



# ENSTO

## Sustainability Report 2020

**Better life.**  
With electricity.

Contributing to build a more  
sustainable world

[ensto.com](https://ensto.com)

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# Contributing to build a more sustainable world. With electricity.



The year 2020 was a year of a new era for Ensto. We completed company's restructuring into two separate businesses along our new "Two businesses, two focuses" strategy. The strategy allows our employees in both businesses, at Ensto DSO and Ensto Building Systems, to focus and specialize, and to be more customer- and business centric. This lays the foundation for our future growth.

The year 2020 was also a year when COVID-19 pandemic started. We at Ensto have survived this exceptional time extremely well by focusing on the health and safety of people and the company – in a positive fighting spirit. The pandemic did not hit Ensto as hard as many other companies. Before the pandemic, we had already consolidated factories, outsourced some of our production, reduced our product offerings and fixed costs. Thanks to the steps we had already taken, Ensto is a very healthy company today. The COVID-19 pandemic will ease in time, and we are ready to continue on our growth path.

Our strategic themes guide us in what we need to do; the people first approach, and the ethical principles and responsible business are the bases of everything we do. Guided by these, we develop our customer satisfaction, our innovative offering, and our operational excellence. Moreover, we are involved in building a better world and life with electricity. Elec-

tricity has a role in solving big issues like climate change by creating smart solutions which enable a greater market share for renewable and carbon free energy. It can support urbanization and help support the aging population. It is truly a major solution to many of the major problems confronting the world.

## 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. This sustainability report includes UN Global Compact report. In the 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. I hope you enjoy reading this report and wish that you will follow our sustainability progress in the future too.

Let's continue to fight for matters which are important to us, and let's win together.

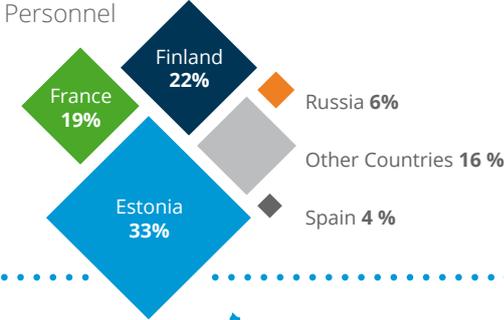
**Hannu Keinänen**  
President and CEO, Ensto Group

# ENSTO

## in Brief

### > WHO WE ARE

Ensto is an international, growth-oriented family company **POWERED BY PEOPLE** since 1958.

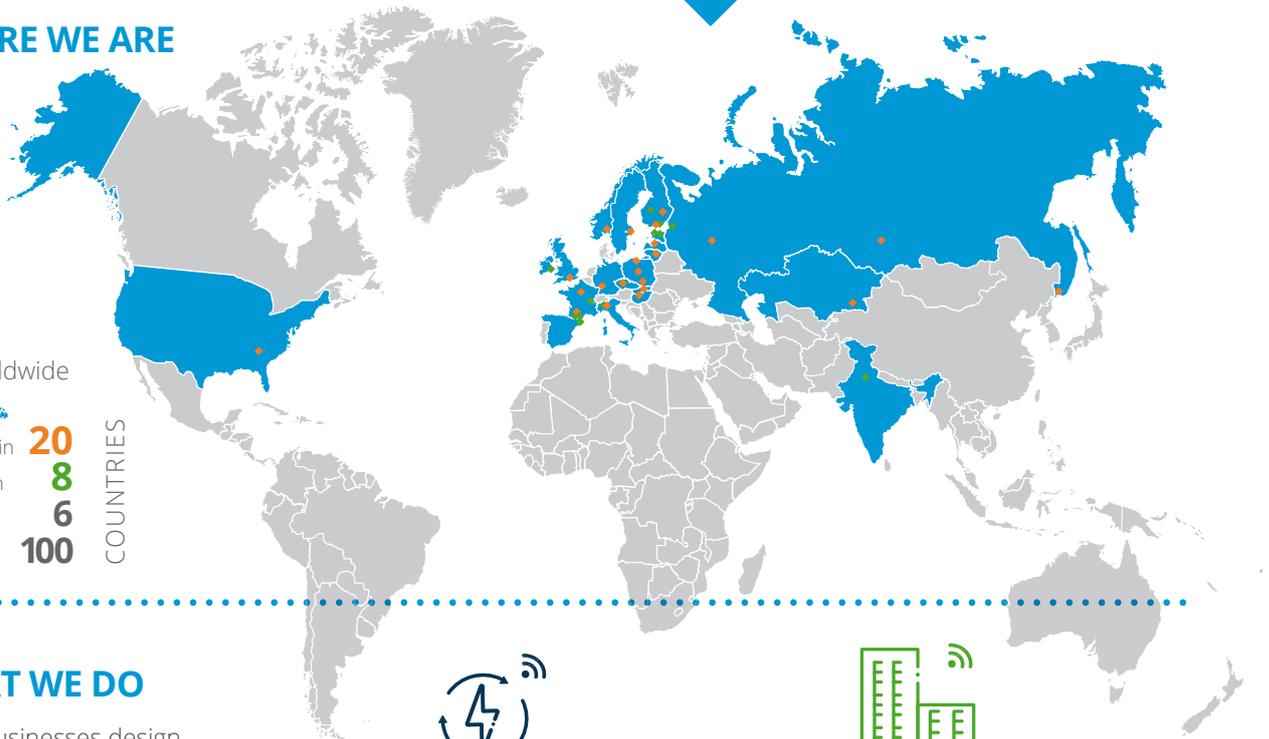


### > WHERE WE ARE



Ensto Worldwide

Sales offices in **20**  
 Production in **8**  
 R&D in **6**  
 Selling to **100**  
 COUNTRIES



### > WHAT WE DO

Our two businesses design and provide reliable and smart electrical solutions and expertise for electricity distribution, buildings, industries, traffic and marine.



