

2020

**Statement of
non-financial information**

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ETTEPLAN IN BRIEF

Etteplan Oyj is a rapidly growing and developing expert company that specializes in engineering services, digitalization and technical documentation.

Etteplan operates at about 75 offices in eight countries: Finland, Sweden, Germany, the Netherlands, Poland, Denmark, the United States and China. On December 31, 2020, the company had 3,267 employees (2019: 3,447). Etteplan's shares are listed on Nasdaq Helsinki Ltd.

BUSINESS MODEL

Etteplan provides expert services to the world's leading manufacturers. We operate in highly advanced technical fields in close cooperation with our customers. We improve 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 solutions. Digitalization is the most significant factor that is transforming Etteplan's business environment and the engineering industry. It provides opportunities for growth and development for players like Etteplan.

Our business has a strong foundation in the principles of sustainable development. The responsible solutions we innovate for our customers generate the highest possible value and their design takes into account sustainability, eco-efficiency and safety.

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 provides product development services as well as software and technology solutions that enable the digitalization of customers' business processes along with the intelligence and connectivity of machinery and equipment. A typical challenge involves the need to increase the efficiency of business processes or manufacturing or create new products for the market. Through system integration, we can ensure better customer service, cost-efficiency or the creation of new income streams through digitalization.

Technical Documentation Solutions

Technical Documentation Solutions refer to the user manuals for individual products or the documentation and information management of the technical attributes of production facilities, such as factories. The service also covers content production and distribution in print and digital form. For an industrial customer, good technical documentation can lift the value of their products and ensure their products are used in the right way. We provide customers ways to improve cost efficiency and lead times, increase quality, and decrease the environmental footprint.

PRINCIPLES AND MATERIAL ASPECTS OF ETTEPLAN'S CORPORATE RESPONSIBILITY

The key corporate responsibility aspects of Etteplan's business include employee well-being, creating economic value for stakeholders and providing environmentally friendly and sustainable solutions to customers. The aspects are based on a materiality assessment conducted in 2015 through interviews with our key external stakeholders and our own personnel. Our management validated the results of the interviews and the materiality matrix.

Our 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 our regular stakeholder engagement. Our solutions, the technologies we use and our

entire digital operating environment must also take into account cyber security and data protection issues, in which we make major investments.

Etteplan has an anonymous hotline in all of its countries of operation for employees and external stakeholders to report suspected ethical offences.

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 Review published in March 2021.

KEY COMMITMENTS, OPERATING PRINCIPLES AND POLICIES

Etteplan's operations are based on the company's ethical business principles, Code of Conduct, values and open stakeholder engagement. We updated our Code of Conduct in 2020. The Code of Conduct introduces Etteplan's values and business principles and covers topics related to, for example, ethics and legal compliance, quality and the environment, the working environment as well as equality and diversity.

In its operations, Etteplan complies with international laws and regulations as well as the national laws and regulations in effect in each operating country at any given time. We also take the special characteristics of our operating countries into consideration in our work. We also have an environmental policy that has been approved by our senior management.

MANAGEMENT OF CORPORATE RESPONSIBILITY

Etteplan continuously develops its corporate responsibility at the group level and at the country level. 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.

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.

| EUR 1,000 | 2020 | 2019 | 2018 |
|---------------------------|---------|---------|---------|
| Direct taxes | 4,003 | 4,553 | 4,364 |
| Wages and salaries | 177,301 | 172,520 | 156,183 |
| Purchases | 23,317 | 26,550 | 21,822 |
| Dividends | 8,488* | 8,682 | 7,454 |
| Financial Expenses | 1,722 | 1,590 | 1,580 |

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

PERSONNEL-RELATED ASPECTS AND HUMAN RESOURCE MANAGEMENT

Etteplan's human resource management is based on the company's values. The cornerstones of human resource management are the development of Etteplan's employees' competence and leadership, providing career and development opportunities and the equal treatment of employees. Committed employees with a high level of well-being are Etteplan's most important asset. Etteplan's Code of Conduct is the foundation of the company's human resource management.

Human resource management at Etteplan is the responsibility of the SVP Human Resources, also a member of Etteplan Management Group, who is supported by Etteplan's HR teams in each country. 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.

Etteplan is committed to treating its employees equally and promoting non-discrimination. Our 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 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.

Our occupational health care is organized in different ways in different operating countries, in accordance with the local legislation and operating culture. Starting from 2020, all appointments with occupational health care have counted as working hours in Finland unless a suitable time outside office hours is available.

Results in 2020

Due to the COVID-19 pandemic, Etteplan was forced to temporarily halt recruitment in the spring. As a consequence, the number of personnel did not increase in 2020, which is atypical. Etteplan had 3,267 employees at the end of the year. Of the Group's personnel, 59 per cent work in Finland, 18 per cent in Sweden, 10 per cent in China and 13 per cent in Central Europe. Collective labor agreements cover 100 per cent of the personnel in Finland and Sweden. The Group's personnel in other countries of operation are not covered by collective agreements. Women represented 19 per cent of Etteplan's supervisors and men 81 per cent in 2020.

