



SUSTAINABILITY REPORT 2021

AS ESTANC

POST- INDUSTRIAL INDUSTRIAL COMPANY



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CHIEF EXECUTIVE STATEMENT

PRIIT HALDMA

I am pleased to reaffirm that AS Estanc will continue to support the Global Compact and renew the company's ongoing commitment to the initiative and its principles.

Now more than ever, it is important to continue responsibly and on the same path, to fight climate change. Sustainability is well-rooted into Estanc's vision, strategy, and core values.

2021 passed with the global health crisis. Our contribution to preventing health crisis in Estanc has not been easy, but we have managed that quite well. We did not have to close any parts of our production, our office teams have acquired ways for hybrid work – at office and remote. We have increased awareness about Covid-19 vaccinations – lot of training and consulting from doctors to make it convenient and safe for everybody.

Regardless of difficult times, we have been able to maintain a very good level of employee engagement and satisfaction.

We believe that diversity enriches our workplace and that's why we have joined the diversity agreement of the Estonian Center for Human Rights and received the **Label of Respecting differences**. **We have employees from over 12 different nations**, which is a substantial number taking that we only have **197 people working** at Estanc. We are constantly increasing the proportion of our **female employees by about 1,5% every year**. We have a **Family-Friendly Employer silver badge** and by having happy employees we contribute to the happiness of the families as well.

In this Communication in Progress report, we will describe what action we took in the areas of human rights, labor, environment, and anti-corruption.

OVERVIEW

Estanc is a family company owned by the Tammo family. The company was founded in 1992 and is now one of the biggest companies in its field in the Baltics and in the Nordic countries with a **turnover of 24,2 million euros in 2021**. **Export makes 97% of our business**. Our clients are world-leading companies operating globally in industries such as Pulp and paper, Petrochemia and chemical, carbon capture, power, marine, and hydrogen. Our main product categories are pressurized tanks, scrubbers, heat exchangers.

Estanc takes pride in being able to produce carbon- and stainless steel, steel for extremely corrosive environments and high service environments, aluminum, titanium, different alloys, duplex, clad material equipment in innumerable shapes and sizes. From 2 kg to 200 tons.

Estanc's vision is to be part of building a sustainable world while creating better lives for everyone. Estanc's mission is to offer process equipment manufacturing services at the highest level. Recycling, renewable energy, next-generation plants are just a few of our outputs. **Estanc's core values are purpose, people, passion and process.**

The management of Estanc has shown its dedication to sustainability through action. **Company has ISO 14001, ISO 50001, ISO 45001, ISO 9001, ISO 3834-2**, and all the near-future investment plans are for making the production even more resource-efficient, energy-saving and safer.



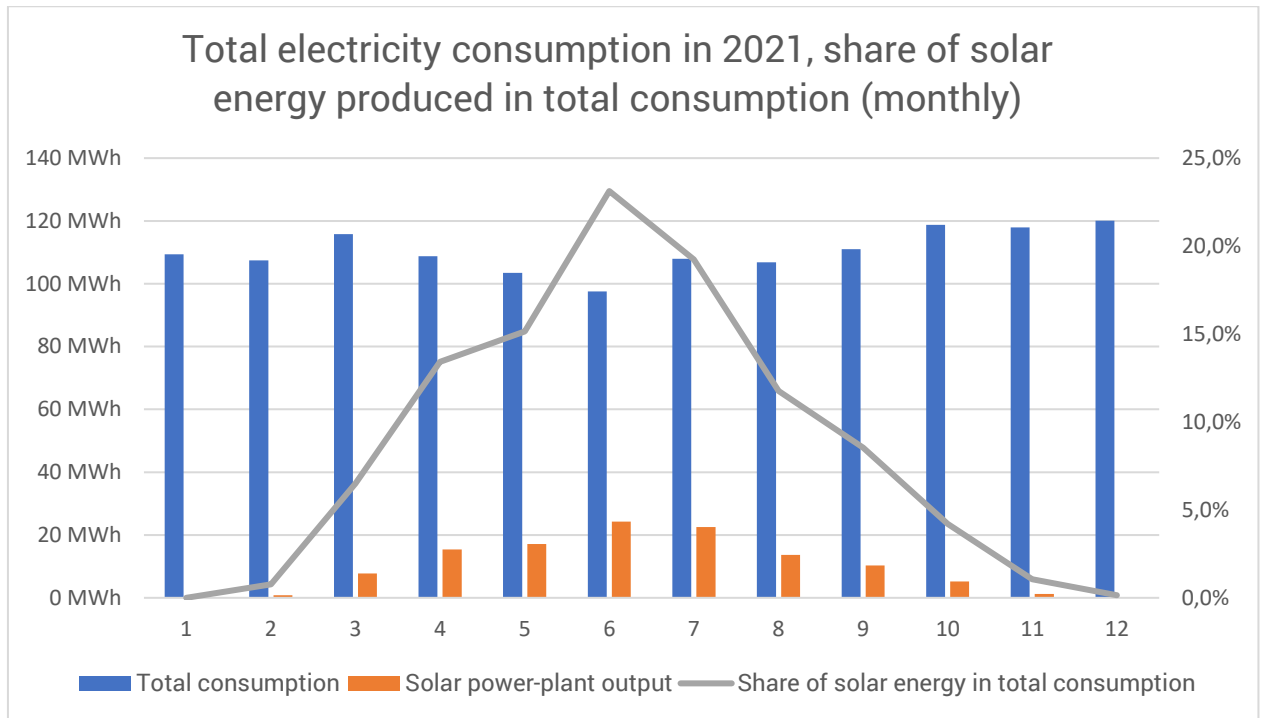
INTEGRATION OF THE SDG'S

Sustainability is integrated into our core business strategy and embedded into our organizations' culture. We focus our efforts on areas where we can deliver the greatest positive impact. Considering that our products help to contribute to the alleviation of some of the industry's and world's greatest sustainability challenges, the core topics we commit to are:



