

The ENSTO logo is displayed in a bold, blue, sans-serif font in the top right corner of the page.

Sustainability Report 2018



Better life.
With electricity.

Contributing to Build a More Sustainable World

ensto.com

Table of Contents

1 MESSAGE FROM THE CEO: BETTER LIFE WITH ELECTRICITY. SUSTAINABLY	4
2 ENSTO IS A SUSTAINABLE TECHNOLOGY COMPANY	5
2.1 Our values	6
2.2 Our ethical principles.....	6
2.3 Our vision	7
2.4 Our strategy	8
2.5 Governance.....	9
2.6 Supporting the UN Global compact.....	10
2.7 Sustainability steering.....	12
2.8 Economic performance	12
2.9 Company changes and cooperation	13
3 ABOUT THIS REPORT	14
3.1 Reporting period and reporting cycle.....	14
3.2 Material aspects and boundaries.....	14
3.3 Ensto's impact on sustainability through the value chain.....	15
3.4 Reporting data collection	16
3.5 Further information, contact point	16
4 OUR RECOGNITIONS.....	17
4.1 Golden Label for Socially Responsible Entrepreneurship.....	17
4.2 Vision Zero Forum Certificate	17
5 COOPERATION WITH OUR STAKEHOLDERS.....	18
5.1 Communicating with our stakeholders	19
5.2 Our main stakeholders and their expectations.....	20
5.3 Examples of stakeholder co-operations.....	21
6. SUSTAINABILITY APPROACH AND TARGETS	24
6.1 Contributing to build more sustainable world. With electricity.....	24
6.2 Our sustainability approach.....	24
6.3 Sustainability targets	25
6.4 Sustainability Themes.....	27
7 BEST EMPLOYEE EXPERIENCE.....	28
7.1 Personnel – diversity as a strength	28
7.2 Working with our employees to make Ensto a better place to work.....	30
7.3 Employee well-being.....	31
7.4 Continuous improvement towards Zero Accidents	32

7.5 Competence management	32
7.6 Cultivating innovative working environment.....	36
7.7 Rising environmental awareness	36
7.8 Labor principles.....	37
8 SMART SOLUTION CREATION	38
8.1 Sustainability in Smart Solution Creation in general	38
8.2 Reliability for electricity distribution with Ensto Utility Manager	39
8.3 Modular products make sustainable solutions.....	39
8.4 Sustainable comfort with new Eco-designed Smart thermostat.....	40
9 RESPONSIBLE SOURCING.....	41
9.1 Supplier quality.....	41
9.2 Working with our suppliers.....	42
10 LEAN MANUFACTURING AND DELIVERY	44
10.1 Lean manufacturing at Ensto	44
10.2 Focusing on quality at Ensto	47
10.3 Delivery at Ensto.....	47
11 ENVIRONMENT	48
11.1 Environmental programs	48
11.2 Environmental performance	49
12 GRI CONTENT INDEX	54
13 EXTERNAL ASSURANCE	54

1 Message from the CEO: Better life with electricity. Sustainably.



Ensto enables sustainable future with electricity

Electricity is the key energy form for modern and sustainable societies. It is not only the foundation for our information and communications technologies but eases up life in many other sectors as well. There is no other energy form with such a versatility.

The electric grid is the backbone of electricity connecting multiple sources to a smart network of producers and users. Furthermore, extensive and smart use of renewable electricity is an efficient way of fighting against the climate change.

Ensto offers solutions to make electricity work for all of us, every day. It provides solutions that complement the

aim of ensuring a better life for future generations. Today, Ensto designs and provides smart electrical solutions for electricity distribution, electrification and lighting for buildings and marine industry, and solutions that enable the electric vehicle charging infrastructure. And sustainability being a driver for new thinking models and innovations.

This is our way of making life better with electricity.

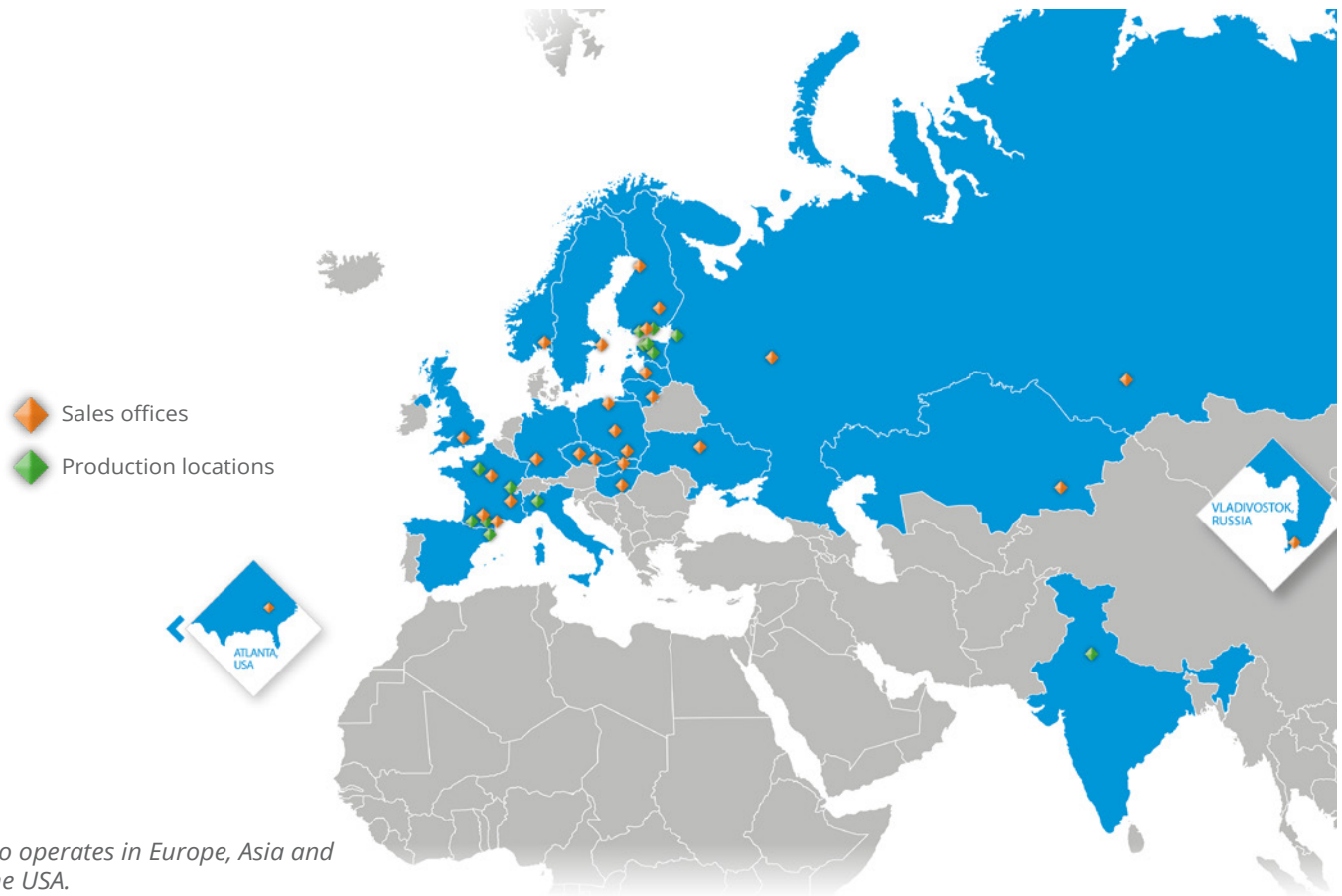
Continued commitment to UN Global Compact

Like previous years, I am pleased to confirm that Ensto reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. We have combined our sustainability report, which follows

GRI standards, and UN Global Compact report. In the combined report, we describe our actions to continuously improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

At Ensto, the sustainability is a genuine value and not just a tool for doing business. I hope you enjoy reading this report and wish that you will follow our sustainability progress in the future too.

2 Ensto is a sustainable technology company



Ensto operates in Europe, Asia and in the USA.

Ensto, an international technology company and a family business, was founded in 1958 and employs ca. 1,600 passionate professionals in Europe, the USA and Asia. In 2018, we generated turnover of ca. 266 million euros. We believe in a better life with electricity and a more sustainable tomorrow.

Ensto is a limited company, owned by Ensto Invest Oy. In 2018, Ensto had three businesses: Ensto Smart Buildings, Ensto Utility Networks and Ensto Digital Solutions.

Ensto has its headquarters in Porvoo, Finland and operates in 20 countries and sales to ca. 100 countries. Ensto has production facilities in seven countries: Finland, Estonia, France, Spain, Italy, Russia and India.

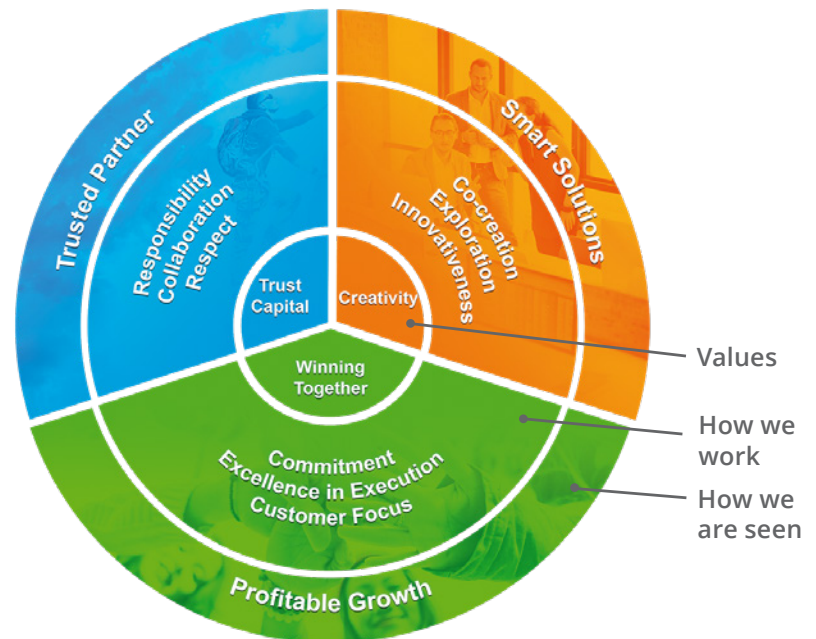
Ensto's products are sold under the Ensto brand. Ensto's business model is mainly business-to-business. In some market areas, our business is done via wholesalers and distributors, and our biggest customers are utilities, contractors, designers, construction companies, building owners and facility management and fleet owners.

Ensto designs and provides smart electrical solutions to improve the safety, functionality, reliability and efficiency of smart grids, buildings and transportation.



2.1 Our values

Ensto's values describe what we stand for and what we expect of others. Our values are what we know to be true, what underlie everything that takes place in our organization; they define how we work, and how we work defines how we are seen externally.



Trust Capital

Trust is the basis for everything we do, and it must be earned every day. Human centricity, openness and responsibility are visible in every action we take. We always keep our promises, which makes us a Trusted Partner.

Creativity

Creativity drives innovativeness and we want to explore new technologies and business models. Together with our customers and other partners, we create Smart Solutions.

Winning Together

We are a family business with family values. We collaborate, understand our customers' business and are excellent in execution. This leads to mutual Profitable Growth.

2.2 Our ethical principles

The ethical principles of Ensto are based on trust, accepted practices, our values and the fact that we in our operations comply with the principles of the UN Declaration of Human Rights, the Rights of the Child and the Declaration of the United Nations International Labour Organization as well as national laws and regulations.

We respect all human beings

We emphasize trust and equality among all human beings and we want to take care of each other. We have strict operational ethics and responsibility.

We are honest and open

We operate honestly and justly, conforming to laws and regulations. We expect the same from all our partners in business. We want to serve our customers and other partners in the best possible ways.

We are a healthy and secure workplace

We offer all our employees high-quality occupational health and safety, and we want to work with our employees to look after their well-being.

We protect the environment

We want to contribute to the development of a healthy environment and more sustainable production and consumption habits, locally, nationally and internationally. We take environmental matters into account in all of our actions.

We assume voluntary responsibility for the surrounding community

We want to participate in the activities of the communities that surround us. We partner with various institutions and support social programs such as youth work, environmental work, culture and sports.

2.3 Our vision

Better life. With electricity.

At Ensto, our vision is to create Better life. With electricity. We design and provide smart electrical solutions to improve the safety, functionality, reliability and efficiency of smart grids, buildings and transportation.

Smart electrical solutions for infrastructure and buildings enable better and more sustainable life for all of us.

2.4 Our strategy



Our strategic targets are:

- Best employee experience
- Best customer loyalty
- Sustainable profitable growth
- Recognized electrical solution provider
- Delivery as differentiator

We provide electrical solutions for smart grids, buildings and transportation. Our solutions improve safety, functionality, reliability and efficiency. We are the trusted partner as we always keep our promises. Our goal is to build close and long-term customer relationships. For us it is important to be able to fulfill customer promises accurately and efficiently through end-to-end supply chain control of core offering elements.

We want to explore new technologies and business models and find solutions for our customers by collaborating with them. We seek growth in service business and from new solutions. We have also set a target to increase our revenue from geographic expansion.

2.5 Governance

Governance principles

Ensto's values and Employee Code of Conduct act as solid basis for a stable governance structure and work.

Ensto's Corporate Governance Policy outlines the rights, roles, and responsibilities of the governing and management entities at Ensto. The policy covers owners (through Ensto Invest Oy), the Ensto Board of Directors, the President and CEO, and the Ensto Management Team.

Ensto Invest Oy has the fundamental responsibility to formulate and communicate their expectations regarding Ensto's value creation and respective risk tolerances to the governing bodies of Ensto. The primary role of Ensto's Board of Directors is to ensure future success and operational preconditions for Ensto. In order to guarantee objectivity, no person from the operational management of Ensto is allowed to be a member of the Board, and at least two Board members have to be unrelated to the family.

