


# Sustainability Report 2023



 **HARJU ELEKTER®**  
Electrifying Tomorrow



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# A fruitful year of transformations

**TIIT ATSO**  
Chairman of the Management Board

For Harju Elekter, 2023 will go down in history as a year of transformations. We managed to turn last year's major loss into strong profitability, achieving the largest-ever operating profit for the Group, as well as a satisfactory net profit, considering the increased interest costs.



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## In 2023, we made several principal decisions and transformative changes we can all be proud of.

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Initially we were certain that the late 2022 decision to merge our Estonian manufacturing units would take several years to bring results. The actual merger conducted over 2023 by the tight-knit team of our Estonian subsidiary was more successful than expected, receiving the Group's Action of The Year award. The merged unit achieved strong financial results, assuring us that the decisions were correct and were implemented well and according to plan.

We can also be proud of our Lithuanian manufacturing unit. The company's strategic growth plan has been completed despite the crises and confusion of the past 3-4 years. Employing approximately 400 people, the Lithuanian manufacturing unit is the largest unit in the Group. The company invests in the personal development of the region's youth and our employees, including the establishment of Harju Elekter Academy, which provides learning paths starting with basic electronics up to electronic engineering.

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Systematic implementation of its development plan has brought the Lithuanian subsidiary the strongest financials in the entire Group.

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Finland, being the main market for both our Estonian and Finnish manufacturing units, also had a year full of changes. In 2023 we exited minor business directions, focusing on our core activities and strengthening thereof. Although our Finnish manufacturing unit has always operated with consistent and satisfactory profitability, stronger steps need to be taken in the coming years to further improve profitability. To this end, a strong management team has been formed and efficiency programs have been initiated. The future holds several price negotiations and evaluation of investment opportunities to identify potential new business directions.

Our Swedish manufacturing unit is the one with least satisfactory results. The Swedish business direction is still a net sink for the Group, even after years of contributing time and money to building its business. Proportionally, the Group's management team spent the most time on organising our Swedish business and supporting local management in 2023. While our expectations of the Swedish unit turning a profit did not come true last year, we will continue to work towards profitability this year. Currently, all manufacturing in Sweden is consolidated in the modern factory in Västerås, which is manned by an ambitious team and fully engaged with customer orders.

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I consider the Group's greatest achievement to be the consolidation of its centralised management structure, which started in late 2022 and was completed last year.

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This new model has helped us improve management quality, clarified the parent company's role and improved support for subsidiaries, in order to share best practices and provide professional and skilled guidance and become even more efficient in our everyday work.

Our growing number of employees, increasingly tight deadlines and heightened expectations for results all act as work stressors and increase the risk of errors – accordingly, we have made it our goal for 2024 to focus centrally on workplace health and safety, to prevent and minimise hazards.

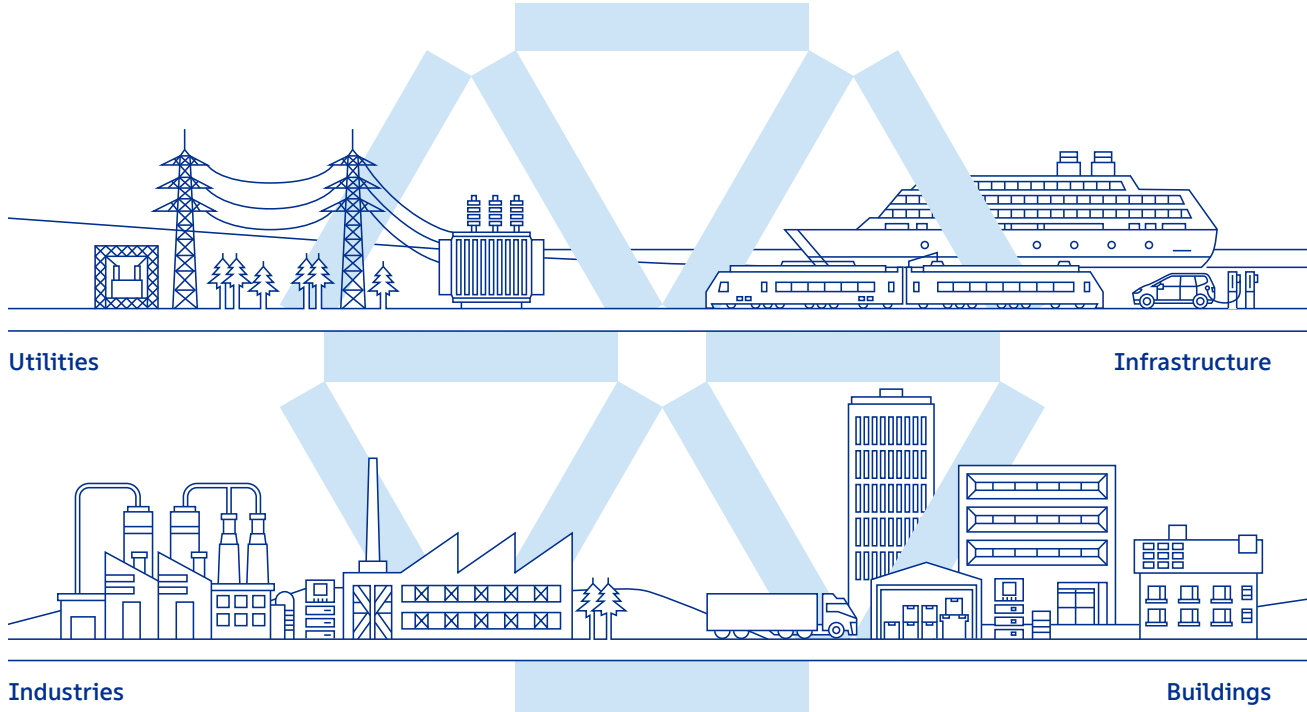
This spring we will start setting strategic goals for the next growth season of the Group, driven by our desire to improve the Group's profit margin and meet the shareholders' expectations for dividend growth. The management teams of the Group and its functions and subsidiaries are committed to meeting the growing expectations of all stakeholders. Sustainable growth will be the central strategic thesis for the Group in the coming years.