HIGHLIGHTED ACTIONS 2021

- **In 2020-2021 we made a huge contribution to clean energy and energy efficiency.** We got certified with Energy Management System - ISO 50001. Energy management system helps us systematically collect and analyze our energy consumption. With high-quality data, we can make better strategic decisions that have helped us increase our energy efficiency.
- We have improved our key performance indicator system and from 2021 we analyzing energy efficiency indicator. Our main goal is to increase energy efficiency by at least 5% per year. In 2021 we achieved it.
- Although we already bought only renewable and **clean energy**, from 2020 we are also producing solar energy by ourselves. We have our own solar power plant on the roof of our production building.



- **As partnership and giving back to society is part of our identity and vision** we support annually different foundations and non-profit organizations – mainly nature, animals, families, and education. From 2021 we made an agreement to contribute to young Estonian athletes. Estanc is one of the sponsors for the Youth Olympics Foundation.

- We work to **ensure a high level of health and well-being of our employees and their families**. As employees' work engagement depends on 70% of leadership quality, we focused in 2021 on leadership development by intense training programs and coaching. From 2021 we are evaluating employees' engagement with the Gallup Q12 questionnaire 3 times a year. It gives us a clear idea of employee satisfaction in the current global health crisis situation. And helps us respond immediately to maintain a high level of well-being and health. Estanc's total employee satisfaction in 2021 was at a very good level (on 5 points scale - 3,85).
- We have made the next step in **creating more responsible production** by starting interface all our technical systems with BMS.

INTEGRATION OF THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

- A healthy and modern working environment.
- Usage of the highest quality safety equipment.
- Equal treatment. Employees in the office and production have the same benefits and are treated equally.
- Communication in 3 languages for different nations: Russian, English and Estonian.

As we have people from different nations, our communication is done in three languages, so that everyone could receive all information and are able to participate in decision making that involves their area of work.

- Free influenza vaccine free vaccination in flu season for those who wish.

An extra paid day off for those who vaccinate for Covid-19.

- Respecting differences.

We have worked together with Estonian Human Rights Centre to promote diversity in workplace. A two-minute video where we share our story on how we benefit from diversity and why it is important to us, is found on the Human Rights Centre social media outlets.

- 2 health days for every employee by year – to recover and have a better healthy condition.



LABOUR

- We work on reducing the number of occupational accidents and conduct thorough analyses of all accidents to prevent them from happening again. Our goal is to have 0 accidents.
- Cooperation with mental counselling partner to offer confidential psychological counselling to all employees free of charge.
- Annual internal campaigns to raise employee awareness and facilitate a healthy lifestyle.

May 2021 – Mission Day. We decided to help out the Estonian Wildlife Association, whose aim is to help and treat wild animals in distress and to help them naturally return to their living environment. Estanc team was able to clean up and build rooms and cages for the animals that need treatment.

June-august 2021 – Estancs Planet Savers Campaign. Three months-long campaign with the purpose to increase employee’s awareness about CO2 footprint they create by themselves. The campaign was divided into 3 parts – movement and activity, energy consumption at home and with transport, nutrition and consumption.

- From 2021 we offer employees new health benefits – every employee has to choose whether they want sports compensation or health insurance.



ENVIRONMENT

- We ensure environmentally beneficial storage conditions for hazardous chemicals.
- We sort waste responsibly and more than the law requires. We save up to 4000 euros per year with correct waste management.
- Continuing renovation of our production lighting.
- Annual energy and resource audit
- We buy all the electrical energy from renewable sources and produce our own solar energy.
- In 2021, the scrap metal handling system was improved. Now we are sorting all metal species separately in-house to decrease Co2 footprint and have a more efficient process.
- We have installed two electric car charging points on our premises.

The charging points were installed to help increase the convenience among environmental stewardship-minded employees and visitors who are welcome to charge their electric cars during the visit. The electricity used to charge the vehicles comes from 100% renewable sources. When it comes to fuelling our industrial equipment and heavy machinery, we switched to 100% fossil-free Neste My diesel fuel and installed the fuel tank on our premises.



ANTI-CORRUPTION

- We work with other stakeholders in society to promote awareness and activities for sustainability. (incl. clients, suppliers, other representatives/unions of the sector and companies, policymakers, regulators and local governments, research organizations, universities, media, non-governmental organizations)
- We are transparent in our communication and reporting.

- We were visited by many businesses and institutions, amongst others, the Swedish Institute, Rohetiiger, Estonian Association for Environmental Management etc, to learn from others and share our knowledge in sustainable approaches and practices.
- We believe in co-operating rather than a competitive society we are pleased that the interest taken in our company is so big. Imperceptibly we have become in the way an example of a sustainable business and we hope to encourage others to follow.