

# SUSTAINABILITY REPORT 2024



ISKU

ISKU 

# Sustainability report

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ISKU was founded in

1928

Finnish family business

100 %

Permanent position

95 %

Sickness absence rate

3,4 %

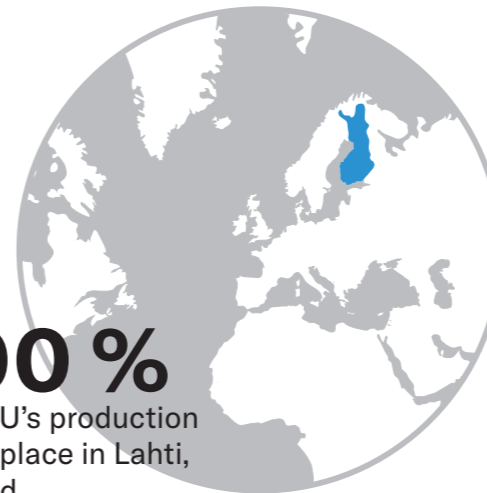
ISKU employs

516 people

The average age of staff is

45 years

100 %  
of ISKU's production takes place in Lahti, Finland.



# ISKU

## Every space matters

At ISKU, we are dedicated to creating spaces – from daycares and schools to workplaces and public environments – where purpose meets functionality. By collaborating with professionals, we design inspirational environments where individuals, businesses and communities can thrive.

# ISKU KOTI

## The expert of being

The Expert of Being is here to ensure your comfort. A comfortable everyday life at home means everything works smoothly – and sometimes it's just about being able to stretch out and simply be. We design and sell furniture, and we offer interior design and recycling services for all kinds of living situations. \*

\* Isku Koti only operates in Finland.

# Sustainability requires action

For the ISKU Group, 2024 was a pivotal year in advancing our responsibility work and business development. Our long-term commitment to sustainability was demonstrated through concrete actions across all areas of responsibility – from environmental protection and the promotion of human wellbeing to ethical governance and transparency.

At ISKU, we believe true business success lies in the ability to integrate financial performance with environmental sustainability and human wellbeing. This Sustainability Report highlights the decisions, actions, and progress we made last year, further reinforcing our commitment to a sustainable future.

In 2024, we continued determined efforts to reach our climate goals. Our solar power park generated a significant amount of renewable electricity – enough to cover six months of the factory’s annual energy consumption. Our production will reach carbon neutrality by 2026, with the entire business targeting carbon neutrality by 2035. Our carbon footprint, calculated according to an internationally recognized standard, provides a solid foundation for further impactful actions.

Alongside environmental responsibility, we invested in strengthening social responsibility. Through leadership training, we enhanced everyday encounters and the quality of leadership. We supported a family-friendly work culture by participating in initiatives such as the “Take Your Child to Work Day.” We’ve built a culture where every ISKU employee can make an impact, grow, and contribute – for example, by donating blood, something our personnel did more than ever before.

Good governance was reflected in our strong commitment to ethical leadership, responsible procurement, and transparent communication. We expanded our risk management perspective to include social responsibility and updated our processes to align with international principles. Domestic sourcing and local partnerships remained the cornerstones of our procurement strategy, supported by collaboration and supplier audits.

As a family-owned company, we take the long view – our responsibility efforts are not driven by short-term trends but by our commitment to future generations. Our Lahti-made furniture, durable material choices, and thoughtful design solutions reflect our values: functionality, sustainability, and care. For us, responsibility is more than figures in a report – it’s a way of doing business we can be proud of.

I would like to thank every ISKU employee, customer, and partner for being part of this journey. Responsibility is built through shared actions – both those we take today and those we dare to envision for tomorrow.

Seppo Vikström  
Chairman of the Board  
Isku-Yhtymä Oy



## Our vision is

We Create Meaningful Spaces for Our Customers

## Our values are

**Inspiring:** We inspire and encourage to create experiences of success.

**Finnish:** We value Finnish nature, expertise and determination (sisu).

**Ready to listen:** We listen to our customers, colleagues and partners so we can keep improving ourselves.

**Evolving:** We are brave and ready to develop our knowledge.

# ISKU

### Every space matters

We spend most of our time indoors. Beyond the home, various spaces shape our lives. We grow up in kindergartens and study in schools. We visit libraries and other public facilities. We work in offices, agencies and factories. We entertain ourselves in theatres, cafés and restaurants. We pursue hobbies in halls, arenas and clubs. We receive care in hospitals and retirement homes. Each of these leaves a mark on us.

Our work is guided by the enduring values of a family-owned business and nearly a century of craftsmanship, paired with innovative design, sustainable production methods and an unwavering commitment to responsibility. The furniture we produce in Lahti enhances comfort and productivity for millions across various work and learning environments on three continents. We believe that every space matters – which is why we are devoted to creating settings that enrich everyday life.

# ISKU KOTI

### The expert of being

As experts in comfort and living, we're here to make you feel at ease.

Everyday comfort means life simply works – and feels good. Especially when you can occasionally just lie back and relax. That's the kind of good living we want to support.

We design and sell furniture and offer design and recycling services for all kinds of spaces and lifestyles.

Isku Koti products are a testament to design thinking and craftsmanship:

Comfort made for you – built to last this decade and the next. \*

\* Isku Koti only operates in Finland.



# Sustainability

The United Nations Global Compact initiative provides companies with a framework to ambitiously promote sustainable development goals.

ISKU's sustainability work has long been based on the Sustainable Development Goals (SDGs) agreed upon by UN member states, and ISKU joined the Global Compact initiative in 2022. The Sustainable Development Goals aim to eradicate extreme poverty, promote equality and justice, and protect the planet's carrying capacity by 2030. Additionally, the ten principles of the UN Global Compact, based on international agreements, provide a timeless and solid foundation for sustainability efforts.

There are a total of 17 Sustainable Development Goals. All SDGs are important and closely linked – none can be pursued at the expense of another.

**In 2024 ISKU has selected five key goals out of the 17 to focus on:**

- ▶ Good Health and Well-being (no. 3)
- ▶ Quality Education (no. 4)
- ▶ Industry, Innovation, and Infrastructure (no. 9)
- ▶ Climate Action (no. 13)
- ▶ Partnerships for the Goals (no. 17)

In addition to the Global Compact framework, ISKU's sustainability structure consists of the following components:

- Group management principles (purpose, values, vision and strategy)
- A quality management system according to ISO 9001, an environmental system according to ISO 14 001, an occupational health and safety system according to ISO 45 001 and a PEFC wood origin monitoring system
- ISKU's and suppliers' Code of Contact's
- Identifying and responding to risks
- Active monitoring of clear objectives and indicators

Sustainability is most commonly divided into three areas: environmental responsibility (E), social responsibility (S), and good governance (G). The ESG classification provides an excellent framework for examining the responsibility and sustainability of companies and products. ISKU's sustainability work takes into account all three dimensions, and therefore, our sustainability report also follows this classification.

## Environmental Responsibility

Climate change mitigation and adaptation  
Carbon footprint  
Waste management and water treatment  
Material efficiency  
Energy efficiency  
Biodiversity

## Social Responsibility

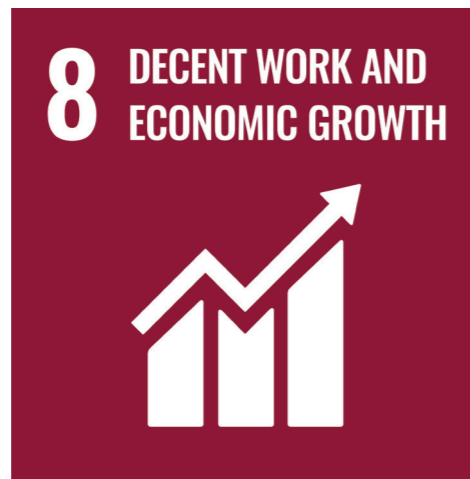
Principles of social responsibility (e.g. human rights, children's rights)  
HR policy (employee rights, collective agreements)  
Data security and privacy  
Well-being and safety at work  
Product safety and quality

## Corporate Governance

Business ethics and control  
Anti-corruption and anti-bribery actions  
Taxes and reporting  
Convictions and penalties  
Board and corporate relations  
Salary and remuneration programmes



VP, HR & ESG  
Kaisa Vuori



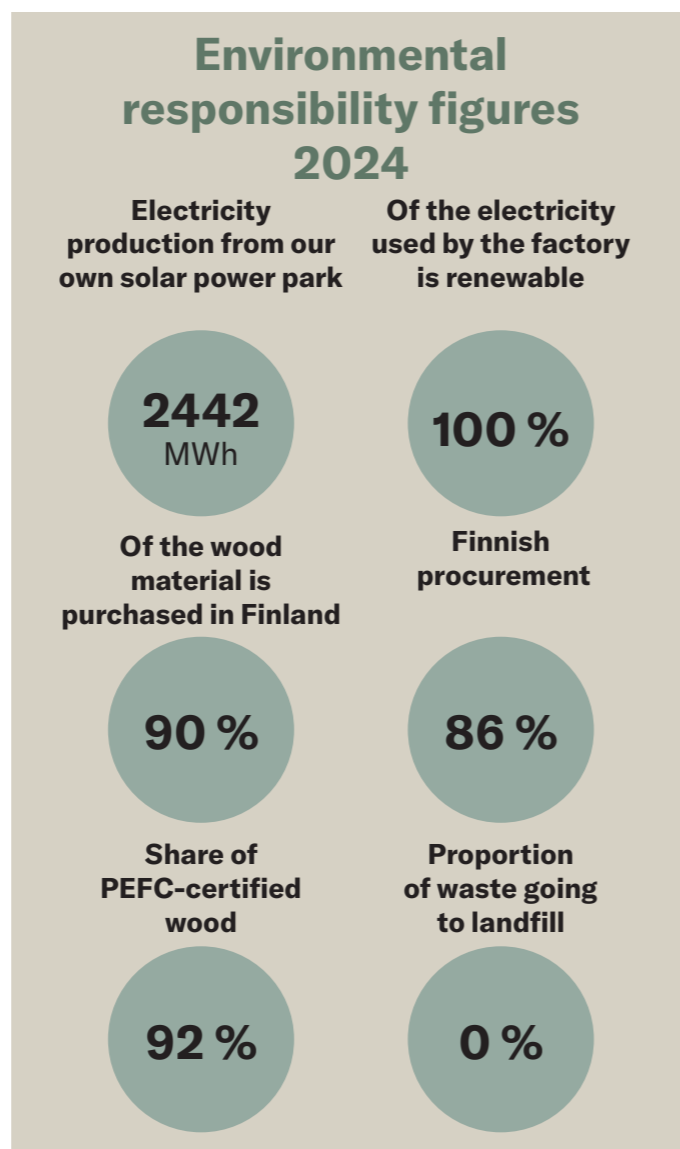
# Environmental responsibility

ISKU's environmental responsibility and continuous improvement are based on exceeding customer and stakeholder expectations, as well as complying with and environmental laws and regulations. We manage and monitor our environmental work in accordance with the certified ISO 14001 environmental management system.