**Tiit Atso**

*Chairman of the Management Board*

# Harju Elekter in brief



Share of revenue by markets



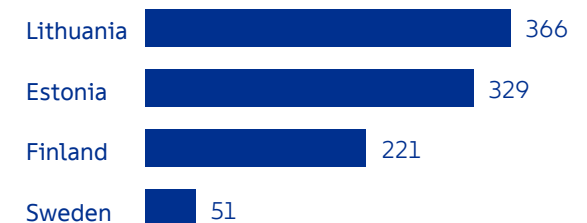
Turnover 2023

**209 M€**

Employees in total

**967**

Employees by country



## Who we are

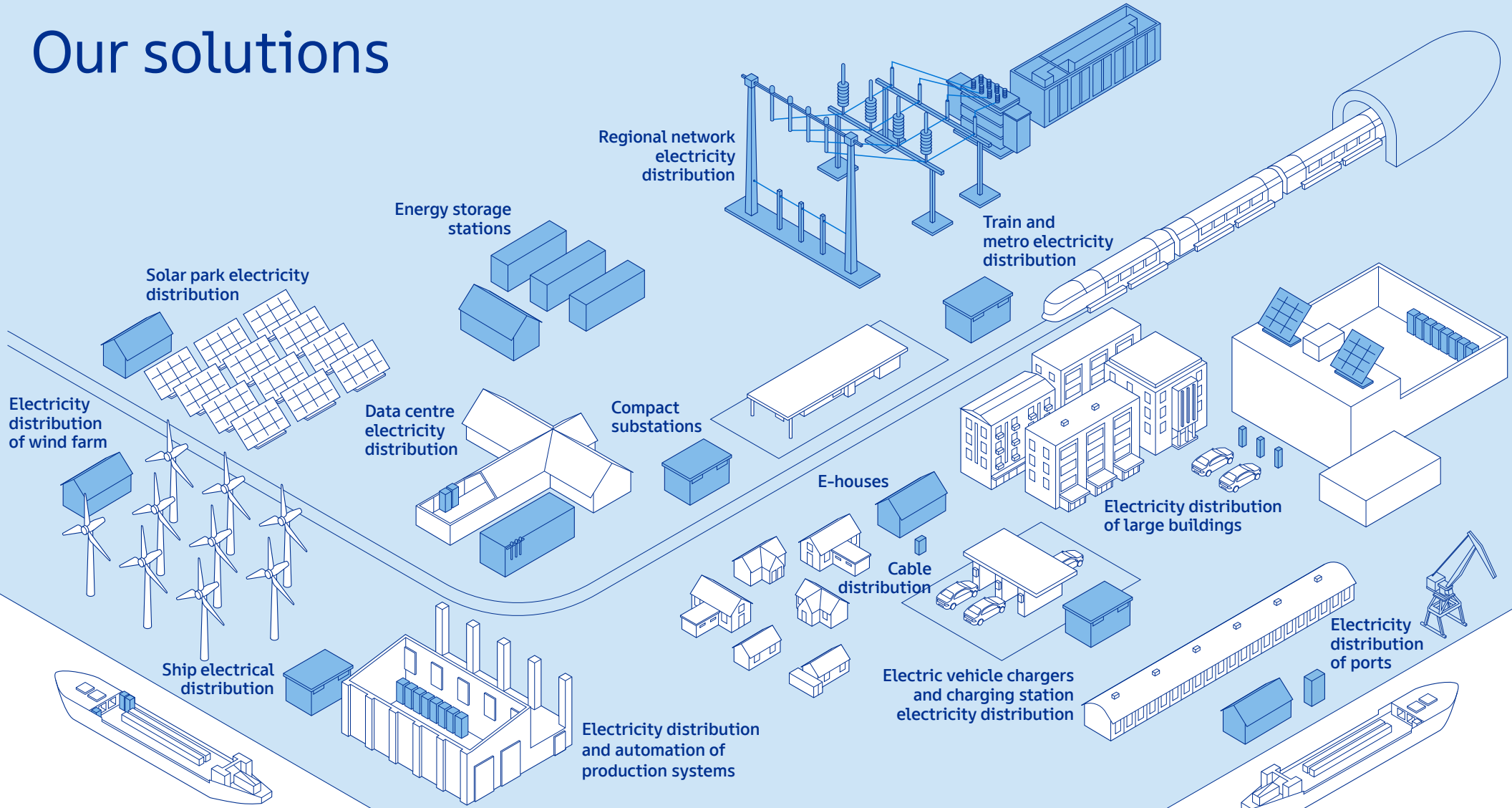
Harju Elekter is an international industrial group with extensive experience in providing future proof solutions for electrical power distribution. Harju Elekter Group has its roots and head office in Estonia, and production units in four countries: Estonia, Finland, Sweden and Lithuania.

## What we do

Harju Elekter contributes to a sustainable society by providing future-proof electrical power distribution solutions. We engineer, manufacture, and install electrification solutions for utilities, industries, infrastructure, public and commercial buildings.



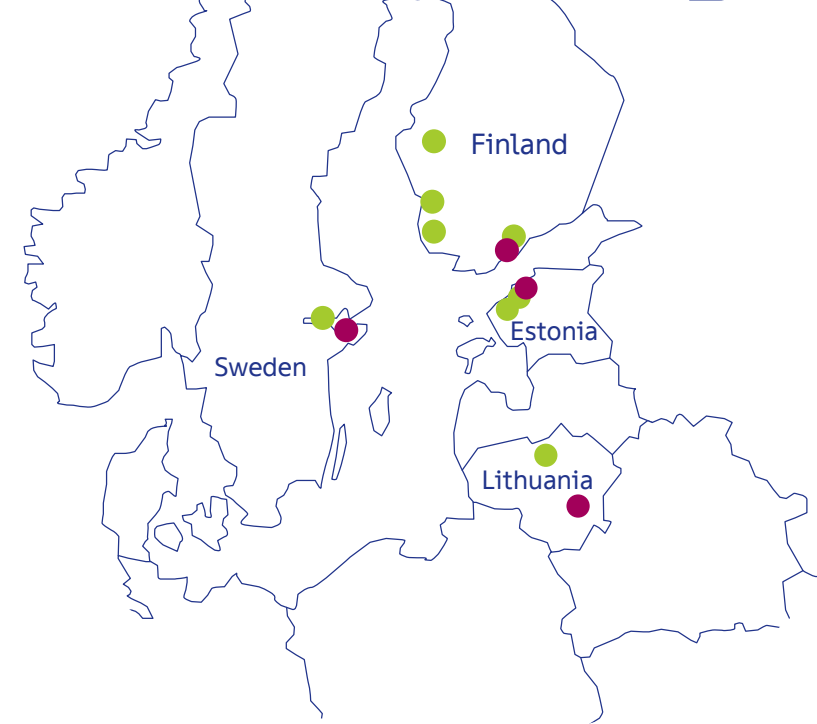
# Our solutions



# Harju Elekter Group

As of 31 December 2023

## AS HARJU ELEKTER GROUP



AS Harju Elekter Group's share in its subsidiaries is 100%

## ESTONIA

### AS HARJU ELEKTER GROUP

The Parent company of the Group, focused on coordination of co-operation within the Group's companies and managing industrial real estate holdings, located in Keila

### AS HARJU ELEKTER

*(former business name AS Harju Elekter Elektrotehnika)*

Manufacturer of electrical equipment for energy distribution, industrial and construction sectors, located in Keila

## FINLAND

### HARJU ELEKTER OY

Manufacturer of electrical equipment for energy, industry, and infrastructure sectors, located in Ulvila, Kerava and in Kurikka

### TELESILTA OY

Electrical engineering company specializing in electrical contracting for the shipbuilding industry, located in Uusikaupunki

### HARJU ELEKTER KIINTEISTÖT OY

Industrial real estate holding company in Finland

## SWEDEN

### HARJU ELEKTER AB

Engineering company for MV/LV power and distribution solutions for the construction, infrastructure, and renewable energy sector; manufacturer of prefabricated technical houses located in Västerås

### HARJU ELEKTER SERVICES AB

Industrial real estate holding company in Sweden

### LC DEVELOPMENT FASTIGHETER 17 AB

*(100% subsidiary of Harju Elekter Services AB)*  
The company that manages the Västerås factory

## LITHUANIA

### HARJU ELEKTER UAB

Engineering and contract manufacturing of multidrive, MCC's and distribution systems, located in Panevėžys

## Strategical Investments

## ESTONIA

### OÜ SKELETON TECHNOLOGIES GROUP (5.45%)

Developer and manufacturer of ultra-capacitors

## FINLAND

### IGL-TECHNOLOGIES OY (10%)


Developer of parking & e-mobility solutions for electric car chargers

In 2023, two subsidiaries of Harju Elekter Group (former business name AS Harju Elekter) were merged: AS Harju Elekter Elektrotehnika and AS Harju Elekter Teletehnika. Following the merger, the combined subsidiary's business name was changed from AS Harju Elekter Elektrotehnika to AS Harju Elekter.




