

# LEADER OF THE REGENERATIVE SOCIETY



Annual review 2022  
Lassila & Tikanoja plc



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## Key figures 2022

### Net sales

**844.1**

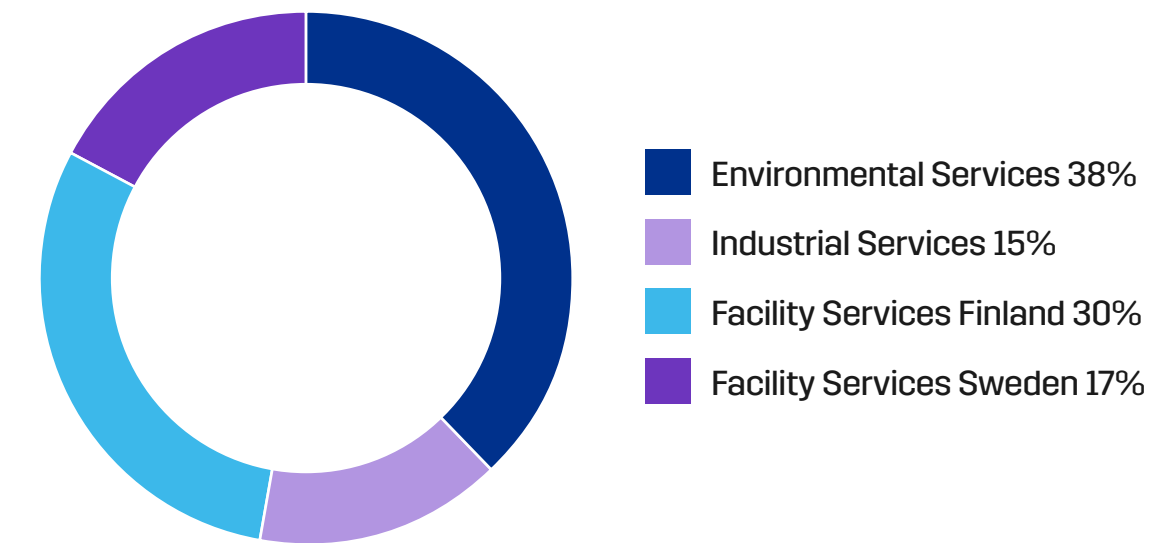
**MEUR**

### Operating profit

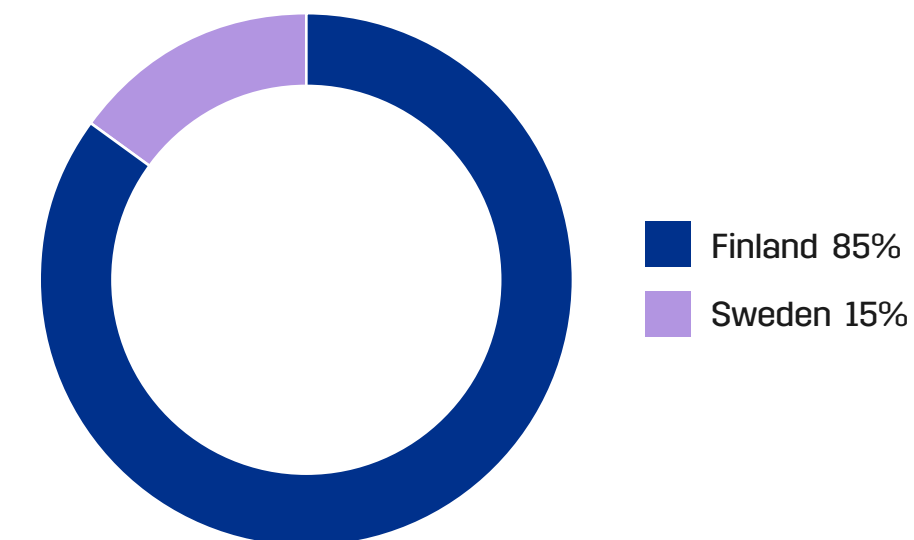
**42.9**

**MEUR**

### Net sales by division



### Personnel by country



## 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 and society in general. Achieving this also means growth in value for 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 2022 amounted to EUR 844.1 million, and we employed 8,371 circular economy professionals. L&T is listed on Nasdaq Helsinki and had 24,556 shareholders at the end of the period under review.

More information on L&T's strategy and value creation is provided on page 4-5 of the Financial review.

- STRATEGY
- VALUE CREATION
- CORPORATE GOVERNANCE

### Lassila & Tikanoja's annual reporting

Lassila & Tikanoja Annual report 2022 contains two reviews: Annual review 2022 and Financial review 2022. The Annual review contains a summary of L&T's business operations 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.

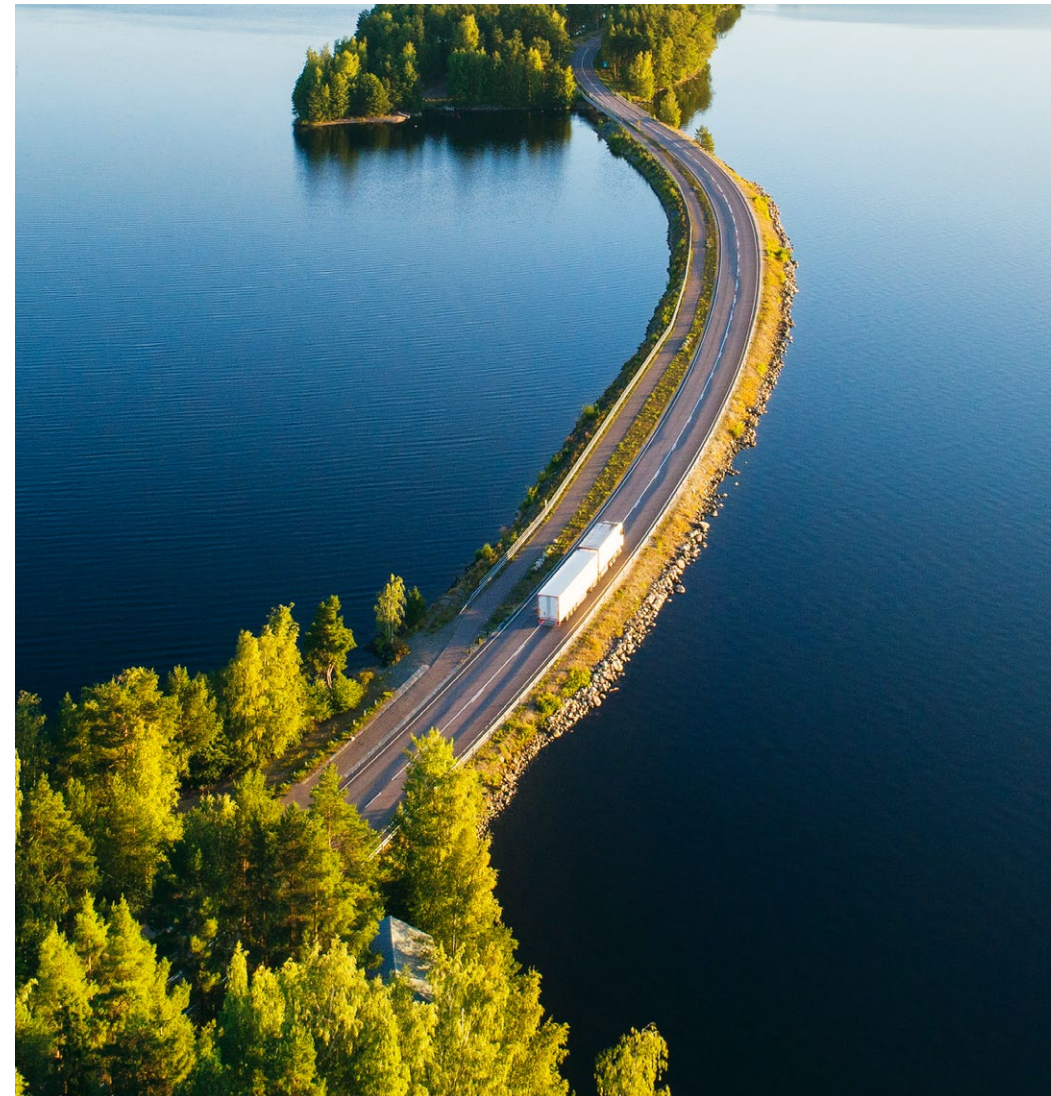
The Financial review contains the report by the Board of Directors including a summary of L&T's business operations, strategy and value creation, corporate governance statement, remuneration report and the financial statement.

Download the reports on [lt.fi/en/investors](https://lt.fi/en/investors).

# L&T's sustainability targets for 2030

**70%**  
recycling rate

**4%**  
sickness-  
related  
absences



The carbon foot-  
print of L&T's own  
operations (Scope 1  
and 2) is reduced by

**-50%**

per kilometre driven  
compared to 2018

The carbon  
handprint  
grows faster  
than net sales



Diverse and  
inclusive L&T

Transport and  
machinery  
emissions from  
subcontracting  
are reduced by

**30%**

compared to 2020

L&T protects  
biodiversity  
in its operations



The TRIF indicator  
of occupational  
safety is

**15**



# CEO's review 2022

The business environment was challenging in 2022 due to Russia's invasion of Ukraine and the resulting increase in liquid fuel prices, the energy crisis and cost inflation as well as two waves of COVID-19, two winters of high snowfall and a labour shortage. The third consecutive year of exceptional circumstances makes one think that uncertainty is becoming the new normal. In challenging conditions, competitive advantage is created through foresight, responsiveness and a flexible operating model.

## We were challenged by the operating environment – two waves of COVID-19 and two winters

Surprisingly, the third year of COVID-19 was more difficult for us than the previous years of the pandemic. The sickness rate of L&T's personnel increased substantially in January–March and again in October–December. With labour availability challenges making production planning more difficult, cost control became challenging in certain situations. This was particularly the case in the labour-intensive cleaning business.

We had two winters with high snowfall in 2022, also in southern Finland. The heavy snowfall created an exceptional workload in property maintenance as well as disruptions in waste collection. These factors combined with the higher sickness rate resulted in a challenging workload for the personnel at times.

The uncertainty caused by the COVID-19 pandemic was also reflected in the labour market. Personnel turnover rose to a new level, particularly in the cleaning business. The situation underscores the importance of measures to ensure the availability of labour. Employment-based immigration will be increasingly necessary in the future. We took an active role in the employment-based integration of Ukrainian refugees.

## Russia's invasion of Ukraine

Russia's attack on Ukraine was a shocking and reprehensible act. We took immediate action to sever our business relation-

ships with companies that have Russian backgrounds. We did not have many such business relationships, as we had already completed our withdrawal from Russian operations in the previous year.

The prices of transport fuels rose to a new level as a direct consequence of the war. As fuel costs are a significant cost item for L&T, it was essential to pass the higher costs on to service prices.

The higher prices of fuels sparked a more general rise in the prices of other goods and services, and the general uncertainty was also reflected in the financial markets. We secured our financial position by issuing a bond whose costs were linked to sustainability targets, namely the reduction of L&T's own emissions and the emissions of the subcontracting chain. We became one of the first companies in Finland to issue a bond linked to sustainability targets.

## The exceptional circumstances were reflected in L&T's results and performance indicators

The difficult conditions were reflected particularly in the results and operations of the facility services sector in Finland and Sweden. The operating conditions deteriorated, forcing us to commence restructuring measures in facility services to ensure the continuity of operations. We are developing even more flexible business models in facility services to enable us to respond more quickly to changes in the business environment. While our operations in facility services fell short of their financial targets, the measures we took help create the foundation for building future competitiveness.

On the other hand, our material-based businesses achieved good operative results.

## Phasing out fossil raw materials through the green transition

Although the energy crisis caused by the war and the widespread market disruptions shifted the focus of policymakers to the short-term business environment, major steps were taken with regard to the green transition.

I engaged in active dialogue with various companies during the year regarding the significance and necessity of sustaina-

bility. Regardless of the sector, the message was the same: the green transition is being purposefully driven forward. Companies are taking on an increasingly significant role in addressing sustainability challenges, and sustainability has taken on even more strategic importance.

This represents valuable feedback for a company such as L&T, as our strategy and mission are built around the green transition. The circular economy is taking on an increasingly critical role in combating both climate change and biodiversity loss.

We had notable achievements during the year under review in energy efficiency, turning lawns into meadows and demanding restoration projects. At the end of the year, we signed a co-operation agreement concerning the recycling of consumer plastic packaging. Our joint venture Laania had a critical role in ensuring the availability of energy, as the sufficiency of bioenergy raw materials was jeopardised due to the war in Ukraine.

These examples are proof that we are truly at the core of the green transition. We make a significant contribution to society by helping our customers with their sustainability efforts.

**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.



# Business areas

## Environmental Services



In Environmental Services, we make the circular economy a reality by acting as a comprehensive and sustainable partner for our customers in the material flow value chain, from source sorting to reuse. We aim to recycle everything people use so that secondary raw materials can become the first choice instead of virgin raw materials.

Our services include waste management and recycling, environmental management, consulting, and environmental products. As experts in the circular economy, we help our customers to improve their recycling rate through systematic sorting at the places of origin, take care of the collection of materials with collection solutions that promote sorting, and deliver the materials for further processing into industrial secondary raw materials. We offer great customer experience with digital solutions and improve our customers' visibility of the development and impacts of recycling. We continuously develop our operations with our customers and look for new ways to implement the circular economy.

We process more than 728,000 tonnes of material annually for recycling and aim to achieve a recycling rate of 70% by 2030.

Net sales

**321.2**

MEUR

(2021: 320,5 MEUR)

Operating profit

**30.3**

MEUR

(2021: 29.8 MEUR)

**Read more on Report of the Board of Directors p. 6**

## Industrial Services



In Industrial Services, we operate in the waste and side stream value chain from waste generation to its reuse and material recycling. We aim to direct industrial side streams back into circulation, increase hazardous waste recycling, and act as a leading support service partner at industrial sites.

Our services include hazardous waste, environmental construction, process cleaning, and sewer maintenance services. Operations are in Finland and Sweden. We clean contaminated land areas and enable the reuse of soil and industrial side streams in construction. Every year, we process more than 210,000 tonnes of soil material and side streams for reuse. We purify waste water and manage industrial process water so that it can be safely returned to circulation. We build extensive service offerings for industrial customers and ensure the continuity and efficiency of our customers' processes by maintaining and cleaning production equipment.

