

Sustainable Future, Built on Trust



The future is up to us – join us on our sustainability journey

For over 116 years we have secured the most essential functions of society and the smoothness of everyday life. Sustainability has been an integral part of Abloy's DNA since the very beginning. To build confidence in a better tomorrow, we are constantly improving our own operations towards a more sustainable direction, where carbon neutrality by 2025 is just the beginning.

Although sustainability has an increasingly larger role in Abloy's operations and communication, it is by no means a matter of suddenly waking up to the importance of the topic. Our long-term commitment to Science-Based Targets and UN Sustainability Development Goals demonstrates our willingness to lead the industry towards a more sustainable future, and will further improve our competitiveness with sustainable products, solutions and operations.

"Sustainability is not a single project or a trend. It's embedded in our day-to-day operations and is an essential part of our strategy and development as well as occupational safety and well-being. We want to set a new standard for not only in our own area, but also across industry boundaries", says Jari Toivanen, SVP and Head of Abloy.

Fulfilling the brand promise

Through persistent work, we have been able to reduce our emissions significantly. At the same time, we recognise that there is still more to do and are committed to continuous improvement. This is also an integral part of Abloy's brand promise: ABLOY For Trust.

"In order to fulfil our brand promise, we must also be open, honest and trustworthy in our sustainability communication. It is important to tell where we are at the moment, what has already been achieved and what still needs to be done. At the same time, we must also remember to be proud and happy about the achievements we have already made and the plans and goals we have set for ourselves. With continuous, systematic sustainable development and celebrating successes together with our partners and customers, even more can be achieved", Toivanen says.

Continuous improvement for future generations

Speaking about successes and things to be proud of, several successful sustainability-related development projects and product innovations have been launched through the years. Already 25 years ago, Abloy was one of the pioneer companies in Finnish industry when developing the ISO 14001 environmental management system. In fact, sustainability has opened many new doors for new opportunities, ideas and competitiveness at Abloy: electric Low Energy Locks, PROTEC² CLIQ locking and access management system's one key principle and ABLOY PULSE, which generates the energy it needs from the push movement of the key, just to name a few. The latest milestone in sustainable product development is the ABLOY CUMULUS platform launched in 2022 in Finland, which enables providing access rights remotely without physical keys and avoiding unnecessary travel.

Development continues and the role of responsibility and sustainability in business and as a competitive factor keeps on growing, but it is equally important to remember the small actions and choices of everyday life as well. Every day it is good to remind ourselves to whom we are developing for and who are the ones who will inherit our achievements.

"It is clear that sustainable development already has a huge impact today and it will have an even greater impact not only on the everyday lives of all of us, but especially on the lives of our children and future generations. Together, small changes every day can bring significant changes and results. The future is up

Thank you for joining us on our journey towards a sustainable future, built on trust.



Sustainability programs of **ASSA ABLOY Group:** 2010, 2015, 2020, 2025



Joensuu factory is

landfill-free

electricity and district heat in Joensuu factory

Carbon neutral

neutrality regarding own

Scope 3 greenhouse

Net-zero emissions

New steps on Abloy's path towards carbon neutrality

Decreasing greenhouse gas emissions to tackle climate change has been one of Abloy's environmental focus points for many years. Our carbon footprint calculation and planned actions based on it form an ambitious roadmap to achieve our carbon neutrality goals together with our partners.

We have discovered important development areas and we will continue the climate work together with the ASSA ABLOY Group's network, sharing best climate innovations and actions, and aiming towards more sustainable future, built on trust.

Carbon footprint calculation pointed out our most important development areas

During 2022 we strengthened our commitment to climate control by not only calculating the amount of emissions caused by our own operations but also the amount of our indirect emissions (also known as Scope 3). The Scope 3 emissions come from our supply chain, and they originate outside our factory's gates, before the supplies and materials arrive to the factory, after the finished products leave the site and until the products reach the end of their lifecycle.

Based on the calculation the emissions that originate from our own operation (Scopes 1 & 2) are quite minor compared to the emissions coming from our supply chain, only 0,2 % for the year 2021. Included in this calculation are emissions from Abloy's Finland based offices and their energy use, refrigerants and fuel used in company vehicles. We have decreased the emissions caused by our own operations determinedly by, for example, choosing to use renewable electricity and district heating and using electric forklift trucks and an electric van for local deliveries instead of vehicles running with a combustion engine.