# Main events


## Cusotmer agreements

 **Harju Elekter AB** signed an agreement with the leading Swedish data center operator atNorth, under which Harju Elekter supplied and installed transformers and low-voltage distribution devices for the customer’s new server rooms in the data center.



 **Telesilta Oy** signed a contract with Uudenkaupungin Työvene Oy to provide electrification and commissioning works for two patrol vessels to the Finnish Border Guard. The first vessel will be completed in 2025 and the second in 2026.



 **AS Harju Elekter** won in August the tender of Eesti Energia AS for the supply of prefabricated substations, distribution points, and equipment. Framework agreements with a total value of 115 million euros will be concluded with Elektrilevi OÜ for 36 months, with the option to extend by 24 months.



## Real estate

- AS Harju Elekter Group and Prysmian Group Baltics AS signed a lease agreement until 2030. With the extended lease agreement, Prysmian Group Baltics is renting over 20,000 m<sup>2</sup> of production, storage, and office space, as well as an external storage area of approximately 40,000 m<sup>2</sup> in Keila Industrial Park. The contract also agreed on a large-scale renovation and reconstruction of the premises.
- AS Harju Elekter Group planned a new 6,000 m<sup>2</sup> production building in Allika Industrial Park, which was completed for Reimax Electronics in December.



## Recognition and anniversaries

AS Harju Elekter ranked in the TOP 10 in the sustainable company category at the 'Entrepreneurship Award 2023' competition.

The competition assesses the company's contribution to the sustainable development of society, the application of ESG principles, and outstanding activities to achieve energy efficiency.



At the end of September, Harju Elekter celebrated its 55th year of operation. The festive anniversary was celebrated in all units of Harju Elekter.

**55 years**  
of sustainable  
electrical  
distribution  
equipment

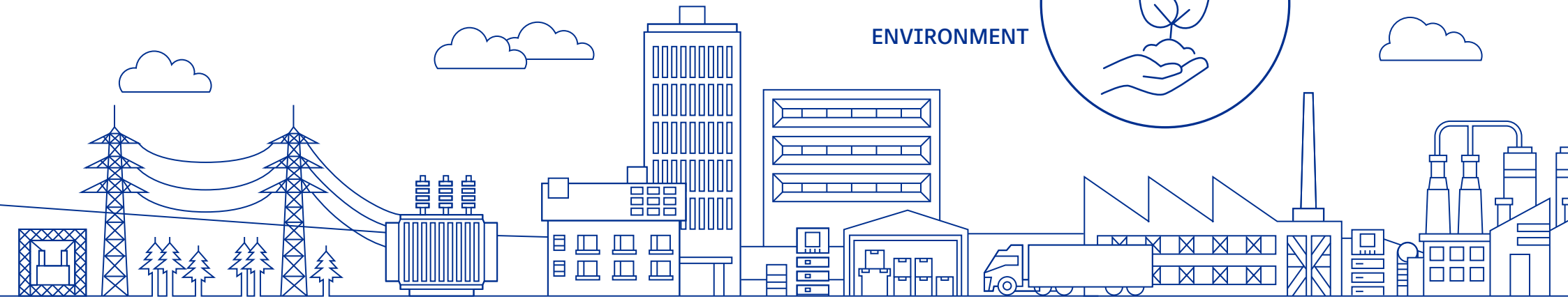
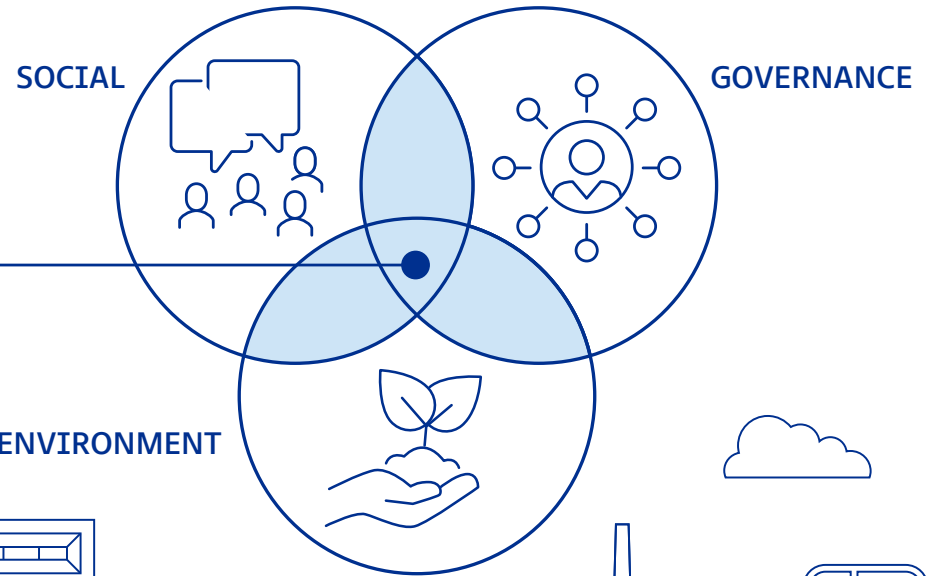
# Sustainability at Harju Elekter

- > Materiality topics
- > Sustainability strategy
- > Governance
- > Employees
- > Responsible governance
- > Sustainable development goals
- > Stakeholder engagement
- > Customer focus
- > Environment
- > Taxonomy

Harju Elekter is committed to creating a sustainable society, business, living and natural environment, as we believe that this will contribute to the long-term viability of the Group.

In doing so, we take into account environmental, social impact, and governance issues (the ESG view – Environmental, Social, Governance).

## ESG Sustainability



Our sustainability ambitions are influenced by global targets aimed to reduce global warming, such as the Paris Agreement, the European Green Deal and the green transition. We will, therefore, ensure that our companies are increasingly efficient, environmentally friendly and involved in the implementation of new innovative technologies.

The Group’s core business also contributes to the development of a sustainable society by supporting large-scale electrification with electrical equipment, which contributes to meeting climate targets. On the one hand, grid-connected electrical solutions make it possible to replace environmentally unfriendly ways of generating energy, while on the other hand there is a need to replace outdated electrical distribution equipment with new, more environmentally friendly ones. Although Harju Elekter cannot guarantee that only green energy is transmitted in the equipment produced, thanks to global efforts and demand, the trend is moving towards the electricity network ensuring the availability of increasingly environmentally friendly electricity.

In addition to its core business, Harju Elekter supports sustainable development through other areas of activities. In the real estate segment, the aim is to build energy-efficient buildings for both our own and our customers’ use. The Group also contributes to increasing renewable energy production capacity by setting up solar parks.

## Materiality topics

We have analysed and updated the materiality topics at Harju Elekter. We assessed the positive and/or negative impact (economic, environmental and social) of the organisation on these issues, as well as the impact of these topics on Harju Elekter. We also took into account issues relevant to internal and external stakeholders that influence their decision making. The aim of this analysis was to ensure that the company focuses its resources and activities on the topics that have the greatest impact and the highest significance to our stakeholders.

To acquire an internal stakeholder view, we asked the management teams of Harju Elekter’s production companies, the expanded management team of AS Harju Elekter Group, and the Supervisory Board to complete the questionnaire created for this purpose. In analysing external stakeholders such as key suppliers and customers, we considered their own material topics, dialogues with them on sustainability issues, and their expectations for Harju Elekter. We also took into account important sector specific issues, future directives, and the expectations of the main stakeholders when choosing priorities (see [“Stakeholders expectations and needs”](#)).

Materiality topics are parts of the strategic and operational management of the Group’s companies, which are considered as fundamental principles in management decisions. Therefore, the Group’s Annual Report 2023 provides an overview of all these issues. Important aspects of sustainability materiality topics are reflected in the international sustainability reporting framework, the GRI standard, the content of which can be found on the last pages of the report.