We continuously develop our methods and treatment capabilities to promote hazardous waste recycling. Every year, we process more than 40,000 tonnes of hazardous waste into a non-hazardous form and deliver it for reuse.

Net sales

**132.0**

MEUR

(2021: 105.1 MEUR)

Operating profit

**12.7**

MEUR

(2021: 9.2 MEUR)

**Read more on Report of the Board of Directors p. 6**

# Business areas

## Facility Services Finland



In Facility Services Finland, we promote the circular economy of facilities by keeping them in productive use for as long as possible. Our goal is to improve the value of facilities, extend their lifecycle and create the best possible conditions for facility users. Our services include facility maintenance, technical assistance, cleaning and support, and energy efficiency services.

We operate at all stages of the facility's life cycle and reduce the maintenance backlog in the built environment through continuous maintenance. We plan and implement facility maintenance measures and ensure the functionality of building technology. We improve the energy efficiency of facilities by conducting energy efficiency surveys and optimising their conditions. With cleaning and support services, we ensure an easy and safe everyday life for facility users and increase convenience.

Every year, we ensure that more than 8,600 facilities under our maintenance services are in the proper condition and remain in working order for as long as possible.

Net sales

**256.3**

MEUR

(2021: 243.1 MEUR)

Operating profit

**-0.5**

MEUR

(2021: 1.8 MEUR)

**Read more on Report of the Board of Directors p. 6**

## Facility Services Sweden



Facility Services Sweden improves the conditions of facilities through technical and cleaning services. The aim is to increase the facility's productivity and service life and enhance user satisfaction.

As technical facility management experts, we work with our customers to build sustainable and comprehensive solutions, and reduce the maintenance backlog in the built environment. We operate at all stages of a facility's life cycle by planning and implementing energy efficiency and building technology services.

With the help of cleaning services, we ensure a smooth and safe everyday life for the users of the building.

Net sales

**140.4**

MEUR

(2021: 149.8 MEUR)

Operating profit

**0.4**

MEUR

(2021: 3.9 MEUR)

**Read more on Report of the Board of Directors p. 6**

# 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, as 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 climate change mitigation and adaptation as well as biodiversity loss. 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 L&T's strategy and value creation for different stakeholders is provided on page 4-5 of the Report by the Board of Directors.

## Commitment to national and international objectives

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

- UN sustainable development principles since 2018
- Global Compact principles since 2018
- ILO Declaration on Fundamental Principles and Rights at Work
- Universal Declaration of Human Rights
- Society's commitments to sustainable development

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 also encourage our partners to set their own emission reduction targets.

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 on

page 18 of the Report by the Board of Directors under "Risks and opportunities of climate change".

## Managing sustainability

At L&T, sustainability is integrated into the Group's strategy. The Board of Directors monitors the progress of the sustainability programme annually through the Personnel and Sustainability Committee of the Board of Directors. The Committee discusses sustainability issues at least three times per year. The Personnel and Sustainability Committee met four times in 2022.

The Group Executive Board steers the implementation of the sustainability programme and monitors it quarterly. Development primarily takes place in business-driven working groups, but the Senior Vice President of Corporate Relations and Sustainability and the communications and sustainability organisation operating under his supervision are in charge of the practical coordination and reporting of sustainability efforts. The businesses and other functions are in charge of the responsibility and compliance of their operations in accordance with the Group's management system. L&T's management system has been certified in accordance with the ISO 9001, ISO 14001 and ISO 45001 standards.

L&T's policies and principles cover the environmental, ethical and social perspectives that the Group observes in both its own operations as well as in the services it produces for customers. The policies and principles are available to stakeholders on L&T's website.

L&T takes an uncompromising approach to ensuring the compliance and sustainability of its operations. L&T observes its obligations regarding the environment and as an employer, and minimises the negative environmental impacts of its operations. L&T requires that its suppliers operate in accordance with the laws, regulations and its sustainability principles.

## Sustainability programme

The development of L&T's sustainability is driven by the Group's sustainability programme. Approved by the Board of Directors, the programme takes into account the material aspects of L&T's sustainability and sets measurable targets to be monitored. The programme was updated in 2022 and its focus areas were determined based on the impacts of the Group's operations, the expectations of key stakeholders and the Group's strategic priorities. L&T has also taken into account the special characteristics of the

operations and business 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.

The key sustainability targets laid out in the sustainability programme, meaning the Group's climate impacts, customer satisfaction and employee recommendation rate, have been incorporated into L&T's long-term strategic goals.

## Operating principles concerning sustainability

In its decision-making and administration, Lassila & Tikanoja complies with the Finnish Companies Act, other regulations governing listed companies, Articles of Association of Lassila & Tikanoja plc, charter of L&T's Board of Directors and its committees, and rules and guidelines of Nasdaq Helsinki Ltd. L&T's operations are also guided by the policies and operating principles approved by the Board of Directors or the Group Executive Board.

To ensure compliance in its operations, L&T has documented its sustainable business principles in its Code of Conduct, which applies to all L&T employees as well as contract suppliers. Supervisors are responsible for ensuring the personnel's familiarity with the Code of Conduct and monitoring compliance with the guidelines. 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 the Group's operating countries. L&T responds to all incidents of non-compliance without delay, in accordance with a jointly agreed process.

Managing sustainability-related risks is part of L&T's comprehensive risk management. The risk management process is described in the Corporate Governance Statement on page 76 of the Financial Review, and the key risks are discussed under "Risks and risk management" on page 17 of the Report by the Board of Directors.

## Activities in organisations

The focus of L&T's public affairs activities is on ensuring the operating conditions of the circular economy. L&T is a member of nearly a hundred local, regional, national and EU-level interest organisations. More information on the organisations, programmes, projects and networks L&T participates in is provided on our website at [www.lt.fi/en/responsibility/managing-sustainability/activities-in-organisations](http://www.lt.fi/en/responsibility/managing-sustainability/activities-in-organisations).



## MANAGING SUSTAINABILITY AT L&T

### Board of Directors

Confirms and approves the sustainability programme and long-term objectives.

#### Personnel and Sustainability Committee

Monitors and regularly evaluates the development of sustainability in accordance with the sustainability programme.

#### Audit Committee

Monitors the effectiveness of risk management systems and ensures compliance.

### President and CEO + Group Executive Board

Manages the development of the sustainability of business operations, sets targets and monitors their achievement on a regular basis.

### Business operations

Implement the sustainability programme and monitors its implementation with the support of the Group's centralised functions.

### Centralised functions

Develop, coordinate and steer the Group's approach to sustainability and support its practical implementation.

### Everyone at L&T

Is responsible for ensuring that they work in line with our sustainability commitments at all times.

## Materiality guides our sustainability efforts and stakeholder relations

A materiality analysis determines the focus areas of our sustainability programme and sustainability efforts and guides our work and actions related to sustainability. The assessment of materiality is an ongoing process. The material aspects of L&T's sustainability are based on the key impacts of our operations and the expectations of our stakeholders.

In 2022, we assessed our key stakeholders' – including employees, customers and communities – expectations and views concerning our sustainability efforts. The starting point for the materiality assessment was the Group's most recent comprehensive materiality assessment, which was carried out in 2018.

During the process, we identified the key sustainability aspects of our operations and then focused the stakeholder dialogue on those topics. Megatrends, a number of sustainability frameworks, regulatory changes and L&T's strategy was taken into account.

We assessed sustainability-related expectations by means of an extensive online survey. We also interviewed key stakeholder representatives and specialists from our business areas to obtain in-depth information on expectations and development areas concerning L&T's sustainability efforts.

Based on the results from the assessment process, we identified nine most important sustainability topics. We will continue to work to reduce emissions in our own operations and promote the circular economy of our customers. We will also promote the diversity of our personnel and focus on occupational well-being and occupational safety. In the future, we will deepen our sustainability work in the supply chain to mitigate climate change and enhance human rights. We also identified the promotion of biodiversity, including responsibility of water use, as a new key theme.

Based on the results of the materiality analysis, we have updated the long-term targets and indicators of the sustainability programme, taking into account L&T's mission: "We make the circular economy a reality". The results of the materiality analysis and the new targets and indicators of the sustainability programme have been discussed in the Group Executive Board and the Personnel and Sustainability Committee of the Board of Directors.

## TOGETHER TOWARDS FULL CIRCULARITY

Together with our customers, we work to mitigate climate change and the loss of biodiversity. Our job is to keep the materials in circulation for as long as possible and to bring solutions for the sustainable use of the built environment.

## EMPLOYED BY TOMORROW

At L&T, everyone is free to be themselves. We treat each other and our suppliers fairly. We want our employees to enjoy good health and well-being, which is why we invest in well-being at work and occupational safety.

**WE MAKE  
THE CIRCULAR  
ECONOMY  
A REALITY**

## GOOD GOVERNANCE

We act responsibly and transparently throughout the value chain.

## Stakeholder expectations

Our stakeholder engagement is focused on the stakeholders who are 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. 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 company, we are expected to be a responsible employer that looks after the well-being of its personnel and treats its personnel responsibly 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.

Stakeholder	Key areas of interest in 2022	Responding to expectations	Interaction
<b>Customers</b>	Customer service and satisfaction, operational quality and sustainability.	We developed new sustainability services in collaboration with our customers. We developed the effectiveness of our digital service channels. We started a website renewal to make it easier for customers to find content that interests them. We took business-specific measures to improve services and the customer experience.	A customer survey (NPS) to measure how likely our corporate customers would recommend us, as well as several customer-specific surveys. Customer service (telephone, digital service channels) and dialogue with key account managers and sales. Marketing communications, webcasts and events.
<b>Personnel</b>	The employees' physical and mental well-being, workload, training and competence development as well as job satisfaction and the employee experience.	L&T provided diverse physical and mental well-being services to employees along with learning-on-the-job opportunities, career paths and training. We revised and expanded our training offering, developed the induction training and took business-specific measures to improve the employee experience.	Feedback and development discussions, Fiilinki personnel surveys, co-operation and European Works Council activities, workshops, digital events and other events as well as internal communication channels such as the intranet and Teams.
<b>Potential employees</b>	Employer brand and the employee experience.	We made more extensive use of digital avenues to reach potential job applicants and share information about work at L&T. TikTok and Snapchat are two examples of the new channels we started using.	Co-operation with educational institutions, digital and other recruitment and career events, development of the employer brand through social media channels.
<b>Investors and shareholders</b>	Financial performance and strategy execution, sustainability and ESG ratings, customer satisfaction and employee satisfaction.	We participated in several ESG surveys and published information on the EU taxonomy-eligible share of L&T's business activities. We published a Sustainability-Linked Bond Framework. We engaged in active dialogue with investors on ESG issues.	Stock exchange releases, financial reviews, annual reporting, Group website, webcasts, regular investor meetings and the Annual General Meeting.
<b>Decision-makers and influencers (including national and regional decision-makers)</b>	Circular economy and climate change mitigation, employment.	We participated in the activities of industry and labour market organisations. We promoted initiatives aimed at promoting the green transition and developing the labour market. In Finland, we took new initiatives to accelerate the circular economy, develop job opportunities for people with reduced work ability and promote employment-based immigration.	Participation in associations, dialogue with the public authorities and decision-makers, co-operation projects, other projects, responding to surveys, Group website and annual reporting.
<b>Media</b>	Practical steps related to the circular economy, actions to promote biodiversity.	We published numerous press releases and participated in several interviews.	Press releases, interviews, publications, media events, Group website and social media channels.
<b>Non-governmental organisations</b>	The circular economy, climate change, biodiversity loss, diversity, human rights.	We engaged in dialogue and surveyed expectations in connection with updating the sustainability programme.	Dialogue, responding to surveys, Group website and annual reporting.



**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 increase our customers' properties value and user satisfaction**

**We recycle the materials of society**

**We utilise the side streams of industry and society**

**We improve energy efficiency**

# Together towards full circularity

L&T's mission is to make the circular economy a reality with the help of the company's business solutions. We want to mitigate climate change and be a leader in the circular economy. The services we produce for our customers reduce emissions and promote material recycling and energy efficiency. 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. Our climate goals are based on science and validated by the Science Based Targets initiative (SBTi).

We are also active in our efforts to promote the necessary operating conditions for the circular economy. The circular economy plays a critical role in mitigating climate change and biodiversity loss. We replace virgin natural resources with recycled raw materials. We use side streams and waste for construction, replace natural materials, return materials to be reused, phase out fossil raw materials and replace them with renewables.

Taxonomy information and TCFD reporting is presented on page [8-12](#) and [18](#) of L&T's Financial Review.



## FOSTERING BIODIVERSITY AND MITIGATING CLIMATE CHANGE

KEY OBJECTIVES	OUTCOME	ACHIEVEMENTS AND NOTES
<b>Strategic goal</b>		
Scope 4: Our carbon handprint grows faster than our net sales.	The carbon footprint increased from the previous year.	The carbon handprint increased especially in Industry and Facility Services. Fuel wood business is no longer included in L&T's reporting.
<b>We reduce our carbon footprint</b>		
Scope 1+2: Our goal is to halve the emissions of our own operations by 2030, measured in terms of gCO <sub>2</sub> /km and using 2018 as the baseline (SBTi).		The first electric truck was introduced. The share of renewable fuels increased to 12 percent.
Scope 3: Our goal is for 70 per cent of our largest suppliers and subcontractors to set targets for reducing their emissions by 2024, % (SBTi).		About 13% of the most significant suppliers have set their own SBT targets.
Scope 3: Our goal is to reduce transport and machinery emissions from subcontracting by 30% by 2030, using 2020 as the baseline, CO <sub>2</sub> e		New climate target published in spring 2022.
<b>Sustainable use of natural resources</b>		
Our goal is to have a recycling rate of 70% by 2030, %.		The recycling rate increased from the previous year and was 59.4%.
<b>Promoting biodiversity in the built environment</b>		
Our goal is to promote biodiversity together with our customers.	We removed a total of 19,660 m <sup>2</sup> of invasive species and made meadow projects of 8,300 m <sup>2</sup> in 2022.	

## Climate change mitigation

### Our operations have a large carbon handprint

L&T's operations have 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 and renewable raw materials, 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 approximately 534.5 MCO<sub>2</sub>e in 2022 (2021: 524.9 MCO<sub>2</sub>e). The carbon handprint intensity was -633 tCO<sub>2</sub>e/MEUR. In 2022, the carbon handprint increased particularly in L&T's Industrial Services division, where several new emission reduction solutions and the carbon handprint calculation of solid recovered fuels were developed.