As a Finnish family-owned company, ISKU is deeply committed to long-term sustainability and never compromises responsibility for short-term gains. We have reduced environmental impacts by developing circular economy solutions, improving energy and material efficiency, and working systematically on climate actions.

### Highlights of environmental responsibility in 2024:

- Continued systematic climate work following our climate roadmap (pp. 16–17)
- High levels of waste recovery maintained. The volume of hazardous waste is expected to decrease further due to a new operational model (p. 15)
- ISKU's energy efficiency improved notably in 2024, particularly with reductions in electricity and district heating consumption. At the same time, solar energy production increased significantly, reinforcing its role in our energy strategy. If ISKU's total solar electricity production in 2024 (2,442 MWh) were used solely for production needs (2,768 MWh), it would cover approximately 11 months of energy. In practice, two-thirds of the solar energy is used by the factory and one-third by the Isku Center at Mukkulankatu 19 (see table, p. 50)
- Participation in Finland's national Energy Saving Week
- Maintenance of the PEFC Chain of Custody system supports biodiversity and responsible forest management (p. 25)



### Waste management development and reduction of hazardous waste

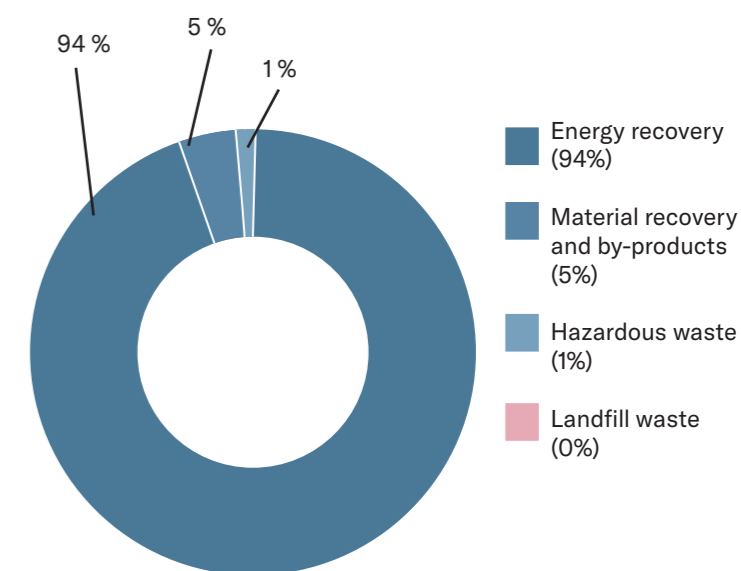
In 2024, 99% of production waste was recovered: 94% for energy recovery, 5% for material recovery or by-product use. Only 1% of waste was classified as hazardous, and 0% ended up in landfills – a clear sign of effective waste management. However, material recycling rates declined by two percentage points compared to the previous year.

ISKU launched targeted measures in 2024 to reduce hazardous waste volumes, aiming to stay below 5 tonnes annually in the future (down from 19 tonnes in 2024). This initiative not only benefits the environment but also generates cost savings.

A key focus was test casting and rinse waste related to edge casting. Previously, this waste was classified as hazardous due to methylene chloride content. The new process separates waste during production: test cast waste is directed to energy waste, while methylene chloride rinse waste is evaporated. As a result, no hazardous waste is generated in the edge casting process. The impact will be reflected in 2025 results, as the change took effect late in 2024.

### Participation in national energy saving week

ISKU participated in Finland's national Energy Saving Week from 7–13 October 2024. The campaign focused on smarter and timely energy use, raising awareness of energy efficiency and encouraging small, everyday actions. ISKU actively promoted the importance of energy efficiency and utilized campaign materials to share information with staff.



# Climate roadmap: climate measures completed

This climate road map reviews the measures taken by ISKU to reduce emissions. The following objectives for climate work and the methods for achieving them are presented on pages 22–23.

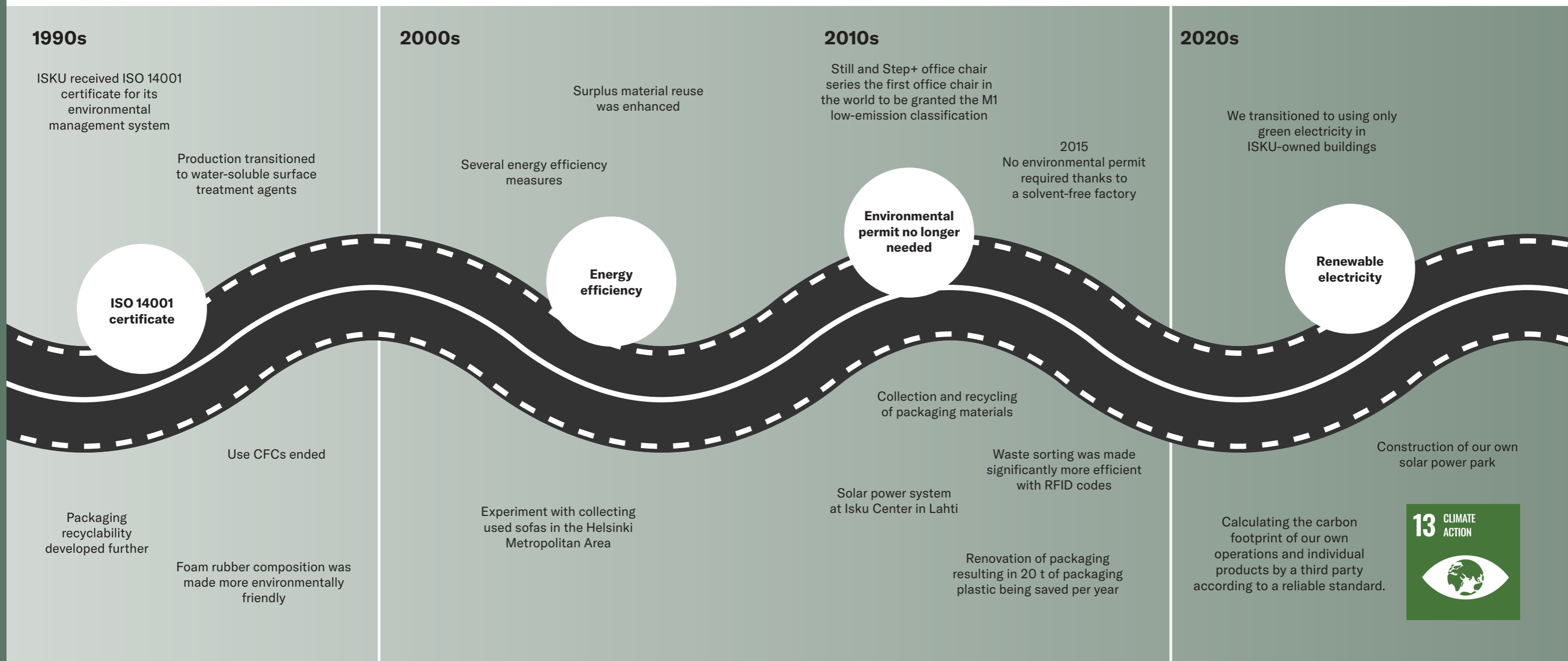
## Climate measures taken

ISKU has been engaged in long-term climate work since its establishment. The climate roadmap highlights the most significant actions since the 1990s. Examples include:

Since the beginning of 2021, ISKU has used 100% renewable electricity at its own facilities (Lahti factory, stores and showrooms) across Finland. ISKU has also implemented energy efficiency measures such as renovating building automation, modernizing ventilation, transitioning to LED lighting and renewing wood chip removal process.

ISKU has selected its logistics partners based on their consideration of climate impacts. We receive emission reports from all operators, detailing the exact emissions caused by ISKU's transports. Some transport companies offer carbon-neutral transport services through emission compensation and reductions or use biogas and electricity as alternative fuels.

Many measures have been taken to minimize waste and wastage. The waste containers in production are RFID coded, and new applications for the material surplus are actively sought.



# Carbon footprint

ISKU's sustainability objective is to have the carbon footprint of its entire operations determined by an independent calculation expert in accordance with a reliable standard. The carbon footprint indicates the amount of greenhouse gas produced during the life cycle of the product or activity.

### Our carbon footprint is calculated according to the GHG protocol

The journey towards carbon neutrality is made concrete by determining the carbon footprint of our entire operation in accordance with a reliable standard. We selected Green Carbon as our partner. The calculation has been carried out in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The carbon footprint calculation according to the GHG protocol gives an accurate picture of CO<sub>2</sub> emissions.

The company's emission sources are classified into three different categories.

Scope 1 covers direct emissions, such as the company's own energy production or the use of its own vehicles.

