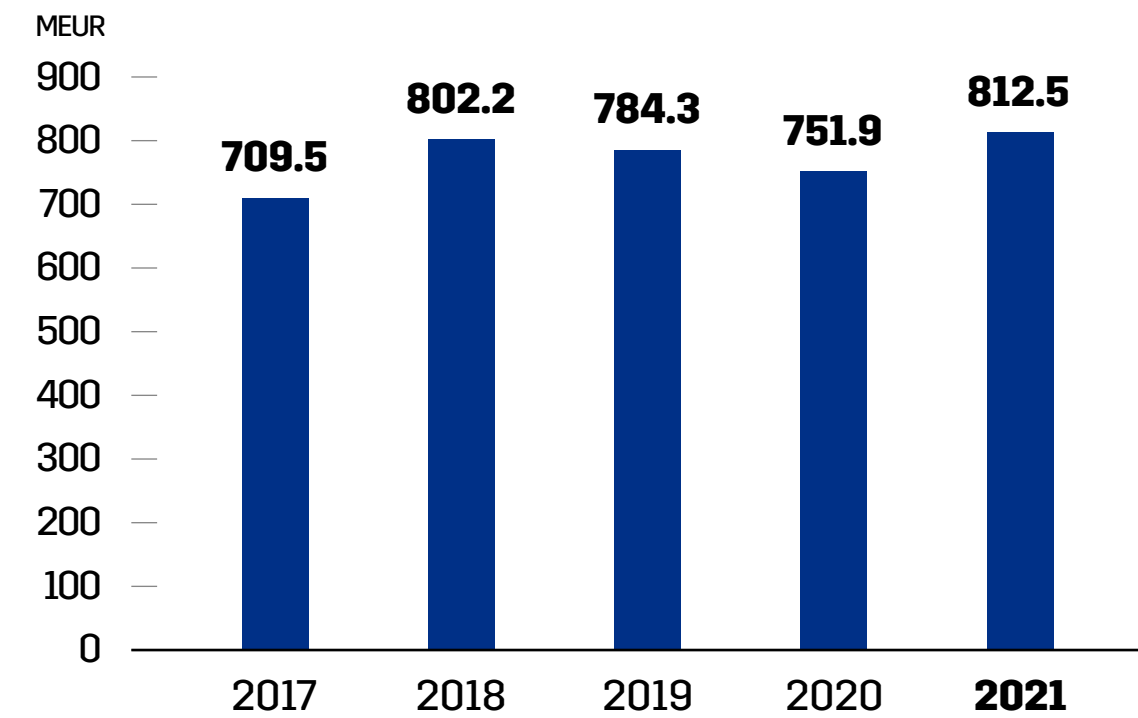
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2021 in figures

Net sales



Net sales by division



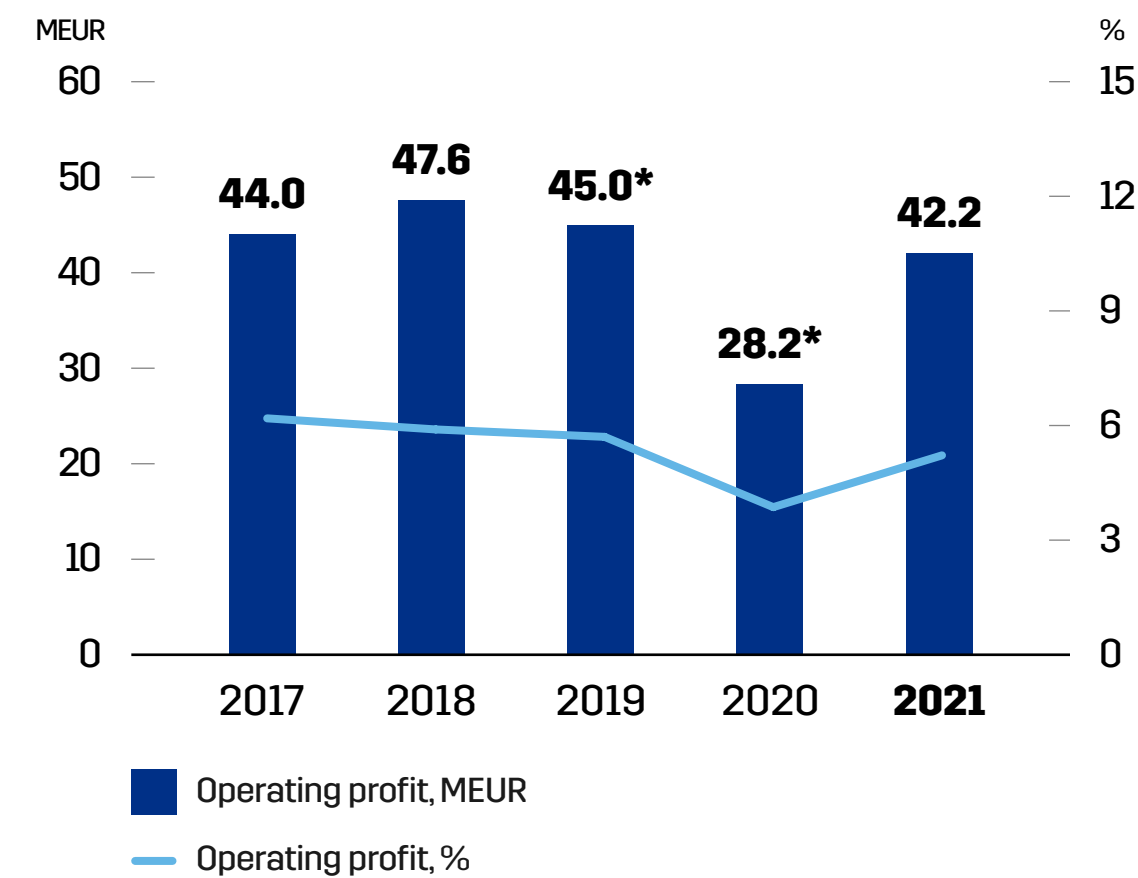
Carbon footprint (Scope 1 and 2)

37.8
tonnes CO₂-eq

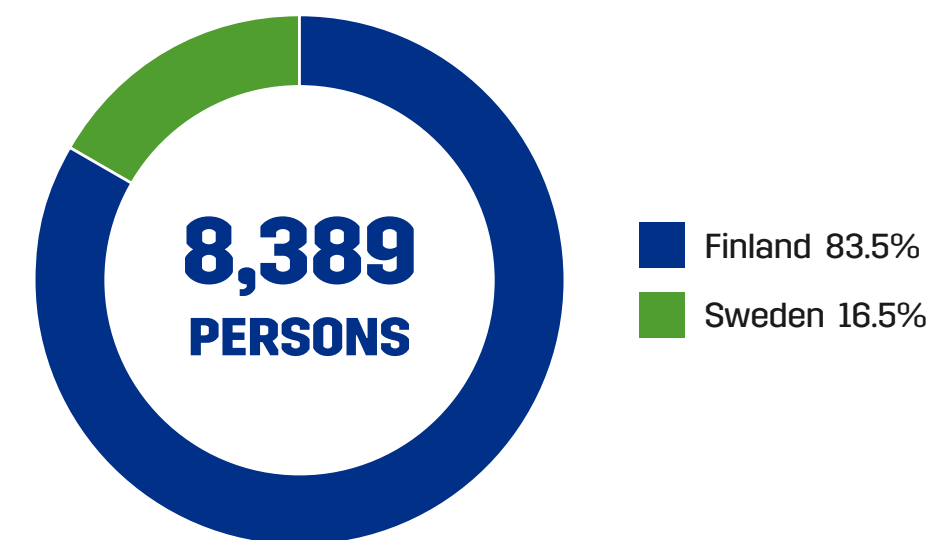
Carbon handprint

1.1
million tonnes CO₂-eq

Operating profit



Personnel by country



Customer Net Promoter Score

40
points

Employee recommendation

82%

* In 2020, the discontinuation of Russian operations had a negative impact of MEUR 9.0 of expenditure on operating profit, and in 2019, the sale of the entire share capital of L&T Korjausrakentaminen Ltd. had a positive impact of MEUR 4.5.

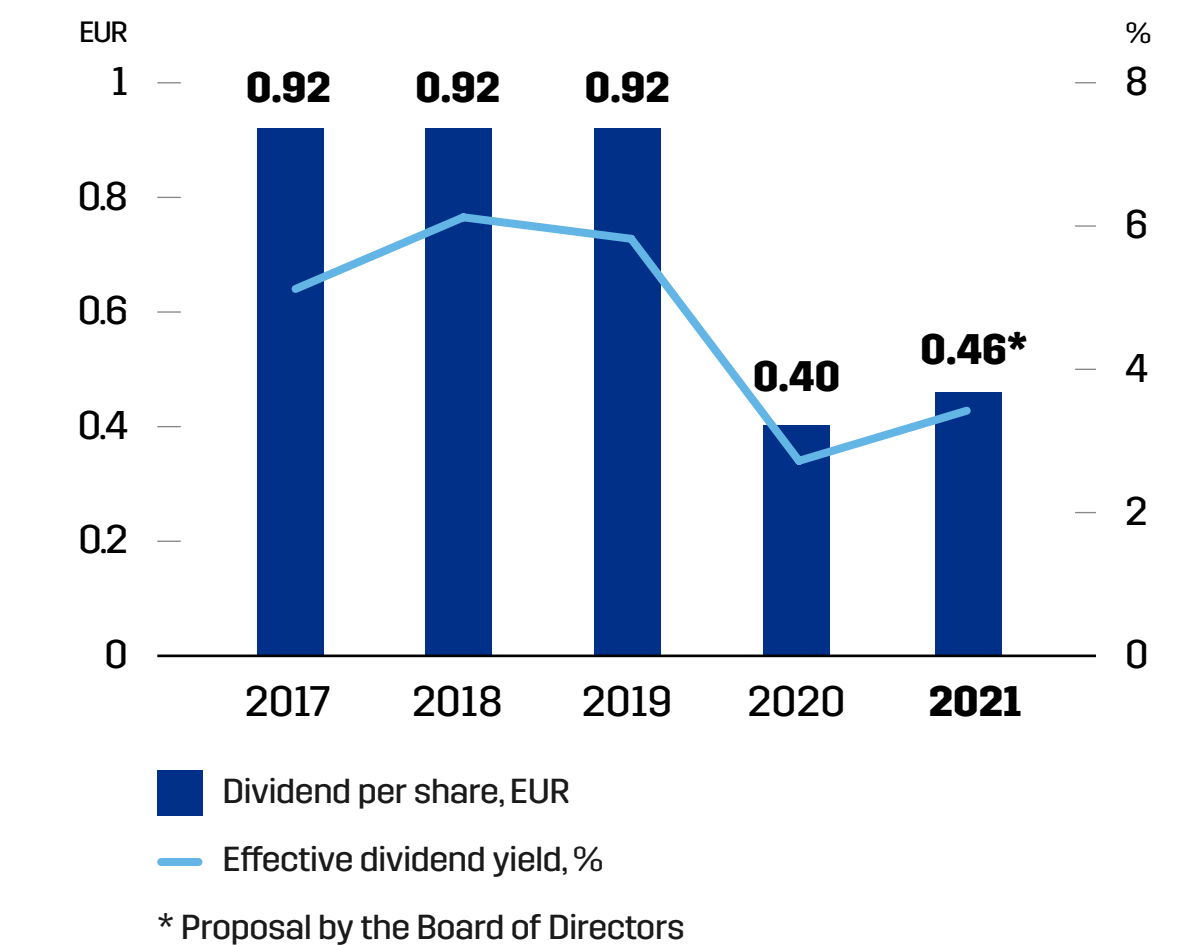
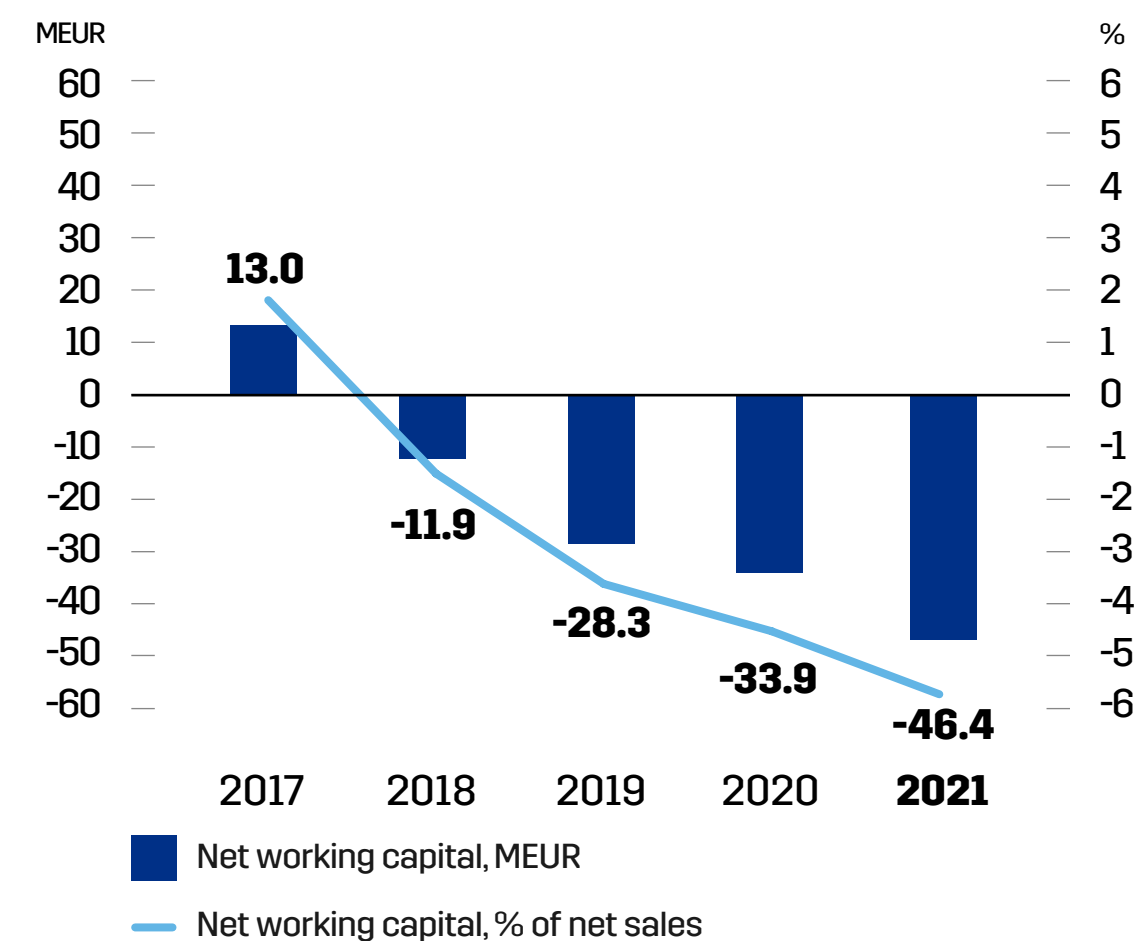
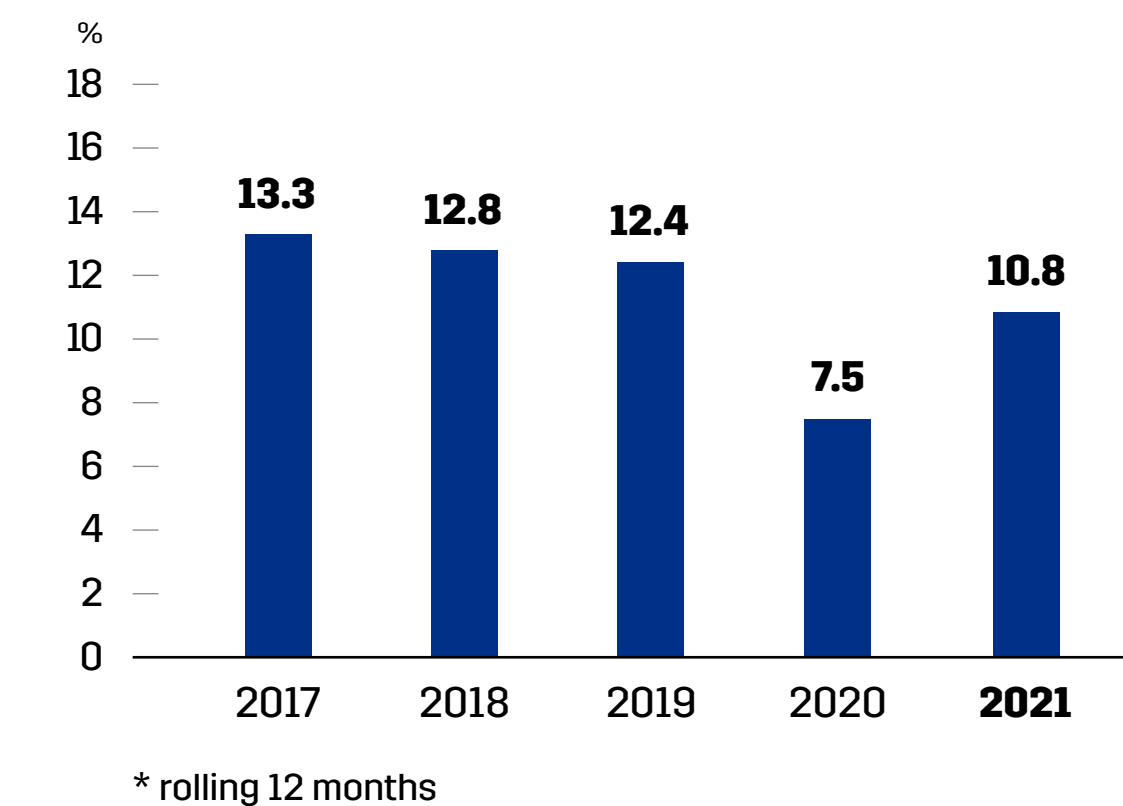
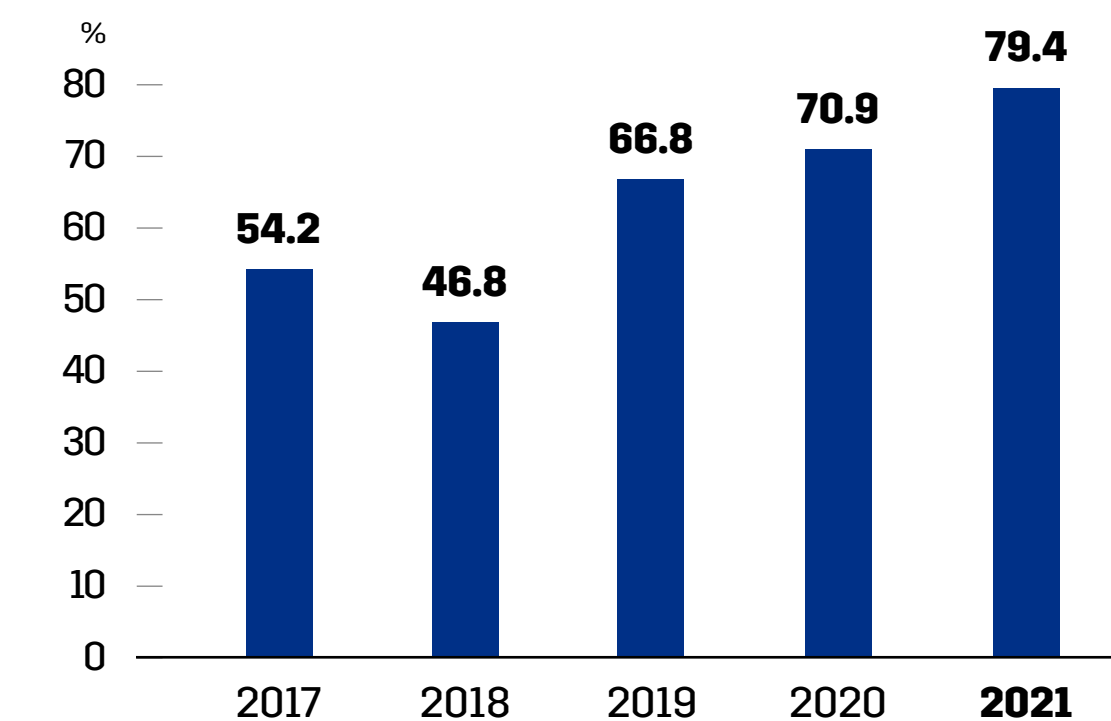
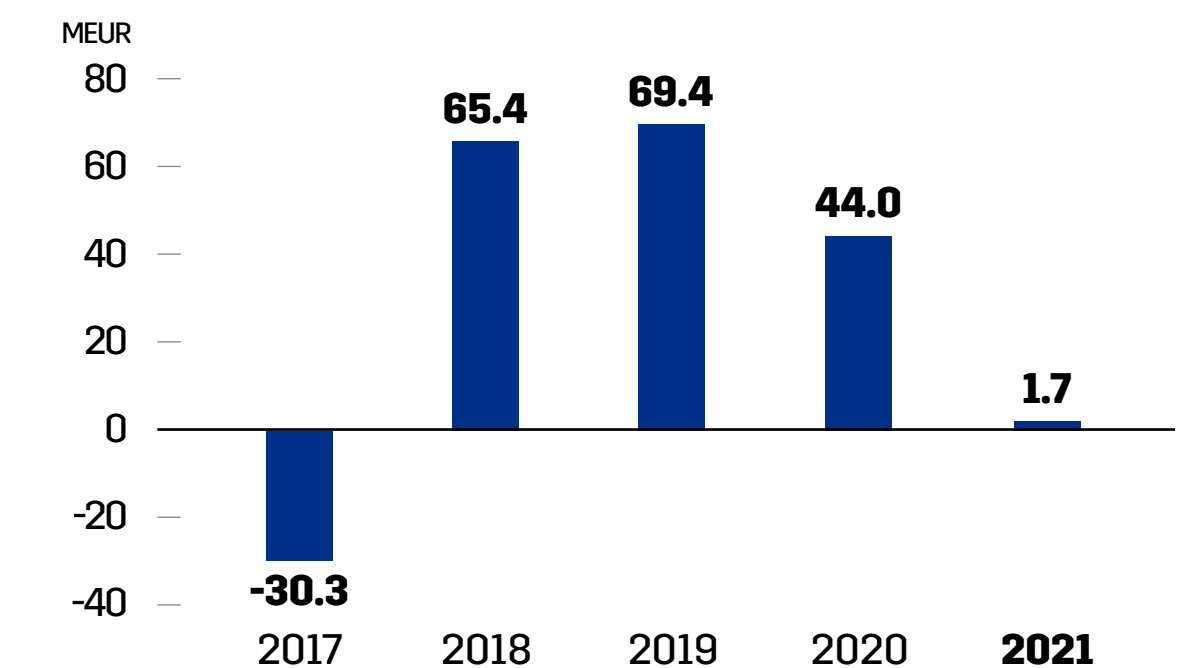
Key figures

	2021	2020	2019
Net sales, EUR million	812.5	751.9	784.3
Operating profit, EUR million	42.2	28.2	45.0
Adjusted operating profit***, EUR million	42.4	39.7	40.5
Profit before tax, EUR million	39.0	23.3	42.0
Return on equity, % (ROE)	17.1	9.6	16.8
Return on investment**, %	10.8	7.5	12.4
Gearing, %	79.4	70.9	66.8
Equity ratio, %	33.7	33.0	35.6
Gross capital expenditure, EUR million	72.3	48.2	46.1
Earnings per share, EUR	0.90	0.50	0.90
Operating cash flow/share, EUR	1.72	2.18	2.46
Dividend/share, EUR	0.46*	0.40	0.92

*** Lassila & Tikanoja started using adjusted operating profit as a new optional key figure in 2020.

** Rolling 12-months

* Proposal by the Board of Directors

Dividend per share and dividend yield

Net working capital

Return on investment (ROI)*

Gearing

Net cash from operating and investing activities


Business environment and regulation

The EU Green Deal is a comprehensive set of reforms by means of which the EU seeks to mitigate climate change and prevent biodiversity loss by decoupling economic growth and resource use. The reforms will have a wide-ranging impact on energy systems and the material economy, and they will largely define the business environment throughout the 2020s.

All eight of the thematic areas under the Green Deal are relevant from L&T's perspective. The circular economy plays an increasingly critical role in the green transition, and L&T's business solutions provide strong support for this transformation. The opening up of new business opportunities will be largely determined by how regulation is implemented.

Alongside regulatory developments, the increasing sustainability requirements and expectations among our customers and stakeholders also boost the demand for – and significance of – business solutions that promote sustainability.

Fit for 55 – the EU's increasingly strict climate policy

In late 2020, the EU reached an agreement on increasing the 2030 climate targets from the previous level of 40 per cent to at least 55 per cent. In July 2021, the EU published an extensive package of legislative proposals (Fit for 55) concerning the measures necessary to achieve the climate targets. The package will proceed to the EU's decision-making bodies in 2022.

As part of the climate package, the European Commission proposes to extend the emissions trading scheme to cover emissions from transport and the separate heating of buildings. At the same time, preparations are under way in Finland regarding a separate national emissions trading scheme for road transport, in case the previously defined mechanisms do not lead to sufficient reductions in emissions. The Finnish Government's intention is that emissions trading concerning national road transport could enter into effect in 2025.

L&T supports the Fit for 55 package and more ambitious climate targets. Extensive emissions trading and CO₂ pricing provide effective incentives to invest in clean technologies and solutions. However, the creation of two separate emissions trading schemes could lead to a complicated regulatory framework. It is also important to recognise that new technologies do not yet serve ener-

gy-intensive transport, which means that emissions trading will increase logistics costs in the short term without driving the transition to clean technologies.

Taxonomy

The EU Taxonomy Regulation entered into force in summer 2020. It provides the framework for creating a classification system for economic activities that are considered to be environmentally sustainable investments. On 3 August 2021, the Platform on Sustainable Finance published a report on the technical screening criteria for the EU Taxonomy.

The European Commission is advancing the Taxonomy piece by piece, by means of a delegated act. Climate-related criteria were confirmed late in the year, with criteria concerning natural gas and nuclear power expected next. The Finnish Government opposed the climate criteria due to their obscurity.

