



Sustainability Report

2023

Estonia's clean air is a national treasure,
supported by low population density and vast areas of forests and moors.

TABLE OF CONTENTS

Foreword	3	Global Sustainable Development Goals	23-26
		KHG footprint	27-28
Sustainability at ETS NORD	4	Product responsibility and recognition	29
What do we offer	5	Certificates	30
		Metrics	31
		Sustainable product development	32
Sustainability in ETS NORD	6		
The positive environmental impact of our products	6-8	Management	33
Our core values	9	Risk management and cybersecurity	33
Our priorities	10	Competition and procurement	33
Sustainable supply chain	11	Honest and ethical business practices	33
Digital Cleanup Day	12	Quality and product safety	34-35
Collaboration with the Rohetiiger platform	13	Contribution to society	36-37
Significant events of 2023	14-15	Customer centricity	38
New sustainable factory building	16	Employees, fair treatment, and diversity	39
We produce renewable energy ourselves	17	Health, safety, and working environment	40
The new lab offers new opportunities	18		
Sustainability timeline	19		
Stakeholder engagement	20		
Sustainable Development Goals	21-22		

FOREWORD

The conservation of resources and caring for people has been part of the DNA of the ETS NORD since the company's founding in 1998.

The year 2023 will be remembered for the interest rate growth, economic recession, inflation, which, although was showing signs of reducing compared to the previous year, remained still very high. The Nordic construction market was hit the hardest, and ETS NORD was not spared from the aftermath. Despite the drop in sales volumes, we maintained our workforce and salaries in both the Estonian and Finnish organizations.

“As of today, we are, as far as we know, the only ventilation company in the Nordic countries with 75% of our production covered by EPD certificates.”

Sustainable development is one of the most important core values for all our employees at ETS NORD. The highlight of the year in environmental development was the construction of our new factory building, where we utilized practically all the demolition waste from old buildings. We also designed the new building with the best energy class systems. You can read more about this on pages 16-17 of the report.

We consistently measure our company's greenhouse gas footprint and work on new projects to reduce it. In 2024, we plan to reduce the emissions produced by the ETS NORD group by 10% per employee compared to 2020 when we first started measuring our footprint.

As far as we know, we are the only ventilation sector company in the Nordics whose production is covered by EPD certificates (EPD – Environmental Product Declaration) for 75% of our products. We are on our way to achieving 90%.

For 2024, we have created a communication plan that helps raise our employees' awareness of sustainability goals and explains how we can make our daily activities more environmentally friendly. Consistent explanation and learning are the biggest goals for our team!

We know that 2024 will not be easy. There is no growth expected in the construction market in our main markets, so we must look to new markets. We see the Norwegian market as a new opportunity, where we have found a strong partner. In today's economic environment, only the best will survive, and we believe in our people and our ability to overcome difficult situations.



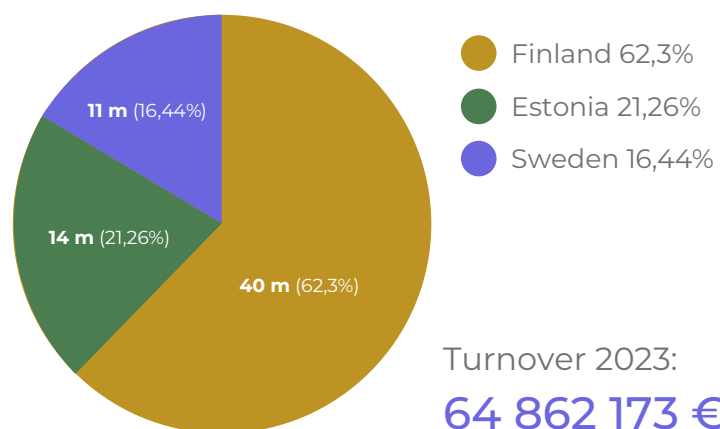
Urmas Hiie
CEO of ETS NORD AS

WHO WE ARE AND WHAT WE OFFER

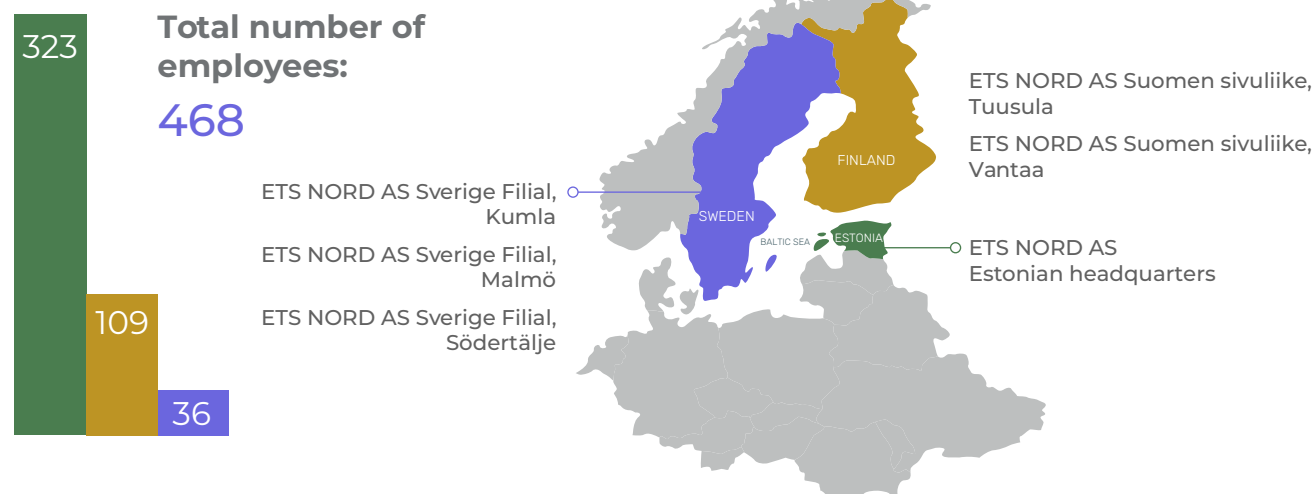
ETS NORD AS is one of the largest manufacturers of ventilation equipment in the Nordics, developing and producing sustainable ventilation solutions. We are a rapidly growing technology company that aims to digitize the entire value chain, from system modeling to delivery, production processes, logistics, commissioning, and maintenance.

The company's headquarters, development department, and largest production unit are located in Estonia. Additionally, we have sales, production, and logistics units in Finland and Sweden.

Sales revenue by country



Number of employees by country



WHAT WE OFFER

Living in a temperate zone, we spend about 90% of our time indoors, making indoor climate quality extremely important.

The goal of ETS NORD is to develop and produce ventilation solutions that ensure a clean and healthy indoor climate, creating a better sense of well-being for those indoors. Our product range includes over 25,000 products, 90% of which are our own production.

We produce both standard ventilation system components and custom solutions according to client orders.

In addition to conventional materials, we also use special materials in production that allow our products to be installed in specific environments such as high-humidity spas and swimming pools, as well as in very high-temperature and fire-prone restaurant kitchens. Our heat recovery ventilation units ensure high-quality indoor climate, help save energy, and allow the end-user to save money.

We are an experienced and reliable partner from the project planning phase to product installation and technical maintenance.