The rest of our carbon footprint, 99,8 percent, is formed in the upstream and downstream of our supply chain. A majority of these emissions originate from procurement, including required components, raw materials, packaging materials, services and logistics. Cutting down these emissions requires including our key suppliers to our climate work but also inhouse innovations and choosing more carbon efficient materials for product production.

Goals based on climate science

In November 2022 the Science Based Targets initiative accepted the climate goals set by the ASSA ABLOY Group. Therefore this ambitious commitment, based on climate science, also includes Abloy. With these actions we take part in urging forward the goal of limiting the global warming to 1,5 degrees (°C) as mentioned in The Paris Agreement. To achieve this goal we are committed to decrease our emissions originating from our supply chain by 28 % by 2023 and reaching net zero no later than 2050. We also aim to be carbon neutral for our own operations by 2025.

ARMI PURHONEN
Environmental Specialist at Abloy

To achieve these goals we must work together with our stakeholders and make multiple concrete adjustments to the way we work. However, especially at this stage it is vital to also improve the quality of our environmental data to enable more accurate calculations and to form a firm base for decision making. Euro based data decreases the reliability of the calculations and in worst case scenario it can guide the planned actions and their prioritization order to the wrong direction. Therefore, improving the data quality and simplifying the information gathering with the use of different information systems are important steps to take as early on as possible.

At the same time, we must acknowledge the intended schedule and to recognize the actions that we need to complete as soon as possible. We have discovered important development areas and we will continue the climate work together with the group's network, sharing best climate innovations and actions, and aiming towards more sustainable future, built on trust.





2025

Carbon Neutral ABLOY Factory

Scope 3 emissions -28 %

2036

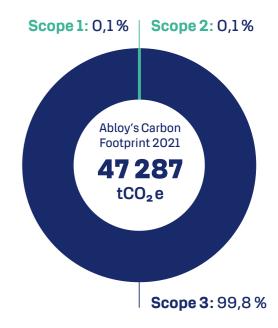


NetZero

Most of our emissions come from the value chain

Our carbon footprint in 2021 was 47 287 tCO₂e. That is about same as 4 600 average Finnish persons yearly emissions or 15 600 persons yearly car driving emissions when driving 20 000 km per year.

Our direct emissions (Scope 1) accounted 0,1% of our total emissions. Emissions from the electricity and heat we purchased (Scope 2) form another 0,1%. The remaining 99,8% comes from other indirect emissions (Scope 3), for example, purchased goods and services, transportation or capital goods.



Priority emission reduction actions



Key supplier engagement to climate work

Majority of our emissions originate upstream from our core activities, namely purchased goods and services. Therefore it is vital to incorporate key suppliers in our climate work through a systematic process.



Data quality improvements

We aim to move in all the procurement categories from spend-based calculations to mass-based data and then gradually towards supplier specific emission calculations.



Greener logistics

Emission reductions in logistics can be achieved through strategic and tactical-level decisions. Strategic level decisions are incorporated into key procurement decisions, such as prioritizing local suppliers. Tactical level decisions are done in cooperation with logistics partners and assists in achieving emission reductions on shorter term, for example using biofuels or electric vehicles.



Reducing impact in own operations

We have already done significant improvements, but there is still room for impact reduction to achieve carbon neutrality in own operations. This includes energy efficiency measures, vehicle policy updates and offsetting the remaining emissions.

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Leading transformation towards energy efficient, sustainable access solutions

Innovation is at the heart of everything we do and is driven forward by our product development professionals. The same applies to sustainability. Demand and need for sustainable products are increasing rapidly, which is why we focus increasingly on green innovation. At the same time the world continues to digitize, bringing new opportunities for even smarter and more energy efficient products.



The world is becoming more open. Some might even say it is becoming keyless. But there are no keyless locks - keys are merely taking on new forms. The year 2022 was particularly significant for Abloy's Digital Access Solutions (DAS) team from the point of view of new innovations and solution launches. ABLOY CUMULUS, a platform for keyless access, launched 2022 in Finland is a great example of the new age of keyless locking, or as we say, keyvolution. It also brings new possibilities for integrations and partnerships, which will have an even stronger focus regarding more sustainable products, solutions and

"Keyless access, wireless solutions and remotely controlled access rights all represent sustainable innovations that make access even smarter with a more sustainable use of natural resources. CUMULUS also offers cyber secure interfaces for third-party applications and software development. Alongside internal product development, we work more and more together with our customers and partners, creating completely new and more sustainable solutions for the use of people and companies", Head of Innovation of Abloy's Digital Access Solutions business unit Olli Kilpeläinen says.