The Corporate Governance Policy highlights, among other aspects, the objectivity of decision-making, adherence to ethical standards, legal compliance, effective procedures, and close and open dialogue. In addition, the policy states the principles and responsibilities for risk management in the organization as well as in audit requirements.

We have continuously developed our internal reporting systems in order to achieve reliable and consolidated information to further develop our processes.

We comply with all national laws and regulations wherever we operate.

Employee and Supplier Code of Conducts

We respect and promote human rights in accordance with the UN Guiding Principles on Business and Human Rights. The Ethical Principles of Ensto are based on our values, accepted practices and the fact that we in our operations com-

ply with the principles of the UN Declaration of Human Rights, the UN Rights of the Child and the Declaration of the United Nations International Labor Organization as well as national laws and regulations.

One of our Ethical Principles is to respect all human beings. We emphasize trust and equality among all human beings. We have strict ethics and responsibility. We also expect our suppliers to respect and support the human rights. Ensto's suppliers are obligated to implement the principles of the supplier Code of Conduct across their whole operation.

Implementation of Human Rights

Our values, Ethical Principles and policies are available in our intranet and on our website. New policies and changes in existing ones are introduced to all of our personnel by Managing Directors of our country organizations. E-learning courses are made available if seen fit for the purpose. Managing Directors of Ensto's companies in different countries are responsible for compliance with the local laws and regulations and following Human Rights.

The responsibilities of personnel and managers to notify about suspected non-compliances or violations of the Human Rights are defined in the Ensto Employee Code of Conduct. We expect our suppliers to respect and support the human rights; the requirement is clearly stated in our Supplier Code of Conduct. We follow this by asking all our new suppliers to fill in a self-assessment formula and carrying out supplier audits to risk countries and whenever we suspect a violation of the Code.

There were no human rights related non-compliances reported in 2018.

Anti-corruption

Ensto has a zero tolerance for corruption of any kind. The Ensto Employee Code of Conduct, approved by the Ensto Management Team of Ensto Group, outlines the proper practices and provides guidance to help employees recognize and deal with ethical issues laws

and practices related to anticorruption. The Ensto Employee Code of Conduct applies to all Ensto's employees in their daily work. Employees are provided with an e-course about Ensto Employee Code of Conduct, which looks at issues such as anticorruption.

Responsibilities in the event of non-compliance are outlined in the Ensto Employee Code of Conduct. We expect our employees to ask questions and report to their superior whenever they believe there is a potential violation of law or policy, and we investigate all such concerns.

We expect our suppliers to follow the laws and regulations related to anti-corruption. This has been stated in our Supplier Code of Conduct. We conduct risk assessments to all our new suppliers and suppliers' audits to suppliers from risk areas to ensure that we identify and respond to anti-corruption risks. In 2018, there were no fines or other sanctions for non-compliance for regulations related to anticorruption.

Policies and voluntary commitments

Ensto Group policies are maintained by Ensto Management Team and approved by the Ensto Board of Directors to clarify the most relevant principles in strategic and operational decision-making.

Our policies are group-wide principles to guide decision making in all organizational levels. Policies assist in both subjective and objective decision making in:

- adopting our values, ethical principles, and corporate governance;
- ensuring interests of our stakeholders like employers, customers, suppliers, and community
- defining and developing strategies and operational procedures commitments in their everyday work

Ensto has several policies such as:

- Quality and Environmental policy
- Health and Safety policy
- Conflict Mineral policy



2.6 Supporting the UN Global compact

Ensto is a signatory of the United Nations Global Compact since 2013, and we are committed to its principles on human rights, environment, labor, and anti-corruption.

We promote sustainable development in all our daily business activities and operations. We demonstrate this by committing to the Ten Principles of the UN Global Compact initiative. Through our participation in the UN Global Compact, we are continually learning how to strengthen existing, or develop new, internal practices and policies.

We have reported our progress on an annual basis. This year we publish the first time a report that combines Ensto's sustainability report and our Global Compact Communication on progress.

Following table is about how we have connected the UN Global Compact principles to Ensto Employee Code of Conduct and Supplier Code of Conduct and policies.



UN Ten principles covered in our Principles, Policies and Codes of Conduct

HUMAN RIGHTS	COVERED IN
Principle 1	• Ethical Principles
Business should support and respect the protection of internationally proclaimed human rights.	• Ensto Employee Code of Conduct
	• Supplier Code of Conduct
Principle 2	• Ethical Principles
Make sure not to be complicit in human rights abuses.	• Ensto Employee Code of Conduct
	• Supplier Code of Conduct
LABOR STANDARDS	COVERED IN
Principle 3	• Ethical Principles
Business should uphold the freedom of association and the effective recognition	• Ensto Employee Code of Conduct
	• Supplier Code of Conduct
Principle 4	• Ethical Principles
The elimination of all forms of forced and compulsory labor	• Ensto Employee Code of Conduct
	• Supplier Code of Conduct
Principle 5	• Ethical Principles
The effective abolition of child labor	• Ensto Employee Code of Conduct
	• Supplier Code of Conduct
Principle 6	• Ethical Principles
Elimination of discrimination in respect of employment and occupation	• Ensto Employee Code of Conduct
	• Supplier Code of Conduct
ENVIRONMENT	COVERED IN
Principle 7	• Ethical Principles
Businesses should support a precautionary approach to environmental challenges	• Quality and Environmental Policy
	• Safety and Health Policy
	• Supplier Code of Conduct
Principle 8	• Ethical Principles
Undertake initiatives to promote greater environmental responsibility	• Quality and Environmental Policy
	• Safety and Health Policy
	• Ensto Group R&D Guidelines
	• Supplier Code of Conduct
Principle 9	• Ethical Principles
Encourage the development and diffusion of environmentally friendly technologies	• Quality and Environmental Policy
	• Ensto Group R&D Guidelines
ANTI-CORRUPTION	COVERED IN
Principle 10	• Ethical Principles
Businesses should work against corruption in all its forms, including extortion and bribery.	• Ensto Employee Code of Conduct
	• Supplier Code of Conduct



2.7 Sustainability steering

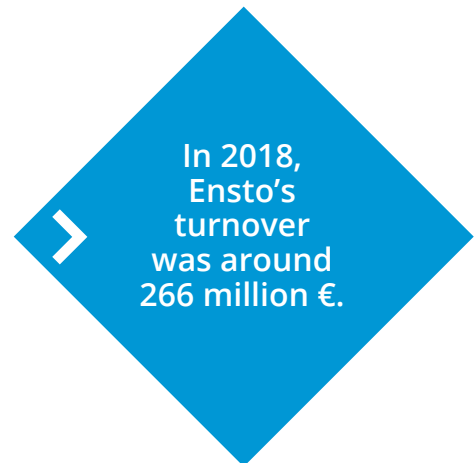
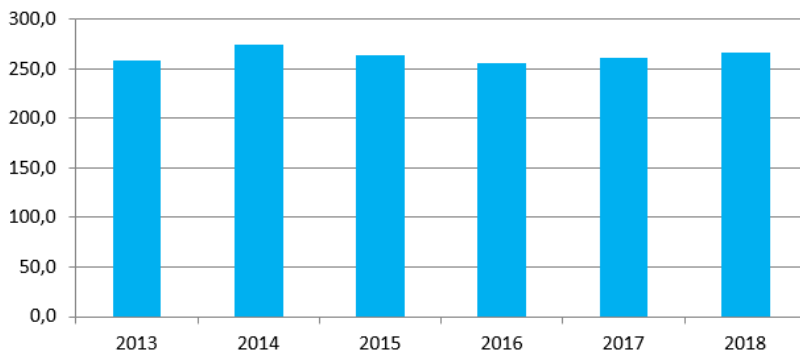
A Sustainability Steering Team has been established to ensure that the reporting process is carried yearly as of 2017. The Sustainability Steering Team has representatives from Group Brand and Communications,

Group Sourcing, Operations, Human Resources and Product Development. The Chairman of the Steering Team is the Director responsible for sustainability at Ensto.

2.8 Economic performance

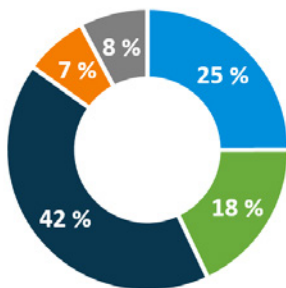
Our biggest markets are the Nordic countries and other EU countries. We do business in Asia and USA as well. In 2018, our turnover was around 266 million €.

Turnover 1000k € in 2013 - 2018

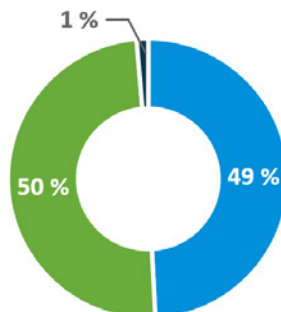


Turnover division by market and business areas in 2018

Market Areas



Business Areas



- Finland
- Other Nordic countries
- Other EU countries
- Russia and CIS countries
- Others
- Ensto Smart Buildings
- Ensto Utility Networks
- Others

2.9 Company changes and cooperation



Changes in the corporate structure

As of January 1, 2017, Ensto's parent company has been Ensto Invest Oy. Miettinen family continues to be the sole owner of Ensto Invest Oy. In April 2018, the majority of the ownership of Ensto Invest, was transferred to the third generation of the family. Ensto Invest's third generation owners are Anna Miettinen, Iida Miettinen, Jenni Raitavuo, Samu Raitavuo, Lari Raitavuo, Emilia Valsta, Miikka Valsta and Matias Oksanen. Marjo Miettinen and Taru Kokkomäki continue as owners.

Ensto's business structure was changed in the early 2018 for better alignment with our strategy. Our business units facing our customers are Ensto Smart Buildings and Ensto Utility Networks.

They are supported by Ensto Digital Solutions, Ensto Operations and Group and Platform Services functions.

Ensto Smart Buildings serves customers with electrification, lighting and EV charging solutions. Ensto Utility Networks continues serving electricity distribution customers. Ensto Digital Solutions leads Ensto's digital transformation by creating lifecycle solutions for both smart buildings and electricity distribution ecosystems. Additionally it develops innovative co-operation models with external partners, coordinates technology exploration and is responsible for digital marketing and sales. We have also moved our ICT team to be part of Ensto Digital Solutions BU, so that internal and external solutions can be better developed together.

Acquisitions and divestments

Ensto and Finnish family company Plastone Oy signed a subcontracting agreement in October 2018 that covers manufacturing of Ensto's plastic enclosures as of January 2019. In connection with this transaction, Ensto sold its injection moulding machinery and rented its Tallinn plant to Plastone Oy.

The transfer of the ownership of the machinery has taken place in January 2019 and the transaction is scheduled for completion by April 2020. Personnel affected by these changes were offered new jobs either by Ensto or by Plastone Oy.



3 About this report

Ensto is committed to continuous sustainability reporting. This report covers the whole company's sustainability performance for the year 2018 and it covers all Ensto's business units and locations. Our sustainability report follows the GRI standards principles using the CORE-option as the guideline. As Ensto is not a listed company, and do not report our financial performance, this report concentrates mainly on social and environmental aspects.

In our sustainability report, we are committed to transparency. In our report, we also report our compliance with UN Global Compact principles. The Global Reporting Initiative Content index is available on page 56 and on our website.

3.1 Reporting period and reporting cycle

The sustainability reports have been published every second year starting from the year 2012. An exception was in 2016 (25.10.2016), when the report for 2014-2016 was published. The one-year delay was due to a renewal and implementation of our new corporate strategy. Our sustainability report is available in electronic format as of year 2017 and it is published annually.



3.2 Material aspects and boundaries

Our sustainability reporting focuses on our relevant impacts on our entire value chain as well as on topics that are most important to our business. The material aspects reflect Ensto's strategic priorities and our customers' and other stakeholders' sustainability requirements. UN

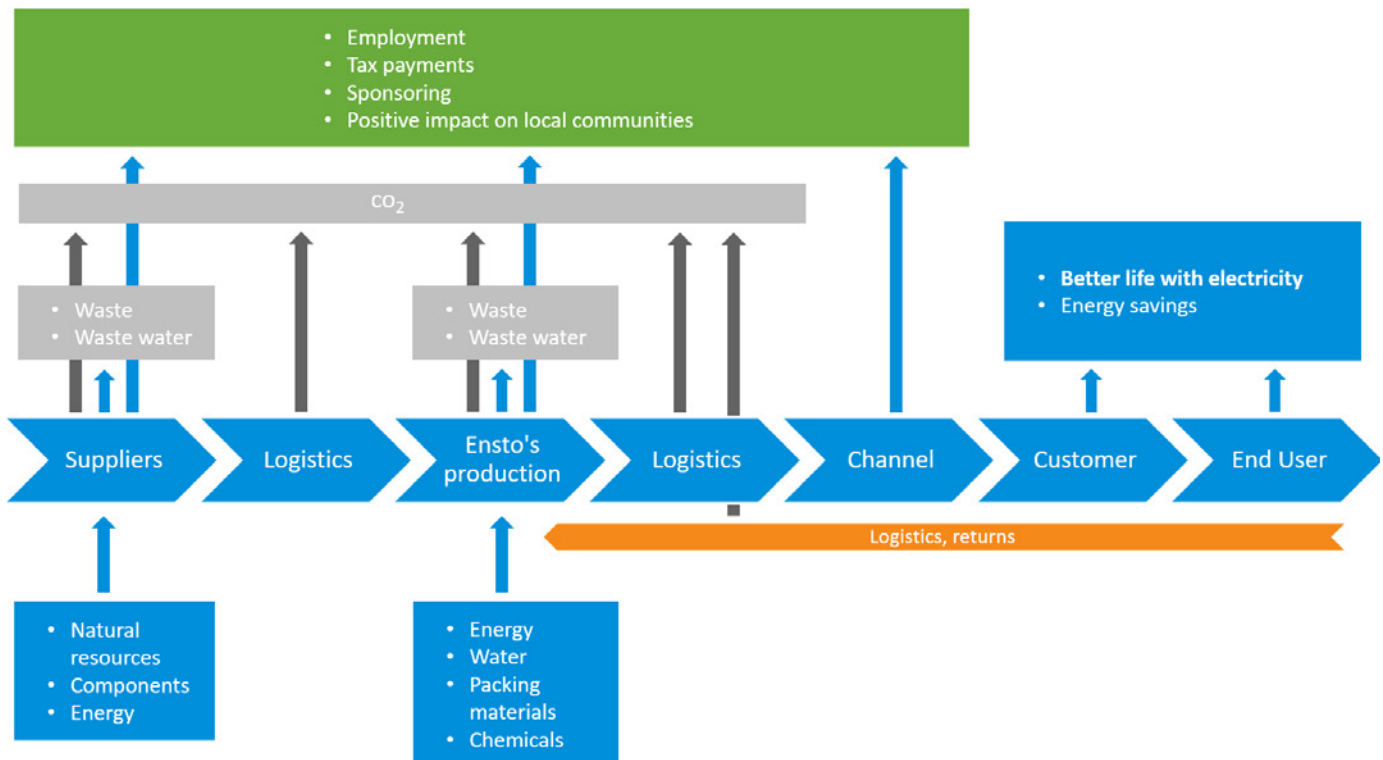
Global Compact principles guide our reporting topics as well as key performance indicators determined in the GRI Standard Guidelines. Material aspects have been defined internally in sustainability framework process.

