

INCAP GROUP

CORPORATE RESPONSIBILITY REPORT 2022

INCAPCORP.COM



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**Incap's
responsibility
themes were
identified in 2020.**

ABOUT THIS REPORT

Incap's Corporate Responsibility report outlines the key aspects and impact of the company's responsibility actions. Incap's corporate responsibility work is also described in the Board of Directors' Report.

Incap will publish a Corporate Responsibility report on a yearly basis. The activities, performance, and results reported refer to the 2022 calendar and financial year, from 1 January to 31 December 2022, unless otherwise noted. The report does not contain other restatements of information than changes in the data for wages and salaries and training hours in the GRI tables on page 31. The information in this report has not been assured externally, although economic responsibility metrics are compiled from information based on the Board of Directors' Report and the consolidated Financial Statements 2022 that PricewaterhouseCoopers have audited.

This report focuses on the corporate responsibility themes that are most material to Incap's economic, social and environmental responsibility. The material corporate responsibility themes were identified during a materiality analysis in 2020. The materiality analysis was conducted by the management of the company, and it was based on stakeholder surveys with employees, customers, suppliers and investors.

Incap has adopted the latest version of the GRI standard. The information provided in the report does not fully cover the requirements of the GRI 2021 standard, so it has been used on an applied basis. When preparing this report, the company has considered the four GRI Reporting Principles for defining report content, which are: Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness.

This report, including the boundaries for reporting on material topics, concentrates on areas that are within Incap's direct sphere of influence and control. Incap's Corporate Responsibility efforts are extended to its suppliers through the implementation of Incap's Code of Conduct for suppliers and supplier audit process.

Incap appreciates all feedback on this report. For feedback and further information, please contact Antti Pynnönen, CFO, Incap antti.pynnonen@incapcorp.com.

INCAP IN BRIEF

Incap is a trusted partner and a full-service provider in Electronics Manufacturing Services. Incap provides contract manufacturing services through its factories and organisation.

As a global EMS company, we support customers ranging from large multinationals and mid-sized companies to small start-ups in their complete manufacturing value chain.

We offer state-of-the-art technology backed up by our entrepreneurial culture and highly qualified personnel. Our services include material procurement, prototyping, production ramp-up, serial production, final assembly, testing and logistics. We also provide the final assembly into a finished product.

Our business covers the markets of Europe, North America, and the Asia-Pacific region. We have factories in Estonia, India, Slovakia, and the United Kingdom, as well as sourcing operations in Hong Kong. Our headquarters are in Helsinki, Finland.

Incap's share is listed on the Nasdaq Helsinki stock exchange.



REVENUE
263.8 MEUR



EBIT
38.9 MEUR



NET PROFIT
27.6 MEUR



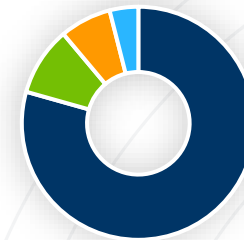
REVENUE GROWTH
55.3%



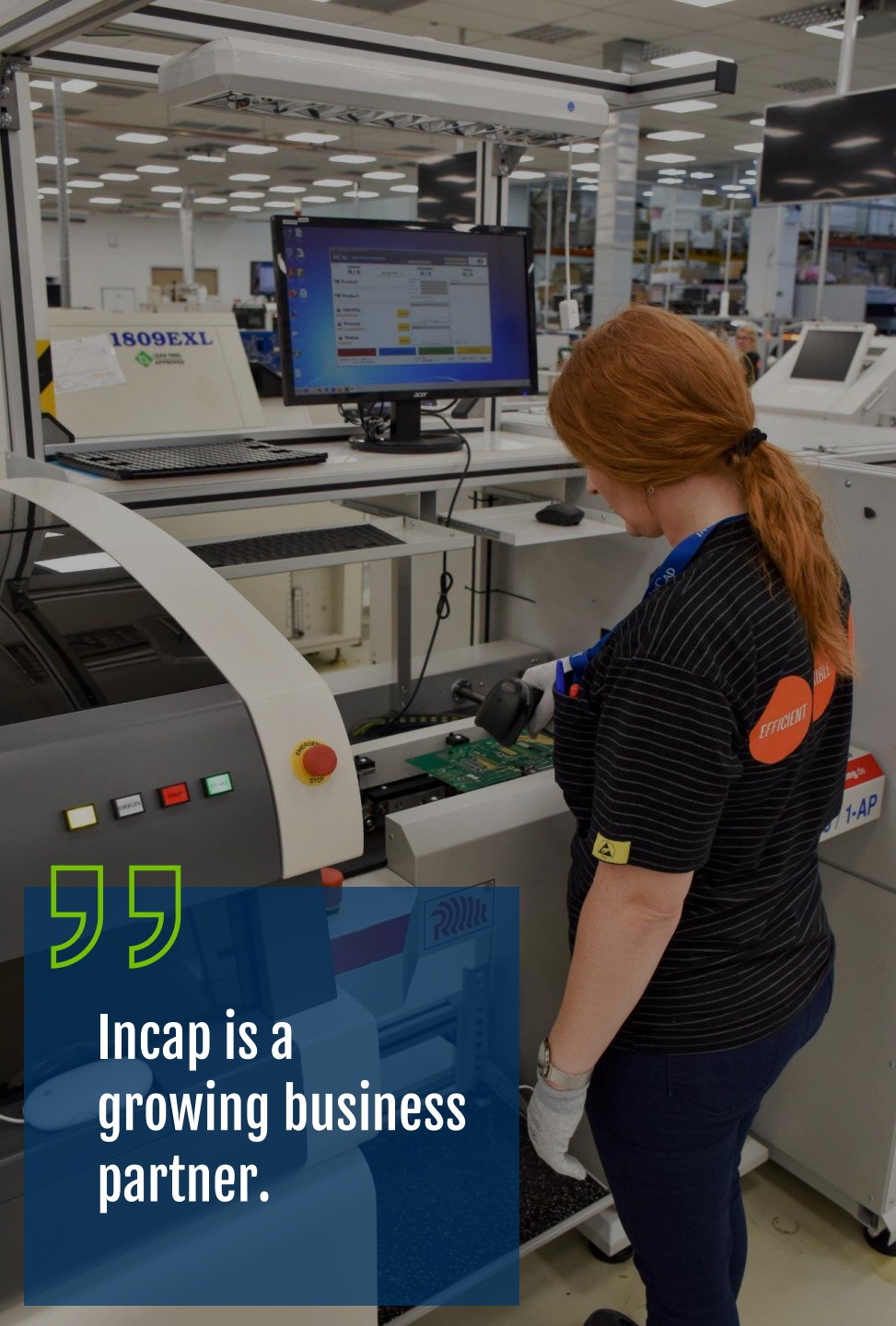
5 FACTORIES



2,800
EMPLOYEES



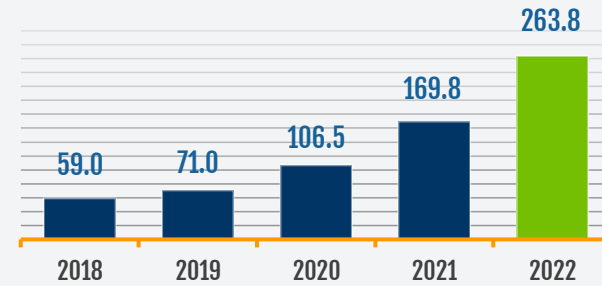
- India
- Slovakia
- UK
- Estonia



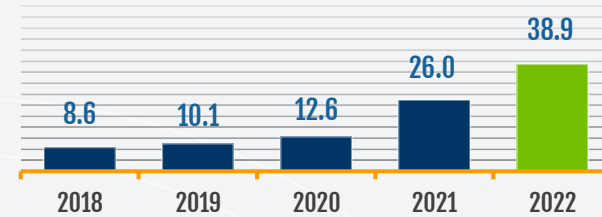
YEAR 2022 IN BRIEF

- Revenue increased 55.3% and amounted to EUR 263.8 million (1–12/2021: EUR 169.8 million).
- Adjusted operating profit (EBIT) increased 49.2%, amounting to EUR 40.0 million (EUR 26.8 million) or 15.1% of revenue (15.8%).
- Operating profit (EBIT) increased 49.9%, amounting to EUR 38.9 million (EUR 26.0 million) or 14.8% of revenue (15.3%).
- Net profit for the period was EUR 27.6 million (EUR 21.1 million).
- Earnings per share were EUR 0.94 (EUR 0.72)
- The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for the financial year 2022.