Lassila & Tikanoja's business operations are largely in line with the Taxonomy. We have updated our assessment, and we reported on our Taxonomy compliance regularly in 2021 as the screening criteria were published.

The EU's circular economy action plan

In March 2020, the European Commission presented a comprehensive Circular Economy Action Plan to be

implemented through material-specific and sector-specific reforms between 2020 and 2023. The priorities of the EU's updated circular economy programme include preventing waste, designing sustainable products and strengthening the market for recycled raw materials. The new priorities shift the focus of circular economy policy towards the sustainable use of natural resources.

The priorities of the EU's circular economy policy are appropriate. With the new programme, the focus of the circular economy will shift to material flows that play a key role in mitigating climate change and biodiversity loss.

L&T's view is that the EU should build and strengthen the internal market for recycled raw materials by developing end-of-waste (EOW) regulations and introducing obligations concerning the use of recycled materials in manufacturing. A strong internal market provides the foundation for the development of waste processing technologies and capture.

The Finnish government programme supports the breakthrough of circular economy

The Finnish government programme includes very ambitious climate goals aimed at transforming Finland into a low-carbon society within the next ten years. A circular and bioeconomy, energy efficiency and new

technologies play a central role in the implementation of this transition. Investment subsidies and a sustainable development tax reform are used as means to speed up the development.

The Government issued a decision-in-principle on a strategic circular economy programme on 8 April 2021. The aim is to achieve a transition that makes the circular economy the new foundation of the economy by 2035. The programme aims to curb the use of natural resources by doubling resource productivity and the circularity rate of materials by 2035.

In L&T's view, the use of market-based instruments by the public authorities will play a key role in accelerating development over the coming years. In the energy sector, these instruments will largely come from the EU but, in the material economy, there are currently no effective market-based instruments for promoting circularity. The relevant policies are expected to be issued in 2022. The effect of waste taxes as a market-based instrument is negligible in their current form, which is why the waste tax base should be expanded to include new materials and, in the waste hierarchy, the incineration of waste. Furthermore, the EU's new plastics contribution should be targeted at mixed waste, to create economic incentives for improving the sorting of waste at source.

Reform of the Finnish waste act

A waste regulation package was confirmed by the European Commission in 2018, setting out even more ambitious goals for the recycling of municipal waste and packaging waste. The Finnish Ministry of the Environment drafted reforms to the Waste Act that include the necessary measures for the implementation of the EU's

waste directives in Finland's national waste legislation. The amendments to the Waste Act entered into force on 19 July 2021.

New obligations relating to the separate collection of waste fractions, considerably stricter than the current ones, will be adopted in order to achieve the recycling objectives. In L&T's view, stricter recycling targets that increase sorting at source, the separate collection of waste, and the recycling business in Finland represent important steps forward.

However, approximately 40 per cent of Finns are still left outside the tightening sorting obligations, living in small properties, and effective market-based instruments and incentives, still under preparation, are needed alongside the obligations.

The reform of the Waste Act will see municipalities take on a larger role in organising the collection of packaging materials and biowaste from housing properties. As a consequence of the reform, L&T's direct customer agreements with housing properties on the separate collection of packaging waste and biowaste will be transferred to municipalities for competitive bidding. With regard to mixed waste, the possibility of a dual waste transport system for housing properties will remain in place, but its importance will decrease with the increase in the separate collection of packaging and biowaste.

The expansion of the sorting and separate collection obligations to businesses is estimated to increase the market for collecting and processing materials. In the housing property segment, the amendments will restrict the free market. In addition to the market-based instruments, the overall impacts will be influenced by the development of the volumes of separate collections

with the tightening of the obligations. The amendments will enter into force in stages between 1 July 2022 and 1 July 2024.

Ensuring the adequate availability of labour

Challenges associated with the availability of labour have increased and spread to a larger number of professions. The decreasing size of age cohorts will increase these challenges in the years to come. The labour market is becoming the applicant's market. The measures used to promote the motivation and work ability of existing personnel in various career stages will become increasingly critical.

The service sector will also become increasingly dependent on foreign workers. Employment-based migration should be promoted by streamlining permit processes and eliminating the labour market test. Members of the working-age population who cannot be employed without special measures have drifted outside the labour market. Bringing these people back into working life is critical for balancing public finances and promoting social justice. L&T sees labour potential in these groups. Tapping this potential calls for determined policy measures to streamline processes and reform the pension system.

Shifting the responsibility for the provision of employment services to municipalities is, in L&T's view, critical for enhancing and developing public employment services.



Business areas

ENVIRONMENTAL SERVICES



L&T Environmental Services help customers make the circular economy a reality. Our services include waste management, recycling, environmental products and environmental management.

INDUSTRIAL SERVICES



The Industrial Services division includes process cleaning, sewer maintenance, hazardous waste services and environmental construction. We serve our customers in the waste and side stream value chain from the creation of waste to their reuse and material recycling.

FACILITY SERVICES FINLAND



Facility Services Finland produces property service solutions for the circular economy by providing cleaning and support services, property maintenance and technical services. Our goal is to improve the value and life-cycle of our customers' properties and the satisfaction of property users.

FACILITY SERVICES SWEDEN



Facility Services Sweden makes the circular economy a reality with profitable properties with a long and sustainable life-cycle. We provide technical services and cleaning services for properties.

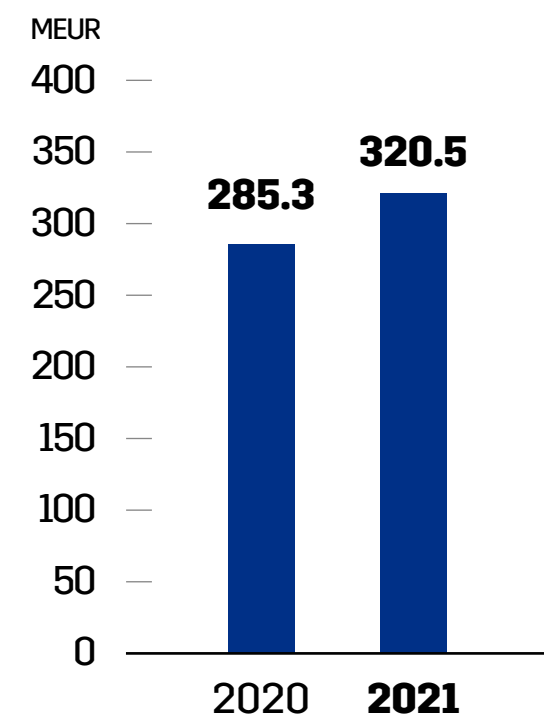
Environmental Services in 2021

L&T Environmental Services supports customers in making the circular economy a reality. Our services include waste management, recycling, environmental products and environmental management.

The Environmental Services division's net sales grew to EUR 320.5 million (2020: 289.4). Operating profit increased year-on-year and amounted to EUR 29.8 million (2020: 20.0). The comparison figure includes costs of EUR 9.0 million recognised in relation to the discontinuation of Russian operations. Excluding Russia, the operating profit of Environmental Services improved to EUR 29.8 million (2020: 28.4). The change in the accounting process of cloud service arrangements had a negative impact on profit of EUR 0.2 million.

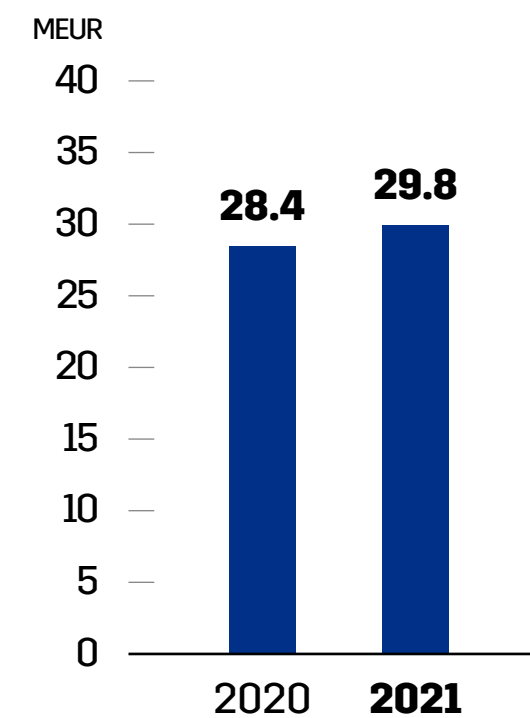
In Environmental Services, demand for waste management and recycling services started to recover in the second quarter and remained strong for the rest of the year. Subscription-based service demand, as well as

Net sales*



* Russian operations not included

Operating profit*



* Russian operations not included

the prices of – and demand for – recycled raw materials, returned to pre-pandemic levels in the third quarter. The number of corporate customers increased thanks to active sales to new customers. The Sihvari Oy acquisition in June strengthened the Environmental Services division's market position in the SME customer segment. Production costs were increased by strong price hikes in fuel prices, continuing throughout the year.



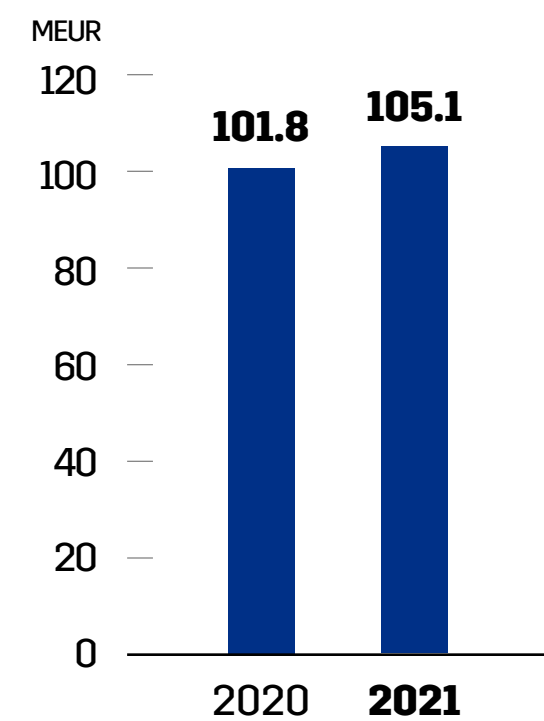
Industrial Services in 2021

The Industrial Services division includes process cleaning, sewer maintenance, hazardous waste services and environmental construction. We serve our customers in the waste and side stream value chain from the creation of waste to its reuse and material recycling.

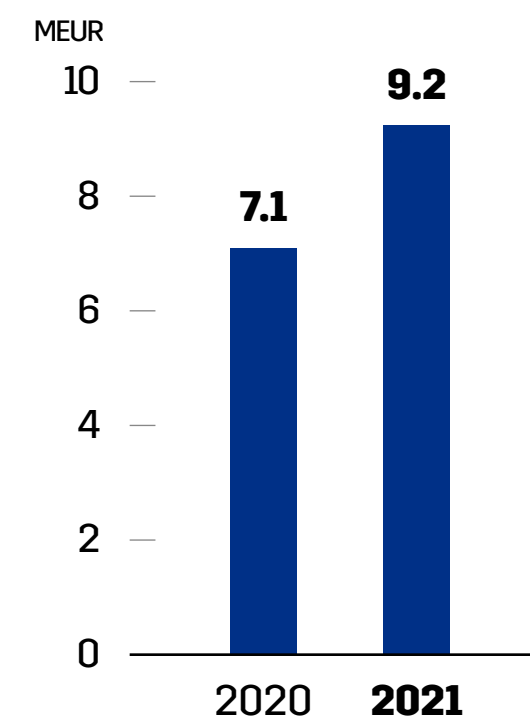
The Industrial Services division's net sales grew to EUR 105.1 million (2020: 101.8). Operating profit improved year-on-year and amounted to EUR 9.2 million (2020: 7.1). The change in the accounting treatment of cloud service arrangements had a negative impact on profit of EUR 0.6 million.

The Industrial Services division strengthened its market position in hazardous waste and process cleaning in 2021. In the hazardous waste business, service volumes gradually returned to a normal level during the year. Investments in segment expertise were particularly visible in the chemical industry segment, where new customer contracts were signed. In the project business, some of the construction projects planned for earlier in the year were postponed due to the pandemic, which made resource allocation more difficult and increased

Net sales



Operating profit



costs. There were fewer recovery projects of contaminated soil areas started than in the previous year, and price competition intensified. The development of operational methods remained strong in Industrial Services. The COVID-19 pandemic caused changes in the annual industrial maintenance break cycle, and some of the annual maintenance breaks planned for the beginning of 2021 were postponed to the third quarter. The overlap of annual maintenance breaks in the third quarter made resource optimisation more difficult and increased production costs due to increased subcontracting.



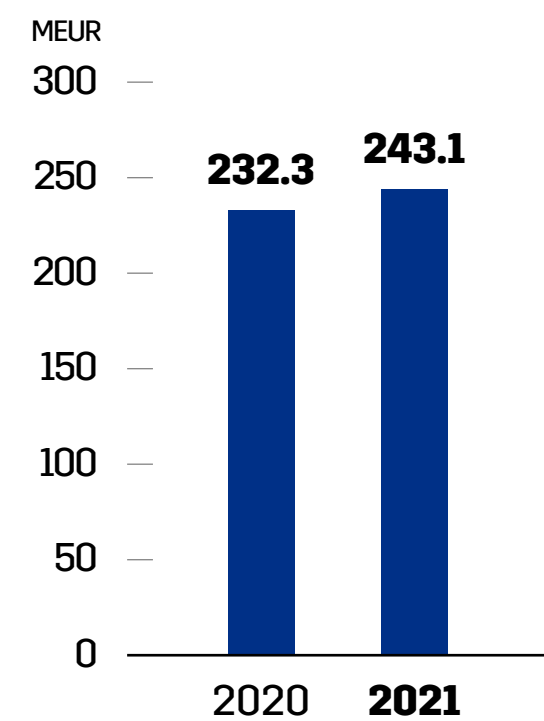
Facility Services Finland in 2021

Facility Services Finland provides property service solutions for the circular economy by producing cleaning and support services, property maintenance and technical services. Our goal is to improve the value and lifecycle our customers' properties and the satisfaction of property users.

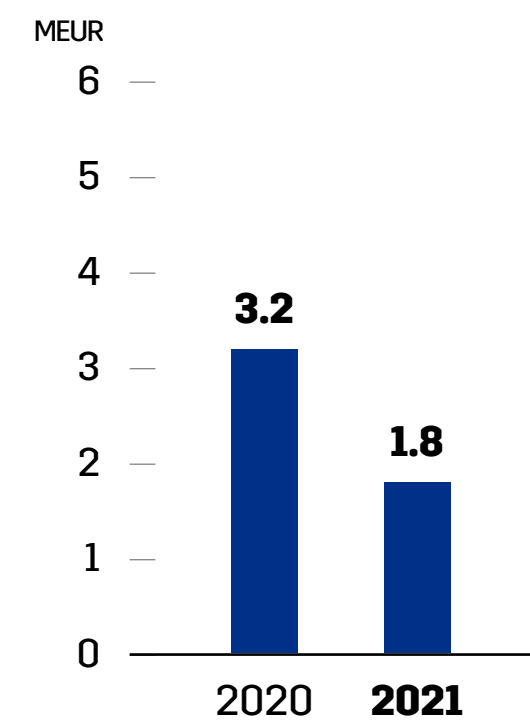
The net sales of Facility Services Finland grew to EUR 243.1 million (2020: 232.3). Operating profit declined year-on-year to EUR 1.8 million (2020: 3.2). The change in the accounting process of cloud service arrangements had a negative impact on profit of EUR 0.1 million. In the comparison period, operating profit was improved by the temporary lowering of pension insurance contributions by 2.6 percentage points from 1 May to 31 December 2020, which had a positive impact of approximately EUR 2.1 million in 2020.

The cleaning business developed favourably throughout the year, and the market position strengthened. The market position in the food hygiene business was strengthened by the acquisition of Serveco Oy. The market position strengthened in the retail segment, and the service offering was expanded by the acquisition of Spectra Oy. The More sustainable cleaning development programme was launched in the cleaning business during the second quarter, and it was

Net sales



Operating profit



well received by customers. In total, 316 cleaning sites were included in the development programme by the end of 2021, and more than 1,000 cleaners were trained in the use of sustainable cleaning methods during the year.

Performance was weak in property maintenance and technical services in Finland. Measures to improve cost efficiency and clarify the organisational structure were initiated in these service lines at the end of the third quarter. Four loss-making units were closed, and the service lines for property maintenance and technical services were brought under one management. The aim is to achieve cost savings of at least EUR 3 million starting from 2022. The streamlined unit network will improve efficiency. Investments will continue in refrigeration equipment maintenance and energy efficiency services in particular.



Facility Services Sweden in 2021

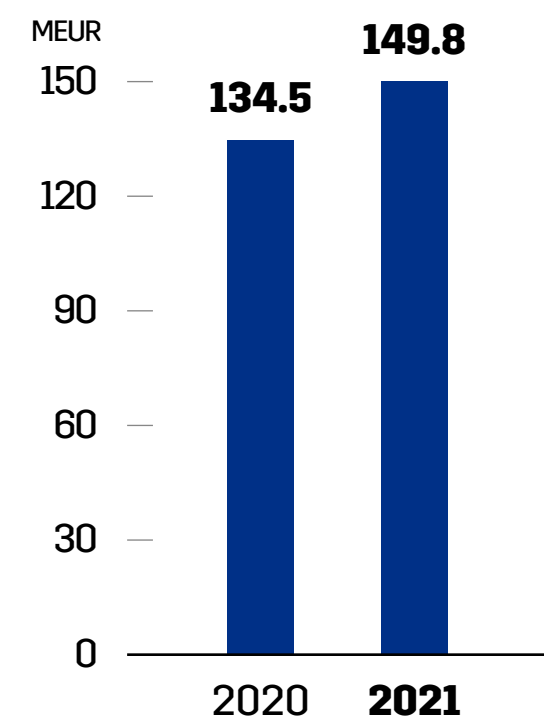
Facility Services Sweden makes the circular economy a reality through profitable properties with long and sustainable lifecycles. We provide technical services and cleaning services for properties.

The net sales of Facility Services Sweden grew to EUR 149.8 million (2020: 134.5). Operating profit improved year-on-year and amounted to EUR 3.9 million (2020: 3.5).

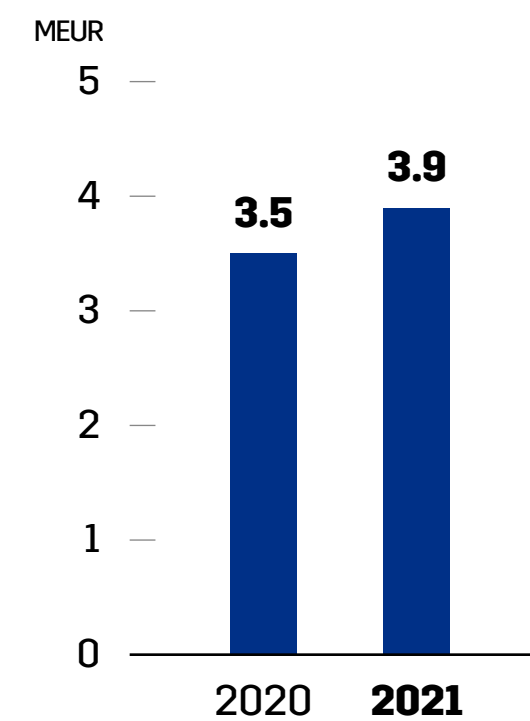
The coronavirus pandemic situation was difficult in the first quarter. The pandemic situation began to ease starting from the second quarter, and market share developed favourably. The division's market position strengthened in the fourth quarter in the hospital segment, in particular, due to a significant new customer account. Cleaning and food hygiene services also grew.

The coronavirus pandemic had a negative impact on the demand for additional services in the municipal sector throughout the year. Fewer large technical services projects started than in the years before the pandemic, and some projects were delayed due to the global semiconductor shortage.

Net sales



Operating profit



SUSTAINABILITY

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Sustainability is the starting point for our business

We are committed to operating sustainably. For us, sustainability means supporting our customers' sustainability efforts, reducing the environmental impacts of our operations, promoting employee well-being and diversity, and ensuring the sustainability of our value chain.

Sustainability is an integral aspect of L&T's strategy, business operations and day-to-day work, because our operations play a central role in enabling the sustainability of our customers. The most significant impacts of our operations are reflected in the sustainability benefits we create for our customers.

We continuously seek better results in the utilisation of customer materials, reduction of emissions and energy consumption, and development of circular economy solutions and services.

Due to the nature and scale of our operations, we can have a significant impact on the mitigation of – and adaptation to – climate change. We systematically increase our carbon handprint while reducing the carbon footprint of our operations.

As a large employer and service company, we bear social responsibility by looking after the occupational well-being and work ability of our employees, as well as ensuring equality and diversity. We believe that a good employee experience goes hand in hand with a good customer experience. We want to promote fair treatment in the society in cooperation with our customers through employment, and do this by, for example, providing work for people who are struggling to find employment.

Our sustainability efforts cover the entire value chain of our business. We take an uncompromising approach to ensuring the compliance and sustainability of our operations. We recognise our environmental and employer obligations and reduce the environmental impacts of our operations. In our supply chain, we evaluate and monitor the responsibility of our suppliers and require our partners to operate in accordance with our sustainability principles.

Our premise is that when we operate sustainably and create sustainable added value for our various stakeholders, we also increase the value we create for our owners. We regularly report on the financial, environmental and social impacts of our operations, as well as our tax footprint.

More information on our value creation for our various stakeholders is provided under [L&T's value creation in 2021](#).

Commitment to national and international objectives

L&T is committed to supporting key declarations and agreements, such as:

- UN Sustainable Development Goals since 2018
- Global Compact principles since 2018
- ILO Declaration on Fundamental Principles and Rights at Work
- Universal Declaration of Human Rights

We have also set scientific climate targets approved by the Science Based Targets initiative and made a commitment to reducing the emissions generated by our own operations by 2030 in line with the target. We are also committed to reporting on the climate impacts of our operations in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our report in accordance with the TCFD recommendations is provided under [Risks and opportunities of climate change](#).

Our key sustainability commitments and sustainable development indices





L&T and Neste work together to develop more sustainable transport

Sustainability in business increasingly requires working together. L&T and Neste have a long history of close co-operation that has developed into a strategic partnership over the years. L&T is Neste's partner in areas such as waste management and circular economy services, as well as facility services. The extensive partnership covers 750 service stations across Finland, as well as mines and industrial sites, for example. Neste provides L&T with renewable fuels and low-emission solutions that help reduce greenhouse gas emissions.

"Our climate promise is to reduce our customers' carbon footprint by 20 million tonnes by 2030, and our partnership with L&T helps us make progress towards that goal," says **Heidi Peltonen**, Head of Sustainable Partnerships at Neste.

"We have common goals, processes and operating models. They build a long partnership: trust and common interests and action. Occupational safety is also important in all co-operation between Neste and L&T," says **Antti Toivanen**, L&T's Director of Strategic Customer Relations.

L&T promotes its customers' responsibility

- We extend the life of properties and provide guidance on sorting waste.
- We provide industrial support services and take care of side streams in an environmentally sustainable and safe manner.
- We reduce the environmental impacts of our transport operations.
- We process customer waste for utilisation according to the order of priority.
- We create good working and living conditions and help conserve energy.
- We provide bio and secondary raw materials for the industry, thereby increasing the carbon handprint of our operations.
- We take care of our personnel and employ special groups.
- We also ensure the sustainability of our subcontractors.
- We increase our customers' environmental expertise.
- We contribute to creating the conditions for the circular economy and help our customers transition to the circular economy.

Our sustainability efforts are guided by our sustainability programme

L&T's sustainability programme and its themes support the implementation of the Group's mission – We make the circular economy a reality – and strategy. The programme takes into account the material aspects of sustainability and sets measurable targets where applicable.

The focal points of our sustainability programme are determined based on the impacts of our operations, the expectations of the central stakeholders and the strategic priorities. We have also taken into account the special characteristics of the business and operating environment of a service company in the environmental sector, as well as the UN Sustainable Development Goals and the objectives of the Global Compact initiative. More information on the materiality analysis of sustainability and the choices made is provided under [Materiality and stakeholder engagement](#) in this report.

The key sustainability targets of the sustainability programme are included in the Group's long-term strategic objectives, and we regularly report on our progress towards these targets in connection with our interim reports.

Managing sustainability

At L&T, the management of sustainability is integrated into business management.

L&T's Board of Directors confirms the sustainability programme in connection with the strategy and sets the company's long-term targets. The Board of Directors monitors the progress of the sustainability programme annually. In January 2021, the Board's Personnel Committee was renamed as the Personnel and Sustainability Committee. Sustainability is on the committee's agenda regularly, at least three times per year.

The Group Executive Board and the business-level management teams guide and regularly monitor the progress of the sustainability programme. Sustainability is on the agenda of management teams on a quarterly basis, which enables the more effective management of sustainability. The development efforts will primarily take place in business-driven working groups. The Senior Voce President of Public Affairs and Sustainability and the communications and sustainability organisation operating under his supervision are in charge of the practical coordination and reporting of sustainability. In addition, each L&T employee has an obligation to perform their duties in compliance with the principles concerning sustainability.

In our decision-making and corporate governance, we observe the Finnish Companies Act, other regulations governing listed companies, L&T's Articles of Association, the charter of L&T's Board of Directors and its commit-

tees, and the rules and guidelines of Nasdaq Helsinki Ltd.

The management of risks related to sustainability is part of the Group's comprehensive risk management, which aims to identify significant risk factors, prepare for them and manage them in an optimal way so that the company's objectives are achieved. More information on the key risks and their management is provided in the [Financial Review](#) starting on pages 12.

Our management system supports uniform operating methods

The objective of L&T's management system is to improve management practices, clarify rules and make the implementation of the strategy more efficient. The well-being of personnel, a safe working environment and exemplary operation in environmental matters are central to the system. The management system has been certified in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety) standards. In 2021, certification covered nearly 90 per cent of L&T's business operations and personnel in Finland. In Sweden, certification covered all of our business operations.