NORDduct



NORDrect



NORDcanopy



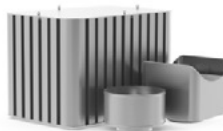
NORDsilencer



NORDfire



NORDdamper



NORDroof



NORDexternal



NORDgrille



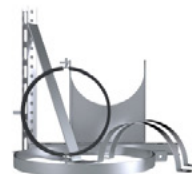
NORDdiffuser



NORDsmoke-round &
NORDsmoke-rect



NORDfilter



NORDaccessories



NORDdoor



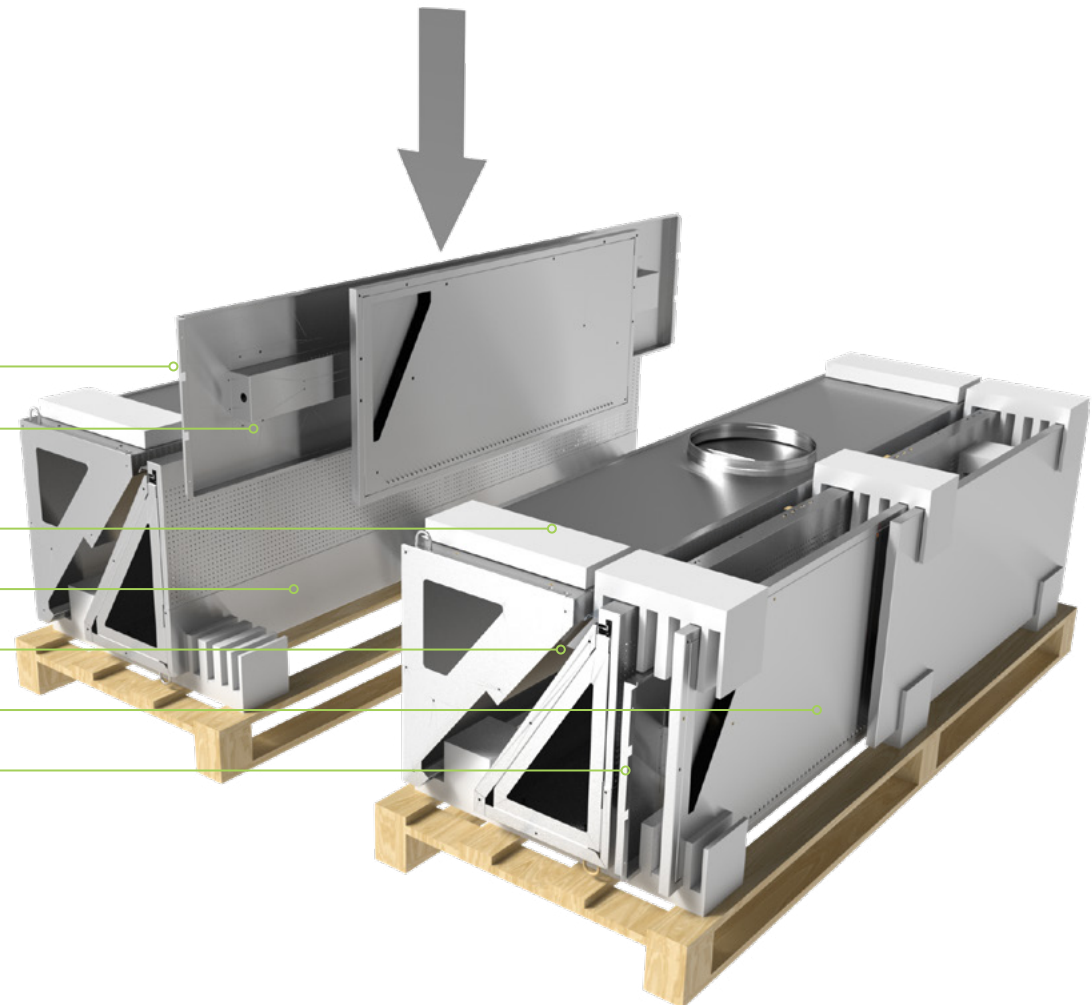
Recair AHU

SUSTAINABILITY AT ETS NORD

The positive environmental impact of our products

NORDcanopy aSAP solution

- Reusability extends lifespan**
- Modularity makes transport and installation easy and allows kitchen hoods to be reconfigured**
- Ideal solution for tight spaces**
- Delivery on compact pallets**
- Fits in high-rise building elevators**
- Quick assembly on site**
- Smaller carbon footprint**

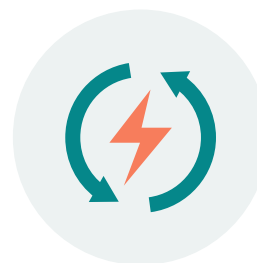


The positive environmental impact of our products

Viru Center Food Street

Climate Region	Tallinn
Number of restaurants	15
Annual ventilation operating hours	4026 h
Kitchen operating time	11:00 - 22:00, 7 days a week
Exhaust air temperature	25° C
Relative humidity of exhaust air	30%
Supply air temperature	20° C

The annual energy savings of the Viru Center Food Street restaurants thanks to the use of heat recovery ventilation systems:



Energy savings from heat recovery:

692,91 MWh/year



Savings from heat recovery:

54 768 €

District heating price:

79,04 €/Mwh

(Utilitas, Tallinn 2023)



The positive environmental impact of our products

The annual energy savings in ETS NORD's Production 1 factory premises thanks to the use of heat recovery ventilation systems:



Energy savings from heat recovery:

266,24 MWh/ year

District heating price:
79,04 €/Mwh
(Utilitas, Tallinn 2023)



Savings from heat recovery:

21 033 €

Our Factory T1 Production Premises	
Air volume (m ³ /h)	15 000
Air volume (l/s)	4167
Ventilation operating hours per year	4924 h
Operating time	Mon: 01:00 - 23:00; Tue-Thu: 05:00 - 23:00
Exhaust air temperature	23° C
Relative humidity of exhaust air	30%
Supply air temperature	18° C
Heat exchanger efficiency	72%
Heating coil energy per year	29,1 MWh

System
S2/V2

System service area:
Production 1

Climate region:
Tallinn



OUR VISION

We aim to inspire the world with our innovative products and create a sustainable future for high-quality indoor climate.

OUR MISSION

As a flexible and experienced manufacturer of ventilation equipment, we help our partners enhance their operations, enabling them to meet their customers' expectations.

To achieve these goals, we focus on:

- Customer focus
- Employee involvement
- Mutually beneficial relationships with suppliers
- Fact-based decision-making
- Continuous improvement
- Sustainability and environmental friendliness
- Company profitability

OUR VALUES

Our strength lies in our dedicated employees who work together towards the same goal. We demonstrate this by respecting different cultures and people, being polite, helpful and supportive.

We care about our partners — customers, suppliers, employees, shareholders, and the community.

Competence — We believe that continuous development of our people and organization is the key to success. By thinking outside the box, we offer our partners value, quality, and innovative products.

Sustainability — We care about the future and our impact on the environment. We focus on creating sustainable solutions for our partners. Our decisions are fact-based, and we continuously improve ourselves.

Our priorities



Supporting our people in building careers and achieving their full potential. We have established the ETS NORD Academy for this purpose.

A workplace where employees **feel safe, valued, and included.**

Diversity and equal pay for men and women.

Health and well-being

Ethical behavior

Customer satisfaction

Anti-corruption activities

Identifying, assessing, and managing sustainability-related risks and opportunities across all organizational stakeholders (including, but not limited to, customers, suppliers, and employees) and concerning the environment.

Taking social responsibility and contributing to society.

Supporting Ukraine in the war against Russia.

Sustainable Supply Chain

Sustainability has become one of the most important components of a company's reputation. In our sustainable supply chain, we continuously seek environmentally friendly solutions in our operations. We operate in a way that ensures all stages, from production to consumer, to be carried out as sustainably and ethically as possible. We work to find suppliers who can provide raw materials with a lower ecological footprint.

We have created and introduced the ETS NORD code of ethics to our partners, which outlines our principles of responsible business. We expect the same principles to be followed by our partners, who, like us, must ensure gender, racial, and religious equality in their companies.