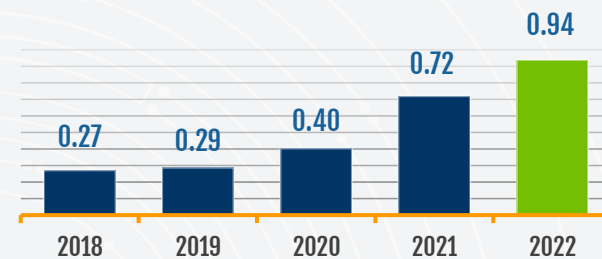
REVENUE, EUR MILLION



OPERATING PROFIT (EBIT), EUR MILLION



EARNINGS PER SHARE (EPS), EUR



Incap is a growing business partner.



CEO's review

TOWARDS A BETTER WORLD



We are increasing our capacity to meet the growing demand.

Responsibility and sustainable development are the cornerstones of Incap's operations. Companies like Incap always face different challenges as there are constantly changes in the market environment. To overcome these challenges, close cooperation and responsible action are needed to change the course towards more sustainable development. This is the work that Incap is enthusiastically engaged in every day.

The past year was an excellent one for Incap's business, and we achieved our highest ever revenue and profitability. Our revenue increased by 55.3 % to 268.3 million euros and our profitability remained at a good level. The full year operating profit was 38.9 million euros, or 14.8% of revenue. Our success was also reflected in our share price, and our market capitalisation rose to over 500 million at the end of the year. We were therefore very successful in assuming our financial responsibility.

For the good year, we can especially thank the Incap team, who was able to meet the growing needs of our customers despite the continuing shortage of components. I am convinced that our strong commitment to developing social responsibility and maintaining a good working community resulted in excellent cooperation during 2022.

This growth also sends a signal of our customers' confidence in our operations. The level of demands our customers place on us is constantly increasing, so our performance and quality must remain high. While we are actively developing our own environmental activities, we are pleased to see that we are

also increasingly supplying our customers with electronics for green energy and mobility solutions. In this way, our activities support the green transition, which seems to have gained momentum over the past year.

We have continued to develop our own practices in line with our sustainability programme. In particular, we focused on calculating and reporting our CO₂ emissions to prepare for increasing reporting requirements and to be able to set a realistic target for the timetable for carbon neutrality in the future. How companies operate has become increasingly important, and we would like to see more and more companies aiming at sustainable operations. We see the increasing ESG reporting as positive developments on our part.

The long-term perspective for EMS business remains positive. We expect our organic growth to continue in 2023 but with a more modest pace. Our capacity will increase with the new plant in India, and our reputation among our customers gives us confidence in the future. We are committed to continue developing our own operations in a sustainable way.

I want to extend my warmest thanks to our customers, partners, and shareholders for the past year. I believe that the year that has just begun will continue to take us towards a better world.

OTTO PUKK
President and CEO

Strategy, mission and values

STRATEGY



Incap's growth strategy is based on its entrepreneurial and customer-driven culture, flexible operational model, and its deep-rooted cost management mindset. We want to drive industry consolidation, benefiting from the growth potential of the industry while maintaining our cost efficiency and long-term profitability. To continue our strong track record, we are focusing on three strategic cornerstones: growth, profitability, and operational excellence.

Growth



Our growth is driven by the growing use of electronics and global trends in outsourcing. We will continue to focus on the European as well as the North American and Asia-Pacific markets where we will be agile and capitalise on cross-selling opportunities and broadening of the service offering. We will seek to grow also through M&A activities targeting businesses with a good operational and cultural fit.

Profitability



Maintaining our unique and efficient business model is a key element of our strategy and helps us reach our profitability targets. With strong cost awareness and entrepreneurial culture, we will create value add and broaden our service offering to our customers. To support our profitability, we will harvest potential synergies and economies of scale from M&A activities.

Operational excellence



Our investments in operational excellence include high quality technology and the know-how of our people. We will continue to work in a decentralised way that motivates our personnel and brings value to our customers. On our growth path, it will be important to successfully integrate acquired businesses while maintaining an operational and cultural fit.

MISSION



As a trusted partner and full-service provider in electronics manufacturing services (EMS), we manage our customers' manufacturing while they grow their business. Our job is to ensure that our customers get the best possible support throughout the manufacturing value chain from product and process design and manufacturing to sourcing and logistics.

VALUES



Our values are the basis for our corporate responsibility work

HONESTY

In everything we do, we are authentic, tell the truth and adhere to the facts.
We comply with all applicable laws and regulations of the countries in which we do business.

TRUST

The strongest contribution comes from teams where there is a strong belief in each other's reliability and competence, teams that allow their members to be open and honest.
It takes all of us working together to cultivate an atmosphere of mutual respect, inclusion, and collaboration.

TRANSPARENCY

We run our business in a way that creates openness within the company.
We make information accessible and have no hidden agendas. We communicate clearly across the organisation and confront problems when they arise.
Transparency also increases our accountability to our stakeholders such as customers, shareholders, and the general public.

QUALITY

We have a long history and strong reputation of high quality that we want to nurture and develop even further.
We are committed to improving the quality of our products and services as well as the effectiveness of our management system to meet and exceed customer and regulatory requirements.

INTEGRITY

We are committed to the highest standards of moral principles and ethical conduct.
When faced with difficult decisions, we do the right thing, even in the face of adversity and when no one is watching.

Value creation model

INPUT

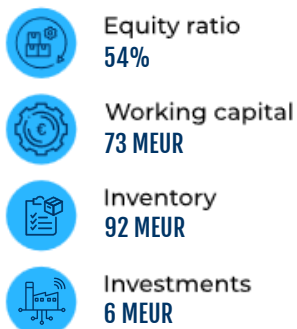
PERSONNEL



MANUFACTURING

India	UK	Slovakia	Estonia
18,000 m ²	4,400 m ²	5,200 m ²	7,300 m ²
1,200 suppliers appr.	424,953,000 component placements, total.	5,066,000 m ² of pcb's	9,573 MWh energy consumption

ECONOMIC



IMMATERIAL



INCAP'S BUSINESS

DESIGN AND PROTOTYPING

TESTER DEVELOPMENT AND ENGINEERING SERVICES

PROCUREMENT

NEW PRODUCT IMPLEMENTATION

RAMP-UP

SERIAL AND MASS PRODUCTION

FINAL ASSEMBLY

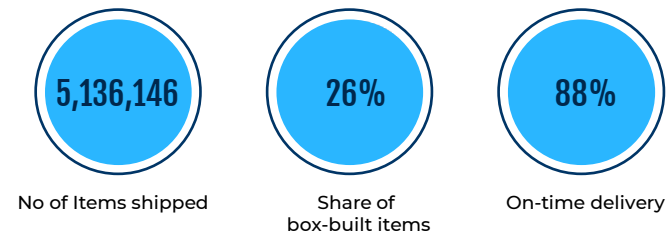
TESTING

LOGISTICS

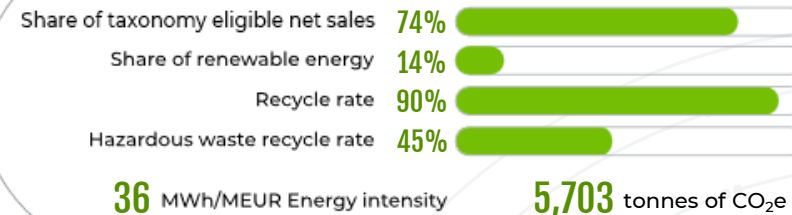
AFTER MARKET SERVICES

OUTPUT & IMPACT

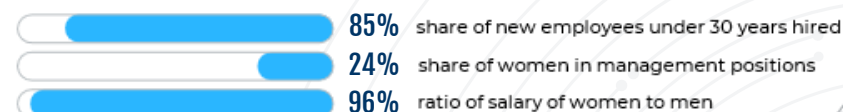
PRODUCTS & SERVICES



ENVIRONMENT



SOCIAL



ECONOMIC





CORPORATE RESPONSIBILITY AT INCAP





As a globally operating electronics manufacturing services company and a growing organisation, sustainable operations are a must in achieving our goals. Acting in a responsible and trustful way is an integral part of our mission, strategy and operations. We are committed to corporate responsibility in order to ensure we will continue to be the trusted partner in our industry and to meet the increasing expectations of all our stakeholders also in the future.