**Ensto DSO**  
 Leading expert for distribution system operators



**Ensto Building Systems**  
 Leading smart electrical solution provider in the Nordics and a strong specialist in selected niche markets

Turnover



Businesses

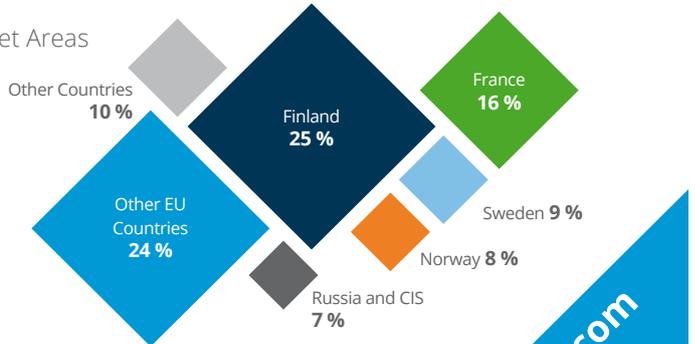
**51%**

Ensto DSO

**49%**

Ensto Building Systems

Market Areas



**Better life.**  
 With electricity.

We believe in a better life with electricity and a more sustainable tomorrow.



# New 2B2F strategy



We believe in a better life with electricity and a more sustainable tomorrow. Electricity has a major role in solving complex problems such as climate change. Smart electrical solutions enable a greater market share for renewable and carbon-free energy, urbanisation and support the aging population. It's truly a major solution to many of the megatrends confronting the world.

Ensto's new growth strategy of 'Two businesses, two focuses' puts sustainability at the heart of everything we do. High ethical standards and sustainability have been a part of Ensto's values and actions from the beginning. New strategy highlights that growth needs to be sustainable.

In Ensto's new strategy for the 2021–2025 period, our company consists of two separate businesses with their own visions, strategies, employees, organisations, and legal companies. The changes are designed to maintain Ensto's competitiveness and enable sustainable growth through an even more dedicated customer and business focus. Despite the clearer division between the two businesses, they will continue to share Ensto's mission of 'Better life with electricity', as well as the strong brand, values, culture, and history of Ensto.

Responsibility is one of those values, and along with sustainability is at the heart of Ensto's culture and history. High ethical standards and sustainability are among the main themes of our strategy.

**Better life with electricity. Sustainably.**

# A new strategy and new sustainability themes

- 
**People First**  
 We support our people to make full use of their talent. Together we reach for the highest performance in our operation, products and services.
- 
**Customer Centricity**  
 Our business is developed through strong customer relationships based on technological expertise and high-quality flexible service.
- 
**Innovative Solutions**  
 We are dedicated to serve the changing needs of our customers by constantly developing new product and solution innovations, that meet or exceed the technical requirements, quality and specifications.
- 
**Operational Excellence**  
 Our delivery capability is superior to competition and earns us preferred position in the markets.
- 
**High Ethical Standards and Sustainability**  
 High ethical standards and sustainability are in the core of everything we do.



Our new strategy has sustainability at its heart. One of the new strategic themes is high ethical standards and sustainability. The new strategy and new strategic themes led us to update our sustainability themes. In this report on sustainability performance, we are reporting according to our previous themes as they were in use in 2020. The new themes will be used in our 2021 report, to be published next year.

Our employees are and will continue to be our greatest asset. This theme is continuously important for us; we have just updated the wording from 'Best employee experience' to 'People first'. The same applies to our products; we will continuously produce high-quality products that follow sustainable design and management methods. There is a small change in the theme name to bring it into line with the new strategy, from 'Smart solution creation' to 'Sustainable and innovative solutions'.

We put a lot of effort into ensuring high quality, safe and energy-efficient production methods, and we are committed to further improving the sustainability of our supply chain. These two themes are now combined, creating a new

sustainability theme named 'Responsible operation and supply chain'.

As already mentioned, 'High ethical standards and sustainability' is one of our strategic themes, and it is also one of our new sustainability themes. It is a question of leading by example and ensuring sustainable growth.



# Highlights of 2020



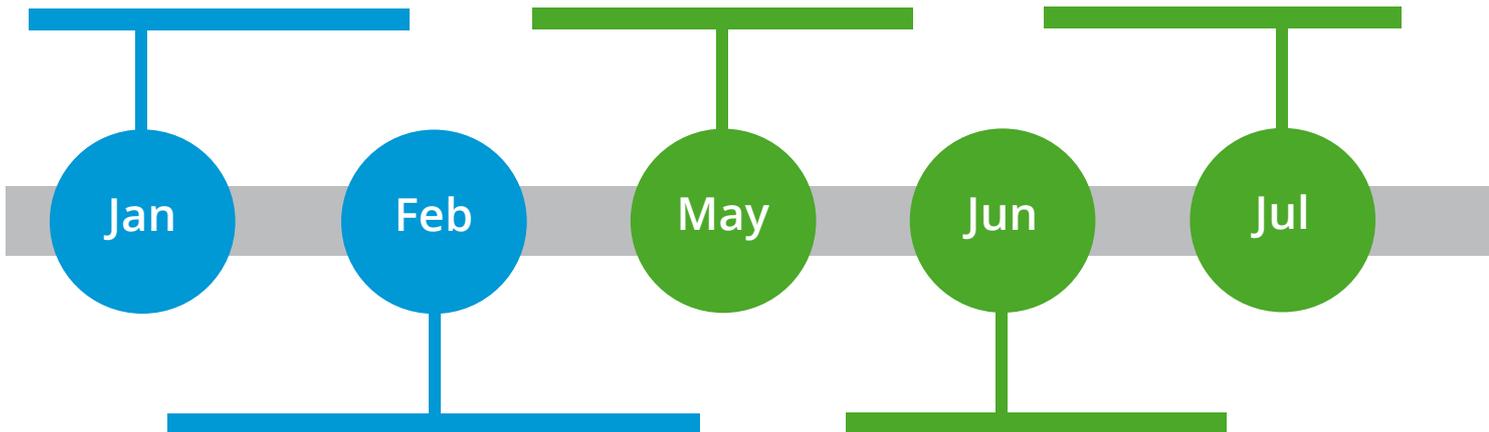
- **Ensto Nor** in Norway awarded with the prize for "Best Supplier in 2019" by Rexel



- Responsible Business Forum announced that **Ensto Ensek** maintained the gold level badge of a Responsible Company



- **33** young, energetic and bright summer workers in our companies



- **Ensto Ensek** in Estonia won "Environmentally Friendly Company of the Year 2019" special award for implementation of paperless production
- **Panu Routila**, MSc, Economics, appointed Member of Ensto's Board of Directors

- Luminaire factory in Lohja, Finland, closed and production transferred to Porvoo, Finland, (sheet metal) and to Paide, Estonia (assembly and painting)

- Heater production transfer from Porvoo, Finland to Keila, Estonia, supporting Porvoo factory on focusing on component manufacturing and highly automated assembly lines