### Improving customers' energy efficiency

L&T has a long track record of working to improve customers' energy efficiency in Finland and Sweden through preventive

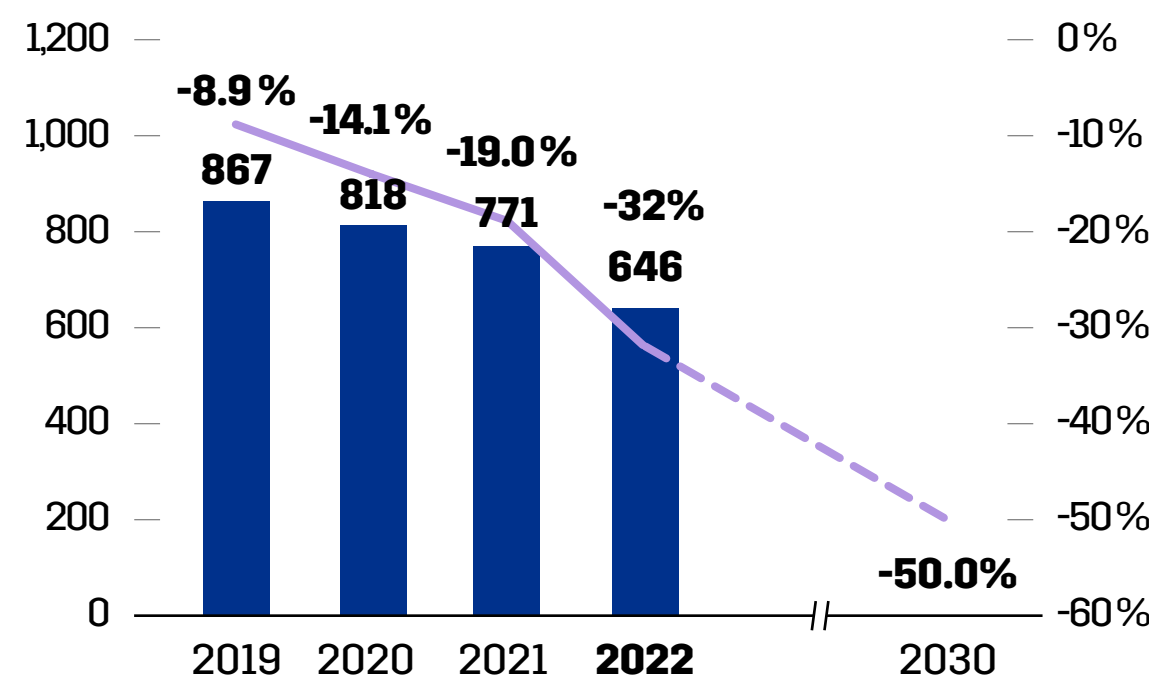
maintenance, energy efficiency observations and repairs, among other things. The services include energy surveys, energy efficiency consulting, energy consumption optimisation and remote optimisation through the Energy Management Centre.

L&T's Energy Management Centre in Kuopio remotely monitors the technical building systems of customer properties and works in collaboration with property managers. The centre monitors and analyses data and the property managers make on-site observations. The co-operation produces analyses and concrete suggestions for improving the energy efficiency of the properties involved.

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.

For customers in the energy sector, L&T offers an efficient blast cleaning method for cleaning our customers' power plant furnaces during use. This reduces the need for process shut-downs and start-ups and the resulting emissions. The service also improves the fuel efficiency and overall efficiency of the power plant, and reduces the amount of waste created.

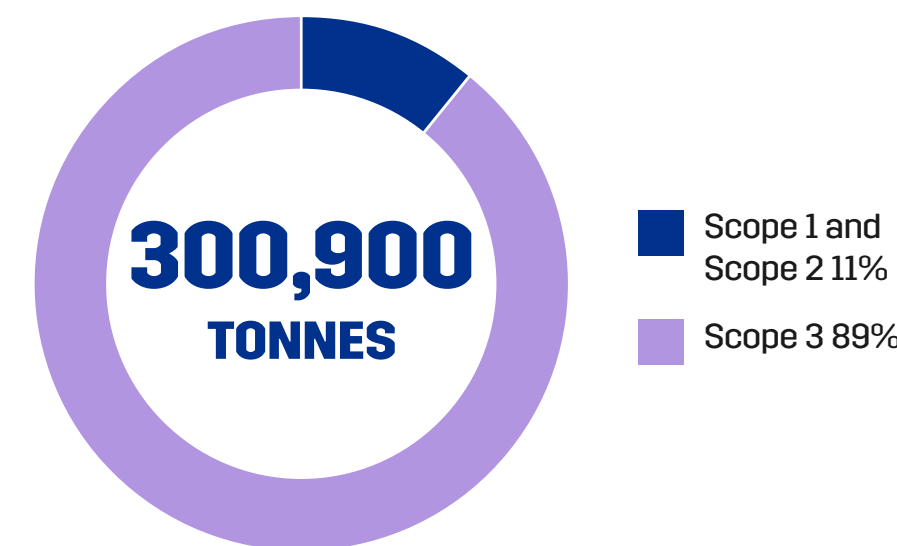
## Science-based emission reduction target



■ The carbon footprint of L&T's own operations relative to kilometres driven (gCO<sub>2</sub>-eq / kilometre driven).

— Change from baseline, % (2018).

## L&T's carbon footprint



### Carbon handprint

#### Emission reductions generated for customers, MCO<sub>2</sub>e

	2022	2021	2020	2019	2018
Material recycling*	-372.2	-342.9	-345.7	-348.3	-381.2
Biofuel and recovered fuel deliveries	-160.5	-181.2	-161.0	-178.1	-188.0
Energy efficiency measures	-1.8	-0.8	-0.1		
<b>Total</b>	<b>-534.5</b>	<b>-524.9</b>	<b>-506.8</b>	<b>-526.6</b>	<b>-569.2</b>
Carbon handprint intensity, tCO <sub>2</sub> e/MEUR	-633	-646	-674	-671	-710

The figures for 2018–2019 include business operations in Russia.

\* The calculation has been expanded to include textiles, batteries, and oil for 2020 and the reference years, subject to the availability of data. Biowaste included in 2022.

### Savings generated by L&T's energy services

#### Savings by energy fraction, MWh/a

	2022	2021	2020	2019
Electricity	5,131	1,024	144	767
District heating	7,513	3,678	677	540
Fuel oil	79	177	-	-
Natural gas	124	275	-	-
<b>Total</b>	<b>12,847</b>	<b>5,154</b>	<b>821</b>	<b>1,306</b>
Cost savings generated, €/a	1,008,000	374,287	48,751	103,610
Emission savings generated, tCO <sub>2</sub> /a	-1,831.3	-778.3	-124.6	-209.6
Customer sites surveyed	26	17	3*	18

\* The decrease in the number of surveyed customer sites in 2020 was mainly due to the effects of the COVID-19 pandemic, such as site-specific restrictions aimed at preventing the spread of the virus. This led to postponements in previously planned site visits.

Preliminary calculations indicate that blast cleaning reduces CO<sub>2</sub> emissions during use by an estimated 1–1.5% per MWh. The protected equipment makes it possible to perform the cleaning safely both during use and during maintenance shutdowns.

### 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), i.e. emission intensity per kilo-

metre driven, by 2030, using 2018 as the baseline. L&T's emission reduction targets are based on science and validated by the Science Based Targets initiative (SBTi). Our emission targets correspond to the Paris Agreement goal of limiting the warming of the climate to well below 2°C.

In 2022 the carbon footprint of L&T's own operations (Scope 1 and 2) was 31,700 tCO<sub>2</sub>e (2021: 37,800 tCO<sub>2</sub>e). L&T's emission intensity was 646 gCO<sub>2</sub>e per kilometre driven in 2022. Absolute emissions have decreased by 50 per cent from the 2018 base-

line (-15,700 tCO<sub>2</sub>-eq) as a result of renewable fuels (Scope 1). The distribution obligation for renewable transport fuel was reduced by 7.5 percentage points in July 2022. This change has not been taken into account in the emissions calculations in this report, as Statistics Finland has yet to update its fuel classification data in accordance with the change. Statistics Finland is expected to publish updated fuel classification data during spring 2023, and L&T will subsequently calculate and report its carbon dioxide emissions for 2022 on its website using the updated emission factors. The total emissions of L&T's own operations for 2022, calculated with the updated emission factors, are likely to be higher than those indicated in this report. More detailed information on emissions is presented in the table on page 19.

Transport operations account for 97 per cent of the emissions generated by L&T's own operations. To achieve our targets, we will adopt zero-emission technologies and fuels in transport operations and improve the energy efficiency of our properties. The electricity we use in Finland is renewable.

In 2022, we particularly focused on driver training and the efficient use of our fleet, which has a significant impact on reducing fuel consumption.

- We introduced a new driving style monitoring system in 2022 that also enables drivers to better monitor their own driving style. The devices were installed during 2022 and driver training will be conducted during 2023.
- By the end of 2022, driving style monitoring equipment had been installed in 1,074 vehicles (2021: 973).
- During the year under review, 278 drivers (2021: 126) participated in training on economical driving.
- We commissioned 13 heavy biogas vehicles and Finland's first fully electric waste collection vehicle. L&T has 34 low-emission heavy-duty vehicles and 35 light-duty vehicles that run on either biogas or electricity.

We engage in continuous route planning. The planning activities enabled us to reduce emissions, kilometres, working hours and improve the efficiency of our operations.

#### Improving energy efficiency at L&T's own properties

We are committed 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. This means a total of 2,758 MWh savings. The energy efficiency of L&T's properties was improved, for example, by optimising building technology controls in 2022. In addition, solar panels totaling 86 kWp were installed. In 2022, our own energy consumption was 140.3 TJ, of which 76% was renewable. Energy consumption decreased by five per cent from the comparison year 2021 (11,020 MWh). The change was mainly due to the decrease in electricity consumption and the reduction in the use of diesel and fuel oil.

L&T's recycling plants apply an operating model based on continuous improvement and a plant information system is also in use. 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 use, energy consumption and repair needs of our own properties. We use renewable, emission-free electricity at our properties in Finland.

#### Climate efforts in the supply chain

Most of L&T's total emissions are generated in the supply chain and derived from purchased goods and services as well as transport contracting. As part of L&T's science-based emission reduction target, we have set separate climate targets for the supply chain. The target is for 70 per cent of the largest suppliers and subcontractors (based on spending) to set targets for reducing their emissions by 2024. We set a separate emission reduction target for subcontracting in 2022. The target is to reduce transport and machinery emissions from subcontracting by 30% by 2030, using 2020 as the baseline.

In 2022, we sent an emissions survey to our largest suppliers to assess their climate practices, the emissions generated by their operations and their targets. The survey indicated that our larger suppliers, in particular, are committed to reducing emissions and measure at least the emissions generated by their own operations on a regular basis. In 2022, 13 per cent of our significant suppliers had set their own science-based climate targets. Our goal for 2023 is to further develop the monitoring of emissions reporting in the supply chain.

#### Energy

L&T's own energy consumption, MWh	2022	2021	2020	2019	2018
Diesel	131,375	139,599	144,002	164,665	170,798
HVO*	16,363	15,493	-	-	-
Petrol	597	828	656	3,010	2,804
Fuel oil	17,237	18,750	17,070	17,936	18,539
Gas	6,297	5,050	1,499	1,219	509
Electricity	29,245	32,733	28,842	31,603	31,332
District heating**	9,035	8,716	7,840	8,624	8,960
Total	210,148	221,168	199,909	227,057	232,932
Energy intensity, MWh/MEUR***	249	272	266	290	290

The figures for 2018–2019 include operations in Russia.

Total amount of renewable fuels in 2022: 22,660 MWh. The calculation is based on HVO and biogas consumption.

\* The amount of fossil and fossil-free energy is separated in the figures for 2021 and 2022.

\*\* Covers operations in Finland.

\*\*\* L&T's own energy consumption relative to net sales.

#### Making the circular economy a reality

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.

Material flows and the demand for recycled raw materials started to recover in 2022 as the restrictions related to the COVID-19 pandemic were lifted. In 2022, 59.4 per cent (2021: 58.4%) 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. Over 430,000 tonnes of materials were delivered to reuse and recycling.

Our reporting covers the key material streams from the perspective of material reuse and recycling, namely municipal waste, hazardous waste, industrial waste and construction waste col-

lected from corporate customers in Finland. In 2022, their combined volume was 728,000 tonnes (2021: 757,000). Slurry, contaminated soil and ash are excluded from reporting.

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 depends on the choices made by our customers and the industry. The municipal waste recycling rate of our corporate customers was 70 per cent in 2022, compared to 40 per cent for Finland as a whole. Some of our customers have even achieved a recycling rate of more than 80 per cent.

We tested various closed loop solutions together with our customers in 2022. For example, we collaborated with UPM Timber to enable the separate collection of the plastic wrapping of timber, which was previously sorted as waste-to-energy material. The plastic wrapping was picked up directly from the customer for further processing at L&T's recycling plant. The recycled granules produced as a result of these processing activities were directed to the manufacture of new timber wrapping.

L&T, Stark and SRV are jointly piloting the reuse of timber from the construction sites. In the pilot, unused or demolished timber and plywood from SRV's construction site is delivered to Stark and subsequently sold. L&T prepared a waste and sorting plan

and took care of sorting instructions as well as picking up cages from the construction site and delivering them to Stark in accordance with the Waste Act.

We also engage in continuous development work with our customers to ensure that the waste streams produced by customers are sorted correctly and recycled as valuable materials. Our team of 12 Environmental Managers made nearly 1,000 customer visits during the year and helped implement hundreds of improvements to promote sorting and the circular economy among our customers. Our customers value our efforts to improve their environmental responsibility. Our high customer satisfaction (NPS 81) is concrete evidence of this.

In 2022, L&T also carried out several development projects through its new consulting service to support customers in achieving their environmental responsibility goals. L&T provided customers with comprehensive development plans aimed at promoting the circular economy. Roadmaps serve as concrete tools that enable customers to reach their goals concerning the circular economy. In addition, we have participated in the implementation of our customers' environmental programmes and various more detailed measures related to emission compensation methods, for example.

### Our goal is to increase the reuse and recycling rate of materials

We actively seek new solutions to increase the refining rate of the materials in our possession.

