

# INCAP'S CORPORATE RESPONSIBILITY REPORT

2021



# CONTENTS

INCAP IN BRIEF	3
DESCRIPTION OF OUR BUSINESS OPERATIONS	4
A WORD FROM THE CEO	6
CORPORATE RESPONSIBILITY AT INCAP	7
SOCIAL RESPONSIBILITY	12
ENVIRONMENTAL RESPONSIBILITY	16
ECONOMIC RESPONSIBILITY	19
GRI AND TAXONOMY REPORTING	21



## INCAP IN BRIEF

DESCRIPTION OF OUR BUSINESS OPERATIONS

A WORD FROM THE CEO

CORPORATE RESPONSIBILITY AT INCAP

SOCIAL RESPONSIBILITY

ENVIRONMENTAL RESPONSIBILITY

ECONOMIC RESPONSIBILITY

GRI AND TAXONOMY REPORTING



## INCAP IN BRIEF

Incap is a trusted partner and a full-service provider in Electronics Manufacturing Services.

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 have operations in Finland, Estonia, India, the United Kingdom, Slovakia, and Hong Kong and we employ approximately 2,500 people.

Incap's share has been listed on Helsinki Stock Exchange since 1997.



REVENUE  
**169.8**  
MEUR



EBIT  
**26.0**  
MEUR



NET PROFIT  
**21.1**  
MEUR

**59%**

REVENUE  
GROWTH



**2,500**  
EMPLOYEES



**5**  
FACTORIES



# DESCRIPTION OF OUR BUSINESS OPERATIONS

We provide contract manufacturing services for electronics through our factories and organisation. Our services include procurement of materials, 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. In addition to the actual from order to delivery process, our factories are also responsible for making offers and pricing according to the Group's instructions. Group management also coordinates sales and procurement. Incap's efficient operating model is based on a decentralised organisation, where the manufacturing units operate independently and in an entrepreneurial spirit. The operating model enables faster decision-making, taking responsibility and agile response to customer needs as well as shorter lead times for customer products.

## 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.

 As a trusted partner and full-service EMS provider, we manage our customers' manufacturing while they grow their business.

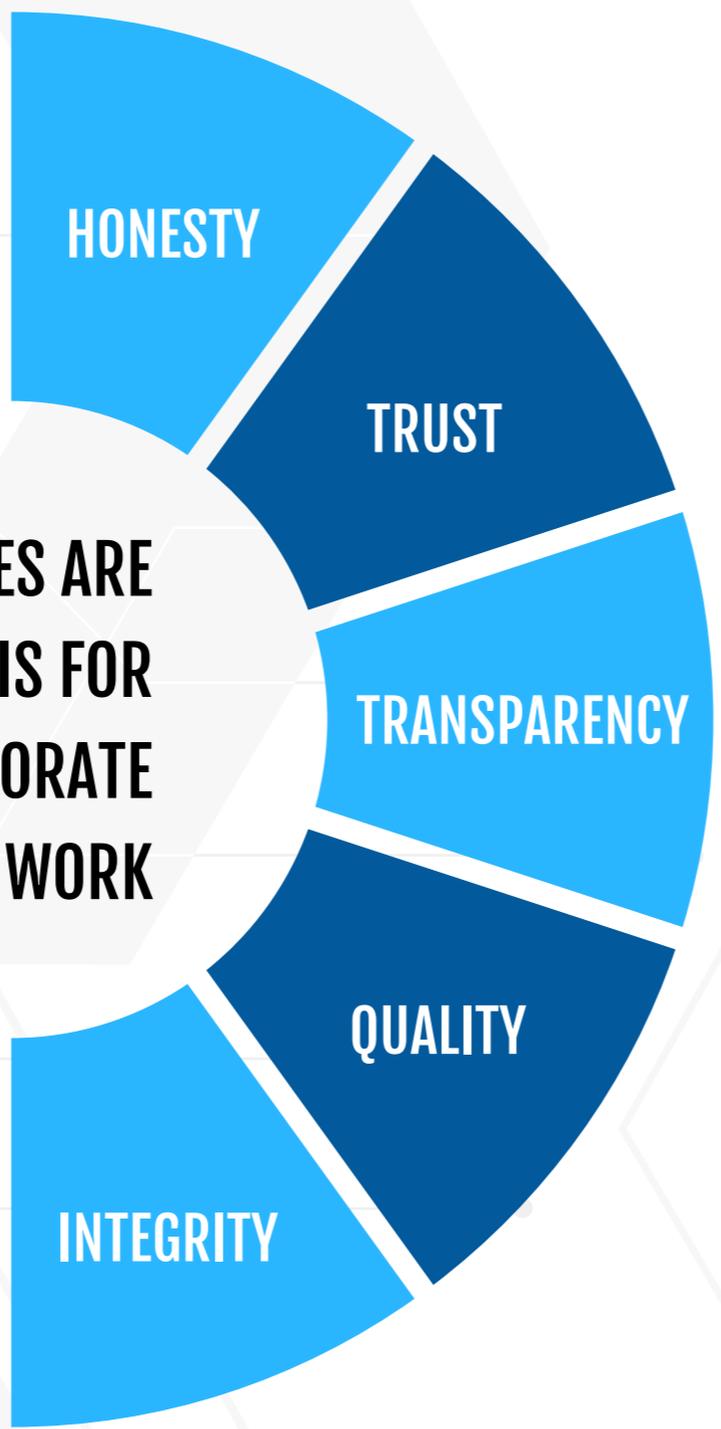
## Operational excellence

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.