Managing sustainability at L&T



Materiality guides our sustainability efforts and stakeholder relations

The focus areas of our sustainability programme and sustainability efforts are based on a materiality analysis. The assessment of materiality is an ongoing process that guides our sustainability efforts and stakeholder relations.

The material aspects of L&T's sustainability are based on the key impacts of our operations and the expectations of our stakeholders. The materiality assessment is based on an extensive stakeholder survey conducted in 2018, as well as regular stakeholder-specific surveys and dialogue. In 2021, we assessed the views of investors, analysts, employees, the general public and the media by means of separate surveys. The assessment also takes into account the UN Sustainable Development Goals and the Global Compact.

The key impacts of our business

Environmental impacts

L&T's environmental impacts occur particularly through the services we produce for our customers. We increase our customers' material reuse and recycling, process materials into secondary raw materials for the needs of industries, and replace fossil fuels with biofuels and solid

recovered fuels. This allows us to significantly mitigate climate change and preserve natural resources.

In our own activities as a significant logistics operator, we particularly focus on reducing the emissions caused by collection and transport services. We also ensure the environmental sustainability of our material processing, storage and final disposal operations, as well as uncompromising compliance with environmental legislation and standards. We require the same of our subcontractors.

Social impacts

As a significant employer and service enterprise, the focus of L&T's social sustainability is on the Group's employees. The key impacts of our operations are related to employment, promoting the work ability of our personnel, improving occupational well-being and safety, and promoting diversity. Through our actions in these areas, we can have an impact on the extension of careers, for example.

We can also reduce inequality in society by offering work to people who have difficulties finding employment or who are unable to work full days.

We respect human and labour rights, as well as national legislation, agreements and other obligations, to ensure the equal treatment of our personnel. We require the same of our subcontractors.

Economic impacts

The sustainable growth of shareholder value is the key economic impact of our operations. We pursue faster and more profitable growth compared to our market, all while maintaining a good financial standing and financial flexibility.

We are among the most significant employers in our operating locations, and the wages and taxes we pay – as well as our purchases – have a substantial impact on municipal finances and economic activity in each area.

We ensure the sustainability of our governance by observing the Finnish Companies Act, other regulations governing listed companies, L&T's Articles of Association, the charter of L&T's Board of Directors and its commitments, and the rules and guidelines of Nasdaq Helsinki Ltd in our decision-making and administration.

Stakeholder expectations

Our stakeholder engagement is focused on the stakeholders who are the most affected by the impacts of our operations and whose actions have the greatest influence on the achievement of our business objectives and sustainability targets. Stakeholder expectations are taken into account in L&T's strategy development and business choices.

Our key stakeholders include our customers, current and potential employees, and investors, as well as national and regional policymakers and influencers,

including non-governmental organisations, the media and the general public.

We engage in active dialogue with our key stakeholders. We regularly measure stakeholder support, as well as customer satisfaction and employee satisfaction, for example. Through dialogue and measurements, we identify stakeholder expectations and determine what development measures are necessary. We have summarised our stakeholder expectations in three key perspectives.

- **A leader in sustainability**

As a leader in its field, L&T is expected to develop the entire industry in the right direction for society and to conduct itself correctly and sustainably in environmental matters.

- **A good employer**

As a large employer and service enterprise, we are also expected to be a responsible employer that looks after the well-being of its personnel and treats its personnel appropriately and fairly while exercising special care with regard to the employment of people who are in vulnerable positions.

- **A useful partner**

L&T is expected to be a useful partner for its customers, developing new services and supporting the customers in their work towards their goals, as well as keeping its promises.

Materiality assessment

In our materiality assessment of sustainability, we identified the sustainability aspects that are the most material with respect to our business and strategy. We placed them in three categories based on stakeholder expectations and the impacts of our operations. As drivers of our sustainability efforts, we have also identified six UN Sustainable Development Goals that we are committed to promoting.

Leadership and best practice

The material aspects of sustainability with respect to the impacts of L&T’s operations, strategy and stakeholders, in which we pursue leadership and aim to create best practices in our industry.

Responding to stakeholder expectations

Other areas of sustainability that we consider relevant for the company’s operations and stakeholders, in which we aim to meet the expectations of our stakeholders and act according to them.

Compliance

For other sustainability aspects that are material to L&T’s business operations, our aim is, at a minimum, to ensure regulatory compliance.

Stakeholder	Key areas of interest in 2021	Responding to expectations	Interaction
Customers	Customer service and satisfaction, sustainability, employee well-being.	We developed new services in collaboration with our customers. We developed the effectiveness of our digital service channels. We improved customer communications, especially in environmental services. We started a development programme for more sustainable cleaning.	A customer survey (NPS) to measure the willingness of our corporate customers to recommend us, as well as several customer-specific surveys. Customer service (telephone, e-mail, digital service channels) and dialogue with customer relations officers and sales. Marketing communications, digital events and other events.
Personnel	The employees’ physical and mental well-being, ability to cope with work, training and competence development, and practices concerning public holidays among hourly workers in the facility services business in Finland.	L&T provided diverse physical and mental well-being services to employees along with learning-on-the-job opportunities, career paths and training. We updated our digital channels for internal communication. We engaged in dialogue with employee representatives regarding practices concerning public holidays.	Feedback and development discussions, personnel surveys, co-operation and European Works Council activities, workshops, digital events and internal communication channels such as the intranet and Teams.
Potential employees	Employer image and employee experience.	Compared to previous years, we made more extensive use of digital channels to reach potential job applicants. Compared to previous years, we employed more people with a background in the hotel and restaurant industry as the COVID-19 pandemic led to a reduction in jobs in that industry.	Co-operation with educational institutions, digital recruitment and career events, development of the employer image through social media channels.
Investors and shareholders	Financial performance and strategy execution, sustainability and ESG ratings, customer satisfaction and employee satisfaction.	We began to publish sustainability information in our quarterly interim reports, participated in several sustainability and ESG surveys, and published a preliminary assessment of the share of L&T’s business operations that is in accordance with the EU Taxonomy.	Stock exchange releases, financial reviews, annual reporting, Group website, webcasts, regular investor meetings and Annual General Meeting, surveys.
Decision-makers and influencers (including national and regional decision-makers and NGOs)	Circular economy and climate change mitigation, employment.	We participated in the work of industry and labour market organisations in Finland and at the EU level. We participated in the preparation of market-based instruments related to the circular economy in Finland and proposed new initiatives to the labour and industry authorities concerning the promotion of employment of persons with disabilities.	Participation in associations, dialogue with the public authorities and decision-makers, co-operation projects, other projects, responding to surveys, website and annual reporting.
Media	Practical steps related to the circular economy. The impacts of the COVID-19 pandemic on waste management and cleaning, the impacts of waste legislation reform on the waste service industry.	We published numerous press releases and participated in several interviews.	Press releases, interviews, publications, media events, Group website and social media channels.

L&T's sustainability programme 2019–2024

SDG	Priorities	Priorities and objectives 2019–2024
  	 <p>Circular economy and climate change mitigation</p>	<p>We increase the carbon handprint of our operations: Carbon handprint growth vs. net sales growth.</p> <p>We reduce our own carbon footprint: Reducing our emissions by -50% per kilometre driven by 2030, compared to 2018.</p> <p>We promote the sustainable use of materials and energy and reduce the amount of waste generated by our customers.</p>
 	 <p>A healthy, diverse and productive workplace community</p>	<p>We look after the well-being, work ability and occupational safety of our personnel: Employee recommendation rate 80% and other objectives.</p> <p>We employ special groups and people with reduced work ability.</p> <p>We increase economic added value and well-being.</p>
 	 <p>Sustainable industry and cities</p>	<p>We promote the development of industrial infrastructure in line with the principles of sustainable development, the recovery of industrial side streams and closed cycles.</p> <p>We find innovative solutions to build sustainable cities and create healthy and safe environments.</p>
	 <p>Ensuring regulatory compliance</p>	<p>We ensure that everything we do complies with our legal and ethical responsibilities.</p> <p>We ensure that all of our goods and services are sustainably sourced.</p>



L&T leads the way in mitigating climate change

L&T aims to mitigate climate change and be a leader of the regenerative society. We realise our environmental responsibility particularly by increasing our carbon handprint.

Environmental responsibility and sustainable development are the starting point for our business. The services we produce for our customers reduce emissions. This constitutes our carbon handprint, and increasing it is one of our strategic long-term objectives. In addition to focusing on our positive climate impacts, we also mitigate climate change by reducing the greenhouse gas emissions of our own operations. L&T's emission reduction targets are in the line with Science Based Target (SBT) and are validated by SBTi. We are also active in our efforts to promote the necessary operating conditions for the circular economy.

Sustainability programme priorities

Circular economy and climate change mitigation

Priorities and objectives 2019-2024	Performance in 2021	Objective 2024	Our success and notes
We increase the carbon handprint of our operations			
Strategic objective: Carbon handprint compared to net sales	-17% 1.1 tCO ₂ -eq.	The carbon handprint of our operations grows faster than our net sales	● L&T's carbon handprint: 1.1 million (1.2) CO ₂ equivalent tonnes. Carbon handprint is calculated in relation to million euros
We reduce our own carbon footprint			
The carbon footprint of L&T's own operations relative to kilometres driven (gCO ₂ -eq.)	952 -19% 771 gCO ₂ -eq.	-50% by 2030	● Carbon footprint intensity: Scope 1 and 2 emissions' relation to kilometres driven
Reducing other indirect emissions caused by the supply chain: own emission targets set by L&T's biggest suppliers and subcontractors		70% to set their own emission targets by 2025	● Supplier follow-up will be developed in 2022
We will promote the sustainable use of materials and energy and reduce the amount of waste generated by our customers			
Increasing the reuse and recycling rate of customer materials	54.2% 58.4%	60% (70% by 2030)	● Recycled material volumes increased by 2.0% and all material streams grew 2.3% compared to 2020
Improving customer energy efficiency	Energy monitoring covers 225 (218) locations, 3,112 (2,539) proposals made to improve energy efficiency		

Circular economy and climate change mitigation

Management of environmental responsibility

L&T's environmental policy specifies the principles that the Group observes in its own operations and in the services it produces for customers. The cornerstones are uncompromising compliance with environmental legislation and standards, as well as the principle of continuous improvement. Sustainable management of environmental issues is part of L&T's operative risk management process.

The environmental risks involved in our operations mainly relate to our fleet, waste storage and processing, as well as to chemical safety. An ISO 14001 certified environmental system and efficient self-monitoring form the foundations of our risk management. Environmental risks are regularly surveyed by means of inspections and audits, for example. Deficiencies and risk factors are entered into a system that is then used to follow up on the processing of the issues.

L&T's environmental responsibility covers our entire value chain, and we require our partners and suppliers to manage environmental issues responsibly. Environmental responsibility issues are taken into account in our procurement process by means of self-assessments, for instance. Waste is only handed over to operators that are authorised to receive or process it.

The carbon handprint as a key indicator

L&T's business has a large carbon handprint. Our services generate significant emission reductions for our customers. These reductions arise from our customers replacing virgin raw materials with recycled raw materials, and fossil fuels with bio- and solid recovered fuels, for example.

Increasing our carbon handprint is one of our strategic objectives. As the carbon handprint of our operations increases, the carbon footprint of our customers decreases. This way, we support our customers in achieving their environmental responsibility targets. L&T's carbon handprint, or the emission reductions created by our operations, totalled about 1.1 million CO₂ equivalent tonnes in 2021 (2020: 1.2 million tCO₂e). The carbon handprint intensity was -1,358 tCO₂e/MEUR. The intensity decreased by 17 per cent from the previous year. Carbon handprint intensity is calculated by expressing the carbon handprint relative to the company's net sales. The calculation for 2021 covers L&T's operations in Finland.

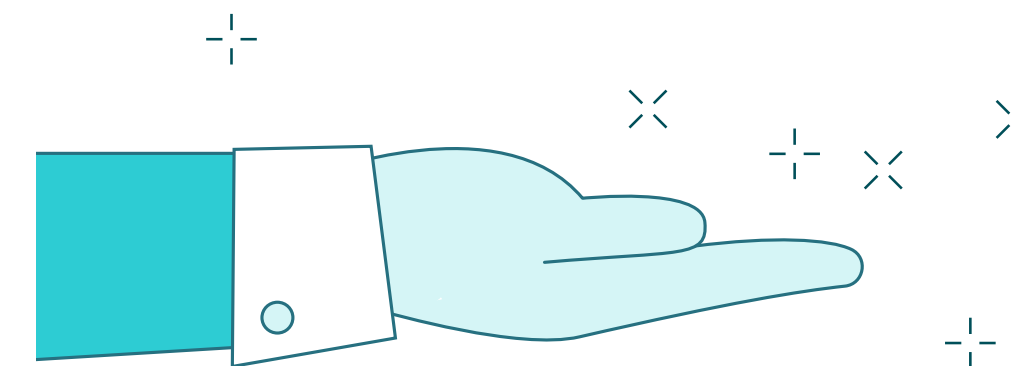
In Finland in 2021, power plants, heating plants and cement kilns replaced fossil fuels with biofuels and solid recovered fuels produced and supplied by L&T by a computational total of 2.4 TWh (2020: 2.8 TWh). L&T produces biofuel from the side and scrap streams of forestry activities that increase carbon sinks in forests. Hog fuel is produced from wood waste from the construction, industrial and commerce sectors, as well as wood packaging that cannot be restored for reuse. Solid recovered fuels (SRF) are produced from municipal and construction waste that is not suitable for recycling.

The carbon handprint of our operations

Carbon handprint, i.e. emission reductions from operations

1.1 million

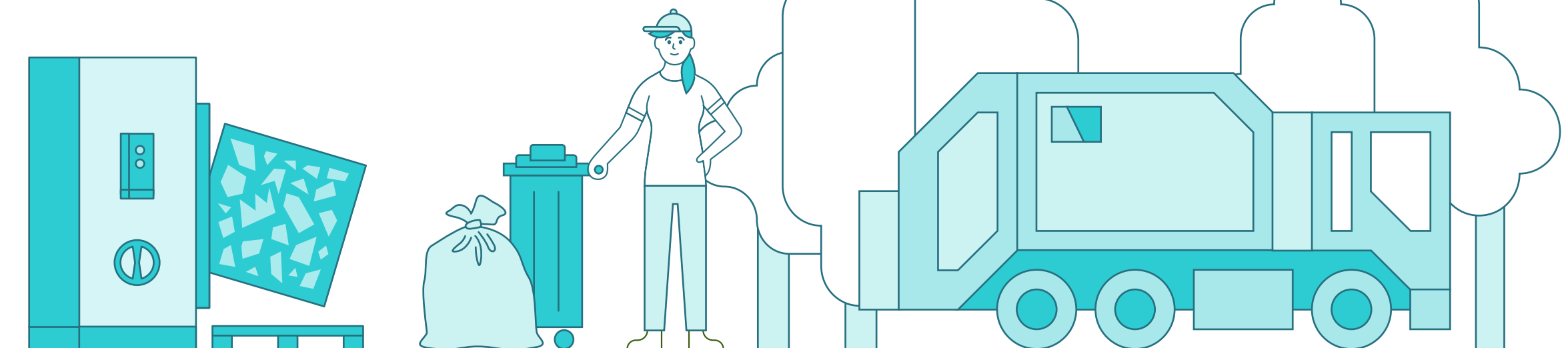
tonnes CO₂-eq (1.2)



L&T's operations reduce emissions by an amount that equals the annual emissions generated by

107,000

Finns.



-760

BIOFUEL AND RECOVERED FUEL DELIVERIES, AND ENERGY SAVINGS GENERATED FOR CUSTOMERS

-340

MATERIAL RECYCLING

thousand tonnes CO₂-eq



Circular economy and climate change mitigation

International recognition for mitigating climate change

L&T again achieved excellent results in 2021 in international assessments of the climate efforts of businesses. With a Leadership-level score of A-, which is the second-highest rating possible, we were ranked among the world's top companies in the CDP climate assessment.

EcoVadis, an international platform for rating corporate sustainability, awarded a Platinum rating to Lassila & Tikanoja. Only 1 per cent of the approximately 75,000 companies assessed by EcoVadis achieve a Platinum rating.

Reducing the carbon footprint starts from the company's own operations

L&T's strategic objective is to halve the carbon footprint of its own operations (Scope 1 and 2) per kilometre driven by 2030, compared to 2018. Furthermore, we seek to reduce the indirect emissions generated in our supply chain by engaging 70 per cent of suppliers by spend to set goals to reduce their own emissions by 2024.

L&T's emission reduction targets have been validated as science-based targets for emissions reductions by the Science Based Targets initiative (SBTi), which aims for the global reduction of greenhouse gas emissions. Our emission targets correspond to the Paris Agreement goal of limiting the warming of the climate to well below 2°C. The absolute carbon footprint of L&T's own operations (Scope 1 and 2) in 2021 was 37.8 tCO₂e (2020: 36.7 tCO₂e). Absolute emissions increased from the previous year due to a higher number of kilometres driven.

Our science-based emission reduction target, mean-

ing emission intensity, is calculated by dividing the direct and indirect greenhouse gas emissions of our own operations by kilometres driven. More information on the calculation principles is provided on [page 56](#). In 2021, L&T's emission intensity was 771 gCO₂e per kilometre driven, representing a decrease of 19 per cent from the comparison year.

Actions to be taken to achieve the objectives

To achieve our ambitious objectives, we will adopt zero-emission technologies and fossil-free fuels in transport operations and switch to renewable energy in the heating of our properties. We will also engage the commitment of our supply chain to our objectives.

We have continued our long-term measures to reduce the emissions arising from collection and transport services.

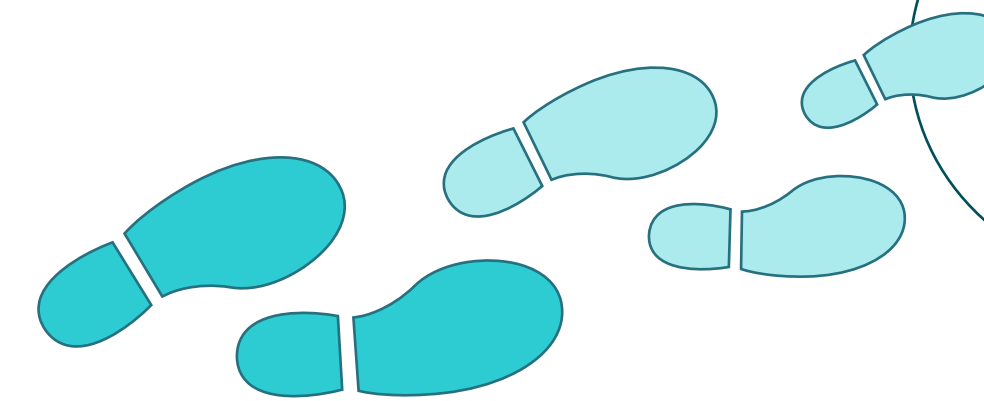
- We maintained the driving style index of our heavy vehicle operators at a high level at 9.1 (2020: 9.1). The index indicates the safety and economy of driving style on a scale of 4–10.
- Driving style monitoring continued for the vehicles of the Environmental Services and Industrial Services divisions. Driving style monitoring equipment has now been installed in a total of 973 vehicles (2020: 969).
- In addition to monitoring, we develop our drivers' driving style through training and unit-specific action plans. During the year under review, 126 drivers (2020: 120) participated in training on economical driving.

Emissions caused by our own operations

Carbon footprint, i.e. emissions generated by the Group's own operations

37.8

thousand tonnes CO₂-eq (36.7)



OUR STRATEGIC GOAL:

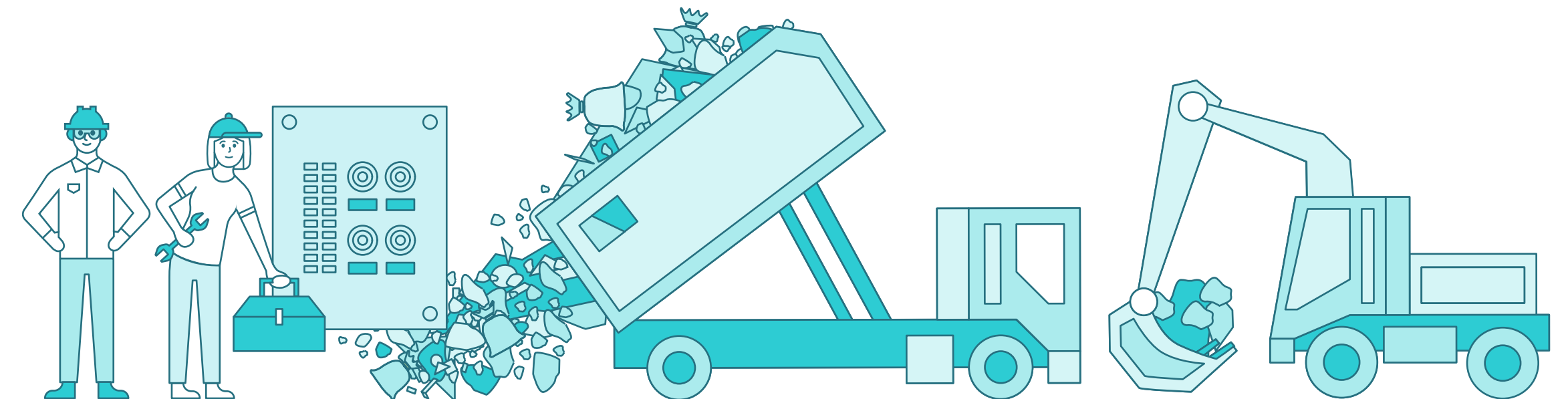
The emissions generated by our own operations will be reduced by

-50%

per kilometre driven by 2030 (compared to 2018).

36.5	TRANSPORT, PRODUCTION VEHICLES, WORK MACHINES	PURCHASED ELECTRICITY	DISTRICT HEATING	WORK-RELATED TRAVEL
16.7	CONTRACTOR FUEL CONSUMPTION	0.004	1.3	1.1

thousand tonnes CO₂-eq





Circular economy and climate change mitigation

- We reduced the environmental impact of our fleet by increasing utilisation rates and optimising routes. We had a total of 914 heavy vehicles (2020: 853) in operation in 2021.
- We continued our active efforts to optimise routes. Effective optimisation reduces fleet requirements and kilometres driven while also reducing stops and visits to yard areas.
- We increased the number of low-emission vehicles by several tens in 2021. At the end of the year, we had 22 biogas-powered heavy vehicles (2020: 10), 27 biogas-powered vans (2020: 17) and 117 electric vehicles (2020: 4) in operation. We will also deploy our first electric waste compactor vehicle in spring 2022.
- During the year under review, we quadruple our use of renewable diesel compared to the previous year and reduced our consumption of fossil diesel. The renewable diesel we use is produced from waste and scraps. Our biogas use triple compared to the previous year. Using renewable fuels enables us to reduce transport-related greenhouse gas emissions and other emissions that diminish air quality. It also represents an example of how we put the circular economy into practice: we transport waste using fuel made from waste.
- We developed the energy efficiency of industrial process cleaning methods.
- We invested in vehicle charging infrastructure in the Helsinki metropolitan area.

Energy intensity

We continuously develop the energy efficiency of our operations. L&T's energy intensity, or energy consumption relative to net sales, was 272 MWh per million euros in 2021 (2020: 266).

Energy intensity is calculated by dividing L&T's own energy consumption by net sales. The consumption figures include the fuels used by our fleet, as well as the electricity and district heat consumed at our operating locations.

Improving energy efficiency at L&T's own properties

In 2021, the energy consumption of L&T's own properties improved compared to the previous year. Our electricity consumption totalled 32,700 MWh (2020: 28,800 MWh) and our consumption of district heat amounted to 8,700 MWh (2020: 7,800 MWh). We made a commitment to the Confederation of Finnish Industries' general energy efficiency agreement action plan for industry for the period 2017–2025 with the aim of improving the energy efficiency of our properties by 7.5 per cent by 2025, using 2020 as the baseline.

L&T's recycling plants use an operating model based on continuous improvement and the Mahti plant information system. The employees at the facilities can monitor processes and electricity consumption in real time from displays installed on the machines. Other measures include using LED lights exclusively when replacing lighting and configuring conveyors to stop automatically when no material is coming in.

Our property managers are responsible for monitoring

the energy consumption of our properties. They keep an eye on the energy consumption and use of our properties and assess renovation needs. We use renewable electricity at our properties in Finland, which means that our electricity consumption generates no emissions. The total energy consumption of our properties, including electricity and district heat, was 78.3 per cent renewable.

Recycling and material recovery

L&T promotes the transition to the circular economy in its own operations as well as in its customers' operations. We continuously develop new services that promote the circular economy, and our aim is to increase the use of recycled raw materials instead of virgin raw materials.

In accordance with the order of priority in waste management, we primarily direct the generated material streams to be reused or recycled.

To reduce the environmental impact of the materials collected from customers and to promote the circular economy, we continuously strive to find new solutions to recover materials at the highest possible refining rate and in accordance with the order of priority in waste management.

The COVID-19 pandemic continued to affect our operations during the year under review. Material flows and the demand for recycled raw materials started to recover during 2021.

In 2021, 58.4 per cent (2020: 58.6) of the material streams collected from our customers and managed by L&T could be reused or recycled for use as raw material for new products. Some 440,000 tonnes of materials were delivered to reuse and recycling. Our reporting cov-



More sustainable equipment solutions reduce the carbon footprint

L&T's target is to halve its own emissions by 2030, more than 90% of which come from transport. Measures have been taken by starting to use renewable fuels and by experimenting with zero-emission solutions.

"We have modern fleet and we are investing heavily in it. The engine technology of the new fleet is always lower-emission than the previous one. We are also ready to try new technologies", says **Petri Salermo**, L&T's Senior Vice President, Environmental Services.



Circular economy and climate change mitigation

ers the key material streams from the perspective of material reuse and recycling, namely municipal waste, hazardous waste, industrial waste and construction waste collected from corporate customers in Finland. In 2021, their combined volume was 757,000 tonnes (2020: 740,000). Slurry, contaminated soil, and ash are excluded from reporting.