### Materiality topics for Harju Elekter are the following:

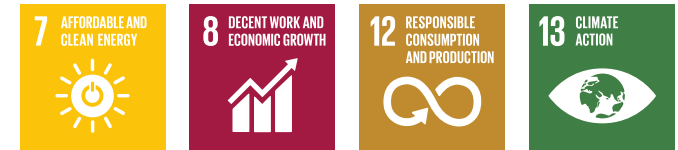
- CUSTOMER FOCUS
- EMPLOYEE HEALTH AND SAFETY
- RESPONSIBLE GOVERNANCE
- EMPLOYEE WELLBEING
- CYBER SECURITY AND DATA PROTECTION
- ENVIRONMENTAL MANAGEMENT
- SUSTAINABLE SUPPLY CHAIN
- GREENHOUSE GAS FOOTPRINT
- COMMUNITY ENGAGEMENT





## Sustainable development goals

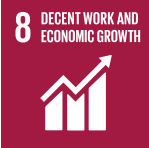


The United Nations General (UN) Assembly adopted the Sustainable Development Goals (SDGs) in 2015 with the aim of establishing a sustainable society across the world through community, environmental protection, and inclusive economic growth. At Harju Elekter, we have identified four most impactful SDGs, which are 7, 8, 12, and 13. Other SDGs that we support,




but have lower impact, are goals 3, 4, 5, 9, 16 and 17. Our prioritisation process is based on our materiality analysis, impact evaluation, and internal and external stakeholder reviews. We focus on the SDGs that are most relevant to our business, set sustainability targets based on them, and engage in a wide range of sustainability activities in pursuit of these goals.

At Harju Elekter, we have identified four most impactful SDGs, which are 7, 8, 12, and 13.



SUSTAINABLE DEVELOPMENT GOAL (SDG)		SDG TARGET	HOW DO WE CONTRIBUTE TO THE GOAL AT HARJU ELEKTER?
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p><b>SDG 3.</b> Ensure healthy lives and promote well-being for all at all ages</p>	<p><b>3.4</b> By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</p> <p><b>3.8</b> Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p>	<ul style="list-style-type: none"> <li>• We strive to create an environment where our employees and contract workers can work without concerns over their health and safety in the workplace.</li> <li>• We offer our employees different benefits to promote the health of our employees.</li> </ul>
 <p><b>4</b> QUALITY EDUCATION</p>	<p><b>SDG 4.</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p><b>4.4</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p>	<ul style="list-style-type: none"> <li>• In Harju Elekter we contribute to the development of our employees through internal and external training.</li> </ul>
 <p><b>5</b> GENDER EQUALITY</p>	<p><b>SDG 5.</b> Achieve gender equality and empower all women and girls</p>	<p><b>5.1</b> End all forms of discrimination against all women and girls everywhere.</p> <p><b>5.5</b> Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>	<ul style="list-style-type: none"> <li>• Our decisions are based on the Code of Conduct of Harju Elekter. We apply equal opportunities and treatment irrespective of gender.</li> </ul>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p><b>SDG 7.</b> Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p><b>7.1</b> By 2030, ensure universal access to affordable, reliable and modern energy services.</p> <p><b>7.2</b> By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p><b>7.3</b> By 2030, double the global rate of improvement in energy efficiency.</p>	<ul style="list-style-type: none"> <li>• We offer various solutions for connecting renewable energy sources to the existing functioning electricity infrastructure.</li> <li>• We contribute to increasing the production capacity of renewable energy by building solar parks.</li> </ul>

SUSTAINABLE DEVELOPMENT GOAL (SDG)	SDG TARGET	HOW DO WE CONTRIBUTE TO THE GOAL AT HARJU ELEKTER?
 <p><b>SDG 8.</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p><b>8.3</b> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p> <p><b>8.4</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.</p> <p><b>8.5</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p><b>8.8</b> Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<ul style="list-style-type: none"> <li>• It is important for us to ensure a safe working environment and adequate working conditions for our employees and partners.</li> <li>• Our business has a positive economic impact through employment.</li> </ul>
 <p><b>SDG 9.</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p><b>9.2</b> Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.</p> <p><b>9.4</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p><b>9.5</b> Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.</p>	<ul style="list-style-type: none"> <li>• We contribute to the production of sustainable solutions and the reduction of the carbon footprint through innovation and digitalization.</li> </ul>
 <p><b>SDG 12.</b> Ensure sustainable consumption and production patterns</p>	<p><b>12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p><b>12.4</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p> <p><b>12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p><b>12.6</b> Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p>	<ul style="list-style-type: none"> <li>• We use resources responsibly and apply circular economy principles throughout our supply chain to fight with resource scarcity.</li> <li>• We are committed to reducing waste and increasing recycling and reuse rate.</li> <li>• We ensure that chemicals and hazardous materials are handled, stored, and disposed in an environmentally safe manner.</li> </ul>

SUSTAINABLE DEVELOPMENT GOAL (SDG)	SDG TARGET	HOW DO WE CONTRIBUTE TO THE GOAL AT HARJU ELEKTER?
 <p><b>SDG 13.</b> Take urgent action to combat climate change and its impacts</p>	<p><b>13.2</b> Integrate climate change measures into national policies, strategies and planning.  <b>13.3</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<ul style="list-style-type: none"> <li>• Our goal is to reduce GHG emission in our supply chain and increase the environmental awareness and competence of our employees.</li> </ul>
 <p><b>SDG 16.</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p><b>16.5</b> Substantially reduce corruption and bribery in all their forms.</p>	<ul style="list-style-type: none"> <li>• Our operations are based on legislation and the Code of Conduct of Harju Elekter. We address potential conflicts of interest and avoid bribery, money laundering, and corruption at all levels. We have set high standards of trustworthiness, openness, and honesty, and we believe it is important to ensure that employees, customers, and partners have the opportunity to safely report information that suggests illegal or unethical behaviour through the whistleblowing channel.</li> </ul>
 <p><b>SDG 17.</b> Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</p>	<p><b>17.16</b> Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.</p>	<ul style="list-style-type: none"> <li>• It is important to us to cooperate with our key partners. We want to create a dialogue with other responsible and like-minded companies, become more aware ourselves, and give more back to society and the community in order to be an exemplary employer for our employees.</li> </ul>



Photographer: Kaja-Kristiina Kirikal

## Sustainability strategy

In 2022, the management of Harju Elekter approved a sustainability strategy for the entire Group. The focus during the period 2022–2026 will be on four focus areas, which were selected based on a materiality analysis and the goals of sustainable development. The areas, on which Harju Elekter’s sustainability strategy is based, are customer

focus, employees, environment and responsible governance. We believe that these are the topics which Harju Elekter can contribute to the most while also having the greatest impact on the company.

We have set key indicators and short- and long term goals for the focus areas, more detailed descriptions

of which are set out in dedicated chapters. We periodically review the strategy to make sure it is current, and update it as needed. We plan to supplement subtopics without goals in 2024.