Sustainability is also about improving existing products Sustainable development can also be seen in mechanical

products, which, despite the rise of digital solutions, are still a secure, reliable and cost-effective solution for homes and businesses. In addition to the new ABLOY EASY locking system released in 2021 in Finland, old products are constantly being improved and customized solutions are tailored for customers

according to their needs, for example avoiding investments on

"In 2022, we made dozens of customer-specific product modifications, such as customized lock cylinders, based on the customer's individual needs. Abloy's solutions also enable some products to be updated without having to replace all parts of the lock. This is a good example of sustainable, customeroriented service and the flexibility of the product catalogue. In addition, we constantly research and look for more efficient and environmentally friendly ways to manufacture existing products. In recent years, for example, we have done a lot of work on replacing hazardous substances, where we have taken great strides and shown the way for others", says Jouni Tirkkonen, Head of Innovation of Abloy's Mechanical Solutions business unit.

Sustainability Compass guides on the way and sparks new ideas Using Sustainability Compass, an integral part of our product development and design criteria, sustainability and energy efficiency are ensured throughout the whole life cycle of products. Each dimension of development is evaluated from a life cycle perspective and the goal is to have a lower impact than the previous product.

"The decision to use the sustainability compass in the development of each new product was a significant decision. It guides development not only numerically, but also conceptually, bringing completely new ideas to more sustainable product development. It concretely supports our goal of continuous improvement, which is the most essential of all in terms of sustainability", both Tirkkonen and Kilpeläinen say.



The Sustainability Compass

Using Sustainability Compass, an integral part of our product development and design criteria, responsibility and energy-efficiency are ensured throughout the whole life

The compass includes eight dimensions: raw materials, packaging, virgin material, end-of-life reusability, recyclability, in-life energy consumption, carbon footprint, and

Each dimension is evaluated from a life cycle perspective and the goal is to have a lower impact than the previous product.

UN Sustainable Development Goals

As a part of the ASSA ABLOY Group, we are committed to the UN Sustainable Development Goals.



We support the intention of SDG 9 by systematically exploring ways to reduce production materials, optimize product components and streamline production as well as transport methods. The Sustainability Compass is integrated into our product innovation process, organically embedding sustainable design into the development of new products.



We are contributing to SDG 11 on making cities and human settlements inclusive. safe, resilient by offering sustainable products and services related to openings and entrance automation solutions. Environmental product declarations (EPDs) contribute points towards higher ratings in global green building certifications such as LEED and BREEAM.

Continuous improvement is in the center of sustainable operations

We are committed to sustainable development in all our actions. Our operations play a major part when looking at the environmental effects of our production. We work in a goal-oriented manner aiming for continuous improvement through concrete actions.

Our actions are guided by commitment to highquality and sustainability in all areas. There is a wide group of professionals working with our processes. These abloyers are committed to continuous improvement and they are working to achieve a more sustainable future.

"During year 2022 carbon neutrality was one of our focus points while we were collecting data to calculate our carbon footprint. Our team did an excellent work showing true commitment to the cause. The components and raw materials we use have a big impact not only to our carbon footprint but also to ensure the high quality and resource effectiveness of our products. Therefore quality development is increasingly important. It is followed through, for example, cost monitoring but its effect to our carbon footprint will also be evaluated. During year 2022 our quality cost per sale decreased 18,5%, so we are on the right track, but there is still a lot to do." says Mikko Saastamoinen, VP Abloy Operations.

Goal monitoring assists in recognizing development targets

Abloy has an ongoing program continuing until 2025 which targets decreasing the environmental load of the factory operations' essential focus areas by 25% compared to the 2019 base level. The followed sectors include the use of energy and water consumption in addition to the amount of waste and its hazardousness in proportion to production. Analyzation, operational development, and investments are required to reach the goals.

"When it comes to energy, we were able to get closer to the 2025 goal already last year, but with the amount of hazardous waste and water consumption there was an increase compared to the previous year. Compared to the 2019 base level there have been improvements on all areas, but the continuous improvement does not happen without challenges. It requires concrete everyday actions from us as well as innovativeness and recognition of development needs."

