



Better life.
With electricity.

Sustainability Report 2017

Published: June 1, 2018



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ABOUT THIS REPORT

Ensto is committed to continuous sustainability reporting. This report covers the whole company's sustainability performance for the year 2017 and it covers all Ensto's business units and locations. Our sustainability report follows the GRI standards principles. As we are 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 index is available on page 75 and on our website.

Reporting cycle

The sustainability reports have been published every second year starting from the year 2012. An exception was made in 2016 (25.10.2016), when we published the report for the years 2014-2016. The one year delay was due to a renewal and implementation of our new corporate strategy. Starting from 2017 we have decided to publish the sustainability report in electronic format yearly.

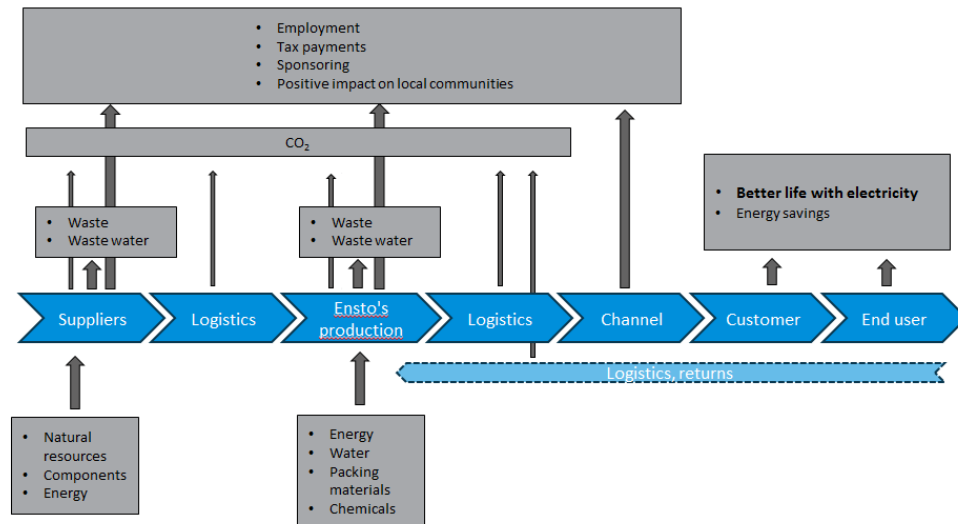
Material aspects and boundaries

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.



Ensto's impact on sustainability through the value chain



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 through Human Resource Management system (Flower). The system includes accurate data on Ensto's employees globally, covering all units and providing basic employment related information on all employees.

The training data is collected by our local human resources personnel. In 2017 we launched an eLearning platform (Ensto Academy) which will help us in the future to report more accurately of the employee trainings and educations.

Environmental data is compiled from manufacturing plants. No data of waste production was available from India and St. Petersburg. Also data of energy consumption in St. Petersburg could not be gathered. CO₂ emissions of the electricity production were collected from the energy producers whenever the data was available. CO₂ emissions of the electricity in Llers in Spain and Milan in Italy factories were taken from European Environment Agency. CO₂ emissions of the electricity in Russia and India were taken from publication of International Energy Agency. CO₂ emission factors for fuels were gathered from different



sources, which were Finland's Ministry of the Environment, Motiva and U.S Energy Information Administration.

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

Further information

This report has been published in May 2017 and it is only available in digital format because we want reduce the usage of printing materials. The report is not externally verified.

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 sustainability card form from our sustainability page: <https://www.ensto.com/sustainability>



MESSAGE FROM THE CEO: Megatrends guiding us towards more sustainable operations



Ensto has made life better with electricity through times and generations. This year (2018) Ensto is celebrating its 60th anniversary. Many great things have happened during these years but we want to focus on the future.

In order to stay in the business also in the coming decades we need constantly and closely observe the megatrends that guide our business environment, and act accordingly. For active players, as I see Ensto, megatrends are an opportunity not a threat.

Sustainability as such is one of the megatrends but also a combining factor of other megatrends. Sustainability is a key part of our operation as we aim to design and manufacture smart and ecological products. Besides sustainable products, human perspective is also very important for us. We truly care in what kind of conditions employees are working, and we want our employees to enjoy working at Ensto. Furthermore, we expect our suppliers to operate according to our ethical principles and values.



Improving our employees skills and knowledge

In 2017 one of our biggest projects concerning development of our employees has been building up Ensto Academy, which is Ensto's Learning Management System. It enables versatile personnel and customer trainings online. I believe that employees are more pleased with their work when they have enough knowledge to succeed in their daily duties and therefore this project has been important for us.

Enhancing dialog with our suppliers

Teamwork between Ensto and our suppliers has a key importance, as it is the basis of a successful business. In 2017, we organized our first Supplier Days where we had the possibility to an open dialogue with our suppliers. The transparency of the supply chain and expectations for suppliers were presented for both parties. I am pleased that as a result of the workshops it was evident that suppliers are interested in taking part of our product developments and that they wish to be involved already at earlier stages.

60 Acts for Better life

At Ensto we are celebrating our 60th anniversary with 60 acts for better life and better future, together with our customers and other stakeholders. Our own personnel have been invited to share their ideas of the anniversary acts and the best ideas will be realized. I am very excited to find out what kind of thoughts there will be and which ideas will be put into practice.

Continued commitment to UN Global Compact

Like last year, 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 year we have combined our sustainability report, which follows GRI standards, and UN Global Compact report. In the combined report, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.



OUR SUSTAINABILITY HIGHLIGHTS

Ensto Quality and Environmental policies renewed to comply with the new strategy and values

In 2017 we renewed Ensto's Quality and Environmental policies to comply with the new strategy and values. The two policies have been combined to into one policy. Quality and Environmental Management is the foundation of all our operations at Ensto. The meaning of the Policy is to summarize the essential elements of our commitment for Quality and Environmental Management. Read more on page 33.



Ensto Academy - Ensto's Learning Management System (LMS)

Ensto Academy was launched in 2017. It provides one common place for the competence management and thus, our personnel's development can be supported better. Among other functionalities, Ensto Academy enables versatile personnel and customer trainings online. The wide offering of e-courses include topics ranging from Ensto's products and solutions to Ensto's strategy and Employee Code of Conduct. Read more on page 41.



First Ensto Supplier Days arranged in Tallinn

In 2017, Ensto organized first global Supplier Days in order to build a strong supply base with our trusted partners. Together with our suppliers, we were able to discuss how to optimize joint activities and how to develop joint business. The Supplier Days were held in Tallinn, Estonia. Read more on page 53.



Ensto launched Ensto SmartWay, a lighting solution equipped with Artificial Intelligence (AI)

Ensto SmartWay is a self-learning, wirelessly networked and future-proof control system. SmartWay luminaires





listen and learn by themselves and from each other to make sure that there is always light on where and when it is needed. Read more on page 50.

Electric vehicle charging took its first steps in India

First Ensto electric vehicle charging station was opened in New Delhi, India in October 2017. The station has Ensto Pro EV charging unit and it is connected to Finnish clean-energy company Fortum's Charge & Drive platform. Read more on page 47.



Ensto Finland participates in voluntary Energy Efficiency Agreement

Ensto Finland participated in Energy voluntary Efficiency Agreement during the period 2008-2016 and has decided to continue to 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. Energy saving actions done in 2014-2016 are taken into account, when the energy saving target is calculated.



**ENERGY EFFICIENCY
AGREEMENTS**



OUR RECOGNITIONS

Ensto Ensek honored with Environment Management Award

Ensto Ensek in Estonia participated in a competition organized by Estonia Ministry of Environment and got awarded with prestigious Environmentally Friendly Organization Environment Management prize. Ensto Green Office concept was the subject of successful participation in the competition.

Ensto Green Office is part of Ensto's Environmental Management system (ISO 14001) and designed especially for the office environment. It helps us to reduce the burden we place on the environment, and brings economical savings in terms of energy, material, and waste management costs. Keila and Tallinn plants are certified against the Ensto Green Office requirements.

Ensto received an environmental responsibility award for Itä-Uusimaa region from Helsinki Region Chamber

Ensto Oy in Finland received an environmental responsibility award for Itä-Uusimaa region from Helsinki Region Chamber of Commerce on May 12. This year the award was presented for 19th time and the theme was "Taking environmental concerns into consideration in business". The aim was to find a company that has considered environmental concerns in business more effectively and more innovatively than an average company in the branch has.

Ensto Oy is an excellent example of environmental responsibility work not just in production but also with the whole personnel, comments Risto Volanen, Chairman for the award committee.

The committee also states that Ensto is a strong Finnish family company, that created an own official environmental management system already in the 1990s. After that, the company has systematically paid attention to environmental concerns in developing company even when expanding it abroad.



Ensto ranked 3rd best employer in Responsible Summer Job 2017 competition

In 2017 Ensto was ranked 3rd best employer in Responsible Summer Job 2017 competition in the series for big companies in Finland. Responsible Summer Job is a campaign driven by T-Media and Economic Information Office TAT. The aim of the campaign is to challenge employers to offer more summer jobs of better quality to 14-29 year old youth.

The arguments for the prize were that work contract related issues were handled very well, summer employees were very satisfied with their jobs and they found the assignments interesting.