We have concentrated on reporting environmental and social responsibility. As we are a family company, we have chosen not to publish our economic figures externally and therefore only limited amount of financial data is included in this report.

3.3 Ensto's impact on sustainability through the value chain

Ensto's role in the value chain is described below. As an electrical solutions provider and manufacturer, the most important stakeholders for us are material and component suppliers, where our purchases make the biggest impact on economic, social and environmental topics. Upstream the value chain our solutions' impacts are mainly economic and environmental.

Our value chain



3.4 Reporting data collection

Data gathering is an important part of our sustainability reporting. The personnel data and the data related to the social performance are collected globally through Human Resource Management system, covering all units and providing basic employment related information on all employees.

Our local human resources personnel collect the training and safety data. Accident figure calculations uses the production hours of locations, which are taken from local factories payroll systems.

Environmental data is compiled from manufacturing plants, all together 13 in 7 countries. No data of waste production was available from India and Vernon. CO2 emissions of the electricity production were collected from the energy producers whenever the data was available. Electricity CO2 emission data from the European Environment Agency was used as a source for calculating emissions of our factories in Llers and Milan. Equally, the data source for electricity CO2 emissions in Russia and India is the International Energy Agency. CO2 emission factors for fuels were

gathered from different sources, which were Finland´s Ministry of the Environment, Motiva, Sustainable Development Company in Finland, and U.S Energy Information Administration.

Financial data is based on data collection through our enterprise resource planning system. The figures used in Ensto Group's consolidated financial statements have been prepared according to the International Financial Reporting Standard.

3.5 Further information, contact point

This report will be published in June 2019 and it is only available in digital format to reduce the usage of printing materials. The report is not externally audited.

For more information about the GRI guidelines, please see www.globalreporting.org.

If you have any questions regarding our sustainability report or its content, please contact us through ensto@ensto.com.

You can find the report as an "archive" mode or as a form of HTML on our sustainability page: <https://www.ensto.com/sustainability>

4 Our recognitions

4.1 Golden Label for Socially Responsible Entrepreneurship

Ensto Ensek, our company operating in Estonia with nearly 500 employees, has received its first Golden Label for Socially Responsible Entrepreneurship. The responsible leadership at Ensto is expressed in several areas. "For environmental reasons, we adopted a smart heating solution at our Keila factory,

where a computer is responsible for optimum heating management," explains Kaarel Suuk, Director of the Ensto Ensek Keila plant. In community projects, the company has actively sought ways to contribute to the goals of the local people, both in Keila and in the Lasnamäe district.

The non-governmental organization Responsible Business Forum Estonia issues quality labels in gold, silver and bronze categories. The competition allows businesses to analyze how positive their impact is on their surroundings, in order to find ways to improve this, as well as to profit from it as a company.



4.2 Vision Zero Forum Certificate



The Vision Zero Forum has awarded in April 2018 annual safety level certifications to workplaces that have continuously improved their occupational safety. Ensto Finland was awarded level II certification – Approaching Worlds Forefront. In 2018, Forum granted all level certifications to 78 companies in Finland, to companies that put effort in continuous development of safety.

Vision Zero Forum is a Finnish national network for workplaces sharing a genuine desire for continuous improvement of occupational health and safety. The main principle of the Forum is to share successful practices and to learn from each other.



5 Cooperation with our stakeholders

Stakeholders are considered an integral party of the organization, as they are important for us. We find it necessary to understand the needs and expectations of our stakeholder to ensure customer satisfaction, to meet compliance obligations and continuously improve our stakeholder management. Our activities are based on the stakeholder analysis in 2017. The analysis increased our understanding of the needs and expectations of our stakeholders and pointed out the positive, negative and

changing influences from a range of stakeholders.

For us, being a trusted partner as smart electrical solution provider, contributing to enhance nature's wellbeing is self-evident. We aim continuously to build an open and transparent dialogue with our stakeholders to find together the best practices to achieve a more sustainable and socially responsible world. We are doing this by actively developing our relationships with employees, customers,

communities, suppliers, students and other stakeholder groups. Through our sustainable and smart solutions, we are able to create basis for better life with electricity.

From sustainability point of view, our key stakeholders are Ensto's personnel, customers, owners and suppliers. We also actively work with students, communities and authorities.

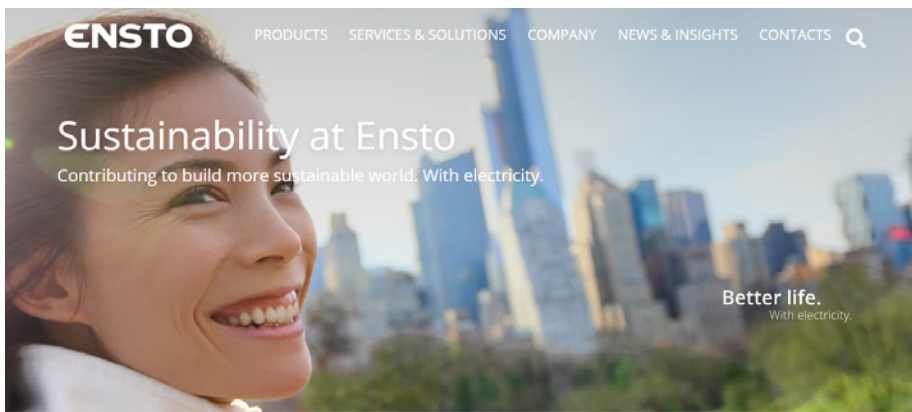


5.1 Communicating with our stakeholders

We feel effective and open communication is a critical part of the quality management system. Our key communication objectives are to provide and obtain relevant and accurate information, reach critical stakeholders and fulfil the compliance obligations. With

timely information, we want to promote quality, safety and environmental matters and thus encourage the usage of best practices.

Our main external communication channel is Ensto's web page (www.ensto.com) and newsletters. We publish a stakeholder magazine Ensto Today once a year. We also use social media, such as Facebook, LinkedIn and Twitter, to communicate with our stakeholders and share our news. Environmental aspects are mainly communicated through the sustainability report, web pages and Ensto Today stakeholder magazine. Internally our main communication channels are Ensto's intranet, newsletters, info screens, briefings and trainings.



Better life with electricity. Sustainably.

For us sustainability means responsible operation in all our actions. We constantly seek ways to reduce our energy consumption and operate more efficiently. We concentrate our efforts in the areas that account for most of our environmental impact to effectively enhance our overall performance: namely the use of raw materials, the consumption of electricity and the generation of non-recyclable waste.

We contribute to building a better society with electricity by providing smart solutions and services, improving energy efficiency and focusing on sustainable development. To accomplish this, we aim to be at the front line of the electrical systems and supplies industry in producing clean, recyclable, trusted, and innovative products and solutions that have a long lifetime and a low environmental impact over their life cycle.

We do our utmost to run our business in ethical manners through the whole value chain. We value human rights, and health and safety working conditions and expect our suppliers to do so too.

We are committed to promote responsible practices in our supply chain, while ensuring that our sourcing and supplier relationships deliver a competitive advantage. We expect our suppliers and partners to respect our values, policies and way of doing business when engaging in business activities with us. We see sustainability as part of our everyday actions.

Our Sustainability Approach

Our sustainability framework follows Ensto's new business strategy. We have defined four sustainability themes by focusing on our main stakeholders' needs and requirements. These focus areas are put into practice through concrete action plans that are followed at all levels of the organization.

Sustainability Themes



Best Employee Experience

The target of Best Employee Experience is to attract, develop and retain the best talents. This is done by offering equal opportunities and training to our employees, invest in wellbeing and work satisfaction. This theme also aims at raising the environmental awareness of our employees and other stakeholders.

[Read more >](#)



Smart Solution Creation

Smart Solution Creation concentrates on supporting customers in sustainability by creating smart and safe solutions with low environmental impact. We seek ways to reduce energy consumption of our products with smart technology. We are embedding sustainability into internal processes by prioritizing materials with low environmental impact and developing product lifecycle management.

[Read more >](#)



Responsible Sourcing

In Responsible Sourcing we concentrate on increasing transparency in sourcing activities. We aim to set clear, transparent and fair criteria and processes when choosing and managing suppliers and partners. We focus on that supplier criteria is communicated, understood and followed throughout the whole supplier chain.



5.2 Our main stakeholders and their expectations

STAKEHOLDER	EXPECTATIONS	OUR ACTIONS
Customers	<ul style="list-style-type: none"> • Good service level, quality products which fulfil the standards, competitive pricing • Competitive future offering • Long-term customer relationships • Local presence in each market area • Sustainable and responsible operation 	<ul style="list-style-type: none"> • Improving the price-quality ratio product and solution development processes • Involving customers in product development projects • Developing sales management • Making sustainability one of the main criteria in our product development • Training programs for customers • Participating fairs • Technical support
Employees	<ul style="list-style-type: none"> • Permanent jobs and long-term careers • Fair and equal treatment • Safe working environment • Opportunities for training and personal development • Professional leadership • Positive work environment 	<ul style="list-style-type: none"> • Development actions based on employee feedback • Developing leadership and competence skills • Job rotation • Promoting employee health and safety • Wellbeing –framework
Suppliers	<ul style="list-style-type: none"> • Responsibility and liquidity • Long-term business relationships • Clearly defined requirements • Open communication and accurate information • Support in competence development 	<ul style="list-style-type: none"> • Conducting business in a reliable and responsible way • Open pricing policy • Supplier Code of Conduct and Supplier Requirement Guidelines published on our website • Regular partner meetings • Involving suppliers in development projects
Owners	<ul style="list-style-type: none"> • Long term value creation and strategy • Competent employees • Responsible risk management and corporate governance • Excellent global Ensto reputation 	<ul style="list-style-type: none"> • Implementing a new Ensto strategy • Responsible risk management and good management of code of conduct • Acting as a trusted partner for all our stakeholders • Taking care of our employees
Authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations • Payment of taxes • Reliable employer • Active participation in regulation definition process • Open dialogue 	<ul style="list-style-type: none"> • Payment of taxes • Compliance with laws and regulations • Active dialog with regulators and participating work groups
Students and universities	<ul style="list-style-type: none"> • Trainee and summer job opportunities • Thesis opportunities • Visits in Ensto • Sponsoring and scholarships 	<ul style="list-style-type: none"> • Hire students for summer jobs • Offer intern, trainee and thesis positions • Sponsoring and taking part in student events • Take part in responsible summer job campaign in Finland • Host visits at Ensto • Cooperation projects with universities in Finland, Estonia and in France • Take part in development of curriculum in Finland and in Estonia
Communities	<ul style="list-style-type: none"> • Sponsoring • Open communication • Cooperation round table sessions with other companies in same industrial area to share best practices including sustainability topics 	<ul style="list-style-type: none"> • Sponsoring sport clubs and teams • Corporate communication in website • Hosting school visits • Cooperation with local municipalities (Estonia)

5.3 Examples of stakeholder co-operations

Best Customer Loyalty Measurement

Best customer loyalty is certainly one of the pillars of the Ensto strategy and customer satisfaction is one of the major factors that lead to success of the company. That is why in 2018, Ensto started Best Customer Loyalty Measurement, which will provide answers to following questions:

- What should be done, in order to get a big picture how customers perceive the company?
- What kind of actions should be taken up to improve customer loyalty and overall satisfaction?
- How likely are customers to recom-

mend Ensto as such, as well as Ensto products and solutions?

- What kind of expectations Ensto customers have regarding joint development of solutions?

In 2018, the project started in Finland, Sweden and France, and included definition of customer loyalty at Ensto and drivers that mostly influence it, as well as creation of customer experience metrics and process for feedback collection.

In 2018, we had several customer audits where customers either audited our own factories or even audited our suppliers operations.



Students and universities

At Ensto, we see students as a valuable resource of future's workforce. We want to influence on young people's attitude towards technology industry and show how interesting and versatile branch of business this is. Students also bring up new ideas and give us a hint in which direction the world is going to.