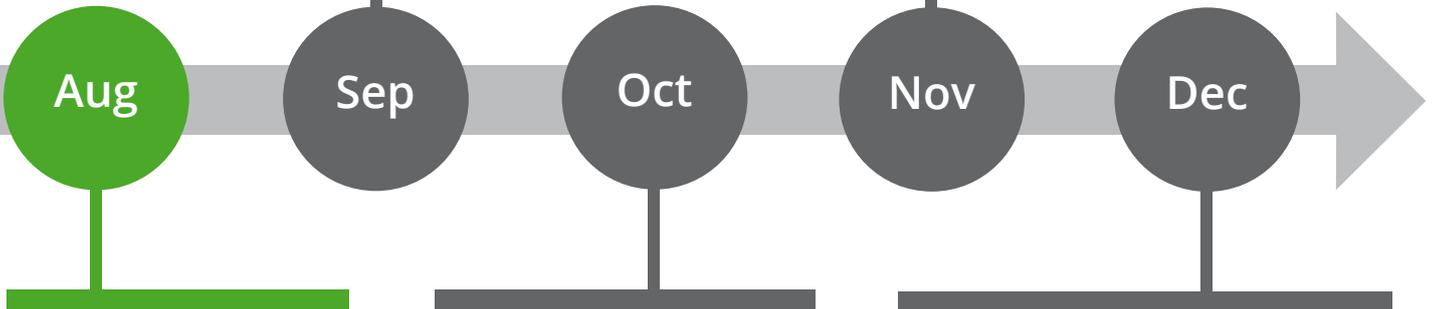




- Solar power plant with total of **450 solar panels installed** on the roof of the Ensto headquarters in Porvoo, Finland
- Ensto Employee Code of Conduct renewed



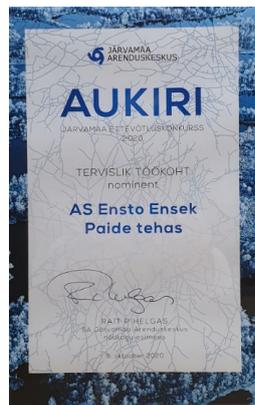
- EnstoNet installation systems' production transfer from Porvoo, Finland to Keila, Estonia, supporting Ensto Operations to concentrate on site-specific purposes
- Our **Best Employee Experience Signi** survey conducted
- Employee net promotion score eNPS improved from -10 to 10



- Paide factory in Estonia became Ensto's lighting factory as Ensto's whole luminaire production moved to Paide

- **Paide lighting factory** in Estonia nominated as a company with healthiest working environment in Järvamaa county

- Ensto acquired the entire share capital of Renley Ltd, an Irish manufacturer of low and medium voltage products and related services
- Company reorganized into two businesses, Ensto DSO and Ensto Building Systems, according to the "Two businesses, two focuses" strategy
- Successful fight for health and safety of our people, volumes and deliveries to customers, and for cost efficiency during the Covid-19 pandemic



# Sustainability at Ensto



**Contributing to build a more sustainable world. With electricity.**

Our purpose is based on sustainability, and therefore it is vital for us to be on the forefront in sustainability issues within our industry. We do our utmost to run our business ethically through the entire value chain. Sustainability and ethical conduct of business is our strength and embedded in our DNA. We value human rights, equality, healthy and safe working conditions and expect our suppliers and partners to respect our

values and policies when engaging in business activities with us.

We constantly seek ways to reduce our energy consumption and operate more efficiently. 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 produce trusted and innovative products and solutions that have a long lifetime and a low environmental impact over their life cycle.

## Our Sustainability performance

We have defined four sustainability themes by focusing on our main stakeholders' needs and requirements. These focus areas are put into practice through action plans that are followed at all levels of the organisation. Each theme has its own owner and specific targets. Theme owners are Ensto management team members, and selected sustainability steering team members are responsible for developing and enhancing these themes.

### Better life with electricity. Sustainably. 2020



We truly care for our people

#### BEST EMPLOYEE EXPERIENCE

- Taking care of employee wellbeing and competence development
- Building a strong company culture with engaged people



#### OBJECTIVE | TARGET

- Reduce sick leaves - 10 %
- Reduce accidents at work Zero accidents
- Completed Code of Conduct 100 % eLearning
- Completed iGROW discussion 100 %
- Improve employee engagement + 10 pp



We provide smart, safe and sustainable solutions

#### SMART SOLUTION CREATION

- Smart and safe solutions
- Solution with low environmental impact through whole life cycle



#### OBJECTIVE | TARGET

- Turnover of products > 30 % less than 3 years old
- Communicate positive environmental actions Create a handprint measure



We are committed to responsibility of our actions

#### RESPONSIBLE SOURCING

- Transparency in sourcing activities
- Honoring human rights
- Following the Ensto Supplier Policies



#### OBJECTIVE | TARGET

- Implement Supplier Code of Conduct Compliance confirmed 100 %
- Risk suppliers identified and audited Sustainability audits conducted 100 % Non-conformities corrected 100 %
- Optimize purchased material stocks Define performance indicators and set targets



We strive for operational excellence

#### LEAN MANUFACTURING AND DELIVERY

- High quality, safe and energy efficient production methods
- Minimizing the environmental impacts of our manufacturing and logistics



#### OBJECTIVE | TARGET

- Reduce energy -1 % consumption
- Improve recycling +3 % percentage
- Increase ISO 14001 +20 % factory coverage %

# Ensto and United Nations Sustainable Development Goals

Ensto has selected seven [United Nations Sustainable Development Goals](#) that we have the most impact on. The UN Sustainable Development Goals are a worldwide action plan – the 2030 UN Agenda – to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. By integrating the selected goals to our business, we can better assess our impact on sustainable development and find new business opportunities. At Ensto, we see electricity as a solution to make life better and we believe that electrical industry has a significant impact in reaching the UN Sustainable Development Goals.

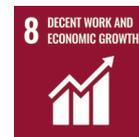
## 7. Affordable and clean energy:

We develop solutions for solar electricity production and develop micro-grid technology which enable integration of renewable energy sources to rural communities.



## 8. Decent work and economic growth:

Our business has a positive economic impact on communities through employment and taxes. We take care of our employees by developing health and safety working environment. We manage human and labor rights risks in our own operations and in our supply chain.



## 9. Industry, innovation and infrastructure:

We provide smart and safe solutions with low environmental impact and minimum life cycle energy demand.