SUSTAINABILITY TARGETS

| Best employee experience | | |
|--|--|----------|
| Target | Progress | Status |
| Zero accidents | Accident frequency rate has slightly increased in 2017 compared to previous years (see page 40). | |
| Increasing environmental awareness of our employees | <p>We have implemented Ensto Green Office in Tallinn and in Keila and are implementing it in Porvoo (certified during 2018). We plan to implement Ensto Green Office in all Ensto's offices.</p> <p>Ensto organizes two, environmentally related, theme weeks on yearly basis: Earth Day theme week and Energy Awareness Week (see page 44).</p> | |
| Measure and improve employee experience: | | |
| <ul style="list-style-type: none"> Employee experience survey done yearly and response rate was 80%. Employee Net Promoter Score: 20 (good) Overall job satisfaction: over 75 % | <ul style="list-style-type: none"> Ensto Employee experience survey has been conducted yearly since 2017. Response rate was 75%. Survey was previously conducted biannually (see page 37). Employee Net Promoter Score was 5 in 2017. Overall job satisfaction was 73 % in 2017. | |
| Increasing employee occupational development | | |
| <ul style="list-style-type: none"> 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 2017 Ensto launched Ensto Academy, which is Ensto's Learning Management System (see page 41). In process. Code of Conduct e-learning course was launched in 2017. | |



Achieved



On-going



Cancelled



Smart solution creation







| Target | Progress | Status |
|--|--|--------|
| To improve energy efficiency of our products and decrease environmental impact of our products | <p>In 2017, we launched Ensto SmartWay (see page 50). In 2018 we will launch new intelligent thermostats which help users to save their heating energy.</p> <p>We utilized circular economy approach in luminaires and business gifts, launched sustainability guidelines for product design (see page 48, 54).</p> | |
| Actively support the increase of the electric transportation | <p>Ensto representative as a guest speaker in several e-mobility seminars, meetings with policy makers to discuss about regulations and e-mobility trends, public statements to promote e-mobility.</p> <p>In our daily work we concentrate on building and developing smart electric vehicle charging systems and services (see page 46).</p> | |
| 30% of our products/solutions are new (< 3 years) | In process. | |
| Decrease the amount of non-profitable products | One of our strategic projects is Product Portfolio renewal, which aims to a competitive, streamlined and profitable product portfolio with focus on our targeted customers. | |

Responsible sourcing

| Target | Progress | Status |
|---------------------------------------|---|--------|
| Supplier code of conduct implemented | In 2017, we implemented Supplier Code of Conduct, which has been communicated to our suppliers. Code of Conduct was Published on our web site, introduced in Supplier Days. | |
| Enhancing cooperation with suppliers | In 2017, we organized Ensto's first Supplier Days (see page 53). | |
| Risk suppliers identified and audited | <p>In 2017, quality requirements were published on our web site. Tendering process was transparency improved. Supplier categorization and classification management renewed, sourcing risk areas defined.</p> <p>We have audited 46 suppliers from which 40 were located in risk countries.</p> | |
| Supplier quality yield 99.7 % | Supplier quality yield was 99.5% | |



Lean manufacturing and delivery

| Target | Progress | Status |
|---|--|--|
| Reducing environmental impact of our operation | <p>We minimize the waste at our factories, see example at page 58.</p> <p>In Porvoo plant we participate the energy efficient agreement and our target is to reduce energy consumption 10.5% by 2025. In 2017 we changed 10% of our luminaires in LED, and optimized our heating system.</p> <p>Also in other plants we constantly seek ways to reduce the environmental impact.</p> |  |
| <p>Maintain high quality</p> <ul style="list-style-type: none"> Quality yield: <ul style="list-style-type: none"> Porvoo: 99.90% Keila: 99.95% Tallinn: 99.90% | <ul style="list-style-type: none"> Quality yields in: <ul style="list-style-type: none"> Porvoo: 99.79% Keila: 99.96% Tallinn: 98.93% |  |
| Lean methods implemented to all Ensto operation sites where applicable | <p>Lean methods is implemented in Porvoo, Keila, Tallinn and St. Petersburg factories.</p> <p>War Room and 5S implementation in Spain and France. In France and Spain War Room and 5S are currently in implementation phase. In Paide and Lohja Lean is partly in use.</p> |  |
| <p>War room / time loss reduction</p> <ul style="list-style-type: none"> 2017 target: 306 completed improvement projects (production, customer care, logistics and procurement) 2018 target: focus on bigger and more complex projects, 234 improvement projects completed. | <p>War room / time loss reduction</p> <ul style="list-style-type: none"> 2017: 270 improvement projects completed generating 25,600 h/a time loss reduction. |  |
| <p>5S: Health, Safety and Environment audits:</p> <ul style="list-style-type: none"> Audit rate in work and environmental safety issues > 90% Corrective actions should be completed in 2 weeks | <ul style="list-style-type: none"> 2017: Audits are done every second week. Audit rate in Porvoo, Keila and Tallinn > 90%. Corrective actions are completed within 2 weeks. |   |



ABOUT ENSTO

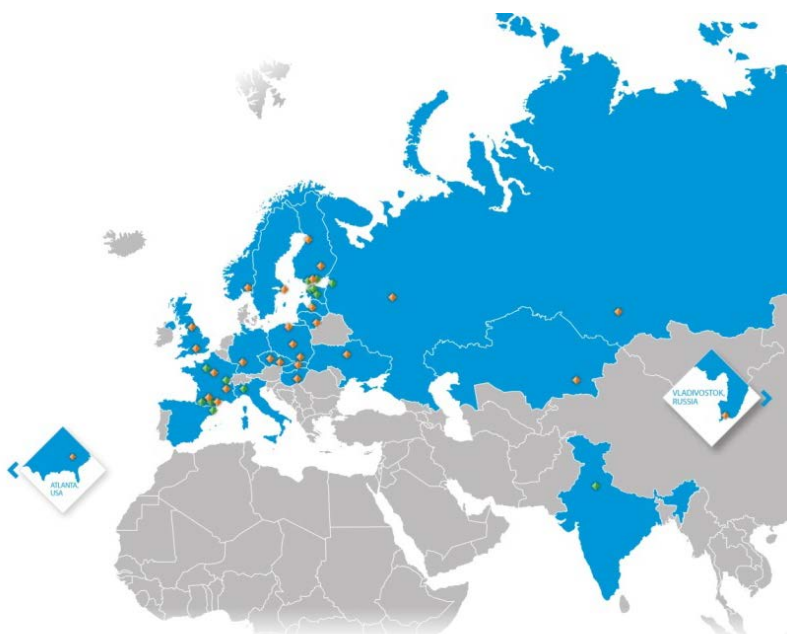
Ensto is an international family business, which designs and provides smart electrical solutions to improve the safety, functionality, reliability and efficiency of smart grids, buildings and transportation.

Ensto was founded in 1958 and employs ca. 1,600 passionate professionals in Europe, the USA and Asia. In 2017, we generated turnover of ca. 260 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 2017, Ensto had four businesses: Ensto Electrification, Ensto Lighting, Ensto Utility Networks and Ensto Solutions.

Ensto Group has its headquarters in Porvoo, Finland and operates in 20 countries and sales to ca 100 countries. Ensto has production 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.





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

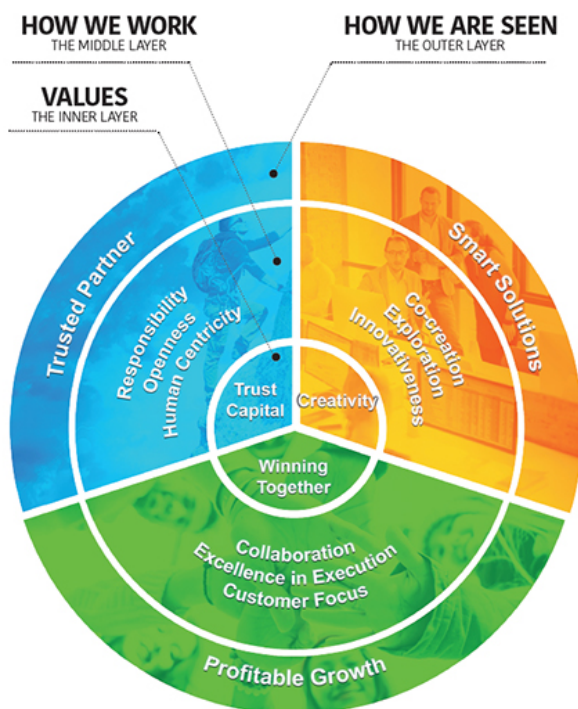
Trust is the basis for everything we do, and it must be earned every day. Human centricity, openness and responsibility are visible in every action we take. We always keep our promises, which makes us a Trusted Partner.

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.



Our vision

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

This means that we are going to provide smart electrical solutions, but our ultimate goal is to develop our solutions so that they will create better life for people who are using them. We want to move from technology-centricity to human-centricity.



Our strategy

In 2017 we launched our new strategy for the years 2017-2020. 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.





Global megatrends driving our business

Ensto's management evaluates regularly the global megatrends that affect Ensto's business, examining related risks and opportunities to create the basis for our strategic planning. Based on the analysis made in 2016 and 2017 the five key megatrends with the greatest impact on our business are: urbanization, digitalization, social change, shift of economic power and sustainability. These megatrends have the greatest impact on Smart Cities, where we have chosen three ecosystems in which Ensto participates: Smart Grid, Smart Building and Smart Transportation ecosystems.

Our responsibility is to accelerate the change toward more sustainable cities by providing smart services and solutions with electricity and with high energy and resource efficiency.

Sustainability

We design and provide solutions and services, which reduce fossil fuel dependence, e.g. intelligent solutions for e-mobility charging and renewable energy related solutions.

Shift in Economic Power

We do our best to make sure that that our suppliers act according to the laws and required standards. We keep an eye on the possible business opportunities on the emerging markets.

Social Change

We concentrate on developing needed services to our customers. We will investigate and pilot new working models.



Urbanization

Our smart and safe solutions for smart grids, buildings and transportation will help to build long lasting utility networks and decrease CO₂ in urban areas.

Digitalization

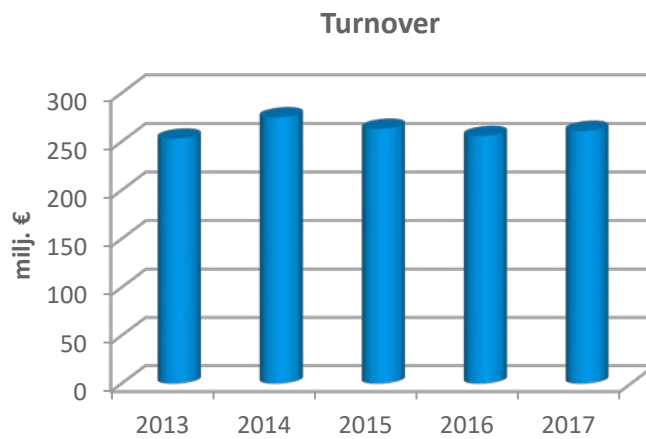
Our new business models and solutions utilizing digitalization will help our stakeholders to be more efficient, utilize resources more carefully and use data in a smart way.