To adhere to circular economy principles, we have begun using recycled plastic and cardboard in our daily operations instead of metal containers. We also replaced metal containers with wooden ones, which are lighter and can be reused multiple times. Additionally, we explore daily opportunities to reduce the transportation footprint in our supply chain.

We significantly limit the amount of paper printouts and have implemented an e-invoicing system in our accounting. We continuously reduce the amount of waste generated during our production process and sort the production waste by type to facilitate its recycling. In our offices, we have started sorting waste by type according to the instructions provided by the waste handler.



Digital Cleanup Day



To eliminate digital waste, we participated in the Digital Cleanup Day campaign initiated by Telia, in which nearly 400 Estonian companies and organizations participated in 2023.

The idea behind Digital Cleanup Day is to eliminate files that have accumulated in our mailboxes, computers, and cloud storage over the years, with the goal of saving energy used to maintain large server farms.

The more outdated and unnecessary files and emails we can delete, the more storage space we free up, and the smaller our company's digital footprint becomes.

During ETS NORD's Digital Cleanup Day, we deleted about 30 GB of files from our mailboxes, which equates to approximately 300,000 emails.

Collaboration with the Rohetiiger Platform

At the beginning of 2023, we joined the Rohetiiger collaboration platform, which brings together companies from various sectors committed to balanced economic growth and making their operations more environmentally friendly. We found this to be a great opportunity to exchange experiences with other companies and learn more about environmental topics and how ETS NORD can reduce its environmental impact.

To educate ourselves and gain practical experience, a six-member team from ETS NORD joined the Rohetiiger Academy. During this program, we analyzed the environmental impact of our company and looked for ways to actively keep the green transition in focus, involving colleagues in thinking and

contributing to sustainability. We also conducted an environmental survey among our employees and were pleased to find that more than half of our employees are willing to change their daily habits to some extent to reduce their ecological footprint.

We also defined what sustainability means for ETS NORD: our three pillars are environmental conservation, caring for employees and the community, and the viability of the company, which requires continuous product development that considers market demand and increases competitiveness. These are the topics that will remain our goals for the coming years and that we work towards every day.



Significant Events in 2023

In 2023, the ETS NORD group celebrated its 25th anniversary. In recognition of the work and developments done over the years, we were awarded the title of "Factory of the Year 2023". This title confirms that we are moving in the right direction and adds encouragement and desire to continue being at the forefront.

Reflecting on 2023, we must admit that at the beginning of the year, we were much more optimistic about the development of the global economy than it turned out to be. It seemed that Russia was weakening and losing the war and that China would restart economic growth, allowing Estonia's economy to grow steadily and reduce inflation. Unfortunately, these hopes have not materialized. The fact is that the macro-economic situation in our neighboring countries did not favor rapid economic growth.

Thus, we must acknowledge that ensuring Estonia's security has become the most important topic for 2024. This is understandable when our neighbor is a totalitarian aggressor state that has fully mobilized its war machine and invests up to a third of its state budget in it.

Environmental protection and the green economy are another major topic that has arrived to stay. Developing the sustainable economy involves a significant role for engineering and technical solutions that help save energy without lowering living standards and reduce greenhouse gas emissions.



Our development team has been dedicated to this goal for the past decade. Improving the indoor climate of buildings and thereby extending human life expectancy, reducing energy consumption in buildings and transportation, and reusing products are key activities that genuinely help us reduce our environmental impact.

Significant Events in 2023

The third major transformative factor is the adoption of artificial intelligence. Whether we like it or not, the winners will be those companies that can leverage the possibilities of artificial intelligence to their advantage. Artificial intelligence is at the heart of the digital transformation of society, and it has become a priority for the European Union. We use artificial intelligence in creating our digital solutions and data processing. Additionally, as an exporting company, artificial intelligence translation programs are of great help to us, enabling us to more easily convey our content in other markets and languages.

Important investments:

In 2023, the ETS NORD group invested a total of €2.4 million in fixed assets, with the largest investments being:

- Investments in machinery and equipment: €866,000
- Product development and IT projects: €741,000
- Improvement of workspaces: €741,000

To increase our production capacity, we began designing a new factory building in Tallinn in 2022, and in the spring of 2023, the cornerstone of our new building was laid. The building is scheduled to be completed in the spring of 2024.

The total investment for this project, including construction costs, is approximately €11 million, of which €2 million is ETS NORD's own investment in new technologies. The new factory complex will complete the development of the property at Peterburi tee 53, Tallinn. This will serve as a springboard for our growth in the coming periods.



New Sustainable Factory

The project for the new factory included the objective of building it as sustainably as possible: maximizing the use of materials from the demolition of existing buildings, contributing to additional landscaping, managing stormwater efficiently, and designing the building to be as energy-efficient as possible.

As a result, the following environmentally sustainable actions were implemented:

1.

Two gable halls with a total building footprint of 703 m² and 841 m² were dismantled and relocated for reuse.

2.

A new green area of 5536 m² was established and **33 trees** were planted.



3.

During the demolition of old buildings, the load-bearing structures were crushed and used as filling for the base of the new factory building, saving 8000 m³ of quarry material and countless transportation kilometers.

4.

To reduce the load on the city's stormwater systems, a 449 m³ stormwater retention tank was installed.

5.

A solar park with a capacity of 435 kWp was installed on the roof of the new building.



6.

A heat recovery ventilation system, produced by our Recair production unit, was installed in the building.

7.

The building is illuminated only with LED lights controlled by a DALI system, providing additional energy savings.

8.

The building was designed to be energy-efficient, with an energy **efficiency coefficient of A (108 kWh/m²xa).**



We Produce **Renewable Energy** Ourselves

A solar park consisting of 947 panels with a total capacity of 435 kWp was installed on the roof of the new factory building. The panels are installed with a south-facing tilt to ensure maximum output.

Thanks to this, we can produce up to 80 MWh of electricity during sunny months, which is three times more than what is needed for the equipment in

the new factory building. As a second phase, we plan to build a solar park covering 1400 square meters on the roof of our Production 1 building, where a low-voltage battery bank with a capacity of 224 kWh and hybrid controllers are also planned. These will allow for the storage of solar energy and its use at a later time.