## 11. Sustainable cities and communities:

We offer smart, human-centric and flexible electrification, lighting and EV charging solutions, which increase efficiency and functionality in buildings and help them to respond to user's needs. We are building an advanced smart grid with solutions for network automation, power quality and network monitoring.



## 12. Responsible consumption and production:

We constantly try to minimize our waste generation and increase recycling rate. We design our products taking material efficiency into account. We aim to high quality and produce robust products with long life time.



## 13. Climate actions:

We aim to decrease our own electricity consumption and lower our indirect emissions (e.g. from logistics). We increase environmental awareness of our own employees.



## 17. Partnerships for the goals:

We work closely with our suppliers to increase quality and increase environmental awareness. We work with our partners to research and develop new technologies.



# 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 personnel demonstrate in their daily work. We believe that satisfied, happy and professional employees can serve our customers best.

We value diversity, openness and the professional skills of our personnel and meaningful work. We treat each other with respect and warmly welcome new employees to the Ensto family. We truly care for our employees, and together with our employees we take responsibility for everyone's wellbeing.

We do our utmost to provide a safe and rewarding working environment and offer a high-quality occupational healthcare. We want to be an attractive employer for both current and potential employees.

## Maintaining health and safety in extraordinary times

Last year, the priority was to keep our employees safe and minimise the spread of COVID-19 in our facilities. There was and still are weekly management meetings, where each location's COVID-19 situation is reported and actions are agreed. We have acted proactively in many ways, promoting remote work, closing our factories to visitors, placing plastic screens between workstations and requiring the wearing of masks before most governments implemented this requirement. Shifts were added to ensure a greater distance between workers. Lunch schedules were changed to further promote safety, and in the Porvoo factory proximity cards are being used. With these actions and others, we have been successful in preventing the spread of the virus in our premises. Ensto succeeded in keeping its factories opened in its two largest countries, Finland and Estonia, for the whole year in 2020. However, the overall situation in various countries still led us to the point that many of our factories were temporarily closed for different periods during the year.

Our main principles concerning health and safety are set in our health and safety policy, which was renewed and published in the beginning of 2021.

### Read more:

- Renewed Health and Safety policy
- Employee Code of Conduct



## We truly care for our people

### BEST EMPLOYEE EXPERIENCE

- Taking care of employee wellbeing and competence development
- Building a strong company culture with engaged people



### OBJECTIVE | TARGET

Reduce sick leaves	- 10 %
Reduce accidents at work	Zero accidents
Completed Code of Conduct eLearning	100 %
Completed iGROW discussion	100 %
Improve employee engagement	+ 10 pp

## Promoting a healthy lifestyle and reducing sick leave

Target	Performance (2020)	Comment
-10% reduction in sick leave days	- 8,14% reduction	Health measures have been successful

Ensto employees have followed COVID-19-related guidelines well, and local outbreaks of the disease have been brought under control quickly without internal infection chains. Ensto's COVID-19 measures succeeded excellently. Thanks to all Ensto employees for this! The total number of sick leave days has decreased from the previous year.

Key health figures	2020	2019	2018	2017
Average sick leave days per person per year	7,9	8,6	10,7	12,6

## A safe working environment with the goal of zero accidents

We aim for zero accidents, and are continuously developing our safety procedures to achieve our goal of becoming an accident-free workplace. The main health and safety development methods are 5S, 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 training.

Target	2020	2019	Comment
0 accidents	16	22	The number of accidents was reduced towards our goal. However, work still needs to be done in this regard.

In 2020, 16 accidents which required sick leave occurred at work, meaning that our accident frequency rate (LTIF 4) was 8.6 accidents per million hours worked (accidents requiring more than three days of sick leave). LTIF1 was slightly lower than in 2019. The table below shows the occupational accident frequency rates in Ensto's manufacturing countries.

Key safety figures	2020	2019	2018	2017
LTIF1	9,1	9,4	9,5	12,4
LTIF4	8,7	6,9	5,6	12,4

LTIF = lost time incident frequency per million working hours - this describes the number of accidents at work, which have caused sick leave

LTIF1 = accidents at work which caused 1 or more days sick leave = Medium

LTIF4 = accidents at work which caused 4 or more days sick leave = AFR = Serious

## Our Code of Conduct defines the way we work

Ensto's Code of Conduct ("Code") is our key policy and an essential part of our strategy. It defines the way we work and sets a framework for responsible ways of conducting business. It sets the ethical standards that help us to make the right choices every day.

Target	Performance (2020)	Comment
100% employees complete the e-learning	78% completed	Three-quarters of our employees completed the training within a four-month period

Our Code applies to every single one of us, wherever in the world we are working for Ensto. Therefore, we made a mandatory e-learning course in our Ensto Academy training platform, introducing the code of conduct and the principles we all follow. The e-learning was launched in September 2020, and within a period of four months three-quarters of our employees had completed it. We are confident that we will reach the set target of 100% within the first half of 2021.

If there is a concern that the Code has been violated, we encourage our employees and other stakeholders to speak up so that issues can be addressed and resolved. For anonymous reporting, we use a SpeakUp line. SpeakUp is an independent misconduct reporting platform hosted by a third party. All suspected violations will be investigated in confidence. All violations will be reported to the Ensto management team and chair of the board of directors of Ensto.



SpeakUp process



## iGROW discussions: we believe that company growth comes through individual growth

Discussions with our employees, hearing what they have to say and acting accordingly are highly important in creating the best employee experience. The iGROW discussions are held at least once a year with each employee. During the discussion, the employee can give their views and the parties can decide on the specific personal development goals for the coming year. The set targets will be followed throughout the year.

Target	Performance (2020)	Comment
Complete 100% iGrow discussions	63% (white-collar employees 78%, blue-collar employees 47%)	Some of the discussions where postponed in the hope of being able to conduct them face to face

2020 was an exceptional year, when we learned how to work remotely and get all the work done with minimum contact between people. For many, it is difficult to build up a team spirit and hold development discussions remotely. The main reason for low performance was that some of the superiors felt uncomfortable in having iGROW discussions remotely, and postponed them in the hope that the situation would improve towards the end of the year. To support managers, we piloted virtual leadership a programme for all managers in Finland last year. An important part of the programme was providing tools for the managers to lead employees virtually during this exceptional COVID-19 year. The programme was well received, with a score of 4.6 out of 5. After the good feedback, the programme was expanded into an international programme.