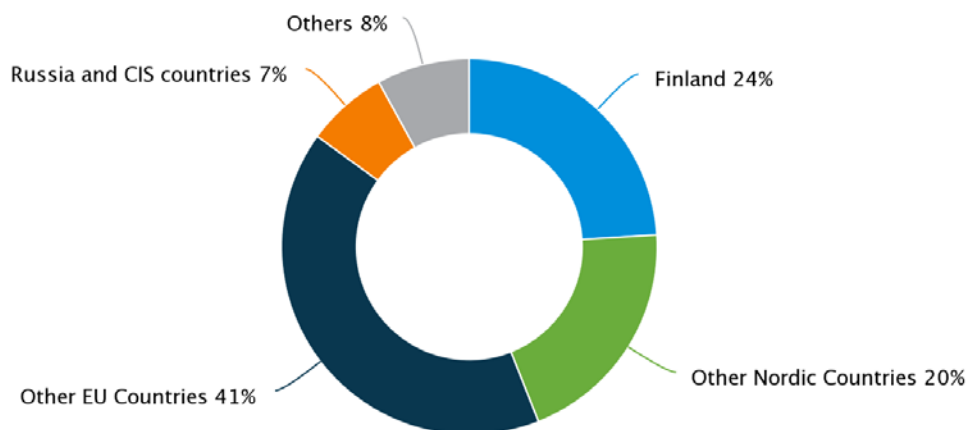
Economic performance

Currently our biggest market is in Nordic countries and other EU countries. We are also active in Asia and USA.

In 2017, our turnover was around 261 million €.

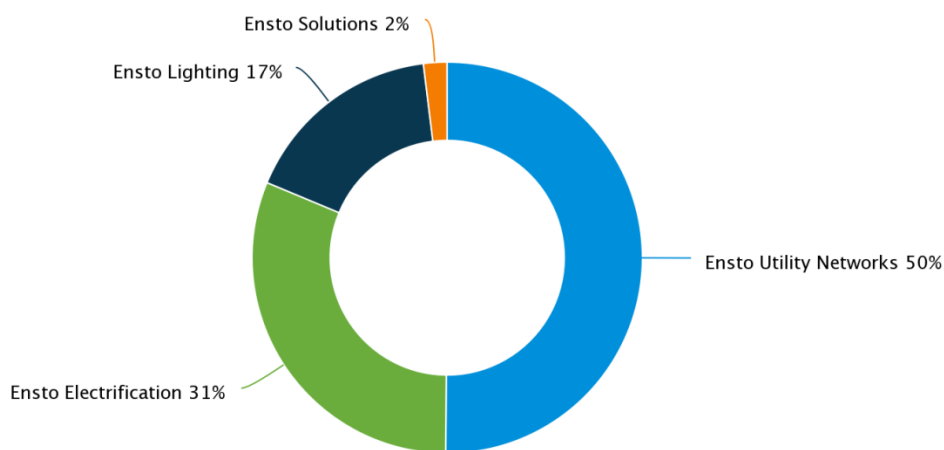


Turnover by market area, 2017





Turnover by business units, 2017



Company changes and cooperation

Changes in the corporate structure

As of January 1, 2017, Ensto's parent company is Ensto Invest Oy. Miettinen family continues to be the sole owner of Ensto Invest Oy. This change is related to a larger reorganization of family holdings where Ensto's former parent company, EM Group, was divided into three independent companies: Ensto Invest Oy (Ensto Group), Tianta Oy (Teleste Oyj's shares), and the new EM Group Oy (other ownerships).

Acquisitions

Ensto acquired Elwia Systems Oy; a leading Finnish player specialized in flexible cabling systems for commercial electrical installations. Elwia produces locally a wide range of aluminum cable ladders and trays distributes MP Bolagen, Lival and Kopos product brands in Finland.



Elwia brings to Ensto a synergetic and broad product portfolio in flexible cabling systems, as well as a competent team with years of experience helping customers to build the most reliable and safe installations.



Cooperation

In 2017 Ensto has signed an agreement with Belgian family company Schröder Group regarding outdoor lighting sales in Finland and Estonia. This agreement supports Ensto's strategy of focusing on smart electrical solutions, energy efficiency and sustainability. The agreement will enlarge Ensto's offering in street and road lighting.





COOPERATION WITH OUR 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.

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. Therefore in 2017 we conducted an interested party analysis. The analysis was done together with our employees from different roles and people from management group. The analysis focuses on understanding the needs and expectations of our stakeholders and to find out the positive, negative and changing influences from a range of stakeholders.

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.



| STAKEHOLDER | EXPECTATIONS | OUR ACTIONS |
|----------------------------------|---|--|
| Customers | <ul style="list-style-type: none"> • Good service level, quality products which fulfil the standards, competitive pricing • 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 stake-holders • 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 | <ul style="list-style-type: none"> • Sponsoring sport clubs and teams • Corporate communication in website • Hosting school visits • Cooperation with local municipalities (Estonia) |



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. With a communication plan we ensure that accurate and consistent information is provided to our stakeholders.

Our main external communication channel is Ensto's webpage (www.ensto.com). 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 and Ensto Today. Internally our main communication channels are Ensto's intranet, info screens, briefings and trainings.

Working together

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:

- [AWEA](#), American Wind Energy Association
- BSW, German Solar Association
- [CLC](#), Climate Leadership Coalition
- [Cleantech Finland](#)
- [DNV](#), Det Norske Veritas
- [Energy Efficiency Agreements](#)
- [Europacable](#)
- [FIBS](#), leading corporate responsibility network in Finland
- [PCT](#), Patent Cooperation Treaty
- SGS, Global inspection, verification, testing and certification company
- [STK](#), Finnish Electrotechnical Trade Association
- [Technology Industries of Finland](#)
- [UL](#), Global safety consulting and certification company



Working with students

At Ensto we see students as a valuable resource of future's workforce. We want to influence on young people's attitude towards electric 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 Tallin and in Helsinki. We participate yearly in different kinds of student events, give lectures, and invite students to visit our factories. In 2017, we have had multiple students and pupil groups visiting and getting to know Ensto's factories in Finland and in Estonia. During these visits we tell the young people about our operation, our products and possibilities that Ensto can offer them in the future e.g. opportunity to do their master thesis, summer jobs, training positions and working opportunities.

In 2017, we had over 60 summer employers working in our factories and offices. We also attend students own events and sponsor their activities. Sometimes groups of students are visiting us to learn real professional skills e.g. how cable joints are done in real life.



Ensto supports design research and education at Aalto

In 2017 Ensto made a donation to support education in the field of arts and design at Aalto University (Finland) in the framework of the matched-funding scheme. The government has promised to donate equal amount of money the Universities gets from private sector.

Ensto decided to support the school since our new strategy strongly highlights creativity. We want to channel innovativeness into the research and development



of new and more intelligent solutions together with customers and partners. The creativity, user-experience understanding and high standard design education represented by Aalto University's School of Arts, Design and Architecture are important for the reform and competitiveness of industry throughout Finland and thus for us as well.

Supporting local communities

In 2017 Ensto renewed its sponsoring policy. According to the new policy, 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 sponsorship for Ensto is to do concrete acts and to be an active and responsible part of society. Through sponsorship, we also support our business operations and interact with our stakeholder groups. We collaborate with many good projects and organizations, focus being in social and environment responsibility programs.

In 2017, we have supported multiple children sport clubs in the countries that we are actively present. For example in Czech we sponsor Junior Football League, in Finland we have supported children athletics teams and associations.

Ensto's sponsoring policy defines Ensto's sponsorship activities in terms of principles, roles in sales, marketing and communications, and objectives of sponsorship by target group. It also lays out the areas of sponsorship cooperation within which the sponsorship targets are selected.



Encouraging women and girls in technology

Ensto has been a member of Women in Tech for several years. The main target of the organization is to promote technology careers for women. As the virtue of diversity in every branch is important, we want to make our pit to share knowledge among women in the technology industry.



Many of Ensto's women employees attended the Women in Tech Forum in 2017



OUR APPROACH

Contributing to build more sustainable world

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 the 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.

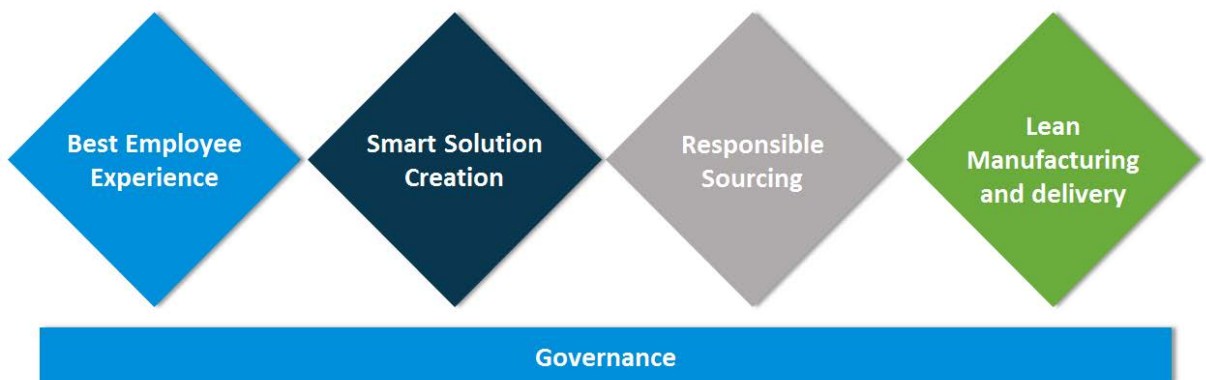
Our sustainability approach

Sustainability at Ensto is guided by various principles. The main ethical 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 from the Ensto Management team. These persons are responsible for developing and enhancing these themes.

Sustainability Themes



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 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.



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.



Within the theme Lean Manufacturing and Deliver 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.

Policies and voluntary commitments

Our aim is to ensure that all Ensto's employees take social and environmental matters into considerations in their daily work. In order to be successful in this task, we apply a set of policies and principles for maintaining the high standards of our operations. We expect all of our employees to fulfil these commitments in their everyday work.

In 2017 we have renewed *Ensto's Quality and Environmental policies* to comply with the renewed direction, strategy and values and to comply with the ISO 9001:2015 and ISO 14001:2015 requirements. The two policies have been replaced with one combined policy. Quality and Environmental Management and our values are the foundation of all our operations in Ensto. The meaning of the Policy is to summarize the essential elements of our commitment for Quality and Environmental Management.

We established an *e-learning course to Ensto's Employee Code of Conduct*. Our Employee Code of Conduct sets out our expectations for employees across the company. We expect all our new employees to complete the course and act accordingly. Naturally, also current employees are expected to follow the rules and guidelines of Employee Code of Conduct.

Besides our own employees, we expect our suppliers to take sustainability and ethical matters into account in all their actions. That is why we have published *Supplier Code of Conduct*, which is based on the ten principles of the United Nations Global Compact. Ensto's suppliers are obligated to implement the principles of the supplier Code of Conduct across their whole operation.