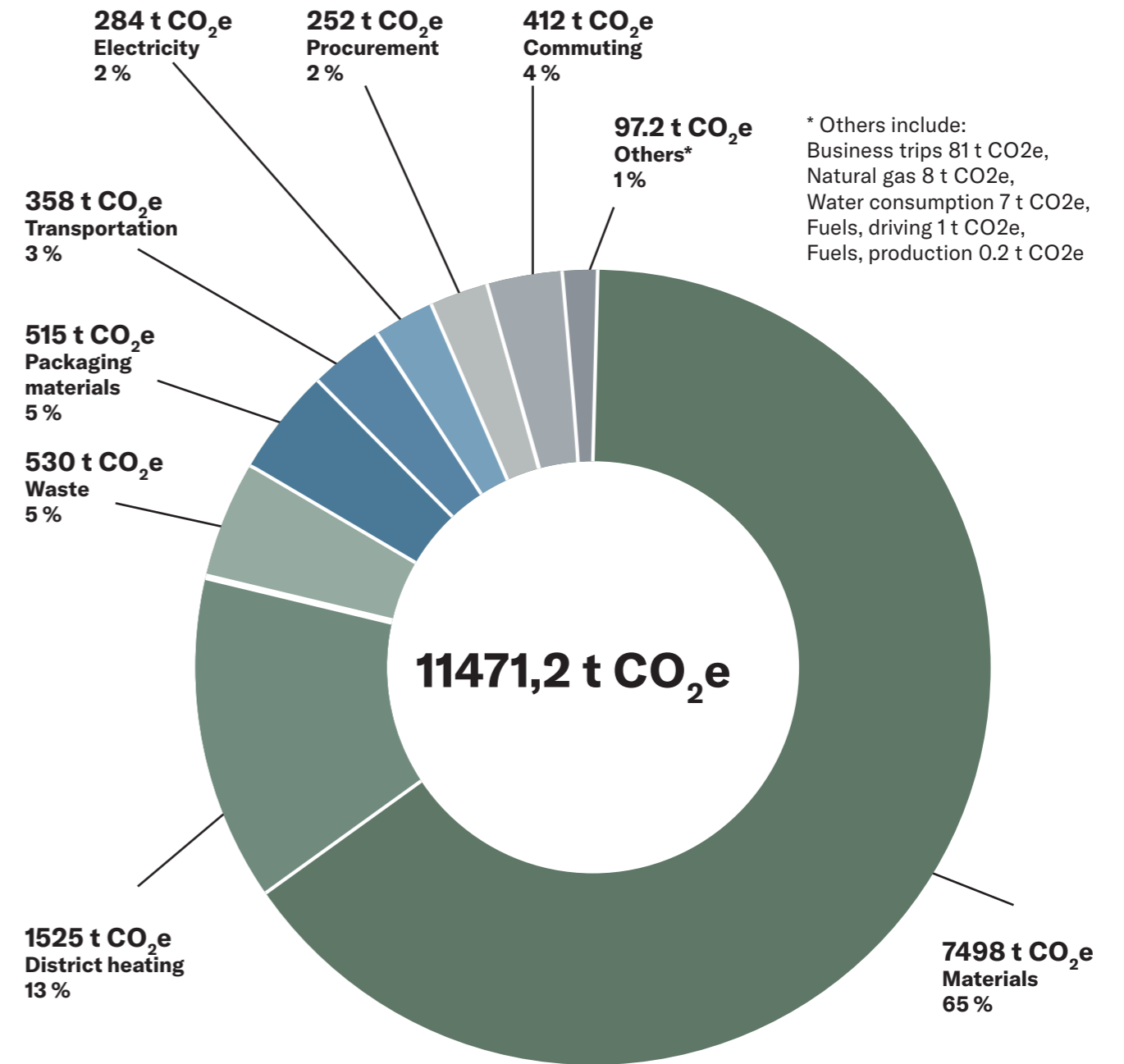
Scope 2 includes indirect emissions from purchasing energy, such as electricity and heating purchased by the company.

Scope 3 includes other indirect emissions, such as emissions from raw materials and services purchased by companies or emissions from commuting.

Classifying emission sources into these scopes helps to understand which emissions are directly attributable to the company's activities and which are attributable to the supply chain.

The attached table shows the emission sources included in the ISKU calculation per scope and the fact that no emission sources were left out of the calculation.

SCOPE 1	SCOPE 2	SCOPE 3	Areas excluded from the calculation
<ul style="list-style-type: none"> <li>- Own energy production</li> <li>- Fuels for own and leasing vehicles</li> </ul>	<ul style="list-style-type: none"> <li>- Electricity consumption</li> <li>- District heat consumption</li> </ul>	<ul style="list-style-type: none"> <li>- Water consumption</li> <li>- Waste</li> <li>- Materials</li> <li>- Packaging materials</li> <li>- Transportation</li> <li>- Commuting</li> <li>- Business travel</li> <li>- Procurement</li> <li>- Fuel production</li> </ul>	



### ISKU's carbon footprint totalled 11471.2 t CO<sub>2</sub>e.

The figure corresponds to the average annual emissions of approximately 1,114 Finns (comparison data from Sitra 2019).

Measured in terms of number of employees, the carbon footprint was approximately 18.9 t CO<sub>2</sub>e / employee.

Measured per turnover, the carbon footprint was 3,584.8 t CO<sub>2</sub>e / mill. €.



# Product carbon footprint

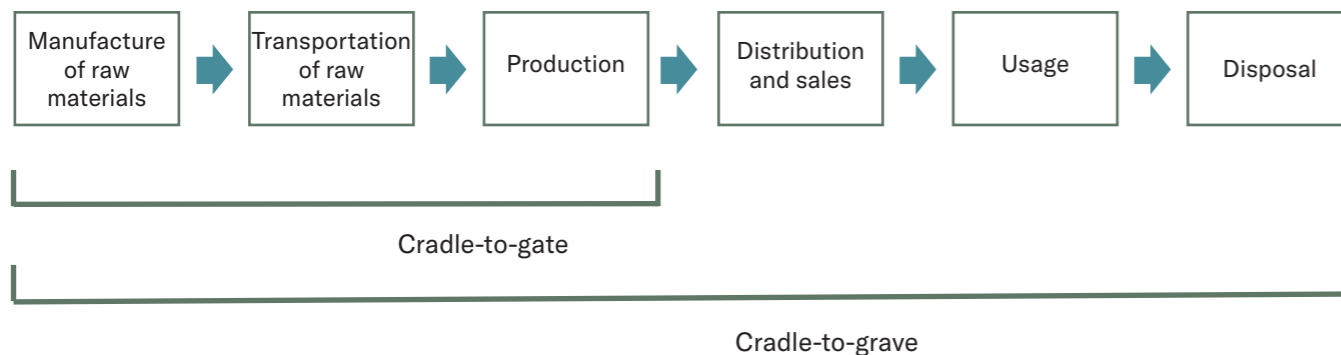
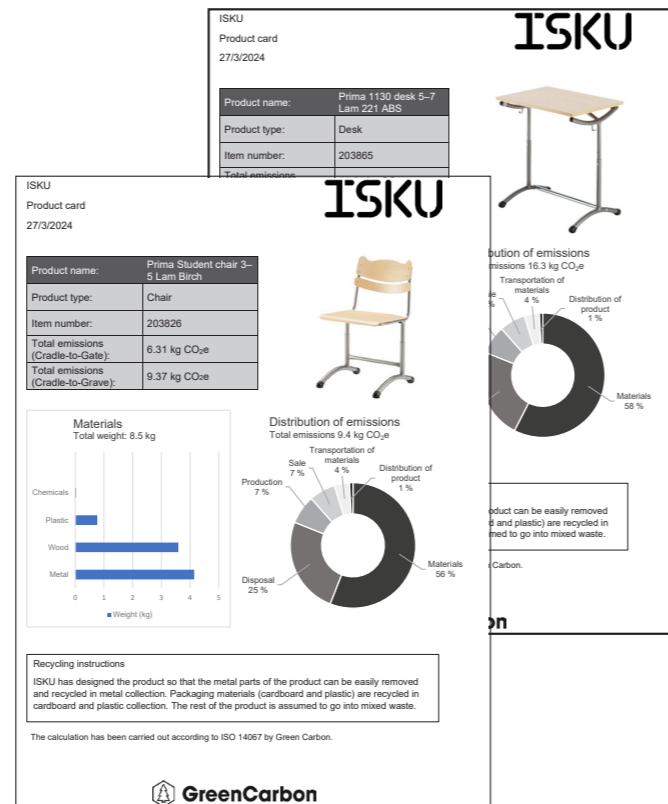
We have calculated product-specific carbon footprints for several of our products. A key criterion was to select an independent, external expert to conduct the calculations using a reliable and recognized standard.

## Third-party product-specific carbon footprint calculation

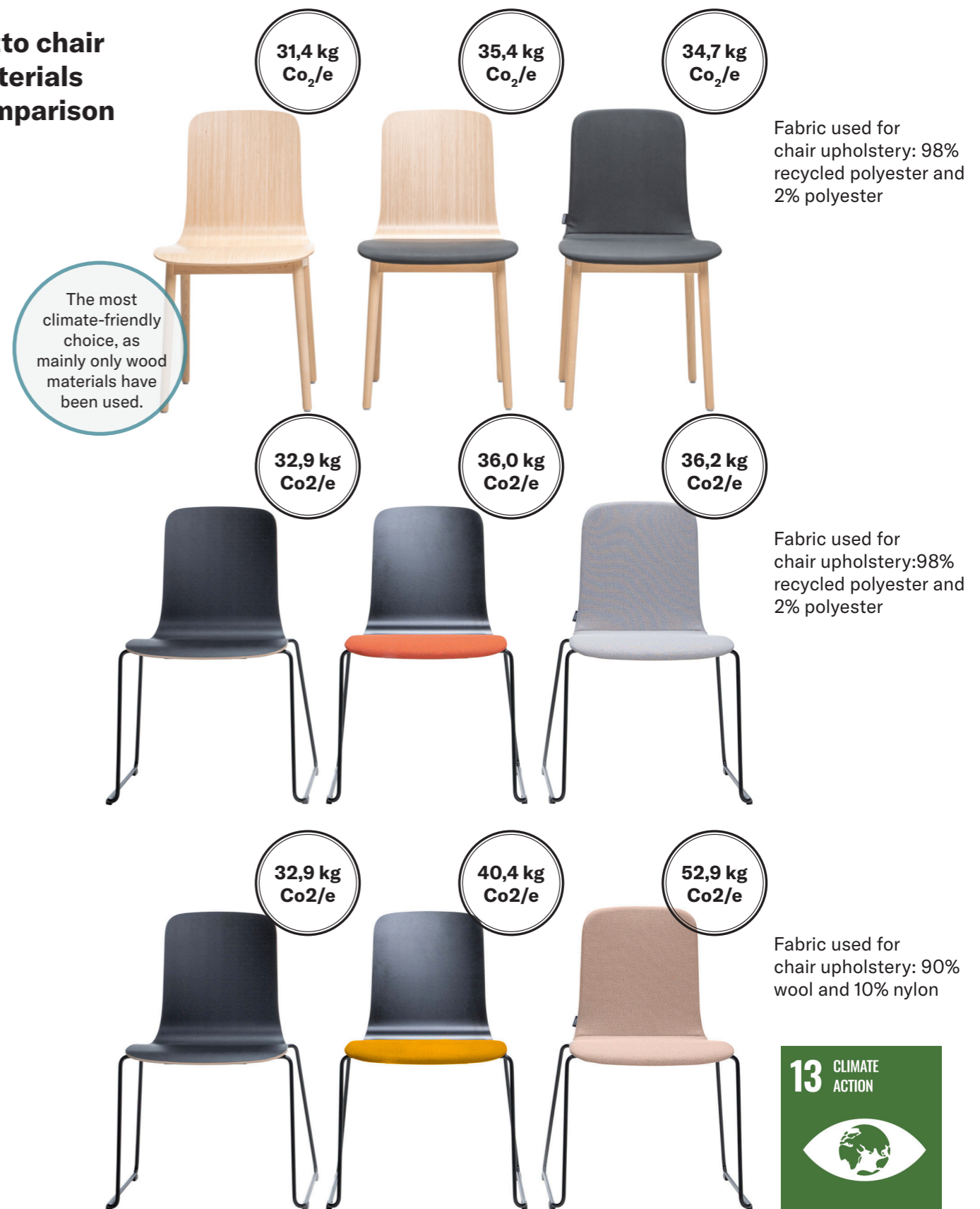
Green Carbon was selected as the partner for the product-specific carbon footprint calculation. The calculation has been carried out according to SFS-EN ISO 14067:2018 Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification.