Increasing the recycling rate with new services

The recycling rate reported by L&T is the weighted average of our customers' recycling rates. It also includes materials that cannot be recycled. The development of the recycling rate also depends on the customer industry. Some of our customers have achieved a recycling rate of more than 80 per cent. Our aim is to develop and increase the reuse and recycling rate of material collected from customers. To achieve this goal, we actively look for new material streams whose refining rate we can increase.

- Examples of reuse include pallets forwarded directly or after repairs to reuse and goods collected via the Helpponouto service, which are forwarded to reuse via our partners.
- Recycling includes material streams sorted at source collected from our customers, which we process or forward to be processed for use as raw materials for new products through our partners. The most significant of these are fibres (recyclable paper and cardboard), plastic and metal.
- Examples of other forms of recovery include energy recovery and the use of materials in the

construction of landfill areas. Energy recovery from waste is divided into two categories: recovery as a waste-derived fuel, and recovery in the incineration of mixed waste. We prefer the recovery of waste not suitable for recycling or environmental construction as a waste-derived fuel, which includes solid recovered fuels, shredded used wood and tyre shreds used for energy production.

- Hazardous waste, such as oily waste, solvents, batteries and fluorescent tubes, is processed by L&T at the company's own facilities or forwarded to trusted partners for recovery. In 2021, we collected 54,000 tonnes (2020: 55,000) of hazardous waste from our customers, with 72 per cent (2020: 73) of this total recycled. Part of the hazardous waste was recovered as energy, and non-recoverable waste was sent for final treatment. In 2021, 5.6 per cent (2020: 5.6) of hazardous waste was transported to other EU countries for treatment. L&T does not export waste outside the EU, and we did not import any hazardous waste during the year under review.
- L&T participates in the Green Deal agreement on the development of national oil waste management. Under the agreement, we have made a commitment to develop our operations to increase the reuse of waste oil, engage our customers in sustainable oil waste management, and ensure that the waste oil produced through our own operations will be delivered to the appropriate treatment. Our aim is that all of the waste oil we collect will be

reused and that we will increase the amount of waste oil we collect from our customers by 10% by 2025. We collected over 11,000 tonnes of waste oil from our customers in 2021.

Sorting at the source is crucial

Increasing the sorting of materials at source plays a key role in the development of the recycling rate. When materials are diligently sorted at source, they can be recovered and utilised effectively. In 2021, 81 per cent (2020: 81) of all materials were sorted at source, with only 19 per cent (2020: 19) ending up in mixed waste.

L&T is continuously developing new services in co-operation with its customers to facilitate sorting at source.

Improving customers' energy efficiency

L&T has a long track record of working to improve customers' energy efficiency in Finland and Sweden through preventive maintenance, energy efficiency observations and repairs, among other things. The services include energy surveys, energy consumption optimisation and an Energy Management Centre.

Energy savings through energy services

L&T's energy services help customers achieve their sustainability targets through the surveying and development of energy efficiency and the monitoring of the results.

The Energy Management Centre in Kuopio monitors the technical building systems at customers' properties remotely and works in close co-operation with property managers: it monitors and analyses data and the prop-

erty managers make on-site observations. This enables analyses and concrete suggestions for improving the energy efficiency of the properties involved. In 2021, the Energy Management Centre monitored 225 sites (2020: 218). A total of 3,112 improvement suggestions were made (2020: 2,539).

As part of the operations of the Energy Management Centre, we use the Smartti Automation service, which is an intelligent and proactive energy management system. It can be used to control an existing building automation system and achieve cost-effective improvements in the energy efficiency of a property.

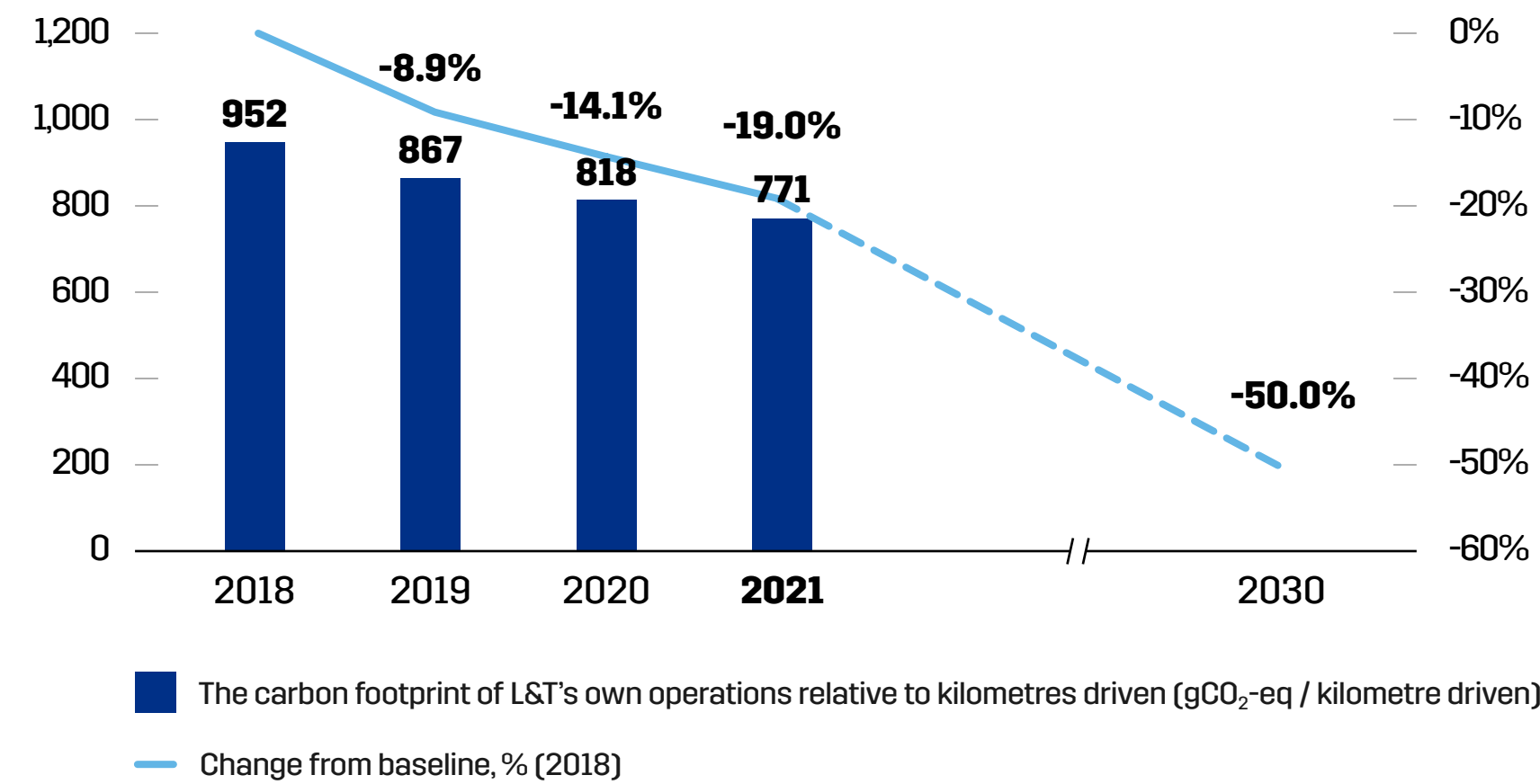
L&T's energy services include, for example:

- An Energy Manager that takes charge of managing the energy efficiency of sites. The Energy Manager can draw up a long-term plan of energy efficiency measures for the company, assume the responsibility for the comprehensive energy management of properties, and monitor not only consumption but also other conditions and comfort.
- Sustainability consulting to ensure that the customer's reporting practices and sustainability targets satisfy the requirements set out in sustainability standards. A sustainability consultant can prepare a climate strategy for the company and implement the most cost-effective emission reduction measures in accordance with the strategy.
- Surveys to improve energy efficiency.
- Updating equipment and the optimisation of equipment use and programming.

Circular economy and climate change mitigation

- Energy project planning, feasibility studies and project management to support the implementation of larger projects.
- Training on sensible energy management for the users of technical building systems.
- An Energy Management Centre whose monitoring activities ensure that the property's technical systems operate as planned, and energy consumption and the conditions at the property remain at the desired level after the energy efficiency measures are implemented.
- Reporting of the achieved emission reductions and cost savings to the customers and their stakeholders.

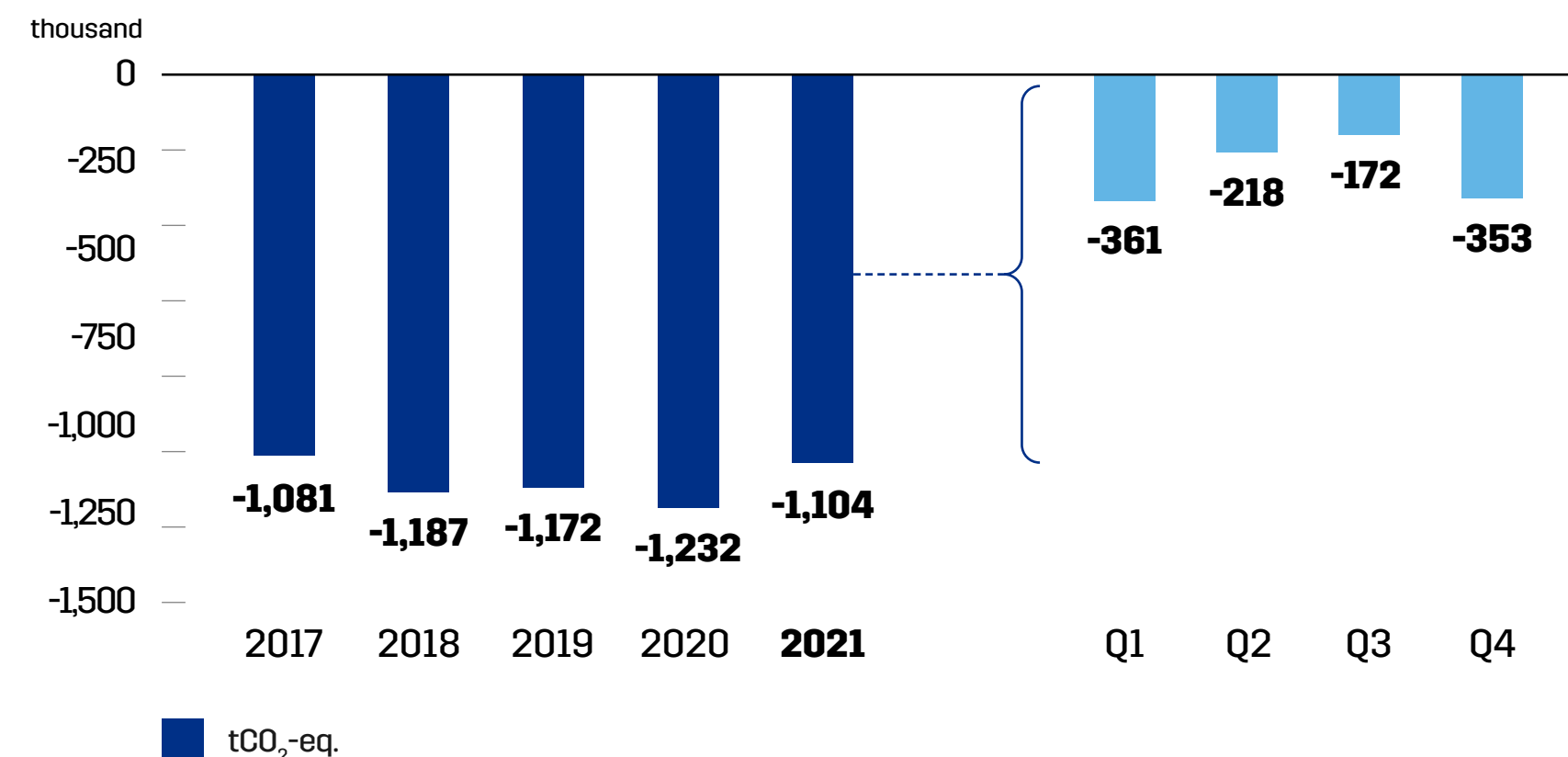
Science-based emission reduction target



Savings generated by L&T's energy services	2021	2020	2019
Savings by energy fraction, MWh/a			
Electricity	1,024.2	143.9	766.7
District heating	3,677.9	677.1	539.6
Fuels	177	-	-
Gas	275	-	-
Total, MWh/a	5,153.5	821	1,306.3
Cost savings generated, €/a			
Cost savings generated, €/a	374,287	48 751	103 610
Emission savings generated, tCO₂/a			
Emission savings generated, tCO ₂ /a	-778.3	-124.6	-209.6
Customer sites surveyed			
Customer sites surveyed	17	3*	18

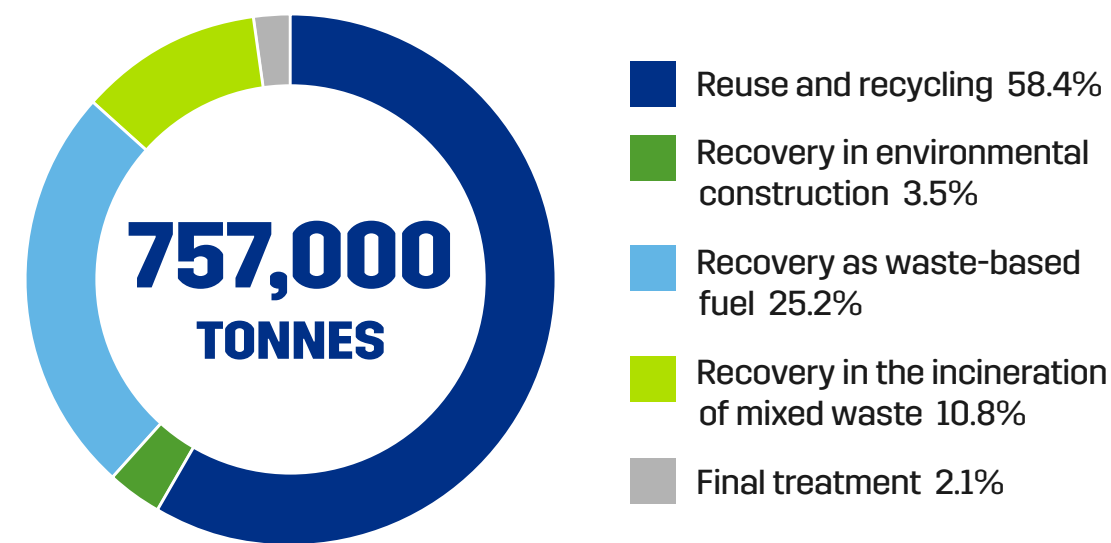
* The decrease in the number of surveyed customer sites in 2020 is mainly due to the COVID-19 pandemic. During the year, site-specific restrictions to prevent the spread of the virus were widely introduced at customer sites. The restrictions resulted in delays to site surveys.

Carbon handprint development

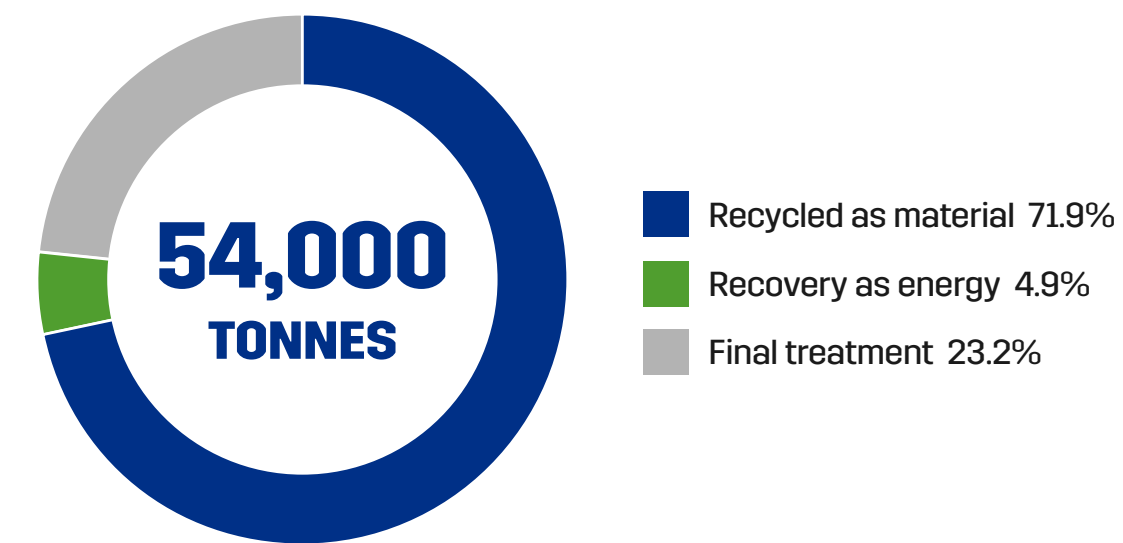


Circular economy and climate change mitigation

Recycling rate of materials managed by L&T



Recycling rate of hazardous waste



Material flows managed by L&T

	2021*	2020	2019	2018
Waste-based materials total, t	757,000	740,000	788,000	868,000
Materials sorted at source, %	74.2	73.4	68.9	68.1
Hazardous waste sorted at source, %	7.2	7.4	7.0	6.3
Mixed waste, %	18.6	19.2	24.1	25.5

*The figures for 2020 and 2021 do not include Russian operations.



Circular economy and climate change mitigation

Report of the risks and opportunities of climate change in accordance with TCFD

L&T reports on the risks and opportunities related to climate change in accordance with the TCFD (Task Force for Climate-related Financial Disclosures) recommendations. Due to the nature of our operations, L&T plays a significant role in the mitigation of climate change and the transition towards a low-carbon circular economy. Our operations have a large carbon handprint, which means that we generate significant emission reductions for our customers.

L&T's climate strategy

The mitigation of climate change is a strategic priority for L&T. Our businesses produce solutions that facilitate the transition towards a low-carbon circular economy, promote the sustainable use of materials, energy and natural resources, and reduce the volume of waste generated and energy consumed. We support our customers by enhancing the use of energy and materials and by replacing fossil fuels with renewable energy sources. Furthermore, we support our customers in the mitigation of climate impacts by optimising the use of properties and their technical systems. L&T has the strong market position required for the implementation of such changes in all of its business areas.

The mitigation of climate change calls for radical reforms to increase the use of renewable energy, improve energy efficiency, promote the reuse of materials, and shift to low-emission engine and fuel solutions. The significance of biomass and waste-based fuels as solutions

for the transition period is growing. L&T's businesses are in a good position for this development, which enables us to take advantage of climate-related opportunities.

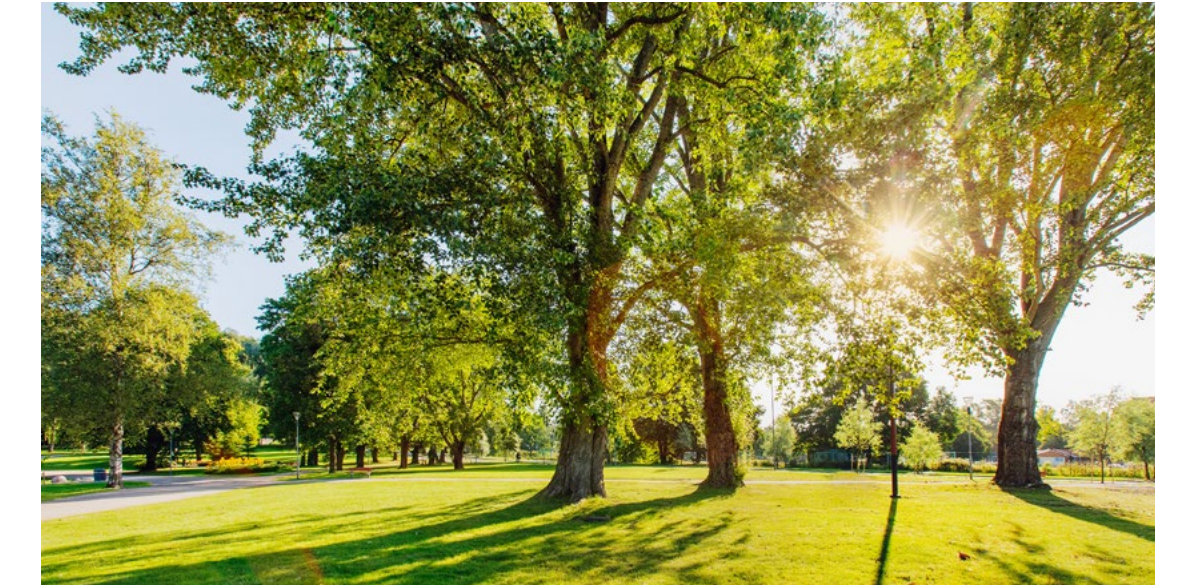
The monitoring of the outcomes of climate change related to our business operations is integrated in L&T's strategy process. We have assessed the impacts of climate change on our business operations both during the five-year strategy period and in the long term until 2035. Our assessment takes into account, for example, the development of prices for emission rights and carbon emissions, different scenarios of the integration of bioeconomy and low-carbon economy, the EU's circular economy package, changes in national waste legislation, national recycling and reuse goals by industrial sector and waste fraction, and planned investments in the energy sector. The assessment method is based on the qualitative evaluation of uncertainties in our business environments and the creation of qualitative scenarios about our business environment based on the changes with the highest degree of uncertainty and the financial impact.

L&T is able to change its business model flexibly according to the different climate scenarios. The reference scenario was a business environment where the status quo remains unchanged. The business effects of climate change were assessed in the different scenarios through aspects of change in the industry related to regulation, the business model and technological development. The alternative strategic scenarios were presented to the Board of Directors as a part of the strategy process, allowing the Board Of Directors to also use them in future decision-making, if necessary.

The mitigation of climate change provides L&T's business operations with strategic development opportunities. L&T's mission is to make the circular economy a reality. Transitioning to a resource-efficient circular economy is essential for the mitigation of global warming. We support this transition by improving the material, energy and cost efficiency of our customers and by ensuring that materials and the built environment retain their value. Our solutions enable our customers to reduce their waste volumes, extend the life-cycle of their properties, recycle and reuse materials, reduce the consumption of natural resources, fossil fuels and energy and thereby reduce their emissions. We research new technologies and solutions that allow our customers to reduce their climate impacts even more efficiently. New projects that increase the processing rate of various material flows promote the circular economy and improve the carbon handprint of L&T's operations.

L&T produces biofuels from cutting waste, wood material unsuitable for wood processing and side streams from the forest industry. Crushed wood for combustion is produced from wood waste from the construction, industry and trade sectors, as well as wood packaging that cannot be returned for reuse. We produce solid recovered fuel (SRF) from energy and construction waste not suitable for recycling.

L&T aims to optimise the emissions of its waste management services. However, as it is not possible to avoid all emissions, we have developed a carbon-neutral waste management service. This involves measuring the carbon footprint caused by L&T's waste management operations



Species are being lost at an unprecedented rate – who looks after biodiversity?

Finland has set a target of halting biodiversity loss by 2030. This is an ambitious goal that will require serious action. L&T has begun to assess how the Group's actions could mitigate biodiversity loss.

“Circular economy solutions are also effective for preventing biodiversity loss. We use side streams and waste for construction, replace natural materials, return materials to be reused and promote the replacement of fossil raw materials with renewables,” says **Jorma Mikkonen**, Senior Vice President, Public Affairs and Sustainability at L&T.



Circular economy and climate change mitigation

and compensating for the emissions by means of certified forestation projects. L&T also provides solutions that support adaptation to climate change. These services are related to the reduction of the key physical risks of climate change and supporting adaptation measures.

The EU Taxonomy

L&T has carried out an analysis related to the EU Taxonomy. Based on the analysis, we estimate that a significant proportion of our business operations is related to the mitigation of, and adaptation to, climate change. We have identified industry-specific functions and services that are low-carbon in the EU Taxonomy classification, contribute to the transition to a carbon-neutral economy by 2050, or both. The business operations of the Environmental Services division include, for example, collection and transport services specific to different waste fractions, and recovering materials from non-hazardous waste, as well as afforestation and reforestation. The business operations of the Industrial Services division include, for example, the modernisation of wastewater collection and treatment, as well as the anaerobic digestion of sewage.

Some 56 per cent of L&T's net sales are related to climate change mitigation or adaptation. Some 57 per cent of our investments and 54 per cent of our operating expenses are related to climate change mitigation or adaptation.

The net sales used in the EU taxonomy review is based on the net sales from internal financial reporting and vary to a small extent from the net sales reported in

the financial statement. This does not impact the percentages reported in conjunction with the EU taxonomy.

The circular economy is a key way of mitigating climate change. L&T's mission is to make the circular economy a reality. All of the Group's businesses build future sustainable growth for the circular economy and are based on the opportunities it creates. The Board of Directors has set L&T a long-term goal of increasing the carbon handprint faster than net sales. L&T also continues to invest in the achievement of climate targets by purchasing zero-emission vehicles, for example. More information about EU Taxonomy on L&T's [website](#).

Climate risk management

The opportunities related to the climate are significant for L&T. They are managed systematically as a part of the planning of business operations, and they are integrated in our strategy as described above. Climate risks refer to risks posed by climate change to business operations and society as a whole. The risks may be related to the transition to a low-carbon economy, as well as to the physical impacts of climate change.

L&T assesses the significance of climate risks based on their likelihood and the magnitude of the economic consequences. We use methods similar to those used in the assessment of business risks and opportunities.

The risks related to climate change are assessed using the same risk matrix as any other risk. Many of the risks and opportunities related to climate change, such as the growing consumption of fossil fuels and the increase in extreme weather conditions, are related to L&T's business

operations and have therefore been prioritised in the company's risk management. Risk management at L&T aims to identify significant risk factors, prepare for them and manage them in an optimal way, so that the company's strategic and financial objectives are achieved.