## Increasing the passion and motivation of our employees

Target	Performance (2020)	Comment
+10pp	+5pp (Lit index 69-> 74)	We are satisfied with the performance, but feel that the target was set too high

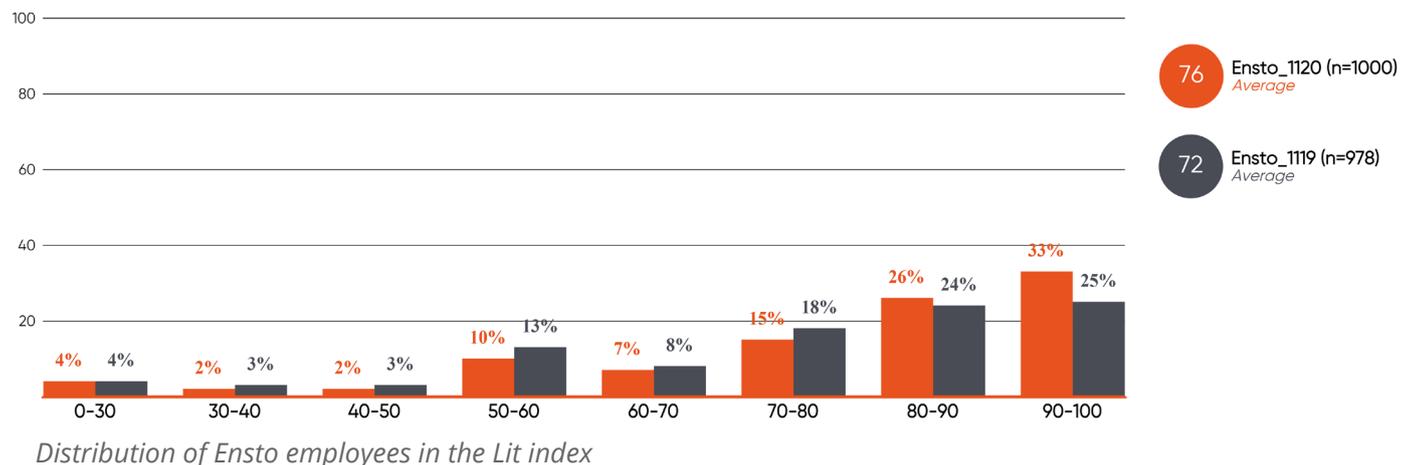
The Best Employee Experience survey response rate reached a level of 77%, which was one percent lower than last year, and definitely was enough for us to achieve representative results. Altogether 1,001 employees responded to the survey. The overall satisfaction rating showed that 76% of respondents are satisfied with Ensto as a workplace, compared to 72% last year. There was a remarkable leap in the employee Net Promoter Score (eNPS) from -10 in 2019 to +10 in 2020.

For this target, we are following the Lit index. The Lit index is used to quantify the passion and motivation of employees.

Response rate 77%,  
Lit index 74,  
overall satisfaction 76%,  
eNPS 10

We saw a great improvement compared with the previous year, with the results increasing from 69 to 74. We are satisfied with this outcome, and feel that the initial target to increase the result by 10 points was too ambitious. The company has done a lot to keep our employees safe and to keep production running, which is something our employees clearly value.

## Whole segment



# Smart Solution Creation

We provide our customers with smart and safe solutions with a low environmental impact and minimum life cycle energy demand. We use smart technology and digital means to support our customers in reducing energy consumption. We consider durability and a long lifetime to be key features of our products and solutions. We prioritise recyclable and durable materials to ensure the longevity of our products. We pay attention to energy consumption during the user phase and processability of our products. We place a great emphasis on an easy and fast installation process in order to minimise the amount of excessive material and waste generated.



We provide smart, safe and sustainable solutions

## SMART SOLUTION CREATION

- Smart and safe solutions
- Solution with low environmental impact through whole life cycle

## OBJECTIVE | TARGET

Turnover of products less than 3 years old > 30 %

Communicate positive environmental actions Create a handprint measure



## New products striving for a sustainable future

Target	Performance (2020)	Comment
Turnover of products less than 3 years old > 30%	21%	Recent high investments in new products are starting to be reflected in turnover, while several projects are still in the development phase

We are continuously working on our product portfolio and updating it based on megatrends and our customer expectations. In 2020, 21% of our turnover came from products that are less than three years old. From

the business unit perspective, the results were Ensto Smart Buildings 29% and Ensto Utility Networks 13%. With this target, we monitor products that are truly new in our portfolio. Additionally, our product development team is constantly monitoring the need of modifications in products we already have on the market.

One reason for not achieving the target is a delay in one new product family launch in Ensto Utility Networks. The developed products will be launched in 2021. Ensto Building Systems was very close to reaching the target and in their portfolio. The main investments and focus in recent years have been in electric vehicle charging (EVC) development.

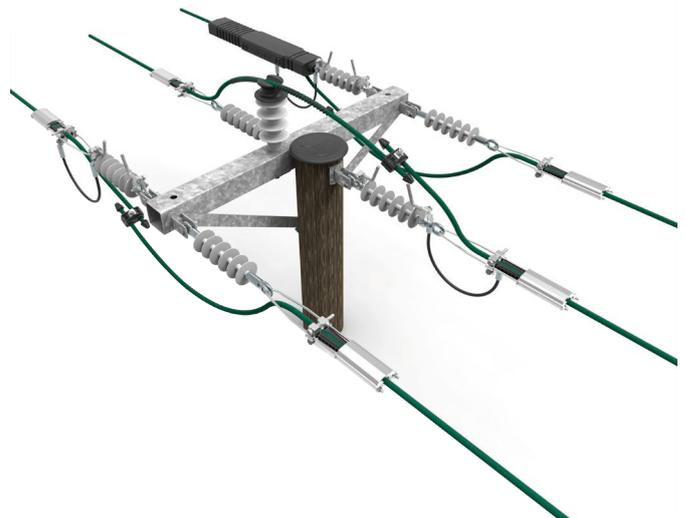
## Examples of new product contributing to sustainable development

### Full Covered Conductor System (FCCS)

The growing trend of also looking at things from the ethical perspective has led to protecting both the power lines and wildlife from the dangers of electricity.

Forest fires are a global problem. Covered conductor technology is a frontline defence against forest fires. Additionally, our FCCS helps to protect birds and small mammals like squirrels against electric shock.

It is sensible and responsible to install our FCCS on power lines.