- Examples of reuse include pallets forwarded directly, or after repairs, to reuse.
- Examples of other forms of recovery include energy recovery and the use of materials in the construction of landfills. 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 2022, we collected 58,000 tonnes (2021: 54,000) of hazardous waste from our customers, with 70 per cent (2021: 72) of this total recycled. Part of the

hazardous waste was recovered as energy, and non-recoverable waste was sent for final treatment. In 2022, 3.8 per cent (2021: 5.6%) of hazardous waste was transported to other EU countries for treatment. L&T does not export waste outside the EU, except to Norway, 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 per cent by 2025. This goal has already been achieved.

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 2022, 80 per cent (2021: 81%) of all materials were sorted at source. L&T is continuously developing new services in co-operation with its customers to facilitate sorting at source.

### Promoting biodiversity

Biodiversity has declined significantly over the past decades. The effects of biodiversity loss are already reflected in, for example, the decline of pollinator populations, increasing flooding and soil degradation.

We incorporated biodiversity into our sustainability programme in 2022. We aim to take action that has a positive impact on biodiversity, particularly in the built environment. We have recognised three perspectives in our operations for promoting biodiversity. They are climate change mitigation, the use of sustainable raw materials and preserving the diversity of species.

Circular economy solutions can effectively combat biodiversity loss. We replace fossil and natural materials with recycled materials.

We help maintain the condition of the built environment and keep our customers' properties in productive use for as long as possible. We keep premises clean, maintain them and improve the energy efficiency of properties.

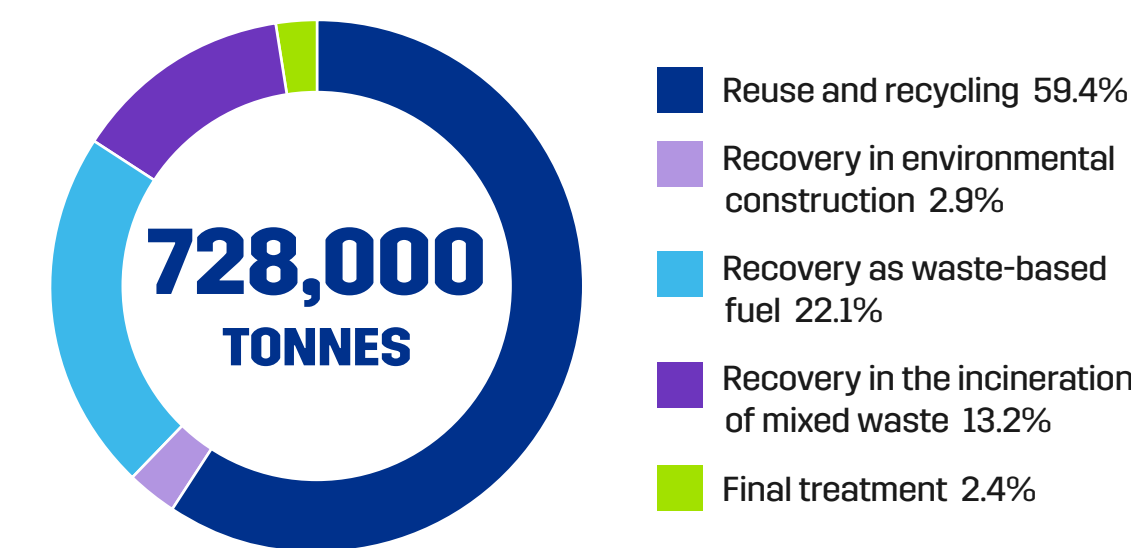
### Materials

	2022	2021	2020	2019	2018
<b>Material flows managed by L&amp;T</b>					
Waste-based materials, tonnes	728,000	757,000	740,000	788,000	868,000
Materials sorted at source, %	71.8	74.2	73.4	68.9	68.1
Hazardous waste sorted at source, %	8.0	7.2	7.4	7.0	6.3
Mixed waste, %	20.2	18.6	19.2	24.1	25.5
<b>Recycling and recovery rate of material flows managed by L&amp;T, %</b>					
Reuse and recycling	59.4	58.4	58.6	54.8	54.2
Recovery in environmental construction	2.9	3.5	3.9	4.8	5.4
Recovery as a waste-based fuel	22.1	25.2	24.2	23.9	24.8
Recovery in the incineration of mixed waste	13.2	10.8	11.0	9.6	9.2
Final treatment	2.4	2.1	2.3	6.9	6.4
<b>Reuse and recycling rate of hazardous waste</b>					
Hazardous waste, tonnes	58,200	54,300	54,781	55,170	54,914
Recycled as material, %	70.3	71.9	73.1	69.2	67.0
Energy recovery, %	5.0	4.9	3.5	2.1	6.6
Final treatment, %	24.7	23.2	23.4	28.7	26.4
Hazardous waste intensity*, tonnes/MEUR	69	67	73	70	68

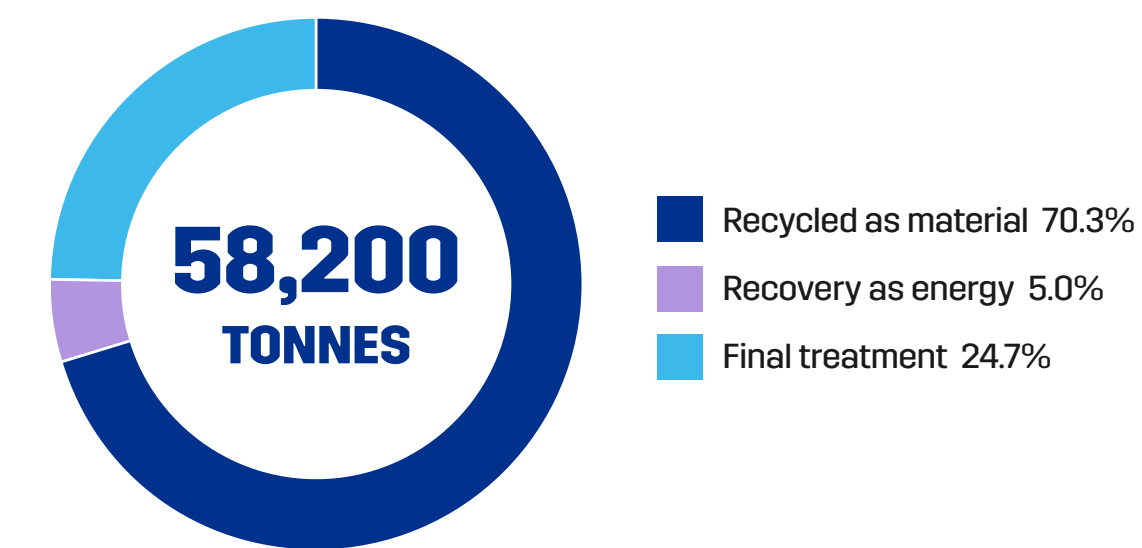
The figures for 2018–2019 include operations in Russia.

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

### Recycling rate of materials managed by L&T



### Recycling rate of hazardous waste





We improve the biodiversity of the built environment. In L&T's planning and maintenance of green areas, all organic plant waste is utilised either as chips, as energy or by composting it. We restore lawns and idle land into natural meadows and forests, and we remove invasive species such as *rosa rugosa* and Himalayan balsam. We do not use harmful pesticides such as glyphosate. In 2022, we made 8300 m<sup>2</sup> of meadow restoration projects together with our customers. In addition, we removed from the 19,660 m<sup>2</sup> area the *rosa rugosa*. We restore contaminated land areas throughout Finland. The majority of the contaminated soil is recovered; it is used in earth construction and stabilisation in, for example, structures at waste collection areas and final disposal facilities. In 2022, we facilitated the recovery of more than 210,000 tonnes of industrial side streams and contaminated soil.

We continuously explore new opportunities to promote the conservation of biodiversity and pilot solutions together with our customers.

In spring 2022, L&T became one of 10 Finnish companies selected for a pilot programme coordinated by FIBS and Sitra to test the Science Based Targets Network's guidance concerning science-based nature targets. The new guidance that is currently in development responds to companies' need for practical tools to support genuinely impactful and comparable nature efforts.

We also participate in the Co-Carbon research project, which focuses on measuring and modelling the carbon sequestration of urban green infrastructure. The project is implemented in co-operation with the University of Helsinki, Aalto University, the Finnish Meteorological Institute, Häme University of Applied Sciences and the University of Copenhagen.

### Minimising water use by recycling and enhancing operating models

The key nature impacts of L&T's own operations are related to water and land use, particularly at L&T's processing and storage areas and waste treatment plants. They are regulated through environmental permit procedures.

We develop our operations to minimise the environmental impacts. In 2022, equipment for the real-time analysis of malodorous gases was installed at the hazardous waste treatment plant in Lahti. We also carry out enhanced cleaning at our waste treatment areas to minimise the impacts on the surrounding nature. L&T's Industrial Services division is a strong operator in the value chain concerning the processing of wastewater and

liquid waste. In Finland, we treat wastewater and liquid waste at our processing centres and we also operate and consult our customers' plants with regard to wastewater. We also carry out on-site processing of industrial wastewater in selected segments.

Water is a significant part of L&T's hazardous waste treatment, sewer maintenance, process cleaning and environmental construction businesses. L&T's Industrial Services division processes a significant amount of water each year, which is ultimately directed to water utilities. The removed water is other, mainly waste water. The quality of processed water is regularly measured as part of the fulfilment of environmental permit requirements. No significant non-conformities were observed in 2022 with regard to the limits set for processed water.

At L&T's treatment centres and plants, clean water is mainly used in the processes of treatment plants and in the processing of ash in material centres in the environmental construction business. Efforts have been made to reduce the use of clean water, for example, by utilising recycled process water for other plant functions.

In Lahti, for example, process water from the hazardous waste treatment plant is purified by the plant's own water treatment system and subsequently used in the production of lime sludge. Recycled water is also used in the cleaning of containers and tanks at plants.

Water consumption is reduced by optimising operating models and improving their efficiency. For example, the recycling system in recycled water combination vehicles used in sewer maintenance services treats the water taken into the tank during sewer cleaning using the vehicle's built-in filter system, and the water in the tank can be subsequently reused to rinse the sewer.

The sustainable use of water is also part of L&T's More Sustainable Cleaning programme, which aims to reduce water use and promote chemical-free cleaning. In 2022, 382 customer sites were cleaned in accordance with these principles.

The treatment plants of L&T's Industrial Services division use the WRI Water Aqueduct tool to identify water-related risks. None of the company's treatment plants were located in identified high water risk areas in 2022.

In 2023, L&T will assess opportunities to expand water reporting to cover the water consumption of L&T's own properties and the operating locations of L&T Environmental Services.

### Water used by L&T's Industrial Services division, m<sup>3</sup>

	2022
<b>Water withdrawal, m<sup>3</sup></b>	
Product and process waster	9,159
Municipal water	12,234
Recycled water	2,444
<b>Total</b>	<b>23,837</b>
<b>Water discharge, m<sup>3</sup></b>	
Sewerage	79,169
Water, environment	42,594
Humidification of ash	6,470
<b>Total</b>	<b>128,233</b>

# ENRICHING BIODIVERSITY IN THE BUILT ENVIRONMENT

## Environmental construction

We restore contaminated land areas and enable the reuse of soil in construction.

## Water purification

We purify waste water and manage industrial process water so that it can be safely returned back to circulation.

## Landscaping

We are increasing biodiversity in the urban environment in order to preserve natural diversity and create a pleasant living environment for people.

## Sustainable use of natural resources

Our aim is to promote circular consumption in our society. We keep materials in circulation and enable secondary raw materials to be the first choice instead of virgin materials.



## Prolonging the lifespan of properties

We maintain the built environment so that there is no need to dismantle it.

## Emission-free vehicles

Our goal is to halve the emissions of our own operations by 2030. We have also set emission targets for our transport partners.

## Increasing energy efficiency

We provide solutions for improving the energy efficiency of properties so that there will be sufficient energy resources also in the future.



**PRESERVING BIODIVERSITY**

**USING SUSTAINABLE RAW MATERIALS**

**MITIGATING CLIMATE CHANGE**

**Towards full circularity: tables with more specific information**

**Carbon footprint**

	2022	2021	2020	2019	2018
<b>Scope 1, tCO<sub>2</sub>e</b>					
Transport, production vehicles, work machines	30,600	36,500	35,000	41,500.0	45,500.0
<b>Scope 2, tCO<sub>2</sub>e</b>					
Purchased electricity in Finland (market-based)	0.0	0.0	0.0	0.0	0.0
Purchased electricity in Finland (area-specific)	2,600	4,200	4,000	4,900	5,000
Purchased electricity, other countries (area-specific)*	6	4	4	200	200
Purchased district heating in Finland (area-specific)*	1,052	1300.0	1200.0	1400.0	1700.0
Scope 2, total**	1,058	1,304.0	1,204.0	1,600.0	1,900.0
Scope 1+2, total**	31,658	37,804	36,704	43,100	47,400
<b>Scope 3, tCO<sub>2</sub>e, Upstream ***</b>					
Purchased products and services	113,320				
Capital goods (fleet)	555				
Indirect emissions from purchased energy (other than Scope 1 and Scope 2)	9,490				
Fuels consumption by contractors****	17,779	18,817	20,501	18,456	19,347
Business travel	1,187	1,100	1,200	1,400	1,500
<b>Scope 3, tCO<sub>2</sub>e, Downstream ***</b>					
Final treatment of materials	126,899				
Scope 3, total	269,230	19,917	21,701	19,856	20,847
Scope 1+2+3 total **	300,888	57,721	58,405	62,956	68,247
Emission intensity: Scope 1+2 emissions relative to kilometres driven (SBTi), gCO <sub>2</sub> e/km	646	771	818	867	952
Emission intensity: Scope 1+2 emissions relative to net sales, tCO <sub>2</sub> e/MEUR	37.5	46.5	48.8	54.9	59.1

The figures for 2018–2019 include Russian operations.

\* Scope 2 market-based information is not reported, as the available emission factors do not deviate significantly from the area-specific information.

\*\*Based on market-based purchased electricity in Finland.

\*\*\* Calculation expanded in 2022.

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

# Employed by tomorrow

As a major employer, the focus of L&T's social responsibility is on the Group's employees and employment. We focus particularly on 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.