Successful **COOPERATION** with our customers leads to a sustainable future

### OUR KEY FOCUSES

- Quality
- Customer satisfaction



We create future-proof electrification solutions with **TOMORROW IN MIND**

### OUR KEY FOCUSES

- Greenhouse gas footprint
- Renewable energy
- Resource efficiency
- Circularity

**DEVELOPMENT** and our people are in the centre of Harju Elekter

### OUR KEY FOCUSES

- Health and safety in the work place
- Employee development
- Employee satisfaction
- Diversity and fair treatment



**RELIABILITY** is earned through responsible governance

### OUR KEY FOCUSES

- Compliance
- Misconduct reporting
- Sustainable supply chain





# Stakeholder engagement

## Stakeholder expectations and needs

Harju Elekter values the reliable cooperation with its stakeholders. We have mapped customers, employees, shareholders, suppliers, local authority and community as well as regulatory and supervisory authorities as key stakeholders. They have been selected according to who has the greatest influence on the activities of Harju Elekter and who is most affected by the organisation. In relations with local authorities and residents, regulating and supervisory authorities, issues will be raised mutually on the basis of needs. In cooperation with educational institutions, professional associations, and non-governmental organisations, activities will be seen to create value for both sides.

Thanks to active communication with our various stakeholders, we understand their needs and expectations for our activities in the field of sustainability. Our engagement methods include meetings and discussions, oral and written surveys, and long-term collaboration. Harju Elekter shares the green vision of its stakeholders, which inspires the Group's employees and sends a clear message to shareholders about the sustainability of the Harju Elekter Group.

STAKEHOLDER	SIGNIFICANCE TO HEG	STAKEHOLDER EXPECTATION	MAIN ACTIVITIES
<b>Customers</b>	<ul style="list-style-type: none"> <li>Basis of business</li> </ul>	<ul style="list-style-type: none"> <li>Right quality products and optimized solutions with competitive pricing</li> <li>Portfolio with sustainable, energy efficient and technological solutions for electrical power distribution</li> <li>Cooperative and solution oriented customer centric culture</li> <li>Complete value chain</li> <li>On-time delivery</li> <li>Business ethics and anti-corruption</li> <li>Good reputation of being a reliable company that is easy to do business with</li> </ul>	<ul style="list-style-type: none"> <li>Efficient production and value chain (starting from customer relations through design to execution)</li> <li>Investments (R&amp;D activities),</li> <li>Local presence and key account management at the best</li> <li>Develop customer relationships through meetings, trainings, fairs, and visits</li> <li>Efficient project management from design to sourcing and from production planning to the end customer</li> <li>Code of Conduct and Whistleblowing system</li> <li>Certification (ISO 9001, 14001, 45001, 27001)</li> <li>Publicly listed company in Nasdaq Tallinn Stock Exchange</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Healthy, competent and engaged employees are the basis of the company's efficient operation and its satisfied customers</li> <li>Critical resource for business continuity and growth</li> </ul>	<ul style="list-style-type: none"> <li>Healthy and safe work environment</li> <li>Opportunities for career and individual development</li> <li>Fair recognition and reward</li> <li>Timely payment</li> <li>Timely and clear communication about strategies, goals, progress and changes</li> <li>Inclusive organisational culture</li> <li>Reliable employer</li> </ul>	<ul style="list-style-type: none"> <li>Following the occupational health and safety standard ISO 45001 and the principles of an internal management system for the work environment and safety</li> <li>Regular occupational risk assessments</li> <li>Employee survey</li> <li>Performance interviews</li> <li>Trainings</li> <li>Regular salary review</li> <li>Improving internal communication</li> <li>Values programme</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Enabler in customer satisfaction via quality, pricing and delivering capability</li> <li>Sustainable supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>Open, fair and mutually beneficial partnership</li> <li>Clear demand and open communication on supplier selection</li> <li>Sustainable supply chain management</li> <li>Following health and safety standards</li> <li>Indexed prices</li> <li>Joint offer development</li> </ul>	<ul style="list-style-type: none"> <li>Supplier relationship management</li> <li>Introducing the Code of Conduct to suppliers</li> <li>Risk suppliers' identification and auditing</li> <li>Periodic supplier assessment</li> <li>Supplier complaints process</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Decision makers through the General Meeting which is the company's highest governing body</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance and growing stock price</li> <li>Stable dividend</li> <li>Growth and efficiency</li> <li>Business strategy realisation</li> <li>Governance stability and sustainability</li> <li>Risk management</li> <li>Excellent reputation</li> </ul>	<ul style="list-style-type: none"> <li>Dividend policy</li> <li>Implementation of Lean processes</li> <li>Implementation of Harju Elekter Group's strategy</li> <li>Updating Code of Conduct</li> <li>Monitoring and reporting</li> <li>Open and honest communication with stakeholders</li> </ul>
<b>Local authority and community</b>	<ul style="list-style-type: none"> <li>Social responsibility</li> <li>Impact on reputation</li> <li>Helps to grow the succession of the workforce</li> </ul>	<ul style="list-style-type: none"> <li>Ethical behaviour</li> <li>Reliable employer and socially responsible corporate citizen</li> <li>Economic investments for local welfare</li> <li>Cooperation with schools, universities and local communities</li> </ul>	<ul style="list-style-type: none"> <li>Student programs and internship opportunities</li> <li>Sponsorship projects</li> <li>Activity in social media, co-operation with local news papers and associations</li> <li>Promoting engineering education</li> </ul>
<b>Regulators and decision makers</b>	<ul style="list-style-type: none"> <li>Impact on reputation and doing business</li> <li>Evaluates the compliance</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Environmental management and compliance</li> <li>Safety management and compliance</li> <li>Transparent reporting</li> </ul>	<ul style="list-style-type: none"> <li>Reporting and informing according to requirements</li> <li>Following GRI in reporting</li> </ul>

## Social Involvement

The Harju Elekter Group is an active and involved member of the community and supports the development of the sector in the countries where its business units and employees are located. The aim of the Group's support activities is to be a lasting partner and, therefore, focus primarily on building and developing long-term partnerships.

**Harju Elekter has formulated two main lines of its sponsorship activities, according to which it will primarily support:**

- education and young people's interest in technology;
- local youth sport.

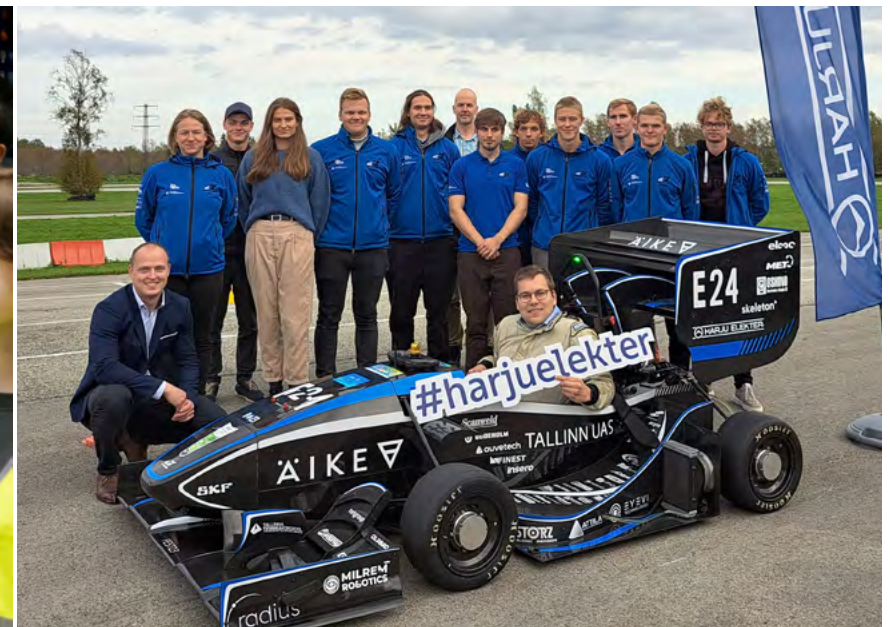
In the framework of education and young people's interest in technology, Harju Elekter will continue various cooperation projects with educational institutions to develop and popularise engineering education among young people. In order to support local youth sports, Harju Elekter will continue to support Keila basketball, and football clubs, as the company values its contribution to the Keila community based on its history and the location of its headquarters.