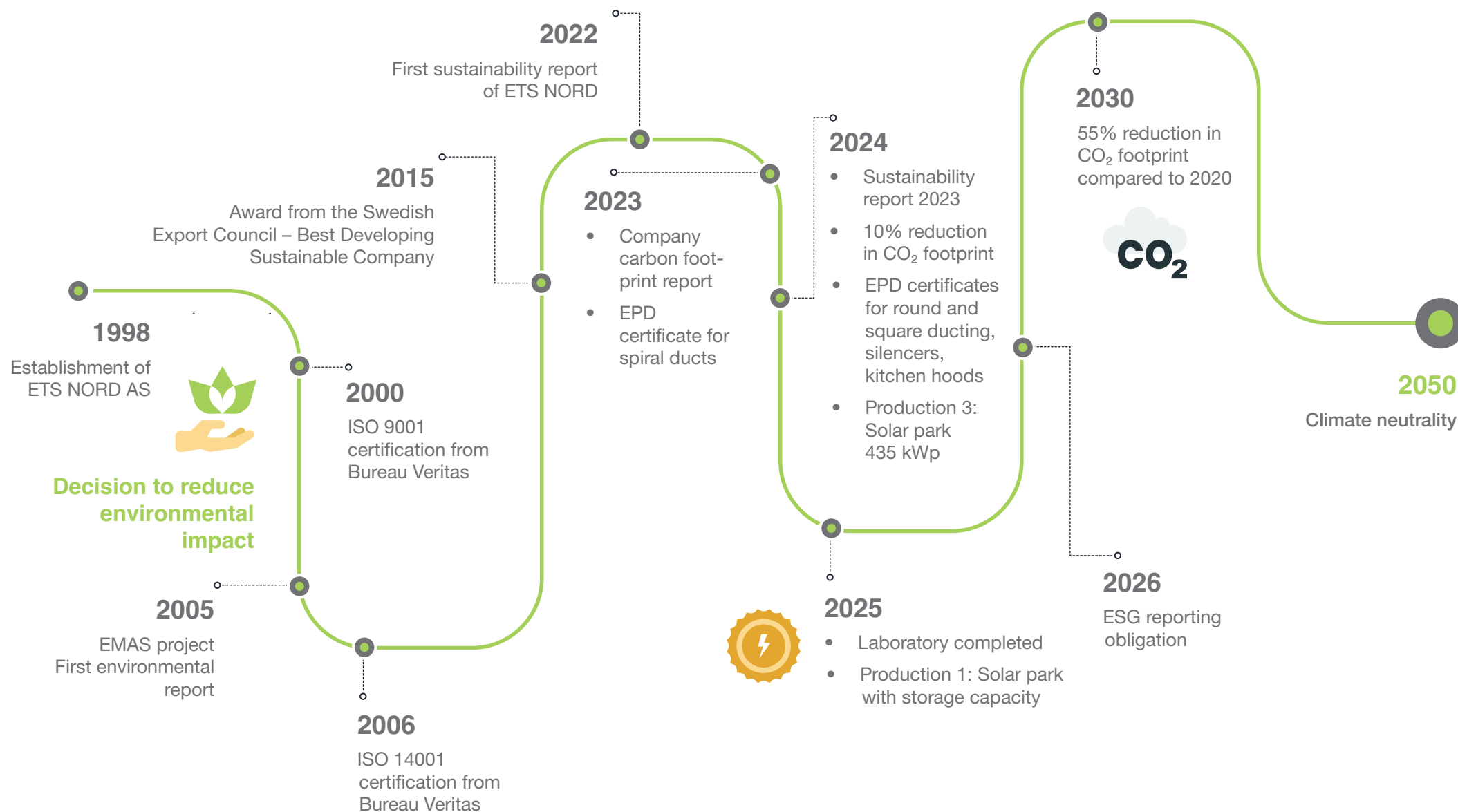
The New Lab Offers **New Opportunities**

In 2023, we began constructing a laboratory, which will become the most capable and technologically advanced measurement lab in the ventilation sector in the Baltics. Once completed, we will be able to measure there the acoustic and aerodynamic properties of ventilation components. The lab will significantly enhance our development capabilities, and we will be able to provide our customers with more technical information.

We aim to popularize engineering education and see future collaboration opportunities with educational institutions. With this in mind, we planned a separate training room in the lab, where we can conduct experiments and share ventilation knowledge with students studying HVAC (heating, ventilation, and air conditioning) engineering.



Sustainability Timeline





Stakeholder Engagement

ETS NORD has consistently valued collaboration with partners, particularly key stakeholders like customers, designers, suppliers, regulators, local communities, employees, and shareholders. Together, we aim to create added value for both society and business while engaging in discussions on key topics.

	Stakeholder Group	Importance to ETS NORD	Needs and Expectations
External Stakeholders	Clients - contractors and HVAC Installers	Very important stakeholders in business context	Competitive pricing and high-quality solutions
			Customer experience and company culture
			On-time delivery
			Good reputation
			Ethical behavior and anti-corruption
			Competence
			Co-operation
	Designers	Indirect client, our technical information/ message distributor	Competitive pricing and high-quality solutions
			Responsiveness and beneficial partnership relationships
			Competence
			Co-operation
	Suppliers	Supply chain management	Competitive pricing and quality products
			Responsiveness and beneficial partnership relationships
			Sustainability
			Improved customer experience
			On-time delivery
			Good reputation
			Ethical behavior and anti-corruption
	Regulatory and supervisory bodies	Compliance evaluators	Compliance with regulations
			Accurate and correct reporting
			Safety and environmental protection
	Communities and local authorities	Social responsibility and reputation building	Investing in local well-being
			Trustworthy employer
			Socially responsible company
	Schools & universities	Workforce pipeline	Interesting and challenging work
			Development opportunities
	Development opportunities	Active cooperation, involvement in the development of regulations	Information sharing and best practices Development of employees
Internal Stakeholders	Employees	Competent and committed employees are a critical resource for sustainability activities	Safe working environment
			Reputation, development, trainings
			Fair and timely recognition and compensation
			Recognized and trusted employer
			Inclusive work culture and unified team
			Open and transparent leadership, communication
			Information on company goals and results
	Shareholders	Decision-makers through the highest governing body.	Profit
			Sustainability
			Development and growth Strategic deployment Risk management

Sustainable Development Goals

Our sustainability efforts are influenced by global goals to mitigate climate change (such as the Paris Climate Agreement and the European Green Deal).

An increasingly important factor is not only the product or service offered by the company but also the company's contribution and attitude towards surrounding processes, environmental, and social issues. Consumer habits have changed, and customers follow values that align with these principles, appreciating the company's efforts.

Value-based choices are not only about consumer habits but also about the company's image as an employer – job choices must reflect where people feel it is important to work and where their values are acknowledged.

Sustainability has become one of the key components of a company's reputation. In this field, we want to share best practices, produce environmentally friendly and energy-efficient products, and use responsibly sourced technologies and materials in production processes.

In our activities, we follow the UN's Sustainable Development Goals (SDG), which ensure long-term global sustainability and help bridge social, economic, and environmental disparities.

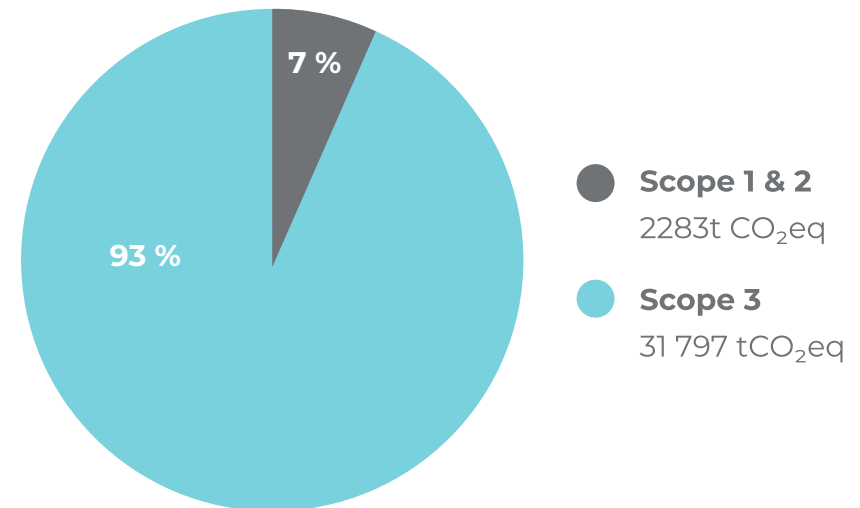


Sustainable Development Goals

Since 2005, ETS NORD has identified our significant environmental aspects, on which we have assessed our environmental performance. ETS NORD strives to minimize environmental impact during production and optimize resource use to reduce emissions, energy, and water consumption, noise, and treat waste as a resource. We assess risks and set goals to minimize the company's risk levels.

Today, our main sustainability activities are:

- Optimizing electricity and heat energy consumption throughout the company, particularly in production facilities.
- Implementing renewable energy sources.
- Efficient use of materials in production.
- Using transportation with a smaller carbon footprint for material and product delivery.