ISO standard compliant certification also guides us towards continuous improvements. Abloy has quality, environment, occupational health and safety, energy, and cyber security certification.

Systematical approach to

improving environmental efficiency

Addressing the development needs pays off, since we have improved our energy efficiency circa 15% since 2019. It concretizes our investments in building automation, heat recovery, modernization of lighting and optimization of district heating. Our action speed must be increased even further by utilizing our existing possibilities and action models, analyzing our energy consumption in a more detailed manner, and recognizing new development areas. These can be discovered for example with even closer inspection of operational machinery energy consumption.

Favoring renewable energy is an important matter to Abloy. To signify this we installed 604 solar panels on the roof of our Joensuu factory in 2020. They only produce about 1% of our factory's total energy consumption but allow us to utilize locally produced renewable energy. When it comes to the purchased energy, we have used only green electricity since 2013 and renewable district heat since 2018. Increasing the percentage of locally produced energy is also considered

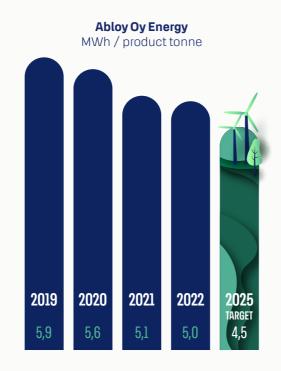


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Achievements and targets

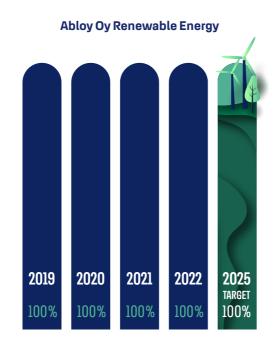
Reducing our energy consumption

We are constantly aiming to energy savings. One of the most remarkable inputs, finalized in 2022, has been investing in our new building automation system with modern sensors, which enable smart control and optimization of energy consumption. Within the project framework, we also installed a heat recovery system for our air compressors. As an acknowledgement of our persistent efforts, we hold an ISO 50001 energy management certificate, which requires a strong commitment and systematic approach.



Favouring low carbon energy sources

The electricity we purchase has come from 100% renewable sources since 2013 and we have used carbon-neutral district heating since the beginning of 2018. In 2020, we installed 604 solar panels on the factory roof with a rated capacity of 200 kW. Our local deliveries in Joensuu around factory area are handled with electric car.



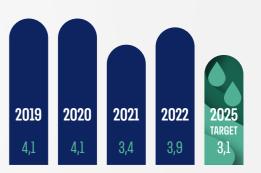
Saving water

At the Abloy Joensuu factory, surface treatment is a major factor in water consumption. The process is modern, and it is built to use the best available technology. To enable close monitoring of water consumption we have installed separate water meters. Over the years, we have made several improvements aiming to water savings. For example, limiting our water flow in taps to 6 litres per minute we were able to save up to 780 m³ of water per year which equals to the average yearly water consumption of 17 people.

Year 2021 was exceptional due to COVID-19 restrictions, and it has been identified as one of the reasons behind the remarkably low water consumption. Compared to 2021, the water consumption rose again in 2022, showing that achieving the 2025 target requires additional efforts.

Abloy Oy Water

m³ / product tonne

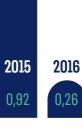


Zero waste to landfill

Our Joensuu factory is landfill-free. Our waste management is guided by The Carbon Trust Standard for Zero Waste to Landfill. These requirements also apply to our waste operators. The amounts of hazardous waste we produce are being reduced through training and anticipatory maintenance of machines. Production waste is sorted and recycled wherever possible — for example brass chips from production are recycled to brass bars and they will get a new life as a valuable raw material.

Abloy Oy Joensuu Factory Waste to Landfill

kg / product tonne



2017

2022

2025 TARGET 0

UN Sustainable Development Goals

As a part of the ASSA ABLOY Group, we are committed to the UN Sustainable Development Goals.



In order to reach ASSA ABLOY's overall goal of reducing its environmental impact, implementing water reuse and recycling systems, with a more efficient use and management of water is a critical step.



We promote inclusive and sustainable economic growth by integrating sustainability into the sourcing processes. Labour rights, decent work with equal pay, health and safety and gender balance are key priorities at all levels throughout the ASSA ABLOY Group and the supply chain.



We are committed to adopt sustainable practices into our operations with a strong focus on resource efficiency and waste reduction through prevention, reduction, recycling and reuse.