## The management of employee responsibility 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 an 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 compe-



**WE INVEST IN OCCUPATIONAL WELL-BEING AND SAFETY, WE PROMOTE DIVERSITY.**

KEY OBJECTIVES	OUTCOME	ACHIEVEMENTS AND NOTES
<b>Strategic goal</b>		
Employee Net Promoter Score (eNPS) over 50 by 2026.		Most of the indicators are at the level of the comparison period. The experience of the meaningfulness of the work grew.
<b>We look after the occupational well-being and safety of our personnel</b>		
Our goal is to reduce sickness-related absences so that, by 2026, the sickness-related absence rate will be less than 4.5% and the health rate will be above 50%.		The coronavirus and other respiratory infections affected health figures in 2022.
Our goal is to increase the retirement age to 64.5 by 2026.		
Our target is zero accidents. We aim to reduce our total recordable incident frequency (TRIF) to less than 20 by 2026.		More than 92,000 preventive measures were carried out in L&T's own and customer premises in 2022.
<b>Promoting diversity</b>		
Our goal is to develop our operating culture with a focus on diversity and equality.		We started diversity training for supervisors in 2022.

tent 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 2022, L&T had nearly 8,400 employees in Finland and Sweden. We are a multinational workplace community. Foreign nationals represented about 20 per cent of our employees in Finland, and their number increased from 2021. Citizens of other EU countries represented 21 per cent of our foreign personnel and third-country nationals 79 per cent. There were 87 different nationalities represented among our personnel in Finland at the beginning of 2022.

At L&T, men and women are evenly represented in various roles. 61 per cent of the personnel are men and 39 per cent are women. In L&T's Group Executive Board, 67 per cent are men and 33 per cent are women.

In 2022, L&T's Finnish operations (Facility Services, Environmental Services, Industrial Services and Group functions) conducted wage surveys in accordance with the Equality Act. The wage surveys did not reveal any unjustified differences in pay between the genders. The realisation of pay equality between the genders is examined as part of diversity plans, which are drafted for periods of two years at a time.

At L&T, gender is not a factor in pay. The remuneration of employees is influenced by, for example, the content and demands of the job, the employee's competence, performance and experience, and the provisions of any applicable collective

agreement. L&T operates in a number of different industries, which is why average pay is not an appropriate indicator for the level of structure of wages.

In total, the pay of female employees on hourly wages is 94 per cent, and the pay of female employees on monthly salaries 98 per cent, of the pay of male employees in corresponding positions. The reporting is based on payroll data for positions for which pay comparisons in accordance with the Equality Act can be reliably conducted without compromising the protection of privacy.

Our service business is labour-intensive, and we offer various jobs to suit different career stages. The age distribution is fairly balanced. In summer 2022, we offered nearly 616 summer jobs to people in the early stages of their careers. We offer opportunities for people to extend their careers part-time or full-time even after they reach retirement age.

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 personnel 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 came into effect in 2020. In 2022, we began diversity training for all supervisors at L&T. Approximately 53 per cent of supervisors participated in a diversity workshop during the year. We comprehensively updated our guidelines and operating processes concerning the prevention of harassment, discrimination and inappropriate behaviour. The updated process and guidelines will be implemented at the beginning of 2023.

L&T has already phased out nearly all gendered job titles, and recruitment practices have been revised to take account of diversity. Job advertisements are published in English and in simple language when the duties in question do 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, victims of trafficking 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 Organization (ILO), international agreements and the UN Guiding Principles on Business and Human Rights. 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. In 2023, the aim is to develop sustainability in the supply chain and improve the identification of human rights risks in the supply chain. 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 2022, attended by representatives of our employees from Finland and Sweden.

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. We updated our guidelines concerning the prevention of inappropriate behaviour in 2022. 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.

### Performance management and leadership

At L&T, development discussions are a key instrument for performance and competence management. The aim of the discussions is to ensure that everyone at L&T has targets that promote the achievement of our shared objectives. The discussions are also intended to ensure that job descriptions are clear and that employees have the required competencies and conditions for successful performance. A development discussion must be 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 wishes.

The quality of managerial work has a significant impact on the employee experience. Good leadership requires effective dialogue between managers and employees, as well as between coworkers.

In 2022, we provided support for success in managerial work through various training activities, for example. We regularly organise training for new managers, to familiarise them with L&T's management practices and help them manage employee performance. Managers are also offered brief training activities on topics such as managing diversity, employment relationships, managing teams and holding successful development discussions.

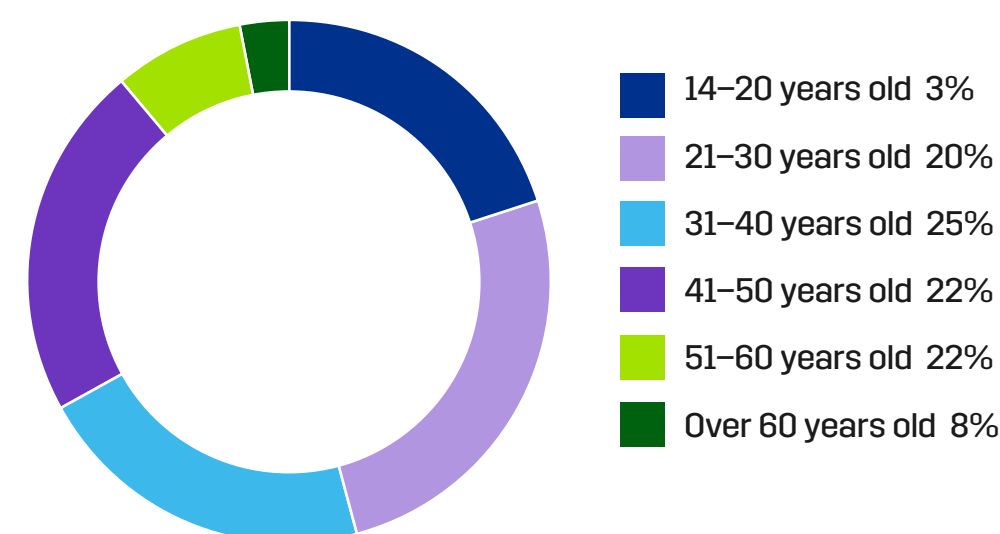
In L&T's divisions, the development of leadership and managerial work is closely linked to enabling the achievement of strategic goals.

### Job satisfaction

The most important tool for measuring the employee experience at L&T is the twice-yearly Filinki or Pulsen survey. The survey provides employees with the opportunity to give feedback and enables the identification of team-specific 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. In 2022, the survey response rates and results were on a par with the preceding years. Our Employee Net Promoter Score (eNPS), which is also one of L&T's strategic targets, was 24 for the Group as a whole in autumn 2022. We have closely monitored the devel-

Employee distribution by age, %



opment measures taken in response to the results of the Filinki 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 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 L&T Academy launched in autumn 2022 provides a range of training opportunities on various broad themes for supervisors and specialists. Examples of the training topics offered in autumn 2022 include customer and sales work, the legal aspects of acquisitions, budgeting and financial management, sustainability and time management skills. The concise L&T Academy training materials have lowered the threshold for our personnel to increase their competence on a range of topics. 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.

We engage in co-operation with various educational institutions. In 2022, 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.

In 2022, the personnel of L&T Finland participated in various trainings for an average of 3.6 hours. The largest number of training hours per employee was in L&T's Environmental Services, where the training hours per employee averaged 9 hours. The number is based on educational records and the average number of people. This figure does not cover all of our training activities and all hours of training. During their working hours, our specialists and supervisors, in particular, also participate in various seminars and training programmes provided by various organisations, partners and companies.

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 promoted musculoskeletal health and prevented prolonged symptoms, expedited the start of rehabilitation and influenced the working methods and working conditions. Measures related to ergonomics and work arrangements have been implemented according to local and job-specific needs. We have provided support for our employees' musculoskeletal fitness and well-being through co-operation partners that offer 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 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 63.8 years (2021: 63.7) in Finland. The long-term target is to increase the retirement age to 65 years in Finland.

In 2022, we invested EUR 8.2 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. The rate of sickness-related absences was affected during the year under review by the COVID-19 pandemic and a significant year-on-year increase in

	Introduction to sustainability	Towards full circularity	Employed by tomorrow			Governance
	2022	2021	2020	2019	2018	
<b>Employee Net Promoter Score, eNPS</b>	24	28				
Finland	23	24				
Sweden	27	48				
<b>Exit turnover, %*</b>	25.4	19.3	17.0	23.8	26.3	
Finland	26.5	21.0	18.9	27.8	30.8	
Sweden	19.0	10.6	6.5	9.1	7.5	
<b>Exit turnover by division, %**</b>						
Environmental Services	9.0	7.4	5.4	8.3		
Industrial Services	7.2	9.4	5.3	10.6		
Facility Services, Finland	33.8	26.1	24.3	37.7		
Facility Services, Sweden	19.0	10.6	6.5	9.1		
<b>Sickness-related absences, Group, %</b>	5.6					
Finland	5.7	5.0	4.7	5.0	5.0	
Sweden	5.5	5.5	6.0	5.2	5.1	
<b>Occupational health rate, %</b>						
Finland	40	45	50			
Sweden	41					
<b>Called in when necessary, Finland, %</b>	10	11	10	11	12	
Men	41	56				
Women	59	44				
<b>Called in when necessary, Sweden, %</b>	16					
Men	63					
Women	37					
<b>Average retirement age, Finland</b>	63.8	63.7	63.5	63.1	63.2	
<b>Number of change negotiations, Finland</b>	54	44	34	56	43	
Redundancies	74	153	88	132	72	
Temporary layoffs	63	415	927	9	9	
Employees covered by collective bargaining agreements Finland, %	100	100	100	100	100	

\*Weighted average. The figures for 2018–2020 include operations in Russia.

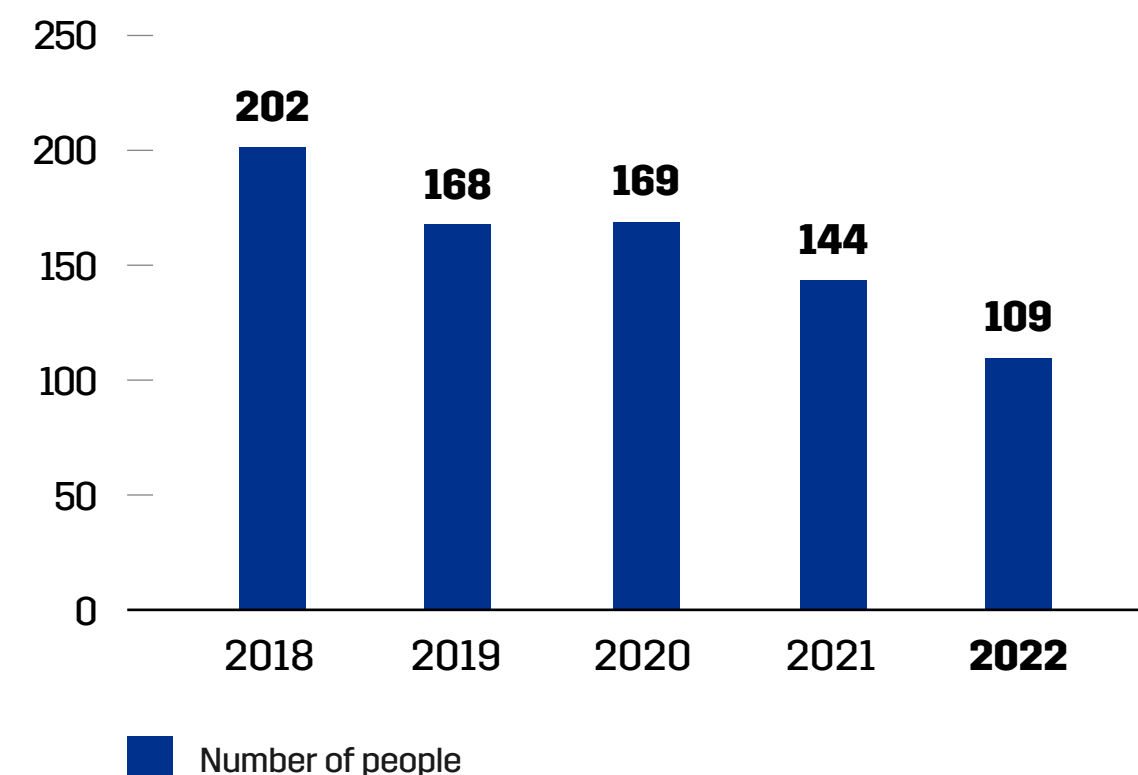
\*\*Personnel data also includes employees on long absences.

infections. Sickness-related absences increased in Sweden and Finland due to the pandemic. Our sickness-related absence rate was 5.7 in Finland (2021: 5.0) and 5.5 in Sweden (2021: 5.5). In accordance with our early care model, potential challenges related to work ability are addressed through co-operation between the employee, the manager, 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 managers who had a backlog of early care discussions decreased from the previous year.

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

We 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

### People with partial work ability returning to work



more suitable position that corresponds to their work ability and skills through vocational rehabilitation or the Suitable Work operating model. With our work ability support measures aimed at restoring the ability to work, we helped 109 people return to work in 2022 (2021: 144).

### We monitor the occupational health rate of our personnel

The occupational health rate 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 40 in 2022 (2021: 45). This means that as many as 40 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 127 L&T employees participated in various health and well-being coaching activities and rehabilitation services during the year under review. 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. 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 through personnel clubs for several years now. In 2022, there were 25 clubs operating across Finland, organising various sports and cultural activities for their members. We also offered an 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 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 impor-

tant 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 managers 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 the Aula association. New projects are also being planned. To ensure the successful implementation of the projects, L&T's Facility Services organisation includes a dedicated project manager focused on the availability of labour and promoting the employment of people with reduced work ability. The position was established in 2021. 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 guided by an ISO 45001 certified management system and occupational safety policy. The certification covers approximately 95 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 and the divisions, down to the unit level.

### The management of occupational safety is part of 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 for reporting 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 early 2022, and we drafted separate 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 incident occurs in spite of our preventive measures, it is investigated. Incident investigations are conducted using an investigation method that helps us better identify the root causes of incidents and agree on corrective actions. In addition to incident investigations, incident panels carry out a further review of incidents and accidents to ensure that sufficient corrective and preventive actions are taken.

We engage in effective co-operation with our personnel, and each L&T company has its own occupational safety committee. Each committee convened in 2022 in accordance with the statutory meeting schedule. There was one diagnosed occupational disease in 2022.



### Occupational health care services as part of occupational safety and health

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 care services with L&T's sickness fund. In 2022, occupational health services covered all employees in Finland.

### Total recordable incident frequency and proactive occupational safety efforts

Occupational safety at L&T developed largely in line with our targets in 2022. The total recordable incident frequency (TRIF) for the Group as a whole was 23 (target: 24). There were no fatal accidents nor occupational accidents resulting in permanent disability during the year under review. The most common occupational incidents at L&T are slipping, stumbling and finger injuries.