Environmental Aspect	Indicator	Result 2020 (baseline)	Result 2023	Target 2024
Greenhouse Gas (GHG) Footprint:	Carbon footprint per employee:	98 tCO ₂ eq	73 tCO ₂ eq	-10% from the 2020 result
	GHG impact Scope 1 and 2:	1 822 tCO₂eq	2 283 tCO₂eq	-10% from the 2020 result
	GHG impact Scope 3:	34 200 tCO₂eq	31 797 tCO₂eq	To be determined
	Total GHG impact Scope 1, 2, and 3 combined:	36 022 tCO ₂ eq	34 080 tCO ₂ eq	To be determined
Resource Usage:	Purchased services (e.g., water):	1 037,33 tCO ₂ eq	1 346,05 tCO ₂ eq	-10% from the 2020 result
	Purchased services (e.g., water):	3,62 tCO ₂ eq	3,11 tCO ₂ eq	-10% from the 2020 result
	Heat energy consumption:	546,29 tCO ₂ eq	621,78 tCO ₂ eq	-10% from the 2020 result

Global Sustainable Development Goals





ETS NORD strives through its activities to contribute to achieving the following sustainable development goals:

SDG	Sustainable Development Goal	Sub-goal	ETS NORD's Contribution
Environmental Impact			
<div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> <div></div>	Affordable and Clean Energy	7.2.1 Increase the share of renewable energy in total energy consumption.	Contributing to energy savings through our products and saving energy in our production processes and supply chain.
<div>13</div> <div>CLIMATE ACTION</div> <div></div>	Climate Action	13.3 Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	Reducing the company's carbon footprint and achieving climate neutrality. We aim to reduce emissions across the supply chain and increase our employees' environmental awareness.



Global Sustainable Development Goals

ETS NORD strives through its activities to contribute to achieving the following sustainable development goals:

SDG	Sustainable Development Goal	Sub-goal	ETS NORD's Contribution
Social Impact			
 3 GOOD HEALTH AND WELL-BEING	Good Health and Well-being	3.d Strengthen the capacity of all countries, particularly developing countries, for early warning, risk reduction, and management of national and global health risks.	Ensure the health and well-being of all. Care for the health and work environment of employees.
 4 QUALITY EDUCATION	Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.	We value continuous learning, development of skills, and opportunities for employee growth. Introduce sustainability principles and goals to employees and partners.
		4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including among others through education for sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development.	Introduce sustainability principles and goals to employees and partners.
 5 GENDER EQUALITY	Gender Equality	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	All employees are treated equally regardless of gender, belief, race, or background.
 8 DECENT WORK AND ECONOMIC GROWTH	Decent Work and Economic Growth	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labor-intensive sectors.	Ensure decent work and professional development for our employees, and choose supply chain partners based on the same values.
		8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead.	Optimize the use of resources and develop circular economy practices.



Global Sustainable Development Goals




ETS NORD strives through its activities to contribute to achieving the following sustainable development goals:

SDG	Sustainable Development Goal	Sub-goal	ETS NORD's Contribution
	Reduced Inequality	10.2 By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status.	Follow the company's Code of Ethics and treat employees and partners fairly.
	Industry, innovation, and infrastructure	Innovation and energy efficiency, developing a safe work environment, and sustainable management.	We prioritize the safety of our employees and partners, ensuring a secure working environment and stable working conditions.
	Sustainable Cities and Communities	Sustainable solutions for creating indoor climates, reducing carbon footprints, contributing to community development, and promoting social inclusion through digitalization.	We invest in finding sustainable solutions and in product development and work processes that reduce carbon footprints through energy efficiency and digital solutions.



Global Sustainable Development Goals

ETS NORD strives through its activities to contribute to achieving the following sustainable development goals:

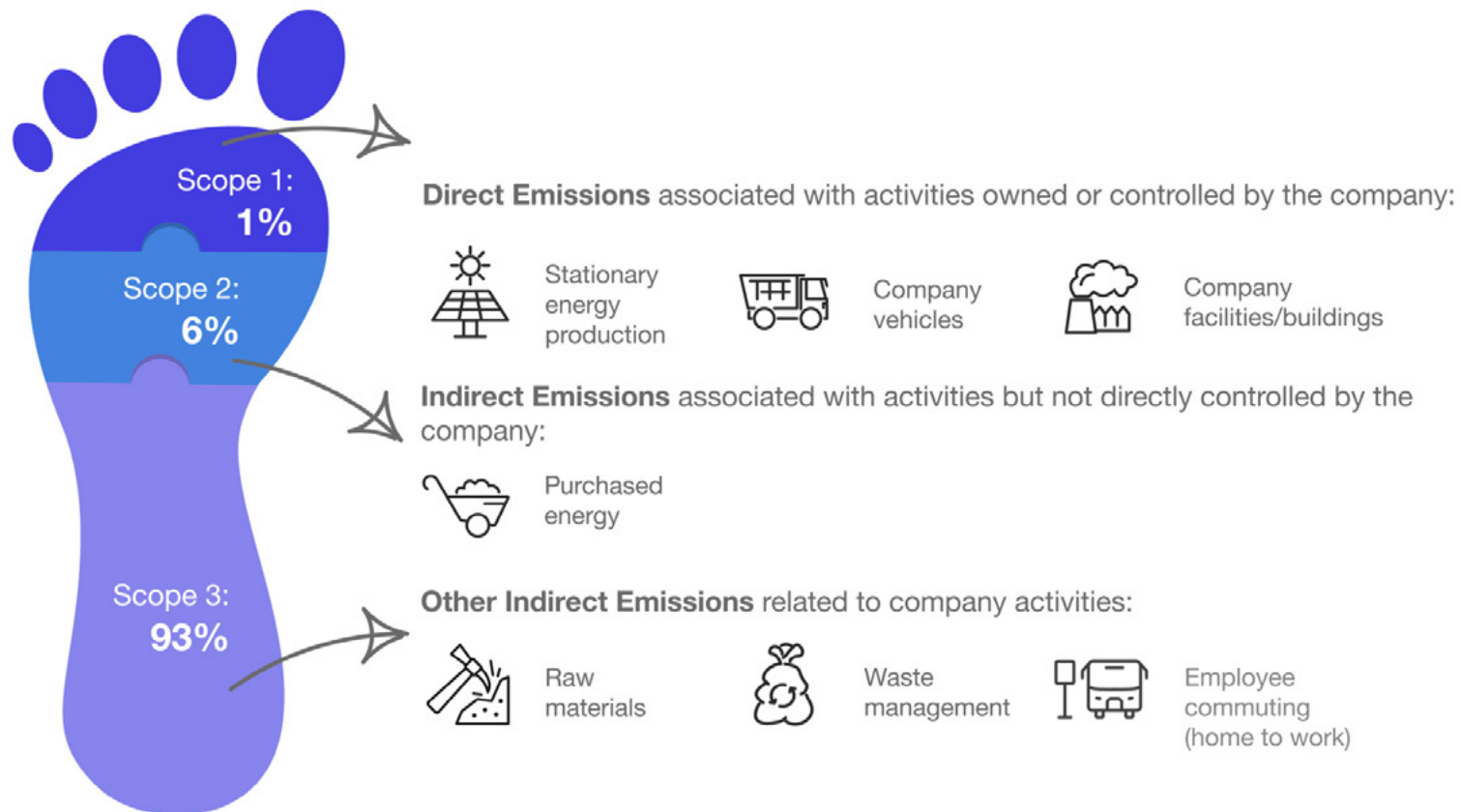
SDG	Sustainable Development Goal	Sub-goal	ETS NORD's Contribution
<div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div>	Responsible Consumption and Production	12.2 By 2030, achieve sustainable management and efficient use of natural resources.	We use resources responsibly and implement circular economy principles. Our focus is on waste reduction and improving resource efficiency. We ensure the safe handling and disposal of chemicals and hazardous substances.
		12.4 By 2030, achieve environmentally sound management of chemicals and all wastes throughout their lifecycle to minimize their adverse impacts on human health and the environment.	We adopt sustainable technologies and reduce the use of harmful chemicals.
		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	We optimize waste generation and increase recycling and reuse of materials.
		12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	We introduce sustainability principles and goals to the company's employees and partners.
Governance			
<div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div></div></div>	Peace, Justice, and Strong Institutions	16.5 Significantly reduce corruption and bribery in all their forms.	In our operations, we adhere to the laws and internal rules established by the company. We handle potential conflicts of interest and avoid bribery, money laundering, and corruption at all levels. Reliability, openness, and honesty are important to us, and we emphasize ensuring the availability of safe whistleblowing channels for reporting illegal or unethical activities.
<div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div><div></div></div>	Global partnerships for sustainable development	Strengthen and expand partnerships, raise awareness, and contribute to the development of programs and joint activities.	We value good cooperation with partners and like-minded individuals to raise awareness and contribute to the community and society. We strive to be an exemplary employer.