Continuous efficiency improvements in production processes reduces our climate impact and is linked to SDG 13 on urgent action to combat climate change and its impacts by considering lifecycle environmental impacts of a product through more efficient resource use, and by applying the reduce reuse recycle principle.

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Supply Chain Management

Working to ensure a more sustainable supply chain

Cooperation is the key to safety, security and sustainability. To meet our ambitious CO₂ emission reduction targets and improve our performance together, we aim to form long-term and transparent partnerships with our suppliers. Majority of our emissions originate upstream from our core activities, namely purchased goods and services. Therefore, it is vital to incorporate key suppliers in our climate work through a systematic process.



The Abloy Joensuu factory has been operating since 1968. We deliver 3.4 million products annually and utilize intelligent processes, automation and cooperation between employees and robotics. Just as important as what happens inside the factory is what is brought in and what is delivered out. This is why all our suppliers must agree to our Code of Conduct for Business Partners, and we carry out a thorough sustainability audit program to make sure they are living up to it. It sets out our policies and principles on business ethics, human rights and labor standards, health and safety, and the environment.

Abloy has around 100 direct and indirect suppliers outside the ASSA ABLOY Group. Direct suppliers include suppliers of raw materials, components, electronics and trading products. Indirect ones include service providers of different expertise, such as IT and electrification.

"Although due to the world market situation it is impossible to do business at this level with only Finnish electronics, we strive to make as many purchases as possible from Finland and Europe. For example in machining, we have world-class suppliers, whose knowledge we constantly pass on to EMEIA and other markets", Abloy's Procurement Manager Pia Räty says.

Strategic and tactical level decisions together with partners

In addition to procurement, the supply chain includes logistics, which is responsible for transporting goods and products to the factory and from there to retailers around the world.

PIA RÄTY Procurement

Emission reductions in logistics can be achieved through strategic and tactical level decisions. Strategic level decisions are incorporated into key procurement decisions, such as prioritizing local suppliers. Tactical level decisions are done in cooperation with logistics partners and assists in achieving emission reductions on shorter term, for example using biofuels

"Our freight suppliers are big, well-known international operators, from Kaukokiito to DHL and Schenker. All of them have their own sustainability programs, where carbon neutrality is a strong goal for the future. The electrification of road transport and the transition to biofuels and another more sustainable energy sources is happening step by step. In addition to this, sustainability workshops with suppliers are organized regularly to develop cooperation and reduce transport emissions even further", Abloy's Logistics Manager Veli-Pekka Kyllönen says.

On our way to reduce scope 3 greenhouse emissions by 28 % by 2030 and achieve net zero by the whole value chain by 2050, there is still a lot to do and many projects to be launched. Together with our partners committed to our goals, Value Analysis/Value Engineering to optimize the value. sustainability and recyclability of the products, and data quality improvements by moving from spend-based calculations to mass-based data and supplier specific emission calculations, it

Achievements and targets



CODE OF CONDUCT

Realization in 2022: Lock factory 100 % Door Closer Product Unit 99 %

Share of annual direct purchases

FINLAND 43%

ASIA 24%

EUROPE 33%

We strive to make as many purchases as possible from Finland and Europe.

People

Driving safe and healthy environment for our employees and our community

Our personnel are the most valuable part of our operations. Therefore, we do not accept compromises in health and safety issues. We stand for zero incidents and aim that every employee can return home from work in full health. In addition to our own staff, we also value support our community. That's why we cooperate and do charity work with various parties every year.

Our goal is to create an injury-free, both physically and mentally safe workplace, which is based on professional, motivated and competent personnel, safe work tools, operating models and conditions, and proactive and visible safety management. PEKKA RAHKAMAA Head of Corporate Security at Ablov PETRI LEMPIÄINEN **HR Director** at Abloy 16

We share the ASSA ABLOY Group's core values — Empowerment, Innovation, Integrity — with our 51,000 colleagues in more than 70 countries. In recent years a lot has been invested especially in innovation and competence development.

"ASSA ABLOY's shared values create a good foundation for an atmosphere that emphasizes psychological safety, where everyone can test the limits of their own skills without fear of failure. One of the most important projects last year was the definition of competence requirements and needs started with Abloy's Digital Access Solutions (DAS) team in order to succeed at work in the best way. In addition to technical skills, psychological skills were also emphasized, such as interaction, self-management, teamwork. The acquisition of these skills, the functioning of the work community and meaningfulness of work ultimately create a much better competitive advantage than technical know-how, which in the end can always be copied", Abloy's HR Director Petri Lempiäinen says.