Materiality analysis

We support sustainable development and strive to increase the positive impact of our operations - our handprint - and reduce our negative footprint through systematic development work focused on the most relevant themes. Those economic, social and environmental themes are defined through a materiality analysis involving key stakeholders – employees, customers, suppliers, investors and local communities. Based on the selected themes we have defined sustainability targets and indicators for monitoring them. The development of sustainability will be promoted according to the Sustainability Programme.

UN's Global Compact

Incap is also a signatory of the United Nations Global Compact initiative, and we are committed to its ten principles with respect to human rights, labour, the environment, and anti-corruption. Incap contributes to the nine SDGs presented on the right:

Incap strives to increase its positive handprint.

Incap's Corporate Responsibility programme

SOCIAL

ENVIRONMENTAL




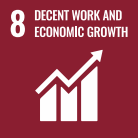





ECONOMIC

KEY THEMES

GRI TOPICS

KPIs

TARGETS

<ul style="list-style-type: none"> ● Ethical practices, fair treatment and equal opportunities ● Health, safety and well-being of employees ● Training and development opportunities and family friendliness ● Supporting local societies 	<ul style="list-style-type: none"> ● GRI 401: Employment ● GRI 403: Occupational Health and Safety ● GRI 404: Training and Education ● GRI 405: Diversity and Equal Opportunity ● GRI 406: Non-discrimination 	<ul style="list-style-type: none"> ● Workers covered by certified OHS management system ● Number of work-related injuries ● New employee hires, employee turnover ● Ratio of salary of women to men ● Training days per employee 	<ul style="list-style-type: none"> ● Zero injuries    
<ul style="list-style-type: none"> ● Waste and hazardous material management ● Energy efficiency and CO₂ emissions 	<ul style="list-style-type: none"> ● GRI 302 : Energy ● GRI 306 : Waste ● GRI 307: Environmental compliance 	<ul style="list-style-type: none"> ● Amount of waste ● Recycling rate ● Number of environmental non-compliance cases ● Energy consumption ● Energy intensity 	  
<ul style="list-style-type: none"> ● A growing business partner ● Anti-competitive behaviour and anti-corruption 	<ul style="list-style-type: none"> ● GRI 201: Economic performance ● GRI 205: Anti-corruption ● GRI 206: Anti-competitive behaviour 	<ul style="list-style-type: none"> ● Revenue growth, profitability, earnings per share ● Operating costs, employee costs, taxes ● Number of incidents of corruption or anti-competitive behaviour 	 



17 Nov
 Incap organised a CMD
 for its investors.

Engaging with our stakeholders

Our main stakeholders are employees, customers, suppliers, investors and local societies. We collect stakeholder feedback systematically and utilise the feedback to develop our operations accordingly. We carry out Customer and Employee satisfaction surveys in each of our factories annually. We arrange Supplier Days to our key suppliers and common

Business Cluster Days to our customers and suppliers. With investors we engage in investor meetings. We engage with local societies by participating in local activities, volunteering work and business councils. Keeping an open and continuous dialogue enables us to collaborate efficiently and ensure a predictable operating environment for all parties.

STAKEHOLDER	KEY INTERESTS	CHANNELS
Employees	<ul style="list-style-type: none"> Occupational health and safety, well-being of employees Ethical practices and fair treatment Training opportunities, investments in new technology and competences Environmentally friendly operations 	<ul style="list-style-type: none"> Emails and newsletter Staff and staff council meetings, H&S committees Open door hours Information white boards and screens Employee satisfaction surveys Social media
Customers	<ul style="list-style-type: none"> High quality production Financial performance and stability Good reputation and ethical business practices Environmental compliance and waste management 	<ul style="list-style-type: none"> Emails and newsletter Website and social media Meetings Business Cluster Days Customer satisfaction surveys
Suppliers	<ul style="list-style-type: none"> Ethical business practices Equal and responsible treatment of suppliers Accuracy of payments Waste management 	<ul style="list-style-type: none"> Emails and newsletter Meetings Supplier Days Business Cluster Days Social media
Investors	<ul style="list-style-type: none"> Financial performance Responsible business and risk management Environmental compliance Carbon emissions 	<ul style="list-style-type: none"> Investor meetings Investor website Stock exchange releases and financial reporting Social media
Local communities	<ul style="list-style-type: none"> Environmental risk mitigation Support for local projects and programs Stability in job opportunities 	<ul style="list-style-type: none"> Press releases Social media Local business councils Participation in joint local activities

Managing corporate responsibility

Corporate responsibility and material themes and topics are managed with relating policies, management systems, guidelines, processes, and practices. The managing directors of Incap's subsidiaries are responsible for the management of corporate responsibility performance within their countries, and they work closely with the functions in charge of various corporate responsibility related matters, such as the HR and Quality. The Management Team and ultimately the President and CEO of Incap are the highest governing bodies for corporate responsibility matters and responsible for approving various group-wide policies and processes.

Our Code of Conduct determines how we expect all Incap employees to behave. The Code embodies our core values – honesty, trust, integrity, quality and transparency – and gives guidance on how our values are put into action every day. The Code and the related training arranged for our employees ensure that we comply with applicable local and international laws and regulations, respect human rights and act with high level of integrity in accordance with our principles for social, economic and environmental responsibility.

At Incap, we are all committed to continuous improvement of the quality and safety of our products. We are committed to working towards exceeding customer expectations and meeting regulatory requirements and quality specifications at every stage. We are also committed to providing our customers products and services that are produced responsibly.

To ensure the quality of our products and services, we comply with industry standards, maintain high level quality and process control, collect customer feedback and industry expectations, and provide our customers with accurate product information. To ensure the safety of our products, we follow the precautionary principle in all areas of our operations, including the design, manufacturing and assembly of the products.



To ensure high quality, health and safety of our employees, environmental compliance and to mitigate the related risks, we have implemented the following management systems. Through ISO certification we can monitor the effectiveness of these systems.

- International quality management system ISO 9001
- Occupational health and safety management system ISO 45001
- Environmental management system ISO 14001
- Automotive industry quality management system IATF 16949
- Medical devices management system ISO 13485



In addition to certified management systems, Incap's Corporate Responsibility program is steered through the following main policies, guidelines and evaluation and feedback processes:

- Code of Conduct
- Corporate Operations and Quality Guidelines
- Quality Manual
- Risk Management Policy
- Standard Operating Procedure (SOP)
- Customer satisfaction surveys
- Employee satisfaction surveys
- Systematic employee introduction and training processes
- Work councils
- Whistleblowing channel
- Supplier audit process
- Supplier Code of Conduct



Our Code of Conduct gives guidance on how our values are put into action.



Corporate governance

Incap's administration and management are based on the Company's Articles of Association, the Finnish Companies Act and Securities Markets Act, and the rules of NASDAQ Helsinki Stock Exchange. Incap also complies with the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association. The Code is publicly available at www.cgfinland.fi. The company's operations are also guided by the Company's own corporate policies, Code of Conduct and other rules.

Internal control and risk management

The objective of Incap Corporation's internal control and risk management is to ensure that the company operates efficiently and profitably, that the information is reliable and that the regulations and operating principles are observed. The objective is further to identify, evaluate and follow up the risks related to the company's business.

The Risk Management Policy approved by the Board of Incap Corporation classifies risks as risks connected to the operating environment, operational risks and damage and funding risks. General risks related to the company's business operations and sector include the development of customer demand, price competition in contract manufacturing, success in new customer acquisition, availability and price development of raw materials and components, sufficiency of funding, liquidity and exchange rate fluctuations.

The Board of Directors at Incap Corporation is responsible for determining operating principles for internal control, as well as for monitoring the efficiency of instructions and control. Internal control at

Incap is implemented at different levels of the company by the Board of Directors, the management and Incap's personnel. Internal control relating to the financial reporting process is a part of the Group's internal control system.