- [Employee Code of Conduct](#)
- [Ethical principles](#)
- [Quality and Environmental policy](#)
- [Safety and health policy](#)
- [United Nations Global Compact principles](#)
- [Conflict mineral policy](#)
- [Supplier Code of Conduct](#)



We comply with all national laws and regulations wherever we operate. Ensto is a signatory of the United Nations Global Compact, and we are committed to its principles on human rights, environment, labor, and anti-corruption.



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.

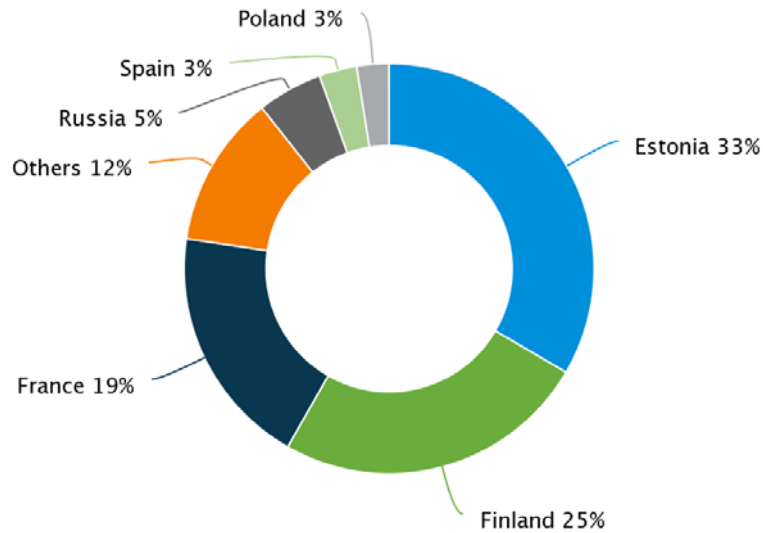
Personnel – diversity as a strength

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 2017 Ensto employed 1,573 people of which 1,502 (95%) were full-time employees. Ensto has employees in 20 countries. The majority of our employees are located in Estonia (33%), Finland (25%) and France (19%).

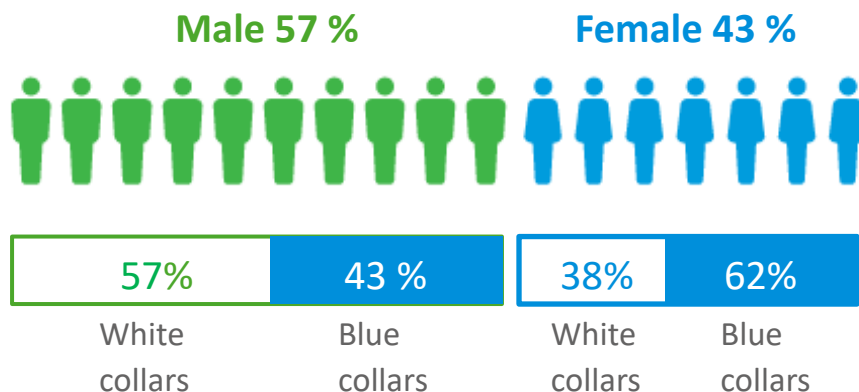


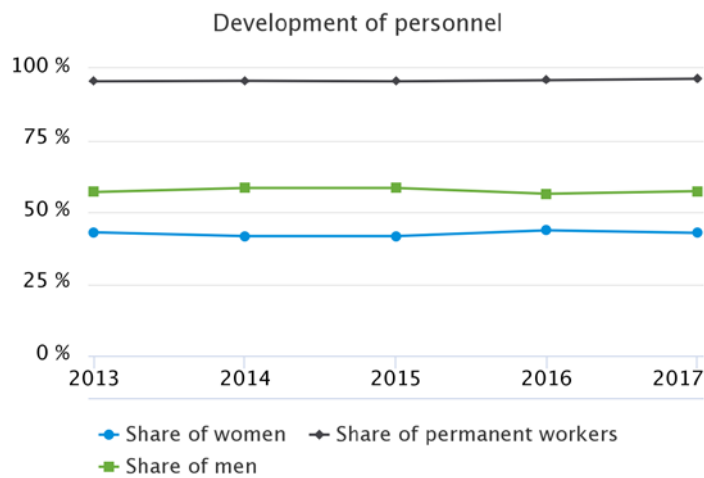
Personnel by country 2017



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 2017, 43% of our employees were female and 57% male. 98 % 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.

Personnel in 2017: 1576





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

One of the tools in caring for the wellbeing 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.

Until 2017, we conducted engagement surveys every second year, but have now decided to conduct an employee survey every year. In 2017, with the renewed concept, the employee experience survey response rate was 75% which was a little bit lower compared to the previous year (80%). In the survey the employees were asked to choose five factors, which are most important to them from the given statements relating to a good work place. Based on their choices they were asked to give their evaluation and open feedback.

The results showed that 73% (scale: 1-100, 73% = good level) of respondents are satisfied with Ensto as a workplace. When asked where respondents have had their best work experience, 77% answered that they have been most satisfied working for Ensto than for previous employers. This is a very good result, and

Highlights of employee survey

- Survey response rate 75%
- 73% of respondents are satisfied with Ensto as a workplace
- 77% have had their best work experience at Ensto



indicates that we have great potential in creating the best employee experience together.

Ensto's employee Net Promoter Score was five, 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 based 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 2018.

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 2017 the Ensto Council concentrated on discussions about the strategic target Best Employee Experience – how it is understood, examples how it works, what supports it and what is still needed to develop, to meet the target.

Employee wellbeing

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.

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 discussions
- employee surveys
- early support model
- advise and support from HCM personnel
- occupational health care services
- safety tools (e.g. guidelines, trainings, process to inform of safety risks etc.)
- supporting tools (e.g. Wellness motivator, social online wellness motivator tool Heia-Heia, sports activities etc.)
- non-smoking workplace
- trainings to ensure needed competences
- internal job rotation (e.g. by applying to open positions in Plaza, discussing career plans or expectations in development discussion)

Motivating our employees to lead healthy lives

Since the beginning of 2013, we have been using the HeiaHeia online wellness tool to actively encourage our employees to lead an active lifestyle and to take the responsibility of their own wellbeing. The goal of the tool is to provide some extra motivation for sports and everyday exercise.

Ensto Wellness Motivator is a voluntary role appointed to one person at a time, for a period of one year. The task of the Wellness Motivator is to spread the word of importance of functional exercising and through different campaigns motivate Ensto personnel to exercise.

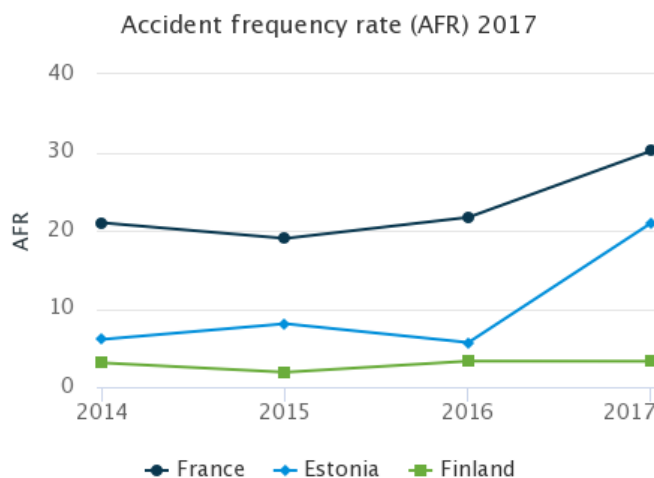
At Ensto we also provide sport benefits, organize voluntary personnel sport events and campaigns where we encourage our employees to more healthy living. As one example, in 2017 in Porvoo a local orienteering association OK Trian arranged a mobile orienteering afternoon for our employees. Mobile orienteering combines traditional orienteering with using mobile phone apps. Many other sport events were organized in various Ensto countries and locations.



Employee health and safety

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 Ensto’s 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. The picture presents the accident frequency rates in Ensto’s biggest manufacturing countries. In 2014, we managed to reduce the accident frequency rate in Finland and in Estonia significantly. Unfortunately AFR increased in France and in Estonia in 2017 and in the coming years we need to put more effort on reducing the number of accidents.



Picture: Accident frequency rate. Only Finland, Estonia and France are reported as these are our biggest production countries



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.

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 position.

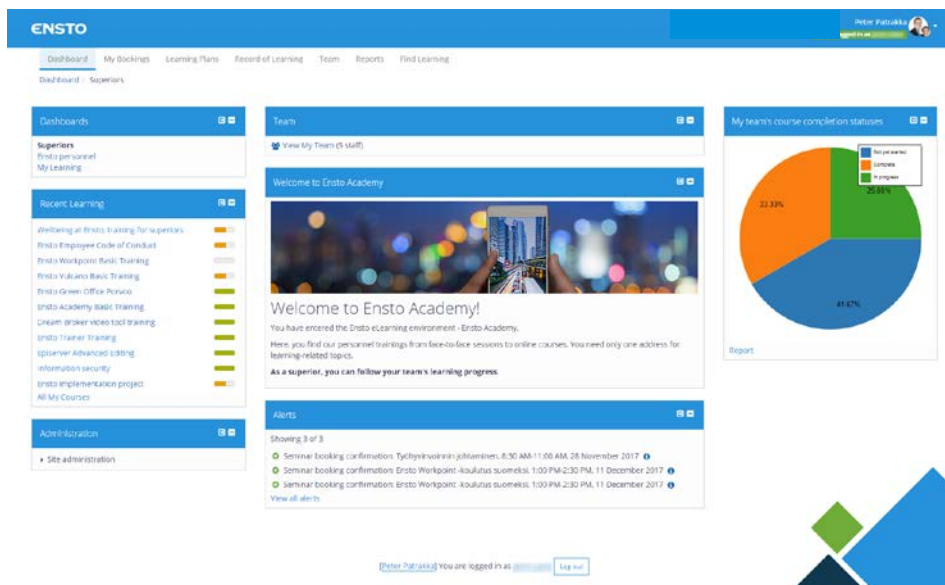
Ensto personnel are top professionals in their field. To be able to achieve and maintain that position, each employee has a regular development discussion with their managers at least once a year. Ensto also offers its personnel high-quality trainings in work related areas. In addition, we deploy other development methods; such as involvement to projects, rotation etc.

Ensto Academy – competence management platform of Ensto

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

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 offering 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.



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 HCM 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.



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.

