



 **ETS NORD**

Sustainability report

2022

Did you know that moss can be used as an indicator of pollution in the air?

They don't have roots. Instead, they get everything they need by absorbing it from the air.

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3 ADDRESS

Sustainability at ETS NORD consists of three large whales:

Our carbon footprint and nature conservation are the basis for everything.

At the second level is caring about our people and the society around us.

On the narrow top of the scale is financial capacity. This allows us to meet other sustainability challenges.



Urmas Hiie
Chairperson of the Management
Board of ETS Nord AS

Saving resources and taking care of people has been in the DNA of the ETS NORD team since the establishment of the company.

2022 turned the whole world into a less secure place when Russia launched a full-scale war against Ukraine on 24 February. This instantly created a whole new set of sustainability priorities for every Estonian company. National defence against the aggressor across the border became

We immediately implemented three new measures:

- Helping Ukraine, both financially and through statements of support through official channels
- Complete suspension of imports of Russian goods and exports of our products to Russia
- Explaining the situation to our team and zero tolerance for aggressor symbols

*“In terms of environmental objectives, we focused on the development of an **EPD calculation** system for our products.”*

the prime task of all Estonians and those who are with Estonians in their hearts.

The ETS NORD employs people of different nationalities. About 20% of the workers at our Estonian factory are Russians and some of them do not have Estonian citizenship. We are giving special attention to their attitudes in order to increase their tolerance of the goals of Estonia. We also offer them the opportunity to participate in free Estonian language courses and to integrate through company events.

In terms of environmental goals, we focused on the development of an EPD calculation system for

our products. The biggest challenge in this area is the nature of our product portfolio, which often consists of one-off, unique orders. Finding the fair carbon footprint value of tens of thousands of articles requires an automated calculation process with complicated formulae.

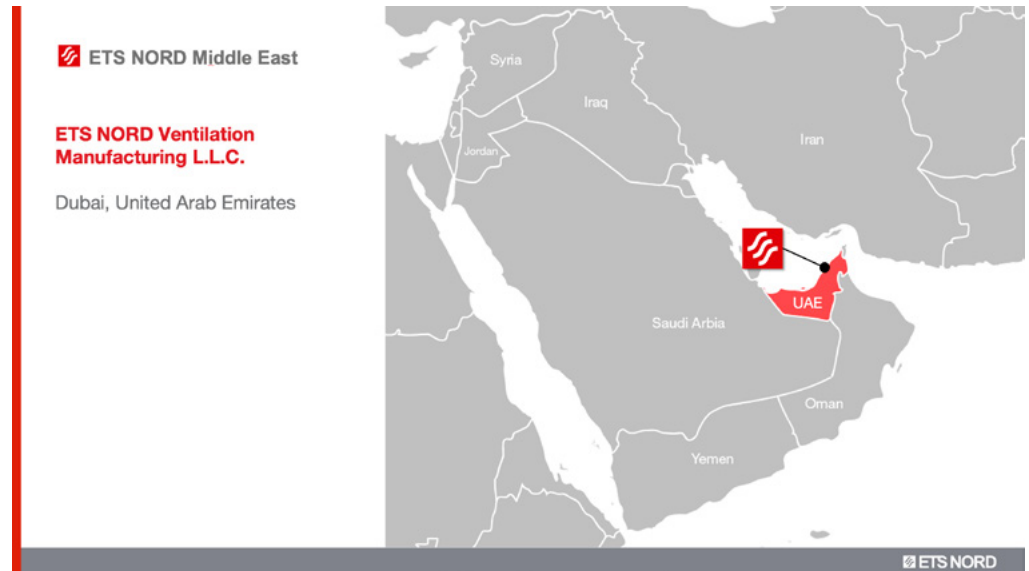
We are also proud of our product development team, which has developed dozens of new energy-saving products for our indoor climate solutions portfolio, helping to significantly reduce the energy consumption of buildings and extend the lifetime of systems.

In terms of financial strength, we managed to secure our position among highly rated companies. We also started with the construction project for a new environmentally sustainable factory. It must become the flagship of all Estonian mechanical engineering, both in terms of the energy-saving solutions used and as the best working environment for people.

4 WHO ARE WE AND WHAT DO WE OFFER

Our company has over 470 employees in Estonia, Finland, Sweden and the United Arab Emirates.