Supply chain management

As a global electronics manufacturing services (EMS) company, we manufacture electronics and end products based on our customers' specifications, which include the selection of suppliers or materials. As a result, we do not control the selection of most of our suppliers.

We have approximately 1,200 suppliers worldwide, and our suppliers are often large globally operating companies based in Europe, Asia, North America and South America or companies located close to Incap's operations in Europe and India. In addition to the Approved Vendor List, we source to a small extent some materials and components from suppliers that are directly chosen by Incap. With this type of suppliers, our supply chain management consists of supplier evaluation, analysis and onsite audits, often with a customer representative alongside.

Our goal is to act ethically throughout our supply chain, and we require our major suppliers to adhere to our Supplier Code of Conduct. The Code outlines the minimum standards of ethical business conduct including compliance with applicable local and international laws and regulations, respect for human rights and acting with high level of integrity. Despite the restrictions in supplier selection typical in our industry, our aim is always to cooperate with authorised distributors, as these are global companies who follow ethical principles compliant with our Supplier Code of Conduct.

Membership of associations

Incap is a member of the IPC, a global association that helps OEMs, EMS, PCB manufacturers, cable and wire harness manufacturers and electronics industry suppliers build electronics better. IPC offers for instance certification, education and training for EMS industry professionals. Incap is also a member of the Technology Industries in Finland, and its group companies are members of various associations in their home countries, including Electronics Industry Associations and Chambers of Commerce.

”
Our goal is to act ethically throughout our supply chain.”



2,800
EMPLOYEES

SOCIAL RESPONSIBILITY





An open and innovative working community

Social responsibility is at the heart of Incap's corporate culture and strategy. Our employees are our most important asset and by investing in them we ensure our competitiveness now and in the future. We invest in skills development, cooperation and well-being and expect fair and ethical behaviour towards all. We believe that providing equal opportunities is a prerequisite for success now and in the future. We also want to actively promote sustainable development in our local communities.

Cooperation, friendliness, openness and innovation are cornerstones of Incap's corporate culture. Our employees form a highly professional and ambitious team that is a pleasure to work with. The high quality and efficiency of our operations is based on seamless teamwork throughout the production and supply chain. The way we serve our customers sets us apart from our competitors.

Our team grew

In 2022, Incap employed an average of 2 619 (2 165) people, an increase of 21% year-on-year. At the end of the year, there were 2 817 (2 523) employees, of which 80.2% in India, 9.1% in Slovakia, 6.2% in the UK, 4.5%, in Estonia, and 0.1% in Finland. The number of permanent employees was 741 (709) and the number of fixed-term contracts 2 076 (1 814). At the end of the year, 22% of Incap's staff were women and 78% men. The average age of the staff was 31 years (30).

Incap recruited new employees, especially in Estonia and India, where production grew strongly. Employee turnover remained

at the previous year's level. Competition for employees continued to be fierce in the UK and Slovakia, but in Estonia supply increased with the arrival of refugees from Ukraine. The availability of production workers was generally good, but there were fewer potential recruits for highly skilled jobs. Incap's employer reputation is good in all countries of operation, and in Estonia and India in particular, Incap is a highly sought-after employer. We are known as a stable company offering pleasant working conditions, competitive benefits and an international work community.

Diverse training

By giving employees the opportunity to develop and grow, we ensure their motivation and innovative thinking, as well as the flexibility and productivity of our operations. These support the implementation of our strategy. Our diverse training opportunities range from induction training to process improvement and management training. Induction training includes ethics, health and safety training, quality management system training, etc. We also offer product training, professional skills development and training required for various certification standards.

A significant part of the training takes place in the workplace, but employees are also encouraged to attend courses and seminars outside the company. Our training programme takes into account local requirements and opportunities.

The lifting of pandemic restrictions allowed for the organisation of physical training sessions, but online training, which has proved effective, was actively pursued. The emphasis was on on-the-job training, but we also made use of job rotation and external training programmes.



Social responsibility



Balance in life

Our culture supports a good work-life balance and takes account of different life stages. Family-friendly practices are adapted to local customs and requirements. They can include flexible working hours and parental leave. In some countries, our employees are offered extended health insurance to cover family members in addition to the full-time doctor and nurses available to employees at the factory. We also support the well-being of our employees and their families by organising events for our employees and their families.

Health and safety first

Safety at work is something we are not prepared to compromise on. We strive to provide a healthy and safe workplace for all employees and take appropriate measures to prevent accidents and injuries. Well-being at work increases employee satisfaction and adds value to our business. We measure the motivation and well-being of our employees by regularly conducting job satisfaction surveys at all our factories.

As an employer, we are responsible for the health and safety of our employees. All employees are also expected to take responsibility for their own and their colleagues' safety by understanding the health and safety risks associated with their daily work and reporting any incidents, near misses or health and safety risks. Employees must ensure that they are fit for work and comply with local health and safety laws and regulations and our operational health and safety policy.

In 2022, we implemented a range of factory-specific improvement measures, such as identifying, eliminating and preventing problems in the working environment. We also invested in safety equipment and training. We recorded 0 accidents at work in our factories. We also continued our efforts to combat the pandemic by organising free vaccination campaigns (COVID-19) and by asking medical experts to talk about health and hygiene.

In 2022, all our employees in Estonia, India, Slovakia and the UK were covered by an ISO 45001 certified occupational health and safety management system.



**We do not
compromise
on safety.**

Social responsibility



Fair treatment for all

Incap is committed to full compliance with applicable national and international laws and regulations, including the UN Universal Declaration of Human Rights, the UN Global Compact, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

Incap's ethical principles and practices are set out in our Code of Conduct. They ensure fair and equal treatment of employees and suppliers and help us meet the growing demands of our customers and investors. They explain how to behave in our daily work and set out principles that help us make ethically sound decisions. A review of the Code of Ethics is part of the induction training for all new employees and is also highlighted in ongoing communications. Incap's key suppliers, partners and consultants also apply the principles of our Code of Conduct. Incap's whistleblowing service provides a channel for employees and other stakeholders to raise ethical concerns about our activities. During 2022, some minor cases were reported through the channel and dealt with appropriately.

We support freedom of association and respect local labour laws and practices in the countries where we operate. All Incap employees are represented by workers' or employees' councils in our countries of operation. In addition, all employees in Finland are covered by collective agreements.

Incap also has a conflict minerals policy, in which it is committed to ensuring that its products and processes do not contain conflict minerals, as defined in the EU Conflict Minerals Regulation and Section 1502 of the US Dodd-Frank Act on conflict minerals.

The key themes of our business ethics are avoidance of conflicts of interest, protection of intellectual property rights and assets, confidentiality, protection of personal data and privacy, fair competition, zero tolerance of corruption and bribery, prevention of money laundering, and transparency and trust through communication. In 2022, there were no reported cases of violations of the above laws, regulations or principles.

Supporting local communities

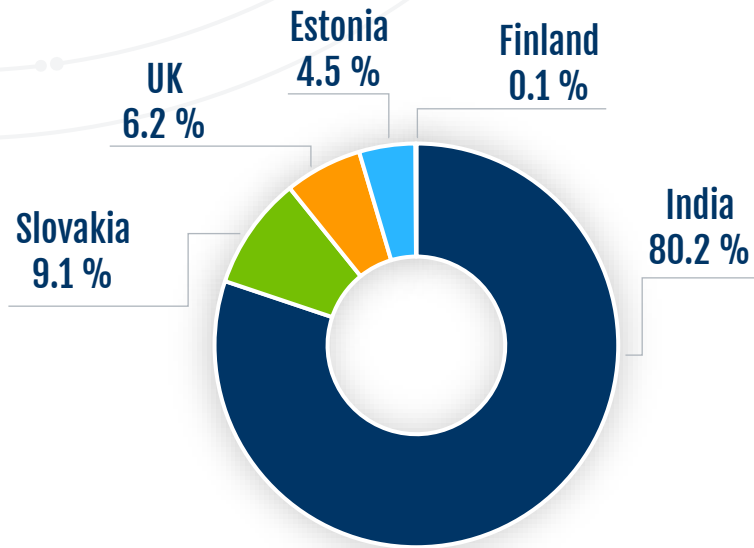
We are committed to being a responsible partner in the communities where we operate. We want to be responsive to the needs of local stakeholders and actively contribute to the sustainable development of the societies in which we operate. The support we provide to our local communities varies and is highly dependent on local conditions. We regularly invite local associations, communities and our neighbours to open-door events at our factories. In 2022, for example, we participated in a fundraiser day called Save the Children Christmas Jumper in UK.