Ensto has cooperation with Technical University in Tallinn and in Helsinki. We participate yearly in different kinds of student events, give lectures, and invite students to visit our factories. In 2018, we had multiple student groups visit-

ing and getting to know Ensto's factories in several countries. During these visits, we tell the young people about our company, our business and future possibilities Ensto can offer them as an employer, e.g. opportunity to do their master thesis, summer jobs, internship positions and working opportunities.

In 2018, we had almost 100 summer trainees working in our factories and offices among our regular professionals. Ensto has already in several years joined the "responsible employer" campaign and got positive feedback from the summer trainees in Finland.



Children and youth

Children and youth are the most important target groups of Ensto's sponsorships. Ensto wants to support well-being and physical exercise of children and youth in those communities, we are located. As a family company, Ensto wants to support families in the surrounding community, and thus help family well-being.

Ensto supports primarily team sports, since this demonstrates Ensto's basic corporate values of interaction and collaboration, as well as supporting team play rather than an individual's performance. One of the main goals of spon-

sorship for Ensto is to do concrete acts and to be an active and responsible part of society. Through sponsorship, we interact with our stakeholder groups. We collaborate with many good projects and organizations, focus being in social and environment responsibility programs.

In 2018, we have supported multiple children sport clubs in the countries we are actively present. For example in Czech we sponsor Junior Football League, in Finland we have supported children athletics teams and associations.





60 years and more than 60 good acts

In 2018, we celebrated Ensto's 60th birthday by engaging in 60 acts to make the world a better place. All Ensto countries contributed and shared good with local communities. We ended up realizing altogether 63 good acts for better life and for a better future, and affected hundreds and hundreds of lives during the year.

For example, a better life with electricity was given to children in playgrounds and schoolchildren in Estonia, and the elderly in the UK, quality of electricity was improved with a phase balancer in Lithuania, and equality was brought to Kenya with solar panels. Electric traffic

was supported by dozens of electric vehicle charging points in Finland and Norway, and Finland's first electric aircraft also had its maiden flight with the support of Ensto. In addition, Ensto people took part in the World Cleanup Day in eight countries, planted trees in three locations, ran and cycled to raise money for good causes, and supported dozens of organizations and sports clubs in their important activities. One of the first good acts of the year was also the introduction of Ensto's new, ecological packages.

All good Acts and stories are available at ensto.com/60acts, and in addition, they are gathered in a video.



Spreading the word on Ensto EVC solutions

Ensto offers many excellent solutions for electric vehicle charging (EVC). There have been many great efforts in 2018 to distribute practical information on setting up the infrastructure to enable EVC and increase the awareness on the benefits of electric transport in general. Webinars are a great example on this topic.

Ensto EVC webinars are targeted for various people ranging from electric designers to anyone interested in EV charging. We have produced a webinar series based on our own online guidebook on how to how to design EVC infrastructure.



Ensto's Solution Manager Päivi Linteri and Janne Kaperi, the host of @Koti on Finnish TV channel MTV



Cooperation with networks and forums

Ensto works actively in many networks and forums. We have been funding co-research projects, participated in workshops and taken part and organized seminars. The organizations and forums that we are working with are among others (non-exhaustive):

Sustainable development forums:

- FIBS, leading corporate responsibility network in Finland
- CLC, Climate Leadership Coalition
- Estonian association for Environment and Quality Management

Compliance schemes:

- EES-Ringlus, non-profit organization of producer responsibility which organizing integrated management of waste from electrical and electronic equipment's in Estonia.
- Elker Oy, Compliance operator in WEEE in Finland
- SELT ry, producer Association in WEEE in Finland

Certification bodies:

- SGS, Global inspection, verification, testing and certification company
- DNV, Det Norske Veritas
- UL, Global safety consulting and certification company

Industrial associations:

- AWEA, American Wind Energy Association
- BSW, German Solar Association. Promoting solar energy as a permanent pillar of a global energy industry.
- Europacable, the voice of all leading European wire and cable producers
- Technology Industries of Finland. Chaired by Marjo Miettinen, Chairman of the Board of Ensto. Promote competitiveness and the operational preconditions for this, the largest and most important export sector in Finland. Promoting Electric Mobility.
- STK, Finnish Electrotechnical Trade Association. Ensto representative chairs the lobbying group promoting smart and efficient use of electricity as the most important energy form of modern societies.

- Coalition for human rights law
- Ensto is one the signatories in the #ykkösketjuun campaign calling for the law on mandatory human rights due diligence to be included in the legislative agenda of Finland's next government.



6. Sustainability approach and targets

6.1 Contributing to build more sustainable world. With electricity.

For us sustainability means responsible operation in all our actions. We constantly seek ways to reduce our energy consumption and operate more efficiently. We concentrate our efforts in the areas that account for most of our environmental impact to effectively enhance our overall performance; namely the use of raw materials, the consumption of electricity and the generation of non-recyclable waste.

We contribute to building a better society with electricity by providing smart so-

lutions and services, improving energy efficiency and focusing on sustainable development. To accomplish this, we aim to be at the front line of the electrical systems and supplies industry in producing clean, recyclable, trusted, and innovative products and solutions that have a long lifetime and a low environmental impact over their life cycle.

We do our utmost to run our business in ethical manners through the whole value chain. We value human rights, and health and safety working condi-

tions and expect our suppliers to do so too.

We are committed to promote responsible practices in our supply chain, while ensuring that our sourcing and supplier relationships deliver a competitive advantage. We expect our suppliers and partners to respect our values, policies and way of doing business when engaging in business activities with us.

We see sustainability as part of our everyday actions.

6.2 Our sustainability approach

Sustainability at Ensto is guided by various principles. The main principles are defined in the Ensto's Employee Code of Conduct as well as our main policies: Quality and Environmental Policy and Safety and Health Policy. These, together with our values guide our sustainable way of working.

Our sustainability framework follows Ensto's new business strategy. We have defined four sustainability themes by focusing on our main stakeholders' needs and requirements. These focus areas are put into practice through concrete action plans that are followed at all levels of the organization. Theme

owners have been appointed by the Ensto Management Team members. These persons are responsible for developing and enhancing these themes.

We have set sustainability targets within our 4 sustainability themes. Progress is reported annually.



6.3 Sustainability targets

Progress in our sustainability targets is reported below.

Best employee experience	
TARGET	Progress
<ul style="list-style-type: none"> • Zero accidents 	<ul style="list-style-type: none"> • Accident frequency rate has a good reduction in 2018, but still work to left to reach zero accidents target.
<ul style="list-style-type: none"> • Increasing environmental awareness of our employees 	<ul style="list-style-type: none"> • We have implemented Ensto Green Office in Tallinn, Keila and in Porvoo. We plan to implement Ensto Green Office in all Ensto's offices. • Ensto organizes environmental trainings and two, environmentally related, theme weeks on yearly basis: Earth Day theme week and Energy Awareness Week.
<ul style="list-style-type: none"> • Measure and improve employee experience: • Employee Experience survey done yearly and response rate 80% • Employee Net Promoter Score: 20 (good) • Overall job satisfaction: over 75 % 	<ul style="list-style-type: none"> • Employee Experience survey has been conducted yearly since 2017. Response rate was 72% (75%) in 2018. • Employee Net Promoter Score was -6 (5) in 2018. • Overall job satisfaction was 72% (73 %) in 2018.
<ul style="list-style-type: none"> • Increasing employee occupational development • Launch of a Competence Management platform • Individual training plans in Ensto Academy • Ensto Code of Conduct should be introduced to all Ensto's employees 	<ul style="list-style-type: none"> • In 2018 Ensto continued to implement Ensto Academy, which is Ensto's Learning Management System. 10 new courses introduced like GDPR, CRM and Business Analytics courses. • In process. • Code of Conduct e-learning course was launched in 2017. 66 employees have finalized the course.
Smart solution creation	
TARGET	Progress
<ul style="list-style-type: none"> • To improve energy efficiency of our products and decrease environmental impact of our products 	<ul style="list-style-type: none"> • In the Sustainable Solution Creation, several examples are given. • We have made sustainability related improvements and updates into our Product Creation Process in 2018. The R&D staff received trainings on the topic and all the changes were taken into daily use.
<ul style="list-style-type: none"> • Actively support the increase of the electric transportation 	<ul style="list-style-type: none"> • Ensto representatives were active members of the rapidly growing E-Mobility ecosystem and business. Webinars and speeches were held accompanied with official statements to create favourable legislation for zero emission mobility. • Smart electric vehicle charging systems and services development continued with efforts to create a major product for home charging.
<ul style="list-style-type: none"> • Decrease the amount of non-profitable products 	<ul style="list-style-type: none"> • Product Portfolio Renewal Must Win Battle was merged to Agile Delivery Capability MWB. Extensive measure were taken to classify our product offering and start measures of ramping down obsolete codes. Around 9% of the products being in active offering have been subject to portfolio management measures.
Responsible sourcing	
TARGET	Progress
<ul style="list-style-type: none"> • Supplier code of conduct implemented 	<ul style="list-style-type: none"> • In 2018, in order to support Supplier Code of Conduct utilization we have defined and implemented supportive Conflict Mineral Policy. The Policy is published in Ensto home page. We started to implement E-Sourcing tool for supplier management and transparent tendering process. Compliance to Supplier Code of Conduct is now part of supplier pre-qualification and approval process.
<ul style="list-style-type: none"> • Enhancing cooperation with suppliers 	<ul style="list-style-type: none"> • Supplier 360 feedback survey has been conducted regularly starting from 2017. Supplier Contract management process and tools were renewed. E-Tool up-dated version is implemented and in use. Supplier proposals to develop products and materials sustainability collected during tender negotiations.
<ul style="list-style-type: none"> • Risk suppliers identified and audited 	<ul style="list-style-type: none"> • In 2018, updated Quality Contract was implemented. Supplier categorization and classification was implemented to E-Sourcing tool. We started to up-date country of origin data collected from suppliers. We have also updated are Contract Management practices and tools. • We have audited 47 suppliers from which 28 were located in risk countries.
<ul style="list-style-type: none"> • Supplier quality yield 99.7 % 	<ul style="list-style-type: none"> • 2018 Supplier quality monetary yield was 99.87%

Lean manufacturing and delivery

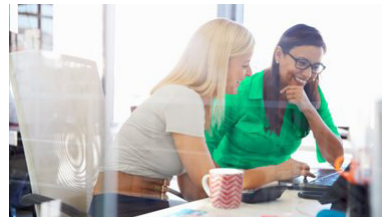
TARGET	Progress
<ul style="list-style-type: none"> Reducing environmental impact of our operation 	<ul style="list-style-type: none"> We strive to reduce our emission, however total emissions increased in 2018 Our target is to reduce energy consumption 10.5% by 2025. We minimize the waste at our factories
<ul style="list-style-type: none"> Maintain high quality yield: Porvoo: 99.90% Keila: 99.95% Tallinn: 99.90% 	<ul style="list-style-type: none"> Quality yields in: Porvoo: 99.80% Keila: 99.98% Tallinn: 98.90%
<ul style="list-style-type: none"> Lean methods implemented to all Ensto operation sites where applicable 	<ul style="list-style-type: none"> Lean methods are implemented in Porvoo, Keila, Tallinn and St. Petersburg factories. In Spain, France, Paide and Lohja Lean methods are partly in use. War Room and 5S were implemented in Spain and France in 2018.
<ul style="list-style-type: none"> War room / time loss reduction 2018 target: 234 completed improvement projects (production, customer care, logistics and procurement) 2019 target: focus on bigger and more complex projects, 180 improvement projects completed. 	<ul style="list-style-type: none"> War room / time loss reduction 2018: 211 improvement projects completed generating 13,745 h/a time loss reduction.

6.4 Sustainability Themes

All of the themes are based on our strategy, which include our values, ethical principles, policies and guidelines, sustainability management, principles of UN Global Compact, well-being of local communities and dialogue with our stakeholders.

Best Employee Experience

The target of Best Employee Experience is to attract, develop and retain the best talents. This is done by offering equal opportunities and training to our employees, invest in wellbeing and work satisfaction. This theme also aims at raising the environmental awareness of our employees and other stakeholders.



Smart Solution Creation

Smart Solution Creation concentrates on supporting customers in sustainability by creating smart and safe solutions with low environmental impact. We seek ways to reduce energy consumption of our products with smart technology. We are embedding sustainability into internal processes by prioritizing materials with low environmental impact and developing product lifecycle management.



Responsible Sourcing

In Responsible Sourcing we concentrate on increasing transparency in sourcing activities. We aim to set clear, transparent and fair criteria and processes when choosing and managing suppliers and partners. We focus on that supplier criteria is communicated, understood and followed throughout the whole supplier chain.



Lean Manufacturing and Delivery

Within the theme Lean Manufacturing and Delivery we concentrate on efficient operation by reducing energy consumption and material wastage, minimizing environmental impacts and utilizing circular economy. We put lot of effort on maintaining and improving high quality, energy efficient production methods and ensuring safe working conditions.



All of the themes are based on our strategy, which include our values, ethical principles, policies and guidelines, sustainability management, principles of UN Global Compact, well-being of local communities and dialogue with our stakeholders.

7 Best employee experience



At Ensto we see our employees as the greatest asset of the company. As a family business, we value the dedication, motivation, and spirit that Ensto people demonstrate in their daily work. We believe that satisfied, happy and professional employees serve our customers best.

We value diversity, openness and competence of our people and meaningful work. We treat each other with respect

and welcome new employees warmly to the Ensto family. We truly care for our people and, together with our employees, take responsibility for their well-being. We do our utmost to provide a safe and rewarding working environment and offer a high-quality occupational health care.

We want to be an attractive employer for both current and potential employees.