Comprehensive risk management endeavours to manage the Group's risk as a whole and not just individual risk factors. Climate risks do not form a separate risk assessment category at L&T; instead, they are processed as a part of the above-mentioned risk assessment and management processes. Risks are surveyed regularly and systematically at both division and company level. The significance of risks is assessed by a risk matrix. Measures for managing and minimising the identified risks are prepared, and responsibility for these measures is allocated to specified individuals or units. The most significant risks identified and the preparations for them are regularly reported to the Group Executive Board, the President and CEO, and the Board of Directors.

Governance

Climate-related risks and opportunities are managed through L&T's governance model and business management. L&T's Board of Directors is in charge of this as part of the management of business operations and the Group's divisions. The Board of Directors approves climate goals and the sustainability programme. The President and CEO is responsible, with support from the Group Executive Board, for measures related to climate, and the businesses implement them as part of their normal annual planning, in accordance with the sustainability

programme. The sustainability programme includes the group-level goals and measures related to the mitigation of climate change.

L&T is a signatory to the UN Global Compact initiative and has set a science-based emission reduction target in line with the Paris Agreement. The emission reduction target has been validated by the Science Based Targets organisation. L&T is an active member of the Climate Leadership Council (CLC) and the City of Helsinki climate partners network.

Indicators and targets

L&T has specified key indicators and targets for the climate impacts of its business model. The most significant performance indicator is the carbon handprint, which measures the climate benefit generated by L&T's services for its customers or the potential to reduce greenhouse gas emissions. The indicators and targets are presented on [page 28](#).



The most important impacts of climate change on our operations

Goals	Measures	Climate impacts and impacts on business operations
Transition to a low-carbon circular economy	L&T is committed to increasing the share of the reuse and recycling of waste collected from the customers from the current level of 58.4% to 60% and, in the long run, to 70%.	The circular economy plays a key role in the mitigation of climate change. The EU is introducing more ambitious reuse and recycling targets for waste and packaging materials, which presents new growth opportunities for L&T in the various stages of material value chains.
Increasing carbon handprint	L&T is committed to increasing its carbon handprint, meaning the emission reductions generated for customers, which amount to approximately 1.1 million tonnes carbon dioxide equivalent. Our goal for the strategy period is to increase the carbon handprint of our operations faster than our net sales.	The significance of renewable energy continues to grow, as long-term climate policy promotes the phasing out of fossil fuels. Biofuels and waste-based fuels will play a significant role during the transition period. L&T's operations help our customers significantly in mitigating climate change. The carbon handprint of the recycling of materials is also significant, approximately 31% of our total carbon handprint.
Securing the value of property	L&T's operations help retain the value of our customers' real estate and forest assets.	The physical effects of climate change increase the risk of changes in the value of assets. The built environment in Finland is not adequately prepared for the increased impacts of extreme weather phenomena and the resulting increase in property maintenance needs. L&T's services improve the energy efficiency and lifecycle management of industrial and other premises, which helps secure the value of property. In addition to reducing emissions, there is a need for active measures to increase carbon sinks. L&T's services may increase carbon sinks in young forests in particular, considering the current thinning backlog of one million hectares.



Based on the assessment, we have identified the following climate-related risks:

Climate-related risks	Impact	Management measure
Transition risks		
Political and regulatory (risk of higher prices of carbon emissions and fossil fuels)	L&T's collection and transport services cause direct (Scope 1) emissions. The company has approximately 914 heavy vehicles, and we consume some 15 million litres of diesel oil annually. Low-emission Euro 6 vehicles account for 56% of L&T's fleet.	We regularly assess the legislation concerning fuels and emission requirements. To manage the risk associated with fuel price increases, we improve the efficiency of our transport operations and strive to reduce the fuel consumption of the vehicles. We invest in low-emission vehicles and replace fossil diesel with renewable diesel. We optimise transport routes and develop economic driving styles.
Technology (failure in investment in new technologies)	As the market leader, L&T promotes the development of industrial infrastructures towards a low-carbon economy and seeks to find innovative solutions that mitigate climate change.	We invest in energy-efficient production equipment and efficient waste recycling plants. We research new technologies and solutions that allow our customers to reduce their climate impacts even more efficiently.
Reputation	Climate change causes increased concerns with our stakeholders and expectations concerning its mitigation.	L&T makes the circular economy a reality, and through the services we produce, we participate in the mitigation of climate change and adjusting to it. Our work is valuable for all stakeholders.
Physical risks		
Acute and chronic (changes in rainfall and extreme variation of weather conditions)	L&T has over 200 properties in Finland, including recycling plants, transfer stations, terminals, warehouses and office properties. Extreme weather conditions may have an impact on L&T's waste collection and property maintenance operations.	L&T's properties are not located in the identified climate risk areas. The physical risks concerning the facilities are a part of the identification and assessment of property risks.



A healthy, diverse and productive workplace community

A diverse and healthy workplace

As a major employer, the focus of L&T's social sustainability is on the Group's employees. We focus particularly on developing the employee experience, diversity, employee well-being and maintaining the work ability of our personnel. We want to offer jobs also to groups for whom it is difficult to find employment in the current labour market.

Sustainability programme priorities



A healthy, diverse and productive workplace community

Priorities and objectives 2019–2024	Base line 2019	Performance 2021	Objective 2024	Our success and notes
We look after the well-being, work ability and occupational safety of our personnel				
Employee recommendation rate	73%	82%	80%	Finland 81%, Sweden 88%
Increasing the average retirement age	63.2	63.9	64	Long-term objective 65 years
Reducing sickness-related absences in Finland	5.0%	5.0%	4.5%	
Occupational health rate		45%	45%	Indicator taken into use in 2020.
Continuous improvement of occupational safety:				
• Overall accident frequency (TRIF)	24	Overall accident frequency actualised according to objective, and was 24 in the entire company.	20	
• Number of proactive occupational safety measures		Number of proactive occupational safety measures: 91,381 (69,020)		The number of proactive measures to promote occupational safety reached an all-time high during the reporting period.
We employ special groups and people with reduced work ability				
We offer work to people for whom it is difficult or impossible to find employment in the open job market.		L&T's working ability team worked with 674 people in 2021.		
We create economic growth and well-being				
We increase well-being and economic added value.		Economic added value EUR 438.7 million (391.7)		
We report our tax footprint.		Tax footprint: EUR 179.4 million (169.6)		



A healthy, diverse and productive workplace community

The management of responsibility for employees at L&T

At L&T, responsibility for employees is managed through the Group’s human resources policies and plans, which aim to ensure that:

- L&T’s employees have the right competencies
- the number, quality and retention of employees are at the level required for effective performance
- the workplace community is diverse and equal
- employees maintain their work ability and functional capacity throughout their careers until retirement on old-age pension
- employees are encouraged and motivated to perform well and contribute to the company achieving its objectives

Managers and supervisors are in charge of the practical implementation of HR policies and plans, but the entire personnel is responsible for acting in accordance with the policies.

The management of personnel risks is a key component of our risk management process. The most significant personnel risks in L&T’s operations are related to the availability of competent and motivated employees, the potential weakening of job satisfaction, and the potential increase of costs related to disabilities and accidents.

Workplace community and diversity

In 2021, L&T had 8,389 employees (2020: 8,139) in Finland and Sweden. We are a multinational workplace community. Foreign nationals have represented approximately 17.5 per cent of our employees in Finland, and their number grew during the

year under review. Citizens of other EU countries represented 26.5 per cent of our personnel and third-country nationals 73.5 per cent. There were 91 different nationalities represented in our personnel in Finland at the beginning of 2022.

At L&T, men and women are evenly represented in various roles. 60 per cent of the personnel are men and 40 per cent are women. Both men and women are represented in L&T’s Group Executive Board and the management teams in charge of the divisions.

Our service business is labour-intensive, and we offer various jobs to suit different career stages. In 2021, the youngest person who worked for L&T was 14 years old and the oldest was 79. The age distribution is fairly balanced.

In summer 2021, we offered nearly 500 summer jobs to people in the early stages of their careers and participated in the Responsible Summer Job 2021 campaign. We offer opportunities for people to extend their careers part-time or full-time even after they reach retirement age.

A diverse workplace community

At L&T, we believe that purposefully building a diverse workplace community is one way of ensuring sustainable growth. Our overall objective is to increase diversity in all of our employee groups.

We develop our culture and operating methods with the aim of making it even easier for employees from diverse backgrounds to join our organisation, enjoy being part of our community and, through employment, become well-integrated into Finnish or Swedish society. Motivation is the most important competence in the service sector. Everything else can be developed through training.

L&T’s diversity plan entered into effect in 2020. In 2021, we began to discontinue the use of gendered job titles and terms, for example. Recruitment practices concerning salaried employees were updated to promote diversity. Job advertisements were published in English and simple language when the duties in question did not require excellent proficiency in Finnish or Swedish.

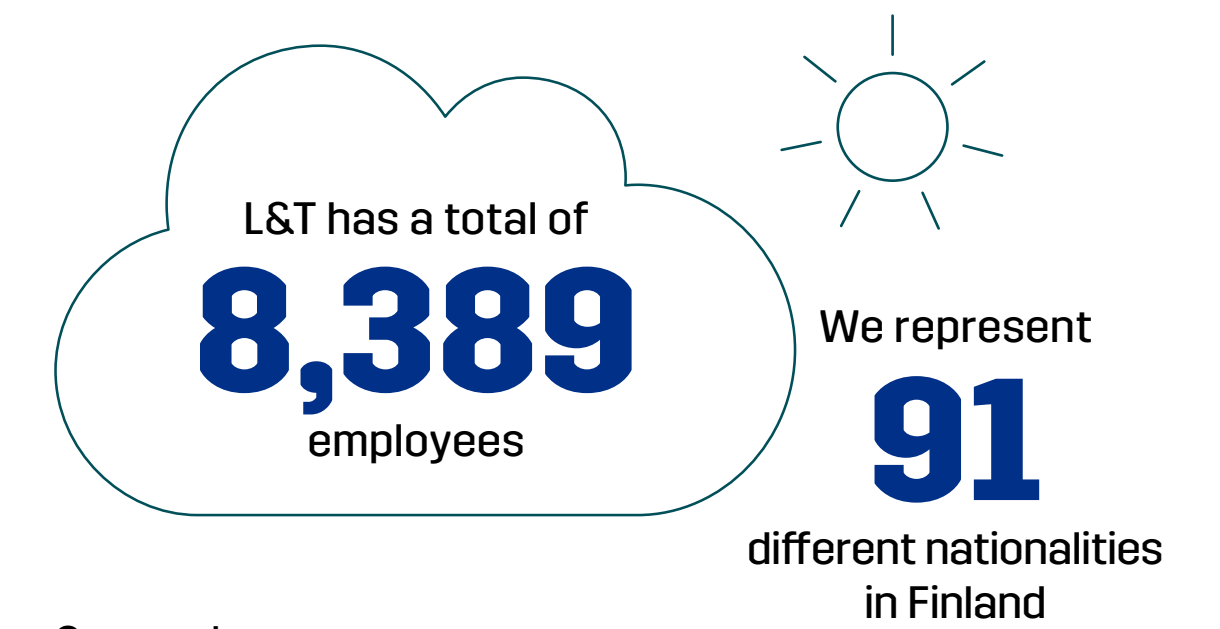
The recruitment of special groups is a long-term component of our sustainability programme. Through various projects, we have employed groups such as young people at risk of marginalisation, asylum seekers and people with reduced work ability. We aim to make this an ongoing element of our social employment concept.

Practices concerning employment relationships

We observe national legislation, agreements and other obligations in our employment relationships. L&T observes the Universal Declaration of Human Rights, workers’ rights as defined by the International Labour Organisation, and international agreements. We are committed to supporting the UN Global Compact initiative and its principles pertaining to human rights and labour. L&T mainly operates in Finland and Sweden with local partners, and the risk of human rights violations is low in these countries. We exercise particular care with regard to employment relationships with employees who are in a vulnerable position.

We respect our employees’ freedom to unionise. Two meetings of the European Works Council were held in 2021, attended by representatives of our employees from Finland and Sweden.

We are a diverse team



Our employees in Finland:

17.5%

have immigrant backgrounds

95%

have a permanent employment contract



We have a broad age distribution that is divided evenly from the ages of

20 to 60

The gender distribution of our personnel:

40%
FEMALE

60%
MALE

The gender distribution of supervisory positions:

41%
FEMALE

59%
MALE



A healthy, diverse and productive workplace community

L&T monitors compliance with collective agreements, environmental legislation, labour law, occupational safety legislation and regulations pertaining to financial management. L&T is also compliant with the applicable legislation governing contractors' obligations and liability, and requires the same of its suppliers.

The personnel policies are supplemented by the company's sustainability principles (L&T's Code of Conduct), which emphasise the importance of fair and equal treatment and respect for each person's dignity, privacy and individual rights.

We do not tolerate any kind of discrimination, intimidation, harassment or bullying at the workplace. In 2021, we updated our guidelines concerning the prevention of bullying and established rules for addressing potential incidents of bullying. At L&T, we want to ensure a safe workplace and a safe day at work for everyone. We want to create a good atmosphere between coworkers and ensure that everyone can start their day without fear of discrimination or bullying.

In 2021, we had to carry out 44 statutory co-operation negotiations, resulting in 153 redundancies and 415 temporary layoffs. The COVID-19 pandemic affected our service production during the year through the closure of certain customer sites and reductions in service needs. The changed circumstances meant that some of our employees in Finland were temporarily laid off. The duration of the layoffs varied. When implementing restructuring measures, we observe the minimum periods and negotiation times stipulated by national legislation.

Performance management and supervisory work

At L&T, development discussions are a key instrument for performance and competence management. The discussions are aimed at engaging employee commitment and ensuring the necessary level of competence and working conditions to enable strong performance. A development discussion is held with all employees at least once a year. The purpose of the discussions is to evaluate the past period, set targets for the upcoming period and discuss the employee's workload, well-being, competence and career plans.

The quality of supervisory work has a significant impact on the employee experience. Good leadership requires effective dialogue between supervisors and employees, as well as between coworkers. In 2021, we provided support for success in supervisory work through various training activities, for example. We regularly organise training for new supervisors, to familiarise them with L&T's supervisory practices and help them manage employee performance. Supervisors are also offered short-form training concerning day-to-day management situations, as well as diversity management, for example. In L&T's divisions, the development of leadership and supervisory work is closely linked to enabling the achievement of strategic goals.

Job satisfaction

The most important tool for measuring the employee experience at L&T is the twice-yearly Fiilinki/Pulsen survey. The survey provides employees with the opportunity to give feedback and enables the identification of team-spe-

cific development areas. The survey covers topics including employee commitment, the conditions for good work performance, daily life and co-operation in the team, customer orientation and supervisory work.

The surveys conducted in 2021 showed improved scores across the board, with the higher scores for the quality of supervisory work being a particularly positive result. Our employee recommendation rate, which is also one of L&T's strategic targets, was 82 per cent in autumn 2021. We have closely monitored the development measures taken in response to the results of the Fiilinki survey at different organisational levels.

Competence development

Employees play a key role in the successful execution of our strategy. There are many jobs at L&T that do not require training or previous experience. Through high-quality induction training, we help our employees perform their new duties and ensure a successful employee experience right from the start of the employment relationship. The updated and digitalised Polku induction training model used in cleaning services, for example, is used in the induction training of hundreds of cleaning employees each year.

The main focus of competence development is on day-to-day learning on the job, but training and coaching also play a role. The Group-level range of training includes short-form training for supervisors and specialists. We also offer division-specific training to help employees develop their professional skills and maintain their professional qualifications, as well as to support the achievement of strategic goals.



Promoting careers through training co-operation

Co-operation between L&T and Careeria started about 10 years ago with supervisor training in facility services, which still accounts for the majority of the co-operation. Employees attend training in cleaning and facility services ranging from basic qualifications to specialist vocational qualifications. There are currently students in several municipalities. In 2021, a total of 65 Lassila & Tikanoja employees studied at Careeria under an apprenticeship arrangement.



A healthy, diverse and productive workplace community

We engage in extensive co-operation with various educational institutions. In 2021, our personnel were offered apprenticeship training for completing basic, vocational and specialist vocational qualifications in cleaning and facility services, as well as basic qualifications in logistics. We also offer internships and thesis writing opportunities at L&T in areas including cleaning, property maintenance, sales and customer service.

Well-being and work ability

Employees with a high level of work ability and well-being are our most important asset and one of our key success factors. For us, well-being encompasses physical, mental and social well-being. The work performed by L&T's employees is primarily physically strenuous, but mental resources are also significant. We help our employees find their own way of looking after their well-being. As an employer, L&T also constantly looks for ways to develop work and the working environment to support work ability.

In co-operation with our occupational health provider, we have sought to promote musculoskeletal health and prevent prolonged symptoms, expedite the start of rehabilitation, and influence working methods and working conditions. Measures related to ergonomics and work arrangements have been implemented according to local and job-specific needs. We have supported our employees' musculoskeletal fitness and well-being through co-operation partners that provide health training, our occupational health provider, our sickness fund and providers of musculoskeletal rehabilitation services.

We have supported mental well-being through

low-threshold services that our employees can take advantage of during times of stress and/or change, relationship crises or challenges related to supervisory work. For more complicated challenges related to mental well-being and mental health, we have provided our employees with support and short-form therapy by an occupational health psychologist.

L&T has a long track record of purposeful efforts to increase the average retirement age of our personnel. Through various support measures, we have been able to increase our average retirement age (including retirement on old-age pension and disability pension) to 63.7 years (2020: 63.5) in Finland and 63.9 years (2020: 63.7) in the Group as a whole. The long-term target is to increase the retirement age to 65.0 years.

In 2021, we invested EUR 7.1 million in work ability, well-being and occupational safety. The L&T sickness fund paid benefits amounting to EUR 1.9 million to its members.

Sickness-related absences and supporting return to work

We aim to promote work ability and reduce sickness-related absences by using L&T's early care model and diverse measures to support employees' return to work.

During the year under review, the COVID-19 pandemic affected sickness-related absences, which increased due to the pandemic in Finland and in Sweden. Our sickness-related absence rate was 5.0 (2020: 4.7) in Finland and 5.5 (2020: 6.0) in Sweden.

In accordance with our early care model, potential

challenges related to work ability are addressed through co-operation between the employee, the supervisor, occupational health services and the HR function, to find solutions at an early stage. During the past few years, we have monitored the implementation of early care discussions by using the early care implementation percentage as the indicator. The number of supervisors who had a backlog of early care discussions decreased further in 2021.

We regularly organise training related to the early care model. The aim is to improve interaction between supervisors and their subordinates and support the supervisors' ability to address problems and seek solutions to difficult situations and potential challenges related to work ability.

We actively support returning to work after extended sickness-related absences and use various support measures to this end. These typically include supporting the employee's return to their previous job or a similar position by temporarily adapting the work duties, as well as using partial sickness allowance or workplace rehabilitation. If the current job is no longer suitable for the employee, they can receive assistance in finding a more suitable position that corresponds to their work ability and skills through vocational rehabilitation or the Suitable Work operating model. Our work ability support measures aimed at restoring the capacity to work helped us return 144 (2020: 169) employees to work in 2021.

We monitor the occupational health rate of our personnel

It is the number of employees who were healthy during the reporting period as a percentage of the total number

of employees. It directs attention to a positive indicator, namely the number of people who remained healthy.

Our occupational health rate in Finland was 45 in 2021. This means that as many as 45 per cent of our personnel had no sickness-related absences during the year.

We support well-being and career extension through a diverse range of health coaching, well-being coaching and rehabilitation services. Approximately 214 L&T employees participated in various health and well-being coaching activities and rehabilitation services in 2021. The participants received individual health and well-being coaching in line with their personal goals, to support their mental well-being, sleep, recovery, lifestyle and physical exercise. Rehabilitation services by the Social Insurance Institution of Finland (Kela) are intended to improve and support work ability and extend careers. Participation in Kela's rehabilitation groups was partly affected by the COVID-19 pandemic, and it was challenging to find applicants for certain rehabilitation services.

We monitor the impact of rehabilitation and well-being services by means of service producer reports and L&T's surveys.

L&T has supported employees' exercise and other hobbies via personnel clubs for several years now. In 2021, there were 25 clubs operating across Finland, organising various sports and cultural activities for their members. We also offered the Elixia Online exercise service to our employees to promote well-being.

Employment opportunities for people with reduced work ability

We have made a long-term commitment to promoting the



A healthy, diverse and productive workplace community

employment of people with reduced work ability. We constantly look for new ways to reach a broader audience of applicants in population groups that have previously not been recognised in society as skilled workers. To achieve good results, it is important to seek progress by focusing on carefully selected groups of people with reduced work ability. This makes it possible to plan the best possible support for people with reduced work ability employed by L&T and ensure in advance that supervisors have sufficient capability to support such employees at work.

At L&T, we believe that the challenges associated with the availability of labour that are typical to our sector can be partially solved by employing people with reduced work ability. The key is to promote the employment of people with reduced work ability in close co-operation between L&T, the public sector and customers, to ensure that all stakeholders are sufficiently committed and have an understanding of the positive shared goal.

L&T currently has co-operation projects concerning the employment of people with reduced work ability with cities in the Helsinki metropolitan area, the Helsinki Deaconess Institute and Aula association. New projects are also being planned. To ensure the successful implementation of the projects, we established a new project manager role in L&T's Facility Services division in October 2021, focused on the availability of labour and promoting the employment of people with reduced work ability. We continued to increase our employment capacity during the year through stakeholder co-operation and assigning roles related to these activities.

Occupational safety and health

L&T is committed to continuously improving occupational safety and the zero accidents approach. Our goal is to think and act safely, which will make all occupational accidents avoidable. Our efforts in the area of occupational safety are also aimed at preventing and minimising accidents, occupational diseases, and other hazards to physical and mental health arising from work and the working environment.

L&T's occupational safety activities are coordinated under an ISO 45001 certified management system, as well as the Group's occupational safety management principles. The certification covers nearly 90 per cent of L&T's business operations and personnel in Finland. In Sweden, the certification covers all of our business operations. The business operations that are not certified adhere to our management system and the related principles in their operations. Safety is on the agenda of our meetings from the Executive Board down, and it is also linked to personal bonuses of most service production supervisors. The development of occupational safety is reported on a monthly basis to the Group Executive Board, the Board of Directors, the divisions and the unit level.

The management of occupational safety is part our day-to-day work

We use effective proactive measures – such as safety observations, regular Safety Walks, occupational safety sessions and various risk assessments – to improve our safety as well as the safety of our customers and other stakeholders, while also eliminating risk factors.

Our employees have access to an electronic system that anyone can use the system to report safety observations. We encourage our employees to actively observe their working environment and report their safety observations. We monitor the level of reporting activity.

We increase our employees' awareness of occupational safety and risks, starting from induction training and also through online occupational safety training and clear guidelines, as well as by providing regular information on instructions, procedures and operating models. We also ensure that the subcontractors who work at our operating locations are trained in occupational safety. Our employees also participate in occupational safety training organised by our customers to ensure that we always adhere to the occupational safety instructions of each operating location.

The COVID-19 pandemic continued to affect the management of occupational safety in 2021, and we drafted separate clear instructions to prevent the spread of the virus. We also followed our customers' safety guidelines at our customer locations. Our general guideline is that when two sets of instructions exist, our employees must always follow the stricter of the two.

If an accident occurs in spite of our preventive measures, it is investigated. Accident investigations are conducted using an investigation method that helps us better reveal the root causes of accidents and agree on effective corrective actions. In addition to accident investigations, accident panels carry out a further review of accidents to ensure that sufficient corrective actions are taken.

L&T has invested more time and resources in occupa-



Tiina found a new career within the L&T organisation

Tiina Kujanpää previously worked as a location officer in L&T's cleaning business. In January 2016, she was taking out garbage when she slipped and fell. She broke her wrist, which made her unable to continue in her previous role. She began to rehabilitate her injury and find new work within the L&T. She was offered the position of property assistant. Now Kujanpää is able to work full days.

"L&T has been good to me. I appreciate the way people are trusted and given the opportunity to find a role they are able to perform", Kujanpää says.



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tional safety in the past few years, and the results speak for themselves. Our total recordable injury frequency (TRIF) has developed in line with our target, and the number of proactive measures has been growing.

Occupational health services promote work ability

We provide our employees with preventive and statutory occupational health care and medical care through our occupational health provider. We also complement our occupational health services with L&T's sickness fund. In 2021, occupational health services covered 7,003 employees in Finland.

We work closely together with our occupational health provider, and the key content particularly includes broadly recognising work-related hazards, preventing them and developing working conditions.

We engage in effective co-operation with our employees, and each division has its own occupational safety and health committee. Each committee convened in 2021 in accordance with the statutory meeting schedule.

There were no cases of diagnosed occupational diseases in 2021.

Overall accident frequency

Occupational safety at L&T developed largely in line with our targets in 2021 in spite of the COVID-19 pandemic. The overall accident frequency was in line with the target and stood at 24 in the Group as a whole (target: 24). We will continue our purposeful efforts to engage everyone at L&T in the development of safety. There were no

fatal accidents during the year under review.

The number of proactive occupational safety measures continued growing. The aim of proactive occupational safety measures is to proactively detect and identify occupational safety risks, as well as to define and implement the measures necessary for their prevention. The proactive measures are documented in the Clean Sheet safety system, which can also be used to monitor the implementation of various measures.

Proactive measures related to occupational safety are used in L&T's own units as well as at customer facilities. Operating in a proactive manner helps us develop our own safety as well as the safety of our customers. A significant proportion of our Safety Walks and safety observations are made at our customer locations. Unit-specific targets have been set for proactive measures, and their achievement is monitored regularly.

The number of proactive occupational safety measures (safety observations, Safety Walks, occupational safety sessions and risk assessments) was at 91,381 (2020: 69,020). The number of measures exceeded our ambitious target.

In 2021, our proactive measures continued to be focused on having our actions be more evenly distributed across all units, appropriately targeted and more measurable. We started using an activity indicator in 2021 to better monitor our entire personnel's activity with regard to proactive safety efforts. The activity indicator is one measure by which we engage a growing number of employees in the promotion of safety; for example, by making safety observations.

