

Statement of non-financial information 2019

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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. Etteplan operates in highly advanced technical fields in close cooperation with its customers, improving the competitiveness of their products and engineering processes throughout their life cycles. Etteplan's key competence areas are machinery, equipment and plant engineering, software and embedded systems and technical documentation.

Engineering Solutions

Engineering Solutions 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, 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.

Software and Embedded Solutions

Software and Embedded Solutions refer to product development services as well as software 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 our customers is the need to develop a service based on a new business model that takes advantage of digitalization.

Technical Documentation Solutions

Technical Documentation Solutions refer to the documentation of a product's technical attributes, such as manuals 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 70 offices in seven countries: Finland, Sweden, Germany, the Netherlands, Poland, China and the United States. On December 31, 2019 the company had 3,447 employees (2018: 3,055). 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, and it provides opportunities for growth and development for players like Etteplan.

PRINCIPLES AND MATERIAL ASPECTS OF ETTEPLAN'S CORPORATE RESPONSIBILITY

Etteplan's operations are based on the company's values, ethical business principles, Code of Conduct and open stakeholder engagement. The day-to-day actions of Etteplan employees are guided throughout the Group by the company's Code of Conduct. The Code of Conduct presents the company's values and business principles. The Code of Conduct covers topics related to ethics and law, quality and the environment, the working environment as well as equality and diversity.

The revision of Etteplan's Code of Conduct was prepared in 2019 and the revised Code of Conduct will be published in spring 2020. In the revision process, the perspective of the Code of Conduct will be broadened to better take into consideration, among other things, the actions of Etteplan's partners, where applicable.

The most material aspects of corporate responsibility in Etteplan's business are financial growth as well as personnel development and commitment. These are based on a materiality assessment conducted in 2015 through interviews with key external stakeholders and the company's own personnel. The management validated the results of the interviews and the materiality matrix.

Etteplan's key stakeholders are the company's personnel, customers, shareholders, investors and partners. Educational institutions, students, the media, industry organizations, the authorities and non-governmental organizations are also part of Etteplan's regular stakeholder engagement.

Etteplan reports on its corporate responsibility using the Global Reporting Initiative reporting framework (GRI Standards, Core level).

More information on Etteplan's corporate responsibility will be provided in the Annual Report published in week 11.

MANAGEMENT OF CORPORATE RESPONSIBILITY

Etteplan's Senior Vice President, Marketing and Communications is in charge of corporate responsibility as a whole. The SVP, Human Resources is responsible for personnel-related matters; the SVP, Operational Excellence is responsible for quality-related matters; the SVP, Operational Excellence is responsible for environmental matters together with the heads of the business units; and the heads of the business units and country directors are responsible for the responsibility aspects of customer work.

The Management Group discusses responsibility-related matters when necessary.

RISKS AND RISK MANAGEMENT

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 ensure that the company has adequate and correct ways of working 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. The risk classification includes the following classes:

1. Strategic risks
2. Operational risks
3. Personnel risks
4. IT & security risks
5. Financial risks
6. Risks related to EU legislation.

In the risk assessment conducted in 2019, the overall risk level was unchanged from the previous year. However, the total financial value of risks relative to revenue increased. As in the previous year, Etteplan's major risks in 2019 were related to personnel.

Risk management is described in more detail in Etteplan's Financial Review 2019, which will be published in week 11.

ECONOMIC VALUE CREATION

Etteplan's operations have significant economic impacts on many different stakeholders arising from the taxes, wages, dividends and financial expenses paid by the company. Etteplan also purchases goods and services in its operating countries.

Economic value creation:

1,000 EUR	2019	2018	2017
Direct taxes	4,553	4,364	3,200
Wages and salaries	172,520	156,183	144,965
Purchases	26,550	21,822	20,429
Dividends	8,737*	7,454	5,684
Financial expenses	1,590	1,580	1,277

* The Board of Directors' proposal to the Annual General Meeting

PERSONNEL-RELATED ASPECTS AND HUMAN RESOURCE MANAGEMENT

As a provider of expert services, Etteplan's business is based on highly competent and committed personnel with a high level of well-being. Motivated employees who enjoy their jobs, are enthusiastic about their jobs and see opportunities for career development are the company's most important asset and a precondition for the creation of customer value.

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 is committed to treating employees equally and promoting non-discrimination. The remuneration policy is based on fair wages, benefits and incentives.

The career path model is at the core of monitoring the professional development of Etteplan'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, the planning of personnel structure and the specification of recruitment needs.

Etteplan provides general practitioner level occupational health care services for its personnel in Finland. In addition, Etteplan's personnel in Finland belong to an employee benefit fund, which largely covers the use of specialist doctors and medicine.

Human resource management at Etteplan is led by the Senior Vice President of HR, assisted by a global HR team consisting of some 20 people. 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.