## Ensto One EV charger

Electric cars are undoubtedly the future of transportation. Ensto One is a smart and safe charger for shared use in apartment buildings and parking garages. Power options include fast charging for a driving range of approximately 140km per hour of charging, which keeps you going when you are in a hurry.



## Finding ways to communicate the sustainable impact of our products

Target	Performance (2020)	Comment
Create handprint measure	Not performed	Handprint not a suitable key performance indicator (KPI) for Ensto products. Instead, we start to monitor investments supporting the United Nations' Sustainable Development Goals (SDGs).

Calculation of the carbon handprint is too complex and time-consuming for the size of our product development team. We have monitored various alternatives for the handprint measure. As we see it, a more valuable alternative for monitoring whether our products and investments related to new product launches support the SDGs. Whereas the carbon handprint focuses only on carbon dioxide emissions, investments in meeting the SDGs have a wider impact from a sustainability perspective, such as the circular economy and biodiversity. We have drafted the criteria and aim to start making the first measurement in 2021.



# Responsible Sourcing

Through collaboration with our stakeholders, we aim to ensure the highest quality and create a sustainable supply chain. We set strict requirements for our suppliers to uphold high standards for responsible business practices.

When selecting suppliers, we look for quality, reliability, transparency and the ability to foster innovation. We are committed to developing long-term, open, fair and mutually beneficial partnerships with our suppliers and partners, and to seeking innovative ways of working together.



We are committed to responsibility of our actions

## RESPONSIBLE SOURCING

- Transparency in sourcing activities
- Honoring human rights
- Following the Ensto Supplier Policies



## OBJECTIVE | TARGET

Implement Supplier Code of Conduct	Compliance confirmed 100 %
Risk suppliers identified and audited	Sustainability audits conducted 100 % Non-conformities corrected 100 %
Optimize purchased material stocks	Define performance indicators and set targets

## Our sustainability requirements and expectations regarding ethical issues in Ensto's Supplier Code of Conduct

Target	Performance (2020)	Comment
Supplier Code of Conduct compliance confirmed 100 %	60%	We are preparing e-learning courses, giving suppliers a third choice to accept our Supplier Code of Conduct

Sustainability is an evolving global trend. We have seen that companies are increasingly accepting and are interested in collaborating on sustainability.

The scope of this target is all A-suppliers serving Ensto. The A-supplier category means spending of more than €200,000 per year, including suppliers also directly serving sales offices as well as operations. A broad scope makes it more difficult to reach every supplier, but we are continuously working on further improvements in this area.

Today, there are two ways to receive confirmation from suppliers. One is our [E-procurement portal](#), where acceptance of our supplier code of conduct is part of the questionnaire. Alternatively, it is part of the contract under the chapter on terms and conditions. We are also preparing a third option, namely e-learning on our Ensto Academy platform. A benefit of e-learning is that

it provides additional information and explains our values and expectations to suppliers in more detail. The e-learning material is scheduled to be published in 2021.

A success factor in this process is early involvement, which is part of the supplier selection criteria. A full supplier analysis is now part of all new supplier selections, regardless of the supplier category.

### Read more:

- > [Supplier Code of Conduct](#)
- > [Conflict Minerals Policy](#)
- > [General terms and conditions](#)
- > [Supplier Requirements](#)



## Risk suppliers identified and audited

Target	Performance (2020)	Comment
Conduct sustainability audit to risk supplier and 100% non-conformities corrected	Achieved	In 2020, three sustainability audits were conducted in China

Suppliers located in risk countries are categorised as risk suppliers. The categorisation is based on the international rating system.

In 2020, we were not able to travel for auditing due to the COVID-19 pandemic. To conduct audits, we used local experts we have worked with before.

The highlights of these audits, health and safety, business ethics and the environment are the key non-conformities that remain unresolved. By examining these issues in further detail, we have made the following observations:

- Issues raised related to health and safety largely involve machinery safety and building licensees.
- Findings in the area of business ethics typically relate to data management.
- Non-conformities related to environmental performance, such as the failure to maintain the legally required environmental permits and labeling and storage of chemicals.
- Other findings related to wages and working hours.

The suppliers in risk countries are very open. We have had excellent cooperation, and have not noticed any cheating or concealment. These companies are interested in cooperation and are willing to make changes and improvements as required.

The ongoing COVID-19 pandemic has had a significant impact on the auditing of suppliers. The traditional approach to auditing, onsite visits, has been significantly curtailed, and it is unclear when and under what conditions it might resume in full. Remote audits, tools and digital methods are more topical now and in the near future.



## Optimizing purchased material stocks

Target	Performance (2020)	Comment
Define KPI and set target to optimize purchased material stocks	New KPIs and targets for 2021 selected	Based on the analysis of different reports, the selected KPI is the supplier and quality yield

For analysing purchased material stock, we use the number of reports: slow-moving parts, overall stock of materials/parts, scrap, and return to suppliers. Based on the analysis of these reports, we have agreed on the KPI for this target to be supplier and quality yield. For 2021, we have set a target of supplier performance yield of 99.8% and a quality yield of 99.8%.

# Lean Manufacturing and Delivery

Our culture of continuous improvement is based on sustainable, effective and efficient manufacturing. We are constantly working to minimise the negative environmental impacts of our operations, minimising both the resources used and the waste generated. We also take advantage of the possibilities offered by the circular economy. We focus on efficient and agile delivery capability and on keeping our promises to customers.

We are constantly striving for world-class manufacturing in our factories.