Based on this definition, the DAS team has started building concrete career paths based on the right goals and skills. The goal is that Abloy's sales and service unit will also go through the program during 2024.

Strong and equal community is the key to success

We believe that great things can be achieved by being respectful, open and honest. Strong and equal community is also one of our keys to success. For example, the gender distribution of Abloy's employees is constantly monitored, and

a lot of work is done to improve the position of women in the technology industry.

"Every month, we monitor how many women apply and are selected, especially for specialist and supervisor positions. We are involved in many projects promoting the attractiveness of the technology industry to women, such as Mimmit koodaa (Girls who code) and Women In Tech projects. If half of our customer end-users are women, then why wouldn't half of the staff be women as well", Lempiäinen says.

Safety comes first

Our ambition and vision is to be an injury–free workplace. We have a wide–ranging health and safety policy that includes training, preventing injuries and looking out for ourselves and each other. We continuously organise safety walks at our factory to make safety observations and identify areas for improvement through discussion with employees, constructors and other stakeholders. To reach our target of zero work injuries by 2025, in addition to practical measures, it is above all about the commitment of the entire staff to safe working.

"Our goal is to create an injury-free, both physically and mentally safe workplace, which is based on professional, motivated and competent personnel, safe work tools, operating models and conditions, and proactive and visible safety management. In order to engage the entire staff, the support of the management and superiors, as well as our own exemplary actions, is the key to success here", Abloy's Head of Corporate Security Pekka Rahkamaa says.

Achievements and targets

Supported clubs and associations in 2022 in North Karelia





































Proactive measures 2022





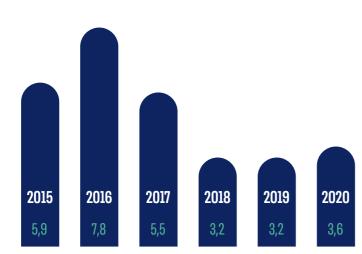


People

Achievements and targets

Injury rate

Number of injuries per million hours worked LTA1 (an injury that causes a full day of absence or more)



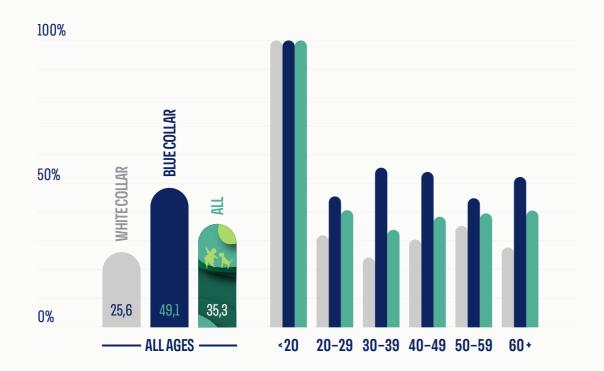
Our injury rate increased from 0,8 to 4,7 in 2022. This is linked to hand safety and lifting work done in the wrong lifting position. Injuries caused 14 lost days in 2022. The health and safety for all employees and stakeholders is a key priority.





Proportion of women 2022

The percentage of female employees in 2022, Q4



Get the full picture of our goals, targets and progress from ASSA ABLOY Groups's official Sustainability Report

→ www.assaabloy.com/group/en/sustainability

Sustainability Contact

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ABLOY offers security and locking innovations dedicated to creating more trust in the world. Combining digital and mechanical expertise, Abloy Oy develops industry-leading security solutions that protect people, property and business. Abloy is part of the ASSA ABLOY Group, the global leader in access solutions. Every day, we help billions of people experience a more open world.

Abloy Oy Wahlforssinkatu 20 P.O.Box 108 FI-80101 Joensuu | Finland Tel. + 358 20 599 2501 Abloy.com Abloy maintains a Product Security Center at www.abloy.com/securitycenter. We recommend that You check the Center on a regular basis in order to be fully informed of product security updates, so that your knowledge of our products remains optimal.

It is the customer's responsibility to define the required level of security, whilst taking into consideration relevant factors for its operations. To achieve the overall level of security required in the customer's operations multiple layers of security must be in place. These include for example locking system, key management system, access management, CCTV and alarm system as well as physical security in a manner and level specified by the customer.

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