## OUR 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.

**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.



## A WORD FROM THE CEO

Year 2021 was a year of strong growth for Incap. Despite the difficult circumstances, our revenue grew almost 60%, supported with the capacity expansions at our Indian factories and high market activity. The growing need for electronics is driven by, for instance, the growth of sustainable energy solutions, electric vehicles and charging infrastructure. I am happy to note that, as a result of the positive development and the increased market value, Incap is now a mid-cap company. I am also very proud of all our over 2,500 employees - we are now about 600 more than a year ago.

In 2021 our corporate responsibility work focused very much on the well-being of our personnel. We put a lot of effort in protecting our employees from the effects of the coronavirus for instance by arranging info sessions about the benefits of the vaccinations as well as enabling and offering vaccinations.

Our aim is to keep and attract the best professionals by providing good training opportunities. In addition to offering training for our employees, we also arranged training for the interns in all our factories. We also supported the youth in our local communities by

participating in various ways, such as supporting schools with computer labs and co-operating with local universities and colleges. We also participate actively in policy making for the industry and development of relevant educational programs.

Our Corporate Responsibility Programme with key themes was introduced in 2020. As a part of the programme, we launched a Code of Conduct for all Incap employees and our major suppliers, and in 2021, we rolled-out a Code of Conduct training for all our employees.

This report is our second one and it shares key results of our programme and what Incap stands for. Our approach in social, environmental, and economic responsibility is to continuously improve our performance and share the results with our stakeholders.

Staying true to our values and focusing on our key themes will help us reach our strategic targets. Through our work, we also support the United Nations Sustainable Development Goals, of which we are now a signatory.

I am proud of our achievements in 2021. Together with all Incap's employees, we stay committed to sustainable development.

**OTTO PUKK**

President and CEO of Incap Corporation



Staying true to our values and focusing on our key themes will help us reach our strategic targets.



# 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. Our efforts focus on the most material economic, social and environmental corporate responsibility themes as defined through a materiality analysis involving key stakeholders. By focusing on these themes, we are also committed to support the related United Nations Sustainable Development Goals. We are also signatories 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.

## 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.



In 2021, Incap Electronics Estonia was awarded a silver label by the Responsible Business Forum in Estonia\*

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.

## 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.

\* The Responsible Business Forum in Estonia hands out quality awards in the gold, silver and bronze level, based on the evaluation of several categories: governance, climate and environment, and society and the social environment.

## INCAP IN BRIEF

## DESCRIPTION OF OUR BUSINESS OPERATIONS

## A WORD FROM THE CEO

## CORPORATE RESPONSIBILITY AT INCAP

## SOCIAL RESPONSIBILITY



## ENVIRONMENTAL RESPONSIBILITY



## ECONOMIC RESPONSIBILITY



## GRI AND TAXONOMY REPORTING



## 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.



**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



# STAKEHOLDER ENGAGEMENT

## 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.

### Incap's Material Corporate Responsibility topics

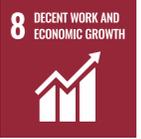
As the basis for our Corporate Responsibility program, we conducted an anonymous online stakeholder survey during October-November 2020. The main stakeholders for the survey were selected based on the level and nature of their expectations towards us and their importance to our business. We received 331 responses to the targeted online questionnaire which was sent to our customers, suppliers, investors and to Incap's employees and management.

The aim of the survey was to find out what are the most important Corporate Responsibility themes and essential areas of development from different stakeholders' point of view. As a result of our Stakeholder Survey and further management analysis, we arrived at defining the material Corporate Responsibility themes, relating GRI topics, KPIs and the UN Sustainable Development Goals that Incap contributes to.

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



# INCAP'S CORPORATE RESPONSIBILITY PROGRAM

	KEY THEMES	GRI TOPICS	KPIs	TARGETS
SOCIAL	<ul style="list-style-type: none"> <li>Ethical practices, fair treatment and equal opportunities</li> <li>Health, safety and well-being of employees</li> <li>Training and development opportunities and family friendliness</li> <li>Supporting local societies</li> </ul>	<ul style="list-style-type: none"> <li>GRI 401: Employment</li> <li>GRI 403: Occupational Health and Safety</li> <li>GRI 405: Diversity and Equal Opportunity</li> <li>GRI 406: Non-discrimination</li> </ul>	<ul style="list-style-type: none"> <li>Workers covered by certified OHS management system</li> <li>Number of work-related injuries</li> <li>New employee hires, employee turnover</li> <li>Ratio of salary of women to men</li> <li>Training days per employee</li> </ul>	<ul style="list-style-type: none"> <li>Zero injuries</li> </ul>    
ENVIRONMENTAL	<ul style="list-style-type: none"> <li>Waste and hazardous material management</li> <li>Energy efficiency and CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>GRI 306 : Waste</li> <li>GRI 302 : Energy</li> <li>GRI 307: Environmental compliance</li> </ul>	<ul style="list-style-type: none"> <li>Amount of waste</li> <li>Recycling rate</li> <li>Number of environmental non-compliance cases</li> <li>Energy consumption</li> <li>Energy intensity</li> </ul>	  
ECONOMIC	<ul style="list-style-type: none"> <li>A growing business partner</li> <li>Anti-competitive behaviour and anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>GRI 201: Economic performance</li> <li>GRI 205: Anti-corruption</li> <li>GRI 206: Anti-competitive behaviour</li> </ul>	<ul style="list-style-type: none"> <li>Revenue growth, profitability, earnings per share</li> <li>Operating costs, employee costs, taxes</li> <li>Number of incidents of corruption or anti-competitive behaviour</li> </ul>	 