At the moment the majority of the courses in Ensto Academy are targeted to internal usage. Currently we are providing 16 internal e-learning courses and 4 e-learning courses to our customers. In 2017, 444 internal users had logged themselves in Ensto Academy and completed 370 e-learning courses, 264 face-to-face and 157 blended courses have been registered to the Ensto Academy. 22 customers have access rights to Ensto Academy.

Ensto Academy highlights

1535 internal users with access rights to system

370 e-learning courses completed

16 internal e-learning courses available

Cultivating innovative working environment

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.

Ensto Innovation Award is the most important Ensto wide tool to encourage to innovativeness. It is an open innovation competition that is targeted at all Ensto's employees. The competition has been organized yearly since 2012.

In 2017 the competition concentrated on the strategic targets and the categories were Customer Connection, Product Portfolio Renewal, Agile Delivery Capability and Winning Services. Ensto Innovation Award Jury, consisting of Ensto CEO and directors from different business units, evaluates all the applications based on the preset criteria. Besides the categories, the jury chooses a team with best team spirit from the applications.



Rising environmental awareness

Training and knowledge sharing play crucial roles when rising awareness of environmental challenges and 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 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

At the moment there are 94 (55% of the target) card owners in Porvoo and in Estonia. Trainings will continue 2018.

In 2017 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. Ensto's employees were also asked to share his or her own sustainable tips on the theme week website.

During the Energy Awareness Week we organized an energy saving –dance competition. We challenged all Ensto teams and/or group of colleagues to share their energy saving tips in the form of dancing videos. In our intranet we also provided stories of Ensto people saving energy.



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 2017.

SMART SOLUTION CREATION

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.

Contributing to build electric vehicle charging infrastructure

Electric Vehicles (EVs) are gaining ground and are becoming more and more common. This means that electric traffic and transportation are growing. For this positive development to continue more EV charging points are needed. As electric solution provider for smart transportation, Ensto wants to be a part of this development and create possibilities for EVs to become more of a standard than exception.

Ensto headquarters' parking place one of the biggest EV charging points in Finland

Ensto headquarters' parking place in Porvoo is one of the biggest EV charging points in Finland. On the parking place, you can find 30 Ensto's own charging points for Ensto's employees or for anybody who owns an EV. There are five different charging station models available. One of the charging points is extra special. It gets its electricity from solar power panels. You can seldom find a more environmentally friendly way to charge and drive a car.

On Ensto's parking place, the fast charging is also possibility. Depending on the car type, the charging lasts from 10-20 minutes.

To enhance the electric traffic more this kind of parking places are needed. Finland has currently approximately 1,000 public EV charging points. One of



the biggest being at Helsinki-Vantaa Airport. To compare Sweden has 3,700 and the Netherlands 30,000 public EV charging stations. Global financial services company UBS has predicted that by 2025 16% of cars sold worldwide will be EVs. In Europe the percentage will be 30 according to same prediction.

Building a more sustainable tomorrow with A2A in Italy

Ensto helped an Italian Energy company A2A to build an electric vehicle charging field. A2A had changed a big part of their car fleet to electric vehicles so charging capacity was needed on their parking place. As the building and the parking place were old, careful planning was needed in order to avoid big rebuilding of electricity system.

A2A chose Ensto's smart charging solutions, which enable dynamic sharing the maximum load for each car and the need for new electricity supply connection was avoided. The solution secures the best possible charging power per socket depending on the number of vehicles and their charging capabilities. The chargers are connected to back office system to secure full remote management.



Ensto helped India to take its first steps to build electric vehicle charging infrastructure

First Ensto electric vehicle charging station was opened in New Delhi, India in October 2017. The station has Ensto Pro EV charging unit and it is connected to Finnish clean-energy company Fortum's Charge & Drive platform. The station was inaugurated by Finland's Minister for Housing, Energy and Environment Kimmo Tiilikainen, Finnish ambassador in India Nina Vaskunlahti, Fortum SVP Corporate Affairs and Communications Arto Rätty and Ensto CEO Ari Virtanen.



In the picture from left: Ari Virtanen, Ensto CEO, Kimmo Tiilikainen, Finland's Minister for housing, energy and environment, Arto Rätty, Fortum SVP corporate affairs and communication, Nina Vaskunlahti, Finnish ambassador in India

India is the world's 5th largest automobile market and it is preparing for a huge transportation transformation by 2030. India's aim is that by 2030, not a single new petrol or diesel car should be sold in the country in order to reduce emissions and dependency on petroleum imports. Recently India's government has invited bid for purchase of 10,000 electric vehicles. Ensto wants help and guide the nation in its efforts to build a proper EV charging infrastructure.

Helping our customers to utilizing circular economy in luminaires

The global lighting market is undergoing a fast transformation due to technological change. LED lights are replacing other technologies and the adoption of connected lighting systems is growing. In the coming years, the shift into LED technology is likely to accelerate due to falling prices of LEDs, increased interest towards energy efficiency and upcoming regulations.

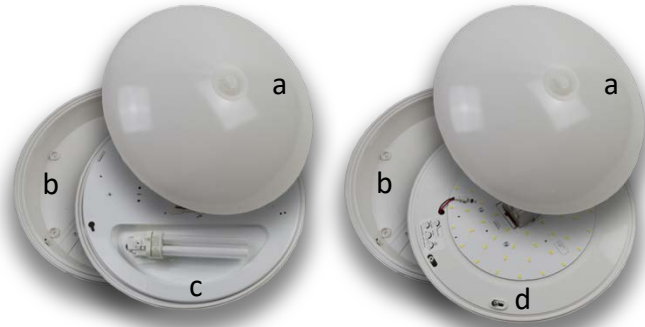
LED luminaires are not installed just in the new constructions but also in old buildings. Refurbishment of a lighting system is nowadays usually conducted with LED lighting. In case of fixed luminaires where the light source is integrated into the luminaire, this generally means that the whole luminaire needs to be changed and old one is discarded.

Modularity in Ensto's luminaires

At Ensto, we want prolong the lifecycle of our products and promote circular economy. Therefore, we have chosen to use modular structure in many of our luminaires. Modularity enables the change of the lighting source easily without



changing the whole luminaire. Additionally more features such as radar or intelligence, can be added in the luminaire.



Picture: a = diffuser, b = body, c = installation plate with two compact fluorescent light bulbs (2*18W), d = installation plate with LEDs (12 W). Lighting source type can be changed by changing just the installation plate.

Modular structure means that the installation plate, which includes a built in lighting source, can be changed in our most common luminaires. In refurbishment of a lighting system only the old installation plate including the light source, is discarded and recycled. This way energy savings are gained with more efficient lighting source, and usage of components as well as materials is minimized, when diffuser and body do not need to be changed. The advantage of the solutions is also lower total expenses since very simple installation of new lighting source lowers the costs.

Ensto's Marlo luminaire is one of the newest luminaire with modular structure. It is designed for retail trade usage. Often spaces are reorganized in stores and lighting needs to be adjusted to new needs. Marlo is designed so that by changing the lighting source the light optics can be changed. By optimizing the lighting pattern the light can be used where it is really needed and energy can be saved.





Ensto SmartWay luminaires save energy with artificial intelligence

In 2017, Ensto launched a new intelligent lighting solution, Ensto SmartWay. Ensto SmartWay allows wireless communication without control wires or programming. The solution uses artificial intelligence, and it uses smart motion detection and light sensor.

Ensto SmartWay is self-learning solution, and the smart features start working as soon as luminaires have been installed. They learn continuously about the movements of the people using the building, adapting to any changes. Ensto SmartWay keeps learning throughout its life. Thus, the lights are on only where and when they are needed.

Ensto SmartWay will enable smart building functions. Sensors placed in luminaires can generate massive amounts of data about how a building is used. Movement may be analyzed in offices, stairwells or warehouses creating comfort and allowing a building owner to influence behavior and save energy.

Ensto SmartWay is a self-learning wireless system, which enables smart buildings of tomorrow.





RESPONSIBLE SOURCING

We strive to ensure that our suppliers and partners uphold high standards for responsible business practices and how they treat the people who work for them. 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 developing our processes and the way we are working with our suppliers and partners to reach top performance in our projects.

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

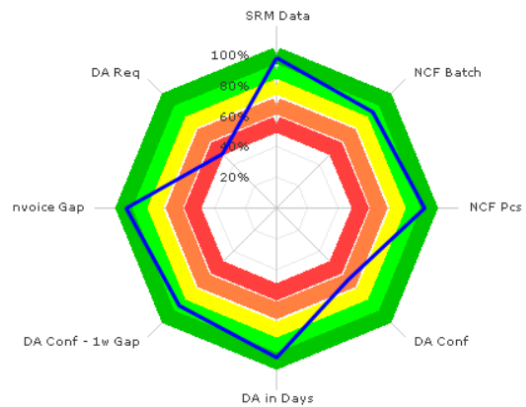
Supplier evaluation

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 which are 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 method 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. If the supplier is not fulfilling the set criteria, the supplier will be audited or other development actions will be agreed with the supplier in order to ensure the fulfillment of the criteria.



The principles of no forced or compulsory labor and no child labor are included in Ensto Supplier Code of Conduct. In 2017 we conducted 46 supplier audits and visits. No non-compliance cases were reported during these audits and visits.

Supplier Code of Conduct

Ensto Supplier Code of Conduct defines the minimum sustainability requirements to our suppliers and expectations regarding ethical issues. It is 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.

In 2017 Supplier Code of Conduct was renewed. 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.

We expect our suppliers to value the principles of our Supplier Code of Conduct

During suppliers approval process Ensto evaluates and selects suppliers taking 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 were renewed in 2017. The document describes the minimum criteria required from all Ensto's key suppliers. The document is public and is introduced to the key suppliers at least during the tendering process. 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.

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 4,000 external suppliers who supply us raw materials, components, modules, services etc. Out of these 169 are classified as key suppliers. The classification is done based on annual purchases value.

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.

First Ensto Supplier Days

As collaborative supply chain is one of Ensto's goals to sustainable success, Ensto organized the first Supplier Days event in Tallinn, Estonia in 2017. Our aim is to build a strong supply base with our trusted partners and Ensto Supplier Days offered a great platform to share ideas and expectations. We believe that bringing Ensto strategies to life is not possible without our suppliers and that is why we saw it important to organize this event.

For us at Ensto teamwork between the company and the suppliers has a key importance. We believe that open dialogue is the basis of a successful business and therefore the focus was on communication throughout the event. Together



with our suppliers we were able to discuss how to optimize joint activities and how to develop shared business.