The carbon footprint calculation covers the emissions throughout the entire life cycle of the product. It can be done in two ways: Cradle-to-Gate or Cradle-to-Grave.

All products included in the product-specific calculation have product cards containing the essential information such as product name, type, product number, emissions with Cradle-to-Gate and Cradle-to-Grave, materials used and their quantities, product weight, emission distribution, choice of fabric materials and their emission effects, and recycling instructions.



## Tutto chair materials comparison



# Climate roadmap: future climate targets

ISKU's carbon neutrality targets have been divided into three sections. In the interim target years, carbon neutrality can already be achieved in certain areas, even if carbon neutrality of the entire business would not yet be possible.

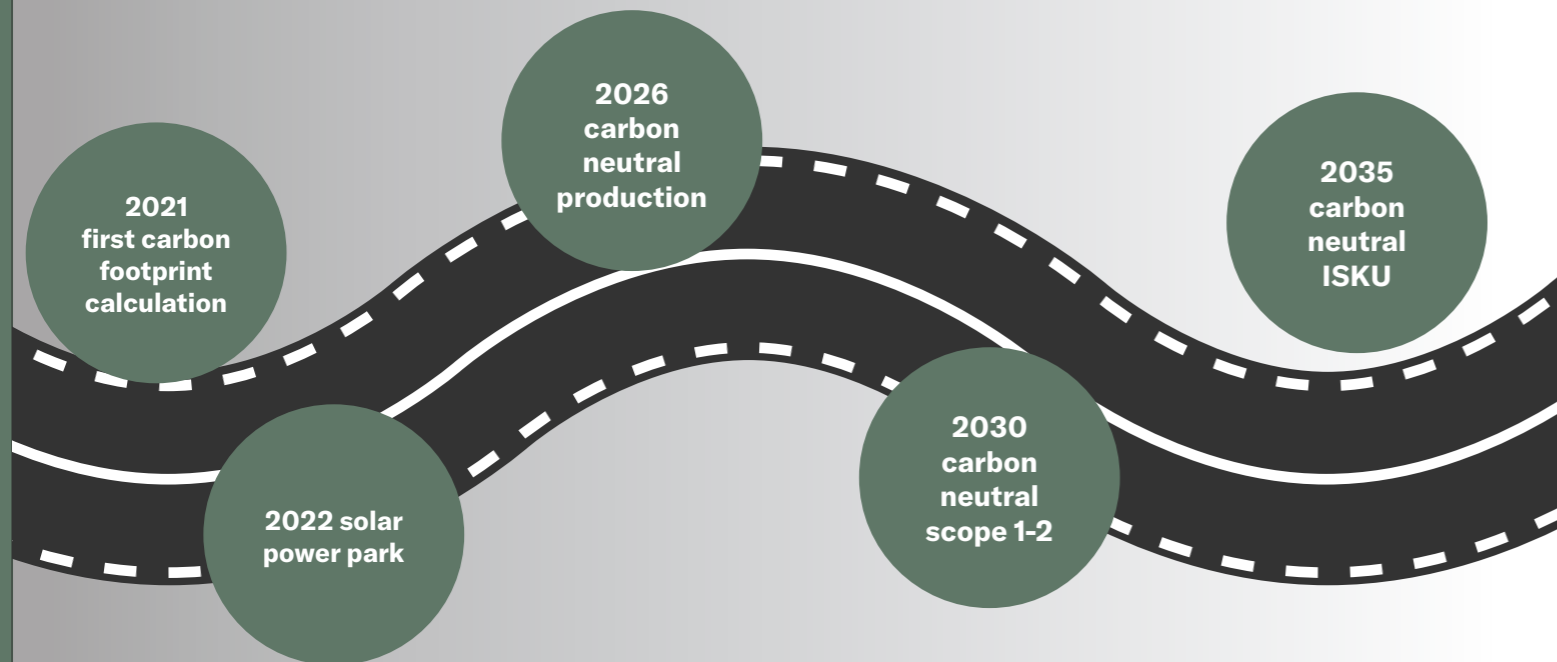
The climate roadmap outlines how ISKU will begin reducing emissions right away in areas where it is possible. Production will be carbon neutral in 2024 (scope 1 and 2). The key step for achieving this goal is transitioning ISKU's factories to using green district heat. Emissions from vehicles owned by production operations are compensated or the vehicles are replaced with electric vehicles (renewable electricity).

ISKU will be carbon neutral for the entire scope 1 and 2 in 2026. In order to achieve this goal, the emissions of stores not owned by ISKU that are not using renewable energy will be compensated.

The objectives have been set in line with the international Science Based Target initiative (SBTi).

Steps towards a carbon-neutral ISKU have been described at the side. ISKU's business consists of six components:

1. Materials
2. Purchased energy
3. Waste
4. Packaging materials
5. Transport
6. Travel & business trips



ISKU will conduct a review of company bikes and support the annual maintenance of employees' personal bikes.

The possibility of supporting commuting by public transport will also be reviewed.

Greener and more cost efficient options for business trips are being promoted.



Discussions will start with transport companies on a more low-carbon transport option.



Recycling of packaging will be improved.

Plastic packaging will be adjusted to be more environmentally friendly.

A report on increasing the recycling rate of cardboard and plastic.

When increasing the recycling rate of cardboard, it should be ensured that sustainability is not compromised.



Most of the energy waste comes from wood board, which cannot be recycled due to the glue. Opportunities have been explored with the circular wood project, for example.



We are developing a CO2-free particle board. The thickness, strength and price of the particle board and sofa frame will also be optimized.

Our goal is to have 50% of recycled raw materials in fabrics by 2027.

For plastics, product-specific solutions will be developed. For example, the replacement of Circo or edge casting with a more environmentally friendly alternative is under review.

When it comes to metals, aluminium is being replaced with recycled material, which also reduces the weight of the legs of electric desks from 20 kg to 19 kg.

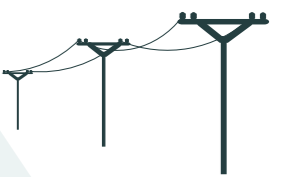


Regarding purchased energy, the company will switch to renewable district heating in its owned offices in 2026.

The property owners of other shops will be contacted to review the possibility of switching to district heating together.

Stores that are not owned by ISKU and do not yet use renewable electricity will also be contacted to explore this option.

The aim is to reduce energy waste and increase the recycling rate, especially in production, where the majority of ISKU's waste is generated.



Various measures will be explored to help us utilize textile waste as recycled material, for example.



# Solar power park

In 2022, one of Finland's largest solar power parks was built next to ISKU's factory in Lahti. The system, consisting of over 6,000 solar panels, generates clean, renewable energy for ISKU's production operations.

## A major leap toward a carbon-neutral future

The solar park is a significant investment in ISKU's journey toward carbon neutrality. It produces about half of the factory's annual electricity needs – equivalent to six months of usage. Most of the energy is generated locally, emission-free, and sustainably. The solar park embodies ISKU's commitment to green transition and energy efficiency, aligning both with our sustainability strategy and the national goal of a carbon-neutral Finland.

The three separate solar power plants are located on the factory premises and utilize modern technology. When solar power production exceeds real-time energy needs, the surplus is stored in a virtual battery for later use.

### ISKU's solar power park by the numbers:

**Output approx. 2.8 MW**

**2,442 MWh of clean, renewable energy produced in 2024**

**Over 6,000 solar panels**

**Equivalent to 6 months of factory energy needs**

Plants 1 and 2 power the factory at Mukkulankatu 23. Plant 3 supplies energy to Isku Center, ISKU's headquarters.



# PEFC, an international forest certification system

PEFC (Programme for the Endorsement of Forest Certification) is an international forest certification system that promotes ecologically, socially, and economically sustainable forestry.



PEFC is an internationally recognized and the world's largest forest certification system. With a certified chain of custody system, we ensure that the wood used in our products comes from forests managed according to sustainable development principles. Sustainable forest management promotes biodiversity, sequesters carbon dioxide and combats climate change. Additionally, sustainable forestry aims to promote ecological, economic, and social activities related to forests locally, nationally, and globally.

Products promoting sustainable forest use can be recognized by the PEFC label. Each company manufacturing and further processing PEFC timber has a certified PEFC chain of custody system in place.

ISKU's strategic policy is to source materials as close to the production facility in Lahti as possible to keep transport distances short and supply chains easier to manage. In Finland, over 90% of commercial forests are PEFC certified, making PEFC a natural choice for ISKU's forest certification system.

In 2024, 92 % of all wood used in our products was PEFC certified, with the remaining 8 % verified by ISKU's audits and agreements. All wood raw materials used in ISKU's standard products fall under the PEFC certification.

The product categories include:

- Tables
- Sofas and lounge furniture
- Space dividers
- Storage furniture
- Chairs



# Social responsibility

Social responsibility means ensuring employee wellbeing, safety, and fair treatment. It is a core part of ISKU’s sustainability efforts and our commitment to making a positive impact on the communities around us.

In 2024, ISKU focused on key social responsibility actions, including the continuous improvement of occupational safety, development of chemical safety, promotion of a family-friendly working life, enhancement of leadership skills, and systematic improvement of the quality of products and services.