3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH



# SOCIAL RESPONSIBILITY

Social responsibility is at the heart of Incap's corporate culture and strategy. We emphasise the well-being of our employees, and fair and ethical behaviour towards all our stakeholders. We provide our employees equal opportunities and possibilities for further development. We also want to actively contribute to the sustainable development of our local communities.



# SOCIAL RESPONSIBILITY

**S**ocial responsibility is at the heart of Incap's corporate culture and strategy. We emphasise the well-being of our employees, and fair and ethical behaviour towards all our stakeholders. We provide our employees equal opportunities and possibilities for further development. We also want to actively contribute to the sustainable development of our local communities.

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), the Declaration on Fundamental Principles and Rights at Work, and OECD's Guidelines for Multinational Enterprises.

Our ethical principles are summarised in our Code of Conduct, which applies to all Incap employees regardless of the labor contract type. The Code outlines how we expect all Incap's employees to behave in their daily work and sets out the principles that help us make ethically sound decisions. It reminds us how we work with each other internally and with our external stakeholders. Incap's major suppliers, partners and consultants are also subject to the principles of our Code of Conduct.

In 2021, 100% of our workers in Estonia and Slovakia were covered by Occupational Health and Safety management system certified according to the ISO 45001 Standard. The Indian and UK factory operations are in the process of being certified, and our target is to have these units certified during 2022.

We support freedom of association and follow local employment laws and practices in the countries of



# 2,523

employees in 2021  
(1,902 in 2020).

operation. All Incap employees are represented by Workers' or Employees' Councils in our countries of operation. Additionally, 100% of Incap's employees in Finland are covered by collective bargaining agreements.

## Ethical practices, fair treatment and equal opportunities

Our commitment to ethics and fair practices is a crucial foundation for our responsibility towards all our stakeholders. Our ethical principles ensure fair and equal treatment for employees and suppliers and allows us to meet the increasing requirements of our customers and investors.

Our ethical principles and practices are outlined in Incap's Code of Conduct. A group-wide Code of Conduct covering all group companies and employees was

### Our most fundamental ethical principles:

- We respect people and human rights.
- We do not use forced or child labour.
- We do not tolerate any kind of harassment or bullying.
- We promote equal opportunities and diversity.
- We respect freedom of engagement.



We organised Code of Conduct training for all Incap's employees during 2021

introduced in 2020. To ensure that Incap's ethical principles are adhered to and to highlight the importance of fair treatment and conditions, we organised Code of Conduct training for all Incap's employees during 2021. Code of Conduct training is part of induction training for all new employees, and the Code of Conduct and ethical principles will be emphasised through continuous communication. Furthermore, the Supplier Code of Conduct outlines the ethical practices expected from Incap's suppliers, and Incap's Whistleblowing service offers a channel for employees and other stakeholders to highlight ethical concerns regarding Incap's operations.

As part of Incap's support and respect for human rights, we have also implemented a Conflict Mineral Policy. Incap is committed to ensuring that its products and processes do not contain Conflict Minerals as defined by EU's Conflict Minerals Regulation and Section 1502 of the US Dodd-Frank Act regarding Conflict Minerals.

Our central themes of business ethics focus on avoidance of conflict of interest, protection of intellectual property and assets, confidentiality, personal data and privacy, fair competition, zero tolerance for corruption and bribery, prevention of money-laundering as well as transparency and trust through communication.

In 2021, there were no reported incidents of violation of the above-mentioned laws, regulations, or principles.

## INCAP IN BRIEF

## DESCRIPTION OF OUR BUSINESS OPERATIONS

## A WORD FROM THE CEO

## CORPORATE RESPONSIBILITY AT INCAP

### SOCIAL RESPONSIBILITY



### ENVIRONMENTAL RESPONSIBILITY



### ECONOMIC RESPONSIBILITY



### GRI AND TAXONOMY REPORTING



## Health, safety and well-being of our employees

We strive to provide a healthy and safe workplace for all employees and take adequate steps to prevent accidents and injury to health. Well-being at work increases employee satisfaction and provides added value to our business. To measure the motivation and well-being of our employees, we conduct regular employee satisfaction surveys at all our factories.