Since 2016, Harju Elekter has been a gold sponsor of the Formula Student Team Tallinn, which brings together students from Tallinn University of Technology and Tallinn University of Applied Sciences. Since 2013, they have maintained

an internationally high level of excellence in the design of electrical formula. In addition to a sporty image, it is also an educational project, aiming to raise the quality of educational practice and engineering education, and to popularise engineering. A new objective has been added to promote environmental sustainability, increase awareness, and to build competence in the field of electromobility in Estonia, as it competes with zero-emission cars powered by electricity.



Green Tiger member since 2022.



### Supporting engineering education

Harju Elekter awards scholarships named after itself to undergraduate or graduate students annually through the Development Fund of Tallinn University of Technology. Since 2001, a total of 79 students have participated in the scholarship programme. In 2023, one scholarship was awarded to a bachelor’s student in electrical engineering and mechatronics, and one to a master’s student in product development and production engineering.

Harju Elekter participates in cooperation programmes with regional educational institutions. Where possible, we will help to equip technical and

scientific laboratories and contribute to scientific and research projects. Regular student study visits are organised to the Group’s companies, and the employees of the companies contribute their knowledge and experience to the development of technology-oriented curricula. In addition to Tallinn University of Technology, Estonian companies have cooperation programmes with Tallinn Industrial Education Center, Tallinn University of Applied Sciences, Tallinn Polytechnic School, and the Tallinn Construction School. The Finnish company of Harju Elekter has close links with technical and vocational colleges in the region: Satakunta University of Applied Sciences and Novia University of Applied

Sciences, Tampere University of Technology, and the Turku School of Economics.

The Lithuanian company of Harju Elekter cooperates continuously with the regional Panevėžys College of Electrical Engineering and Panevėžys Vocational Training Centre, as well as Visaginas Vocational Training Centre of Business and Technology, and the Lithuanian Maritime Academy.

### Sector development

The Group also considers it important to contribute to society through professional associations and organisations and focuses knowledge and people’s time on issues that stand for fair competition and sustainable and safe product solutions. Organisations help us to keep up to date with the latest information, contribute to a strong business and economic environment, and have our say on amendments to the law. As a member of professional associations, we can have a say in developments in our field and keep up to date with new trends. Harju Elekter is a member of the Federation of Estonian Engineering Industry, the Lithuanian Engineering Industry Association LINPRA, the Federation of Finnish Technology Industries, the Finnish Packaging Recycling RINKI Ltd, and other organisations.



At the end of 2023, Harju Elekter Lithuania received a letter of appreciation from the Panevėžys Chamber of Commerce, Industry and Crafts for its innovative and sustainable activities and contribution to the development of the city. Harju Elekter has made a commitment to the promotion of engineering education in Lithuania. We cooperate extensively with various educational institutions because we believe that introducing young people to the engineering profession through practical projects is the basis for their further interest in developing professionally in this field.



Opening of Solid Edge classroom



In the reporting year, Harju Elekter cooperated with the National Defence Development Foundation (Riigikaitse Edendamise SA) to assist and support Ukrainian fighters with battery stations. They are used in Ukraine to charge devices, power Starlink terminals, and enable the use of medical equipment.

## Governance

In 2023, we published the updated Harju Elekter Code of Conduct. We also prepared common guiding principles for quality, environment, and health and safety at the Group level, which were introduced internally within the companies in 2023.

The management system of Harju Elekter is based on the requirements of the quality, environmental and occupational health and safety management system.

The subsidiaries of Harju Elekter are certified according to the ISO 9001:2015 standard. All manufacturing companies hold the ISO 14001:2015 certificate. The processes of AS Harju Elekter, Harju Elekter UAB and Telesilta Oy have been certified in accordance with the occupational health and safety standard ISO 45001:2018.

Since 2017, Harju Elekter has been following the principles of the GRI (Global Reporting Initiative) in its reporting, which helps the organisation to stress the importance of sustainability and ensure better ESG communication to its stakeholders.

## Organisational structure for sustainability initiatives

The position of Sustainability Manager, a Sustainability Steering Committee and four Sustainability Teams were established within Harju Elekter to manage cross-group sustainability issues. The established teams correspond to the focus areas of the strategy, which are customer focus, employees, the environment, and responsible governance.

The Sustainability Steering Committee is responsible for updating the organisation's material topics, developing Harju Elekter's sustainability strategy and setting key indicators and goals.

The Steering Committee's role is also to ensure that the goals are met and that the company complies with ESG-related regulations and legislation. The Sustainability Steering Committee is led by the Group Sustainability Manager, who reports directly to the Chairman of the Board.

The Sustainability Teams are responsible for implementing the sustainability strategy and preparing detailed action plans in all subsidiaries.



They report directly to the Sustainability Steering Committee. The Group Management is responsible for risk management and the approval of Group policies, including the sustainability strategy. They also monitor the implementation of the strategy and receive periodic progress reports from the Steering Committee.

## Cybersecurity

At Harju Elekter Group, cybersecurity was one of the priorities in 2023 and will continue to be one of the priorities to ensure business continuity. Due to the increasingly serious threats in the cyber world, we put strong emphasis on preventive actions in the Group to protect business processes from the consequences of time- and resource-intensive cyberattacks.

### Activities for 2023 to promote the Group's cybersecurity:

- Raising awareness among employees regarding the threats posed by the cyber world and how to deal with those threats is an important step in ensuring a more secure cyber environment. As a result, similar to the previous few years, companies within the Group underwent cyber hygiene training so that employees have an overview and knowledge of how to operate safely in the cyber world.
- Significant investments continued to be made to ensure a more secure IT infrastructure, including the introduction of new technological solutions.
- The backup solutions in use were improved to better ensure data retention.

## Risk management

At Harju Elekter, the Group Management is responsible for ensuring that risk management is part of strategic and operational management. The Audit Committee and Internal Auditor of the Group are responsible for supervising the activities of the risk management process and its performance.

We identify, manage and mitigate risks in the Group's companies to achieve financial and operational goals and prevent unexpected events.

The risk level score of the risk analysis framework is formed by the severity of the impact and the probability of the risk materialising. Periodic reviews of the risk level and activities are conducted during management meetings to identify and mitigate risks in a timely manner.

The risk analysis process was updated at the end of 2022, and in addition to financial risks, we consider social, environmental, and governance risks.

In terms of environmental risks, the Group is mainly affected by international and European Union requirements (e.g., CSRD - Corporate Sustainability Reporting, EU Taxonomy, Paris Agreement and European Green Deal). We acknowledge that these regulations have a long-term impact on the company's competitiveness. Therefore, we strive to ensure compliance and transparent reporting.

The most significant employee-related risks are their high expectations regarding working conditions, including flexibility, development opportunities, and salary. These expectations can complicate the recruitment process and lead to increased voluntary

turnover. To mitigate risk, we have created a motivation package with a transparent remuneration system for employees in the group, as well as modern working conditions.

From the perspective of occupational safety, we follow the guiding principles of occupational health and safety. In order to mitigate the risks of business ethics we updated the Harju Elekter Code of Conduct in 2023 and organised Code of Conduct training among Group employees. In 2024, we will also introduce these principles to our key suppliers.

In order to mitigate cybersecurity risks, the focus is placed on continuous prevention and training activities.

A comprehensive overview of the Group's financial risks is available in the accounting section of the Annual Report, specifically from the chapter "[Financial Risk Management](#)".