In addition to Estonia and Scandinavia, our products can also be found in the Czech Republic, Germany, Italy, Spain, United Arab Emirates, Latvia, Mexico, Iceland and Australia.



5 WHO ARE WE AND WHAT DO WE OFFER

We offer over 25,000 products, 90% of which are our own production.
ETS NORD is one of the largest manufacturers of ventilation equipment in the Nordic countries.

CLEAN AIR FOR BETTER HEALTH

In our climate zone, we spend 90% of our time indoors, so air quality is crucial. Creating the best indoor climate is what we do – our objective is to guarantee that everyone can live a long life in good health. Our comprehensive ventilation solutions help you save energy and our specialist technical support is involved at every stage of the product

lifecycle. We also offer different materials that allow our products to be used in a variety of environments, such as swimming pools, marine climate, etc.



6 SELECTION PROGRAMMES FOR DESIGNERS

In order to save the most precious asset of HVAC designers – time, we have created configurators that make it possible to easily select the right items from the available products or to customise the necessary products and add them to projects.



KITCHENiQ helps configure professional kitchen hoods

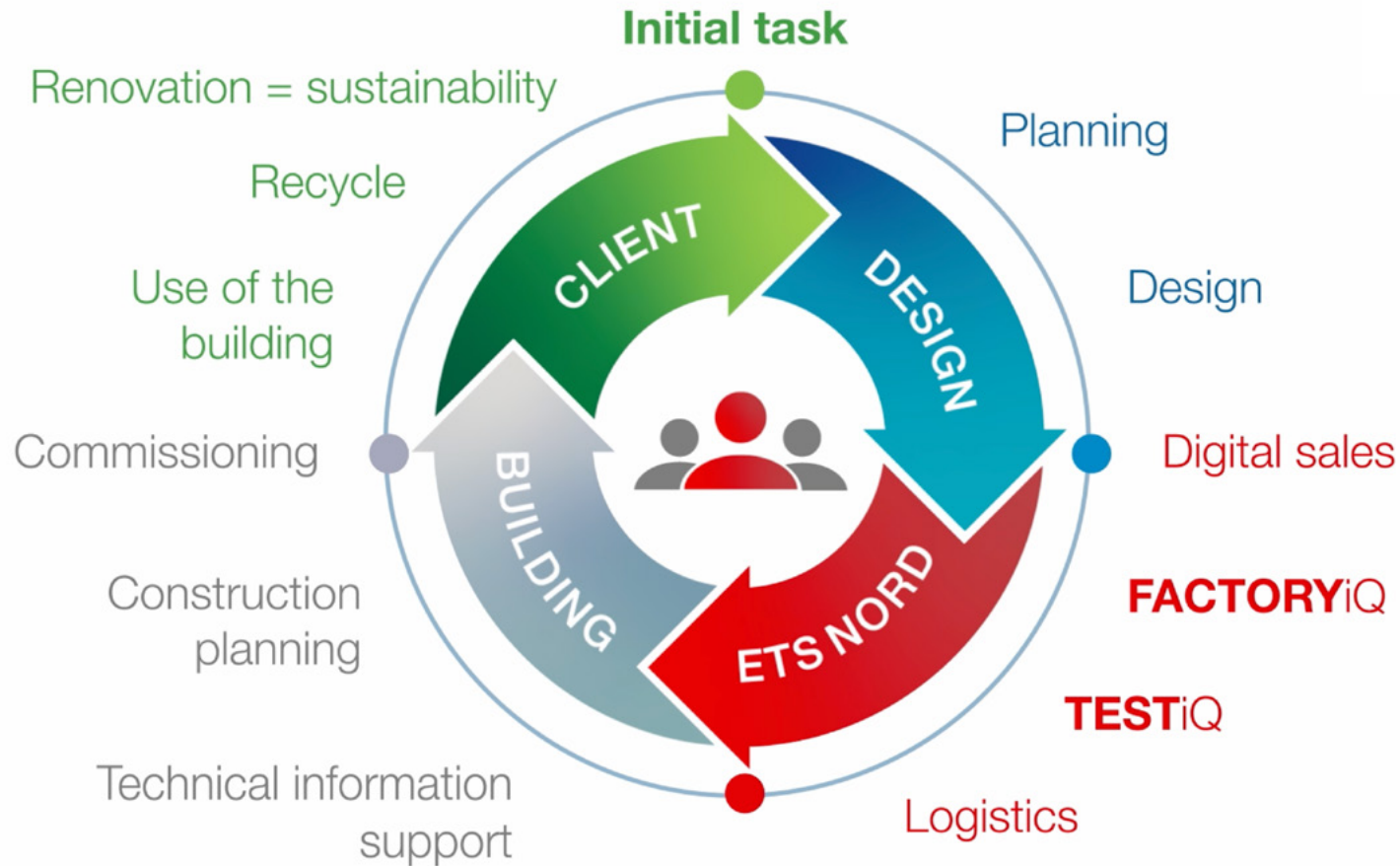
SILENCERiQ helps select silencers and calculate noise levels