As an employer, we and our supervisors are responsible for the health of our employees and the safety of the workplace. All employees are also expected to take responsibility of their own safety and the safety of their co-workers by understanding the health and safety risks in their daily work and reporting all incidents, near miss cases, or health and safety risks. Employees should make sure they are fit for work and comply with the local health and safety laws and regulations as well as our Operational Health and Safety Policy. In 2021, we had one work-related injury recorded at our factories. Our health and safety target is zero injuries.

In 2021, the corona pandemic continued, and we had to close down our factories in India in May–June. We put a lot of effort in protecting our employees from the effects of the coronavirus by for instance by arranging info sessions about the benefits of the vaccinations as well as enabling and offering vaccinations.

## Training and development opportunities and family friendliness

Providing development opportunities and supporting a sound balance between work and family life ensure motivation, resilience, productivity, and innovative thinking of our employees. As a whole, these are key drivers of Incap's culture, strategy implementation and success.

Incap offers a broad range of training opportunities for its employees ranging from induction training to



**1** minor injury in Incap's factories in 2021.  
Group-level lost time incident rate **0%** in 2021.

process improvement and management related training. Induction training covers e.g., Incap's Code of Conduct, rules, health and safety training and quality management system related training. Moreover, we provide product training and repeated health and safety training including fire training. More specific training includes topics such as Six Sigma, 5s, vocational skills such as IPC and other training required by certification standards.

A significant part of the training takes place on the job, but employees are also encouraged to take courses and attend seminars outside of the company. Incap's training programme considers local training requirements and opportunities which may differ quite substantially across the geographies where Incap operates.

In 2021, the coronavirus pandemic limited the opportunities for training, but we managed to arrange some important training, such as inhouse IPC vocational skills training.

As the pandemic subsides, we intend to restore training to the pre-pandemic level and add exchange programmes and internal training opportunities across Incap's global organisation.

Our culture supports a sound balance between work and family life and takes into consideration different stages of life. Family-friendly practices are adapted to local customs and requirements. Family friendliness may include for instance flexible arrangements regarding work and working hours and opportunity to take parental leave. In some countries, our employees are offered an extended health insurance that covers family members in addition to full-time medical doctor and nurses available for employees at the factory. By



**We put a lot of effort in protecting our employees from the effects of the coronavirus.**

organising events for our employees and their families, we also want to support the wellbeing of our employees and their families.

Incap's family-friendly programme has been advanced in particular in Estonia where Incap has been awarded by the Estonian ministry of social affairs with golden label of family-friendly company. In order to receive the label, companies chosen for the programme go through an 18-month development program, during which they are evaluated and consulted on creating family-friendly opportunities and environment in their companies.

## Supporting local societies

We are committed to being a responsible partner in the communities where we operate. In addition to meeting local laws and regulations concerning our operations, we want to consider the needs of our local stakeholder groups and actively contribute to the sustainable development of the societies where we operate. The support that we provide to our local communities varies and is very much dependent on local circumstances. All local initiatives and participation in programmes and projects must be in line with our core values, mission, and strategy.

We regularly invite the local communities and neighbours to open-door events at our factories where the locals get to learn about Incap as a neighbour, and Incap gets to interact with the local community. During 2021, many of these activities were resumed after a halt due to the coronavirus pandemic in 2020.

## INCAP IN BRIEF

## DESCRIPTION OF OUR BUSINESS OPERATIONS

## A WORD FROM THE CEO

## CORPORATE RESPONSIBILITY AT INCAP

## SOCIAL RESPONSIBILITY



## ENVIRONMENTAL RESPONSIBILITY



## ECONOMIC RESPONSIBILITY



## GRI AND TAXONOMY REPORTING



# CASE

## INCAP SUPPORTING YOUTH AND LOCAL COMMUNITIES

Incap aims to keep and attract the best professionals by providing good training opportunities. In addition to offering training for the employees, Incap also arranged training for the interns in all its factories. In 2021, Incap Estonia was even recognised as the „Best Regional Internship Provider in 2021" and „Saare County's Student Friendly Employer of the Year 2021".

In order to support the youth in their aspirations, attract them to the electronics industry and secure offspring, in 2021 Incap Estonia supported the Solaride solar car project designed by young talents. We also arranged the hugely popular Youth Guitar Competition „Incap Rocks!" for kids in Saaremaa. In India, Incap sponsored the entire computer lab at the local school in Banashankari, Bangalore, and another computer lab for a school near Mangalore, Karnataka. In Slovakia, Incap supports governmental project for secondary school students' dual educational programme. In the UK, Incap supported the local girls' football team and „Toys for Children" project, as well as a charity cycling event for a local hospice.





<b>7</b> AFFORDABLE AND CLEAN ENERGY 	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>13</b> CLIMATE ACTION 
---	---	---



# ENVIRONMENTAL RESPONSIBILITY

We are committed to operating in an environmentally friendly and responsible manner. Our focus is on efficient and sustainable use of resources and materials, which is achieved through continuous improvements of recycling rates, waste management and energy intensity.



