

Statement of non-financial information 2017

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BUSINESS MODEL

Etteplan Oyj is a rapidly growing and developing expert company that specializes in engineering services, technical documentation and digitalization. The company serves the world's leading manufacturers and innovative start-ups. Etteplan operates in highly advanced technical fields in close cooperation with customers, improving the competitiveness of their products and engineering processes throughout their life cycles. Etteplan's key competence areas are machinery and equipment engineering, technical documentation and embedded systems and IoT solutions.

Engineering services

Engineering services refer to the innovation, engineering and calculations of the technical attributes of machinery or equipment for the purpose of product development and manufacturing. Assignments are typically product development projects for a new product, automation, electronic, mechanical or electricity engineering projects, plant engineering projects or Engineering-to-Order projects, involving the customization of the product in accordance with end customer requirements and the market area's legislation.

Embedded systems and IoT

Embedded systems and IoT refer to product development services and technology solutions that allow the controlling of machines and equipment and enable their digital connectivity as part of the Internet of Things. A common challenge faced by customers is the need to develop a service based on a new business model that takes advantage of the opportunities presented by digitalization.

Technical documentation

Technical documentation refers to the documentation of a product's technical attributes, such as manuals, maintenance and service instructions for the users of a product, as well as related content management and distribution in print or digital form. For an industrial customer, technical documentation is typically a non-core operation that has a significant impact on the efficiency of the end customer's maintenance service operations.

Etteplan operates at over 50 offices in seven countries: Finland, Sweden, Germany, the Netherlands, Poland, China and the United States. The company has 2,802 employees (2016: 2,545). Etteplan's shares are listed on Nasdaq Helsinki Ltd.

Digitalization is the most significant factor that is transforming Etteplan's business environment and the engineering industry while providing opportunities for growth and development for players like Etteplan.

Creating economic value for different stakeholders

Etteplan's operations have significant economic impacts on many different stakeholders arising from the taxes, wages, dividends and financial expenses paid by the company.

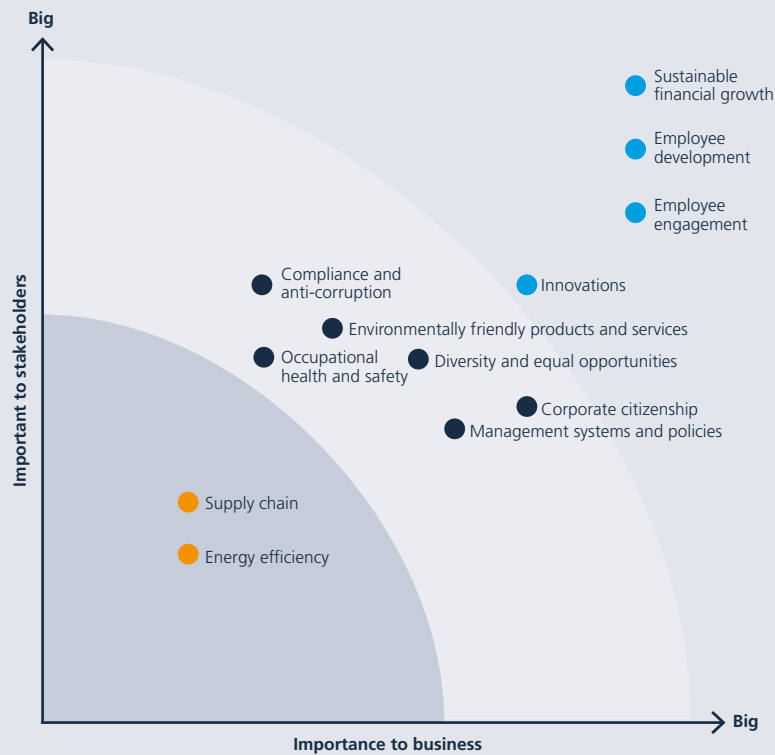
1,000 EUR	2017	2016	2015
Direct taxes	3,200	2,266	1,824
Wages and salaries	144,965	129,172	101,452
Dividends	5,697*)	3,930	3,046
Financial expenses	1,277	1,245	1,251

*) The Board of Directors' dividend proposal, maximum

Material aspects of Etteplan's corporate responsibility

Etteplan determined the material aspects of its corporate responsibility in 2015 by interviewing key external stakeholders and the company's own personnel. The management validated the results of the interviews to create the company's materiality matrix for responsibility, with the key themes being financial growth as well as personnel development and commitment. This marks the first time Etteplan reports on its responsibility based on the Global Reporting Initiative (GRI), the world's most widely used framework for reporting on corporate responsibility.