The number of proactive occupational safety measures remained excellent in 2022. 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. Most 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 monitoring is made easier by the monitoring tool deployed in 2022.

We will continue our purposeful efforts to engage everyone at L&T in the development of safety. In 2022, our proactive measures continued to be focused on having our actions be more evenly distributed across all units, and the implementation of proactive measures can now be monitored more accurately than before. Using activity indicators is one measure by which we have engaged a growing number of L&T employees in the promotion of safety by, for example, making safety observations.

### Development of occupational safety at L&T

	2022	2021	2020	2019	2018
Total recordable incident frequency (TRIF)*	23	24	24	25	27
Accident frequency, LTA**	14	15	13	14	14
<b>Proactive safety measures</b>					
Safety observations	50,713	50,776	34,590	28,816	32,566
Safety Walks	19,534	17,847	15,655	12,217	12,239
Occupational safety sessions	20,923	18,661	14,383	10,132	10,512
Risk assessments	1,152	4,097	4,392	3,180	837
Total	92,322	91,381	69,020	54,345	56,154

\* Total working hours in 2022: 13.8 million hours.

\*\* Number of accidents leading to absence per million working hours.

The importance of safety and the opportunity for each L&T employee to influence the safety of their work is also emphasised in our updated induction training materials as well as other training materials and processes. In 2023, we will launch occupational safety training intended to increase each L&T employee's occupational safety awareness and provide everyone with tools they can use to contribute to safety at work on a daily basis.

### 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. Examples of such jobs include hazardous waste treatment and high-pressure washing in industrial settings.

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.



**Employed by tomorrow - tables with more specific information**
**Diversity of the personnel**

	2022	2021	2020	2019	2018
<b>Total number of full-time and part-time employees at year-end</b>	8,395	8,389	8,139	8,207	8,600
Finland	7,138	7,003	6,673	6,479	6,871
Sweden	1,257	1,386	1,370	1,355	1,422
<b>Average number of employees as full-time equivalents</b>					
Finland	6,245	5,953	5,853	5,946	6,199
Sweden	1,091	1,371	1,109	1,020	1,066
<b>Personnel by country, %</b>					
Finland	85.0	83.5	82.0	78.9	80.0
Sweden	15.0	16.5	16.8	16.5	16.6
<b>Gender distribution, % *</b>					
Men	61	60	59	60	57.5
Women	39	40	41	40	42.5
<b>Gender distribution in supervisory positions, % *</b>					
Men	63	59	59	61	64
Women	37	41	41	39	36
<b>Gender distribution in senior management, %</b>					
Men	70	78	78	87.5	71
Women	30	22	22	12.5	29
<b>Gender distribution in the Board of Directors, %</b>					
Men	67	71	71	67	67
Women	33	29	29	33	33
Ratio of the highest annual earnings to median earnings (full-time employees), Finland	1:24	1:13	1:13	1:12	1:15

\* The figures for 2018–2020 include operations in Russia.

	2022	2021	2020	2019	2018
<b>Number of different nationalities, Finland</b>	87	91	82	85	85
<b>Share of employees with an immigrant background, Finland, %</b>	20	18	16		
From the EU	21	26.5	30	31	35
From outside the EU	79	73.5	70	69	65
<b>Employees under the age of 18 hired, Finland</b>	209	128	151	185	174
<b>New employees, Finland</b>	3,348				
Men, %	51				
Women, %	49				
14–20 years, %	20				
21–30 years, %	33				
31–40 years, %	21				
41–50 years, %	14				
51–60 years, %	10				
Over 60 years, %	2				
Exit turnover, %	18				
<b>Age distribution of personnel, %*</b>					
14–20 years	3	3	3	4	3
Men	42	38	41.5		
Women	58	62	58.5		
21–30 years	20	21	21	21	21
Men	65	63	60		
Women	35	37	40		
31–40 years	25	26	26	25	26
Men	66	65	64		
Women	34	35	36		
41–50 years	22	21	22	23	23
Men	61	61	61		
Women	39	39	39		
51–60 years	22	22	22	22	21
Men	56	55	55		
Women	44	45	45		
Over 60 years	8	8	7	6	6
Men	52	55	53		
Women	48	45	47		

\* The figures for 2018–2020 include operations in Russia.

**Personnel in figures**

	2022	2021	2020	2019	2018
<b>Personnel by employee group, Finland, %</b>					
Salaried employees	17	17	18	16	17
Employees	83	83	82	84	83
<b>Leased employees by employee group, Finland*</b>					
Salaried employees, person-days	765	1,116	289	252	347
Employees, person-days	32,196	25,686	15,011	23,841	34,556
<b>Personnel by type of employment, %</b>					
Permanent, Finland	95	95	96	95	95
Men	58	58	57		
Women	42	42	43		
Temporary, Finland	5	5	4	5	5
Men	65	64	67		
Women	35	36	33		
Full-time, Finland	69	68	69	67	68
Men	64	64	64		
Women	36	36	36		
Part-time, Finland	21	22	21	22	20
Men	42	40	35		
Women	58	60	65		
Permanent, Sweden	82	79	81	76	75
Men	75	72	74		
Women	25	28	26		
Temporary, Sweden	18	21	19	24	26
Men	58	56	51		
Women	42	44	49		
Full-time, Sweden	66	68	69	66	64
Men	81	78	78		
Women	19	22	22		
Part-time, Sweden	18	33	32	34	36
Men	49	47	50		
Women	51	53	50		

\*Reporting refined in 2021. In addition, the number of salaried employees has been affected by the incorporation project. Leased employees can be used in all segments, but mainly in cleaning work. Absences due to illness and changes in the operating environment affected the use of leased employees in 2022.

# Governance

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 also 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 our operations are appropriate.

In 2022, L&T had 53 (2021: 65) environmental permits that determined how the company managed and monitored environmental matters. L&T's renewable energy sources business was merged with Neova's corresponding business to create



RESPONSIBLE BUSINESS PRACTICES

KEY OBJECTIVES	OUTCOME	ACHIEVEMENTS AND NOTES
<b>Responsible operating methods are the prerequisites for our operations</b>		
We operate responsibly. Our personnel and management are committed to L&T's Code of Conduct. Everyone at L&T has completed Code of Conduct training, training coverage %		Code of Conduct was updated during 2022.
<b>Sustainable procurement</b>		
We ensure compliance throughout the supply chain. Over 90% of our suppliers will be committed to the Supplier Code of Conduct by 2026.		New KPI.
All of our most significant suppliers have conducted L&T's self-assessment in 2026; the coverage of the self-assessment will exceed 70%.		New KPI.
Laania Oy in July 2022. Environmental permits related to the renewable energy sources business are no longer included in L&T's reporting.		complaint concerning dust was made in Kerava, which led to the purchase of new dust binding equipment at the plant. In Turku, we received a complaint due to noise.
During the year, L&T received a total of 26 (2021: 23) local complaints related to waste processing operations. The highest number of complaints was received in Jyväskylä, concerning the possible unpleasant odours released by the hazardous waste treatment plant. To prevent unpleasant odours, the capacity of the plant's odour removal equipment has been increased, and the	plant's receiving of bilge water, which may involve unpleasant odours, has been limited.	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.
	There have also been some complaints concerning the hazardous waste treatment plants in Lahti and Oulu. Measurement devices for malodorous gases were installed at the Lahti plant in the summer to monitor potential correlations between concentrations and odour complaints. A project was launched in Lahti, Oulu and Jyväskylä late in the year with the aim of minimising the odour emissions associated with various process stages. A	

## 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 2022. Matters concerning L&T's occupational safety work are discussed on pages [23–24](#).

## Environment

In L&T's operations in 2022, there were no incidents classified as serious environmental damage or adverse environmental events. During the year under review, there were 31 environmental incidents classified as minor incidents in our operations in Finland. The minor environmental incidents in Finland involved broken hoses, chemical damage, ignition 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 damages 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 2022.

## 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. Managers are responsible for ensuring the personnel's familiarity with the Code of Conduct and monitoring compliance with the guidelines. The Code of Conduct is reviewed on a regular basis and amended as necessary to take account of changes in the business environment. The Code of Conduct was most recently updated in January 2023, and the amendments were approved by L&T's Board of Directors. The update involved the clarification of existing practices and guidelines concerning human rights.

Everyone at L&T must adhere to the Code of Conduct, and everyone is also responsible for preventing actions that are contrary to the Code of Conduct. 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 L&T's website and intranet. 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 are familiarised with the Code of Conduct as part of their induction training programme. We also provide regular refreshers on the Code of Conduct.

Our online Code of Conduct course for salaried employees was updated in 2022. The new course will be rolled out in the first half of 2023. In 2022, we also updated the technical implementation and processes of the confidential whistleblowing channel to correspond to the new legislative requirements. The updated channel will be rolled out at the beginning of 2023.

In Finland, 58 per cent of the new salaried employees who joined the company in 2022 completed the online training on the Code of Conduct. In Sweden, the corresponding figure for all employees was 54 per cent. Our internal auditor received 9 (2021: 5) 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, but did not lead to any actions. However, operating models were refined. The violations have been reported to L&T's CEO and to the board's audit committee.

## Other infractions

We comply 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 2022. More information on our supplier co-operation practices is provided on page 28. 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. We focus on data quality and are gradually increasing 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 [16–18](#). L&T mainly operates in Finland and Sweden with local partners, and no significant risks related to human rights have been identified in the Group's operations. 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 2022. At the end of 2022, one notification regarding discrimination came to our attention. This is still being processed.



## Code of Conduct for L&T employees

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.

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,
5. We respect each other and our workplace.
6. Occupational safety is important to us.
7. We make no compromises on our environmental responsibilities.
8. We require responsible actions from our suppliers.
9. We take action against misconduct.

## 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.

## 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 in Finland are registered with the Vastuu Group 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.

We may also 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.

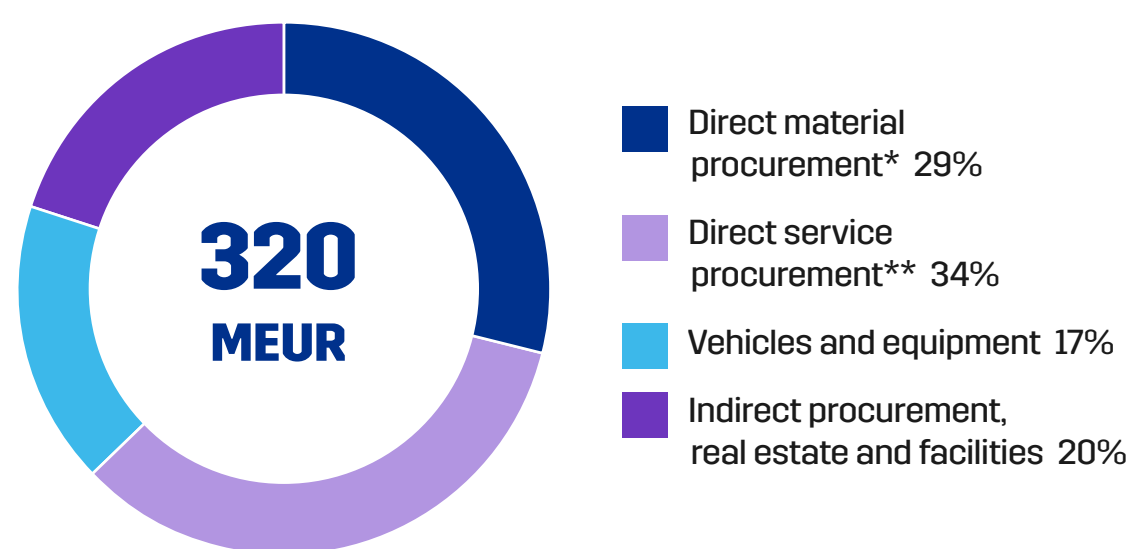
We also use self-assessments, for example, to evaluate the compliance of suppliers. We also engage in regular supplier co-operation with our most important suppliers and monitor their operations using specifically set indicators. Furthermore, we conduct supplier audits based on the risks identified.

## Description of supply chain and risks

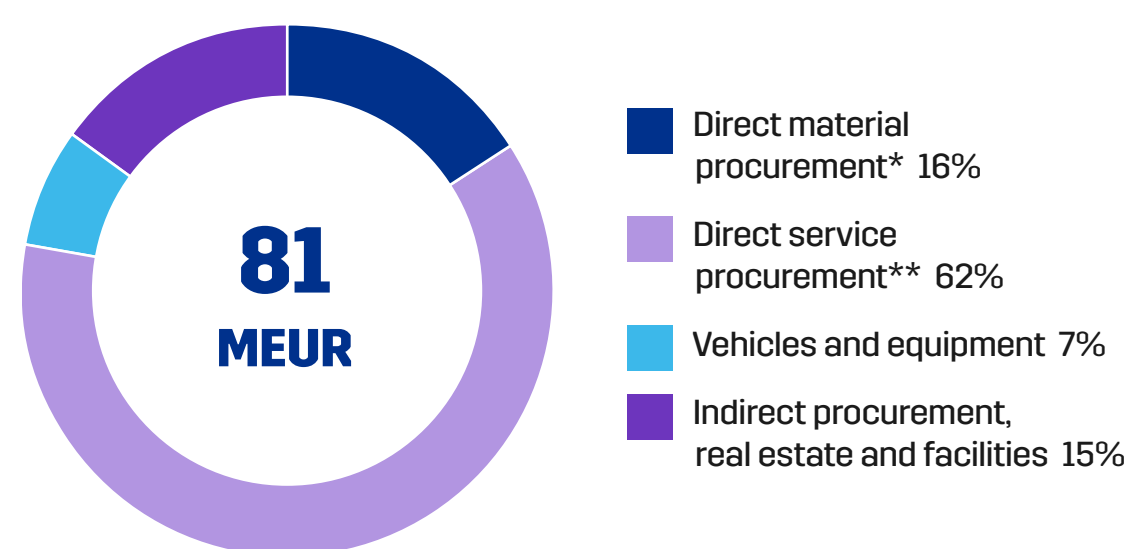
We mostly operate with domestic companies in Finland and Sweden, which improves the visibility of the supply chain. We have assessed that the biggest risks in our supply chain are related to waste treatment operators and recipients of waste, as well as our subcontractors. With regard to waste treatment 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. The prevention of corruption and bribery is discussed in more detail on page 14 of the Report by the Board of Directors.

We will continue to develop the sustainability of our procurement activities in 2023. Our goal is to further develop our operating model so that our operating practices enable us to maintain a more transparent and up-to-date supply chain.