AHUiQ can be used to select ventilation units for projects

We will continue developing software on the basis of user feedback and update the configurators on an ongoing basis. **ROOFiQ**, a tool that facilitates the design of roof hoods, is currently also under development.

7

PRODUCT LIFECYCLE MANAGEMENT



8 OUR SLOGAN

Let's move the air together!



OUR VISION

With our passionate team we want to inspire the world with innovative products and create a new sustainable future for indoor comfort.



OUR MISSION

We help to make the air flow effortlessly in demanding and changing conditions. With our dedicated team and continuous development, we create sustainable solutions for our customers by designing and manufacturing high quality and value-adding ventilation products.



MEIE VALUES

The employees of ETS NORD are our most important asset and we want them to value their work and feel good at the workplace. Competence, motivation and commitment are vitally important both in our contact with customers and for creating a good and safe working environment.



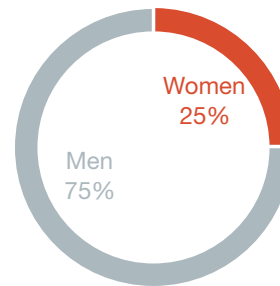
9 MANAGEMENT, SUSTAINABILITY & ACCOUNTABILITY

Our management style is consistent, straightforward and trustworthy, and we are committed to transparency, open communication and delivering on our promises. We take a responsible approach to sustainable development and minimise the environmental impact of our production activities. In the development of our products, we strive to contribute to reducing our ecological footprint. We constantly measure and monitor customer satisfaction and employee engagement.

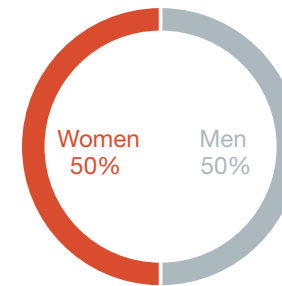


10 DIVERSITY

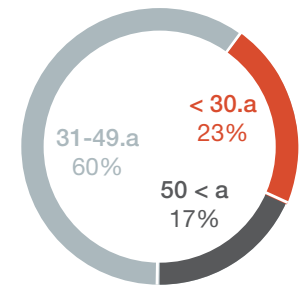
We value the diversity of our people and cultures. We take into account different faiths, values and national or cultural differences, and respect the dignity and individual rights of every person. We are against discrimination and harassment of any kind. We expect our employees to behave fairly, respectfully and honestly with all co-workers, business partners and other parties. We do not accept physical, psychological, verbal or sexual harassment.



Gender ratio in the company



Gender ratio in management



Age ratio of employees in Estonia



11 HEALTH, SAFETY & WORKING ENVIRONMENT

The health and safety of our employees is our priority and we are committed to ensuring a safe and healthy working environment for all our employees.



12 ENVIRONMENT & RISK MANAGEMENT



We take every chance and use all our knowledge to reduce the environmental impact of our production process. We use solutions that reduce noise, emissions, energy and water consumption, and recycle waste. We assess risks and set goals for minimising the risk level of the company.



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FINANCIAL & SUSTAINABILITY REPORTING

We disclose financial information to investors, including financial results, data and information on the company's operations.

COMPETITION & PROCUREMENT

We support free and open competition and require that all our employees respect this. All procurements must be in the best interests of the company, keeping costs as low as possible. Choosing a supplier and securing the best business terms for procurement are factors that influence the company's profitability and competitiveness.