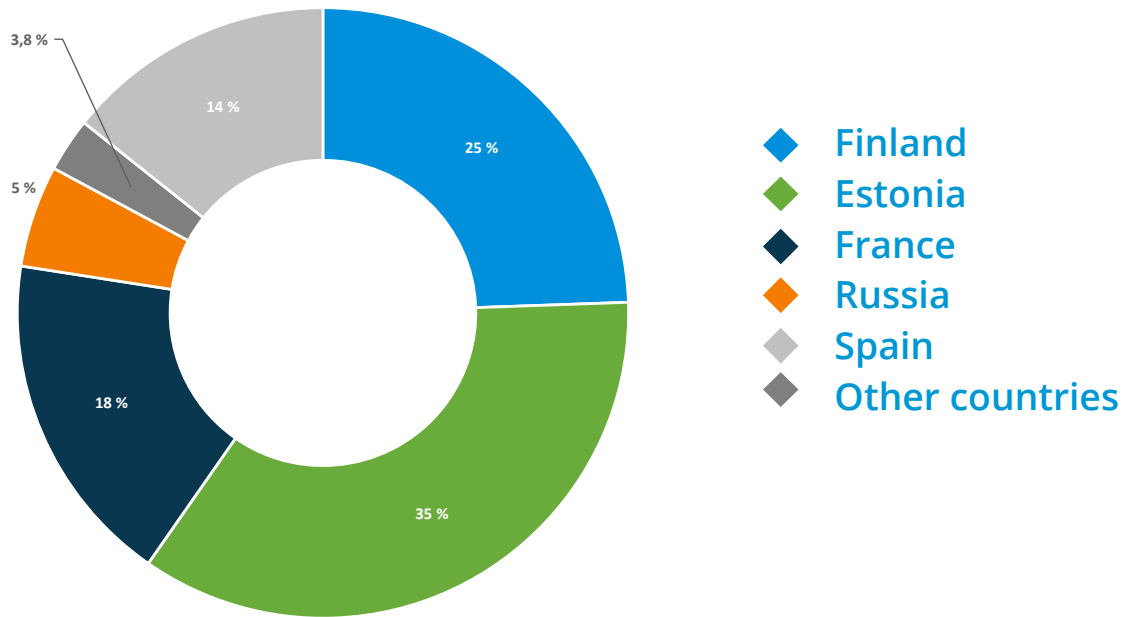
We consider close collaboration, based on trust capital, creativity and winning together, with our customers, suppliers, students, and the local communities, as integral part of the best employee experience.

7.1 Personnel – diversity as a strength

We believe that engaged and skilled personnel are the key to success. We see diversity as a strength that helps us attract the most talented and motivated people. It is our duty to offer people a working environment where every individual's contribution and participation is appreciated, rewarded and encouraged.

At the end of 2018 Ensto employed 1,575 people of which 1,493 (95%) had full-time employment contract. Ensto has employees in 20 countries. The majority of our employees are located in Estonia (35%), Finland (24%) and France (18 %).

Personnel by country



Our employee base is relatively evenly distributed in terms of age and gender and there have not been big changes over the years. At the end of 2018, 43% of our employees were female and 57% male. 95 % of the employees had a full-time employment contract. Factors like

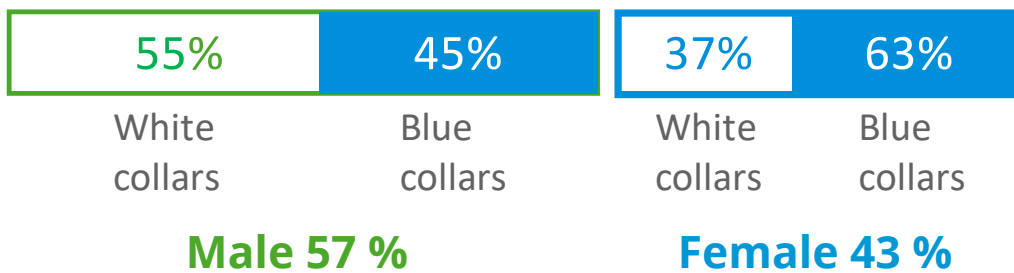
one's gender, nationality, ethnicity or age have no weight in our recruiting decisions. We also consider factors such as nationality, ethnicity, physical ability, in addition to education, and work experience, as important aspects of diversity and provide equal opportunities to

all of our employees, but do not actively gather data on these factors.

During the past 3 years, there has not been any major changes in the distribution of the employment of genders.



Personnel in 2018: total 1575



7.2 Working with our employees to make Ensto a better place to work

One of the tools in caring for the well-being of our employees is the employee experience survey. At Ensto we believe that employees give their best when the things that are meaningful to them are taken good care of in the workplace. Our employee surveys help us to gather valuable information about our employees' opinions and what are the most important things for our people. The survey gives us a tool to develop our activities and identify practices that will make Ensto a better place to work.

72% of personnel is satisfied with Ensto as a workplace

Our employee experience survey was conducted in the autumn 2018 to find out what motivates us in our work. The response rate ended up on the level of 72%, which is slightly below the previous year (75%), but still enough for us to get representative results. The feedback will be converted into actions on our journey to make Ensto the best company to work for. 72 % of respondents are satisfied with Ensto as a workplace that is at the same level as in previous year.

The results showed that 72% (scale: 1-100, 72% = good level) of respondents are satisfied with Ensto as a workplace. This is a very good result, and indicates that we have great potential in creating the best employee experience together.

Ensto's employee Net Promoter Score was minus six (-6), which is an internationally comparable promoter score showing how engaged employees are. It is measured by asking how likely is it that you would recommend your employer to a friend or acquaintance. eNPS score over 20 is considered good, so we still have some work to do reach that level.

The results of the employee survey were discussed within the teams with a solution finding approach. Each team was asked to discuss about the most meaningful things on team level and

plan actions to develop those factors. We also encourage each employee to discuss their personal top 5 meaningful things with their superior to enable influencing individual employee experience.

Next employee experience survey will be conducted in autumn 2019.

Highlights of employee survey

- Survey response rate 72%
- 72% of respondents are satisfied with Ensto as a workplace



Open communication

At Ensto, we believe that open communication plays an important role in building employee engagement. We use multiple channels such as global intranet, team sites, reviews held by CEO, to communicate with our employees. We also send regular newsletters via email and provide printed versions for factories.

One of the forms of the open communication is Ensto Council, our own Group-

wide cooperation forum, which is organized every year. The role of Ensto Council is to provide an opportunity for overseas units' employee representatives to express their views on various issues as well as to act as a Group-wide discussion and information forum. All Ensto offices and location are entitled to send their representatives to the Ensto Council's meetings. In 2018 the Ensto Council concentrated on discussions about the strategic target Trust Capital – which is the best understood

value among the personnel.



7.3 Employee well-being

At Ensto we believe that satisfied, happy and healthy employees are more productive and lead to satisfied customers. Well-being at work is a set of preventive, comprehensive and systematic actions where everyone in the organization is involved.

The well-being work at Ensto is led by the Well-being Steering Team. Superiors, employees and the work community have their own responsibilities. Health and safety matters have the highest priority and individuals' own responsibility is crucial.

Motivating our employees to live healthy lives

Many different sport events were organized in various Ensto countries and locations, e.g. running events, rowing competition and football games.

Ensto supports employees in this by providing different tools and possibilities to maintain and develop own skills and competences needed in one's daily work, to participate in developing one's own work, and in other development projects. Following means are used to support employee's well-being (local variations possible to enable best fit to the local culture and traditions):

- development discussion
- employee surveys
- early support model
- advise and support from HR personnel
- occupational health care services

- safety tools (e.g. guidelines, trainings, process to inform of safety risks etc.)
- supporting sports activities
- non-smoking workplace
- trainings to ensure needed competences
- internal job rotation (e.g. by applying to open positions in intranet, discussing career plans or expectations in development discussion)



7.4 Continuous improvement towards Zero Accidents

Main principles concerning safety aspects are set in our Safety and Health Policy. The compliance of our main policies is reviewed at least once a year by the Ensto Management Team in management reviews.

The health and safety of our employees is very important to us. We aim at zero accidents and are constantly developing our safety procedures in order to achieve our goal of becoming an accident-free workplace. Unfortunately, zero accidents was not a reality in 2018

despite the improvements. We did manage to reduce the amount of accidents and the accident frequency rate.

13 accidents occurred at work in 2018, meaning that our accident frequency rate was 5.6 accidents per million hours worked (accidents more than 3 days sick leave). The table below shows the occupational accident frequency rates in Ensto's manufacturing countries. In 2018, we have collected the accident data in a same way from all our manufacturing sites and continue developing

coherent more proactive Safety KPI's in 2019. We managed to reduce the accident frequency rate in many countries, in Estonia significantly. We have altogether five factories without any accidents causing sick leave and six factories without serious accidents in 2018. Unfortunately, AFR increased in few factories in 2018 and in the coming years we need to put more effort on reducing the number of accidents in Ensto Group.

Key safety figures	2018	2017
LTIF1	9,5	-
LTIF4=AFR	5,6	13,8

Table: Loss Time Incident Frequency and Accident frequency rate. All manufacturing sites are included in 2018. The 2017 figure is only covering Finland, Estonia, Russia and France.

We continuously develop our processes and methods to improve health and safety conditions of our employees. The main development methods are Safety War Room practice in our factories, internal audits, external audits, health and safety walks and risk mappings. We also provide our employees with regular safety trainings.

7.5 Competence management

One of the focus areas in our Best Employee Experience theme is to attract, develop and retain the best people. Long-term competence management plays a key role in this work and we strive to have the right competencies in each positions.

Ensto personnel are top professionals in their field. To be able to achieve and

maintain that position, each employee has a regular development discussion with his or her managers at least once a year. Ensto also offers its personnel high-quality trainings in work related areas. In addition, we deploy other development methods such as involvement to projects, rotation etc.

CRM trainings to serve customers better

Customer Relationship Management system, based on Microsoft Dynamics, is used at Ensto in order to maintain relationships with stakeholders. It provides clarity concerning activities taken up with customers and suppliers, as well as allows responding their needs and serving them better.

In 2018, Ensto created a new CRM training concept, in order to improve employees' skills, and standardize the way, how Ensto people work with stakeholders. A pack of guidelines and tips includ-

ed in trainings let all the users work easier and more effectively on a daily basis. The concept included:

- Basic trainings for employees, who started using CRM tool
- Advanced trainings for more skilled users, with more interactivity and emphasis on user specific selection of topics
- Face-to-face trainings organized in countries, with emphasis on local needs
- A set of presentations and manuals, to let every user find answers to daily questions very quickly.

Moreover, Ensto eLearning tool – Ensto Academy will be utilized in 2019, allowing employees to develop their skills in a modern, effective way. The works on Introduction CRM training for newcomers started in 2018, including test questions, which will evaluate actual CRM knowledge and skills by the managers, as well as tailor a personal training plan of improvement for each team member.

Sales Excellence Framework workshops to improve Ensto sales management skills

More than 50 Ensto sales directors and managers from different countries and BUs participated in 2018 in a series of Sales Excellence Workshops. The target of the program was how to improve Ensto's institutional sales management skills and to share employees' sales experience with each other. As a result, common understanding of Ensto customers' needs has grown significantly. The workshops were a result of Customer Connection Must-Win Battle and its Sales efficiency and impact stream, the target of which was to define Ensto

customer segments and sales models, including sales roles and process definitions.

All the workshops were extremely practical, including cases reflecting everyday sales reality. They predominantly based on discussions and presentations regarding:

- Evaluation of shifting buyer concerns and agree topics where to focus in each buying cycles
- Definition of Sales Activities by Phase
- Opportunity analysis and qualification

The model will develop further in 2019.



Sales Excellence Framework workshops to improve Ensto sales management skills

At Ensto, we believe in the power of knowledge and learning. We find it important that our employees have high understanding of our business, solutions, services, technologies and products so that they can help our customers to build added value to their business. We also believe that by providing training to our employees and

customers, we can enhance the best employee experience and the best customer loyalty.

Ensto Academy is Ensto's competence management systems, which enables versatile personnel and customers trainings online. Ensto Academy was launched in 2017 and all Ensto employees can access the platform in all Ensto countries. The e-courses offer include topics ranging from Ensto's

products and solutions to Ensto's strategy and Employee Code of Conduct.

Ensto Academy also gives more versatility to our existing Ensto Pro trainings. Ensto Pro is Ensto's technical training concept targeted to customers, partners and own personnel. The aim is to create loyal customer relations and support our own employees by sharing knowledge.

The screenshot displays the Ensto Academy dashboard interface. At the top, the 'ENSTO' logo is on the left, and a user profile with the text 'You are logged in as' is on the right. Below the header is a navigation menu with items: Dashboard, My Bookings, Learning Plans, Record of Learning, Team, Reports, and Find Learning. The main content area is divided into several sections:

- Dashboards:** A sidebar menu with 'Superiors' selected, containing 'Ensto personnel' and 'My Learning'.
- Recent Learning:** A list of courses with progress indicators, including 'Wellbeing at Ensto, training for superiors', 'Ensto Employee Code of Conduct', 'Ensto Workpoint Basic Training', 'Ensto Vulcano Basic Training', 'Ensto Green Office Porvoo', 'Ensto Academy Basic Training', 'Dream Broker video tool training', 'Ensto Trainer Training', 'Episerver Advanced Editing', 'Information security', 'Ensto implementation project', and 'All My Courses'.
- Administration:** A sidebar menu with 'Site administration' selected.
- Team:** A section titled 'Team' with a sub-section 'View My Team (5 staff)'. Below it is a 'Welcome to Ensto Academy' banner with a cityscape image and the text: 'Welcome to Ensto Academy! You have entered the Ensto eLearning environment - Ensto Academy. Here, you find our personnel trainings from face-to-face sessions to online courses. You need only one address for learning-related topics. As a superior, you can follow your team's learning progress.'
- Alerts:** A section titled 'Alerts' showing 'Showing 3 of 3' items: 'Seminar booking confirmation: Työhyvinvoinnin johtaminen, 8:30 AM-11:00 AM, 28 November 2017', 'Seminar booking confirmation: Ensto Workpoint -koulutus suomeksi, 1:00 PM-2:30 PM, 11 December 2017', and 'Seminar booking confirmation: Ensto Workpoint -koulutus suomeksi, 1:00 PM-2:30 PM, 11 December 2017'. A 'View all alerts' link is at the bottom.
- My team's course completion statuses:** A pie chart showing the distribution of course completion for the team. The legend indicates: 'Not yet started' (blue, 41.67%), 'Complete' (orange, 33.33%), and 'In progress' (green, 25.00%). A 'Report' link is located below the chart.