Results in 2019

The number of personnel at Etteplan grew in 2019 as a result of recruitment and acquisitions. At the end of the year, Etteplan had 3,447 (3,055) employees, an increase of 392 from the previous year. Of the Group's personnel, 60 per cent work in Finland, 19 per cent in Sweden, 10 per cent in China and 11 per cent in the Netherlands, Germany, Poland and United States combined.

In 2019, some 91 per cent (97%) of Etteplan's personnel participated in development discussions. The topics of the development discussions include each employee's position in the career path model and the related career opportunities.

The EtteCoach training program for supervisors continued in 2019. Slightly less than 50 people participated in the training.

In Finland, Etteplan improved the occupational health services provided to employees in 2019. Etteplan monitors workplace accidents, commuting accidents and days of sick leave. The number of days lost to sick leave is low.

The company decided to postpone the annual Group-wide personnel survey for 2019 to be conducted in spring 2020 due to changes in organizational structure.

Personnel risks and their management

In Etteplan's annual risk management assessment, personnel risks are identified as one of the six risk categories. If they materialize, personnel risks can slow down the company's growth. Etteplan's personnel risks were again estimated to be at a high level in 2019.

Based on the assessment, Etteplan's most significant personnel risks are related to the intense global competition for experts in the field of technology. The appropriate allocation of resources to assignments as well as occupational health and well-being issues were also highlighted in the risk assessment.

Etteplan prevents the realization of the personnel risks through good human resource management, systematic monitoring of occupational health and well-being as well as internal procedures and guidelines. The Group develops the job satisfaction and well-being of its personnel by improving Group-wide personnel-related processes and by investing in the development of employee competence as well as the improvement of managerial work and leadership quality.

ENVIRONMENTAL ASPECTS AND ENVIRONMENTAL MANAGEMENT

The goals of the activities under Etteplan's environmental policy include minimizing the negative environmental impacts of the company's operations, training personnel to recognize the environmental aspects of their work and helping partners observe responsibility in environmental matters. The envi-

Environmental responsibility of Etteplan Group is guided by the company's ethical operating principles.

As an expert organization, the direct environmental impacts of Etteplan's own operations are moderate. In addition to the energy consumption of Etteplan's offices, the environmental impacts arise primarily from travel, which has been significantly reduced thanks to electronic meeting technology. The company travel policy recommends the use of electronic meeting technology whenever possible.

The service solutions offered by Etteplan to its customers can substantially reduce the life cycle emissions of products, minimize negative environmental impacts and support goals related to the mitigation of climate change and other aspects of sustainable development.

Environmental management is the responsibility of the heads of the business units and, at the Management Group

level, the SVP responsible for the Operational Excellence function. Environmental management at Etteplan is based on the requirements of the ISO 14001 environmental standard. In Finland, Etteplan's environmental efforts are also guided by the Energy Efficiency Act and the energy reviews stipulated by it.

Environmental risks and their management

Due to the nature of Etteplan's operations, there are no significant environmental risks related to the company's own operations.

Results in 2019

Etteplan sets targets for its environmental efforts in accordance with the ISO 14001 standard. The targets and results for 2019 are presented in the table below.

Target	Country	Measures taken and results achieved
Increasing environmental awareness	Finland, Sweden, Poland	Environmental issues have been highlighted in communications and public customer references. Internal training materials have been updated.
Reducing electricity/energy consumption at offices by -3% compared to 2018	Finland, Sweden, Poland	The combined electricity consumption of the Group's 10 largest offices in terms of electricity consumption remained at the previous year's level despite personnel growth and the increased volume of laboratory operations.
Reducing the CO ₂ level (g/km) of company cars by -2 g/km compared to 2018	Finland and Sweden	Finland -2.5 g/km and Sweden -9.2 g/km. The proportion of hybrid cars increased in both countries. In addition, a large number of electric vehicles have been taken into use in Sweden.

*The targets apply to Finland, Sweden and Poland, where the ISO 14001 environmental system is in use.

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 is the equality and diversity plan, which includes a commitment to not discriminate against anyone based on gender, ethnicity, religious beliefs, nationality, age or physical characteristics. In a broad sense, diversity plays a key role in Etteplan's success.

The revision of Etteplan's Code of Conduct was prepared

in 2019 and the revised Code of Conduct will be implemented within the organization in 2020. The target is for 100% of Etteplan's personnel to complete training related to the Code of Conduct.

Etteplan has an anonymous hotline for employees and external stakeholders to report suspected ethical violations. In 2019, the company was not informed of any human rights violations or suspected incidents of discriminatory treatment of personnel via the reporting hotline, other channels or by individuals.

Human rights risks and their 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 2019, the company was informed of one suspected incident of unethical conduct. Etteplan carried out the necessary corrective measures immediately.

Risks related to corruption and bribery and their management

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

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