14 BRIBERY & CORRUPTION

The relations of ETS NORD with its partners, the public sector and other parties are guided by ethics, efficiency and trust. Impermissible remuneration and illegal benefits are not acceptable. Our employees are prohibited from giving any remuneration or other benefits to public officials, public servants, business partners or other parties in order to achieve a decision in favour of the company.



15

PRINCIPLES OF THE UN GLOBAL COMPACT



We support the 10 principles of the UN Global Compact, which stem from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the UN Convention against Corruption.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and;

Principle 2: make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

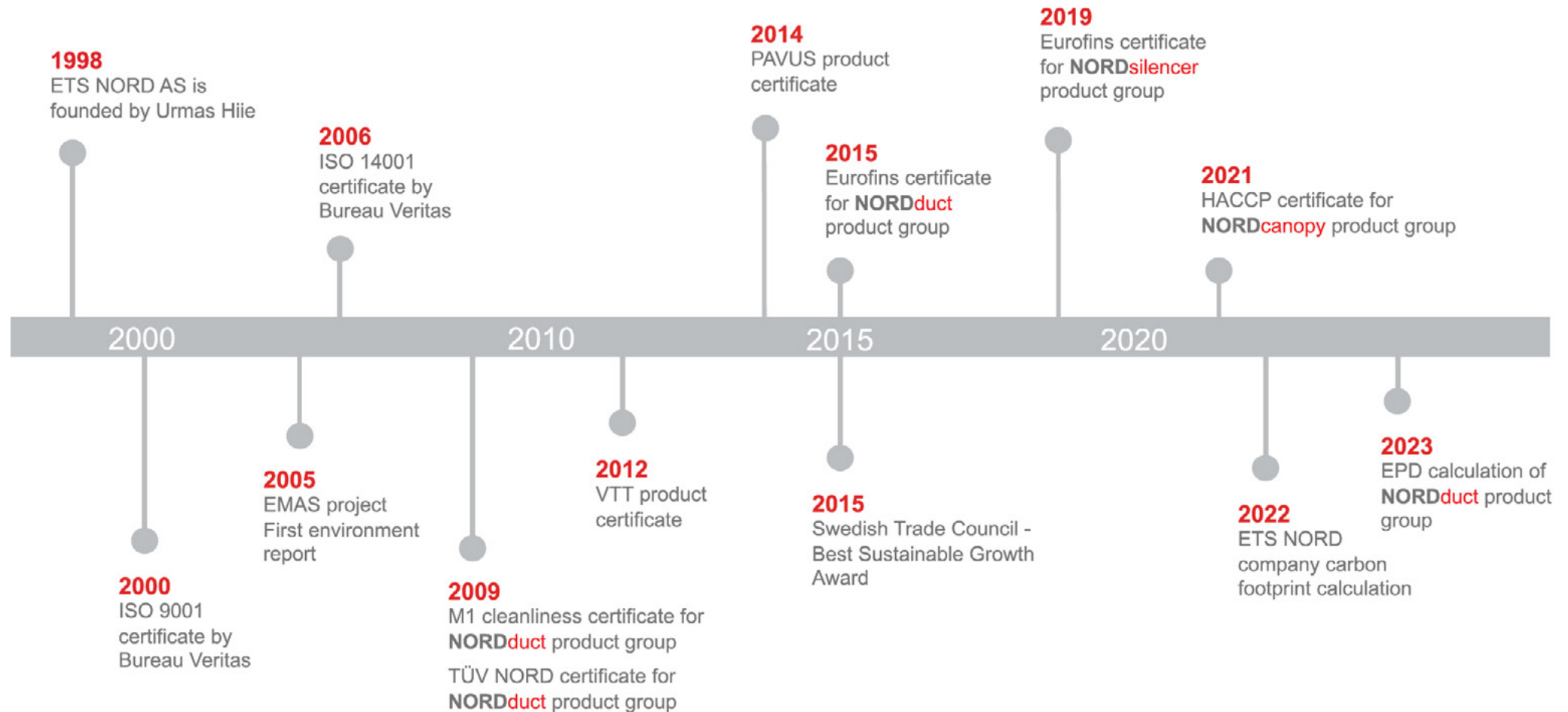
Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: the elimination of discrimination in respect of employment and occupation.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

16 TIMELINE & CERTIFICATES



17 OUR AWARDS & CERTIFICATES:



ISO 9001 and ISO 14001



STF – type approval



HACCP
International certificate



P – type approval



VTT – product certificate



CE – certificate



SundaHus Material data



Eurofins certificate



M1 Cleanliness classification



RISE – type approval

18 OUR OBJECTIVES & ESG ACTIVITIES

The Sustainable Development Goals (SDG) 2030, agreed at the initiative of the United Nations in 2015, which ensure long-term sustainable development worldwide and help achieve a balance between social, economic and environmental spheres, are the foundation of our operations. The main goal of our company is not only to make a profit, in addition to that a measure of success is also the company's ability to meet social and environmental requirements and expectations.