We strive for operational excellence

## LEAN MANUFACTURING AND DELIVERY

- High quality, safe and energy efficient production methods
- Minimizing the environmental impacts of our manufacturing and logistics



## OBJECTIVE | TARGET

- Reduce energy consumption -1 %
- Improve recycling percentage +3 %
- Increase ISO 14001 factory coverage % +20 %

## Our own use of electricity in focus

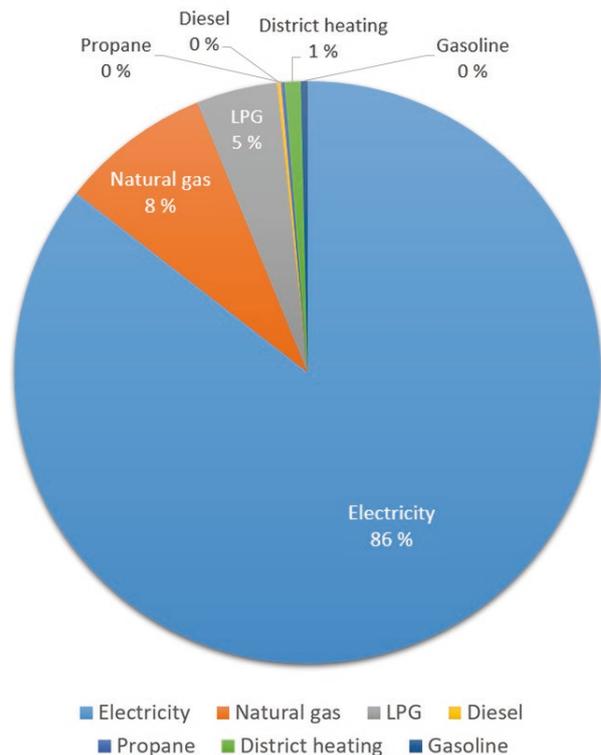
Target	Performance (2020)	Comment
Reduce energy consumption by 1%	-6,63%	The reduction is affected by the COVID-19 pandemic. A highlight from the year was the installation of 450 solar panels on the roof of our headquarters in Porvoo, Finland.

Electricity plays the largest role in Ensto's CO2 emissions in terms of energy (86% of CO2 emissions from energy use). For this reason, reducing electricity consumption has been set as a target. Due to the COVID-19 pandemic, some of our factories were closed for a shorter or longer period, or have operated at partial capacity for some period of time. This has affected our total use of electricity, and accounts for most of the reduction. We see a need to develop target-setting, and in the future will set an electricity consumption target related to production hours or produced pieces.

Nevertheless, during this difficult year we were able to carry out actions that brought about a reduction in electricity consumption now and in the future. We continued to replace the lighting in our premises with LED lighting. With every production transfer, we also renovate the lighting on new production areas. Last year we carried this out in the Keila and Porvoo factories, and continued the renovation of lighting in some office facilities.

We have also invested in renewal of our machinery and in automating our work. In the Porvoo factory, we now have automated lines for SLIW insulation piercing connectors and an automated screwing machine for joints and cable lugs.

CO2 emissions from energy usage in 2020



Distribution of CO2 emissions from the use of energy in 2020



In September, 450 solar panels were installed on the roof of Ensto's headquarters and the main factory building in Porvoo. The panels will generate an estimated annual output of approximately 130,000 kWh – enough to fully charge 1,700 Tesla cars. The panels themselves will only generate between three and four per cent of the energy Ensto needs to operate the plant, but they are a major step forward minimising total electricity usage and reducing costs and emissions in an industrial plant. We will give an overview of actual productivity in next year's report, as for now there is too little data to analyse.

### Improving waste management

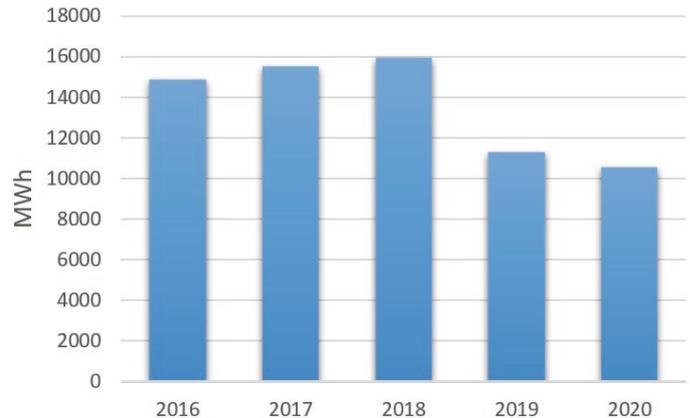
Target	Performance (2020)	Comment
Improve recycling percentage by 3%	+8,16%	High performance is influenced by soil treatment in one of our factories

We have defined landfill, energy and hazardous waste as non-recyclable. We have reduced our overall waste generation. This may be partly influenced by the pandemic, but the reduction can also be seen in factories that were opened during the whole year of 2020, namely the Porvoo and Keila factories.

Last year, we started to separately collect and send plastic waste from our Porvoo factory for recycling. Plastic was previously disposed of as energy waste. We are continuously seeking ways to recycle more and demand from our waste management partners to find ways to recycle the materials we collect.

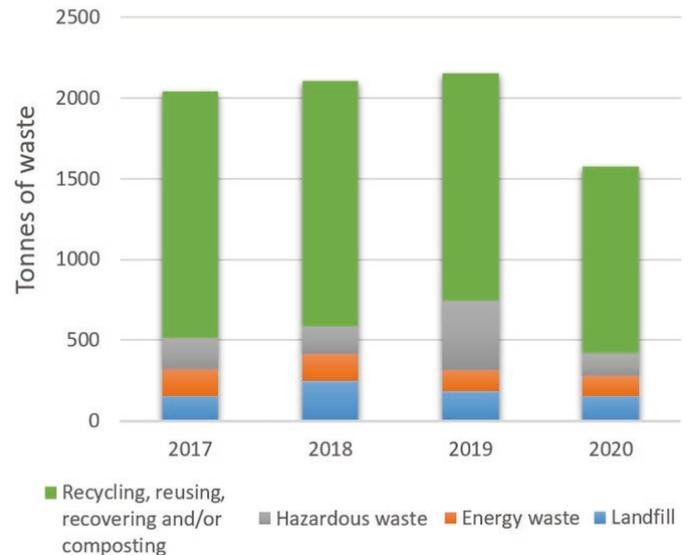
A target of 3% was set, and we were able to achieve an improvement of as much as 8.16% in recycling. The high figure is explained by the fact that land treatment of an infiltration basin at one of our factories in France was carried out in 2019. This was a one-time action of cleaning up the land in this basin, which contained heavy metals after closing down one part of production at the plant. This material was handled as hazardous waste and is included in the statistics.

### Electricity use



Use of electricity in Ensto factories in years 2016-2020

### Waste



Overview of total waste generation in Ensto factories and distribution to recyclable and non-recyclable waste in years 2017-2020



## Increasing the round of certified sites

Target	Performance (2020)	Comment
Increase ISO 14001 factory coverage by 20%	Achieved	Two of our production sites, Cormano and Bagnères-de-Bigorre, were certified according to ISO 14001

For us, sustainability means responsible operations in everything we do. We concentrate our environmental management efforts in the areas that account for most of our environmental impact. Our goal is to minimise the adverse environmental impacts of our operations throughout the entire value chain and the life cycle of our products and services. We currently have twelve manufacturing sites, seven of which are certified according to the ISO14001 standard. This means that 65% of our employees work in certified sites.