At the bottom of the dashboard, there is a 'You are logged in as' field and a 'Log out' button. In the bottom right corner, there is a decorative graphic consisting of overlapping blue and green geometric shapes.



Ensto Academy enables customers and employees to study the courses online when it is most convenient for them. Time, money and natural resources can be saved as people are able to study at home or their work places. The platform makes it possible for HR and managers to follow up on learning process. We can offer e-learning and face-to-face courses as well as combinations of these two.

At the moment the majority of the courses in Ensto Academy are targeted to internal usage. Currently we are providing 30 internal e-learning courses and 7 e-learning courses to our customers. In 2018, 396 internal users had

logged themselves in Ensto Academy and completed 246 e-learning courses and 49 face-to-face courses. 26 customers have access rights to Ensto Academy.

In the coming years, we will utilize the other functions Ensto Academy has to offer. These include e.g. competence management, personal learning plans and certification control. Team-specific and even individual learning plans are in some extent already in use. Ensto Academy also enables us to create onboarding packages to our new employees, which will ensure that all the newcomers are given the required introduction.

Ensto Academy highlights in 2018

- 1520 internal users with access rights to system
- 687 e-learning courses completed
- 30 internal e-learning courses available



7.6 Cultivating innovative working environment

New ways to discover smart solutions

Solution Creation Process is a new internal approach introduced in 2018 to test concepts in an agile and lighter way and with minimal effort, without having to develop actual products. It derives inspiration from the startup world where you embrace the uncertainty and fail fast if needed before going into the heavier and often more expensive R&D process.

The Solution Creation Process provides

a lightweight framework to ensure that the solution concepts truly yield the benefits they promise without spending the time, energy, and material on the creation on physical products.

Smart solutions are sustainable. Saving electricity, improving the electrical system to better support renewable energy sources and building the infrastructure required for electrification of transport serve to create a society where energy consumption is reduced or at least the energy used has a minimal environmen-

tal impact.

The Solution Creation Process also aims to change the company culture by encouraging anybody at Ensto to participate and pitch in new ideas.

At Ensto, we want to cultivate workplace creativity. We encourage our employees to share their ideas and thoughts on how we could work more efficiently, how we can serve our customers better and what kind of new solutions would benefit our customers.

7.7 Rising environmental awareness

Training and knowledge sharing play crucial roles when rising awareness of environmental challenges and risks, with the awareness starts caring. It is shaping the attitudes and behaviors that can make a difference. When you learn that even the small everyday choices can have a big impact on the environment, then you are on the right road.

Rising environmental awareness has been a part of Ensto Environmental Program for 2016-2018. It strives to enhance the general level of environmental awareness among Ensto people by the following actions:

- Environmental card training for at least 20% of employees in factories
- Environmental training for product management and product development personnel

- Participating theme weeks such as Energy Awareness Week in fall and Earth Day in spring
- Ensto Green Office training for all the Ensto employees working in office or office related environment

Trainings continued in 2018. We almost reached the target; there are 145 (85% of the target) card owners in Porvoo and in Estonia. Green Office is active in same locations. Trainings will continue onwards and there are plans for an e-learning module so we have possibility to train people in more locations.

In 2018 Ensto arranged two theme weeks; Earth Day and Energy Awareness Week. The main idea of these weeks is to share knowledge, raise common environmental awareness and encourage to more sustainable behavior at work and at home. The weeks are a

mean of getting people to think and act in favor of sensible use of energy and environmentally conscious way in their daily life - voluntarily.

During the Earth Day -week facts about environmental choices we presented in our intranet, on posters and on infographic boards. In 2018 theme of the Earth Day was End Plastic Pollution. Ensto's employees were also asked to share his or her own sustainable tips on the theme week website.

During the Energy Awareness Week the theme was Sustainable Mobility. We challenged all Ensto employees to save energy. In our intranet, we provided stories of Ensto people striving for Sustainable Mobility.

7.8 Labor principles

At Ensto, we do not tolerate any violation of human rights or labor laws in any part of our supply chain. We follow the ILO (International Labor Organization) minimum age limits for employment and local laws when being stricter than ILO. We also expect our supplier to follow these principles, which has been stated in our Supplier Code of Conduct.

We do not use any form of forced labor and expect the same from our business partners. Salaries paid by Ensto are based on individual contracts and/or local collective agreements (if available). We expect our suppliers to follow the local regulations of the minimum wages.

All our employees have right to establish and join groups for the promotion and defense of their occupational interests. Regular meetings and consultations are ongoing locally with local labor unions in countries where labor unions are active. There were no labor rights related non-compliances reported in 2018.



8 Smart Solution Creation



8.1 Sustainability in Smart Solution Creation in general

We have made sustainability related improvements and updates into our Product Creation Process in 2018. The R&D staff received trainings on the topic and all the changes were taken into daily use.

We have also created a totally new process to discover smart solutions. In this Solution Creation Process we can test concepts without developing actual products. Like in the name, the process is aimed for solutions, not for physical products. It is a startup style approach where we discover and test new ideas in an agile way and with minimal effort, making the process itself very sustainable.

We have made systematic efforts to emphasize sustainability in our R&D in general. Our solutions designed in a way that the material use of the hardware is optimized, production waste is limited and recycling of all parts at their end of life is made possible to the best possible extent. We use our own components in as many solutions as possible. Most of our solutions are designed for a long life cycle, in some cases even 40 to 50 years. Our solutions are very thoroughly tested resulting less reclamations. We have tested the use of recycled plastic materials in 2018 and even organized an innovation competition on the topic.

We provide our customers smart and safe solutions with low environmental impact and minimum life cycle energy demand. We utilize smart technology and digital means to support our customers in reducing energy consumption. We consider durability and long lifetime as key features of our products and solutions. We prioritize recyclable and durable materials to ensure the longevity of our products. We put a great emphasis on easy and fast installation process in order to minimize the amount of excessive material or waste generated.

8.2 Reliability for electricity distribution with Ensto Utility Manager

Ensto Utility Manager is smart solution developed by our LVDC team. It was introduced in 2018. It is a cloud-based platform that prevents, controls and locates any possible defects in electricity distribution by analyzing continuous measurement and status information from Ensto LVDC Microgrid, LVAC Pow-

er Quality and Network Automation solutions. The Utility Manager permits detailed viewing and controlling of the network and its customer interactions, supporting billing, site priorities and the development of new services. Utility Manager connects LVAC and all its Power Quality devices to the utility's SCADA.

Ensto Utility Manager enables predictive maintenance, resulting into fewer interruptions, less reclamations and better quality electricity distribution in a more reliable way.

Ensto Utility Manager device statistics



8.3 Modular products make sustainable solutions

In addition to good usability, designing solutions with modular features is a good way to enhance their sustainability as well. There were a couple of excellent examples of product systems launched in 2018, which utilize modularity in their design.

Ensto Anna product family is a flexible lighting system designed to meet the requirements of a modern office yet being also sustainable. Same LED modules can be used in different product variants, only the number of the modules changes. In addition, the same aluminum profile is used in all the variants and only its length changes.

Same applies for diffusers, louvres and accessories. There are number of rea-



sons why modular products like Ensto Anna are sustainable. As the same components can be used in different versions, we need less product variant specific components. This leads to lower stock level of components and more efficient stock usage, better material

efficiency due to less scrapping and more efficient production at supplier side due to longer production runs.

In addition to increased sustainability, the Ensto Anna System offers better usability due to its modular structure.



Another great modular product range launched in 2018 is EnstoNet XL. It is an installation coupler system suitable for higher current ratings. It provides the easiest, fastest, most cost-efficient way to rearrange, expand or re-install an existing network. As no waste is generated and products can be re-used due to their modular nature, an environmentally friendly lifecycle can be achieved and disposal costs avoided. The system is designed in a way that all couplers have the same size and are able to use all the same accessories like strain-reliefs and panel adapters. Like with Ensto Anna, the modular design of EnstoNet XL results into less stocked items, larger production batches and thus less material scrap. EnstoNet XL is also offered in ready-made cable sets resulting into less trash at the installation site.



reddot award 2018
winner



8.4 Sustainable comfort with new eco-designed smart thermostat

All Ensto's panel heaters and floor heating thermostats were updated in 2018 to meet the new eco-design requirements. They are now equipped with a smart electronic thermostat and can easily be controlled from a mobile device.

The new smart thermostats enable reduced room temperatures when you are not home and very low (< 0,3W) stand-by consumption levels in general. The operation of the thermostats is based on an adaptation feature which pre-calculates the needed heating time for each temperature increase or decrease so that energy is not wasted on overheating the space. The thermostats also have an easy to use calendar feature where you can plan in advance and drop the temperatures when you are not there.



Bathroom is a good example of an overheated space 24/7 but with the new smart feature, the temperature can be reduced during the daytime when no one uses the space. This can save up to 40 % energy in that particular room. And by monitoring your own consump-

tion, you will gradually start to learn about the energy behavior and make changes into your daily patterns and towards more energy efficient lifestyle.

9 Responsible Sourcing



We strive to ensure that our suppliers, sub-contractors and partners uphold high standards for responsible business practices. When selecting suppliers we look for quality, reliability, transparency and ability to foster innovation.

We are committed to transparency and strive to build long-term, open, fair and

mutually beneficial partnerships with our suppliers and partners as well as seek innovative ways of working together.

We take global responsibility for our actions, comply with regulatory frameworks and adhere to best practices, while minimizing our impact on environment. We are continuously develop-

ing our processes and the way we are working with our suppliers and partners to reach top performance in our projects.

9.1 Supplier quality

Sustainability and proactive supply risk management contributes to higher quality and security of supply for Ensto businesses.

Ensto is committed to material compliance, and to ensure high social, environmental and human rights standards including United Global Compact principles. We encourage our internal and external stakeholders to adopt similar standards and to comply with regulatory requirements.

Ensto requires all suppliers to make an effort to manage and confirm (affirm) product compliance with regula-

tions such as REACH, RoHS and Conflict Minerals. To support above, the following guidelines; Ensto Employee Code of Contact, Environmental Policy and Supplier Code of Conduct and Mineral Conflict Policy are in use.

Supplier evaluation

Ensto requires that suppliers' operations are performed in a manner that is appropriate, as it applies to their ethical, legal, environmental, and social responsibilities. We select our major suppliers and subcontractors on their ability to meet our Ethical Principles based on Ensto's values and the principles of the UN Declaration of Human Rights, the

UN Rights of the Child and the Declaration of the United Nations International Labor Organization.

We evaluate our potential new suppliers in accordance with the suppliers' approval process and our current major suppliers on criteria of quality, operational efficiency, cost, occupational health & safety, social and environmental responsibility. In addition, human rights related criteria, anti-corruption principles and labor principles are important part of the evaluation process.

We are using supplier scorecard meth-



od for supplier evaluation. It is based on the quality performance of suppliers' products and services. The most important criterion are among others account delivery accuracy, quality, lead-time and payment terms. Automatic Performance reports were implemented to share with supplier results as soon as possible. If the supplier is not fulfilling

the set criteria, the supplier site audit is conducted or other development actions are agreed with the supplier in order to ensure the fulfillment of the criteria. If supplier operative location is in risk country, Ensto uses local expertise for audits.

sory labor and no child labor are included in Ensto Supplier Code of Conduct. In 2018, we conducted 47 supplier audits plus supplier visits and co-operation meetings. No non-compliance cases related to sustainability were reported during these audits and visits.

The principles of no forced or compul-

Supplier Code of Conduct

Ensto Supplier Code of Conduct defines the minimum sustainability requirements to our suppliers and expectations regarding ethical issues. It is a part of Ensto's ethical code for purchasing and it requires that suppliers act in ethically, legally, environmentally and socially appropriate manner. The Code lists basic requirements on labor issues such as ban of child, forced and indentured labor, working hours and wages and benefits.


Supplier Code of Conduct is reviewed regularly. Ensto suppliers are obligated to implement the principles of the Supplier Code of Conduct across their whole operations. We expect suppliers to verify compliance by providing information and allowing possible audits. Ensto's suppliers are also expected to publish their own ethical code of practices.

During suppliers approval process Ensto evaluates and selects suppliers tak-

ing into consideration Supplier Code of Conduct and UN Global Compact principles. If the supplier does not fulfill the requirements, they are either given an opportunity to conduct corrective actions before they can be approved as Ensto's supplier or in more severe case they are turned down.

Supplier requirements

Ensto's Supplier requirements are reviewed regularly. The document describes the minimum criteria required from all Ensto's key suppliers. The document is public and is introduced to the suppliers at latest during pre-qualification. Suppliers play a very important role in our value chain we offer to our customers and with supplier requirements we want to ensure the faultless performance of our suppliers.



We expect our suppliers to respect and implement the principles of our Supplier Code of Conduct.