We create the value of the company and work on the **identification of sustainability risks and opportunities**, and set new goals together.

Social responsibilities of our company:



Sustainability



Resources



Responsibility



Reliability



Market



Goals



Longevity



Ethics

19 SOCIAL DIMENSION

The following is important to us:

- that our employees feel safe, valued and included at the workplace;
- creating opportunities for the full development of our employees. This is why we established the ETS NORD Academy;
- training our partners at ETS NORD Academy;
- diversity, equal pay, health and wellbeing;
- ethical behaviour;
- securing peace – we support Ukraine in its military action against Russia.

3 GOOD HEALTH AND WELL-BEING



ETS NORD wants to inspire the world with its innovative products and create a sustainable future for a high-quality indoor climate.

4 QUALITY EDUCATION



The employees of ETS NORD are our most important asset and we want them to value their work and feel good at the workplace. We invest in the competence of our staff and work with universities to provide internships for students.

5 GENDER EQUALITY



The employees of ETS NORD are equal regardless of gender. The salaries of employees are determined according to their duties and the complexity of their work.

8 DECENT WORK AND ECONOMIC GROWTH



We invest in companies that support our mission and adhere to sustainability principles. The health and safety of our employees is our priority and we are committed to ensuring a safe and healthy working environment for all our employees.

10 REDUCED INEQUALITIES



The diversity of our employees and cultures is very important and we respect different faiths, values and national or cultural differences, and honour the dignity and individual rights of every person.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



We are against discrimination and harassment of any kind. We expect our employees to behave fairly, respectfully and honestly with all co-workers, business partners and other parties. We do not accept physical, psychological, verbal or sexual harassment.

17 PARTNERSHIPS FOR THE GOALS



The relations of ETS NORD with its partners, the public sector and other parties are guided by ethics, efficiency and trust. We care about our partners – our customers, suppliers, employees, shareholders and the community.

20 SOCIAL DIMENSION

Our activities:

We create

an induction programme for new staff in the Coursy e-environment to make their onboarding smoother and help them find the information they need.

We improve

the digital visibility of ETS NORD so that necessary information is easier to find online.

We focus

on the professional development plan by having one-to-one chats with our employees. We involve employees in a variety of innovative projects.

We continue

our cooperation with the Estonian Society of Heating and Ventilation Engineers (EKVÜ) and universities (grants, contribution to curricula), make presentations at the training events of the EKVÜ and communicate with students.

We migrate

document and file management to the SharePoint environment, so that the information we need for our work can be easily found and accessed at all branches.

We take part at

TalTech Student Fair “Key to Future 2022” to find new potential employees and trainees, and to introduce new job opportunities to students.

We train

designers and contractors at ETS NORD Academy in order to introduce our products and to increase and improve cooperation and communication.

We involve

employees in making improvement proposals – we create a simple digital communication solution.

21 ENVIRONMENT

Our common goal is to create a sustainable, high-quality living environment that will allow future generations to enjoy life to the full. We care about the future and the impact of our activities on the environment. We focus on creating sustainable solutions.

7 AFFORDABLE AND CLEAN ENERGY



We care about the future and the impact of our activities on the environment. We focus on creating sustainable solutions.



13 CLIMATE ACTION



In the development of our products, we strive to reduce our ecological footprint in cooperation with our clients.



22 ENVIRONMENT



Our activities:

We complete

the first stage of our aSAP solution that allows us to reduce the size of packaging.

We digitalise

the management of HR-related documentation.

We measure

the carbon footprint of NORDDuct round duct production and publish the EPD.

We reduce,

recyclable waste and optimising material use in production.

We digitalise

payroll accounting processes and make them paperless. As a next step, we will make the safety manuals of our Estonian, Finnish and Swedish branches paperless in Coursy. Digital HR processes have been implemented in Estonia and are working successfully. The Avocado system for managing and signing documents has already been implemented.