Around 80 suppliers from different countries attended the Suppliers Days. During the three days Ensto strategy and production systems, procurement strategy and collaboration possibilities were introduced. Also Ensto's values were presented, which ideally should be followed throughout the whole supply chain. During the event, an Innovations Workshop was organized to encourage our partners to bring up innovative ideas how to increase the competitiveness and reduce costs of Ensto products. Suppliers had also possibility to visit our factories in Keila and Tallinn, where we introduced our current processes for them.



Ensto gives a new life to old flags and other leftovers

Minimizing waste is one of our environmental goals at Ensto. We continuously try to find ways to recycle, prevent the waste generation and to find new uses for our old items. Sustainability of our own products as well as purchased products is also important for us. Therefore, we started to find ways to use our own leftovers in making more sustainable business gifts.

The first outcome of sustainable business gifts are ecological bags, which have been made from our own old Ensto flags which otherwise would have





been discarded. The first collection is a limited edition of 100 pieces. Manufacturing of a canvas bag from virgin cotton produces 960 – 2,750 g CO₂-ekv emissions (Finnish Environment Institute), so roughly estimating 96 – 275 kg CO₂-ekv emissions can be saved, when 100 pc of bags are made of discarded materials.

The intention is that in the future we can better utilize the leftovers and old brand and marketing materials e.g. from exhibitions and give them a new life. Through re-designing and re-sewing, leftover and old materials can be turned into new and unique gifts, bags, clothes and accessories.

Responsible partnership

The ecological bags were done in cooperation with [Globe Hope](#), a Finnish company which designs and manufactures ecological design products from recycled and discarded materials to give them a new life.

Environmental values are an important part of our business, and the cooperation with Globe Hope supports our ambition to be a responsible partner to our stakeholders. Circular economy is one of key ways to reduce our environmental footprint, and therefore we are very excited about this collaboration. Business gifts made out of our own materials with no use are good way to indicate that Ensto is a responsible partner.





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.

Lean manufacturing at Ensto

Efficient and well-organized operations are an essential part of Ensto's company culture. We work hard to enhance delivery lead times, manufacturing flexibility, and logistics 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, "The Ensto Operational Excellence (EOX)". The program is all about continuous improvement and a focus on adding value and reducing waste, which results in shorter lead times, flexibility and top quality for the benefit of our customers. We have defined and created our own Ensto level standards of each EOX method which have been taken then into action after tested in pilot plants.

In 2018 we will concentrate on refining our current EOX processes to be able to get same results by using fewer resources and time.

Continuous improvement is led in War Rooms

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

Ensto production personnel meet daily for a brief 15 minutes meeting and review the losses. Whenever possible losses are immediately addressed with corrective



actions. Whenever a loss occurs, personnel in production fill in a so called 'Loss Card' where all the details about the particular loss are recorded. Loss Cards are then posted to the board of the department in question.

Periodically losses are summarized and categorized. In this way the most burning and urgent problems are identified. Out of those Losses Reduction Projects are formed and executed. Those projects reduce and eliminate the root causes of the losses.

We continuously follow the number of loss cards and improvement project completions. In 2017, 38,162 loss cards were written which equals to 56,400 h loss time in a year.

- *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 also to increase the reliability of our machines, reduces random failures and improves safety.

We improve our machine intensive work efficiency with the equipment efficiency method, by shortening set-up times, reducing cycle times and waste times. The main target is to intensify our manufacturing, increase the capacity and decrease the usage of resources. Our target is to reduce the waste time of key machines by 20% and waste time by 5%



EOX status

| Method | What is all about? | Our status today? | Future targets |
|-----------------------------------|---|--|---|
| 5S | Sort, straighten, shine, standardize, sustain - Visual flow and organization of workflows | - Method standardized and extensively implemented in plants and offices, including HSE - Sustained by regular auditing and cross auditing processes | Sustain the current level Introduce to all Ensto plants |
| Ensto Equipment Efficiency | Improving machine intensive work efficiency by - SMED (shortening set-up times) - Reducing cycle times - Reducing waste time | - Method standardized and implemented in machinery-intensive plants | Annual set-up, cycle time and waste time reduction targets on plant level |
| War Room | Continuous improvement through empowerment - 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. | Method standardized and extensively implemented in production, sourcing and logistics, customer care, HSE - In 2017 we - recorded 38 162 loss cards - completed 270 four-step loss elimination projects - reduced 25.600 hours of loss | Sustain the current level Introduce to all Ensto plants |
| Pull control (Kanban) | Efficient material and production flow according to market needs - Shorter lead times - Market-driven manufacturing - Supplier collaboration | - Half of production flow covered by pull (hrs) - Systematic method implemented - Main method to cut lead times | - Main method for handling material flow with suppliers, internal and inter-plant - 60-70% production flow covered (hrs) - Supplier delivery accuracy >50 % |
| Preventative maintenance | Optimized use of investments - Reduces waste resulting from machinery breakdown - Longer lifetime of investments | - Method in implementation phase | Implementation in 2017 |
| Quality assurance | Quality assurance - Processes and practices that ensure the high-quality of products and services in a proactive manner | Quality assurance development program divided into following themes - Supplier quality - Product development quality - Manufacturing process quality | Continuous improvement in product and service quality |
| Andon | Method to signal quality problems to involve professional resources and to execute immediate actions - Improve quality performance and reactivity to quality problems | - Method implemented in main plants - Method to bring about immediate problem solving team in the right place on time | Investigate the possibilities to utilize the method in other Ensto functions |

Mechanical recycling of plastic wastes at Ensto Tallinn plant

Due to increasing public awareness about the plastic reefs in oceans, scarcity of landfill space and declining crude oil reserves there is an enlarging demand

towards cleaner production and sustainable development opportunities. At Ensto, we try to use raw materials as effective as we can and we are always looking ways to decrease our wastage. Therefore minimizing plastics waste is an important part of our operation.

In 2017 around 230 tonnes of plastics were used in Ensto's manufacturing of which 60% were used in Tallinn. At Ensto Tallinn plant plastic is used mainly in manufacturing of luminaires and enclosures.

At Ensto Tallinn plant plastic wastage is generated e.g. in molding from runners, molding defective components and from lumps which are generated during material change in the injection molding machine. Runners and defective components, which would otherwise be discarded, are collected. Depending on the material type and quality criteria, the waste parts are either mechanically recycled in our own plant or sold to a waste management company.



Plastic waste from left to right: Runners, Defective component, Lumps

Mechanical recycling is physical grinding of plastic waste into small secondary fractions. The aim of mechanical recycling is to obtain regrind, which is utilized in injection molding process of new products. Only high quality plastic waste can be reused in the molding. Ensto Tallinn plant recycles only waste generated in-house because this is the only way we can ensure high quality and consistent blend of raw material.

In 2017 Ensto Tallinn plant used in products manufacturing more than 33 tons of regrind materials. 14% of the waste plastic used was polycarbonate, 52% PC with glass fiber and 34% acrylonitrile butadiene styrene copolymer. The most typical Ensto Tallinn plant products in which recycled plastic is used are electrification enclosure bases and luminaire bases. As Ensto Tallinn plant enclosures follow safety consulting and certification company Underwriters Laboratories requirements, the maximum allowed content of regrind for lids and bases is 25% by weight. On the other hand in some luminaire bases the regrind content is up to 100% by weight.



Main reason for conducting mechanical recycling is due to economic benefits comparing to virgin plastics use for manufacturing new products. Mechanical recycling also saves landfill space, energy, oil, water utilization and reduces carbon dioxide emissions.

Ensto builds a more sustainable tomorrow one package at a time



In 2017 Ensto launched its new brand and visual identity to match better with the new strategy. This started up a need to redesign our packages. As we want to reduce the environmental impact whenever it is possible and help our customers to make more sustainable choices, it was clear that we would take environmental aspect closely into consideration when the new packages were designed.

This project has major importance since we supply about 20,000 different products annually and roughly 1,100 tons of cardboard are used yearly in packaging. Only little plastic is used as packaging material.

We have chosen to continue to use cardboard as packaging material, because it can be recycled. Cardboard also retains its value for longer than many other commodities and it breaks down completely, which means it is easy to store, bale and transport.

In our new packages, recyclable materials are used as much as possible and we use mainly brown corrugated board. Whenever possible, recycled fibers are used. We have also reduced the number of colors used in packaging printing, and we prefer more environmentally friendly packaging methods to reduce the amount of



packaging materials. In addition to environmental values, Ensto's both business and retail customers have been taken into account in packaging design.

We have started to introduce new, more ecological packaging in spring 2018.

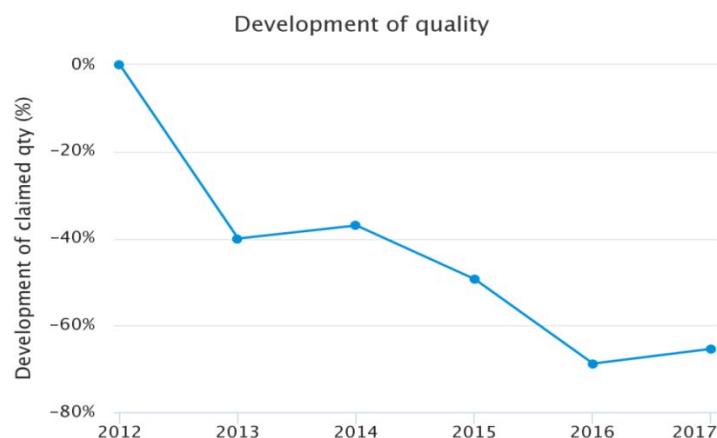
Focusing on quality at Ensto

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.

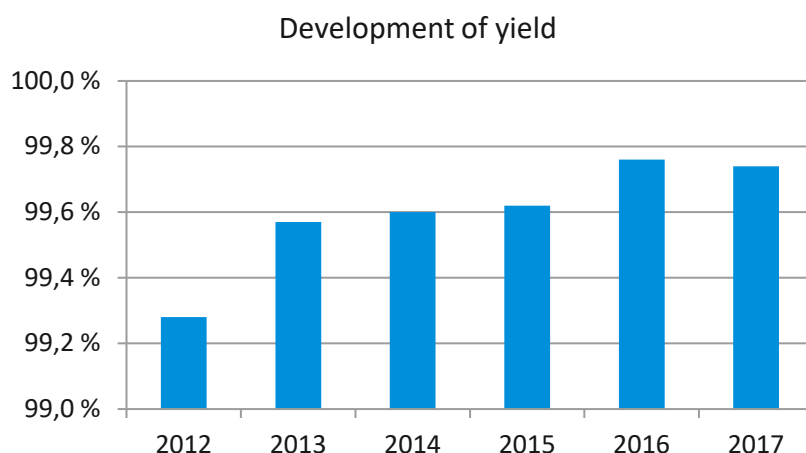
A lot of effort has been put to improve and maintain high quality. In 2012 we started a persevering work to improve the quality which has led to impressive results. Compared to the year 2012 we have managed to reduce the number of claimed quantities by 65% in 2017. By providing high quality products, we meet our customers' requirements. Also less waste is generated, material usage is decreased and CO₂ emissions are reduced.