Materiality matrix



ENVIRONMENTAL MANAGEMENT

The day-to-day work of environmental management at all of Etteplan's Finnish offices is based on the requirements specified in the ISO 14001 environmental standard. Half of Etteplan's Swedish offices and two offices in Poland are also ISO 14001-certified.

The goals of the activities under Etteplan's environmental policy include minimizing the environmental impacts of the company's operations, training personnel to recognize the environmental impacts of their work and helping partners observe responsibility in environmental matters. The environmental responsibility of the entire Etteplan Group is guided by the company's ethical business principles.

In Finland, Etteplan's environmental efforts are also guided by the Energy Efficiency Act and the energy reviews stipulated by it. Based on the energy reviews, suitable energy conservation measures are determined for each site.

As an expert organization, the direct environmental impacts of Etteplan's own operations are moderate. In addition to the electricity consumption of Etteplan's offices, the environmental impacts arise primarily from travel, which has been significantly reduced thanks to electronic meeting technology. The CO₂ emissions of air travel are monitored based on information supplied by an external service provider.

Targets and results for 2017

Etteplan sets targets for its environmental efforts in accordance with the ISO 14001 standard. The targets and results for 2017 are presented in the table below. In 2017, Etteplan also passed an external audit conducted in accordance with the updated ISO 14001:2015 standard.

Environmental responsibility is emphasized in Etteplan's work with customers

Etteplan's environmental responsibility is particularly emphasized in the company's work with customers. The solutions engineered by the company help customers create solutions that are eco-efficient with respect to their manufacturability, usability and recyclability. Etteplan develops environmentally friendly technologies and cleantech products, and contributes to the energy efficiency of customers' equipment, machinery and production facilities.

Risks and risk management

No risks related to environmental matters have been identified in Etteplan's risk management assessment.

Etteplan conducts a uniform Group-wide risk management assessment annually. In risk management, the focus is particularly on monitoring changes in previously identified risks, identifying new business risks and developing proactive risk management. Proactive risk management aims to secure that the company has sufficient and correct ways of working in order to be able to eliminate the identified risks. Risks related to Etteplan Group's business operations are divided into six categories, and the risks are monitored according to this classification. Etteplan's business risks include both internal and external risks. 1. Strategic risks 2. Operational risks 3. Personnel risks 4. IT & security risks 5. Financial risks 6. Risks related to EU regulations.

TARGET 2017	COUNTRIES	MEASURES TAKEN AND RESULTS IN 2017
Increasing environmental awareness	Finland, Sweden and Poland	Environmental training organized in Finland and Sweden, training materials updated. Etteplan develops environmentally friendly technologies and cleantech products, and contributes to the energy efficiency of customers' equipment, machinery and production facilities.
Reducing electricity/energy consumption at offices by -3% compared to 2016	Finland, Sweden and China	Electricity consumption is monitored at the Group's 11 largest operating locations in Europe and China. In 2017, electricity consumption decreased by approximately 5 per cent compared to the previous year. The consumption figures are partly based on estimates due to factors such as office expansions and relocations.
Reducing the CO ₂ level (g/km) of company cars by -3% compared to 2016	Finland and Sweden	Sweden -10 per cent, Finland -3 per cent.
Conducting an energy review at the Vantaa office	Finland	Etteplan's energy experts conducted an energy review at the Vantaa office. The review surveyed the electricity, heating and water consumption of the property.

MANAGEMENT OF SOCIAL AND PERSONNEL-RELATED MATTERS

Personnel and leadership development, providing career opportunities and treating employees equally are at the core of Etteplan's human resource management. Etteplan's Code of Conduct is the foundation of the company's human resource management. Etteplan has works councils in all of its operating countries to deal with personnel-related matters locally. As the use of local agreements increases, the works councils play a central and active role.

The number of personnel continued to increase as a result of acquisitions and organic growth. Etteplan hired 723 new employees during the year. This includes both permanent and fixed-term contracts.