# ENVIRONMENTAL RESPONSIBILITY



Recycling rate  
**95%**

**We are committed to operating in an environmentally friendly and responsible manner. Our focus is on efficient and sustainable use of resources and materials, which is achieved through continuous improvements of recycling rates, waste management and energy intensity.**

We are committed to a proactive policy on environmental issues and to operating in an environmentally responsible manner. We comply with all relevant legal requirements to prevent pollution and reduce consumption of natural resources and materials. We continuously develop and improve our processes to protect and preserve the environment. In 2021, no violations of environmental laws or regulations were identified in Incap's operations.

Our operations are certified with the international quality management system ISO 9001 and our Environmental Management System (EMS) is certified in accordance with ISO 14001 requirements. These standards demonstrate our ability to consistently provide products and services that meet customer and regulatory requirements. By following Incap's Corporate Operations and Quality Guidelines, and our Quality Manual, we also strive to continuously develop our processes ranging from design and procurement of raw materials to production and distribution to meet environmental demands of our customers, whose products we design and manufacture.

As we are a contract manufacturer, our customers own our designs, and the manufacturing process is defined by our customers' choice of materials of the products we manufacture for them. As such, the environmental friendliness of Incap's operations is highly interlinked with the environmental ambitions of our customers.

Availability of technically and environmentally advanced materials and components and local municipal waste handling services also impact our ability to optimise our waste management process and to improve our recycling rates.

In order to contribute to sustainable use of resources, our environmental responsibility efforts also focus on energy efficiency and CO<sub>2</sub> emissions which are directly linked to global climate change. We consider these material because of the general urgent need to combat climate change and we want to proactively contribute to a solution to this global concern.

## Waste and hazardous material management

Our waste management focuses on reducing the amount of waste we generate and on improving our recycling rate.

Waste generated by Incap typically includes packaging materials, electronic waste including parts from electric circuit boards and to a lesser extent chemical waste. The focus is on improving recycling rates and waste management, which can be achieved by reducing waste of raw materials and line rejections. In our waste management efforts, we are highly dependent on the local municipal waste handling services and their recycling facilities.

We continuously strive to reduce the amount of hazardous materials in our production processes. To minimise any risk related to hazardous materials and substances, we train our personnel and arrange drills to raise awareness and to support understanding of

**The new factory in India uses energy and water efficiently.**

appropriate handling of hazardous materials, be it on an ongoing basis in the daily work or in case of an accident.

The recycling rate for hazardous waste was 40% in 2021 and 60% of the hazardous waste was incinerated. The recycling rate for non-hazardous waste was 97% and the overall recycling rate was 95%. There were no incident of spillage or accidents relating to hazardous materials.

## Energy efficiency and CO<sub>2</sub> emissions

Energy efficiency and reduced CO<sub>2</sub> emissions are critical drivers in the fight against global climate change as set out in UN's Paris Agreement. As part of our commitment to a proactive policy on environmental issues, we want to contribute to the fight against climate change.

The energy intensity of electronics manufacturing is relatively low compared to many other manufacturing businesses. Our own energy consumption is related to electronics manufacturing and mainly based on electricity purchased from the grid. Another key area of energy consumption and emissions in the supply chain is logistics.

We continuously strive to improve our energy intensity by using modern technology and data, energy-efficient equipment, and through smart material flow and logistics. In 2021, the energy intensity of Incap's operations decreased to 43 MWh/MEUR (52 in 2020), supported with investments in energy efficient assembly lines and technology, such as led lights installed at the factories.

INCAP IN BRIEF

DESCRIPTION OF OUR  
BUSINESS OPERATIONS

A WORD FROM THE CEO

CORPORATE RESPONSIBILITY  
AT INCAP

SOCIAL  
RESPONSIBILITY



ENVIRONMENTAL  
RESPONSIBILITY



ECONOMIC  
RESPONSIBILITY



GRI AND TAXONOMY  
REPORTING



# CASE

## INCAP INDIA CONTINUES TO EXPAND ITS PRODUCTION CAPACITY IN A SUSTAINABLE WAY

In 2020 Incap decided to expand its production facility in Tumkur, India, and in 2021 Incap decided to invest in a third factory in Tumkur. The expansion project is under construction and the opening of the new factory is estimated to take place by the end of 2022.

The expansion of production facilities in Tumkur has been carried out in line with sustainable building principles, paying special attention to efficient use of energy and water. This entails a new building with pre-engineering structure to cater 1,000 employees, considering proper environmental protection, safety, aesthetics and economic factors. Building will provide a comfortable working area with sufficient lighting and air ventilation, optimised space utilisation and an easy emergency rescue route plan. Solar panels installed at the rooftop will provide renewable energy sources to the facility.

In addition to environmentally friendly energy solutions, the project also includes a new wastewater treatment facility. The new facility in the premises will help to purify the water and preserve scarce freshwater resources by using the treated wastewater for other purposes, such as flushing (30%), gardening and landscaping (70%).





# 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.



# 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.

We are committed to full compliance with all applicable national and international laws and regulations, including anti-competition laws and anti-corruption practices. 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.

**Market capitalisation at the end of 2021 was**

**459.2 MEUR**

2020: EUR 107.4 million

## 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,



**Incap's revenue grew 59% in 2021**

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. As a responsible growth company, we meet the expectations of all our stakeholders and support continued value creation for our investors in the long term.