We set plant specific quality targets and follow key performance quality indicators which are quality yield, monetary yield and number of claims.





In Ensto yield is used to measure quality. Yield covers both internal and external quality and it is calculated by dividing the difference of sold and claimed quantities with sold quantities. All the factories have their own targets for the quality yield. In 2017 we reached 99.75% yield (including our own and trading products).



Delivery at Ensto

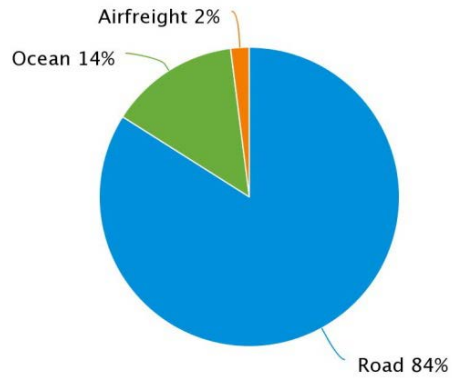
One of our key strategic projects is to improve efficiency and agility of our end-to-end supply chain. We aim to improve our service capabilities –such as delivery times, small-orders handling and warehousing strategies, and securing visibility on profitability across our operations teams.

When planning our delivery, we take sustainability into account. We try to optimize 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 for our transportation partners to have clear consciousness of environmental issues and also to take concrete actions to decrease the CO₂ emissions in transportation. Model of transport is chosen based on the customer needs.

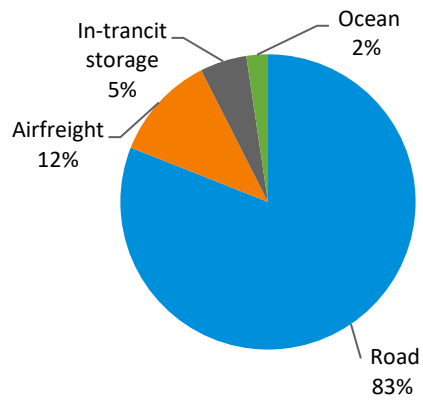
In Finland and Estonia we have one carrier partner responsible for approximately 80% of the deliveries. According to them the carbon footprint of forwarding and freight was 1.8 tons of CO₂ (equivalent) in 2017. 84% of the shipments (km) were done by road transportation, 14% by sea carriage and 2% by airfreight. Road transportation caused majority of carbon house dioxides (83%).



Logistics in 2017, km



CO₂ emission of logistics in 2017





ENVIRONMENT

In 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. We are constantly aiming to improve and promote our environmentally conscious business.

At Ensto's our Environmental Management aims at integrating environmental management into our daily operations and continuously improve our environmental competence. The main focus is to assess and reduce the negative environmental impacts of our own operations, as well as the impacts of the entire supply chain.

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 is Ensto in Porvoo, Keila, Tallinn, and St. Petersburg and in Sweden. In coming years the programs will be rolled out also to other Ensto countries.

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 2017 the biggest energy savings projects in Porvoo, Keila and in Tallinn have been the refurbishment of the lighting systems.

Ensto Green Office

Although most of our 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, Ensto Green Office, which is 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.

A local Green Office coordinator and team, consisting of employees from different positions and apartments, are responsible for implementing and developing the Ensto Green Office. Ensto Green Office is audited internally in a certification process. The coordinator reports to the concept owner once a year of the KPI and development of Ensto Green Office.

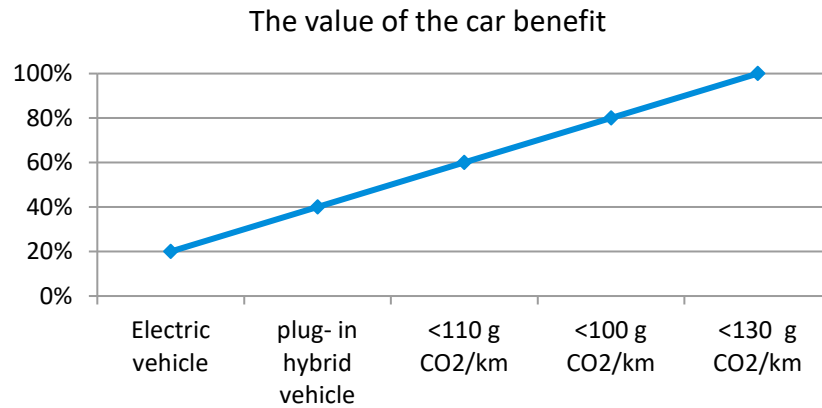
First pilot for Ensto Green Office started in 2016 in Keila in Estonia. In 2017 we started to implement Green Office also in Porvoo site and we are expecting that Porvoo will be certified in 2018. Ensto Green Office will be implemented in all other Ensto offices and it will also be integrated to our existing audit systems. In 2018 we have planned to start Ensto Green Office implementation in St. Petersburg and Stockholm.

Reducing CO₂ emission of our own travelling

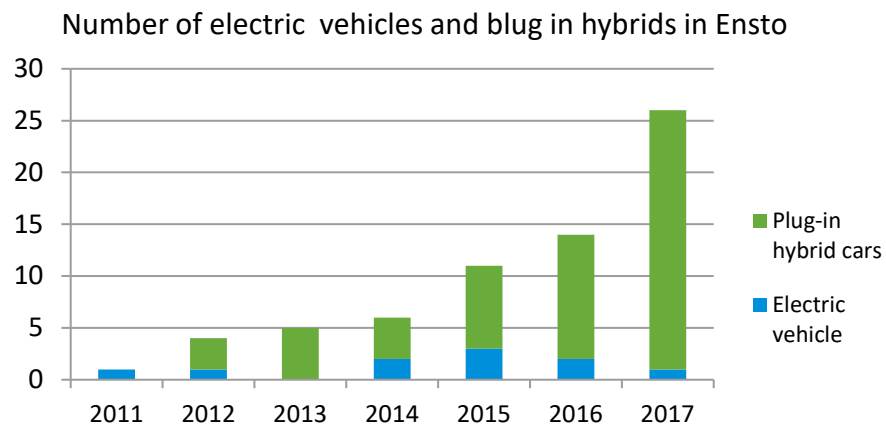
During 2017 we have encouraged our employees to evaluate the necessity of their business trips and advised them to attend the meetings using video conference facilities whenever possible. We also enable remote working where allowed by the nature of work. This allows our employees to work from their homes and reduce the usage of private cars.

Through our global car policy we try actively to reduce the CO₂ emission of our business car fleet and increase the share of electric vehicles. CO₂ emission values have been included as a part of the Sustainable Ensto strategy to support our Customer Promise.

We purchase/lease as environmentally friendly cars as possible. We favor electrical and hybrid cars, having benefits especially driving in a city. We recommend changing over to the cars with smaller engines when ordering new company cars. Charging the batteries of electrical and plug-in hybrid vehicles can be done free of charge in Ensto yard, where applicable.



The value of the car benefit in Finland is calculated based on the CO₂ emissions of the car (see chart above). This has encouraged many of our employees to choose plug-in hybrid vehicles. Maximum CO₂ emission limit for company cars is reviewed annually, which currently is 130 g/km in Finland. In Ensto the average CO₂ emissions of the company cars was 94 g/km.



Managing our environmental aspects and risks

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.

In 2015 we introduced "Health and Safety and Environment War Room". Important parts of HSE War room is to register all health and safety and environmental accidents or potential accidents and risks and to make corrective actions.



Procedure how to respond to environmental incidents is described and audited regularly.

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

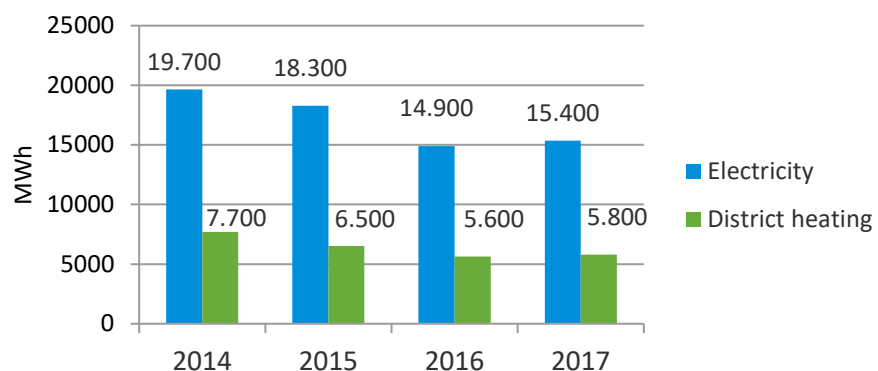
Ensto participated voluntary Energy Efficiency Agreement during the period 2008-2016 and has decided to continue to be part of the Agreement also in 2017-2025. Through the agreements, the aim is to improve the efficient use of energy within industry, energy sector, service sector, property and building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

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



The main energy saving action in 2017 at Ensto in Finland was lighting renovation projects. Around 10% of our luminaires were changed to LED luminaires. The renovation project will continue in coming years.

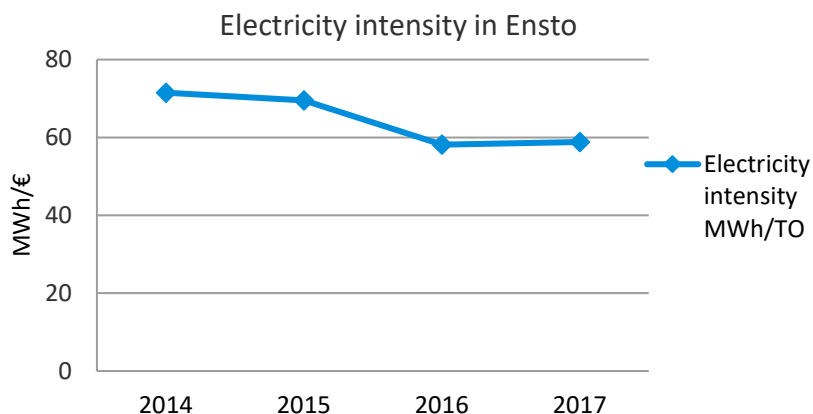
Purchased electricity and district heating in Ensto



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



In 2017 Ensto had two factories in Bagneres de Bigorre, France. Previously there was only one factory. Therefore, the electricity and fuel consumption have slightly increased in Bagneres de Bigorre. On the other hand the electricity purchased in Bagneres de Bigorre is produced from renewable energy sources and is CO₂ free and thus CO₂ emissions have not increased.