## Breakdown of procurement in Finland



## Breakdown of procurement in Sweden

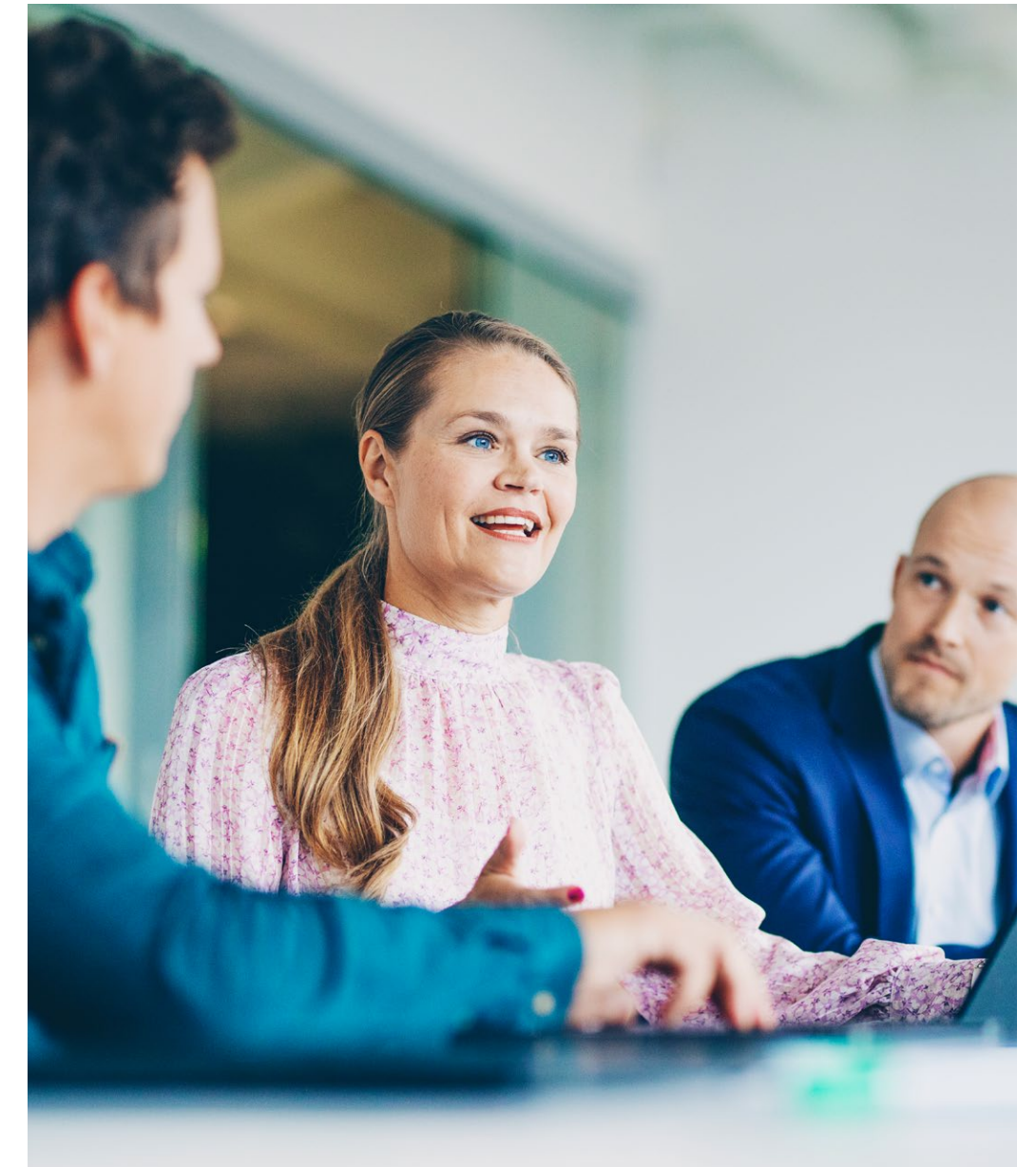


\* Direct material procurement includes: technical materials and supplies, raw materials and material payments.

\*\* Direct procurement includes: external workforce.

## L&T's purchases in 2022

In 2022, L&T's purchases of materials, goods and services in Finland totalled approximately EUR 320.3 million (2021: 289.4) and our purchases in Sweden totalled approximately EUR 80.7 million (2021: 81.1). 724 suppliers account for 80 per cent of L&T's purchases. Most of these suppliers are local, L&T's long-term partners. L&T's purchases are mainly from domestic suppliers. In Finland, 95.9 per cent (2021: 96.2%) of purchases were made from companies operating in Finland, and 4.1 per cent (2021: 3.8) from companies operating in other EU countries. Purchases from outside the EU represented 0.1 per cent (2021: 0.2) of our total purchases. In Sweden, 99.9 per cent of purchases were made from companies operating in Sweden (2021: 98%), and 0.1 per cent from companies operating in other EU countries (2021: 2). Hardly any purchases were made from non-EU suppliers in our Swedish operations.



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

1. Compliance with law
2. Principles of conducting business operations
3. Respecting human rights
4. Ensuring health and safety
5. Reducing environmental and climate impacts
6. Supplier assessment

**Governance - tables with more specific information**

**L&T's tax footprint**

Taxes and tax-like payments. MEUR	Total		2022		2021	
	2022	2021	Finland	Sweden	Finland	Sweden
Income taxes/corporate taxes	4.0	5.4	4.0	0.0	5.4	0.0
Withholding taxes on salaries, forest taxes and tax-at-source	61.0	60.1	48.1	12.9	47.5	12.5
Social security contributions	18.4	18.4	3.2	15.3	3.5	14.9
Production taxes	0.1	0.0	0.1	-	0.0	-
Value added tax (tax consumption)	102.9	94.8	81.7	21.2	72.9	21.9
Property tax	0.3	0.2	0.3	0.0	0.2	0.0
Insurance premium tax	0.2	0.5	0.2	0.0	0.5	0.0
Other taxes and tax-related payments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>187.0</b>	<b>179.4</b>	<b>137.7</b>	<b>49.4</b>	<b>130.1</b>	<b>49.3</b>

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Sustainability reporting principles.....	32
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# 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.

Lassila & Tikanoja has reported on its sustainability in accordance with the GRI standards for the period 1 January – 31 December 2022. The report is published in Finnish and English and it is available on our website and in print. The previous report was published on 22 February 2022 and the next one will be published in the spring of 2024. In our reporting, we focus on the material sustainability aspects of our operations in accordance with our sustainability programme. This covers the key areas of corporate governance, social responsibility and environmental responsibility. 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 materiality, the report observes the other reporting principles according to the GRI standards. A comparison of the content of the report with GRI standards is presented in the GRI index on [p. 33-38](#). For more information about the consultation of stakeholders engagement, please refer to page [11](#) 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.

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. For 2022, the data do not include the operations of Sand & Vattenbläst i Tyringe AB (SVB) as these were not available. Due to the nature and impact of our operations, we have included the materials collected from our customers, the emissions created in the subcontracting chain and the water that passes through Industrial Services. Water reporting data is based on meter readings, internal accounting and invoicing

information from water supply companies.

In terms of social responsibility, we have reported key indicators related to wellbeing at work, occupational safety, diversity and training, as well as key indicators related to job satisfaction and competence. 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. The key figures of the annual report have been discussed by the L&T Personnel and Sustainability Committee. The key environmental and personnel responsibility indicators are certified by an independent third party (PricewaterhouseCoopers Oy, PwC). The certification was commissioned by Director, Corporate Relations and Responsibility Jorma Mikkonen. Read the independent assurance report from page [39](#).

## CO2 emission calculation principles

### 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 2022. In addition, the calculation covers the properties and production facilities included in the Smartti services and the calculated energy efficiency measures produced for them. The emission factors are based on the emission factors published by Statistics Finland for the energy year 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 2022 cover L&T's operations in Finland. The change in the carbon handprint is compared to the level of 2018.

### Carbon footprint

The emissions have been calculated based on the international GHG Protocol reporting standard and emission calculation model, utilising, for example, the Statistics Finland database. For Scope 1 & 2, the comparison year is 2018, as comprehensive data is available and it is also the reference year for L&T's SBT target. Financial control has been used as the consolidation method for the emission calculation. In accordance with the calculation model, emissions are divided into three areas:

#### 1. Scope 1: Direct GHG emissions

- L&T's heavy-duty vehicles and the fuels consumed by production vehicles in Finland and Sweden.

#### 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

- The calculation of 'products and services' is based on purchase data and Euro-based emission factors. (cat. 1)
- The calculation of 'capital goods' includes the purchase of equipment and is based on purchase data and Euro-based emission factors. (cat. 2)

- Indirect energy emissions (other than Scope 1 and Scope 2) are based on emissions from electricity use in Finland and in Sweden and emissions from heating and transport fuels in Finland. (cat. 3)
- The emission calculation of transport and machinery contractors is based on purchase data, estimated fuel consumption data and fuel classification data published by Statistics Finland. (cat. 4)
- The data concerning business travel is based on the total emissions data received from the tour operator for air and train travel. The assessment of taxi ride emissions is based on average kilometer data and emission factors per kilometre driven calculated by VTT. (cat. 6)
- The end use of the products includes waste fractions delivered to L&T's partners, mainly for energy incineration. The calculation is based on the tonnage data provided. (cat. 12)

The scope 3 calculation was expanded in 2022, and therefore there is no comparable data for previous years.

### 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.

More information on our sustainability reporting: [viestinta@lassila-tikanoja.fi](mailto:viestinta@lassila-tikanoja.fi)



# GRI Index

GRI Standard	GRI content	Location and page number	Additional information and omissions	Global Compact	SDG	Standard version	External assurance
<b>GRI 2: General disclosures</b>						<b>2021</b>	
2-1	Organizational details	Annual Review: <a href="#">p. 2</a> . Financial Review: Report by the Board of Directors, <a href="#">p. 4</a> ; Financial Review: Financial Statements, <a href="#">p. 28</a>	Lassila & Tikanoja Oyj				
2-2	Entities included in the organization's sustainability reporting	Financial Review: Financial Statements, <a href="#">p. 54</a> ; Annual Review: Appendices, <a href="#">p. 32</a> Financial Review: Report by the Board of Directors, <a href="#">p. 6, 14</a> .	The reporting covers operations in Finland and Sweden, excluding Sand & Vattenbläst i Tyringe AB:ta (SVB)				
2-3	Reporting period, frequency and contact point	Annual Review: Appendices, <a href="#">p. 32</a>	Reporting period 1 January 31–December 2022. For more information: <a href="mailto:viestinta@lassila-tikanoja.fi">viestinta@lassila-tikanoja.fi</a>				
2-4	Restatements of information	Reported separately in connection with the tables and reporting principles.	No significant restatements. Any possible changes to the data are reported in connection with relevant performance indicators.				
2-5	External assurance	Annual Review: Appendices <a href="#">p. 39</a>					
2-6	Activities, value chain and other business relationships	Financial Review: Report by the Board of Directors, <a href="#">p. 4, 14</a> Annual Review: Year 2022, <a href="#">pp. 5–6</a> ; Sustainability, <a href="#">p. 28</a>			10		
2-7	Employees	Financial Review: Report by the Board of Directors, <a href="#">pp. 13 - 14</a> Annual Review: Sustainability, <a href="#">p. 21, 25–26</a>			8		<b>x</b>
2-8	Workers who are not employees	Annual Review: Sustainability, <a href="#">p. 26</a>			8		<b>x</b>
2-9	Governance structure and composition	Financial Review: Corporate Governance, <a href="#">p. 66, 69, 70–74</a>					
2-10	External initiatives	Financial Review: Corporate Governance, <a href="#">p. 70</a> ; L&T online: <a href="http://www.lt.fi/en/investors/corporate-governance/shareholders-nomination-board">www.lt.fi/en/investors/corporate-governance/shareholders-nomination-board</a>					
2-11	Chair of the highest governance body	Financial Review: Corporate Governance, <a href="#">p. 70, 72</a>					
2-12	Role of the highest governance body in overseeing the management of impacts	Financial Review: Report by the Board of Directors, <a href="#">pp. 7–8, pp. 16–18</a> ; Corporate Governance, <a href="#">pp. 73–74</a>					
2-13	Delegation of responsibility for managing impacts	Financial Review: Report by the Board of Directors, <a href="#">pp. 7–8</a> ; Annual Review: Sustainability, <a href="#">pp. 8–9</a>					
2-14	Role of the highest governance body in sustainability reporting	Financial Review: Corporate Governance, <a href="#">pp. 73–74</a>	L&T's Personnel and Sustainability Committee has reviewed the 2022 Annual Review.				
2-15	Conflicts of interest	Financial Review: Corporate Governance, <a href="#">p. 71, 76</a>					