We reduce

the use of plastic film in packaging.

We optimise

the use of transport and reduce fuel consumption.

We reduce

energy consumption. We will carry out an energy audit and introduce new solutions for monitoring.

23 MANAGEMENT



With our products, we contribute to saving energy and creating a better indoor climate.

Our strength lies in our dedicated staff who work together towards a common goal, respect different cultures and people, and are polite and supportive of each other. We care about our partners, who are our customers, suppliers, employees, shareholders and the community.

We believe that success is about the continuous development of our people and our organisation. We offer our partners the best quality and innovative products.

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



ETS NORD creates new knowledge in its field.

11 SUSTAINABLE CITIES
AND COMMUNITIES



We take every chance and use all our knowledge to reduce the environmental impact of our production process. We use solutions that reduce noise, emissions, energy and water consumption, and recycle waste.

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Our employees and suppliers are aware that we adhere to environmentally friendly principles, constantly analyse the environmental impact of our activities and use all resources expediently and economically.



24 MANAGEMENT

Our activities:

We will introduce an automatic determination of min/max stock levels.

We will create access for suppliers to the ETS NORD webshop to get price quotes and inform them about price changes.

We will complete stage II in the implementation of the production planning programme.

We will continue to automate production.

We will start selling new product groups in Sweden – **NORD**silencer, **NORD**fire, **NORD**canopy.

We will digitise quality control with TESTiQ software, which allows third-party audits to be carried out remotely.

We will continue to integrate the logistics app with webshop, which will allow clients to see the movement of goods to the site in real time.

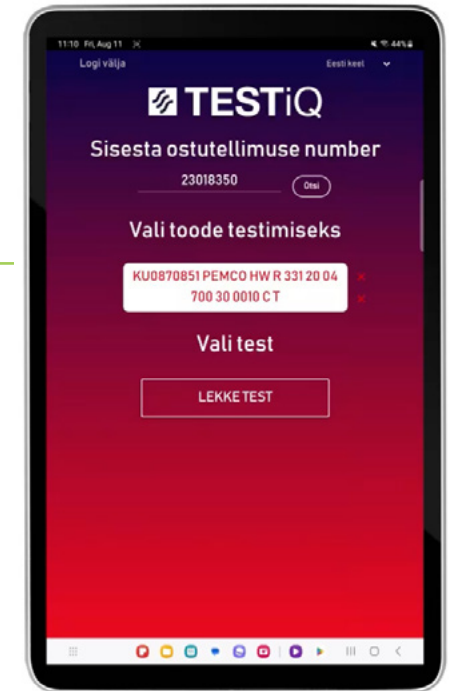
We will start using the WMS Android in logistics.

We will implement ‘one-click reports’ for product maintenance reports and checklists.

We will establish an integrated quality and sustainability management system.

We will increase the security of access to reports and audit reports.

We will continue with the 5S methodology in production and train staff to carry out 5S audits. We will carry out 5S training.



We will continue to integrate the Swedish branch of ETS NORD into a unified management system and to introduce the ETS NORD brand on the Swedish market.

We will increase the cybersecurity of our statistics and reports.