9.2 Working with our suppliers

Ensto's suppliers are an important part of our supply chain. With our supplier, we are able to provide high-quality products, solutions and services to our customers. Ensto currently has active co-operation with around 3,000 external suppliers who supply us raw materials, components, modules, services etc. Out of these 167 are classified as key suppliers. The classification is based annu-

al purchases value as the main criteria. During 2018 we have also implemented Spend Analytics in order to know what we are spending to efficiently manage our suppliers and movements of goods. We have also updated and renewed our Contract Management online tool to have a single repository to organize the visibility into all our commitments and contracts.

Through collaboration with our stakeholders, we aim to enhance long-term relationships, ensure the highest quality and create a sustainable supply chain. In purchasing this means specifically that the suppliers shall be treated equally, without discrimination and purchasing decisions shall be based on open and clear criteria.

MY DASHBOARD	EVENTS	SUPPLIERS		
Suppliers	Internal users	Contact Archive	Communication	SBM - Supplier approval

Ensto Supplier E-Portal

As collaborative supply chain is one of Ensto's goals to sustainable success, Ensto has implemented Supplier E-Portal. Our aim is to build a strong supply base with our trusted partners and Ensto Supplier E-Portal offers a great platform to share our requirements and expectations and collect information and needed evidences from suppliers. We

believe that implementing shared platform with suppliers we can make co-operation more efficient and transparent.

During portal development phase we bench-marked Ensto customers' qualification requirements to guarantee that customer expectations are noticed already in supplier evaluation.

We have started to use the portal as pre-qualification tool also for existing suppliers. We have invited 30 existing suppliers to fill in the questionnaire through our portal. Pre-qualification questionnaire is divided to sections where Sustainability and Compliance questions are mandatory to be answered.

+ 1	Supplier details	0%
+ 2	Financial information	0%
+ 3	Quality Management Systems	0%
+ 4	Sustainability	0%
+ 5	Compliance	0%

We have defined the weights of questions and answers and scoring based on Ensto's general requirements and expectations. The system makes the pre-evaluation based on supplier answers. To get an approved supplier for Ensto status we conduct final evaluation and decide on follow-up steps if needed.

All qualified suppliers have the ability and are required to keep their informa-

tion up-to date in our portal. In this way we can keep all the information about our business partners, continuously updated and accurate. As a result we have increased the supplier compliance and approval through easy to follow and manage registration & pre-qualification process.

Our E-portal in sourcing helps us to keep our tendering process transpar-

ent both inside Ensto and for the external suppliers. All our requirements are communicated to suppliers in the same way and at the same time. This allows us to drive the costs down and reduce operational costs in a sustainable way. Increased competition among our suppliers drives higher standards that we require from our partners. Through E-portal our processes became more standardized and clear for all stakeholders.



10 Lean Manufacturing and Delivery



Our culture of continuous improvement is based on sustainable, effective and efficient manufacturing. We are constantly working to minimize negative environmental impacts of our operations, minimizing both the resources

used and the waste created. We are also utilizing possibilities of circular economy. We focus on efficient and agile delivery capability and keep our promises to customer.

We are focusing on providing customers the best possible products at the best possible prices, quality levels and delivery times. Lean does this by focusing on finding and removing waste. Improvement in business needs is seen as a continuous effort at Ensto.

10.1 Lean manufacturing at Ensto

Efficient and well-organized operations are an essential part of Ensto's company culture. We work hard to reduce delivery lead times, enhance manufacturing flexibility, and focus on delivery accuracy in order to meet our customer's current and future needs.

In order to promote lean manufacturing in our operations, we are running a

company-wide internal program, "Ensto Operational Excellence (EOX)". The program is all about continuous improvement and focuses on adding value and reducing waste, which results in shorter lead times, better flexibility and top quality for the benefit of our customers. We have defined and created our own Ensto level standards of each EOX method. These methods have been

taken then into action after piloting in plants.

In 2018, we concentrated on refining our current EOX processes to be able to get same results by using fewer resources and time, for example by digitalization.

Continuous improvement is led in War Rooms

War Room is one of the most important initiatives to continuously improve our processes. War Room is used almost in all our operational units and in other Ensto's functions such as customer care, warehousing, procurement, health and safety and environment. War Room is based on the idea that we should continuously identify and measure performance losses in the plants. In this context, losses are defined as lost productive time by machine, people or risks.

Ensto production personnel gather regularly for a brief 15 minutes meeting to review the losses. Whenever possible, losses are immediately addressed with corrective actions. Whenever a loss occurs, personnel in production also fills in a so called 'Loss Card' where all details about the particular loss is recorded. Loss Cards are then posted to the digital board of the department in question.

Systematic pareto-meetings are held to review the accumulated loss cards.

Most significant and meaningful problems are identified and focused loss reduction projects (4 step projects) are opened to identify root causes of the losses, eliminate the losses and to prevent the losses from happening again.

We continuously follow the number of loss cards and improvement project completed. In 2018, 35,667 loss cards were recorded equaling to 50,419 h loss time identified.

- In 2018: 211 improvement projects were completed generating 13,745 h/a loss time reduction.
- In 2017: 270 improvement projects were completed generating 25,600 h/a loss time reduction.
- In 2016: 316 improvement projects were completed generating 21,000 h/a loss time reduction.
- In 2015: 309 improvement projects were completed generating 24,400 h/a loss time reduction.

Increasing the efficiency of our factories

Improving the maintenance of our factory plays an important role in improving productivity and quality through eliminating waste and visualizing risk. Preventive maintenance enables us to increase the reliability of our machines, reduce random failures and improve safety and energy efficiency.

We improve our machine intensive work with the equipment effectiveness method. This is done by shortening set-up times, reducing cycle times and eliminating waste times.

By focusing on these areas we can:

- Free up capacity from bottle-neck machines (cycle time reduction, waste time reduction)
- Improve the efficiency and utilization rate (waste time reduction, preventive maintenance)
- Make smaller batches more economically (setup time reduction)
- Decrease the cost per piece (cycle time reduction)
- Improve our flexibility (setup time reduction)



EOX status 2018

Method	What is all about?	Our status today?	Future targets
5S	<p>Sort, straighten, shine, standardize, sustain</p> <ul style="list-style-type: none"> Visual flow and organization of workflows 	<ul style="list-style-type: none"> Method standardized and extensively implemented in plants and offices, including HSE Sustained by regular auditing and cross auditing processes Digital 5S auditing started in Keila & Porvoo 	<ul style="list-style-type: none"> Sustain the current level Introduce to all Ensto plants Digital 5S auditing implementation to other locations.
Ensto equipment Efficiency	<p>Improving machine intensive work efficiency by</p> <ul style="list-style-type: none"> SMED (shortening set-up times) Reducing cycle times Reducing waste time 	<ul style="list-style-type: none"> Method standardized and implemented in machinery-intensive plants 	<ul style="list-style-type: none"> Annual set-up, cycle time and waste time reduction targets on plant level
War Room	<p>Continuous improvement through empowerment</p> <ul style="list-style-type: none"> Daily loss and improvement potential identification Four-step improvement projects Wide empowerment across organization Andon in use – Improving quality performance and reactivity to quality problems. 	<p>Method standardized and extensively implemented in production, sourcing and logistics, customer care, HSE</p> <p>In 2018 we:</p> <ul style="list-style-type: none"> recorded 35 667 loss cards completed 211 four-step loss elimination projects reduced 13.745 hours of loss target for 2019 is 180 projects digital loss cards have been taken in use in Porvoo 	<ul style="list-style-type: none"> Sustain the current level Introduce to all Ensto plants Implement digital loss card to other plants
Pull control (Kanban)	<p>Efficient material and production flow according to market needs</p> <ul style="list-style-type: none"> Shorter lead times Market-driven manufacturing Supplier collaboration 	<ul style="list-style-type: none"> Half of production flow covered by pull (hrs) Systematic method implemented Main method to cut lead times 	<ul style="list-style-type: none"> Main method for handling material flow with suppliers, internal and inter-plant Focus on supplier delivery accuracy
Preventative maintenance	<p>Optimized use of investments</p> <ul style="list-style-type: none"> Reduces unexpected machine breakdowns Longer lifetime of investments 	<ul style="list-style-type: none"> Method in implementation in Porvoo and Keila 	<ul style="list-style-type: none"> Plan for further implementation will be made in H2/2019
Quality assurance	<p>Quality assurance</p> <ul style="list-style-type: none"> Processes and practices that ensure the high-quality of products and services in a proactive manner 	<p>Quality assurance development program divided into following themes</p> <ul style="list-style-type: none"> Supplier quality Product development quality Manufacturing process quality 	<ul style="list-style-type: none"> Continuous improvement in product and service quality
Andon	<p>Method to signal quality problems to involve professional resources and to execute immediate actions</p> <ul style="list-style-type: none"> Improve quality performance and reactivity to quality problems 	<ul style="list-style-type: none"> Method implemented in main plants Method to bring about immediate problem solving team in the right place on time 	<ul style="list-style-type: none"> Implementation to other plants together with WR implementation

10.2 Focusing on quality at Ensto

The quality of our products, services and solutions is an integral part of our strategy and a cornerstone of our business. Quality is embedded in our daily business, as we strive to deliver the best customer loyalty and satisfaction.

Our target is to solve customer's problem fast and smoothly in order to ensure satisfied customer. We strive to observe potentially dangerous, expensive

and epidemic product faults as soon as possible in order to minimize the effects. We do our best to prevent recurrent problems by affecting on root causes of the problem.

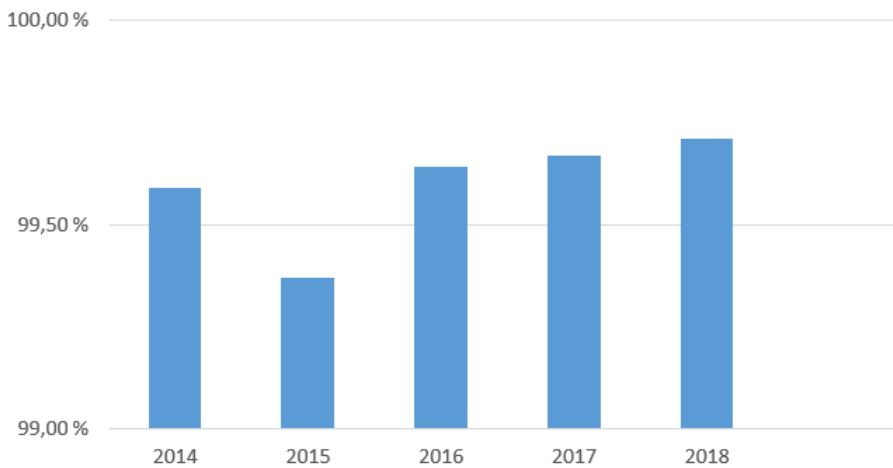
By providing high quality products, we meet our customers' requirements. Also less waste is generated, material usage is decreased and CO2 emissions are reduced.

We set normally factory specific quality targets and follow key performance quality indicators, which are quality yield, monetary yield, claim costs and number of claims.

At Ensto yield is used to measure quality. Yield below illustrates Ensto external quality and it is calculated by dividing the difference of sold and claimed quantities with sold quantities.

Quality Yield Development in Ensto

of Sold Products



10.3 Delivery at Ensto

One of our key strategic projects is to improve efficiency and agility of our end-to-end supply chain. We aim to improve our service capabilities –such as delivery times, small-orders handling and warehousing strategies, and securing visibility on profitability across our operations teams.

When planning our delivery, we take sustainability into account. We try to op-

imize the sizes of delivery batches and avoid air freights whenever possible. One of the criteria for selecting logistics partners for Ensto is environmental aspect. We require our transportation partners to have clear consciousness of environmental issues and to take concrete actions to decrease the CO2 emissions in transportation. Model of transport is chosen based on the customer needs.

In Finland and Estonia we have one carrier partner responsible for approximately 80% of the deliveries. According to them, the carbon footprint of forwarding and freight was 1.3 tons of CO2 (equivalent) in 2018 decreased from 1.8 in 2017. Biggest amount of shipments are done by road and this comprises of most of our logistics related emission.



11 Environment



At Ensto, we care for the environment, its protection, and continuous improvement of environmental protection is an integral part of our daily operations, and the premise of our business. Our Environmental Management aims at integrating environmental management into our daily operations and continuously improve our environmental competence. The focus is to assess and reduce the negative environmental impacts of our own operations, as well as the impacts of the entire supply chain.

11.1 Environmental programs

In 2015, we established three main projects focusing on environmental themes for the years 2016-2018, which are reducing energy consumption, rising environmental awareness (reported under Best Employee experience) and Ensto Green Office. In the first phase, the scope of these projects was Ensto in Porvoo, Keila and Tallinn. In coming years the programs will be rolled out also to other Ensto countries, like Russia, Sweden, France and Spain. We are currently working on new main themes

and implementation plan for environmental projects 2019-2020.

Managing our environmental aspects and risks is another part of the continuous development. The purpose of environmental assessment at Ensto is to identify environmental aspects, environmental impacts, ways to manage them, as well as legal requirements and risks related to aspects. The environmental assessment applies to all relevant Ensto functions and processes.

Ensto's environmental aspects and risks are evaluated regularly.

Reducing energy consumption

Reducing energy consumption is a project where the focus is in reducing the consumption of energy and other natural resources in our facilities and operations.

One of the concrete targets is to reduce electricity consumption in our factories

by 5% by the end of year 2018 (in relation to number of produced pieces). The base year for reduction is 2015.

In 2018 the biggest energy savings projects in Porvoo, Keila and in Tallinn have been the refurbishment of the lighting systems and re-calibration of heating. Small reduction of electricity use was established. But we did not meet the target due to the project budget cuts.

Ensto Green Office

Although most of our operations environmental impacts are generated in our production plants, with concrete actions energy and material savings can also be found in the office as well. To increase sustainable thinking and actions in offices we have created the Ensto Green Office concept, which is a part of our ISO 140001 based environmental management system.