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

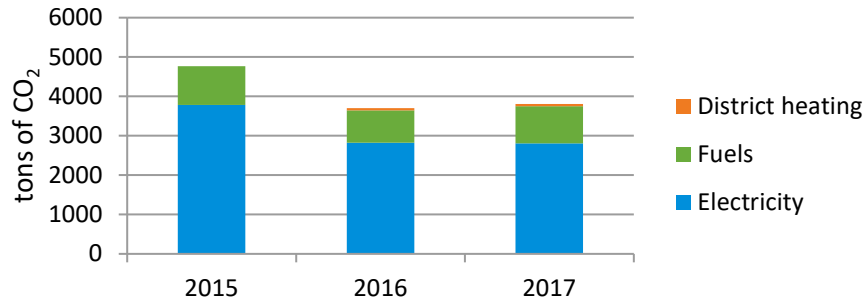
| Direct energy consumption (GJ) | 2015 | 2016 | 2017 |
|---------------------------------------|-------------|-------------|-------------|
| Liquid (Diesel, Gasoline, Fuel Oil) | 3.105* | 4.471 | 4.527 |
| Gas (Natural, Propane) | 14.205 | 9.597 | 11.490 |

| Indirect energy consumption (MWh) | 2015 | 2016 | 2017 |
|--|-------------|-------------|-------------|
| Heating (District) | 6.524 | 5.624 | 5.784 |
| Electricity (Facilities, Machinery) | 18.284 | 14.886 | 15.365 |

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



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 was not available in 2014. CO₂ emissions from cooling agents are excluded from the calculation.

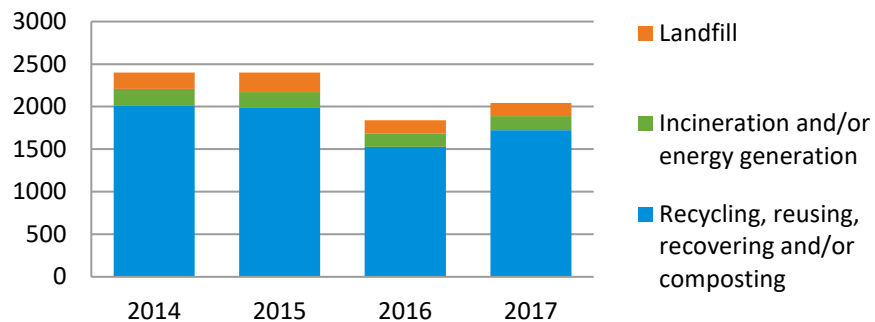
Waste

We are striving to find ways to prevent waste generation by recycling and reusing materials and components. Majority (48%) of the produced waste is metals, which are recycled and reused. Only 9% of the waste produced in 2017 was classified as hazardous waste.

We offer recycling stations in our facilities as well as collection points for hazardous waste for employees’ personal use. In 2017 we started to collect bio waste in our Porvoo site in Finland.

We have set ourselves a goal of 0% landfill waste and have gained this target in majority of our locations. In 2017 still around 8% 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



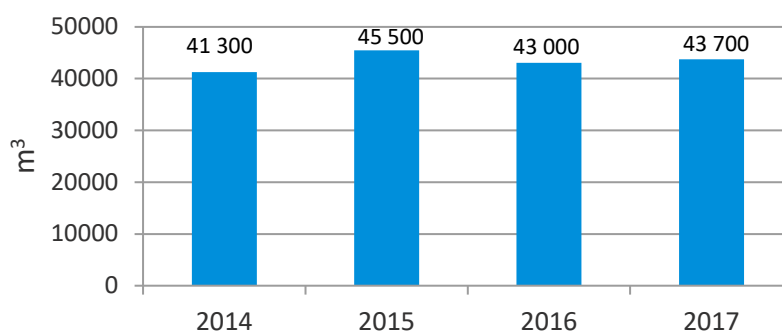
2014-2016 no data was available from St. Petersburg and from Gurgaon (India)



Water

Majority of the water is used at Ensto in Finland in surface treatment process. A lot of water is needed to keep high quality standard since better finished products require more water.

Water consumption





HUMAN RIGHTS

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 comply 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.

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 our all 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 2017.



ANTI-CORRUPTION

Ensto has a zero tolerance for corruption of any kind. The Ensto Employee Code of Conduct, approved by the 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 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 anticorruption. 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 2017, there were no fines or other sanctions for non-compliance for regulations related to anticorruption.



GOVERNANCE

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 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.

Sustainability reporting steering team

A sustainability reporting steering team has been ensuring that the reporting process is carried out every two years and starting from 2017 yearly. The sustainability reporting steering team has representatives from Corporate Communications, Group Sourcing, Operations, Human Capital Management and Product Development. The chairman of the steering team is Ensto's Brand and Communications Director.



SUPPORTING THE UN GLOBAL COMPACT

Ensto is a UN Global Compact signatory since 2013.

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.

| HUMAN RIGHTS | COVERED IN |
|--|--|
| Principle 1 Business should support and respect the protection of internationally proclaimed human rights. | <ul style="list-style-type: none"> Ethical Principles Ensto Employee Code of Conduct Supplier Code of Conduct |
| Principle 2 Make sure not to be complicit in human rights abuses. | <ul style="list-style-type: none"> Ethical Principles Ensto Employee Code of Conduct Supplier Code of Conduct |
| LABOR STANDARDS | COVERED IN |
| Principle 3 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining. | <ul style="list-style-type: none"> Ethical Principles Ensto Employee Code of Conduct Supplier Code of Conduct |
| Principle 4 The elimination of all forms of forced and compulsory labor | <ul style="list-style-type: none"> Ethical Principles Ensto Employee Code of Conduct Supplier Code of Conduct |
| Principle 5 The effective abolition of child labor | <ul style="list-style-type: none"> Ethical Principles Ensto Employee Code of Conduct Supplier Code of Conduct |
| Principle 6 Elimination of discrimination in respect of employment and occupation | <ul style="list-style-type: none"> Ethical Principles Ensto Employee Code of Conduct Supplier Code of Conduct |
| ENVIRONMENT | COVERED IN |
| Principle 7 Businesses should support a precautionary approach to environmental challenges | <ul style="list-style-type: none"> Ethical Principles Quality and Environmental Policy Safety and Health Policy Supplier Code of Conduct |
| Principle 8 Undertake initiatives to promote greater environmental responsibility. | <ul style="list-style-type: none"> Ethical Principles Quality and Environmental Policy Safety and Health Policy Ensto Group R&D Guidelines Supplier Code of Conduct |
| Principle 9 Encourage the development and diffusion of environmentally friendly technologies | <ul style="list-style-type: none"> Ethical Principles Quality and Environmental Policy Ensto Group R&D Guidelines |
| 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"> Ethical Principles Ensto Employee Code of Conduct Supplier Code of Conduct |



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.

| GRI standard | Disclosure | Reference | Reported |
|---|--|----------------------|---|
| General disclosure | | | |
| 102-14 | CEO Statement | s. 8, 9 | fully |
| 102-15 | Description of key impacts, risks and opportunities | s. 14-16, 21, 26, 66 | partly |
| 102-1 | Name of the organization | s. 17 | fully |
| 102-2 | a. Organization's activities. b. Primary brands, products, and services, | s. 17 | fully |
| 102-3 | Location of organization's headquarters | s. 17 | fully |
| 102-4 | Number of countries and names of countries with significant operations or that are relevant to sustainability topics covered in the report | s. 17 | fully |
| 102-5 | Nature of ownership and legal form | s. 17 | fully |
| 102-6 | Markets served (geographic breakdown, sectors served, types of customers and beneficiaries) | s.17 | fully |
| 102-7 | Scale of the organization | s. 22, 23, 35, 36 | partly: financial matters reported only partly |
| 102-8 | Type of employees | s. 36,37 | partly, employment type or contracts are not reported by gender or region |
| 102-9 | Organization's supply chain | s. 6 | fully |
| 102-10 | Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain | s. 23, 24 | fully |
| 102-16 | Organization's values, principles, standards and norms of behavior | s. 18, 19 | fully |
| Commitments to external initiatives | | | |
| 102-12 | List of externally developed economic, environmental and social charters, principles, or other initiatives | s. 7, 33, 44, 74 | partly |
| 102-13 | A list of the main memberships of industry | s. 27 | fully |
| Identified Material Aspects and Boundaries | | | |
| 102-46 | The process for defining the report content and the Aspect Boundaries. | s. 5, 31 | partly |
| 102-47 | A list of the material topics identified in the process for defining report content. | s. 5, 32 | fully |
| 103-1 | The Boundary for the material topic | s. 5 | fully |
| Stakeholder engagement | | | |
| 102-40 | List of stakeholder groups engaged by the organization. | s. 26 | fully |
| 102-42 | Basis for identification and selection of stakeholders with whom to engage. | s. 25, 26 | fully |
| 102-43 | Organization's approach to stakeholder engagement, | s. 26 | partly: frequency of stakeholder engagement was not reported |
| 102-44 | Key topics and concerns that have been raised through stakeholder engagement | s. 26 | partly |
| Reporting profile | | | |
| 102-50 | Reporting period | s. 5 | fully |
| 102-51 | Date of most recent previous report | s. 5 | fully |
| 102-52 | Reporting cycle | s. 5 | fully |
| 102-53 | Contact point for questions | s. 7 | fully |
| Governance | | | |



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|----------------------------------|---|-----------|--|
| 102-18 | Governance structure of the organization | s. 73 | fully |
| Environmental performance | | | |
| 302-1 | Energy consumption within the organization | s. 67, 68 | fully |
| 302-3 | Energy intensity | s. 68 | fully |
| 303-1 | Total volume of water withdrawn | s. 70 | fully |
| 305-1 | Direct greenhouse gas (GHG) emissions | s. 63, 69 | partly: only CO2 emissions from transportation and energy usage are reported |
| 306-2 | Total weight of waste | s. 69 | 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 | s. 40 | partly: only accident frequency rate is reported |
| 405-1 | Diversity of employees | s. 36,37 | partly: age distribution is not reported. |