Incap is committed to being a responsible community member.

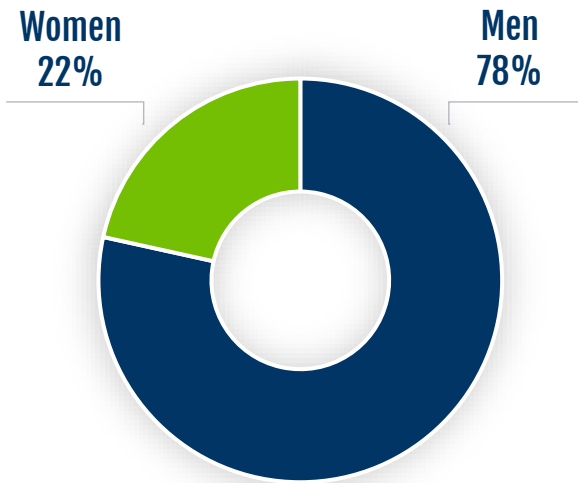


Information on employees and other workers

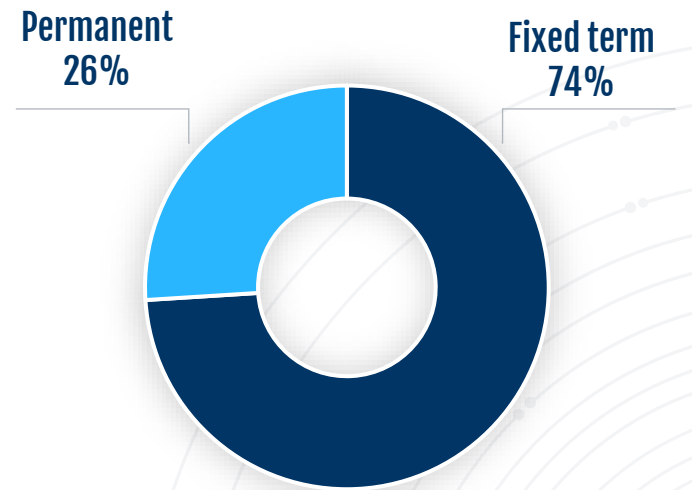
Number of personnel at the year end



Ratio of women to men



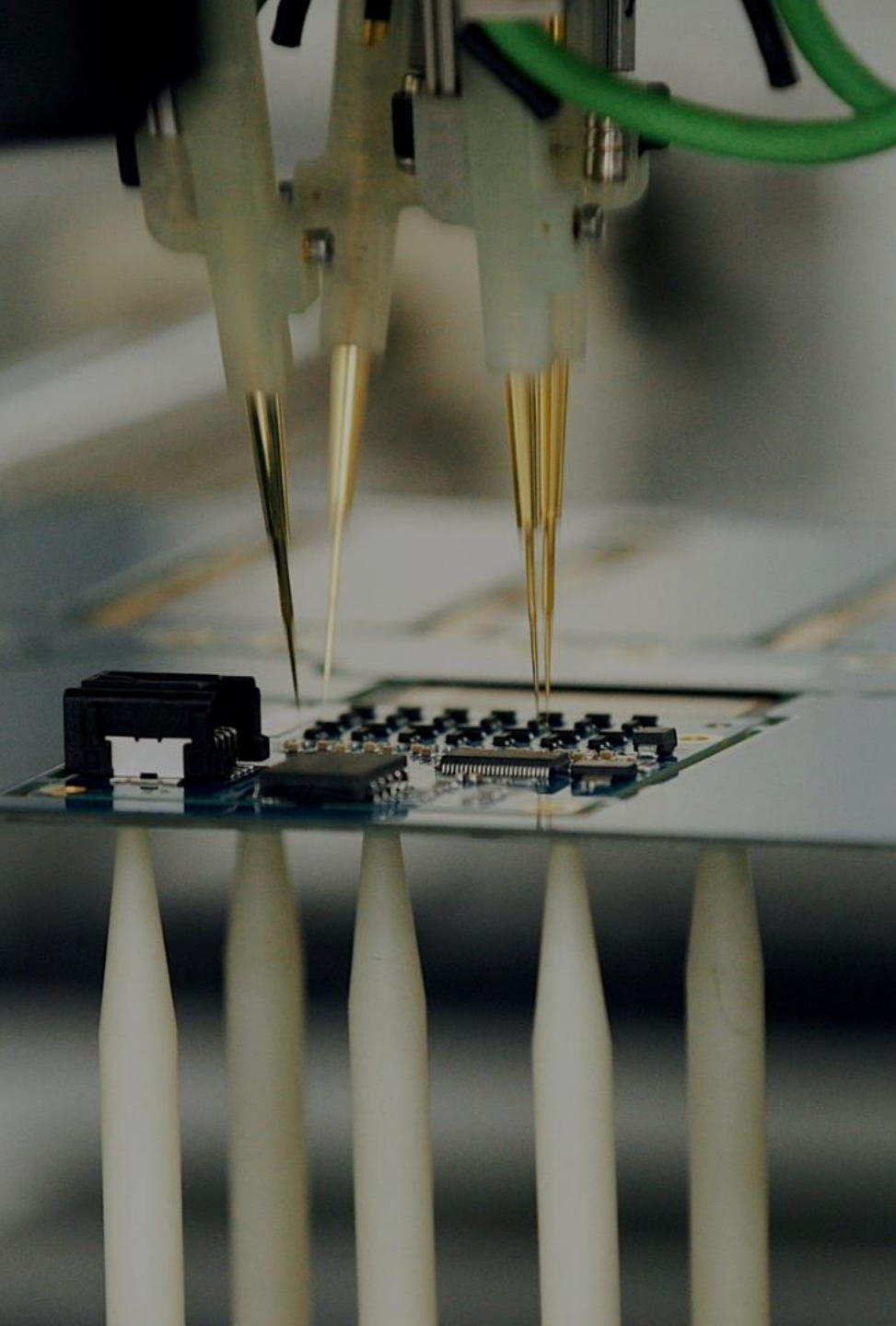
Type of contract





Incap is
involved in the
fight against
climate change.

ENVIRONMENTAL RESPONSIBILITY



Environmental responsibility



Incap contributes to sustainable development by improving the efficiency of its production and by taking into account all environmental impacts of its operations and striving to minimise them. The most important thing we can influence is the efficient use of resources and materials. The most significant environmental impacts of our activities are carbon dioxide emissions from energy consumption and waste from production. Continuous improvement is based on the continuous identification, measurement and reporting of environmental impacts.

Incap is a contract manufacturer, so our customers choose the raw materials, materials and components used in our manufacturing processes. As a result, the environmental performance of our operations is strongly linked to our customers' environmental objectives.

Carbon emissions calculation

Energy efficiency and reducing carbon emissions are key factors in the global fight against climate change and the preservation of biodiversity. As part of our commitment to a proactive environmental policy, we want to contribute to the fight against climate change. The energy intensity of the electronics industry is relatively low compared to many other manufacturing sectors.

Incap consumes most energy for heating, cooling and lighting of production facilities and for the operation of production machinery. Efforts to reduce energy consumption include the use of modern technology and energy-efficient equipment,

LED lighting, intelligent material flows and logistics. In 2022, the energy intensity of Incap's operations was 36 MWh/MEUR (43 MWh/MEUR in 2021).

Incap's CO₂ emissions are generated not only by the energy consumption of its production facilities, but also by logistics, business travel, and purchased equipment and services. In early 2023, we carried out our first emissions calculation, mapping the direct and indirect (Scope 1 and 2) carbon dioxide emissions of our four production sites. Major share of the CO₂ emissions calculated result from the use of electricity and energy at the factories. A minor share of CO₂ emissions are generated as the result of 6 company owned vans in daily operation as well as the back-up generation sets and LPG used for cooking at the canteen in India. In 2022, Incap's total CO₂e emissions were 5,703 tonnes.