## 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



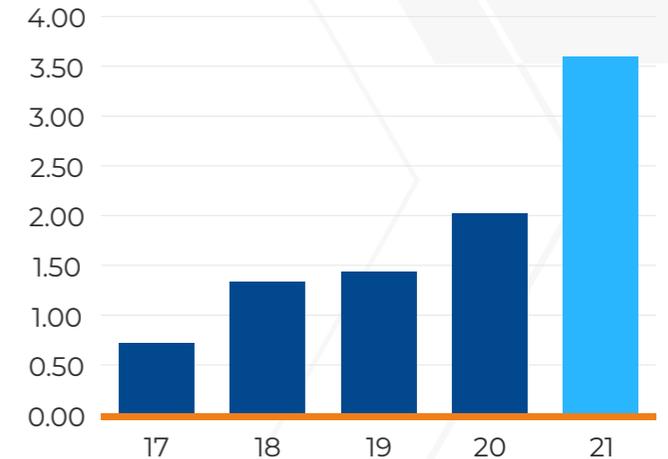
**Incap's share price increase was the 2<sup>nd</sup> highest in Nasdaq Helsinki in 2021: +317%**

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 2021, there were no reported incidents of corruption or legal actions taken for anti-competitive behaviour, anti-trust or monopoly practices.

## EARNINGS PER SHARE (EPS), EUR





## GRI AND TAXONOMY REPORTING

Our corporate responsibility reporting focuses on themes defined through a materiality analysis involving our key stakeholders.

## INCAP IN BRIEF

### DESCRIPTION OF OUR BUSINESS OPERATIONS

### A WORD FROM THE CEO

### CORPORATE RESPONSIBILITY AT INCAP

### SOCIAL RESPONSIBILITY



### ENVIRONMENTAL RESPONSIBILITY



### ECONOMIC RESPONSIBILITY



### GRI AND TAXONOMY REPORTING



# ABOUT THIS REPORT

Incap Corporation is a limited liability company with headquarters in Helsinki, Finland. Incap's share is listed on the Nasdaq Helsinki stock exchange. 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](http://www.cgfinland.fi). The company's operations are also guided by the Company's own corporate policies, Code of Conduct and other rules.

This report is Incap's second Corporate Responsibility report, and the company will publish a Corporate Responsibility report on a yearly basis. The activities, performance, and results reported relate to the 2021 calendar and financial year, from 1 January to 31 December 2021, unless otherwise noted. The report does not contain any restatements of information or changes in reporting. The information in this report has not been assured externally.

When preparing this Corporate Responsibility 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 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.

This report, including the boundaries for reporting on material topics, concentrates on areas that are within Incap's direct sphere of influence and control. This report also covers AWS Electronics and all its subsidiaries (acquired in January 2020) for the reporting period of 2019. 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.

While most of the disclosures included in this report are in alignment with the GRI framework at the Core level, this is a GRI-referenced report.

We appreciate your feedback on this report. For feedback and further information, please contact Antti Pynnönen, CFO, Incap [antti.pynnonen@incapcorp.com](mailto:antti.pynnonen@incapcorp.com).





# GRI INDEX

		Location of the information, comments	SDG
<b>GRI 100: Universal standards</b>			
<b>GRI 102: General disclosures</b>			
<b>Organisational profile</b>			
102-1	Name of the organisation	3	
102-2	Activities, brands, products, and services	3	
102-3	Location of headquarters	21	
102-4	Location of operations	3	
102-5	Ownership and legal form	21	
102-6	Markets served	3	
102-7	Scale of the organisation	3, 21	
102-8	Information on employees and other workers	25	
102-9	Supply chain	8	
102-10	Significant changes to the organisation and its supply chain	21, Financial statements, page 29	
102-11	Precautionary Principle or approach	7	
102-12	External initiatives	6, 12	
102-13	Membership of associations	8	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	6	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behaviour	4, 12, Code of Conduct	
102-17	Mechanisms for advice and concerns about ethics	12, Whistleblowing service available at incapcorp.com	
<b>Governance structure</b>			
102-18	Governance structure	21, Corporate Governance Statement	



# GRI INDEX

		Location of the information, comments	SDG
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	9	
102-41	Collective bargaining agreements	12	
102-42	Identifying and selecting stakeholders	9	
102-43	Approach to stakeholder engagement	9	
102-44	Key topics and concerns raised	9	
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	21	
102-46	Defining report content and topic boundaries	21	
102-47	List of material topics	10	
102-48	Restatements of information	21	
102-49	Changes in reporting	21	
102-50	Reporting period	21	
102-51	Date of most recent report	21	
102-52	Reporting cycle	21	
102-53	Contact point for questions regarding the report	21	
102-54	Claims of reporting in accordance with the GRI Standards	21	
102-55	GRI content index	22-25	
102-56	External assurance	21	
<b>103 Management approach</b>			
103-1	Explanation of the material topic and its boundary	7, 9, 21	
103-2	The management approach and its components	7, 10	
103-3	Evaluation of the management approach	7, 21, 22-27	