In 2024, ISKU focused on key areas of social responsibility:

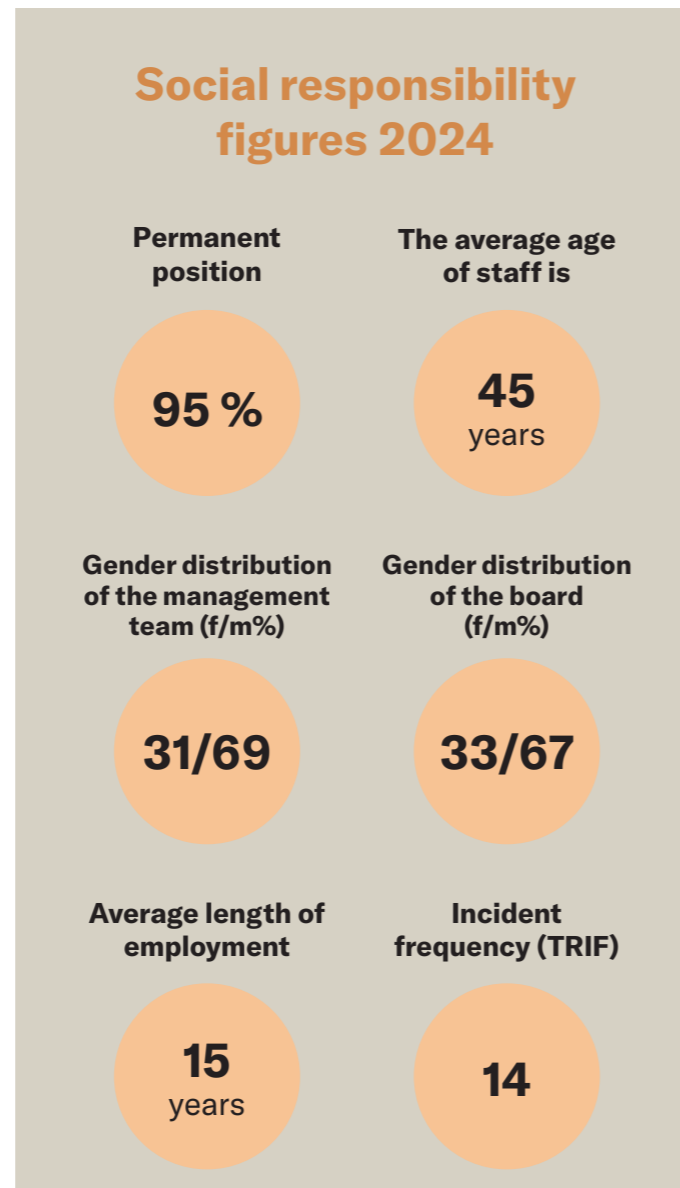
Promoting wellbeing through initiatives such as the national "Stair Day" campaign and improving chemical safety (pp. 28–29)

Encouraging employees to donate blood – with permission to donate during working hours (pp. 30–31)

Supporting family-friendly work culture through participation in "Take Your Child to Work Day" (p. 35)

Developing leadership skills was a key priority for ISKU Academy in 2024 (p. 34)

Systematic quality improvement efforts covered both products and services (p. 32)



# Occupational health and safety

At ISKU, the foundation of safety management is the continuous development and improvement of occupational health and safety, supporting both performance and development goals.

We have invested in ergonomic and safe working conditions. In 2024, safety measures in production focused particularly on improving chemical safety. Chemical safety in production work means ensuring the health and safety of employees through the use of proper protective equipment, clear labeling of chemical containers, and clear chemical handling guidelines. This includes the use of safety goggles, gloves, and respiratory protection when handling hazardous chemicals, as well as proper labeling and storage of chemicals and instructions for their safe use and disposal. These actions aim to reduce exposure to harmful substances and prevent potential accidents.

ISKU participated in the national “Stair Day” event from November 3–9, 2024. The event encourages people to use stairs instead of elevators, promoting daily physical activity and workplace well-being. Climbing stairs improves endurance, muscle strength, and also stimulates brain activity. “Stair Day” was a concrete example of how small everyday choices can have a positive impact on well-being at work. The event offered an opportunity to increase physical activity and strengthen the sense of community.



**ISKU's key occupational health and safety management indicators include:**

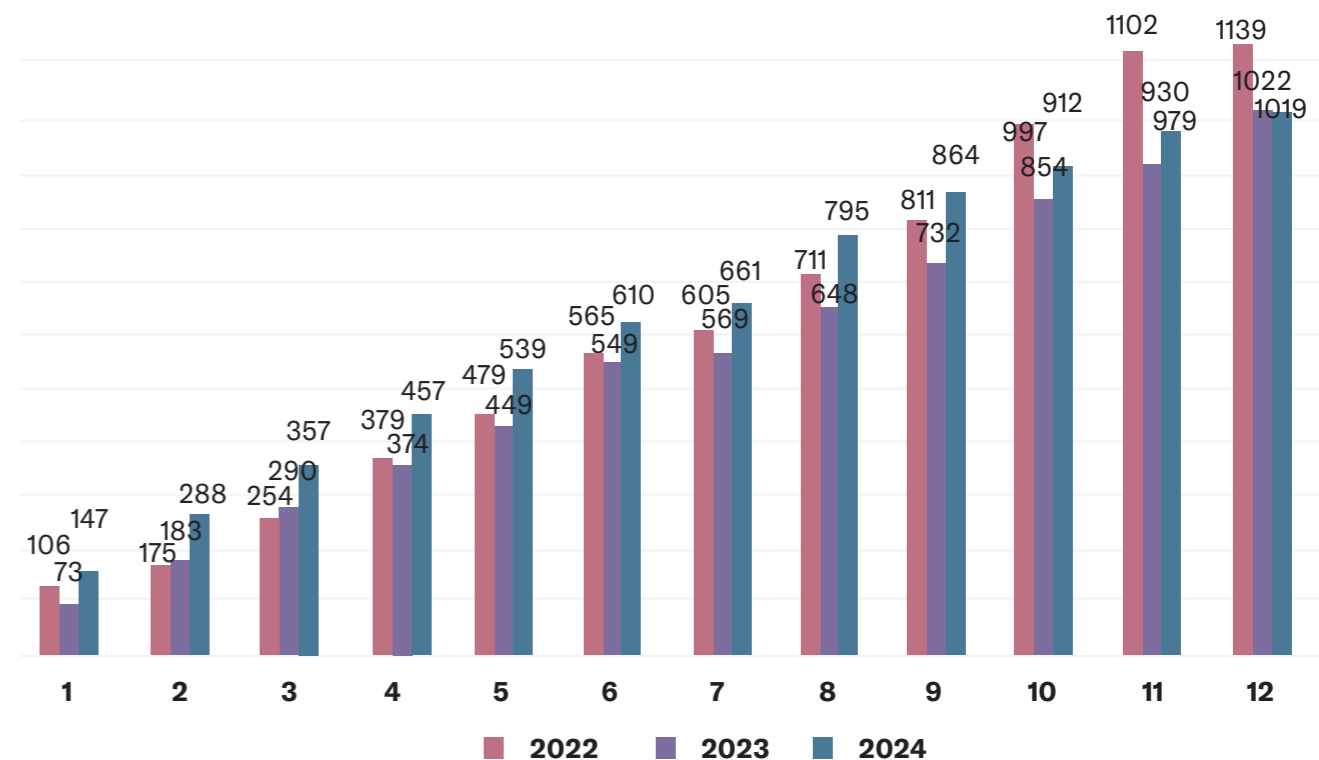
- TRIF accident frequency (accounts for all recorded occupational accidents)
- Number of safety observations
- Team Net Promoter Score (eNPS)
- Rate of absenteeism due to illness

The occupational health and safety figures for 2024 show both improvements and challenges compared to the previous year. The group's accident frequency (TRIF) developed in the wrong direction (5 → 14). A total of 10 accidents occurred in various working environments, including back strains, needle injuries, falls, slips, and finger injuries. Accidents occurred both in stores and production, highlighting the importance of continuous improvement in safety. Risk assessments and preventive measures must be emphasized to avoid similar accidents in the future.

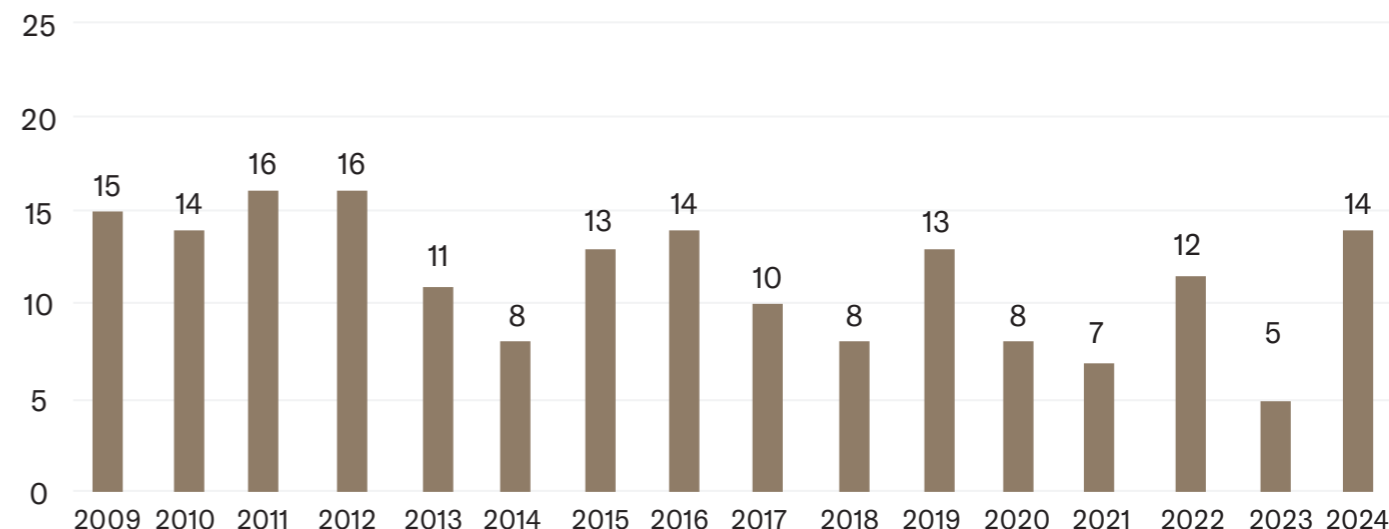
Absenteeism in the ISKU Group remained stable at 3.4% compared to 2023. Among industrial workers, absenteeism due to illness decreased from 6.1% to 5.2%, which is an encouraging sign. The number of safety observations remained nearly unchanged at 1,019 in 2024 compared to 1,022 in 2023. This indicates that making safety observations is an established practice, but increased activity could further strengthen the safety culture. The team recommendation score (eNPS) in the ISKU Group increased from 10 to 15, indicating improved employee satisfaction and engagement. However, further efforts are needed to reach the desired goals.



**Number of occupational safety observations for January–December (2022, 2023 and 2024)**



**ISKU Group Injury Frequency (TRIF)**





## ISKU employees can donate blood during working hours

Since 2023, ISKU has been part of the important Finnish Red Cross campaign that allows all ISKU employees to donate blood during working hours. In 2024, we received the Golden Certificate of Honor.

### Golden certificate of blood donation

The ISKU donor group made an impressive 38 visits to donate blood in 2024. Blood donation has many significant benefits and is a vital part of healthcare and emergency aid. It is one of the simplest and most effective ways to help others. A single blood donation can save up to three lives. Donated blood is used, for example, for surgical patients, cancer treatments, and accident victims.

We offered all ISKU employees the opportunity to donate blood during working hours. Together, we created ISKU's own donor team called "ISKU Lifesavers." Every employee can donate alone or together, and each donation earns a point for the group. A group of at least four people receives a free taxi ride to the donation site, sponsored by the Finnish Red Cross Blood Service.