Incap's energy intensity is relatively low.



Environmental responsibility



ACCREDITATIONS AND CERTIFICATES

- ISO 9001
- ISO 14001
- ISO 45001
- ISO 13485
- IATF 16949
- AS 9100D
- ABS MA Certificate

Efficient recycling

Incap's production generates electronic waste, packaging waste and small amounts of chemical waste. We optimise the raw materials and materials we use in production and control their use to minimise waste. In our waste management, we focus on reducing waste and improving recycling rates. Our production sites are located in four different countries with varying levels of waste management. As we are highly dependent on local municipal waste treatment services and their recycling facilities, we work closely with local authorities to achieve our ambitious targets. In 2022, the amount of non-hazardous waste was 1,033 tonnes and the recycling rate of non-hazardous waste was 91%.

We are constantly striving to reduce the amount of hazardous substances in our production processes. To minimise the risks associated with hazardous materials and substances, we train our personnel and organise exercises to raise awareness and support their understanding of the proper handling of hazardous materials, whether in day-to-day work or in the event of an accident. The recycling rate of hazardous waste was 45% in 2022, and 55% of hazardous waste was incinerated. There were no spills or accidents involving hazardous substances.

High quality increases resource efficiency

Incap's high quality ensures material and resource efficiency, while strengthening our customer satisfaction. As such, quality is a priority, and we manage it through quality standards, among other things. Our operations are certified to the international ISO 9001 quality management system, and our environmental management system is certified to ISO 14001 standards. These standards demonstrate our ability to consistently provide products and services that meet customer and regulatory requirements. By adhering to Incap's Code of Conduct and Quality Guidelines and our Quality Manual, we also strive to continuously improve our processes, from design and raw material sourcing to production and distribution, to meet the environmental requirements of the customers whose products we design and manufacture.

Environmental policy guides our actions

We are committed to a proactive environmental policy and to acting in an environmentally responsible manner. We comply with all relevant legal requirements to prevent pollution and reduce the consumption of natural resources and materials. We continuously develop and improve our processes to protect and preserve the environment. In 2022, no violations of environmental laws or regulations were detected in Incap's operations.

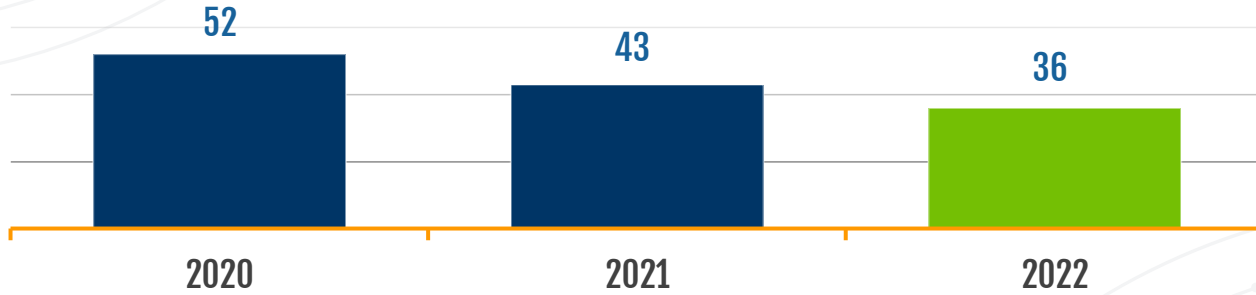


Environmental responsibility

GHG emissions, tonnes CO₂e

Scope 1	Vehicles	41.6
Scope 1	Backup power, India	202.6
Scope 1	LPG	96.9
Scope 2	Purchased energy	5,361.97
Total		5,703.07

Total energy intensity within the organisation



Total recycling rate, %





Our stable financial situation allows us to grow and develop.

ECONOMIC RESPONSIBILITY



Economic responsibility

Incap's economic responsibility is based on solid growth ambitions and good financial performance. Our aim is to be a sustainable growing business partner for our customers and suppliers. With a sustainable financial performance, we aim to provide our personnel stable job opportunities and create value for our investors.

As a growing and profitable business, we are in a good position to meet the expectations of all our shareholders. As such, economic responsibility forms the basis for us to consider the environmental and social responsibility aspects of our operations.

A good reputation ensures the continuity of our operations. We fully comply with all applicable national and international laws and regulations and act in accordance with the ethical business principles we have set. As a stock exchange listed company, Incap strictly complies with securities market regulations and guidelines for good corporate governance as well as transparent and open reporting and communication.

We closely monitor the environment in which we operate, taking into account the opportunities but also the risks. Careful risk management ensures the stability of our operations.

A growing business partner

Good financial performance ensures that we can offer our employees fair and competitive compensation and benefits, as well as possibilities for further development and professional growth. Our customers value a stable, efficient and financially sound business partner, whom they can trust to manage their manufacturing while they manage their business.

We also have a responsibility to create value to all other stakeholders. Our suppliers and partners expect us to provide fair and increasing opportunities for making business. We create value to the societies where we operate through payment of taxes to the local governments and voluntary participation in various local programmes and projects. It is important for us to be a responsible and good citizen in the countries and areas where we operate.

Incap is a growing company in a growing industry with good profitability creating economical value for its shareholders. We have a strong track record of sustainable growth and support continued value creation for our investors in the long term.

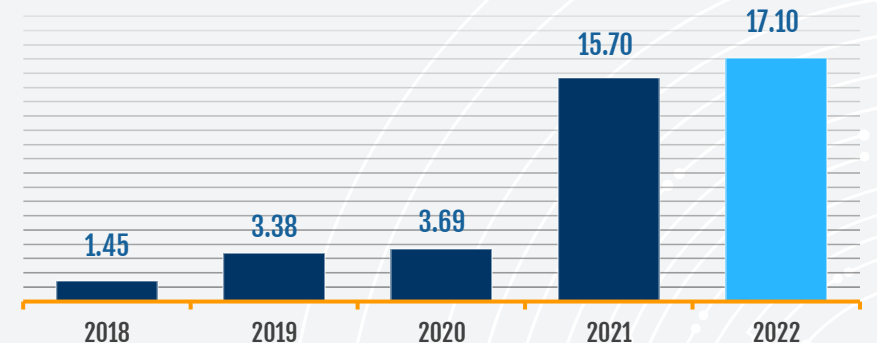
Market capitalisation at the end of year

500.8 MEUR
(459.2 MEUR 2021)

Earnings per share were

EUR 0.94
(EUR 0.72)

SHARE PRICE AT THE YEAR END





Anti-competitive behaviour and anti-corruption

As a globally operating and responsible electronics manufacturing company, we are also committed to anti-competitive behaviour and anti-corruption practices.

We support and strive for fair competition and free markets, and thus we do not enter into discussions, agreements or business practices with competitors concerning pricing, market shares, or other similar activities. We are committed to winning business only on the merits of our services and people and comply with all legal requirements for giving and receiving gifts and entertainment. We do not offer or accept bribes.

Incap's Code of Conduct and Supplier Code of Conduct outline Incap's stance on anti-competitive behaviour and anti-corruptive practices, which suppliers are expected to adhere to and Incap screens them for.

In 2022, there were no reported incidents of corruption or legal actions taken for anti-competitive behaviour, anti-trust or monopoly practices.



We support and strive for fair competition and free markets.