Special monitoring of high-risk jobs

Jobs at L&T also include work sites and tasks in which the risks related to occupational safety are higher than normal. These include, for instance, sites where work is performed at night, the processing of hazardous waste, industrial cleaning and the cleaning of pharmaceutical factories and health care facilities, for example.

High-risk jobs also include work in locations that require the use of special chemicals, or where customer processes can involve exposure to chemicals or radiation, for instance.

The supervisor must assess the hazards and exposure risks of each operating location and, if necessary, contact the occupational health care services locally to assess exposure agents. Employees assigned to environments that involve a particular risk of illness must undergo a pre-employment medical check-up conducted by the occupational health care provider before commencing work, if possible, and no later than one month after starting the work, regardless of the nature and duration of employment. Such employees are also invited to follow-up examinations at regular intervals.

We create economic growth and increase well-being

As a responsible corporate citizen, our goal is to increase L&T's financial value sustainably, create economic growth and increase well-being. We are among the most significant employers in our operating locations. The salaries, wages and taxes we pay, as well as the goods and services we buy, have a substantial impact on municipal

finances and other businesses in each economic area. Profits not considered necessary for ensuring the healthy development of the company are distributed to shareholders as dividends.

The most important direct flows of money from our operations consist of customers' service fees, purchases of goods and services, salaries, bonuses and social security costs, taxes, compensation to financiers and shareholders, and investments.

We comply with local legislation in the payment, collection, accounting and reporting of taxes. We pay and report taxes in the countries we operate in. A key principle is the high-quality and timely submission of tax forms and ensuring that other statutory requirements are met.

As part of our sustainability programme, we publish our tax footprint, which summarises the taxes and tax-like payments that accumulate for society as a result of our business operations. In addition to direct and indirect taxes, L&T's tax footprint reporting includes withholding taxes on salaries, as well as social security contributions.

The tax footprint summary includes taxes and tax-like payments for which L&T is responsible for paying or collecting the tax or payment in question. However, taxes included in the purchase price of a product or service, or for which L&T has no statutory reporting obligation, are not included in the tax footprint summary data. Relevant taxes and payments are classified by type and by country in this report.



A healthy, diverse and productive workplace community

	Proactive measures	Accident frequency (LTA)*	Overall accident frequency (TRIF)
2017	48,432	15	30
2018	56,154	14	27
2019	54,345	14	25
2020	69,020	13	24
2021	91,381	15	24

* Number of accidents leading to absence per one million working hours

Development of occupational safety at L&T	2021	2020	2019	2018
Proactive occupational safety measures total	91,381	69,020	54,345	56,061
Safety observations	50,776	34,590	28,814	32,195
Safety Walks	17,847	15,655	12,217	12,372
Occupational safety sessions	18,661	14,383	10,132	10,657
Risk assessments	4,097	4,392	3,182	837

Employee recommendation	2021	Target 2024
Employee recommendation rate, %		
Finland	81%	
Sweden	88%	
L&T Group	82%	> 80%
Employee Net Promoter Score, eNPS		
Finland	24	
Sweden	48	
L&T Group*	28	

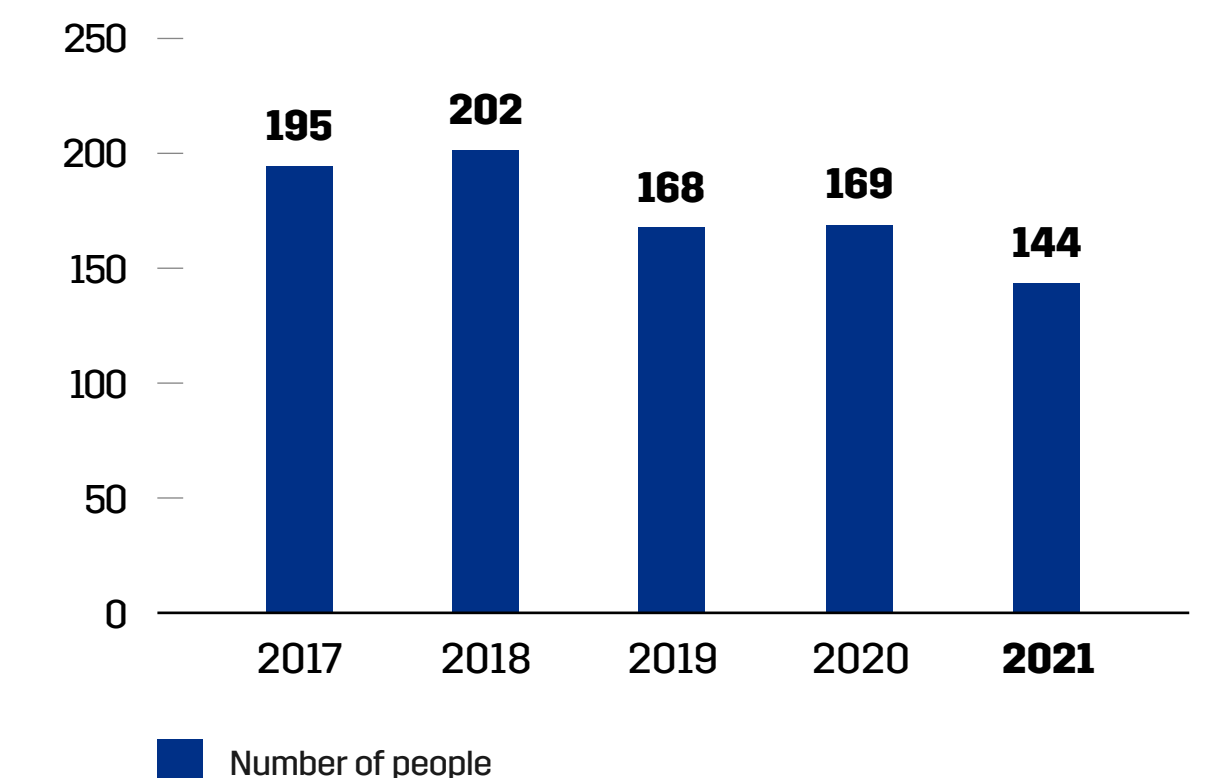
*Measured in October 2021

Average retirement age	2021	2020	2019	2018
L&T Group, weighted average	63.9	63.7	63.2	63.2
Finland	63.7	63.5	63.1	63.2
Sweden	65.0	65.0	65.0	64.5

Exit turnover, %	2021	2020
L&T Group, weighted average	19.3%	17.0%
Finland	21.0%	18.9%
Sweden	10.6%	6.5%
By division		
Environmental Services*	7.4%	5.4%
Industrial Services	9.4%	5.3%
Facility Services Finland	21.6%	24.3%
Facility Services Sweden	10.6%	6.5%

*Information is only available for Finnish operations

People with partial work ability returning to work





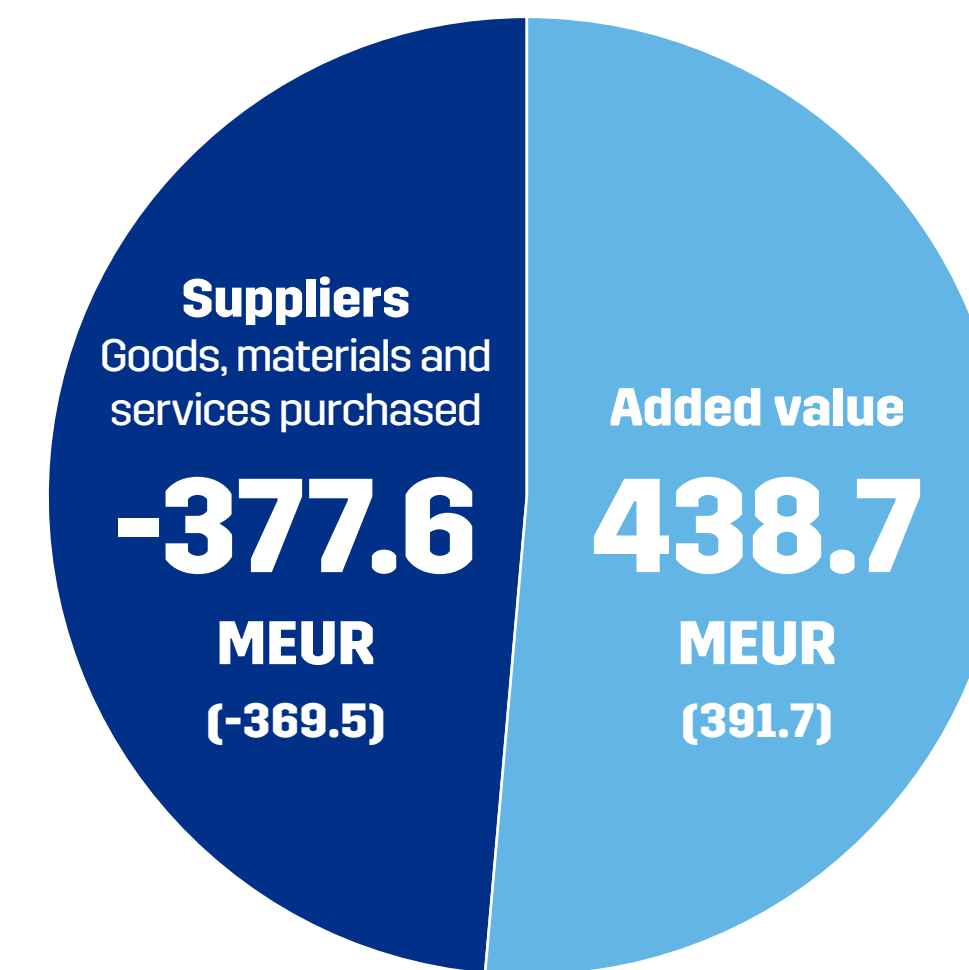
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L&T's tax footprint

Taxes and tax-like payments, MEUR	Total		2021		2020		
	2021	2020	Finland	Sweden	Finland	Sweden	Russia
Income taxes/corporate taxes	5.4	5.5	5.4	0.0	4.6	0.8	0.2
Withholding taxes on salaries and forest taxes, and tax-at-source	60.1	59.0	47.5	12.5	46.6	11.2	0.2
Social security contributions	18.4	16.8	3.5	14.9	2.9	13.3	0.6
Production taxes	0.0	0.5	0.0	0.0	0.5	0.0	0.0
Value added tax (tax on consumption)	94.8	87.9	72.9	21.9	66.7	20.4	0.8
Yle broadcasting tax	0.0	0.0	0.0	-	0.0	-	-
Lottery tax	0.0	0.0	0.0	-	0.0	-	-
Property tax	0.2	0.5	0.2	0.0	0.3	0.0	0.1
Insurance premium tax	0.5	0.5	0.5	0.0	0.5	0.0	0.0
Total	179.4	169.6	130.1	49.3	122.0	45.7	1.9

Distribution of financial added value

Customers, income:

816.3 (761.2)
MEUR

Distribution of added value:
Owners

Dividends and capital repayment paid

-15.2 (-35.0)
MEUR

Employees

Salaries, fees and social security contributions paid

-342.6 (-315.1)
MEUR

Creditors

Net financial costs/expenses

-3.5 (-3.6)
MEUR

Public sector

Income taxes

-5.4 (-5.5)
MEUR

Business development:
71.8 (32.4)
MEUR



We help cities and industrial operators make the circular economy a reality

We support our customers' sustainability by providing a comprehensive range of services. We increase the recovery of industrial side streams and contaminated soil and promote the circular economy concerning properties by developing services that reduce emissions, energy consumption and the impact of chemicals.

Sustainability programme priorities

Sustainable industry and cities

Priorities and objectives 2019–2024	Performance in 2021	Our success and notes
We promote the development of industrial infrastructure in line with the principles of sustainable development, the recovery of industrial side streams and closed cycles.		
Developing and introducing new, sustainable and safe methods.	We invest in innovation and the development of methods.	
Increasing the productive use of industrial side streams and contaminated land.	Recovered side streams and soil exceeded 190,000 tonnes.	
We find innovative solutions to build sustainable cities and create healthy and safe environments.		
We promote the development of sustainable cities and solutions to maintain sustainable urban infrastructure provision. Creating healthy and safe conditions for people.	Through the Smart & Clean Foundation, we have promoted the development of clean solutions in the Helsinki metropolitan area's municipalities.	The foundation's five-year operating period ended on 30th June.
Reducing the use of chemicals and increasing the proportion of ecolabelled products.	<ul style="list-style-type: none"> • 316 customer locations were brought under the "More sustainable cleaning" development programme. • 1,074 cleaners completed the Sustainability Passport qualification. • 62% of our cleaning products were eco-labelled. 	



Sustainable industry and cities

Added value through sustainable industry solutions

L&T recovers industrial side streams and contaminated soil for use in infrastructure construction. This helps conserve virgin natural resources. We manage the full range of industrial waste, from hazardous materials to slurry and ash. We produce industrial raw materials and fuel for power plants from waste that suits these purposes. We also use industrial side streams and waste as earth construction materials in place of virgin materials. L&T processes, recovers and receives contaminated soil from all over Finland. The majority of the contaminated soil is recovered: it is used in earth construction and stabilisation; for example, in structures at waste collection areas and landfills. In 2021, we facilitated the recovery of more than 250,000 tonnes of industrial side streams and contaminated soil.

L&T supports its industrial customers in meeting their sustainability goals and works together with customers to develop industrial infrastructure in line with the principles of sustainable development. We also continuously develop methods that allow us to reduce the amount of waste created, increase the effectiveness of the energy consumption of our customers, reduce their emissions and improve their occupational safety.

Comprehensive services for reducing waste and emissions

L&T's services for industrial facilities span the entire value chain of waste and side streams, from the point the material is generated all the way to its recovery and recycling. The service solutions consist of components such as

cleaning industrial process equipment, in-house logistics, environmental management and property maintenance. The comprehensive approach to operations ensures cost efficiency and sustainability. All operations are carried out in accordance with the current legislation and environmental permits.

In 2021, we partnered with several industrial enterprises in the areas of maintenance, property support services and environmental management. Our goal is to produce support services even more efficiently than before, allowing customers to deal with a single point of contact, and to provide services that enable production facilities to operate efficiently every day. Optimisation of the big picture and taking a proactive approach to occupational safety are key aspects of our operations.

We have introduced an efficient blast cleaning method that allows us to clean the furnaces of our industrial customers during use. This reduces the emissions caused by process shutdown and start-up, improves the efficiency of the boiler by as much as over 90 per cent and reduces the amount of waste created. Preliminary calculations indicate that blast cleaning reduces CO₂ emissions during use by an estimated 1–1.5 per cent per MWh. The protected equipment makes it possible to perform the cleaning safely both during use and during maintenance shutdowns.

Recovery of side streams and contaminated soil

We work to enable our industrial customers to have their industrial side streams (such as slag, sediment, slurry, ash and contaminated soil) recovered and used primarily as industrial raw materials and secondarily in infrastructure

in various structural solutions. The aim is to replace the use of virgin soil.

L&T receives, processes and recycles side streams and contaminated soil from all parts of Finland. The majority of the materials are recycled: we produce industrial raw materials and fuel for power plants from waste that suits these purposes. We also use industrial side streams and waste as earth construction materials in the structures of waste facilities and landfills, for example.

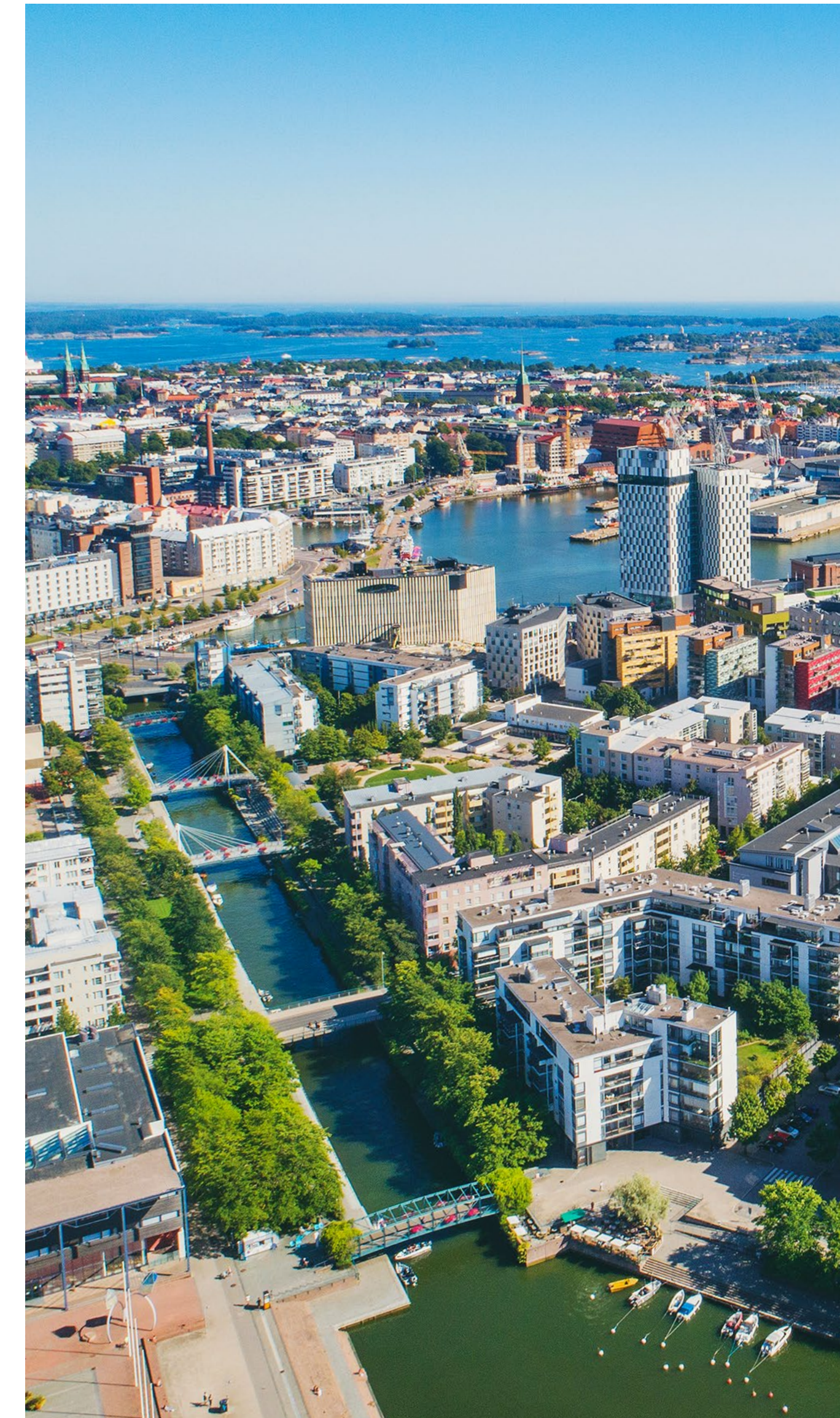
We constantly try to find new ways to recycle industrial side streams and contaminated soil to produce the highest possible added value.

Sustainable cities need infrastructure expertise

L&T wants to be actively involved in the development of sustainable cities. Through our services, we can contribute to the maintenance of sustainable urban infrastructure, the development of cities that operate according to the circular economy model, and the creation of healthy and safe conditions for people.

We act as a property maintenance and cleaning partner for several municipalities and private sector organisations in Finland and Sweden. Our goal is to be able to extend the lifecycle of properties, increase the efficiency of energy use, promote the recycling of waste and create good conditions for living and working. We do all of this while minimising the environmental impacts of our own operations.

In maintenance services, we use sustainable solutions with the aim of reducing our carbon footprint. We pay





Sustainable industry and cities

close attention to our equipment's condition, timely use and emissions. For example, we use a weather service to enable the timely and efficient use of our snow ploughing equipment, we improve the efficiency of our maintenance-related driving with the help of our operating model and ERP system and, where possible, we use remote reading solutions for water meters. In 2021, we also introduced electric and gas-powered machines and vehicles and utilised IoT solutions in the optimisation of electricity and heating energy and the appropriate use of properties.

In sewer maintenance, we capture images of and maintain hundreds of kilometres of municipal sewers each year. Regular examination of the sewer network's condition and proactive maintenance are the best way to reduce the risk of blockages and water damage.

We also empty wells and remove blockages. Some of the waste from the wells can be refined into industrial raw materials and fuel for power plants. This allows us to reduce the volume of waste ending up in landfills and to reduce the costs of waste.

More sustainable cleaning

In spring 2021, we launched a development programme to develop more sustainable cleaning practices. The goal is to challenge the typical operating models and conventions in the cleaning industry and take the entire industry in a more sustainable direction. The development programme focuses on improving the quality of cleaning and reducing the environmental impacts. Social responsibility is also a significant focus area under the programme. We look after the working conditions, job satisfaction and

safety of our employees and offer jobs to suit all types of needs and life circumstances.

In our customer locations, the development programme takes concrete form in, for example, chemical-free cleaning methods, reducing the use of waste bags, adopting innovative cleaning methods such as robotics, diamond blades and IoT sensors, and increasing the use of eco-labelled cleaning agents. At office locations, for example, IoT sensors can be used to target cleaning activities in the areas that need cleaning the most.

With the development programme, maintenance cleaning is now done completely without chemicals in many of L&T's customer locations. Cleaning is carried out using ultra-pure water produced by filtration from tap water. Deionisation removes surface tension from the water, producing a cleaning effect similar to that of cleaning agents. Chemical-free cleaning has been proven to improve indoor air quality and the safety of the premises while also reducing the environmental impact. In addition, the surfaces remain cleaner than when normal cleaning methods are used.

In 2021, 316 existing L&T customers were brought under the development programme. The aim is for all new customer locations to be cleaned in accordance with the development programme's criteria starting from 2022.

The progress of the development programme is monitored by an expert panel consisting of L&T customers, personnel and external specialists, to ensure that the sustainability efforts are moving in the right direction and measured appropriately. A sustainability index developed by L&T is used as the indicator.



Meritori school is cleaned without chemicals

At Meritori school in Espoo cleaning is now almost entirely chemical-free, and no chemical residue accumulates on the surfaces. Cleaning that takes environmental perspectives into account improves wastewater treatment processes and the building's indoor air quality. It also ensures that the amount of chemicals accumulating on surfaces is minimal.

"Indoor air quality is a very high priority for us. We are pleased that no unnecessary chemicals are now used in cleaning," says the school's Vice Principal, **Anu Hillner**.



Sustainable business practices

L&T aims to ensure that the Group's operations involve no serious damage or offences. We emphasise the importance of compliance with laws and regulations. To ensure the regulatory compliance of our operations, we have documented our sustainable business principles in our Code of Conduct, which applies to our contract suppliers as well. We support the UN Global Compact initiative and its principles pertaining to human rights, labour, the environment and anti-corruption.

In our administration, we comply with Finnish legislation, our Articles of Association, the rules and regulations of Nasdaq Helsinki, and the Finnish Corporate Governance Code for listed companies. Our operations are also guided by the policies and operating principles approved by the Board of Directors or the Group Executive Board, as well as our environmental permits.

Ensuring the regulatory compliance of environmental management

Professional waste treatment operations are subject to environmental permits and regulatory compliance. Facilities subject to environmental permits have contingency plans and rescue plans that determine how they are prepared for significant environmental incidents. We regularly conduct internal and external audits to ensure that the plans are appropriate.

In 2021, L&T had 65 (2020: 68) environmental permits that determined how the Group managed and monitored environmental matters. During the year, L&T received a total of 23 (2020: 21) local complaints related to waste processing operations. The highest number of complaints was received in Lahti, concerning the possible unpleasant odours released by the hazardous waste treatment plant. To prevent odour issues, we are in the process of making improvements to odour removal equipment, and we have restricted the reception of malodorous material, namely bilge water, at the plant. In addition to Lahti, there were also complaints of unpleasant odours in Jyväskylä. There were complaints of littering in Kerava and noise-related complaints in Turku. The complaints were received either directly from local residents or via the local environmental authorities, and they were recorded in the monitoring system. The complaints were handled in co-operation

with the authorities with the aim of mitigating future negative impacts.

Damage and offences

In L&T's sustainability programme, we have set a goal of zero incidents of serious damage or offences in the Group's operations. This goal was achieved in 2021.

Personnel

During the year under review, there were no serious accidents in L&T's operations that caused permanent injuries to anyone. All accidents were investigated in accordance with the Group's occupational safety practices to prevent their reoccurrence. More information on L&T's occupational safety practices is provided on [page 42](#) of this Annual Review.

Environment

In L&T's operations in 2021, there were no incidents classified as serious environmental damage. During the year under review, in our Finnish operations, there was one incident of environmental damage classified as an adverse event and 20 incidents classified as minor.

The incident classified as an adverse event was a traffic accident involving a tanker truck in Hartola. The tanker trailer overturned and used lubricating oil was spilled into the area. The contaminated soil was removed and clean soil was brought in.

The minor environmental incidents in Finland involved broken hoses, soil contamination, chemical damage, igni-

tion or nascent fires, container leaks and littering. L&T takes all environmental incidents seriously. Corrective action is taken immediately when an incident is detected or L&T is informed of an incident. We co-operate with the authorities to assess and restrict damage and ensure appropriate communication.

L&T seeks to prevent environmental damage by means of Environmental walks, for example, or observation tours focused on the inspection of key factors related to the condition of the property in terms of the environment. Each L&T site with an environmental permit must conduct an Environmental walk regularly, at least once every quarter. Furthermore, we have prepared comprehensive environmental instructions for the personnel for various preventative actions, such as the emptying and maintenance of oil traps, property waste management, and the use and storage of chemicals. The development of chemical safety was a special focus area in 2021.

Code of Conduct for the whole of L&T

To ensure the regulatory compliance, sustainability and ethics of its operations, L&T has documented its sustainability principles in its Code of Conduct, which applies to all L&T employees. Supervisors are responsible for ensuring the personnel's familiarity with the Code of Conduct and monitoring compliance with the guidelines. To ensure sustainability throughout the supply chain, we also have a separate Supplier Code of Conduct, which was updated in 2021. We require all of our contract suppliers to comply with the Supplier Code of Conduct.