The aim of this program is to decrease the consumption of natural resources by improving the energy efficiency, by preventing waste generation and by increasing environmental consciousness of employees. With Ensto Green Office we motivate our personnel to act in an environmentally friendly way in their everyday tasks.

First pilot for Ensto Green Office started in 2016 in Keila in Estonia. In 2017 Keila was certified and we started to implement Green Office also in Porvoo and Tallinn sites. These sites were certified in 2018.

Ensto Green Office will be implemented in all other Ensto offices and it will be in-

tegrated to our existing audit systems. Implementation in St. Petersburg and Stockholm was not completed in 2018. Future plans are being developed.



11.2 Environmental performance

Since 2010, we have regularly reported our direct and indirect energy consumption. In our environmental reporting, we have concentrated on tracking the most relevant sources of direct and indirect emissions – fuel and energy consumption as well as water consumption and waste disposal.

Energy

Ensto participated voluntary Energy Efficiency Agreement during the period 2008-2016 and has decided to continue to be a part of the Agreement also in 2017-2025. Through the agreements, the aim is to improve the efficient use of energy within industry, energy sector, service sector, property and building sector, as well as regional authorities and municipalities.

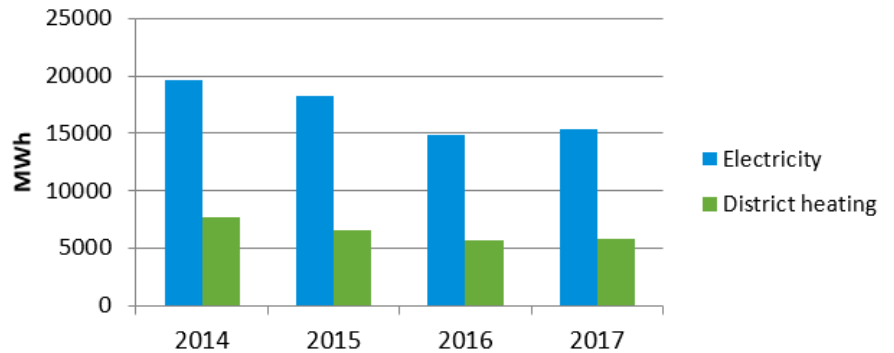
Ensto's target is to decrease the energy usage at Porvoo site 7% (520 MWh) by 2020 and 10.5% (780 MWh) by 2025 compared to the energy usage in 2015.

The main energy saving action in 2018 at Ensto in Finland was lighting renovation projects that continued from 2017. More than 10% of our luminaires were changed to LED luminaires.

In 2018, Ensto's direct energy use has decreased while the indirect use has increased in compensation. The use of

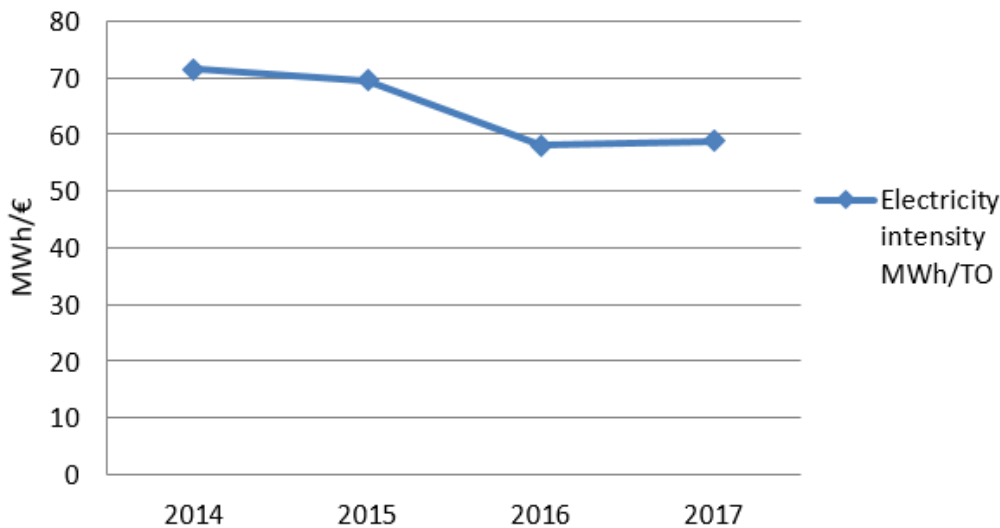
indirect energy sources generate less CO2 emissions, CO2 has decreased due to this.

Purchased electricity and district heating in Ensto



Electricity and district heating consumption are excluded since no data was available

Electricity intensity in Ensto



Electricity intensity is calculated by dividing yearly purchased electricity by yearly turnover.

Energy consumption

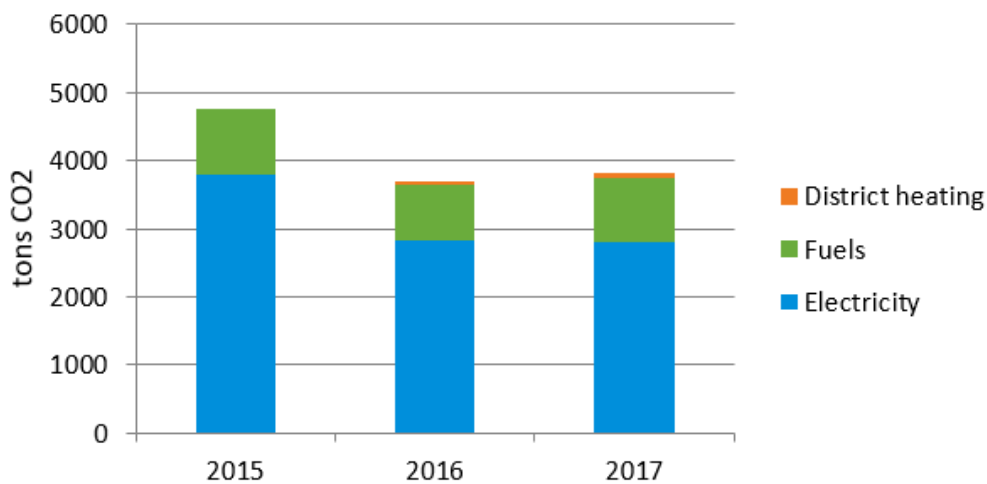
Direct energy consumption (GJ)	2016	2017	2018
Liquid (Diesel, Gasoline, Fuel Oil)	4.471	4.527	5.666
Gas (Natural, Propane)	9.597	11.490	7.738

Indirect energy consumption (MWh)	2016	2017	2018
heating (District)	5.624	5.784	6.514
Gas (Natural, Propane)	14.886	15.365	15.753

*Fuel used in heating in Lohja is not included in the figures. Electricity and district heating consumption are excluded since no data was available.

Emissions

CO₂ emissions from direct and undirect energy usage in Ensto



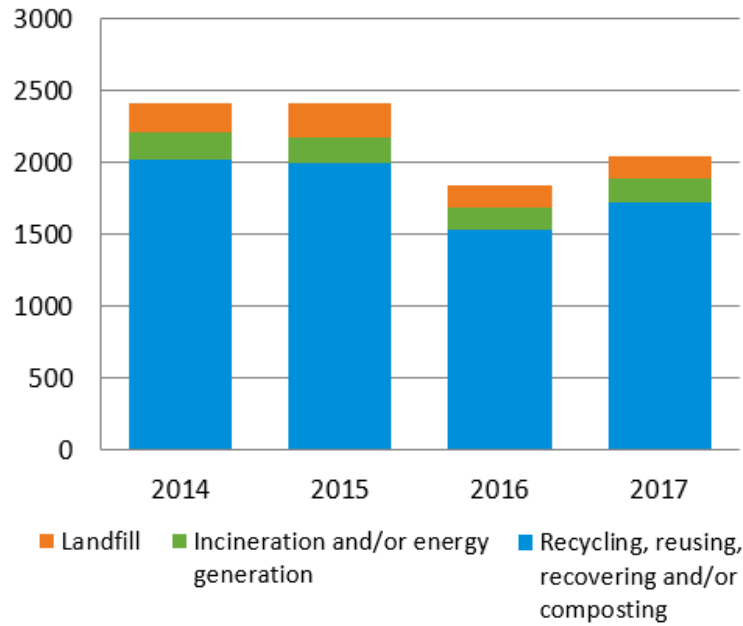
CO₂ emissions include the emissions from purchased electricity, and used fuels. CO₂ emissions from district heating in 2014 are not included since the data was not available. In 2016 and 2017 emission data of district heating was available only from Porvoo, Finland. Fuel consumption in Lohja, Finland was not available in 2014. CO₂ emissions from cooling agents are excluded from the calculation.

Waste

We are striving to find ways to prevent waste generation by recycling and reusing materials and components. Majority (50%) of the produced waste is metals, which are recycled and reused. Only 7% of the waste produced in 2018 was classified as hazardous waste.

We have set ourselves a goal of 0% landfill waste and have gained this target in majority of our locations. In 2018 still around 12% of the waste ended up to landfill. In some of our countries waste collection and management is still under development and therefore waste ending in landfills is inevitable.

Waste

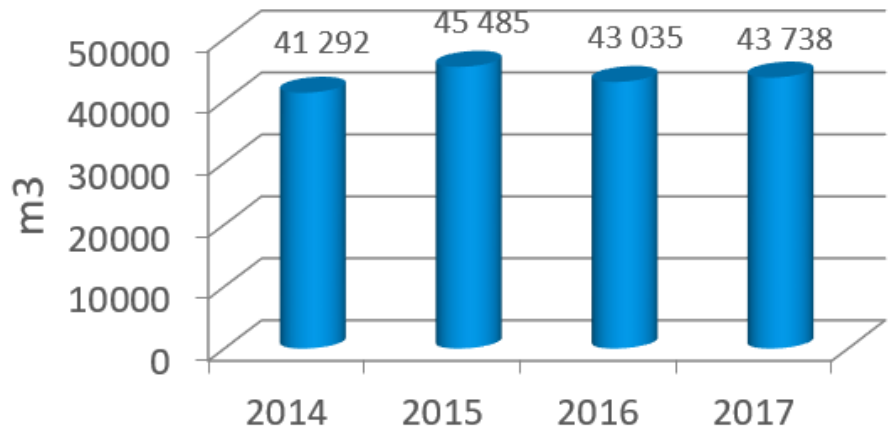


Waste generation in Tonns. In 2014-2016 no data was available from St. Petersburg and from Gurgaon (India)

Water

Majority of the water is used at Ensto in Finland in our surface treatment process. A lot of water is needed to keep high quality standard since better finished products require more water. Water consumption is fairly stable at Ensto and has decreased from the previous year.

Water consumption



GRI standard	Disclosure	Reference	Reported
GENERAL DISCLOSURE			
102-14	CEO Statement	p. 4	fully
102-15	Description of key impacts, risks and opportunities	p.4	partly
102-1	Name of the organization	p.5	fully
102-2	a. Organization's activities. b. Primary brands, products, and services,	p.5	fully
102-3	Location of organization's headquarters	p.5	fully
102-4	Number of countries and names of countries with significant operations or that are relevant to sustainability topics covered in the report	p.5	fully
102-5	Nature of ownership and legal form	p. 5	fully
102-6	Markets served (geographic breakdown, sectors served, types of customers and beneficiaries)	p. 5, 14	fully
102-7	Scale of the organization	p. 14	partly: financial matters reported only partly
102-8	Type of employees	p. 30, 31	partly, total numbers only
102-9	Organization's supply chain	p. 16	fully
102-10	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	p. 14	fully
102-16	Organization's values, principles, standards and norms of behavior	p. 6, 7	fully
COMMITMENTS TO EXTERNAL INITIATIVES			
102-12	List of externally developed economic, environmental and social charters, principles, or other initiatives	p. 24, 52	partly
102-13	A list of the main memberships of industry	p. 24	fully
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
102-46	The process for defining the report content and the Aspect Boundaries.	p. 15-16	partly
102-47	A list of the material topics identified in the process for defining report content.	p. 15-16	partly
103-1	The Boundary for the material topic	p. 15-16	fully
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups engaged by the organization.	p. 20	fully
102-42	Basis for identification and selection of stakeholders with whom to engage.	p. 16	fully
102-43	Organization's approach to stakeholder engagement	s. 16-18	partly
102-44	Key topics and concerns that have been raised through stakeholder engagement	p. 20-23, 45,46	partly
REPORTING PROFILE			
102-50	Reporting period	p. 15	fully
102-51	Date of most recent previous report	p. 15	fully
102-52	Reporting cycle	p. 15	fully
102-53	Contact point for questions	p. 17	fully
102-54	Claims of reporting in accordance with the GRI Standards	p. 15	-
102-55	GRI Content index	p. 57-58	fully
102-56	External assurance	p. 58	no external assurance
GOVERNANCE OF THE ORGANIZATION			
102-18	Governance of the organization	p. 8	fully
ENVIRONMENTAL PERFORMANCE			
302-1	Energy Consumption of the organization	p. 52	fully
302-3	Energy intensity	p. 53	fully
303-1	Total volume of water withdrawn	p. 55	fully
SOCIAL PERFORMANCE			
403-2	Types of injury, injury rate, occupational disease rate, lost day rate, absentee rate, and work-related fatalities, for all employees	p.34	partly
405-1	Diversity of Employees	p.30, 31	partly



12 GRI Content Index

The Global Reporting Initiative Content Index is provided to assist the reader in navigating through the report and to aid in findability and comparison.

13 External Assurance

The report is based on internal data and it has been cross-checked internally. No external assurance body has been used.



ENSTO

ENSTO GROUP
P.O. Box 77
06101 Porvoo, Finland
ensto@ensto.com

ensto.com