In 2020, some 98 per cent of Etteplan's personnel participated in development discussions (2019: 91). The topics of the development discussions include each employee's position in the career path model and the career opportunities related to the model.

Etteplan invested in leadership training during the year. We developed a global and virtual E-lead training path for supervisors and other key personnel. The path also corresponds to the new needs in the leadership work generated by the pandemic. Some 60 Etteplan employees participated in the training during the fall and the E-lead training

will continue in 2021. Our operating countries also organized their own training activities related to leadership, well-being and the use of remote tools.

In the fall of 2020, we conducted the FuturETTE personnel survey, the results of which have improved from one year to the next. Our strengths highlighted by the survey responses included the perception of collegial support, the work environment's encouragement toward open communication as well as the equal and fair treatment of people. Development areas highlighted by the survey results included building better understanding of Etteplan's strategy and initiating discussions about Etteplan's values. Some 73 per cent of the employees completed the survey.

We monitor workplace accidents, commuting accidents and days of sick leave. The number of days of sick leave and accidents declined during the exceptional year.

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 2020, and the risk level relative to revenue increased compared to the previous year.

Based on the assessment, our most significant personnel risks are related to the intense global competition for experts in the field of technology as well as attrition. The appropriate staffing of 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. We develop the job satisfaction and well-being of our personnel by improving group-wide people processes and by investing in the development of employee competence as well as the quality of management and leadership.

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. Etteplan Group's environmental responsibility is guided by the company's Code of Conduct, which was updated in 2020 to assign an even larger role to environmental responsibility.

As an expert organization, the direct environmental impacts of Etteplan's own operations are minor. In addition to the energy consumption of Etteplan's offices, our environmental impacts arise primarily from travel. Our travel policy recommends the use of electronic meeting technology whenever possible, and we have been able to significantly reduce travel as a result. The exceptional circumstances created by the COVID-19 pandemic also reduced travel as Etteplan employees worked remotely. The most significant environmental impacts of the unusual year were a over 80 per cent reduction in business travel and approximately 25 per cent reduction in the energy consumption of Etteplan's offices.

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

Our environmental management is the responsibility of the heads of the business units and, at the Management Group level, the SVP, Operational Excellence. Environmental management at Etteplan is based on the requirements of the ISO 14001 environmental standard, and 41 of Etteplan's 73 offices are ISO 14001 certified. In Finland, Etteplan's environmental efforts are also guided by the Energy Efficiency Act and the energy reviews stipulated by it, which provide data on the energy consumption of offices. Etteplan plans energy saving measures based on data.

| ENVIRONMENTAL TARGET | COUNTRY | MEASURES TAKEN AND RESULTS ACHIEVED 2020 |
|---|-------------------------|---|
| Increasing environmental awareness | Finland, Sweden, Poland | We have prepared new environmental training material which includes examples of environmental friendly references. We have also prepared new instructions for project managers to help identify and manage environmental aspects of their projects. |
| Reducing electricity consumption in offices by -3% compared to 2019 | All | We follow the development of electricity consumption in the Group's 10 largest offices. Pandemic affected the electricity consumption, which decreased by 25%. |
| Reducing the CO ₂ level (g/km) of company cars by -2 g/km compared to 2019 | Finland, Sweden | We favor low-emission cars. Finland -0.2 g/km and Sweden -1.5 g/km. |

Results in 2020

Etteplan sets targets for its environmental efforts in accordance with the ISO 14001 standard. The targets and results for 2020 are presented in the table above.

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.

RESPECTING HUMAN RIGHTS

Etteplan's Code of Conduct 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 our success.

Our updated Code of Conduct also addresses our partners. We are committed to the UN's guiding principles concerning companies and human rights.

In 2020, the company was not informed of any suspected human rights violations or discriminatory treatment of personnel via the reporting hotline, other channels or by individuals.

Risks and risk management

No significant 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. The exception is gifts of low value that are given in the ordinary course of business. Such

gifts may not be 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 2020, the company was informed of one suspected incident of unethical conduct. The suspicion was processed in accordance with the process. The suspicion turned out to be unfounded.

Risks and risk management

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

ETTEPLAN'S BUSINESS RISKS AND THEIR MANAGEMENT

Etteplan assesses its business risks annually. In risk management, the focus is particularly on monitoring changes in previously identified risks, identifying new business risks and developing proactive risk management. It 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 2020, the overall risk level and the total financial value of risks relative to revenue were slightly higher than in 2019. As in the previous year, our largest risks in 2020 were related to personnel.

Risk management is described in more detail in Etteplan's Corporate Governance Statement 2020, which was published on February 11, 2021.