**Ensuring compliance with regulations**

All L&T employees must follow the L&T Code of Conduct, as well as prevent actions that are contrary to guidelines and instructions. Violations of the Code of Conduct are primarily reported to the immediate supervisor, who assists in the interpretation of the Code in ambiguous situations. Employees can also use a confidential reporting channel by phone or e-mail. The channel is available in all of our operating countries. The internal auditor handles all reports received via the reporting channel in accordance with a jointly agreed process.

The Code of Conduct is published on the L&T website. The Code of Conduct addresses issues such as anti-bribery corruption and bribery, compliance with competition law and environmental regulations, as well as non-discrimination. We have online courses on the Code of Conduct in Finnish, Swedish, English and Russian. The Swedish-language online course is aimed at the Swedish market, and it has been adapted where necessary to correspond to Swedish legislation and issues relevant to our business operations in Sweden. New L&T employees study the Code of Conduct as part of their induction training programme. We also provide regular refreshers on the Code of Conduct.

In 2021, 71 per cent of our salaried employees had completed the online training on the Code of Conduct in Finland. In Sweden, the online course has been completed by 89 per cent of salaried employees and other employees.

Our internal auditor received 5 (2020: 4) reports of Code of Conduct violations during the year. The reports were received directly from our personnel, through supervisors or via our electronic whistleblowing channel. All of

the reports required further investigation and they led to corrective measures. The measures ranged from reprimands to warnings.

Other infractions

We operate in strict compliance with the EU's General Data Protection Regulation and L&T's data protection and data security policy. During the year under review, we redefined our processes pertaining to personal data and updated our privacy statements and data protection guidelines with regard to the periods of retention of personal data, for example. With respect to the processing of personal data, we have also improved our processing practices so that we can provide even stronger evidence of our GDPR compliance.

There were no confirmed incidents of bribery or corruption at L&T in 2021. More information on our supplier co-operation practices is provided on [page 51](#). Bribery and corruption-related risks are assessed on a process-specific basis, and the risk assessments cover most of our service branches. The internal control function focuses on addressing risk management measures in development projects and also takes into account corruption-related risks.

We continuously improve our operating model concerning development projects to prevent or effectively reduce the possibility of corruption. During the year under review, we focused particularly on identifying bribery and corruption risks associated with the procurement of digital solutions. Going forward, we will focus even more on data quality and gradually increase the use of analytics in internal control. We have updated the notification form

concerning secondary occupations and activities, and we have developed the internal processing of the notifications. Our aim is to identify employee-related conflicts of interest as early as possible. Our employees are aware of our anti-corruption guidelines, and they occasionally request more detailed information from our Legal Affairs department regarding the receiving of gifts, for example.

Risks related to human rights have been assessed at L&T as part of the risk management process. More information is provided in the [Financial Review](#) starting from page 25. L&T mainly operates in Finland and Sweden with local partners, and the risk of human rights violations is low in these countries. The Group does not tolerate any kind of discrimination, harassment, bullying, racism or inappropriate treatment, or the use of child labour, any form of forced labour or any other practices in violation with basic human rights, in its own operations or as part of its supply chain. Human rights are included in the Code of Conduct and the Supplier Code of Conduct attachment to agreements, which must be observed by all subcontractors and suppliers. Furthermore, human rights are assessed as a part of supplier self-assessment.

We prevent the use of child labour by means of our centralised diversity plan and reporting. Forced labour is prevented by, for example, our centralised payroll system, which ensures that we pay all employees in accordance with the collective labour agreements applicable to us. The salary is always paid to the employee's personal bank account. There were no confirmed grievances related to human rights or reported incidents of discrimination at L&T in 2021.

Employee Code of Conduct

To ensure the sustainability of our operations, we have documented our responsible business principles in our Code of Conduct, which applies to everyone at L&T, as well as our contract suppliers. The key items of the Code of Conduct are as follows:

1. We comply with the applicable legislation and regulations.
2. Our actions are honest and transparent.
3. Our actions are in the interest of the company.
4. We respect human rights, each other and our workplace.
5. Occupational safety is important to us.
6. We make no compromises on our environmental responsibilities.
7. We require responsible actions from our suppliers.
8. We take action against misconduct.



Sustainable procurement

L&T requires that all suppliers comply with the relevant legislation, agreements and terms of employment, and that they commit to our sustainability principles, which focus on legal compliance, transparency of operations and honesty, respect for human rights, ensuring health and safety, and mitigating environmental and climate impacts. Our sustainability principles are documented in L&T's Code of Conduct supplier instructions. Our contract suppliers commit to comply with L&T's Code of Conduct when the agreement is signed. We also require that all service providers belong to the Reliable Partner service.

Ensuring the compliance of suppliers

When we select a new supplier, we emphasise the quality and reliability of the supplier's actions, the observation of environmental matters and ethical operating principles, in addition to the cost efficiency of the goods or services provided. When selecting a new contract supplier, we evaluate the level of the supplier's sustainability by means of a self-assessment query, which focuses on the assessment of the supplier in terms of, for instance, environmental aspects, supply chain management, occupational safety and quality management. We use the answers to make sure that the supplier meets our requirements. Furthermore, we may conduct any other investigations we deem necessary in terms of the company's financial situation, for example. In Sweden, new subcontractors are approved in the company's internal co-operation meetings, which are also attended by representatives of trade unions.

For our existing suppliers, we ensure compliance by means of self-assessments whenever the contract is renewed and, if necessary, in other phases as well. We also engage in regular supplier co-operation with our most important suppliers and monitor their operations using specifically set indicators. Furthermore, we conduct supplier audits based on the risks identified.

Description of supply chain and risks

We mostly operate with domestic companies in Finland and Sweden, which improves the visibility of the supply chain. We have assessed that the biggest risks in our supply chain are related to waste treatment operators and recipients of waste, as well as our subcontractors. With regard to waste treatment operators and recipients of waste, the most significant risks are related to taking environmental issues into consideration. With regard to subcontractors, the risks are mostly related to ensuring occupational safety and that employment conditions are followed.

Anti-corruption and bribery

L&T is committed to supporting the UN Global Compact initiative and its anti-corruption principles. The prevention of corruption and bribery is also based on national legislation and agreements. Internally, our operations are guided by the L&T Code of Conduct, which includes anti-bribery and corruption guidelines related to, for example, accepting and offering gifts and hospitality, as well as the avoidance of conflicts of interest. We have defined separate permit procedures to ensure that all customer events are appropriate and that all sponsorship and supporting marketing operations are transparent.

Our procurement is guided by our procurement principles and the more detailed procurement guidelines. Our procurement processes are transparent, and procurement decisions are based on competitive contracts. Mandates and the limits for approval in terms of procurement are defined in the company's guidelines on authorisation on the basis of position. In the case of potential conflicts of interests in procurement decisions, the persons concerned are disqualified from the decision-making and left outside the daily co-operation with the supplier. Supplier co-operation must not involve any bribery or the kind of hospitality or exchange of gifts that could influence procurement decisions.

Progress in 2021

- Active co-operation between our procurement function and occupational safety department ensured the adequate availability of personal protective equipment in spite of the impacts of the COVID-19 pandemic. The continuity of the procurement of protective equipment was ensured through the effective management of supply channels.
- We commissioned supplier self-assessments for 76 suppliers.
- Despite the COVID-19 pandemic related challenges we conducted 16 supplier audits.

Ensuring compliance with regulations

We continue to develop the sustainability of our procurement activities

We will continue to develop the sustainability of our procurement activities in 2022. Our goal is to further develop our operating model to better account for differences between our procurement categories and to ensure that our operating procedures enable us to maintain a transparent and up-to-date supply chain. In 2022, we will implement our updated Supplier Code of Conduct, which clarifies our requirements concerning areas such as human rights and sustainable development. Systematic supplier audits were launched in our operations in Sweden in 2021.

L&T's purchases in 2021

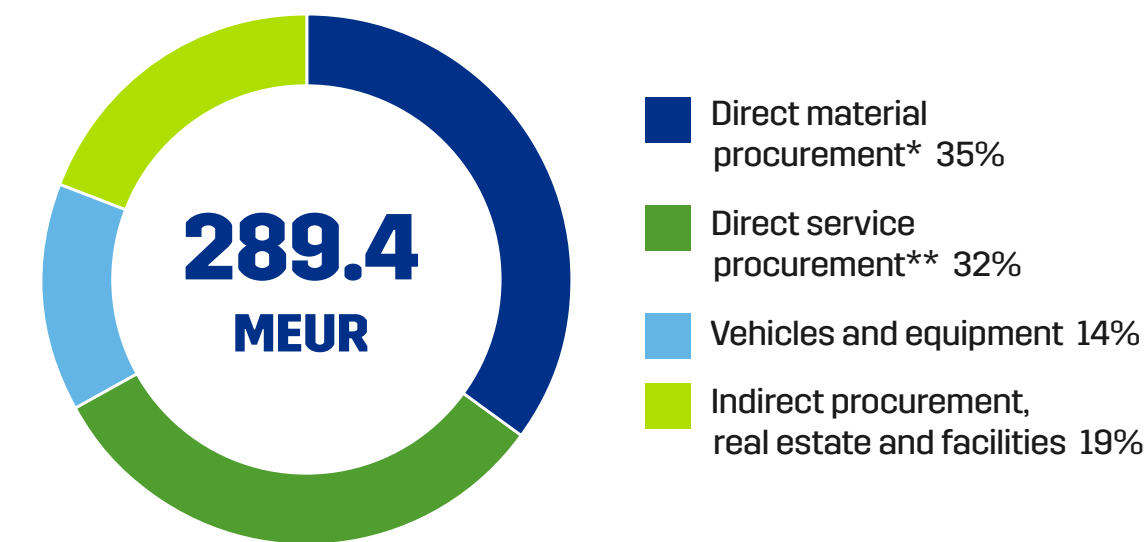
In 2021, L&T's purchases of materials, goods and services in Finland totalled approximately EUR 289.4 million (2020: 289.6), and our purchases in Sweden totalled approximately EUR 81.1 million (2020: 68.2). L&T's purchases are mainly from domestic suppliers. In Finland, 96 per cent (2020: 96) of purchases were made from companies operating in Finland, and 3.8 per cent (2020: 3.7) from companies operating in other EU countries. Purchases from outside the EU represented 0.2 per cent (2020: 0.2) of our total purchases. In Sweden, domestic purchases accounted for 98.0 per cent (2020: 98.0) of the total, while 2.0 per cent of purchases were from other EU countries (2020: 2.0). Hardly any purchases were made from non-EU suppliers in our Swedish operations.

Key principles of L&T's Supplier Code of Conduct

1. Principles of conducting business operations
2. Respecting human rights
3. Ensuring health and safety
4. Supplier evaluation and action against instructions
5. Reducing environmental and climate impacts
6. Reporting malpractice

Breakdown of procurement in Finland and Sweden

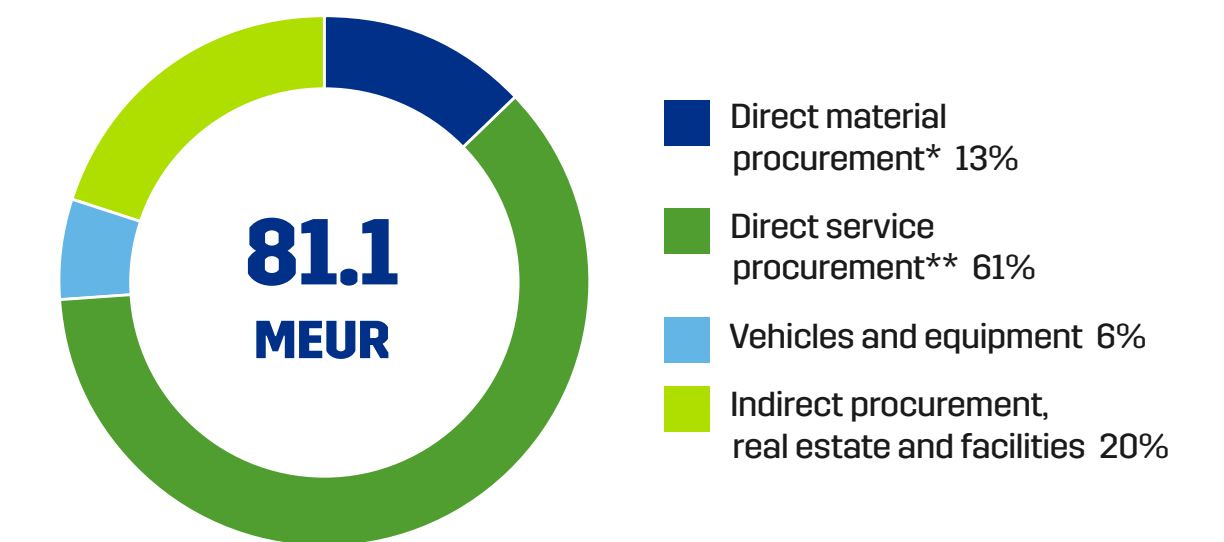
Finland



* Direct material procurement includes: technical materials and supplies, raw materials and material payments.

** Direct procurement includes: external workforce.

Sweden



APPENDICES

- 54 Tables with more specific information
- 59 Sustainability reporting principles and GRI index



Tables with more specific information

Environmental figures

Materials	Unit	2021	2020	2019	2018	2017	Energy	Unit	2021	2020	2019	2018	2017
Material flows managed by L&T						L&T's own energy consumption							
Waste-based materials total	tn	757,000	740,000	788,000	868,000	801,000	Diesel	MWh	139,599	144,002	164,665	170,798	160,094
Materials sorted at source	%	74.2%	73.4%	68.9%	68.1%	67.1%	HVO*	MWh	15,493	-	-	-	-
Hazardous waste sorted at source	%	7.2%	7.4%	7.0%	6.3%	5.9%	Petrol	MWh	828	656	3,010	2,804	2,459
Mixed waste	%	18.6%	19.2%	24.1%	25.5%	27.1%	Fuel oil	MWh	18,750	17,070	17,936	18,539	17,506
Recycling and recovery rate of material flows managed by L&T						Gas							
Reuse and recycling	%	58.4%	58.6%	54.8%	54.2%	53.8%	Electricity	MWh	5,050	1,499	1,219	509	-
Recovery in environmental construction	%	3.5%	3.9%	4.8%	5.4%	5.9%	District heating**	MWh	32,733	28,842	31,603	31,322	31,716
Recovery as a waste-based fuel	%	25.2%	24.2%	23.9%	24.8%	23.3%	Total	MWh	8,716	7,840	8,624	8,960	9,898
Recovery in the incineration of mixed waste	%	10.8%	11.0%	9.6%	9.2%	11.2%	Energy intensity***	MWh/MEUR	272	266	290	290	328
Final treatment	%	2.1%	2.3%	6.9%	6.4%	5.7%	The figures for 2020 and 2021 do not include Russian operations						
Reuse and recycling rate of hazardous waste						* Amount of fossil and non-fossil energy separated in 2021 figures							
Hazardous waste total	tn	54,300	54,781	55,170	54,914	46,866	** District heating consumption figures cover L&T's operations in Finland						
Recycled as material	%	71.9%	73.1%	69.2%	67.0%	64.0%	*** L&T's own energy consumption relative to net sales						
Recovery as energy	%	4.9%	3.5%	2.1%	6.6%	10.6%							
Final treatment	%	23.2%	23.4%	28.7%	26.4%	25.4%							
Hazardous waste intensity*	tn / MEUR	67	73	70	68	66							

The figures for 2020 and 2021 do not include Russian operations

* Hazardous waste managed by L&T relative to net sales

Carbon footprint	Unit	2021	2020	2019	2018	2017
L&T's own emissions						
Scope 1: Transport, production vehicles, work machines,	1,000 tCO ₂ eq.	36.5	35.5	41.5	45.5	42.3
Scope 2: Purchased electricity in Finland (market-based)	1,000 tCO ₂ eq.	0.0	0.0	0.0	0.0	0.0
Scope 2: Purchased electricity in Finland (location-based)	1,000 tCO ₂ eq.	4.2	4.0	4.9	5.0	5.6
Scope 2: Purchased electricity, other countries (location-based)*	1,000 tCO ₂ eq.	0.004	0.004	0.2	0.2	0.2
Scope 2: Purchased district heating in Finland (location-based)*	1,000 tCO ₂ eq.	1.3	1.2	1.4	1.7	1.7
Scope 3: Fuel consumption by contractors**	1,000 tCO ₂ eq.	16.7	16.6	14.3	15.3	13.4
Scope 3: Work-related travel**	1,000 tCO ₂ eq.	1.1	1.2	1.4	1.5	1.5
Total***	1,000 tCO₂ eq.	55.6	54.5	58.8	64.3	59.2
Emission intensity: Scope 1+2 emissions relative to kilometres driven (SBTi)	gCO ₂ -eq./kilometres driven	771	818	867	958	-
Emission intensity: Scope 1+2 emissions relative to net sales	tCO ₂ -eq./MEUR	46.5	48.8	54.9	59.1	65.5

The figures for 2020 and 2021 do not include Russian operations

* Scope 2 market-based figures are not reported because the emission factors available do not significantly differ from those in the location-based data

**Only includes L&T's operations in Finland

***The calculated Scope 2 emissions include electricity purchased in Finland on a market-based basis

Carbon handprint	Unit	2021	2020	2019	2018	2017
Climate benefits for customers created by L&T						
Material recycling*	1,000 tCO ₂ eq.	-342.9	-345.7	-340.0	-373.3	-377.0
Biofuel and recovered fuel deliveries	1,000 tCO ₂ eq.	-759.9	-885.9	-823.6	-805.8	-697.0
Total**	1,000 tCO₂ eq.	-1,103.6	-1,231.7	-1,172.1	-1,187.0	-1,081.1
Carbon handprint intensity: carbon handprint relative to net sales	tCO ₂ -eq./MEUR	-1,358	-1,638	-1,494	-1,480	-1,589

The figures for 2020 and 2021 do not include Russian operations

* Calculation extended. Textiles, batteries and oils included as new materials for 2020 and comparison years subject to availability

** Calculation extended. The property and production facility customers of the Smartti services' in which measures for energy efficiency have been implemented are included for the years 2019–2020

CO₂-emission calculation principles

L&T's CO₂ emission calculations for 2021 cover the Group's business operations in Finland and Sweden as specified below.

Carbon handprint

The carbon handprint, which refers to the calculated reductions in emissions facilitated by L&T's operations, have been calculated for the entire value chain, from the collection of waste to the use of secondary raw materials and fuel.

The recycling of waste can replace the use of virgin raw materials and thereby reduce the greenhouse gas emissions of raw material procurement and processing.

The carbon handprint has been calculated on a material-specific basis and it is based on the degree to which the recycled material reduces emissions compared to the corresponding production using virgin raw materials.

In energy production, greenhouse gas emissions are reduced when fossil fuels are replaced with biofuels and solid recovered fuels. For fuels, the carbon handprint takes into account L&T's biofuel and solid recovered fuel deliveries and the resulting greenhouse gas emissions compared to producing the corresponding amount of energy using fossil fuels. The reference values used in the calculations are primarily based on coal. The emission factors are based on Statistics Finland's fuel classification 2021.

In addition, the calculation covers the properties and production facilities involved in Smartti services, and the calculated energy efficiency measures produced for them. The source of the emission factors is Statistics Finland 2019.

Calculated reductions in emissions have been calculated using the model created by VTT for the entire value chain, from the collection of waste to the use of the secondary raw material or fuel.

The carbon handprint calculations for 2021 cover L&T's operations in Finland. The change in the carbon footprint is compared to the 2018 level.

Carbon footprint

The data on emissions from L&T's operations for 2021 cover the Group's operations in Finland and Sweden. The emissions have been calculated based on the international Green House Gas Protocol reporting standard and emission calculation model, utilising, for example, the Statistics Finland database. In accordance with the calculation model, emissions are divided into three categories:

1. Scope 1: Direct GHG emissions

- Landfill operations, L&T's heavy duty vehicles, fuel consumed by production vehicles and company cars

2. Scope 2: Indirect GHG emissions from purchased energy

- L&T's electricity consumption in Finland and Sweden as well as district heat consumption in Finland
- ### 3. Scope 3: Other significant indirect GHG emissions
- Work-related travel and contractor fuel consumption in Finland
 - Subcontractors' emissions have been calculated based on transport volumes and estimated fuel consumption.

Personnel in figures

	2021****	2020	2019	2018	2017
Total number of full-time and part-time employees at year-end	8,389	8,139	8,207	8,600	8,663
Finland	7,003	6,673	6,479	6,871	7,041
Sweden	1,386	1,370	1,355	1,422	1,332
Russia	-	96	373	307	290
Average number of employees, converted to full-time					
Finland	5,953	5,853	5,946	6,199	6,288
Sweden	1,371	1,109	1,020	1,066	
Russia	-	235	342	301	
Personnel by country, %					
Finland	83.5%	82.0%	78.9%	80.0%	81.3%
Sweden	16.5%	16.8%	16.5%	16.6%	15.4%
Russia	-	1.2%	4.5%	3.5%	3.3%
Personnel by gender					
female	40.3%	40.6%	40.0%	42.5%	42%
male	59.7%	59.4%	60.0%	57.5%	58%
Personnel by gender, supervisory positions					
female	40.9%	40.7%	38.7%	36.0%	
male	59.1%	59.3%	61.3%	64.0%	
Personnel by employee group*					
Salaried employees, %	17.4%	18.1%	16%	17%	16%
Employees, %	82.6%	81.9%	84%	83%	84%
Leased employees by employee group**					
Salaried employees, person-days	1,116	289	252	347	312
Employees, person-days	25,686	15,011	23,841	34,556	20,965

* Information is only available for Finnish operations.

** Data available only in Finland. Reporting refined in 2021. In addition, the number of salaried employees has been affected by the incorporation project.

*** Type of employment is used only in Finland.

**** Accounting principles refined.

	2021	2020	2019	2018	2017
Personnel by type of employment, %					
Finland					
Permanent (men%/women%)	95.3% (57.8%/42.2%)	95.6% (56.7/43.3)	94.9%	95.0%	93.2%
Temporary (men%/women%)	4.7% (63.8%/36.2%)	4.4% (67.4/32.6)	5.1%	5.0%	6.8%
Full-time (men%/women%)	67.9% (64.2%/35.8%)	69.0% (63.9/36.1)	67.1%	67.7%	66.3%
Part-time (men%/women%)	21.5% (39.5%/60.5%)	20.6% (34.8/65.2)	21.5%	20.2%	22.4%
Sweden					
Permanent (men%/women%)	79.3% (72.1%/27.9 %)	80.8% (73.9/26.1)	75.8%	74.5%	
Temporary (men%/women%)	20.7% (55.7%/44.3%)	19.2% (51.1/48.9)	24.2%	25.5%	
Full-time (men%/women%)	68.4% (78.5%/21.5%)	68.5% (78.5/21.5)	65.9%	63.7%	64.0%
Part-time (men%/women%)	31.6% (47.3%/52.7%)	31.5% (50/50)	34.1%	36.3%	36.0%
Russia					
Permanent (men%/women%)	-	96.8% (77.2/22.8)	99.2%	99.3%	97.0%
Temporary (men%/women%)	-	3.2% (66.7/33.3)	0.8%	0.7%	3.0%
Full-time (men%/women%)	-	92.6 % (80.7/19.3)	95.9%	94.3%	92.4%
Part-time (men%/women%)	-	7.4% (28.6/71.4)	4.1%	5.7%	7.6%
Called in when necessary*** (men % / women %)	10.6% (56.0%/44.0%)	10.4%	11.4%	12.1%	11.3%

	2021	2020	2019	2018	2017		2021	2020	2019	2018	2017
Number of different nationalities*	91	82	85	85	85	Average retirement age					
Share of employees with an immigrant background, %*	17.5%	16.3%				L&T Group, weighted average	63.9	63.7	63.2	63.2	63.0
From the EU	26.5%	29.9%	30.8%	35.0%	36.6%	Finland	63.7	63.5	63.1	63.2	63.0
From outside the EU	73.5%	70.1%	69.2%	65.0%	63.4%	Sweden	65.0	65.0	65.0	64.5	64.2
Employees under the age of 18 hired*	128	151	185	174		Russia	-	57.5	57.5	57.5	57.5
Age distribution of personnel, %						Exit turnover, %*					
14–20 years (men%/women%)	3.3% (37.7/62.3)	3.0% (41.5/58.5)	3.5%	3.1%		L&T Group, weighted average	19.3%	17.0%	23.8%	26.3%	
21–30 years (men%/women%)	20.5% (62.6/37.4)	20.7% (60.4/39.6)	21.3%	21.1%		Finland	21.0%	18.9%	27.8%	30.8%	
31–40 years (men%/women%)	25.7% (64.8/35.2)	25.6% (64.4/35.6)	25.2%	25.9%		Sweden	10.6%	6.5%	9.1%	7.5%	8%
41–50 years (men%/women%)	20.8% (60.7/39.3)	22.0% (61.2/38.8)	22.6%	23.2%		Russia	-	30.9%	8.2%	5.3%	6%
51–60 years (men%/women%)	22.1% (54.9/45.1)	22.2% (55.1/44.9)	21.7%	21.2%		Turnover by division					
Over 60 years (men%/women%)	7.6% (55.1/44.9)	6.6% (53.2/46.8)	5.7%	5.6%		Environmental Services**	7.4%	5.4%	8.3%		
Sickness-related absence, %						Industrial Services	9.4%	5.3%	10.6%		
Finland	5.0%	4.7%	5.0%	5.0%	4.8%	Facility Services Finland	21.6%	24.3%	37.7%		
Sweden	5.5%	6.0%	5.2%	5.1%	4.5%	Facility Services Sweden	10.6%	6.5%	9.1%		
Russia		5.2%	2.4%	2.7%	2.5%	Number of statutory employer–employee negotiations**	44	34	56	43	
Occupational health rate, %*						Terminated	153	88	132	72	
Finland	45%	50%				Temporarily laid off	415	927	9	9	
						Employees covered by collective bargaining agreements, %***	100%	100%	100%	100%	100%
						Ratio of the highest annual earnings to median earnings (full-time employees)**	1:13	1:13	1:12	1:15	

* Information is only available for Finland

* The calculation method has been updated in 2020. The figure from 2020 reflects exit turnover, whereas the figures for the previous years reflect turnover

** Information is only available for Finnish operations

***Information is available for Finnish and Swedish operations

Sustainability reporting principles

We report on sustainability as part of our Annual Review. The statement of non-financial information stipulated by the Accounting Act is included in section “Report by the Board of Directors” of the Financial Review.