Blood donation is a powerful way to do good together. ISKU employees want to act responsibly in society. We also want to set an example for other companies. Making blood donation possible is part of ISKU's responsibility. We want everyone to be able to engage in responsible actions, which is why we allow our employees to donate during working hours. Time used for donation is recorded in normal work time tracking as paid time. It is recommended to schedule the donation for the end of the work shift, as physical strain should be avoided afterward.

LUOVUTAMME VERTA  
**TYÖAJALLA**



# Quality is everyone's job

We achieve high quality through comprehensive service, efficient product design, careful selection of materials and components, and skilled craftsmanship. High-quality operations ensure high customer satisfaction.

## Quality management system

A quality management system certified by an external party reliably verifies that the furniture or service provider has clear frameworks for its operations. These frameworks help ensure that the company meets both customer and legal requirements. ISKU has a certified ISO 9001 quality management system. The internationally recognized ISO 9001 standard sets specific requirements that improve a company's ability to consistently provide products and services that meet customer needs.

## Product and operational quality at ISKU

High-quality products have a long lifecycle and the ability to meet customer needs throughout their use. ISKU designs its products for long lifespans, which requires proven quality. All ISKU-manufactured furniture is tested according to EN/ISO standards, including tests for strength, stability, safety, and surface materials.

## Systematic quality assurance in production

In production, critical points of each work phase have been identified by department. At each stage, the product or component is inspected. Before packaging, a final inspection is always performed. If any deviations are detected during inspections, the component or product is returned to the department from which it originated. All internal deviations are recorded department-wise in the system. Based on statistics, departments carry out quality improvement or, if necessary, larger quality projects. In addition to internal monitoring, random samples from production lines are tested in a laboratory to ensure compliance with standards—testing stability, durability, safety, and surface strength.

Quality development in production follows both ISO 9001 and LEAN principles. Quality must be considered in all activities. All errors and deficiencies should be prevented in advance. Quality assurance measures ensure that exceptions do not progress further in the process. Every employee is responsible for the quality of their own work and has the right and obligation to stop errors from progressing. Continuous improvement requires a positive attitude toward developing one's own work and professional skills.

Our customers have shown their satisfaction: last year's customer satisfaction score (NPS) was 70 (B2B) and 26 (B2C). Satisfaction was especially high on the business side.



# Isku Academy trains

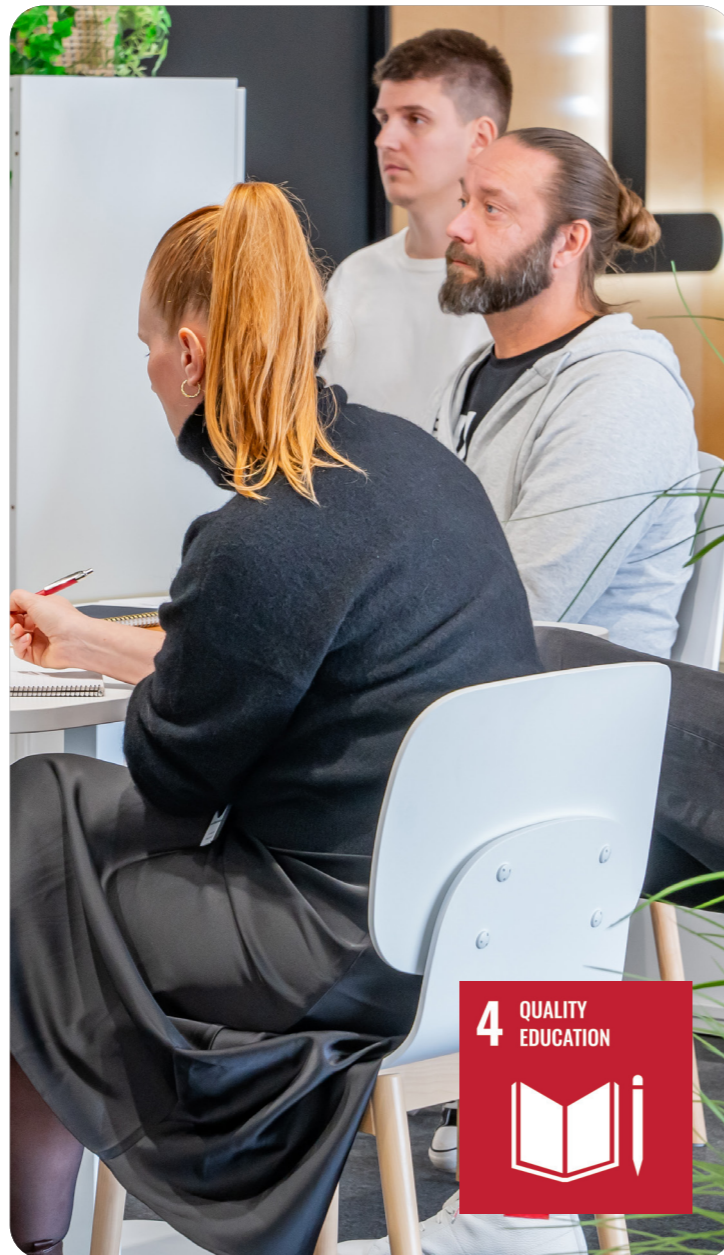
In 2024, the main focus of ISKU Academy was on leadership coaching. The training programs focused on different aspects of supervisory work and aimed to develop the skills and capabilities of managers to lead teams effectively and inspiringly.

## Opportunity to grow and develop

The training sessions gave supervisors the opportunity to develop their skills and receive guidance on various aspects of leadership. The training improved supervisors' understanding of their responsibilities and rights. It also provided practical training on different employment life cycle processes. Occupational health practices and work ability management were strengthened in cooperation with experts. In a strategy workshop, supervisors explored how to integrate the new strategy into daily work.

In 2024, all supervisors within the ISKU Group in Finland were invited to participate. A total of seven sessions were organized. Ongoing coaching improves leadership practices, increases employee satisfaction and engagement, and promotes organizational success. Therefore, regular leadership training will continue in 2025.

**Isku Academy** offers training for ISKU employees that focuses on professional development and organizational growth. The Academy's programs enhance employees' skills, promote teamwork and leadership abilities, supporting the organization's operations and innovations. The goal of the Academy is to support the long-term professional growth and success of the staff by providing customized and innovative training solutions.



4 QUALITY EDUCATION



# Children at work day: supporting family-friendly working life

ISKU participated for the first time in the national "Children at Work Day" on November 22, 2024. This special day gave children the opportunity to visit their relatives' workplaces and learn what working life is really like. In addition to their own children, employees were welcome to bring grandchildren or godchildren.

## Joy and excitement in the office hallways

At ISKU Center in Lahti, the day began with an enthusiastic atmosphere as employees arrived with their children. The program was diverse and festive. In the morning, children made Christmas cards and decorations and helped decorate the Christmas tree. The handmade cards and ornaments were delivered to a local elderly care home in Lahti, bringing joy and warmth to the residents and sharing the children's enthusiasm and the Christmas spirit.

In the afternoon, children watched a movie screening, and at the end of the day, those interested were invited to take part in ISKU's product photoshoots. This was especially meaningful for the children, as they got to experience what it's like to be involved in a professional photography session. They had the chance to pose in front of the camera, making it an exciting and memorable experience. The photoshoot gave the children a glimpse into how products are presented and marketed, and they felt like an important part of the company.

ISKU's participation in "Children at Work Day" was a success, and employees expressed their wish to repeat the event in the future. The day offered children a valuable opportunity to learn about working life and reinforced ISKU's commitment to family-friendliness and children's involvement in society.



3 GOOD HEALTH AND WELL-BEING



# Corporate governance

Good governance is a multifaceted and central aspect of corporate responsibility. It refers to the system by which an organization is directed, controlled, and reported on, encompassing relationships with owners and other stakeholders. Maintaining it requires a thorough understanding of one's operations and the entire value chain.

Maintaining good governance requires a thorough understanding of both our own operations and the entire value chain. ISKU's centralized production in Finland, high domestic content in products, responsible supply chains, transparent reporting, and communication are key to maintaining strong governance practices.

## Other key achievements in good governance in 2024:

- The anonymous whistleblowing channel continued to be used actively and meaningfully as part of ISKU's responsible governance culture. (p. 40)

- ISKU remains committed to enhancing the sustainability of its supply chain over the long term by selecting partners who share the same responsible values and operating principles. (p. 38-39)

- ISKU continued its commitment to the United Nations Global Compact initiative, which provides companies with a framework to ambitiously advance the Sustainable Development Goals (SDGs). In 2024, ISKU participated for the first time in the UN SDG Flag Day. (p. 41)

- In 2024, ISKU updated its corporate risk assessment to more broadly include aspects of social responsibility. This update particularly addressed international commitments, such as the UN Global Compact, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. By integrating these principles into risk management, ISKU strengthens its commitment to responsible and ethical business practices throughout the value chain. (p. 46)

## Corporate governance figures 2024

### Turnover

90,7  
M€

### Taxes and social costs

10,6  
M€

### Purchases and other operating expenses

81,8  
M€

### Wages and salaries

21,0  
M€

### Production in Finland

100 %

### Purchases from Finland

86 %



# Responsible procurement

At ISKU, responsibility is a core part of our procurement strategy. We focus on domestic and EU-based suppliers, engage partners with shared sustainability principles, and communicate our supply chains transparently to customers. We want every product's origin and production process to withstand scrutiny and foster trust.

ISKU complies with the highest legal standards and ethical principles in all its operations. We also require our suppliers to adhere to the same principles. To support this, ISKU has created a Supplier Code of Conduct based on our company values and the principles of the UN Global Compact. In addition, our suppliers are expected to follow the OECD Guidelines for Multinational Enterprises.

The Global Compact's operations and principles are grounded in the following UN conventions:

- The Universal Declaration of Human Rights
- The ILO Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention against Corruption

### Emphasis on Finnish procurement

ISKU's procurement is based on responsibility, transparency, and long-term partnerships. In 2024, we continued to concentrate our procurement in Finland and within the EU:

86% of our purchases were made in Finland  
 98% within the EU  
 Less than 2% from Asia and Canada

This supports delivery reliability, reduces the environmental impact of logistics, and strengthens domestic employment. We apply strict criteria when selecting suppliers. Each partner is committed to ISKU's Supplier Code of Conduct and our procurement

principles, which define quality and environmental requirements. Suppliers are subject to regular social responsibility audits to ensure ethical and responsible practices throughout the supply chain.

### Transparency towards customers

We want to provide our customers with concrete information about the origins of our products. Using visual examples, we have illustrated our supply chains so customers can clearly see where and how products are made. One such example is the Tutto chair, where 95% of the materials are sourced from Finnish suppliers. This share is calculated based on the weight of materials. The key materials – such as thermally moulded plywood, foam, and some metal components – are manufactured and processed in Finland. Imported materials, such as wool and veneer, are finalized and shaped at ISKU's factory in Lahti.