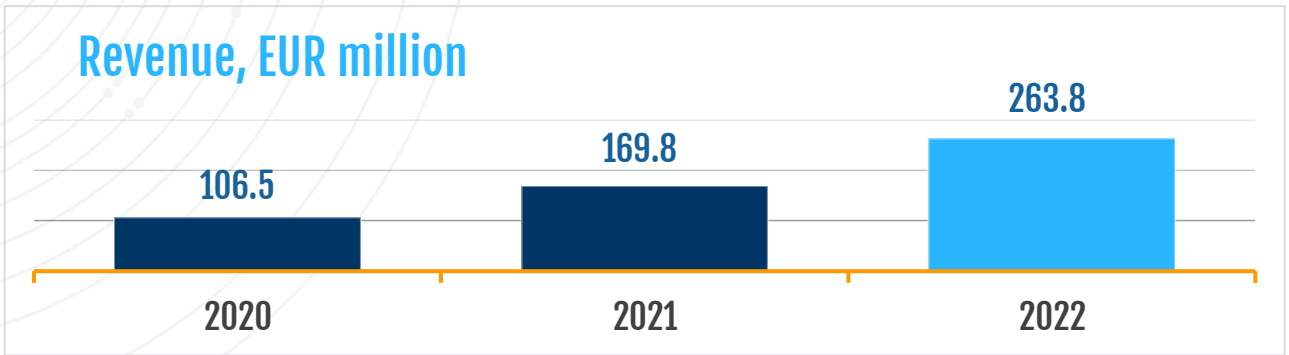
Share price development
during the year

+8.9%

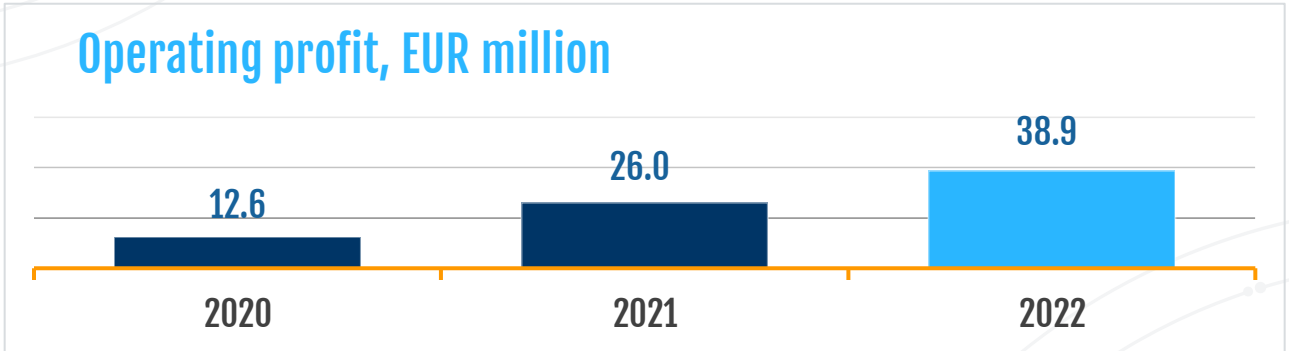
Economic responsibility



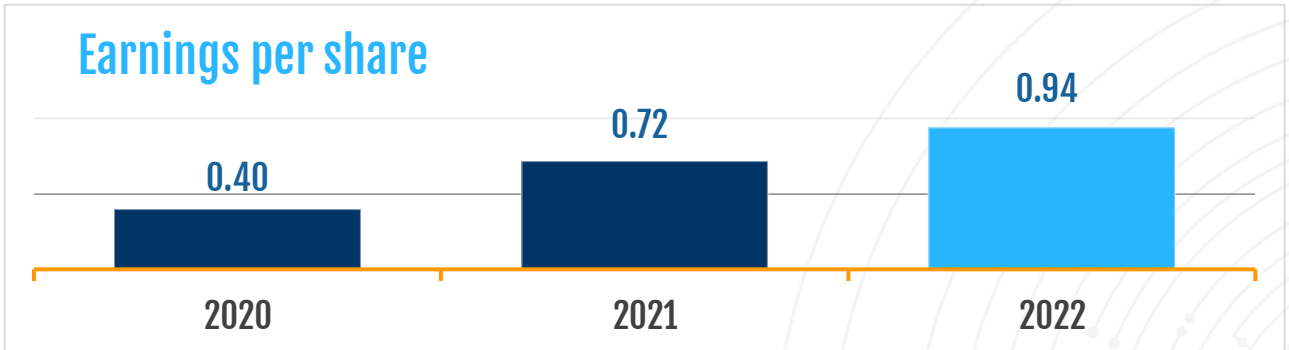
Revenue, EUR million



Operating profit, EUR million



Earnings per share





**This year we
focused on
calculating and
reporting our
CO₂ emissions.**

GRI INDEX



GRI standard	Location of the information, comments	
GRI 1 Universal standards		
GRI 2 General disclosures		
Organisation and its reporting practices		
2-1	Organisational details	4
2-2	Entities included in the sustainability reporting	3
2-3	Reporting period, frequency and contact point	3
2-4	Restatements of information	3 , 32
2-5	External assurance	This report is not externally assured.
Activities and workers		
2-6	Activities, value chain and other business relationships	4 , 8
2-7	Employees	19
Governance		
2-9	Governance structure and composition	Corporate Governance Statement
2-10	Nomination and selection of the highest governance body	Corporate Governance Statement
2-11	Chair of the highest governance body	Corporate Governance Statement
2-12	Role of the highest governance body in overseeing the management of impacts	13
2-13	Delegation of responsibility for managing impacts	13
2-15	Conflicts of interest	Corporate Governance Statement , Annual Report page 44 and 67

GRI standard	Location of the information, comments	
Governance		
2-19	Remuneration policies	Remuneration statement
2-20	Process to determine remuneration	Remuneration statement
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	6 , 7 , Code of Conduct
2-23	Policy commitments	6 , 10 , 18
2-25	Processes to remediate negative impacts	Code of Conduct , Whistleblowing
2-26	Mechanisms for seeking advice and raising concerns	Code of Conduct , Whistleblowing
2-27	Compliance with laws and regulations	No non-compliance issues identified in 2022.
2-28	Membership associations	14
Stakeholder engagement		
2-29	Approach to stakeholder engagement	12
2-30	Collective bargaining agreements	18
GRI 3 Material topics		
3-1	Process to determine material topics	3 , 10 , 12
3-2	List of material topics	11
3-3	Management of material topics	13 , 15-27



GRI standard	Location of the information, comments	SDG
GRI 200 Economic standards		9,16
Economic performance		
201-1	Direct economic value generated and distributed	30
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	26
Anti-competitive behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	26

GRI standard	Location of the information, comments	SDG
GRI 300 Environmental standards		7,12,13
Energy		
302-1	Energy consumption within the organisation	31
302-3	Energy intensity	31
Emissions		
305-1	Direct (Scope 1) GHG emissions	31
305-2	Energy indirect (Scope 2) GHG emissions	31
Waste		
306-3	Waste generated	31

GRI standard	Location of the information, comments	SDG
GRI 400 Social standards		3,4,5,8
Employment		
401-1	New employee hires and employee turnover	32
Occupational Health and Safety		
403-8	Workers covered by an occupational health and safety management system	17
403-9	Work-related injuries	32
Training & Education		
404-1	Average hours of training per year per employee	32
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	32
405-2	Ratio of basic salary and remuneration of women to men	32
Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	18

GRI index

GRI 201-1 Direct economic value generated and distributed

MEUR	2020	2021	2022
Customers: revenue	106.5	169.8	263.8
Suppliers: cost of goods, materials, services	74.3	127.0	194.3
Personnel: wages, salaries, benefits	14.3	14.5*	16.4
Public sector: taxes	2.3	4.7	9.0
Creditors: interest expenses	0.4	0.2	0.5
Communities: donations	0.0	0.0	0.1
Other expenses	4.4	9.4*	15.9

*Restated contract workers' salaries and wages, impact 2.9 MEUR.