# GRI INDEX

		Location of the information, comments	SDG
<b>GRI 200: Economic standards</b>			<b>9,16</b>
<b>Economic performance</b>			
201-1	Direct economic value generated and distributed	26	
<b>Anti-corruption</b>			
205-3	Confirmed incident of corruption and actions taken	19	
<b>Anti-competitive behaviour</b>			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	19	
<b>GRI 300: Environmental standards</b>			<b>7,12,13</b>
<b>Energy</b>			
302-1	Energy consumption within the organisation	26	
302-3	Energy intensity	26	
<b>Waste</b>			
306-3	Waste generated	26	
<b>Environmental compliance</b>			
307-1	Non-compliance with environmental laws and regulations	16	

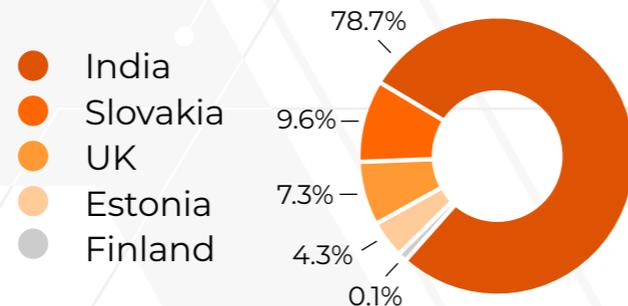


# GRI INDEX

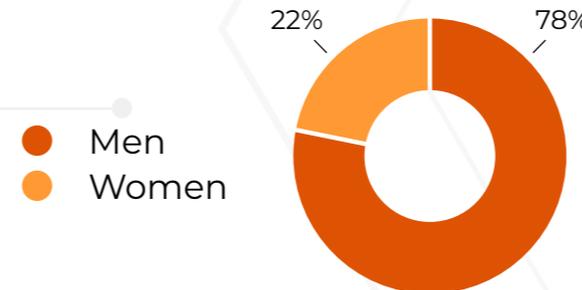
		Location of the information, comments	SDG
<b>GRI 400: Social standards</b>			<b>3,4,5,8</b>
<b>401</b>	<b>Employment</b>		
401-1	New employee hires and employee turnover	26	
<b>403</b>	<b>Occupational Health and Safety</b>		
403-8	Workers covered by an occupational health and safety management system	12	
403-9	Work-related injuries	13	
<b>404</b>	<b>Training &amp; Education</b>		
404-1	Average hours of training per year per employee	26	
<b>405</b>	<b>Diversity and Equal Opportunity</b>		
405-1	Diversity of governance bodies and employees	27	
405-2	Ratio of basic salary and remuneration of women to men	27	
<b>406</b>	<b>Non-discrimination</b>		
406-1	Incidents of discrimination and corrective actions taken	12	

## GRI 102-8 INFORMATION ON EMPLOYEES AND OTHER WORKERS

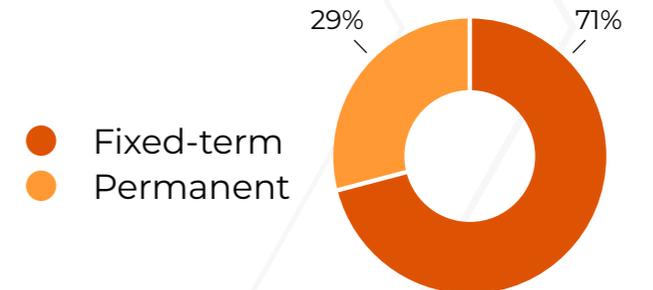
Number of personnel in Incap Group at the end of 2021



Ratio of women to men



Type of contract





GRI 201-1: Direct Economic value generated and distributed			
MEUR	2019	2020	2021
Customers: revenue	115.0	106.5	169.8
Suppliers: cost of goods, materials, services	81.0	74.3	127.0
Personnel: wages etc	14.0	14.3	17.4
Public sector: taxes	2.3	2.3	4.7
Creditors: interest expenses	0.5	0.4	0.2
Communities: donations	0.0	0	0.0
Business development: other expenses	4.3	4.4	6.5

GRI 302-1: Energy consumption within the organisation			
MWh	2019	2020	2021
Electricity consumption	5,209	4,781	6,467
Of which electricity from renewable sources	1,375	1,100	949
District heating	897	731	911
<b>Total energy consumption</b>	<b>6,106</b>	<b>5,512</b>	<b>7,379</b>

GRI 302-3: Energy intensity			
MWh/MEUR	2019	2020	2021
Revenue, MEUR	115	106.5	169.8
<b>Total energy intensity within the organisation</b>	<b>53</b>	<b>52</b>	<b>43</b>

GRI 306-3: Waste generated			
tonnes	2019	2020	2021
<b>Non-hazardous</b>	<b>313</b>	<b>386</b>	<b>629</b>
Landfill	30	26	19
Recycling	283	351	611
Incineration	0	9	0
Biowaste	0	0	0
<b>Hazardous waste</b>	<b>6</b>	<b>7</b>	<b>28</b>
Landfill	0	0	0
Recycling	6	7	11
Incineration	0	0	17
<b>Total</b>	<b>319</b>	<b>393</b>	<b>658</b>