Responsibility is not merely a goal for us – it is a way of working that spans the entire supply chain. We want our customers to trust not only the quality of our products, but also their ethical origin and production. Responsible sourcing is a part of our daily operations and a long-term effort to create lasting value.

**Our strategic goal is for at least 75% of our purchases to originate in Finland and 98% from within the EU. Less than 2% of purchases come from Canada and Asia.**

### Metals

Steel from the EU  
 Steel tubing manufactured in Italy  
 Tubing processed next to ISKU's factory in Lahti

### Fabric

Wool from New Zealand  
 Fabric woven and dyed in Lithuania  
 Cut and sewn at ISKU's factory

### Thermally molded plywood

100% Finnish birch  
 PEFC certified  
 Plywood manufactured in Savonlinna  
 Shaped at ISKU's factory

### Veneer

Beech sourced from Poland  
 Processed into veneer in Estonia  
 Pressed and surface-treated in Lahti

### Foam

Produced in Kouvola  
 Shaped at ISKU's factory

**The product is fully manufactured in Lahti**



# Anonymous communication channel

ISKU promotes a transparent corporate culture and high business ethics, supported by a well-established anonymous whistleblowing channel. This channel provides a secure way to report suspected misconduct affecting people, the organization, society, or the environment.

The anonymous reporting tool is vital for reducing risks and maintaining trust in business operations, as it enables early detection and response to potential irregularities. The channel is hosted by a third-party service provider to ensure anonymity and protect sensitive data. All reports are encrypted and password-protected, and every submission is handled confidentially. The channel is available to all ISKU employees and external stakeholders. ISKU does not tolerate retaliation against individuals who report in good faith.

## Reports submitted in 2024

The whistleblowing channel was introduced in June 2022. In 2024, a total of 20 reports were submitted, indicating that the channel is well known among personnel and stakeholders. None of the reports were within the scope of the EU Whistleblower Protection Directive, though ISKU's channel also accepts reports outside its scope.

## The reports fell into the following categories (number of reports per category):

- ▶ Conflict of interest (0)
- ▶ Procurement (1)
- ▶ HR-related matters (15)
- ▶ Human rights (0)
- ▶ Corruption or bribery (0)
- ▶ Asset and information management (0)
- ▶ Safety and data protection (0)
- ▶ Compliance and regulatory directives (0)
- ▶ Environment (0)
- ▶ Irrelevant or customer service-related matters (4)



# Concrete action for sustainable development

The UN Sustainable Development Goals (SDGs) are commemorated globally on September 25 each year.

In 2024, ISKU participated for the first time in the SDG Flag Day campaign, joining thousands of other organizations in flying flags as a commitment to a better and more sustainable future. The campaign highlights the 17 SDGs, which guide global efforts to end poverty, protect the planet, and improve well-being.

## Commitment to the UN Global Compact

ISKU has been committed to the UN Global Compact since 2022. It is the world's largest corporate sustainability initiative, encompassing over 20,000 organizations in more than 160 countries. The initiative is based on ten universal principles concerning human

rights, labor, environment, and anti-corruption. Its goal is to promote responsible business practices and support the achievement of the UN Sustainable Development Goals. Companies like ISKU integrate these principles into their strategies, operations, and cultures – and report progress annually. ISKU sees this commitment as a long-term effort to build a more sustainable future through cooperation.



# Value and impact generated by the business

## Stakes

### Raw materials and other materials

Wood-based boards  
Birch plywood  
Solid wood components  
Metal components  
Plastic components  
Upholstery  
Upholstering fabrics  
Leather  
Packing materials

### Energy use in production

District heating 6269 MWh  
Electricity 2768 MWh

### Production and service resources

Finnish production  
Comprehensive sales network

### Immaterial capital

Since 1928 built cumulative competence for furniture design and for manufacturing ISKU brand and way of working

## Productive and commercial activities

### Production in Finland

Procurement from Finland  
Centralising procurement in Finland: at least 75% domestically and 98% in the EU area.

### Staff

516 furniture industry professionals and over 1,000 people in subcontracting chains.

### Production facilities

2 factories in Lahti

### Sales points and regional sales centres

25 sales units and service centers in Finland  
Sales organizations in 9 countries and project sales all around the world

### ISKU's business model

Family business  
Close to the customer  
Certified systems and policies  
The Quality Centre's Ethical principles  
High quality  
Respect for the Environment  
Competent Personnel

## Value, outputs and effects

### For customers

Satisfied customers, facility users, staff and partners  
Our solutions move our customers' businesses forward and help them achieve their targets.  
High-quality furniture and services for customers

Turnover 90,7 M€

### For suppliers and partners

Employs over 1,000 people in subcontracting chains.  
Purchases and other operating expenses in total 81,8 M€

### For staff

A significant provider of regional employment  
Total wages and salaries 21,0 M€

### For society

Total taxes and social costs 10,6 M€

### For other industrial sectors

Production by-products and material surpluses

### Environmental effects

Factory does not need an environmental permit  
The origin of the wood used in our products is known (PEFC)  
Production uses energy produced by our local solar power plant



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS



# Stakeholder analysis

**ISKU's Response:**  
Regular reporting, involving owners in decision-making, and open and transparent communication.  
**ISKU's Expectations:**  
Long-term commitment and strategic support from owners.

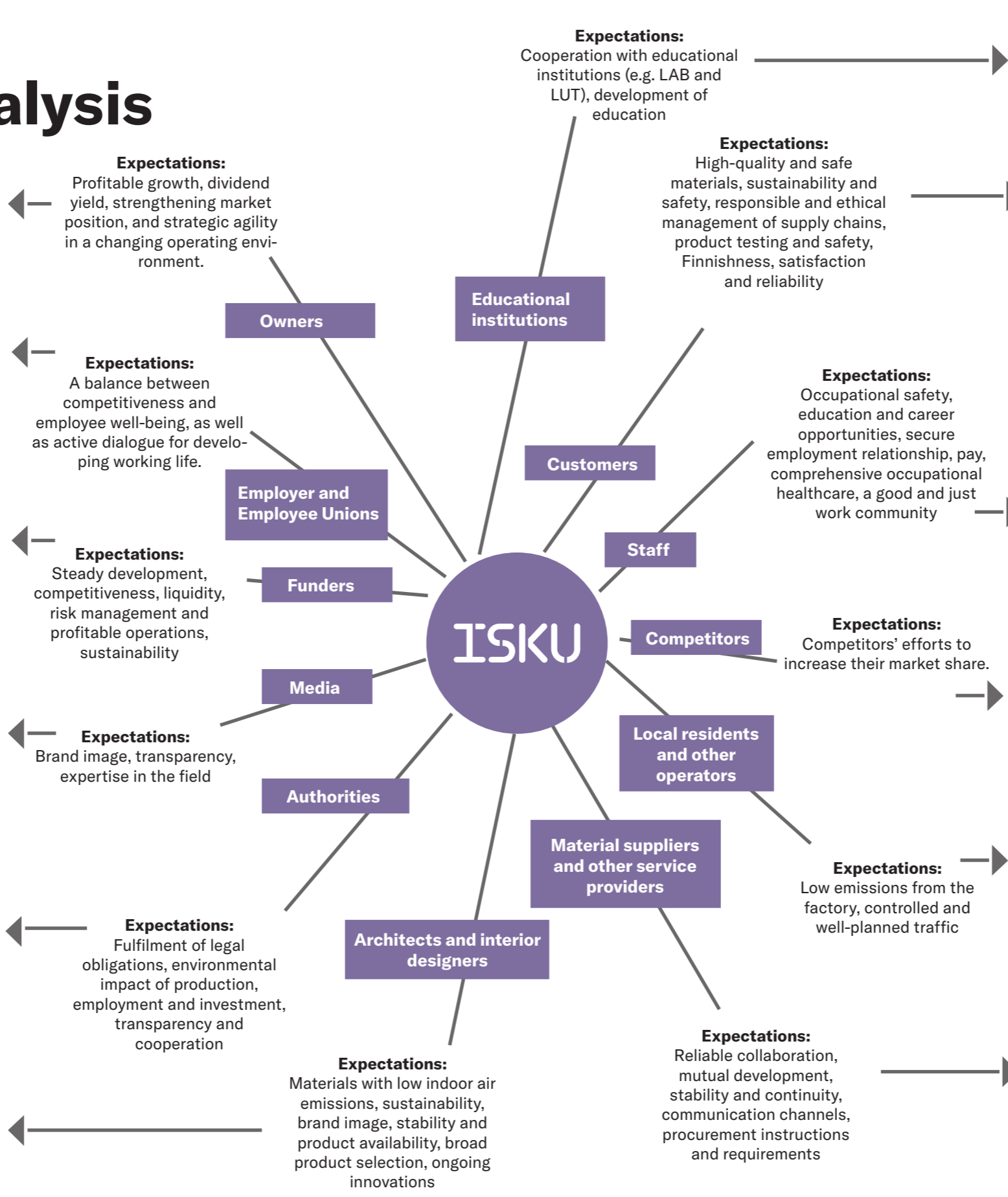
**ISKU's Response:**  
ISKU conducts regular negotiations with unions.  
**ISKU's Expectations:**  
Constructive dialogue, flexibility in collective agreements, and willingness to collaborate in developing the world of work.

**ISKU's Response:**  
Strategic planning and development of operations  
Minimisation and management of risks  
Energy conservation, renewable energy sources  
**ISKU's Expectations:**  
Availability of capital for investments

**ISKU's Response:**  
Press releases, website, development of communications  
Public sustainability reports, provision of information and training  
**ISKU's Expectations:**  
Influencing public opinion

**ISKU's Response:**  
Environmental programmes, sustainability reports, communications  
Production investments and procurement in Finland  
**ISKU's Expectations:**  
Public services and support  
International expansion

**ISKU's Response:**  
Material surveys and requirements, M1 classification  
PEFC certification, supplier audits  
Sustainability reports and development of communications  
Investments in production, systems and the website  
Collaboration to develop our product selection  
Antimicrobial products  
**ISKU's Expectations:**  
Selection of ISKU's products  
Trust in ISKU  
Shared operating models and collaboration



**ISKU's Response:**  
Trainees, theses, visits  
Collaboration in the preparation of training plans  
**ISKU's Expectations:**  
Availability of skilled staff  
Expertise and research

**ISKU's Response:**  
Material surveys, Nordic Swan Eco-label requirements, requirements for the Allergy, Skin and Asthma organisation label, M1 classification  
ISO 14001, ISO 45001, PEFC certification, supplier audits, sustainability reporting  
Procurement guidelines and code of conduct  
In-house testing laboratory, procurement in Finland  
Customer satisfaction surveys (NPS)  
**ISKU's Expectations:** Selection of ISKU's products  
Trust in ISKU and liquidity

**ISKU's Response:**  
ISO 45001  
ISKU Academy, development of career paths  
Workplace benefits, Mehiläinen health services  
Job satisfaction surveys, occupational wellbeing projects  
**ISKU's Expectations:** Work contribution and engagement  
Innovativeness

**ISKU's Response:**  
ISKU monitors competitor activity and develops its product portfolio, customer experience, and strategy to differentiate itself in the market.  
**ISKU's Expectations:** Fair competition that complies with industry standards and legislation. Additionally, ISKU hopes competitors contribute to enhancing the reputation and responsibility of the entire industry.