25 OUR SUSTAINABILITY CRITERIA FOR PRODUCT DEVELOPMENT

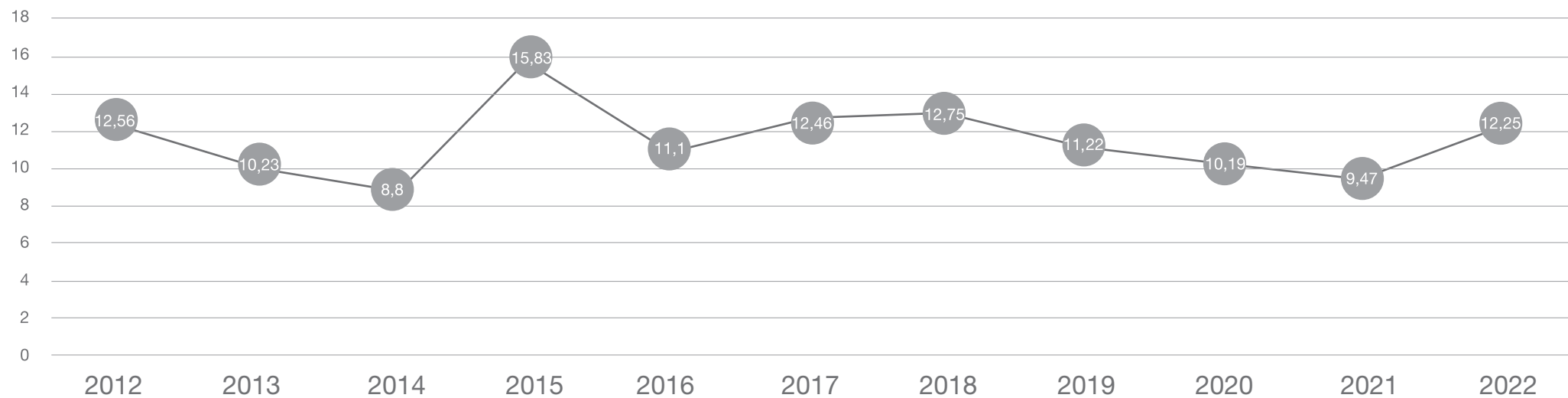


Product/technology planning	Assess the risks of material supply and use in the production process
	Create the best functional technical properties
	Reduce or replace fasteners
	Create smart solutions
	Reduce the use of paper in R & D and sales process (digital product manuals)
Raw material	Use of as many recycled materials as possible
	Identify the origin of raw material
	Reduce weight of products
Production process	Simplify construction (reduce the volume of work, optimise the material)
	Reduce the generation of waste in the process and, if possible, use the left-over materials to produce other products
	Ensure safety in production
Impact/ emissions in the production process	Reduce the use of resources in the production process (electricity, water, etc.)
Packaging	Reduce the use of energy for packaging the products
	Minimise the dimensions of packaging and use recyclable materials for packaging
Transport	Optimise packaging dimensions to reduce transport costs (modularity of the canopy)
Product use	Create solutions that allow easy installation of products
	Create energy efficient products
	Create ergonomic products
End of life cycle	Ease of handling and recycling of materials at the end of the product's life cycle
Recycling	Possibility of modularity in the reuse of elements.

26 INDICATORS

EBITDA

(Earnings Before Intresses, Taxes, Depreciation and Amortization, %)



27 INDICATORS



Economic and social indicators	2022	2021	2020
Sales revenue (€ million)	70 482	59 152	49 027
Sales revenue per employee (€ thousand)	163	151	138
Sales revenue growth, %	19,1	20,7	4,0
Operating profit (€ million)	5, 524	4,267	2,995
Operating profit margin	7,8%	7,2%	6,1%
Dividends paid (€ thousand)	2 265	865	750
Sick day index* (% of working days)	7,9	9,59	7,1
Employee satisfaction (on the scale 1-5)*	3,87	3,87	3,97
Social security costs (€ thousand)*	2 016	1601	1442
Health expenses (€ thousand)*	36,59	37,83	25,60
Working environment improvement expenses (€ thousand)*	18,17	17,44	10,92
Customer satisfaction index (on the scale 1-5)*	4,7	4,7	4,35
Net promoter score	64	64	-

*) The figures stand for Tallinn only

**) The methodology was changed in 2021, the eco-index is no longer used

28 INDICATORS



Environmental indicators	2022	2021	2020
Number of types of waste*	20	20	20
Quantity of mixed municipal waste (tons per year)*	6,3	6,3	6,3
Quantity of packaging waste (tons per employee per year)*		0,11	0,17
Eco-index*		0,85	0,79
Water consumption, m ³ , per employee per month*	0,5	0,8	0,9
Paperless staff accounting, %*	100	100	90
Percentage of suppliers assessed/audited, %	13	13	5
Carbon footprint per employee (tons)	67	113	99