In 2020, two of our manufacturing sites were certified according to ISO 14001: Cormano, Italy and Bagnères-de-Bigorre, France. We have planned to certify

two more sites in 2021, and in our long-term targets we have stated that all Ensto Operations sites will be certified according to the ISO14001 standard by 2025.

We value increasing environmental awareness and aim to achieve it through the environmental management system process. We do this by encouraging our employees to make environment-related observations, record environmental findings and participate in improvement projects. We provide environmental training and invite personnel to take part in sustainability theme days. Through these steps, we aim to increase the skills of our personnel related to the environment.



# Introduction to the 2021 targets

To continue our sustainability journey, we have set the yearly sustainability targets for each of our sustainability themes.

In 2021, we will continue to invest in employee safety, satisfaction and wellbeing under the 'People first' theme.

For the sustainable and innovative solutions theme, we are working on an evaluation system for SDG-related investments, and it is introduced in this report. In addition, we are focusing on reducing the amount of inventory scrap and increasing the use of biomaterials and recycled plastic in our products.

As presented in this report, electricity plays the largest role in Ensto's CO2 emissions in terms of energy, which is why we are committed to reducing electricity consumption in our operations. We will continue to audit risk suppliers and apply the supplier code of conduct to all A-suppliers (spending of more than €200,000 per year) under the 'Responsible operations and supply chain' theme in 2021.

Our new sustainability theme '**High ethical standards and sustainability**' focuses on increasing the sustainability awareness of Ensto employees, which is why we are planning a training programme. In addition, we are committed to ensuring that all employees complete the Ensto Code of Conduct e-learning course.

## Better life with electricity. Sustainably. 2021



We truly care for our people

### PEOPLE FIRST

- Taking care of employee wellbeing and competence development
- Building a strong company culture with engaged people



### OBJECTIVE | TARGET

Reduce accidents at work	Zero accidents
Completed iGROW discussion	100 %
eNPS	> 25
LIT index	> 80 %



We provide reliable and smart electrical solutions and expertise

### SUSTAINABLE AND INNOVATIVE SOLUTIONS

- Solution with low environmental impact through whole life cycle
- High quality products with long life time
- Solutions that enhance SDGs



### OBJECTIVE | TARGET

Increase business that contributes to SDGs	Create a criteria to measure SDG investments and start measuring
Increase usage of bio/recycled plastic	Proof of concept testing
Decrease inventory scrapping	- 10 %



We strive for operational excellence

### RESPONSIBLE OPERATION AND SUPPLY CHAIN

- High quality, safe and energy efficient production methods
- Minimizing the environmental impacts of our manufacturing and logistics
- Transparency and sustainability in sourcing activities



### OBJECTIVE | TARGET

Reduce electricity consumption	- 2 %
Implementation of Supplier Code of Conduct (A- suppliers)	100 %
Risk suppliers identified and audited	100 %
Supplier performance yield	99,8 %
Quality yield (operational yield)	99,8 %



We are committed to responsibility of our actions

### HIGH ETHICAL STANDARDS AND SUSTAINABILITY

- Honoring human and labor rights
- Following Ensto Policies
- Promoting sustainability in everything we do



### OBJECTIVE | TARGET

Completed Ensto Code of Conduct e-learning	100 %
Increase sustainability awareness	Sustainability training for all employees

# Supporting the UN Global Compact

Ensto has been a signatory to the United Nations Global Compact since 2013, and we are committed to its principles regarding human rights, environment, labour 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.

The following table shows how we have connected the UN Global Compact principles to Ensto's Employee Code of Conduct and Supplier Code of Conduct and policies.



HUMAN RIGHTS	COVERED IN
Principle 1 • Business should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> <li>• Ensto Code of Conduct</li> <li>• Supplier Code of Conduct</li> </ul>
Principle 2 • Make sure not to be complicit in human rights abuses.	<ul style="list-style-type: none"> <li>• Ensto Code of Conduct</li> <li>• Supplier Code of Conduct</li> </ul>
LABOR STANDARDS	COVERED IN
Principle 3 • Business should uphold the freedom of association and the effective recognition	<ul style="list-style-type: none"> <li>• Ensto Code of Conduct</li> <li>• Supplier Code of Conduct</li> <li>• Health and Safety Policy</li> </ul>
Principle 4 • The elimination of all forms of forced and compulsory labor	<ul style="list-style-type: none"> <li>• Ensto Code of Conduct</li> <li>• Supplier Code of Conduct</li> </ul>
Principle 5 • The effective abolition of child labor	<ul style="list-style-type: none"> <li>• Ensto Code of Conduct</li> <li>• Supplier Code of Conduct</li> </ul>
Principle 6 • Elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> <li>• Ensto Code of Conduct</li> <li>• Supplier Code of Conduct</li> <li>• Health and Safety Policy</li> </ul>
ENVIRONMENT	COVERED IN
Principle 7 • Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> <li>• Ensto Code of Conduct</li> <li>• Supplier Code of Conduct</li> <li>• Quality and Environmental Policy</li> <li>• Environmental management system</li> </ul>
Principle 8 • Undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> <li>• Ensto Code of Conduct</li> <li>• Supplier Code of Conduct</li> <li>• Quality and Environmental Policy</li> <li>• Environmental management system</li> </ul>
Principle 9 • Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> <li>• Quality and Environmental Policy</li> <li>• Ensto Group R&amp;D Guidelines</li> </ul>
ANTI-CORRUPTION	COVERED IN
Principle 10 • Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> <li>• Ensto Code of Conduct</li> <li>• Supplier Code of Conduct</li> </ul>

# About this report

Ensto is committed to continuous sustainability reporting. We have been publishing sustainability reports since 2010, and all the previous reports are available on our website. This report covers the entire company's sustainability performance for 2020, covering all of Ensto's business units and production facilities. As Ensto is not a listed company and does not report its financial performance, this report focuses mainly on social and environmental aspects of our operations.

Our sustainability report is available in electronic format and is published annually. In order to reduce the usage of printing materials, the report is available only in digital format. The report is based on internal data and has been cross-checked internally. No external assurance body has been used.

In case of questions regarding our sustainability report or its content, please contact us by email at [ensto@ensto.com](mailto:ensto@ensto.com).



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