GRI 401-1: New employee hires and employee turnover				
New employees	-30 years	30-50 years	50- years	Total
Female	131	11	4	146
Male	502	31	2	535
<b>Total</b>	<b>633</b>	<b>42</b>	<b>6</b>	<b>681</b>
Resigned	-30 years	30-50 years	50- years	Total
Female	9	12	11	32
Male	20	13	8	41
<b>Total</b>	<b>29</b>	<b>25</b>	<b>19</b>	<b>73</b>

403-9: Work-related injuries			
	2019	2020	2021
Lost time incident rate*	0%	0%	0%
Lost-days rate**	0%	0%	0%
Work-related injuries	-	-	1

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

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

INCAP IN BRIEF

DESCRIPTION OF OUR BUSINESS OPERATIONS

A WORD FROM THE CEO

CORPORATE RESPONSIBILITY AT INCAP

SOCIAL RESPONSIBILITY



ENVIRONMENTAL RESPONSIBILITY



ECONOMIC RESPONSIBILITY



GRI AND TAXONOMY REPORTING



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

Training hours	2019	2020	2021
<b>Male</b>			
Managers and superiors	44	54	209
White-collar employees	78	113	193
Blue-collar employees	1,095	405	121
<b>Female</b>			
Managers and superiors	121	150	62
White-collar employees	73	29	190
Blue-collar employees	1,275	593	138
<b>All employees</b>	<b>2,686</b>	<b>1,344</b>	<b>911</b>

#### 405-1: Diversity of governance bodies and employees

	-30 years	30-50 years	50+ years	Total
<b>Male</b>				
BoD member	0	1	1	2
Managers and superiors	2	17	20	39
White-collar employees	6	92	23	121
Blue-collar employees	32	1,680	97	1,809
<b>Female</b>				
BoD member	0	0	2	2
Managers and superiors	1	11	5	17
White-collar employees	12	34	11	57
Blue-collar employees	25	363	92	480
<b>Total</b>	<b>78</b>	<b>2,198</b>	<b>251</b>	<b>2,527</b>

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

	2019	2020	2021
Managers and superiors	82%	82%	72%
White-collar employees	82%	82%	78%
Blue-collar employees	94%	94%	96%
<b>Total</b>	<b>90 %</b>	<b>90%</b>	<b>94%</b>





# DISCLOSURE ACCORDING TO THE EU TAXONOMY REGULATION

The EU Taxonomy Regulation, which will progress in phases, partially entered into force in 2021. The first delegated act, the Climate Delegated Act, was introduced in 2021 and covers the first two of the six environmental objectives: climate change mitigation and adaptation. In 2022, another delegated act will be published, the Environmental Delegated Act, which addresses four other environmental objectives.

In the reporting for 2021, the share of turnover, capital expenditure and operational expenditure that is taxonomy-eligible, i.e. in accordance with the Climate Delegated Act are published. For 2021, no assessment of Taxonomy alignment with detailed technical screening criteria is required.

As the Taxonomy Regulation is still under development, it is worthwhile noticing that the current regulation does not cover all sustainable activities on the market. In 2022 Incap continues the work with EU's taxonomy-related reporting requirements on climate change mitigation and adoption.

## Taxonomy Eligible Activities

Incap has assessed the taxonomy-eligibility of Incap's 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 stages and is therefore still unfinished. 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 are assessed based on the final product to which Incap has delivered a specific solution.

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

- 3.1 Manufacture of renewable energy technologies
- 3.3 Manufacture of low carbon technologies for transport
- 3.5 Manufacture of energy efficiency equipment for buildings
- 4.10 Storage of electricity
- 6.14 Infrastructure for rail transport
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to 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 turnover into separate eligible activities once. Turnover allocation has also been used as a basis on calculating OpEx and CapEx.

Turnover denominator includes the total external revenue of Incap Group companies. The turnover KPI numerator includes external sales of taxonomy eligible activities. CapEx denominator covers additions to tangible and intangible assets before depreciations, amortizations and re-measurements or impairments and excluding

goodwill. The CapEx numerator is the Taxonomy-eligible additions included in the denominator and calculated based on the external turnover, separately for each eligible activity.

OpEx denominator covers non-capitalized 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, 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 machine, cost of employees cleaning machine and IT dedicated to maintenance. Taxonomy-eligible OpEx is calculated based on the external revenue, separately for each eligible activity.

EUR thousands	Eligible Activities	Non-eligible Activities	Total
Turnover	138,633	31,153	169,787
<i>% of total turnover</i>	81.7%	18.3%	100.0%
CapEx	2,907	622	3,529
<i>% of total CapEx</i>	82.4%	17.6%	100.0%
OpEx	1,222	185	1,407
<i>% of total OpEx</i>	86.9%	13.1%	100.0%

# INCAP

[www.incapcorp.com](http://www.incapcorp.com)

 [/incapcorporation](https://www.facebook.com/incapcorporation)

 [/company/incap-group](https://www.linkedin.com/company/incap-group)

 [/incap.corp](https://www.instagram.com/incap.corp)

 [@incap\\_group](https://twitter.com/incap_group)