*) The figures stand for Tallinn only

***) The methodology was changed in 2021, the eco-index is no longer used

29 INDICATORS



CO ₂ emissions per category, t CO ₂ eq:	2022	2021	2020
Scope 1 – company vehicles	313	234	238
Scope 1 – company facilities: use of welding gas	0	1	1
Total Scope 1	314	234	238
Scope 2 – purchased electricity	1268	1267	1037
Scope 2 – purchased heat	321	701	546
Total Scope 2	1589	1969	1584
Scope 3 – activities related to fuel and energy	83	64	63
Scope 3 – purchased goods: production inputs	23 996	39 338	31 723
Scope 3 – purchased goods: other	99	32	30
Scope 3 – purchased services	9	4	4
Scope 3 – upstream transport	761	1041	912
Scope 3 – downstream transport	1 139	1 044	1 002
Scope 3 – waste	50	61	59
Scope 3 – business travel	57	57	39
Scope 3 – employee commutes	610	576	535
Total Scope 3	26 803	42 217	34 366
Total CO₂ emission of ETS NORD (tons)	28 706	44 420	36 187
Carbon footprint per employee (tons)	67	113	99

30 KEY ACTIVITIES 2022

Design of new production building in Tallinn

We have taken environmentally friendly solutions as a starting point for the design and planning of the new production building.

During the design process, our goal was to maximise the use of materials from the demolition of existing buildings, to contribute to new landscaping, to manage rainwater sustainably and to design the building for maximum energy efficiency.



This gives the following results:

- For the purpose of recycling, two new halls with a surface area of 703 m² and 841 m² will be dismantled and re-installed;
- A new green area of 5,536 m² will be created. Thirty-three new trees will be planted.
- Old load-bearing structures will be demolished and used for land filling. 8,000 m³ of quarry material will be saved as a result of this.
- A rainwater collection tank of 449 m³ will be installed in order to not overload the city's rainwater pipelines.
- A 440 kW solar panning will be installed on the roof of the new building.
- A ventilation system with heat recovery will be installed.
- Only LED lighting fixtures with the DALI control system are used in the building, which provides additional energy saving.
- The building has been designed for maximum energy efficiency, energy performance indicator is (108 kWh/m²xa)

31 KEY ACTIVITIES 2022



In January 2022, we opened a **factory restaurant** at the production department, where we can demonstrate to our customers the kitchen ventilation equipment we've developed and manufactured. The factory restaurant's kitchen is equipped with professional kitchen appliances that meet the

exact requirements set by the International Culinary Olympics (IKA). We signed a **sponsorship agreement** with the Estonian Association of Head Chefs, which will allow the Estonian team of chefs to use our restaurant's kitchen to train for the 2024 IKA World Culinary Olympics in Germany.

The World EXPO 2020 was held in Dubai from October 2021 to April 2022, where we were the **national sponsor of the Estonian Pavilion**. We built the ventilation system for the kitchen of the Taste Estonia restaurant in the Estonian Pavilion. Thanks to the restaurant's popularity, we found a local partner and made valuable contacts from Arabia and around the world.

After the end of the EXPO, we started the construction of our modular kitchen ventilation components storehouse in the UAE, which allows us to market our products in the UAE. We've now launched a **kitchen ventilation assembly plant in Dubai Industrial City, near Abu Dhabi**.



In March, we participated in Estonia's largest student career event, **Key to Future 2022**, where we presented our various job and internship opportunities. As part of the fair, we also organised a seminar-lecture on ventilation for engineers.

32 KEY ACTIVITIES 2022



In April, we participated in **Nordbygg in Stockholm**, which is the **biggest construction fair** in the Nordic countries. We showcased our new KitchenIQ configurator for designers and the NOR-Dcanopy kitchen canopies.

We also presented the same products at the **Gastro food fair in Finland** in May.

In August, we participated in the **Stapler Cup com-**



petition for forklift drivers, where our best result among 51 participants was 5th place in the electric stacker round.

On 1 September 2022, we acquired Swedish ventilation pipe manufacturer **Vent-tillverkarna AB**, as a result of which 18 new employees joined the ETS NORD team.



In early September, we participated for the first time as a 29-member **ETS NORD team in the Tallinn Marathon**. Some of us completed the half-marathon and some who opted for the 10 km timed or untimed distance.

33 KEY ACTIVITIES 2022



Finnbuild, the biggest construction fair in Finland was held in Helsinki in October and we were one of the biggest exhibitors there. All product groups were represented, with our kitchen canopies receiving the most attention. Our **aSAP solution** was selected as one of the **TOP10 most innovative products**.

In October 2022, we opened the **ETS NORD Academy**, the task of which is to train our own employees as well as our clients. We expect this to be of great help in developing our employees and providing our clients with products, new solutions and other technical support.

Once again, we carried out a fire evacuation drill and a fire safety check.