Our sustainability report covers the reporting period 1 January–31 December 2021 and the report adheres to the GRI (Global Reporting Initiative) Core framework. The report is published in Finnish and English and it is available on our website and in print. The previous report was published on 23 February 2021 and the next report will be published in the spring of 2023.

In our reporting, we focus on the material sustainability aspects of our operations in accordance with our sustainability programme. The material aspects of sustainability have been determined based on the key impacts of our operations, stakeholder expectations and our business priorities. More information on the materiality assessment of sustainability is provided in the section on materiality and stakeholder engagement in this report.

In addition to relevance and comprehensiveness, the report observes the other reporting principles according to the GRI standards. For more information about the consultation of stakeholders and taking their expectations

into account, please refer to [page 25](#) of this report. The reporting is linked to the wider context of sustainable development through the UN Sustainable Development Goals, for example. These have also been incorporated into the GRI index. The calculation principles of key figures on environmental sustainability are provided on [page 56](#).

This report includes all Group companies and subsidiaries and the aim is to have it cover L&T’s own operations in Finland and Sweden. Furthermore, we have included the materials collected from our customers and the emissions created in the subcontracting chain due to the nature and impact of our operations. We continuously develop our reporting and we have indicated the more detailed country-specific reporting scope in connection with the reported indicators along with any changes in calculation methods compared to the previous years and whether customer or supplier data is included in the calculations.

The Financial Review was approved by the company’s Board of Directors and the Annual Review was approved by the President and CEO. Key environmental and personnel sustainability indicators are certified by an independent third party (KPMG). The certification was commissioned by Director, Corporate Relations and Sustainability Jorma Mikkonen.

Read the independent certification report [here](#).

Global Compact progress report

L&T is committed to the UN Global Compact initiative, according to which the Group promotes human rights, labour rights, environmental efforts and anti-corruption. This is a COP (Communication on Progress) report in line with the initiative. The report describes the implementation of the 10 principles of the initiative and their integration into the Group’s business strategy, culture and day-to-day operations. We use the GRI indicators to measure our adherence to the principles and report them as part of the GRI index.

For more information on our sustainability reporting, please contact us at viestinta@lassila-tikanoja.fi

GRI-index

GRI standard	GRI content	Location	Additional information or omissions	Global Compact	SDG	Standard version
GRI 102: General standard disclosures						2016
Organisation						
102-1	Name of the organisation	Financial review: Corporate Governance Statement, p.3	Lassila & Tikanoja plc			
102-2	Activities, brands, products, and services	Financial review: Report by the Board of Directors, p.19-20, 23 ; Annual review: L&T in brief, p.2 , Business areas, p.15-19				
102-3	Location of headquarters	Financial review: Financial statements, p.39				
102-4	Location of operations	Financial review: Financial statements, p.39 ; Annual review: L&T in brief, p.2				
102-5	Ownership and legal form	Financial review: Corporate Governance Statement, p.3				
102-6	Markets served	Financial review: Report by the Board of Directors, p.19-20, 23 ; Annual review: L&T in brief, p.2 , Business areas, p.15-19				
102-7	Scale of the organization	Financial review: Report by the Board of Directors, p.22 , 2021 in figures, p.35 ; Annual review: L&T in brief, p.2 , 2021 in figures, p.11-12				
102-8	Information on employees and other workers	Financial review: Report by the Board of Directors, p.24-25 ; Annual review: 2021 in figures, p.11 , A healthy, diverse and productive workplace community, p.38-40, 44 , Tables with more specific information, p.57-58		6	8	
102-9	Supply chain	Financial review: Report by the Board of Directors, p.19-20 ; Annual review: Sustainable business practices, p.49-50 , Sustainable procurement, p.51-52				
102-10	Significant changes to the organization and its supply chain	Financial review: Report by the Board of Directors, p.18, 20 , Notes to the consolidated financial statements, p.39-40 ; Annual review: CEO's review, p.3-4	Lassila & Tikanoja plc incorporated its three divisions as separate limited liability companies on 1 January 2021. In 2021, Lassila & Tikanoja acquired the entire share capital of Serveco Oy, Spectra Oy and Sihvari Oy.			
102-11	Precautionary Principle or approach	Financial review: Report by the Board of Directors, p.24, 26-27		7		
102-12	External initiatives	Annual review: CEO's review, p.3-4 , Introduction to sustainability, p.21				
102-13	Membership of associations	Annual review: Introduction to sustainability, p.21 , Sustainable industry and cities, p.46-47 , https://www.lt.fi/en/responsibility/managing-sustainability/activities-in-organisations				
Strategy						
102-14	Statement from senior decision-maker	Annual review: CEO's statement, p.3-4				
102-15	Key impacts, risks, and opportunities	Financial review: Report by the Board of Directors, p.17-18, 24-27 ; Annual review: Strategy and value creation, p.6-8 , Why invest in L&T, p.9 , Business environment and regulation, p.13-14 , Introduction to sustainability, p.21-23 , Materiality and stakeholder engagement, p.24-25 , Circular economy and climate mitigation, p.34-37 , A healthy, diverse and productive workplace community, p.41-43				7, 8, 9, 10, 11, 12, 13

GRI standard	GRI content	Location	Additional information or omissions	Global Compact	SDG	Standard version
Ethics and integrity						
102-16	Values, principles, standards, and norms of behavior	Annual review: Strategy and value creation, p.6-8 , Introduction to sustainability, p.21 , Sustainable business practices, p.49-50 https://www.lt.fi/en/responsibility/code-of-conduct		10		
102-17	Mechanisms for advice and concerns about ethics	Annual review: Sustainable business practices, p.49-50 , Sustainable procurement, p.51-52 , https://www.lt.fi/en/responsibility/code-of-conduct		10		
Governance						
102-18	Governance structure	Financial review: Corporate Governance Statement, p.3-13 ; Annual review: Introduction to sustainability, p.21-23				
102-19	Delegating authority	Financial review: Report by the Board of Directors, p.26 ; Annual review: Introduction to sustainability, p.21-23				
102-20	Executive-level responsibility for economic, environmental, and social topics	Financial review: Report by the Board of Directors, p.26 ; Annual review: Introduction to sustainability, p.21-23				
102-26	Role of highest governance body in setting purpose, values, and strategy	Financial review: Corporate Governance Statement, p.7 ; Annual review: Introduction to sustainability, p.21-23				
102-29	Identifying and managing economic, environmental, and social impacts	Financial review: Report by the Board of Directors, p.24 ; Annual review: Introduction to sustainability, p.21-23 , Circular economy and climate change mitigation, p.34-35				
102-31	Review of economic, environmental, and social topics	Financial review: Corporate Governance Statement, p.8				
102-32	Highest governance body's role in sustainability reporting	Annual review: Introduction to sustainability, p.21-23				
102-35	Remuneration policies	Financial review: Remuneration Report, p.14-15				
Stakeholder engagement						
102-40	List of stakeholder groups	Annual review: Materiality and stakeholder engagement, p.24-25				
102-41	Collective bargaining agreements	Annual review: Tables with more specific information, p.58	Information available for operations in Finland and Sweden where all L&T employees are within the scope of a collective agreement.	3	8	
102-42	Identifying and selecting stakeholders	Annual review: Materiality and stakeholder engagement, p.24-25				
102-43	Approach to stakeholder engagement	Annual review: Materiality and stakeholder engagement, p.24-25				
102-44	Key topics and concerns raised	Annual review: Materiality and stakeholder engagement, p.24-25				
Reporting practice						
102-45	Entities included in the consolidated financial statements	Financial review: Financial statements, p.80				
102-46	Defining report content and topic Boundaries	Annual review: Introduction to sustainability, p.21-23 , Sustainability reporting principles, p.59				
102-47	List of material topics	Annual review: Materiality and stakeholder engagement, p.24-25 , Sustainability reporting principles, p.59				
102-48	Restatements of information	No significant changes	Changes are reported in connection with relevant performance indicators.			

GRI standard	GRI content	Location	Additional information or omissions	Global Compact	SDG	Standard version
102-49	Changes in reporting	GRI index	Changes have been reported in the context of thematic data.			
102-50	Reporting period	Annual review: Sustainability reporting principles, p. 59	1.1.2021–31.12.2021			
102-51	Date of most recent report	Annual review: Sustainability reporting principles, p. 59	February 2021			
102-52	Reporting cycle	Annual review: Sustainability reporting principles, p. 59	Annual			
102-53	Contact point for questions regarding the report	Annual review: Sustainability reporting principles, p. 59	viestinta@lassila-tikanoja.fi			
102-54	Claims of reporting in accordance with the GRI Standards	Annual review: Sustainability reporting principles, p. 59	This report has been prepared in accordance with the GRI Standards: Core option.			
102-55	GRI content index	Annual review: Sustainability reporting principles, p. 60-66				
102-56	External assurance	Annual review: Sustainability reporting principles, p. 67-68				
GRI 103: Management approach						2016
103-1	Explanation of the material topic and its Boundary	Annual review: Materiality and stakeholder engagement, p. 24-25 , Sustainability reporting principles, p. 59		7, 8, 9	7, 9, 11, 12, 13	
103-2	The management approach and its components	Annual review: Introduction to sustainability, p. 21-23 , Materiality and stakeholder engagement, p. 24 , Circular economy and climate change mitigation, p. 28 , A healthy, diverse and productive workplace community, p. 39 , Sustainable industry and cities, p. 47 , Ensuring compliance with regulations, p. 49, 52		7, 8, 9		
103-3	Evaluation of the management approach	Financial review: Report by the Board of Directors, p. 22 ; Annual review: Introduction to sustainability, p. 21-23		7, 8, 9		
Topic specific content						
Topic specific content is reported regarding aspects identified as material.						
Economic impacts						
GRI 201: Economic performance			The management approach is described in the section 'Business areas'			2016
201-1	Direct economic value generated and distributed	Financial review: Financial statements, p. 35 ; Annual review: A healthy, diverse and productive workplace community, p. 43, 45			8	
201-2	Financial implications and other risks and opportunities due to climate change	Financial review: Report by the Board of Directors, p. 19-20, 30 ; Annual review: Circular economy and climate change mitigation, p. 34-37	We do not report financial information related to climate change.	7	9, 11, 12, 13	
201-4	Financial assistance received from government	Financial review: Financial statements, p. 48			9, 11	
GRI 203: Indirect economic impacts			The management approach is described in the section 'Strategy and value creation'			2016
203-2	Significant indirect economic impacts	Annual review: Strategy and value creation, p. 6-8 , Why invest in L&T, p. 9 , Sustainable industry and cities, p. 46-48 , Sustainable business practices, p. 49-50		1, 2, 3, 4, 5, 6, 7, 8, 9, 10	7, 9, 11, 12, 13	
GRI 204: Procurement practices			The management approach is described in the section 'Ensuring compliance with regulations'			2016
204-1	Proportion of spending on local suppliers	Annual review: Sustainable procurement, p. 51-52				

GRI standard	GRI content	Location	Additional information or omissions	Global Compact	SDG	Standard version
GRI 205: Anti-corruption			The management approach is described in the sections 'Ensuring compliance with regulations' and 'Strategy and value creation'			2016
205-1	Operations assessed for risks related to corruption	Financial review: Report by the Board of Directors, p. 26 ; Annual review: Sustainable business practices, p. 49-50	We assess risks associated with corruption and bribery across units and per process. Most of our services have been assessed.	10	16	
205-2	Communication and training about anti-corruption policies and procedures	Annual review: Sustainable business practices, p. 49-50		1, 10	16	
205-3	Confirmed incidents of corruption and actions taken	Annual review: Sustainable business practices, p. 49-50	No incidents in 2021.	1, 10	16	
GRI 206: Anti-competitive behavior			The management approach is described in the section 'Ensuring compliance with regulations'			2016
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	Annual review: Sustainable business practices, p. 49-50	No incidents in 2021.	10	16	
Environmental impacts						
GRI 301: Materials			The management approach is described in the section 'Circular economy and climate change mitigation'. The aspect is defined material but the suggested GRI indicators are not suitable for L&T's operations. L&T's own substitute indicators have been used to report this aspect.			2016
LT3	Material flows processed	Annual review: Strategy and value creation, p. 8 , Circular economy and climate change mitigation, p. 30-32 , Tables with more specific information, p. 54	Replaces GRI indicator 301-1 that is not directly applicable	8, 9	9, 11, 12, 13	
LT4	Share of material flows represented by recycled materials	Annual review: Strategy and value creation, p. 8 , Circular economy and climate change mitigation, p. 27, 30-32 , Tables with more specific information, p. 54	Replaces GRI indicators 301-2 and 306-2 that are not directly applicable.	8, 9	9, 11, 12, 13	
GRI 302: Energy			The management approach is described in the section 'Circular economy and climate change mitigation'.			2016
302-1	Energy consumption within the organization	Annual review: Circular economy and climate change mitigation, p. 31 , Tables with more specific information, p. 54		7, 8	7, 11, 13	
302-3	Energy intensity	Annual review: Circular economy and climate change mitigation, p. 31 , Tables with more specific information, p. 54		8	7	
302-4	Reduction of energy consumption	Annual review: Circular economy and climate change mitigation, p. 30-31 , Tables with more specific information, p. 54		8, 9	7, 13	
LT1	Carbon handprint	Annual review: Strategy and value creation, p. 6, 8 , 2021 in figures, p. 11 , Circular economy and climate change mitigation, p. 27-28 , Tables with more specific information, p. 55	The ratio of carbon handprint to revenue is reported with the aim of increasing our carbon handprint faster than our revenue.	9	13	
LT2	Replaced fossil energy	Annual review: Strategy and value creation, p. 6 , Circular economy and climate change mitigation, p. 28	L&T's own indicator that describes the impact of operations.	9	9, 13	
GRI 304: Biodiversity			The management approach is described in the section 'Sustainable industrial and cities'			2016
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	GRI index	L&T does not operate in protected areas or in areas of high biodiversity.	7		
LT5	Contaminated soil treated	Annual review: Sustainable industries and cities, p. 46-47	L&T's own indicator that describes our activities to safeguard biodiversity.	8		

GRI standard	GRI content	Location	Additional information or omissions	Global Compact	SDG	Standard version
GRI 305: Emissions			The management approach is described in the section 'Circular economy and climate change mitigation'.			2016
305-1	Direct (Scope 1) GHG emissions	Annual review: 2021 in figures, p. 11 , Circular economy and climate change mitigation, p. 29-30 , Tables with more specific information, p. 55	The reporting covers fossil greenhouse gases	7, 8	13	
305-2	Energy indirect (Scope 2) GHG emissions	Annual review: 2021 in figures, p. 11 , Circular economy and climate change mitigation, p. 29-30 , Tables with more specific information, p. 55	Market-based greenhouse gas emissions have only been reported for purchased electricity in Finland. Other market-based data is not reported as the available emission factors do not differ materially from location-based data	9	13	
305-3	Other indirect (Scope 3) GHG emissions	Annual review: Circular economy and climate change mitigation, p. 29-30 , Tables with more specific information, p. 55	The reporting covers fossil greenhouse gases	9	13	
305-4	GHG emissions intensity	Annual review: Circular economy and climate change mitigation, p. 29-30 , Tables with more specific information, p. 55	L&T has set a science-based long-term emissions intensity target which has been validated by the the Science Based Targets Initiative. The emission intensity is calculated for Scope 1 and Scope 2 emissions relative to kilometres driven.	8, 9	13	
305-5	Reduction of GHG emissions	Annual review: Circular economy and climate change mitigation, p. 29-30 , Tables with more specific information, p. 55		8, 9	13	
GRI 306: Waste			The management approach is described in the section 'Ensuring compliance with regulations'. We report in accordance with the 2016 GRI standards, as the revised indicators in GRI 303: Water and wastewater and GRI 306: Waste, do not provide indicators relevant to L&T's operations.			2020
306-3	Significant spills	Annual review: Sustainable business practices, p. 49-50	During the reporting year, the operations did not result in any significant spills to the environment.	7		
306-4	Transport of hazardous waste	Annual review: Sustainable business practices, p. 49		7		
GRI 307: Environmental compliance			The management approach is described in the section 'Ensuring compliance with regulations'			2016
307-1	Non-compliance with environmental laws and regulations	Annual review: Sustainable business practices, p. 49-50	No reported incidents in 2021.	7		
GRI 308: Supplier environmental assessments			The management approach is described in the section 'Ensuring compliance with regulations'			2016
308-1	New suppliers that were screened using environmental criteria	Annual review: Sustainable procurement, p. 51-52		7	13	
308-2	Negative environmental impacts in the supply chain and actions taken	Financial review: Review by the Board of Directors, p. 28 , Annual review: Sustainable procurement, p. 51-52		7	13	
Reduction of chemicals			The management approach is described in the section 'Sustainable industrial and cities'			
LT6	Reduction in use of cleaning agents and increment in the proportion of eco-labeled substances	Annual review: Sustainable industry and cities, p. 46, 48	L&T's own indicator, which is considered as material.	8		

GRI standard	GRI content	Location	Additional information or omissions	Global Compact	SDG	Standard version
Social impacts						
GRI 401: Employment			The management approach is described in the section 'A healthy, diverse and productive workplace community'			2016
401-1	New employee hires and employee turnover	Annual review: Tables with more specific information, p.58	The calculation method was changed in 2020, so the reported data for 2020 and 2021 covers the exit turnover. Data for previous periods covers the personnel turnover. Area-specific data. Reporting does not cover the number of new employees.	6	8	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Annual review: A healthy, diverse and productive workplace community, p.39-43	The sickness fund is offered to employees who mainly work for the company. Data is available only for Finland.	6	8	
GRI 402: Labor / management relations			The management approach is described in the section 'A healthy, diverse and productive workplace community'			2016
402-1	Minimum notice periods regarding operational changes	Annual review: A healthy, diverse and productive workplace community, p.40 , Tables with more specific information, p.58	In restructuring situations, we follow the minimum notice periods according to the national legislation.	3	8	
GRI 403: Occupational health and safety			The management approach is described in the section 'A healthy, diverse and productive workplace community'			2018
403-1	Occupational health and safety management system	Annual review: Introduction to sustainability, p.23 , A healthy, diverse and productive workplace community, p.39, 41-43 https://www.lt.fi/en/responsibility/code-of-conduct/safety-management-principles		6	8	
403-2	Hazard identification, risk assessment, and incident investigation	Annual review: A healthy, diverse and productive workplace community, p.39, 41-43	Reported only for our own personnel, broken down by country of operation. Does not include absence frequency.	1,6	3,8	
403-3	Occupational health services	Annual review: A healthy, diverse and productive workplace community, p.42-43	Reporting covers operations in Finland.	1,6	3,8	
403-4	Worker participation, consultation, and communication on occupational health and safety	Annual review: A healthy, diverse and productive workplace community, p.41-43	Employees can participate and give feedback, e.g., directly to the HR function.	1,6	3,8	
403-5	Worker training on occupational health and safety	Annual review: A healthy, diverse and productive workplace community, p.41-42	L&T also organises various occupational health and safety trainings for employees outside the organisation.	1,6	3,8	
403-6	Promotion of worker health	Annual review: A healthy, diverse and productive workplace community, p.39-43		1,6	3,8	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Annual review: A healthy, diverse and productive workplace community, p.41-43		1,6	3,8	
403-8	Workers covered by an occupational health and safety management system	Annual review: Introduction to sustainability, p.23 , A healthy, diverse and productive workplace community, p.39, 42		1,6	3,8	
403-9	Work-related injuries	Annual review: Strategy and value creation, p.8 , A healthy, diverse and productive workplace community, p.38, 42-44 , Sustainable business practices, p.49-50	Partially reported.	1,6	3,8	
HR 1	Retirement age	Annual review: Strategy and value creation, p.8 , A healthy, diverse and productive workplace community, p.38-39, 41, 44 , Tables with more specific information, p.58	L&T's own indicator, which is considered material.	6	3,8	
HR 2	Sickness-related absence	Annual review: Strategy and value creation, p.8 , A healthy, diverse and productive workplace community, p.38, 41 , Tables with more specific information, p.58	L&T's own indicator, which is considered material.	1,6	3,8	
HR 3	Health rate	Annual review: Strategy and value creation, p.8 , A healthy, diverse and productive workplace community, p.38, 41 , Tables with more specific information, p.58	L&T's own indicator, which is considered material.	1,6	3,8	

GRI standard	GRI content	Location	Additional information or omissions	Global Compact	SDG	Standard version
GRI 404: Training and education			The management approach is described in the section 'A healthy, diverse and productive workplace community'			2016
404-2	Programs for upgrading employee skills and transition assistance programs	Annual review: A healthy, diverse and productive workplace community, p.40-41		6	8	
HR 3	Personnel recommendation rate	Annual review: Strategy and value creation, p.6, 8 , 2021 in figures, p.11 , A healthy, diverse and productive workplace community, p.38, 40, 44	L&T's own indicator, which is considered as material.		8	
GRI 405: Diversity and equal opportunity			The management approach is described in the section 'A healthy, diverse and productive workplace community'			2016
405-1	Diversity of governance bodies and employees	Financial review: Corporate Governance Statement, p.7 ; Annual review: Strategy and value creation, p.8 , A healthy, diverse and productive workplace community, p.39 , Tables with more specific information, p.57-58	In the reporting, we utilise L&T's own age categorisation	1,6	8	
GRI 406: Non-discrimination			The management approach is described in the sections 'A healthy, diverse and productive workplace community' and 'Ensuring compliance with regulations'			2016
406-1	Incidents of discrimination and corrective actions taken	Annual review: A healthy, diverse and productive workplace community, p.40 , Sustainable business practices, p.50	No reported cases in 2021.	1,6	8	
GRI 414: Supplier social assessment			The management approach is described in the sections 'A healthy, diverse and productive workplace community' and 'Ensuring compliance with regulations'			2016
414-1	New suppliers that were screened using social criteria	Annual review: Sustainable procurement, p.51-52		1,2,3,4,5,6,10	8	
414-2	Negative social impacts in the supply chain and actions taken	Financial review: Report by the Board of Directors, p.28-29 ; Annual review: Sustainable business practices, p.49-50 , Sustainable procurement, p.51-52		1,2,3,4,5,6,10	8	
GRI 415: Public policy			The management approach is described in the section 'Strategy and value creation'			2016
415-1	Political contributions	GRI index	During the reporting year we did not give out any political contributions.			
GRI 416: Customer health and safety			The management approach is described in the section 'Ensuring compliance with regulations'			2016
416-2	Assessment of the health and safety impacts of product and service categories	Annual review: Sustainable business practices, p.50	No reported cases in 2021.	7,9		
GRI 418: Customer privacy			The management approach is described in the section 'Ensuring compliance with regulations'			2016
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual review: Sustainable business practices, p.50		1		
GRI 419: Socioeconomic compliance			The management approach is described in the sections 'A healthy, diverse and productive workplace community' and 'Ensuring compliance with regulations'			2016
419-1	Non-compliance with laws and regulations in the social and economic area	GRI index	No reported cases in 2021.	1,2		

Independent Assurance Report to the Management of Lassila & Tikanoja Oyj

This document is an English translation of the Finnish report

We have been engaged by the Management of Lassila & Tikanoja Oyj (hereafter “L&T”) to provide limited assurance on selected corporate responsibility indicators presented in L&T’s Annual Review 2021 (hereafter “Selected Corporate Responsibility Information”) for the year ended 31 Dec 2021.

The Selected Corporate Responsibility Information consists of the indicators presented in the following sections of L&T’s Annual Review 2021:

- Circular economy and climate change mitigation
- Healthy, diverse and productive workplace community
- Table “Environmental figures”
- Table “Personnel in figures”

Management's responsibilities

The Management of L&T is responsible for the preparation and presentation of the Selected Corporate Responsibility Information in accordance with the reporting criteria, i.e. *GRI Sustainability Reporting Standards*, and the information and assertions contained within it. In addition, the Management of L&T is responsible for the preparation and presentation of the Selected Corporate Responsibility Information in accordance with the EU Taxonomy reporting criteria, i.e. *Regulation EU2020/852* and its delegated acts as well as the company’s own reporting methodology on the topic. The Management is also responsible for determining L&T’s objectives with

regard to sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the Selected Corporate Responsibility Information in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and on greenhouse gas data within the Selected Corporate Responsibility Information in accordance with ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board IAASB. These Standards require that we plan and perform the engagement to obtain limited assurance about whether the Selected Corporate Responsibility Information is free from material misstatement.

KPMG Oy Ab applies International Standard on Quality Control ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical

requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants IESBA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on Selected Corporate Responsibility Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Corporate Responsibility Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed a member of L&T’s senior management and relevant staff responsible for providing the Selected Corporate Responsibility Information;
- Assessed the application of the *GRI Sustainability Reporting Standards* reporting principles and that of *Regulation EU2020/852* and related EU Taxonomy criteria (see above) in the presentation of the Selected Corporate Responsibility Information;

- Assessed data management processes, information systems and working methods used to gather and consolidate the Selected Corporate Responsibility Information;
- Reviewed the presented Selected Corporate Responsibility Information and assessed its quality and reporting boundary definitions;
- Assessed of the Selected Corporate Responsibility Information’s data accuracy and completeness through a review of the original documents and systems on a sample basis and;
- Conducted a site session to review the Selected Corporate Responsibility Information on one of L&T’s sites.

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

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may

occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not prepared, in all material respects, in accordance with the *GRI Sustainability Reporting Standards* and *Regulation EU2020/852* and its delegated acts.

Helsinki, 18. February 2022

KPMG Oy Ab

Leenakaisa Winberg
Partner, APA, KHT

Tomas Otterström
Partner, Advisory



LEADER OF THE REGENERATIVE SOCIETY

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