### Risks are classified into the following subgroups:

- ENVIRONMENT
- EMPLOYEES
- BUSINESS ETHICS
- REGULATIONS AND LEGISLATION
- INFORMATION TECHNOLOGY
- EMERGENCIES
- SUPPLY CHAIN
- FINANCIAL RISKS
- CORPORATE GOVERNANCE



# Successful COOPERATION with our customers leads to a sustainable future

Harju Elekter provides competitive and optimum solutions to solve our customers' challenges in electrical power distribution. We use advanced technology and all our knowledge to provide sustainable and future-proof solutions. We provide high-quality service by delivering on what we promise without compromising quality. Harju Elekter aims to be the first choice for our partners to build a sustainable and safe future.



At Harju Elekter, our fundamental focus is on customers, to whom we strive to provide sustainable solutions for electrical power distribution and energy management.

Our goal is to create and maintain lasting and sustainable customer relationships that serve the interests of both parties. Based on the core values of Harju Elekter, we consider competitiveness, innovation, quality and customer trust are essential elements in meeting the expectations and needs of our customers. All of these elements are interlinked and treated as a whole.

Harju Elekter is offering customers optimal and sustainable solutions in an increasingly complex

energy world. Green transition, energy deficit, small-scale production of distributed electricity and mobile loads (electromobility) add additional challenges to the stability of networks from day to day. The new challenge is balancing energy consumption and production and replacing fossil fuels that burden the environment with more environmentally friendly ones. For this purpose, we work closely with our customers, from the decision-making and ordering process to the end of the lifetime of the equipment. If necessary, we will work together to create new solutions that meet the customer's needs and the requirements of the existing regulations.

With a focus on the customer, we have concentrated Harju Elekter's sales and product management into

a single unit covering the entire Group to have a comprehensive overview of the market needs and the various technical options. On this basis, we can offer customers suitable and competitive solutions. The vast majority of electrical equipment has a long lifespan, it is crucial to consider the whole lifecycle of products and solutions. Therefore, in the process of product development, we have created opportunities to retrofit them over time and used equipment and materials from manufacturers that have already proven their sustainability.

To better serve customers, increase competitiveness and produce more efficiently, a Group-wide production management function has been established, focusing on the transition to a lean concept in different production units.

KEY FOCUS	Key performance indicator	Target	Results as of 2023	Future initiatives
QUALITY	OTD (first confirmed date)	> 90%	67%	Setting common OTD monitoring principles (2024)
	COPQ (Cost of Poor Quality)	<0.1%	0.11% (registered reclamation costs)	Setting common COPQ monitoring and reporting principles (2024)
CUSTOMER SATISFACTION	NPS (Net Promoter Score)	> 80	60	Set up regular NPS monitoring (quarterly) covering all Group entities (2024)

## Quality and product safety

Supply chain security is an important quality indicator for Harju Elekter, which has been our biggest challenge in recent years. Failures in supply chains have decreased, but delivery times remain at crisis levels. Although delivery times are longer than initially agreed upon, we consider it important to provide customers with a constant overview of actual deadlines. This will help them to better plan their work and activities and cope in common complex supply chains. To maintain security of supply, we

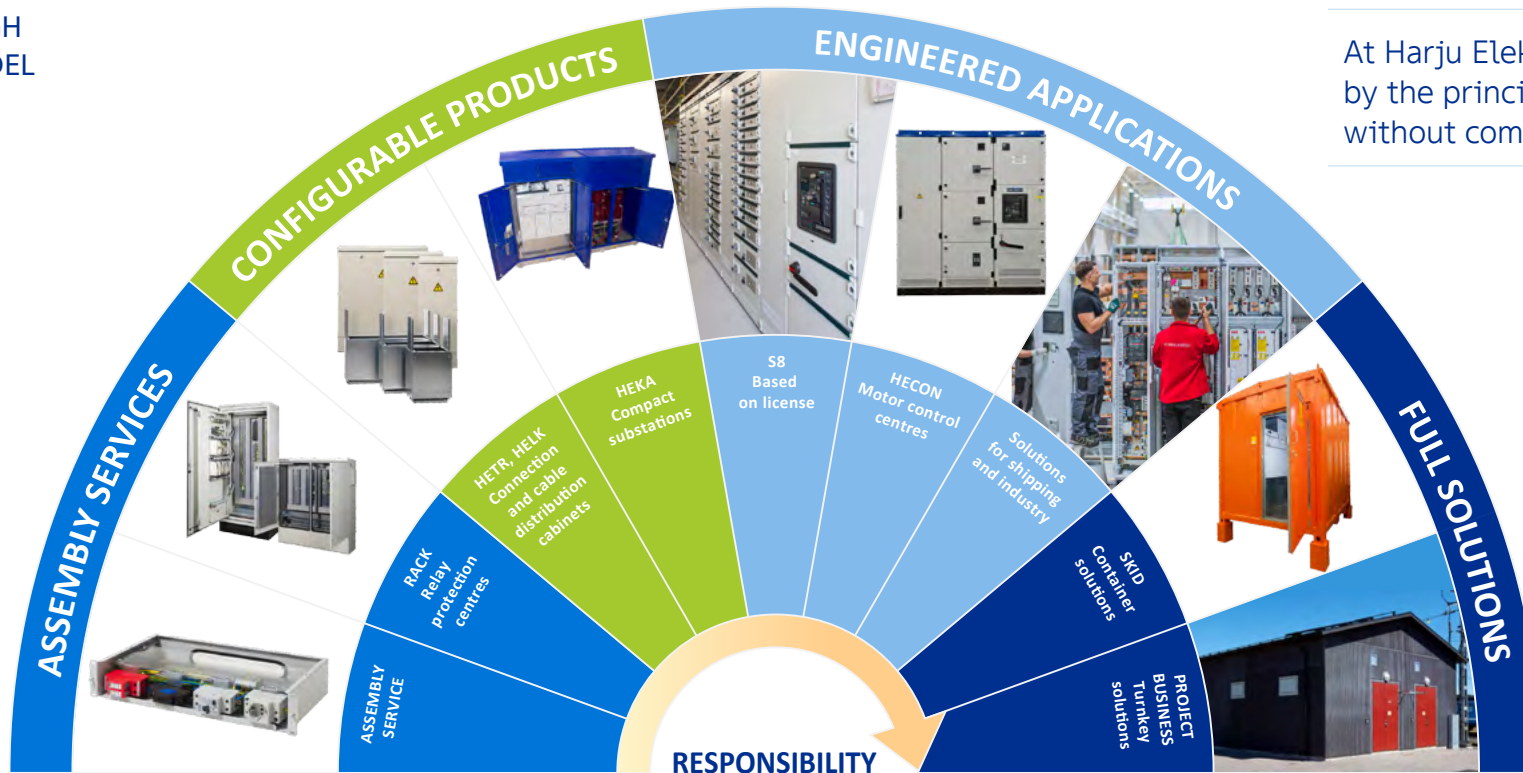
have increased our stockpile of materials, which has helped in part to mitigate the effects of extended material delivery times.

In the reporting year, the timely delivery of compliant products by all Group companies was in the range of 56–100%. The average across the group was 67% (2022: 69%). The result for 2023 was impacted significantly by the continued overloading of the Lithuanian manufacturing unit and the ongoing difficulties being experienced by the Finnish production units in the supply chain. Our goal is

to provide customers with a sense of security and security of supply that guarantees satisfaction. Therefore, we make efforts to increase this indicator.

Harju Elekter’s products are electrification solutions, which include distribution and substations, medium and low voltage switchgear, solar panels and inverters, electric car chargers, technical buildings, as well as relay protection and control systems and frequency converters. We offer our customers safe, reliable and sustainable equipment designed according to current standards and good practice.