GHG footprint

We have been measuring the company's carbon footprint according to the internationally recognized Greenhouse Gas Protocol methodology since 2020. Collecting and analyzing data during the first years was challenging. Our metrics were influenced by supply chain disruptions caused by COVID-19 pandemic as well as the construction of our new production facilities, making the years not directly comparable.

As production increased, so did the carbon footprint, which is why we find it more appropriate to compare the size of the GHG footprint relative to the number of employees and revenue.

We measured and analyzed the data for Scopes 1, 2, and 3 first in Tallinn, followed by our production units in Vantaa and Tuusula, Finland, and Malmö, Sweden.



KHG footprint

CO ₂ Emissions by Category, t CO ₂ eq:		2020	% of Footprint	2021	% of Footprint	2022	% of Footprint	2023	% of Footprint
Scope 1	GHG emissions from company vehicle fuel usage	237		233		313		314	
	GHG emissions from company equipment: welding gases	1		1		1		1	
	Total Scope 1	238	1%	234	1%	314	1%	315	1%
Scope 2	GHG emissions from purchased electricity production	1 038		1 268		1 268		1346	
	GHG emissions from purchased heat energy production	546		701		667		622	
	Total Scope 2	1 584	4%	1 969	4%	1 935	7%	1 968	6%
Scope 3	Supply chain-related GHG emissions (fuel and energy not included in Scope 1 and Scope 2)	63		64		83		86	
	Purchased materials: production input	31 723		39 338		23 996		28 701	
	Purchased goods: others	79		99		78		72	
	Purchased services	4		4		4		3	
	Upstream transport	694		1 033		761		851	
	Downstream transport	1 002		1 044		1 143		1 221	
	Waste	61		66		68		107	
	Business travel	39		52		57		121	
	Employee commuting emissions	535		576		611		635	
	Total Scope 3	34 200	95%	42 279	95%	26 801	92%	31 797	93%
Total CO ₂ emissions for ETS NORD (tons)		36 022	100%	44 482	100%	29 050	100%	34 080	100%
CO ₂ footprint per employee (tons)		98		113		68		73	

Product Responsibility and Recognition

In 2023, we began calculating the environmental declarations for our products, resulting in most ETS NORD products now having a corresponding certificate, i.e., an Environmental Product Declaration (EPD).

An EPD is a standardized document verified by a third party that provides a numerical overview of the carbon footprint created during a product's lifecycle, detailing how the product and the production process impact the environment. EPDs are also important for assessing a building's environmental impact and compiling a Life Cycle Assessment (LCA) report for the building.

A significant recognition for ETS NORD was winning the "Factory of the Year 2023" title in a competition organized by business news corporation Äripäev. The competition aimed to identify the best industrial company that has implemented innovative automation in its production and improved processes through digitization. The company's attitude towards its employees, working environment, and commitment to sustainability were also considered.



ETS NORD also reached the TOP 10 in three categories—innovation, sustainability, and export—at the Entrepreneurship Award 2023 competition, organized by the EAS-KredEx joint institution and the Estonian Employers' Confederation.



Certificates

ETS NORD's integrated management system is based on the requirements of quality, environmental, occupational health, and safety management systems and is certified according to the ISO 9001:2015 (since 2000) and ISO 14001:2015 (since 2006) standards.

The following certificates and declarations have been awarded to ETS NORD by third parties:

Management system certificates

Standards for systematic management of business processes to achieve strategic goals.

ISO 9001 and ISO 14001



Purity declaration

M1 certificate is awarded by the Finnish Building Information Foundation to products that have been tested by an accredited laboratory and passed organoleptic assessment.

M1 Purity Classification



Food safety certificate

HACCP is a management system that addresses food safety through hazard analysis and control, from sourcing and handling of raw materials to the consumption of the finished product.

HACCP
Food Safety Certificate:



Safety mark

A certification mark that indicates that the product has been evaluated and complies with the environmental, health, and safety requirements of the European Economic Area (EEA).

CE Marking



Type approvals

The objective and activity involve testing and evaluating products to ensure their compliance with requirements. Certified products are authorized for marketing and use, providing consumers with assurance of the products' quality and safety.



Eurofins
Certificate



RISE –
Type Approval



P –
Type Approval



STF –
Type Approval



Made In
Finland

Environmental declarations



EPD Environmental
Product Declaration



Produkten bedömd i
SundaHus

SundaHus Material
Data



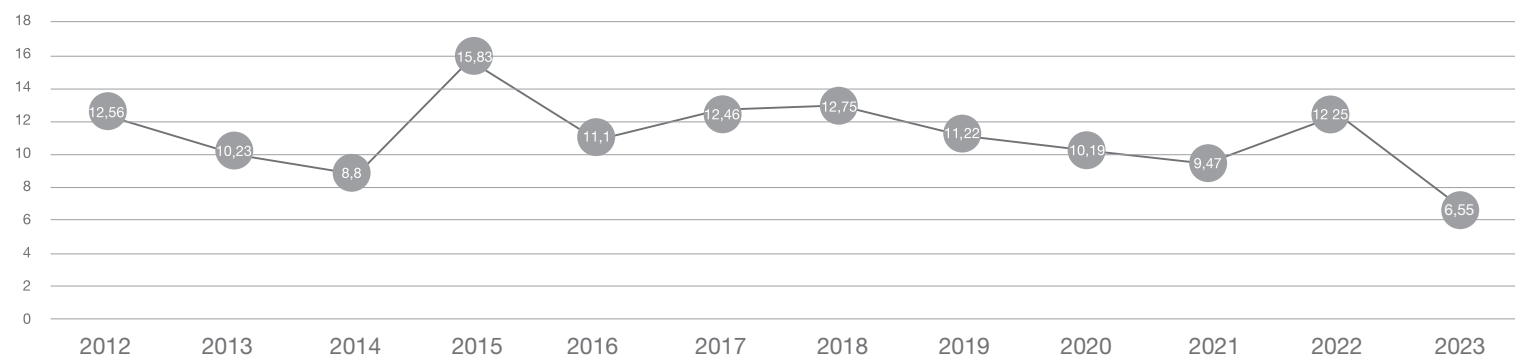
Byggvaru
Bedömningen

Metrics

Economic and Social Metrics	2023	2022	2021	2020
Revenue (thousand euros)	64 862	70 482	59 152	49 027
Revenue per employee (thousand euros)	139	163	151	138
Revenue growth, %	-8%	19,1%	20,7%	4%
Operating profit (thousand euros)	1 994	5 524	4 267	2 995
Operating profit margin, %	3%	8%	7%	6%
Average number of employees	467	457	402	378
Dividends paid (thousand euros)	0	2 265	865	750
Sick days index* (% of workdays)	8	7,9	9,59	7,1
Employee satisfaction (scale 1-5)	4	3,87	3,87	3,97
Social tax (thousand euros)*	2 226	2 016	1 601	1 442
Health insurance costs (thousand euros)*	29	36,59	37,83	25,60
Workplace improvement costs (thousand euros)*	28	18,17	17,44	10,92
Customer satisfaction index (scale 1-5)*	5	4,7	4,7	4,35
Recommendation index*	81	64	64	-