Permanent and fixed-term employees by region

Region	Permanent	Fixed-term
Finland	97%	3%
Central Europe	97%	3%
China	100%	0%
Sweden	81%	19%

New employees by age group

20–29	30–39	40–49	50–59	60–
40%	30%	16%	11%	3%

Personnel development and ensuring employee well-being

The career path model is at the core of monitoring the professional development of the company's employees. The aim of the model is to make career possibilities and their requirements visible to the personnel. For supervisors, the model offers a tool for career planning, systematic personnel development, planning of personnel structure, and specification of recruitment needs.

Launched in 2015, the EtteCoach training program for supervisors continued in 2017. The program's focus during the year was on implementing the brand promise and values, particularly among team leaders. The development of employees in managerial roles is measured annually based on feedback from employees.

Some 94% of the company's personnel participated in development discussions during the year.

In 2017, Etteplan launched a three-year Employee Experience development program. The program aims to ensure employee well-being, which serves as the foundation for the customer experience, and to have every employee understand the significance of their work in the context of Etteplan's brand promise: Engineering with a difference.

Etteplan provides general practitioner level occupational health care services for its personnel in Finland. In addition Etteplan's personnel in Finland belongs to an employee benefit fund, which largely covers the use of specialist doctors and medicine. In Finland, the Group applies an early intervention model aimed at earlier identification of the potential loss of work ability as well as planning and implementing individualized measures to support work ability in cooperation with the employee, supervisors, the occupational health care provider and other experts as necessary.

Etteplan monitors workplace accidents, commuting accidents and days of sick leave. The number of days lost to sick leave is low.

Accidents, Finland and Sweden

	2017	2016	2015
Number of accidents that caused at least one day of absence	5	8	1
Total days of absence	174	87	31
Lost workday injury frequency, LWIF (per million hours worked)	1.39	2.5	0.38

Job satisfaction is measured by an annual personnel survey. The results of the 2017 survey showed an overall improvement compared to the previous year. Some 69% of the employees completed the survey (2016: 72%). Based on the survey, country-specific plans were drafted for the development of operations.

Supporting charitable causes

In 2017, Etteplan supported Team Rynkeby, a charity cycling team that raises funds for children with cancer. Nearly 200 amateur cyclists representing Team Rynkeby ride to Paris each summer.

Risks and risk management

In Etteplan's annual risk management assessment, personnel risks are identified as one of the five risk categories as follows:

- Examples of personnel risks: Competence management, management and organization, attrition, recruitment, the staffing of assignments, occupational health and well-being related risks.
- Examples of preventive actions: Use of a competence management system, employee surveys, internal training, HR management, introduction process and compliance with the Code of Conduct.
- Responsible party: Human resources function, business management, entire personnel.

RESPECTING HUMAN RIGHTS

Etteplan's business operations are guided by the company's Code of Conduct, which includes a commitment to respecting human rights. One of the main sections of the Code of Conduct concerns equality and diversity, including a commitment to not discriminate against anyone based on gender, ethnicity, religious beliefs, nationality, age or physical characteristics.

In addition to the Code of Conduct and relevant legislation, respect for human rights is guided by the company's equality and diversity plan.

Etteplan has an anonymous hotline for employees and external stakeholders to report suspected ethical violations. In 2017, the company was not informed of any human rights violations via the reporting hotline or other channels.

Risks and risk management

No risks related to human rights have been identified in Etteplan's risk management assessment.

ANTI-CORRUPTION AND BRIBERY

Etteplan's Code of Conduct includes a commitment to promote fair competition in accordance with applicable legislation and legal compliance in all operations, while also emphasizing that legal compliance is viewed only as the minimum level of ethicality in operations.

The Code of Conduct stipulates that conflicts of interest must be avoided and personal gifts and hospitality offered by stakeholders or other parties must be refused except for gifts of low value that are given in the ordinary course of business and are not linked to any contracts or promises involving benefits related to the exchange of gifts. The Code of Conduct also prohibits the payment of bribes or other illegal payments to any party with the aim of taking advantage of business opportunities.

In 2017, the company was not informed of any corruption or bribery-related violations via its reporting hotline or other channels.

Risks and risk management

No risks related to corruption and bribery have been identified in Etteplan's risk management assessment.