**ISKU's Response:**  
Minimisation of volatile organic compound (VOC) emissions through material choices  
Centralisation of traffic and production  
Open communications  
**ISKU's Expectations:** Collaboration and development

**ISKU's Response:**  
Long-term collaboration  
Partnership management model  
Procurement guidelines, procurement terms and Code of Conduct  
**ISKU's Expectations:** Commitment to ISKU  
Fulfilment of quality and other requirements  
Mutual development and profitability



# Risk assessment

	Key Identified Risks	Risk Management
Environmental Responsibility	Environmental damage	<ul style="list-style-type: none"> <li>▶ ISO 14001 Environmental Management System (includes policies, audits, risk assessments, reporting practices, targets, management reviews, etc.)</li> <li>▶ Digital chemical management system and chemical risk analyses</li> </ul>
	Global warming	<ul style="list-style-type: none"> <li>▶ Carbon footprint calculation for the entire operation in accordance with the GHG Protocol and roadmap towards carbon neutrality. Product-specific carbon footprint assessments carried out according to ISO standards to guide customers' responsible choices</li> <li>▶ Service concept to help customers optimise space efficiency</li> </ul>
	Biodiversity loss Challenges in circular economy and material efficiency	<ul style="list-style-type: none"> <li>▶ PEFC-certified chain of custody system for wood and tested, safe materials</li> <li>▶ Each production waste container is RFID-tagged, allowing waste recycling to be monitored</li> <li>▶ Systematic measures to increase the recycling rate of used materials</li> <li>▶ In product development, testing, services, and material procurement, attention is paid to long product life cycles and post-life recyclability</li> </ul>
	Regulatory, customer, investor, and financier demands on business operations	<ul style="list-style-type: none"> <li>▶ A customised digital legal library is used to actively monitor changes in legislation</li> <li>▶ Sustainability reporting is developed annually</li> </ul>
Social Responsibility	Accidents Occupational well-being Violations of employment terms or rights, and cases of discrimination or harassment Maintaining high quality	<ul style="list-style-type: none"> <li>▶ ISO 45001 Occupational Health and Safety Management System</li> <li>▶ Employee surveys, one-to-one discussions, and the ISKU employee group</li> <li>▶ ISKU Code of Conduct and ethical whistleblowing channel</li> </ul>
	Product safety risks Human rights risks in the supply chain	<ul style="list-style-type: none"> <li>▶ ISO 9001 Quality Management System (includes policies, audits, risk assessments, reporting practices, targets, management reviews, etc.)</li> <li>▶ Product- and material-specific certificates ensuring safe use of products</li> <li>▶ Supplier responsibility assessments and audits</li> </ul>
	Customer workplace well-being	<ul style="list-style-type: none"> <li>▶ Enhancement of workplace well-being through ISKU's service models (e.g. workplace environment surveys) and solutions (e.g. antimicrobial surfaces in furniture)</li> </ul>
Corporate Governance	Illegal or unethical practices (e.g., bribery and corruption), failure to meet societal obligations	<ul style="list-style-type: none"> <li>▶ ISKU and supplier Codes of Conduct</li> <li>▶ Ethical whistleblowing channel</li> <li>▶ Centralised procurement in Finland reduces risk – Finland ranks among the world's best in corruption perception index: ISKU sources at least 75% domestically and 98% within the EU</li> </ul>
	Ethical risks related to digitalisation and artificial intelligence	<ul style="list-style-type: none"> <li>▶ Procurement background checks/audits and supplier responsibility criteria</li> <li>▶ Ethical principles for technology use and training for personnel</li> </ul>
	Data security	<ul style="list-style-type: none"> <li>▶ Annual data security training for staff and continuous updates of systems to meet evolving requirements</li> </ul>



# Sustainability programme

Subdivision	Objectives	Main meter	Milestone 2024	Result 2024	Goal 2035
<b>Environmental Responsibility</b>	Halting global warming, i.e., minimising the carbon footprint of our own operations	Carbon footprint	Determination of the carbon footprint of the GHG protocol and the derived airway map towards carbon neutrality.	Actions according to the goal completed p.22-23	Carbon neutrality
	Conservation of biodiversity	Share of PEFC-certified wood	More than 80 %	92 %	More than 80 %
<b>Social Responsibility</b>	Prevention of work-related absenteeism	Sick leave (% of working time)	Less than 2 %	3,4 %	Less than 2 %
	Achieving 0 accidents	TRIF	Less than 5	14	0
	Systematic implementation of proactive occupational health and safety measures	Safety observations/year	1250 pcs	1019 pcs	Goal increases by 1/person every year
	Continuous improvement of the quality of products and operations in accordance with the ISO 9001 quality system.	Customer satisfaction NPS	NPS target 70 (B2B) and NPS target 70 (B2C).	NPS: 70 (B2B) NPS: 26 (B2C)	NPS target 70 (B2B) and NPS target 70 (B2C).
	Committed and well-being staff	Results of personnel surveys	10 % improvement compared to year 2023	50 % improvement compared to year 2023	An annual 10 % improvement compared to the previous year.
	Strengthening an inclusive society	Number of theses and internships at ISKU	Baseline year (13 trainees ja 4 theses)	7 trainees and 5 theses	+ 50 % (ct. 2022)
<b>Corporate Governance</b>	Implementation of ISKU's Code of Conduct	Online training for ISKU code of conduct completed (%)	100 %	0 %	100 %
	Implementation of suppliers' Code of Conduct	Suppliers code of conduct document signed by as part of contract (%)	100 %	100 %	100 %
	Supplier audits carried out regularly	Supplier audits performed 4/ sourcing person	100 %	100 %	100 %
	Systematic use of the ethical reporting channel	Ethics reporting channel observation processing time by target (%)	100 %	100 %	100 %
	Continuous development of information security	Information security training for all personnel on an annual basis	100 %	65 %	100 %

# Sustainability statistics

## ENVIRONMENT

	2022	2023	2024
<b>Origin of wood</b>			
PEFC-certified wood in ISKU's PEFC (CoC) system (%)	90	88	92
<b>Energy consumption in production</b> (Mukkulankatu 23)			
Electricity consumption (MWh)	3680	2943	2768
District heat consumption (MWh)	7597	7684	6269
Production of electricity, solar power (MWh)	884	1826	2442
<b>Production VOC emissions (t)</b>	3,9	3,1	2,0
<b>Production material side streams and waste</b>			
Energy recovery (t)	1794	1393	1380
Use of materials and by-products (t)	102	105	68
Hazardous waste (t)	46,5	12	19
Carbon foot print (t CO2e.)	--	21,3	20,48
<b>Store network waste in Finland</b>			
Total amount (t)	172	159	108
Recycling rate (%)	48	46	30
Carbon footprint (t CO2e.)	4,6	4,4	2,6

## ISKU PERSONNEL

Isku Invest Oy statistics are included in Isku-Yhtymä Oy statistics  
Isku Spaces Oy was founded in 2024.

	2022	2023	2024		2022	2023	2024
<b>Number of staff</b>				<b>Retirement age</b>			
Isku Group	621	576	516	Isku Group	64,2	64,1	65,1
Isku Interior Oy	385	369	270	Isku Interior Oy	64,2	64,2	64,5
Isku Koti Oy	136	117	85	Isku Koti Oy	-	64,2	64,5
Isku Spaces Oy	-	-	73	Isku Spaces Oy	-	-	64,5
Isku-Yhtymä Oy	41	39	40	Isku-Yhtymä Oy	64,2	64	66,2
Isku International units	-	-	49	<b>Forms of employment relationship %</b> (permanent/temporary)			
<b>Average age</b>				Isku Group	98/2	97/3	95/5
Isku Group	45	46	45	Isku Interior Oy	99/1	98/2	94/6
Isku Interior Oy	47	45	47	Isku Koti Oy	98/2	95/5	97/3
Isku Koti Oy	39	45	41	Isku Spaces Oy	-	-	97/3
Isku Spaces Oy	-	-	45	Isku-Yhtymä Oy	91/9	97/3	98/2
Isku-Yhtymä Oy	48	48	48				

## Age distribution %

2022	<30	30-39	40-49	50-59	>60
Isku Group	9	26	26	29	10
Isku Interior Oy	4	23	30	33	10
Isku Koti Oy	25	32	18	20	5
Isku-Yhtymä Oy	3	35	19	16	27

2023	<30	30-39	40-49	50-59	>60
Isku Group	8	27	32	21	12
Isku Interior Oy	5	22	40	23	9
Isku Koti Oy	17	30	22	20	11
Isku-Yhtymä Oy	0	41	16	14	30

2024	<30	30-39	40-49	50-59	>60
Isku Group	10	28	30	21	12
Isku Interior Oy	0	27	30	24	9
Isku Koti Oy	28	29	23	18	2
Isku Spaces Oy	5	23	38	25	9
Isku-Yhtymä Oy	2	33	11	16	38

Gender distribution (f/m%)	2022	2023	2024
Isku Group	47/53	47/53	47/53
Isku Interior Oy	46/54	46/54	41/59
Isku Koti Oy	49/51	50/50	47/53
Isku Spaces Oy	-	-	65/35
Isku-Yhtymä Oy	46/54	46/54	50/50

## OCCUPATIONAL HEALTH AND SAFETY

	2022	2023	2024
<b>Absences due to sickness (%)</b>			
Isku Group	3,6	3,4	3,4
Isku Interior Oy	3,9	3,8	3,3
Isku Koti Oy	3,7	3,4	4,6
Isku Spaces Oy	-	-	1,2
Isku-Yhtymä Oy	0,6	0,4	2,8
*industrial workers	6,2	6,1	5,2
<b>Accident frequency</b>			
Isku Group	12	5	14
*industrial workers	29	3	20





ISKU

ISKU 

ISO 9001  
BUREAU VERITAS  
Certification



ISO 14001  
BUREAU VERITAS  
Certification



ISO 45001  
BUREAU VERITAS  
Certification



PEFC  
BUREAU VERITAS  
Certification