*) *Data only for Estonia

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



Sustainable product development



Criteria	Action
Product/technology planning	Assess risks in material supply, production process, and usage.
	Best functional technical properties.
	Reduce/replace fasteners.
	Smart solutions.
	Reduce paper usage in development and sales processes (product guides online, instructions inside packaging).
Raw material	Use as many recyclable materials as possible.
	Source raw materials responsibly.
	Reduce product weight.
Production process	Simplify design (reduce workload, optimize materials).
	Reduce waste generation in the process and, if possible, reuse waste in the production of other products.
	Ensure safety in production.
Impact/emissions in the production process	Efficient resource use in production processes (energy, water, etc.).
Packaging	Reduce energy usage in product manufacturing.
	Minimize necessary packaging and use recyclable materials.
Transport	Optimize packaging dimensions and reduce transport costs (modular system packaging).
Product use	Easy installation.
	Energy efficiency in product use.
	Ergonomics.
End of life	Facilitate material recycling and reuse at the end of the product's life cycle.
Reuse	Modular elements for reusability.

GOVERNANCE

Risk management and cybersecurity

To achieve our goals, we continuously assess risks and mitigate their impacts to prevent undesirable outcomes. We conduct risk assessments at least once a year or more frequently if necessary. In addition to financial risks, we also focus on environmental, social, and governance (ESG) risks.

Cybersecurity is becoming increasingly important each year. To protect our business processes, we systematically train our employees to understand and handle daily cybersecurity risks. We focus on data preservation and the adoption of new technologies to enhance security.

Competition and Procurement

We support free and open competition and require all our employees to adhere to these principles. All procurements must be conducted in the best interests of the company, keeping costs as low as possible. Supplier selection and securing the best business terms in procurement are factors that influence the company's profitability and competitiveness.

Honest and Ethical Business Practices

ETS NORD's relationships with business partners, the public sector, and other stakeholders are guided by ethics, efficiency, and trust. Unlawful payments and illegal benefits are not acceptable. Our employees are prohibited from offering any payments or other benefits to officials, public servants, business partners, or other stakeholders to achieve a favorable decision for the company.



Quality and Product Safety

ETS NORD prioritizes reliability in supply: the right product, in the right place, at the right time.

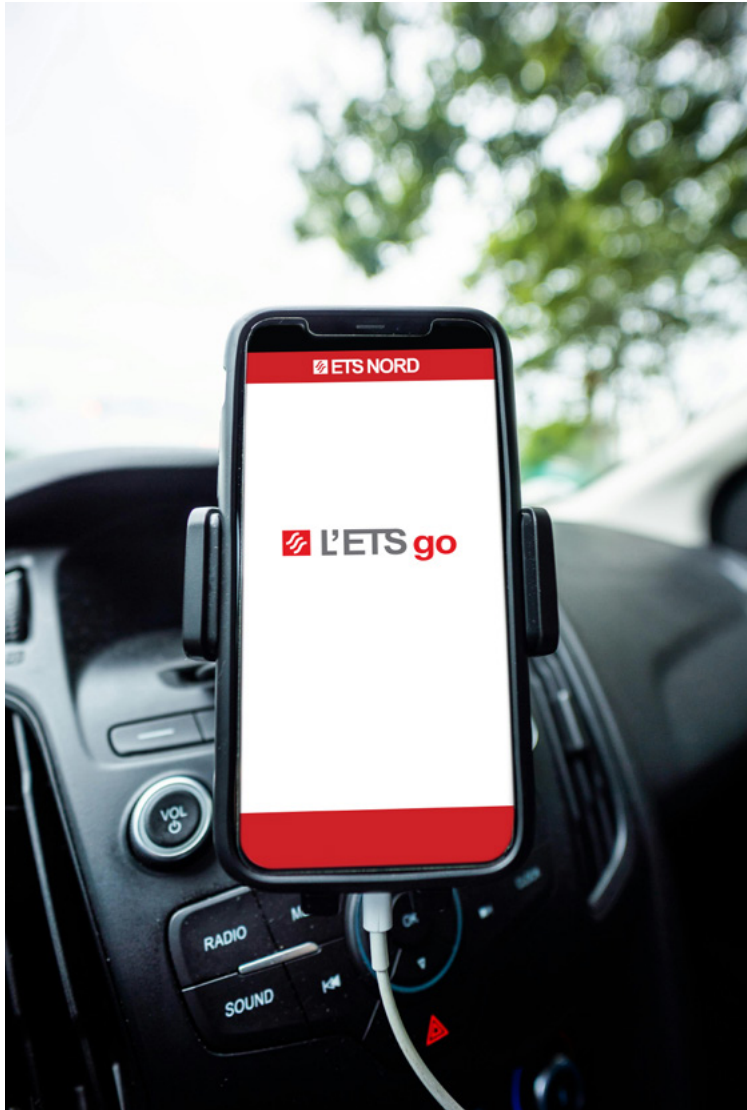
We make no compromises on product quality. We continuously work on improvement activities and make necessary changes to our work processes to enhance production efficiency and prevent the occurrence of defective products or other quality issues.

We focus on assessing the defect rate in factories and production units and developing processes that minimize defect generation.

To ensure the best quality of products and services, we develop new IT solutions and constantly update production technologies. For example, we invested in a production machine that helps increase preparation and cutting capacity. We also invested in Combi technology with automation. The advantage of this technology is the ability to cut more complex geometries with a laser while simultaneously using cost-effective stamping technology. To increase work efficiency and improve the work environment, we use the 6S method and train our staff accordingly.



Quality and Product Safety



We continuously develop production software and digitalize production processes. In 2023, we started creating the L'ETS go app, which will allow our customers to track the journey of their ordered goods and see exactly when our products will arrive at the site. In 2024, we plan to digitalize product testing to reduce the amount of manual work.

Additionally, we plan to digitalize production planning to more accurately and efficiently plan production cycles, manage resources, and

monitor production processes in real-time. As part of the development department's internship program, we assigned three students from Tallinn University of Applied Sciences to measure specific production processes and provide us with improvement suggestions, which led to corresponding adjustments in our production.

To ensure the same quality standards across the company, we implemented the ISO 9001:2015 quality management system in the Tuusula and Vantaa units at the end of 2023.

Contribution to Society

In addition to our core activities, we support the work of professional associations and educational institutions. We have been a supporter of the Estonian Association of Heating and Ventilation Engineers (EKVÜ) for over ten years, helping the association share knowledge with designers and engineers on ventilation that enable to create a healthy indoor climate in buildings, and make buildings energy-efficient.

We organized an autumn seminar called "Practitioners' Theme Day" for EKVÜ members, where we discussed challenges related to ventilation equipment in renovation projects and shared tips on cleaning ventilation systems.