GRI Standard	GRI content	Location and page number	Additional information and omissions	Global Compact	SDG	Standard version	External assurance	
2-16	Communication of critical concerns	Financial Review: Corporate Governance, <a href="#">pp. 75 - 76</a> . Annual Review: Sustainability, <a href="#">p. 27</a>						
2-17	Collective knowledge of the highest governance body	Financial Review: Report by the Board of Directors, <a href="#">pp. 7-8</a> ; Corporate Governance, <a href="#">p. 72</a>						
2-18	"Evaluation of the performance of the highest governance body"	Financial Review: Corporate Governance, <a href="#">pp. 72-73</a>						
2-19	Remuneration policies	Financial Review: Palkitsemisraportti, <a href="#">pp. 77-78</a>						
2-20	Process to determine remuneration	Financial Review: Palkitsemisraportti, <a href="#">pp. 77-78</a>						
2-21	Annual total compensation ratio	Financial Review: Palkitsemisraportti, <a href="#">pp. 77-78</a> ; Annual Review: Sustainability, <a href="#">p. 25</a>					x	
2-22	Statement on sustainable development strategy	Annual Review: Year 2022, <a href="#">p. 4</a>						
2-23	Policy commitments	Annual Review: Sustainability, <a href="#">p. 8, 27-29</a> ; L&T online: <a href="http://www.lt.fi/en/sustainability/code-of-conduct">www.lt.fi/en/sustainability/code-of-conduct</a>	The updated policies, approved by L&T's Board of Directors can be found online: <a href="https://www.lt.fi/en/sustainability/code-of-conduct">https://www.lt.fi/en/sustainability/code-of-conduct</a>	1, 4, 5, 7, 10				
2-24	Embedding policy commitments	Annual Review: Sustainability, <a href="#">p. 8, 27-29</a>		1, 4, 5, 7				
2-25	Processes to remediate negative impacts	Annual Review: Sustainability, <a href="#">p. 8, 27-29</a>		1				
2-26	Mechanisms for seeking advice and raising concerns	Annual Review: Sustainability, <a href="#">p. 8, 27-29</a>		1, 2, 4, 5, 10			x	
2-27	Compliance with laws and regulations	Annual Review: Sustainability, <a href="#">p. 27-28</a>	No confirmed incidents of bribery or corruption, human rights violations, reported cases of discrimination or violations of environmental regulation during the reporting year 2022.	1, 2, 3, 4, 5, 6, 7, 10				
2-28	Membership associations	Annual Review: Sustainability, <a href="#">p. 8</a> ; L&T online: <a href="http://www.lt.fi/en/sustainability/managing-sustainability/activities-in-organisations">www.lt.fi/en/sustainability/managing-sustainability/activities-in-organisations</a>						
2-29	Approach to stakeholder engagement	Annual Review: Sustainability, <a href="#">p. 11</a> ; L&T online: <a href="http://www.lt.fi/en/sustainability/managing-sustainability/stakeholder-engagement">www.lt.fi/en/sustainability/managing-sustainability/stakeholder-engagement</a>						
2-30	Collective bargaining agreements	Annual Review: Sustainability, <a href="#">p. 21</a>	Information available from operations in Finland and Sweden where all L&T employees are in the scope of collective bargaining agreements.	3				
<b>GRI 3: Material topics</b>							<b>2021</b>	
3-1	Process to determine material topics	Annual Review: Sustainability, <a href="#">p. 9</a> ; Financial Review: Report by the Board of Directors, <a href="#">pp. 16-18</a>						
3-2	List of material topics	Annual Review: Sustainability, <a href="#">p. 13, 20, 26</a>						
3-3	Management of material topics	Financial Review: Report by the Board of Directors, <a href="#">pp. 13-14, 17-18</a> ; Annual Review: Sustainability, <a href="#">pp. 13-16, 20-24, 27-29</a>		7, 8, 9	7, 8, 9, 10, 11, 12, 13			

GRI Standard	GRI content	Location and page number	Additional information and omissions	Global Compact	SDG	Standard version	External assurance
<b>Economic impacts</b>							
<b>GRI 201: Economic performance</b>							
<b>2016</b>							
201-1	Direct economic value generated and distributed	Financial Review: Financial Statements, <a href="#">p. 24</a> , Annual Review: Sustainability, <a href="#">p. 28,30</a>			8, 10		
201-2	Financial implications and other risks and opportunities due to climate change	Financial Review: Report by the Board of Directors, <a href="#">p. 4, 8-12, 17-18</a> ; Annual Review: Sustainability, <a href="#">p. 13-18</a>	L&T does not report financial information related to climate change.		9, 11, 12, 13		
201-4	Financial assistance received from government	Financial Review: Financial Statements, <a href="#">p. 32</a>			9, 11		<b>x</b>
<b>GRI 203: Indirect economic impacts</b>							
203-2	Significant indirect economic impacts	Financial Review: Report by the Board of Directors, <a href="#">pp. 4-5</a> ; Annual Review: Sustainability, <a href="#">p. 12</a>			7, 8, 9, 11, 12, 13		
<b>GRI 204: Procurement practices</b>							
<b>2016</b>							
204-1	Proportion of spending on local suppliers	Annual Review: Sustainability, <a href="#">p. 29</a>			8, 10		
<b>GRI 205: Anti-corruption</b>							
205-1	Operations assessed for risks related to corruption	Financial Review: Report by the Board of Directors, <a href="#">p. 14</a> ; Corporate Governance, <a href="#">pp. 75-76</a> ; Annual Review: Sustainability, <a href="#">pp. 27-29</a>	Bribery and corruption-related risks are assessed on a process-specific basis, and the risk assessments cover most of our service branches.	10			
205-2	Communication and training about anti-corruption policies and procedures	Annual Review: Sustainability, <a href="#">pp. 27-29</a>		1, 10			
205-3	Confirmed incidents of corruption and actions taken	Annual Review: Sustainability, <a href="#">pp. 27-29</a>	No reported incidents during 2022.	1, 10			
<b>GRI 206: Anti-competitive behavior</b>							
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Annual Review: Sustainability, <a href="#">pp. 27-29</a>	No reported incidents during 2022.	10			
<b>Environmental impacts</b>							
<b>GRI 302: Energy</b>							
<b>2016</b>							
302-1	Energy consumption within the organization	Annual Review: Sustainability, <a href="#">p. 15</a>	The reporting covers operations in Finland and Sweden, where data is available.	7, 8	7, 13		<b>x</b>
302-3	Energy intensity	Annual Review: Sustainability, <a href="#">p. 15</a>		8	7, 13		<b>x</b>
302-4	Reduction of energy consumption	Annual Review: Sustainability, <a href="#">p. 15</a>		8, 9	7, 13		<b>x</b>
LT1	Carbon handprint	Financial Review: Report by the Board of Directors, <a href="#">p. 13</a> ; Annual Review: Sustainability, <a href="#">pp. 13-14</a>	L&T's own indicator that describes the impact of operations. L&T reports the carbon handprint intensity, i.e. the carbon footprint in relation to turnover. The ratio of carbon handprint to revenue is reported with the aim of increasing our carbon handprint faster than our revenue.	9	9, 11, 12, 13		<b>x</b>

Reporting principles

**GRI Index**

Reporting on corporate responsibility

GRI Standard	GRI content	Location and page number	Additional information and omissions	Global Compact	SDG	Standard version	External assurance
<b>GRI 303: Water and effluents</b>							<b>2018</b>
303-3	Water withdrawal	Annual Review: Sustainability, <a href="#">p. 17</a>	Information available from L&T Industrial Services division.	8,9	13		<b>x</b>
303-4	Water discharge	Annual Review: Sustainability, <a href="#">p. 17</a>	Information available from L&T Industrial Services division.	8,9			<b>x</b>
<b>GRI 304: Biodiversity</b>							<b>2016</b>
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<a href="#">GRI Index</a>	L&T does not operate in protected areas or in areas of high biodiversity.	7	11		
<b>GRI 305: Emissions</b>							
305-1	Direct (Scope 1) GHG emissions	Annual Review: Sustainability, <a href="#">p. 19</a>	The reporting covers fossil greenhouse gases.	7,8	13		<b>x</b>
305-2	Energy indirect (Scope 2) GHG emissions	Annual Review: Sustainability, <a href="#">p. 19</a>	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		<b>x</b>
305-3	Other indirect (Scope 3) GHG emissions	Annual Review: Sustainability, <a href="#">p. 19</a>	The reporting covers fossil greenhouse gases.	9	13		<b>x</b>
305-4	GHG emissions intensity	Annual Review: Sustainability, <a href="#">p. 19</a>	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		<b>x</b>
305-5	Reduction of GHG emissions	Annual Review: Sustainability, <a href="#">pp. 13–15, 19</a>		8,9	13		<b>x</b>
<b>GRI 306: Waste</b>							<b>2020</b>
306-3	Waste generated	Annual Review: Sustainability, <a href="#">pp. 15–16</a>		7	13		<b>x</b>
306-4	Waste diverted from disposal	Annual Review: Sustainability, <a href="#">pp. 15–17</a>	Reported in percentages due to the company's reporting system. Reported in percentages due to the company's reporting system. The reporting covers all waste managed by L&T.	8,9	12,13		<b>x</b>
306-5	Waste directed to disposal	Annual Review: Sustainability, <a href="#">pp. 15–18</a>	The reporting covers all waste managed by L&T.	8,9	12,13		<b>x</b>
<b>Social impacts</b>							
<b>GRI 401: Employment</b>							<b>2016</b>
401-1	New employee hires and employee turnover	Annual Review: Sustainability, <a href="#">p. 25</a>	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. Reporting on new hires covers the operations in Finland.	6			<b>x</b>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Annual Review: Sustainability, <a href="#">pp. 22–23</a>	The sickness fund is offered to employees who mainly work for the company. Data is available only for Finland.	6	8		

Reporting principles

**GRI Index**

Reporting on corporate responsibility

GRI Standard	GRI content	Location and page number	Additional information and omissions	Global Compact	SDG	Standard version	External assurance
<b>GRI 402: Labor/ management relations</b>						<b>2018</b>	
402-1	Minimum notice periods regarding operational changes	Annual Review: Sustainability, <a href="#">pp. 22–23</a>	In restructuring situations, we follow the minimum notice periods according to the national legislation.	3	8,10		
<b>GRI 403: Occupational health and safety</b>						<b>2018</b>	
403-1	Occupational health and safety management system	Annual Review: Sustainability, <a href="#">p. 8, 23–24</a>		6	8,10		
403-2	Hazard identification, risk assessment, and incident investigation	Annual Review: Sustainability, <a href="#">pp. 22–23</a>	Reported only for our own personnel, broken down by country of operation. Does not include absence frequency.	1,6	8,10		
403-3	Occupational health services	Annual Review: Sustainability, <a href="#">pp. 22–23</a>	Reporting covers operations in Finland.	1,6	8,10		
403-4	Worker participation, consultation, and communication on occupational health and safety	Annual Review: Sustainability, <a href="#">pp. 21–24</a>	Employees can participate and give feedback, e.g., directly to the HR function.	1,6	8,10		
403-5	Worker training on occupational health and safety	Annual Review: Sustainability, <a href="#">pp. 22–23</a>	L&T also organises various occupational health and safety trainings for employees outside the organisation.	1,6	8,10		
403-6	Promotion of worker health	Annual Review: Sustainability, <a href="#">pp. 22–23</a>		1,6	8,10		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Annual Review: Sustainability, <a href="#">pp. 22–24</a>		1,6	8,10		
403-8	Workers covered by an occupational health and safety management system	Annual Review: Sustainability, <a href="#">p. 23</a>		1,6	8,10		
403-9	Work-related injuries	Annual Review: Sustainability, <a href="#">pp. 23–24</a>	Reported data covers L&T's own personnel.	1,6	8		<b>x</b>
HR 1	Retirement age	Annual Review: Sustainability, <a href="#">p. 22</a>	L&T's own indicator which is considered material. Covers L&T personnel in Finland.	6	8		<b>x</b>
HR 2	Sickness-related absence rate	Annual Review: Sustainability, <a href="#">pp. 22–23</a>	L&T's own indicator which is considered material.	1,6	8		<b>x</b>
HR 3	Occupational health rate	Annual Review: Sustainability, <a href="#">pp. 22–23</a>	L&T's own indicator which is considered material.	1,6	8		<b>x</b>
<b>GRI 404: Training and education</b>						<b>2016</b>	
404-2	Programs for upgrading employee skills and transition assistance programs	Annual Review: Sustainability, <a href="#">pp. 21–22</a>		6	8,10		
HR 4	Average training hours per employee	Annual Review: Sustainability, <a href="#">p. 22</a>	L&T's own indicator which is considered material. Covers L&T personnel in Finland.	6	8,10		<b>x</b>
HR 5	Percentage of employees receiving regular performance and career development reviews	Financial Review, Report by the Board of Directors, <a href="#">pp. 13–14</a> ; Annual Review: Sustainability, <a href="#">pp. 20–22</a>	L&T's own indicator which is considered material.		8		
<b>GRI 405: Diversity and equal opportunity</b>						<b>2016</b>	
405-1	Diversity of governance bodies and employees	Financial Review: Corporate Governance, <a href="#">pp. 70–71</a> ; Annual Review: Sustainability, <a href="#">p. 21, 25</a> ;	L&T uses its own age categorisation in reporting.	1,6			<b>x</b>

Reporting principles

**GRI Index**

Reporting on corporate responsibility

GRI Standard	GRI content	Location and page number	Additional information and omissions	Global Compact	SDG	Standard version	External assurance
<b>GRI 406: Non-discrimination</b>						<b>2016</b>	
406-1	Incidents of discrimination and corrective actions taken	Annual Review: Sustainability, <a href="#">p. 21, 28</a>	No reported incidents during 2022.	1,6	8,10		
<b>GRI 415: Public policy</b>						<b>2016</b>	
415-1	Political contributions	<a href="#">GRI Index</a>	L&T did not give out any political contributions during the reporting year.				
<b>GRI 416: Customer health and safety</b>						<b>2016</b>	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Annual Review: Sustainability, <a href="#">p. 28</a>	No reported incidents during 2022.	7,9			
<b>GRI 418: Customer privacy</b>						<b>2016</b>	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual Review: Sustainability, <a href="#">p. 28</a>	No reported incidents during 2022.	1			

# Independent practitioner's limited assurance report

## Translation of the Finnish original

To the Management of Lassila & Tikanoja Corporation  
We have been engaged by the Management of Lassila & Tikanoja Corporation (hereinafter also the "Company") to perform a limited assurance engagement on selected sustainability information for the reporting period 1 January 2022 to 31 December 2022, disclosed in Company's Annual Review 2022 (hereinafter the Selected sustainability information).

## Selected sustainability information

The selected sustainability information within the scope of assurance covers:

- The economic, social and environmental sustainability indicators as identified in the GRI Index in the Company's Annual Review 2022.

## Management's responsibility

The Management of the Company is responsible for preparing the Selected sustainability information in accordance with the reporting criteria as set out in the Company's reporting instructions (described in Company's Annual Review 2022), the GRI Standards of the Global Reporting Initiative and Company's internal reporting instructions. The Management of the Company is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

## Practitioner's independence, other ethical requirements and quality control

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

PricewaterhouseCoopers Oy 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.

## Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement. In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other information in the Selected sustainability

information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected sustainability information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Interviewing employees responsible for collecting and reporting the Selected information at the Group level as well as at the site level.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Considering the disclosure and presentation of the Selected sustainability information.

## Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Lassila & Tikanoja Corporation's Selected sustainability information for the reporting period 1 January 2022 to 31 December 2022 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our limited assurance report, the inherent limitations to the accuracy and completeness of sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Lassila & Tikanoja Corporation for our work, for this report, or for the conclusions that we have reached.

Helsinki 21 February 2023  
PricewaterhouseCoopers Oy

Tiina Puukkoniemi  
*Authorised Public Accountant (KHT)*  
*ESG Reporting & Assurance*

Samuli Perälä  
*Partner, Authorised Public Accountant (KHT)*  
*Partner,*



**LEADER OF THE  
REGENERATIVE  
SOCIETY**

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