GRI 302-1: Energy consumption within the organisation

MWh	2020	2021	2022
Electricity consumption	4,781	6,467	8,737
Of which electricity from renewable sources	1,100	949	1,252
District heating	731	911	836
Total energy consumption	5,512	7,379	9,573

GRI 302-3: Energy intensity

MWh/MEUR	2020	2021	2022
Revenue, MEUR	106.5	169.8	263.8
Total energy intensity within the organisation	52	43	36

GRI 305-1 and 305-2: Direct and indirect GHG emissions

Direct (Scope 1) GHG emissions	2022
CO ₂ equivalents, metric tonnes	341
Indirect (Scope 2) GHG emissions	2022
CO ₂ equivalents, metric tonnes	5,362
Total GHG emissions in CO₂ equivalents	5,703

GRI 306-3: Waste generated

Tonnes	2020	2021	2022
Non-hazardous waste	386	629	1,033
Landfill	26	19	39
Recycling	351	611	941
Incineration	9	0	48
Biowaste	0	0	5
Hazardous waste	7	28	24
Landfill	0	0	0
Recycling	7	11	11
Incineration	0	17	13
Total	393	658	1,058
Recycled total	358	622	952
Total recycling rate	91%	95%	90%
Hazardous waste recycling rate	100%	40%	45%
Non-hazardous waste recycling rate	91%	97%	91%

GRI 401-1 New employee hires and employee turnover

New employees	-30 years	30-50 years	50+ years	Total
Female	70	40	4	114
Male	217	43	7	267
Total	287	83	11	381

Resigned	-30 years	30-50 years	50+ years	Total
Female	13	27	9	49
Male	10	20	8	38
Total	23	47	17	87

403-9: Work-related injuries

	2020	2021	2022
Lost time incident rate ¹	0%	0%	0%
Lost-days rate ²	0%	0%	0%
Work-related injuries	0	1	0

404-1: Average hours of training per year per employee

Training hours	2020 ³	2021	2022
Male			
Managers and superiors	54	29	15
White-collar employees	113	33	16
Blue-collar employees	405	2	2
Female			
Managers and superiors	150	17	21
White-collar employees	29	62	13
Blue-collar employees	593	16	12
All employees	405	8	5

405-1: Diversity of governance bodies and employees

	-30 years	30-50 years	50+ years	Total
Male				
BoD member		1	1	2
Managers and superiors	1	24	15	40
White-collar employees	3	75	22	100
Blue-collar employees	1,800	195	75	2,070
Female				
BoD member	0	0	2	2
Managers and superiors	0	5	6	11
White-collar employees	12	39	13	64
Blue-collar employees	303	139	91	533
Total	2,119	477	225	2,821

405-2: Ratio of basic salary and remuneration of women to men

	2020	2021	2022
Managers and superiors	82%	75%	85%
White-collar employees	82%	78%	90%
Blue-collar employees	94%	96%	96%
Total	90%	94%	96%

¹ Number of lost-time incidents for every 200,000 person hours worked.

² Number of days lost due to incidents for every 200,000 person hours worked.

³ On the job training and trainee programme hours included in training hours.



EU TAXONOMY





Disclosure According to the EU Taxonomy Regulation

Incap has assessed the taxonomy eligibility based on the EU Sustainable Finance Taxonomy Delegated Act of 6 July 2021 and the Complementary Climate Delegated Act of 15 July 2022. A phased-in EU Taxonomy Regulation partially entered into force in 2021. The first Delegated Act covered the first two of the six environmental objectives: climate change mitigation and adaptation. In the reporting for 2021, the shares of turnover, capital expenditure and operational expenditure under the Delegated Act were disclosed. For 2021, an assessment of taxonomy alignment based on detailed technical screening criteria was not required.

The EU taxonomy regulation requires reporting for 2022 to assess taxonomy alignment so that taxonomy-eligible activities meet detailed technical assessment criteria, do not cause harm to other environmental objectives and comply with minimum social safeguards.

Taxonomy Eligible and Aligned Activities

Incap has assessed the taxonomy eligibility of its business based on the descriptions in Annex I (climate change mitigation) and Annex II (climate change adaptation) of the Climate Delegated Act as well as NACE codes. The EU Taxonomy Regulation will enter into force in phases. Incap's assessment of the taxonomy-eligibility of its operations may change with the new guidelines and regulations entering into force.

Incap is a full-service provider in Electronics Manufacturing Services providing material procurement, prototyping, production ramp-up, serial production, final assembly, testing and logistics. Further Incap's services include printed circuit board (PCB) assembly, box-build final assembly, electromechanical assembly and cable and wire harness assembly, among other things. Taxonomy eligibility of Incap's activities is assessed based on the final product to which Incap has delivered a specific solution. Thus, Incap activities are mainly considered as enabling activities. Incap does not have taxonomy aligned activities.

Incap has identified Taxonomy eligible activities contributing to climate change mitigation and climate change adaptation as following:

- 3.1 Manufacture of renewable energy technologies
- 3.3 Manufacture of low carbon technologies for transport
- 4.9 Transmission and distribution of electricity

- 4.10 Storage of electricity
- 6.14 Infrastructure for rail transport
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 8.1 Data processing, hosting and related activities

Turnover, CapEx and OpEx

The Taxonomy states that undertakings should explain how they have avoided double counting in the allocation of the amounts of Taxonomy-eligible turnover, CapEx and OpEx in the numerator of the relevant KPIs. Incap has classified revenue into separate eligible activities once. Revenue allocation has also been used as a basis on calculating OpEx and CapEx.

The revenue KPI denominator includes the total external revenue of Incap Group companies. The revenue KPI numerator includes external sales of taxonomy eligible activities. The CapEx KPI denominator covers additions to tangible and intangible assets before depreciations, amortisations and re-measurements or impairments and excluding goodwill. The CapEx numerator is the Taxonomy-eligible additions included in the denominator and calculated based on external revenue, separately for each eligible activity.

The OpEx KPI denominator covers non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning on such assets. OpEx excludes overheads, raw materials, cost of employees operating the machine, cost of managing research and development projects, or electricity, fluids or reagents needed to operate property, plant and equipment. The numerator includes Taxonomy-eligible operating expenditure included in the denominator and maintenance material, cost of employees repairing the machine, cost of employees cleaning the machine and IT dedicated to maintenance. Taxonomy-eligible OpEx is calculated based on external revenue, separately for each eligible activity.

Proportion of turnover associated with Taxonomy-aligned economic activities

EUR thousand

Economic activities	Code	Absolute turnover	Proportion of turnover	Substantial contribution criteria						DNHS criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy aligned proportion of turnover	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems				
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	%	Y/N	Y/N	Y/N	%	E	T
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
No aligned activity		0	0																
Turnover of environmentally sustainable activities (Taxonomy-aligned) A.1		0	0																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	3.1	172,614	65.4%																
Manufacture of low carbon technologies for transport	3.3	7,142	2.7%																
Transmission and distribution of electricity	4.9	446	0.2%																
Storage of electricity	4.10	7,656	2.9%																
Infrastructure for rail transport	6.14	170	0.1%																
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	5,555	2.1%																
Data processing, hosting and related activities	8.1	730	0.3%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2		194,313	73.7%																
Total (A.1 + A.2)		194,313	73.7%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		69,449	26.3%																
Total (A+B)		263,763	100.0%																

Proportion of CapEx associated with Taxonomy-aligned economic activities

EUR thousand

Code	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria						DNHS criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy aligned proportion of turnover	Category (enabling activity)	Category (transitional activity)	
			Climate change mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems					
	EUR	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	%	Y/N	Y/N	Y/N	%	E	T
Economic activities																			
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
No aligned activity	0	0																	
CapEx of environmentally sustainable activities (Taxonomy-aligned) A.1	0	0																	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	3.1	4,657	38.9%																
Manufacture of low carbon technologies for transport	3.3	403	3.4%																
Storage of electricity	4.10	867	7.2%																
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	664	5.5%																
Data processing, hosting and related activities	8.1	64	0.5%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2	6,656	55.6%																	
Total (A.1 + A.2)	6,656	55.6%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)	5,321	44.4%																	
Total (A+B)	11,977	100.0%																	

Proportion of OpEx associated with Taxonomy-aligned economic activities

EUR thousand	Code	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria						DNHS criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy aligned proportion of turnover	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adoption	Water and marine resource	Circular economy	Pollution	Biodiversity and ecosystems				
Economic activities		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	%	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
No aligned activity																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) A.1																			
		0	0																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
	Manufacture of renewable energy technologies	3.1	1,299	60.8 %															
	Manufacture of low carbon technologies for transport	3.3	56	2.6 %															
	Transmission and distribution of electricity	4.9	3	0.1 %															
	Storage of electricity	4.10	66	3.1 %															
	Infrastructure for rail transport	6.14	1	0.1 %															
	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	49	2.3 %															
	Data processing, hosting and related activities	8.1	7	0.3 %															
	OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2	1,481	69.4 %																
	Total (A.1 + A.2)	1,481	69.4 %																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
	OpEx of Taxonomy-non-eligible activities (B)	654	30.6 %																
	Total (A+B)	2,136	100.0 %																

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