We are also members of several professional associations in Estonia (e.g., Estonian Chamber of Commerce and Industry, Estonian Taxpayers Association, Estonian Association of Construction Material Producers) and in Finland (e.g., Vastuu Group Oy, Veronmaksajain Keskusliitto Ry, Suomen LVI-liitto, SuLVI Ry).

We are sponsors of young athletes in Sports Club CFC, NGO Suusapere (supporting the development of young cross-country skiers), and Motoclub Sini-lind (promoting women's motorsport). In Finland, ETS NORD has supported the Saimaan Pallo Salibandy floorball team and the Käpa United youth football team.



Contribution to **Society**

Since our product range includes professional kitchen ventilation systems, we have decided to support the Estonian Chefs' Association, for whom we built a special training kitchen in our factory building. The Estonian chefs' team used this kitchen to train for the International Culinary Olympics. We have also supported the Estonian Culinary Institute, an NGO whose members compete in the Bocuse d'Or competition.



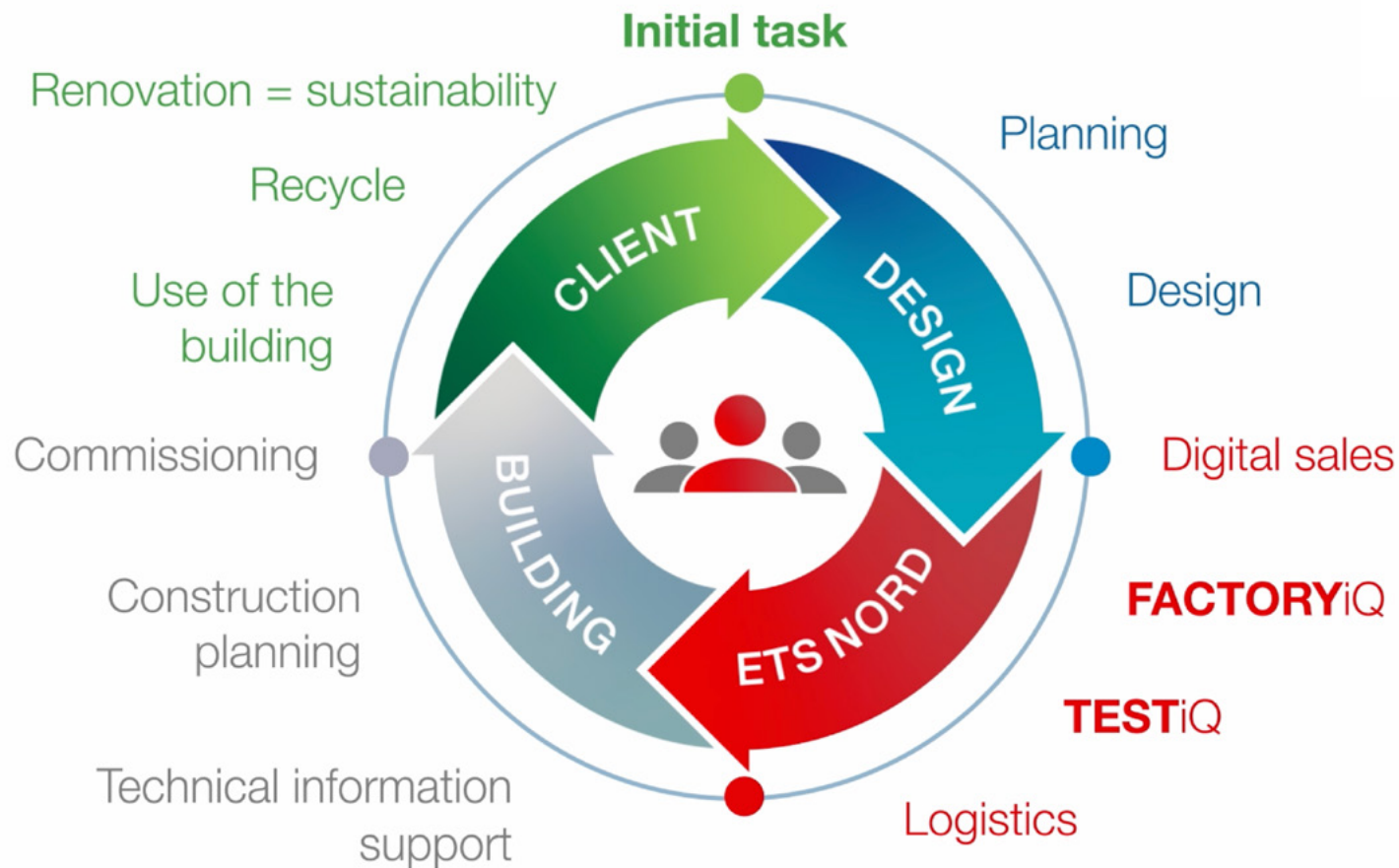
Photo: Lauri Laan

Customer Focus

Customer satisfaction is very important to us, and we regularly evaluate it based on feedback from customers. This allows us to make conclusions and adjustments in product development and better understand customer needs. We have hired specialists to assist our customers in product selection and design.

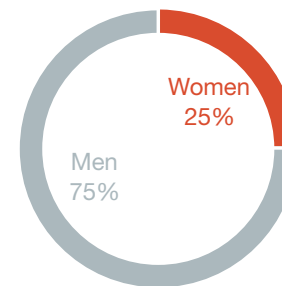
We have created special selection software for the product groups of kitchen hoods, ventilation units, and silencers, which speeds up the work of designers.

To transfer our know-how to customers, we established the ETS NORD Academy at the end of 2022. Its main task is to develop cooperation with designers and educational institutions and to train our own employees. We develop our products and solutions to ensure that the product lifecycle is complete, starting with planning and ending with recycling and reuse at the end of the product's life.

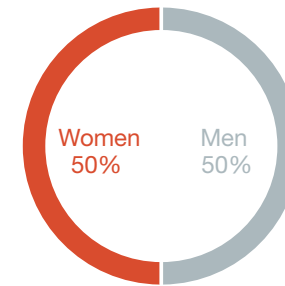


Employees, **Fair Treatment**, and Diversity

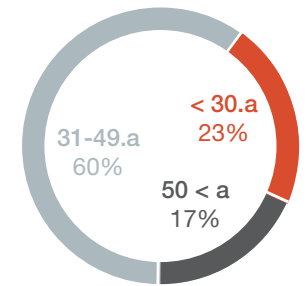
We value the diversity of our employees and cultures in the company. We consider different beliefs, values, and national or cultural characteristics and respect each person's dignity and personal rights. We oppose any form of discrimination and harassment. We expect our employees to treat all colleagues, business partners, and other stakeholders fairly, respectfully, and honestly. We do not tolerate physical, psychological, verbal, or sexual harassment.



Gender ratio in the company



Gender ratio in management



Age ratio of employees in Estonia



Health, Safety, and Work Environment

Our most valuable asset is our employees. Therefore, we pay great attention to occupational safety and the health of our employees, ensuring a safe and healthy work environment. We train our employees to fulfill their job responsibilities in accordance with current health and safety regulations.

ETS NORD supports its employees' sports activities by reimbursing up to 100 euros per quarter for sports enthusiasts in Estonia. The company has also established a tradition of organizing a step competition for all employees every May to promote movement and a healthy lifestyle. In the 2023 step competition, eleven

10-member teams participated, collectively taking 41.85 million steps in four weeks.

We also support our employees' running activities. In the spring, 42 ETS NORD women participated in the Maijooks race. ETS NORD also supported and enabled all our employees to participate in the Tallinn Marathon, the largest sporting event in Estonia in 2023. A total of 32 employees participated. Each participant chose the race distance and pace based on their fitness level and ambition.





Everyone Can Contribute
to a **Sustainable Future**