## PRODUCTS THROUGH THE BUSINESS MODEL

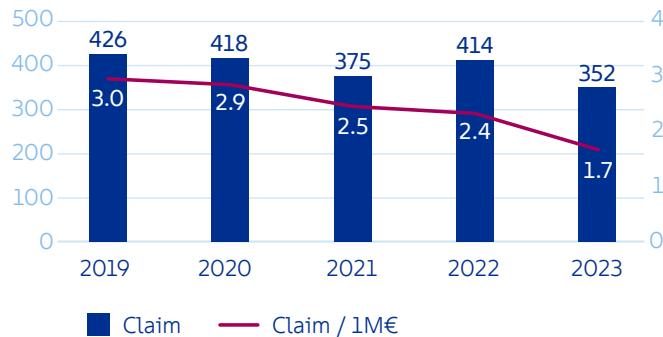


At Harju Elekter, we are guided by the principle of quality without compromise.



Product quality assurance in the supply chain is divided into 3 stages: quality of input materials, internal quality and customer complaints. Processes and routines have been created in the companies of Harju Elekter to detect and avoid errors as early as possible in the process and to eliminate them before the product reaches the customer. For this purpose, inspection will be carried out on input materials, production and products before the goods are released. Often, larger projects are subject to joint inspections with the contracting authorities (FAT – factory acceptance test). If any non-conformity is subsequently discovered at the customer's premises, all complaints will be dealt with as quickly as possible so that the technical characteristics of the product can be properly restored.

### Customer complaints



In the reporting year, the number of errors was lower compared to the previous year, 1.7 (2022: 2.4) incidents per 1 million euros turnover. The number of cases reaching the customer has been reduced by

smoother production compared to the previous period and the continued commitment to the final inspection of products.

In order to design a single COPQ performance indicator and to organise data availability, we have focused on making the necessary changes: replacement of the ERP system in Estonia, and the consolidation of sales statistics. Today, we can estimate that the cost of handling complaints has remained stable, remaining below 0.2% of turnover. During the reporting period, it was an estimated 0.11% (2022: 0.12%) of turnover.

In the history of the Group, there have been no known cases in the last few decades where production errors occurred in the companies of the Group, which would have created a life-threatening situation during the use of the finished product. The Group has concluded product liability insurance contracts to compensate for possible losses.

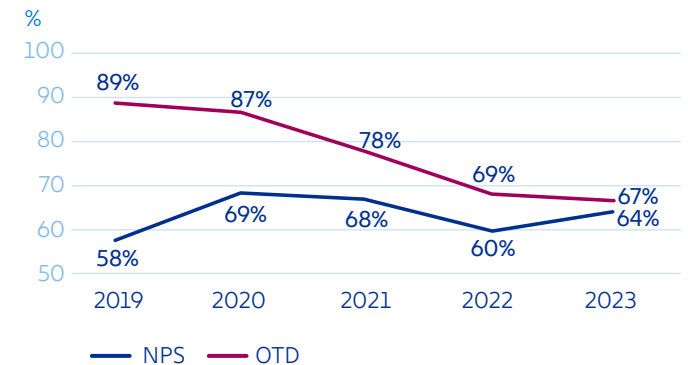
### Customer satisfaction

Gathering customer feedback and recommendations is a crucial aspect for Harju Elekter. Although the Group's companies use different methods to collect and analyse feedback from the customers, they all measure overall satisfaction, willingness to recommend, and the extent to which products and engineering solutions meet expectations. The feedback received helps map customers' overall attitude towards the company, understand the reasons and draw conclusions. All customer referrals are recorded, analysed and the praise and criticism received is given further attention.

Compared to the previous period, customer satisfaction has remained stable. The scope of the regularly performed survey has reached all customers in 2023, except Sweden, which will join the survey in 2024. Customer satisfaction is affected most by appropriate and prompt customer service and deliveries made at the agreed time, which gives them the opportunity to schedule their work appropriately.

Average customer satisfaction with the Group, along with new subscribers, was 60 points out of 100. It needs to be taken into account that the survey has only covered the customer base of Finnish and Estonian companies until 2022. The goal is to achieve average customer satisfaction of at least 80 points.

### On-time delivery (OTD) and customer satisfaction (NPS)



\* The customer satisfaction (NPS) trend covers only the customer base of Estonian and Finnish manufacturing companies



# DEVELOPMENT and our people are in the centre of Harju Elekter

Harju Elekter considers health and safety in the workplace an absolute priority. We support the professional development of our personnel and the creation of the Learning Organization. We aim to build a culture where diversity and inclusion are key assets.



Based on the HR strategy of Harju Elekter, the main guarantee of the efficient and effective operation of the company is the knowledge, skills, experience and motivation of its employees. The development of our employees is moving towards professionalism, flexibility, independence and customer orientation.

According to the sustainability strategy approved in 2022, one of the focus areas is employees, with the health and safety of employees being a priority. In addition, the professional development of employees, a cultural organisation of learning, and the involvement and equal treatment of employees are supported in every way.

KEY FOCUS	Key performance indicator	Target	Results as of 2023	Future initiatives
<b>HEALTH AND SAFETY IN THE WORKPLACE</b>	LTIFR (Lost Time Injury Frequency Rate)	< 3	14.8	<ul style="list-style-type: none"> <li>Developing of a group-wide database and analysis tool (2024-2025). The aim is to consolidate OHS tools, guides, reporting environment.</li> </ul>
<b>EMPLOYEE DEVELOPMENT</b>	% of employees received trainings	100%	72% of employees received trainings in 2023	<ul style="list-style-type: none"> <li>Implementing e-training and leadership development programs over the Group (2026)</li> <li>Group-wide harmonization of management principles, value-based behavior and management (2024)</li> <li>Creation of a group-wide system of cooperative discussions (2024)</li> </ul>
<b>EMPLOYEE SATISFACTION</b>	Response rate for general job satisfaction survey	> 80%	The result of 2023 was 67%	
	Employee engagement index	> 65	The results of 2023 was 59	
<b>DIVERSITY AND FAIR TREATMENT</b>	Voluntary turnover	< 15%	20%	
	Employee by age group	under 30 years 24%, 30–49 years 52%, 50 years and over 24%	Under 30 years 23%, 30–49 years 54%, 50 years and over 23%	<ul style="list-style-type: none"> <li>Creating a transparent system for pay gap analysis (2024)</li> </ul>
	Pay gap	To be confirmed	Data not available	

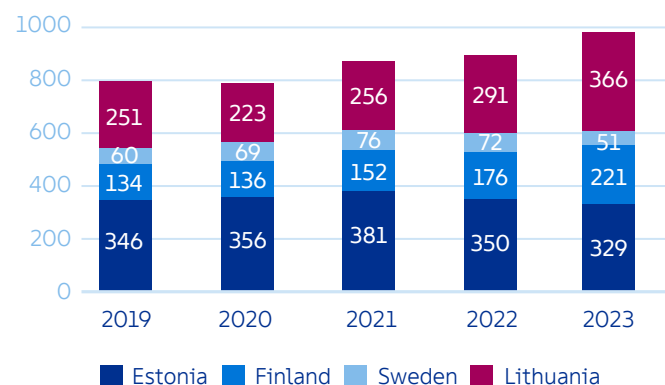
## Employee statistics

As at the end of the reporting period, a total of 967 people were working at Harju Elekter, which is 78 employees more than a year ago. The biggest increase in the number of employees was in Lithuania, due to the increase in the volume of orders. A total of 97% of all Harju Elekter employees work full-time, and 95% have an employment contract of indefinite duration.

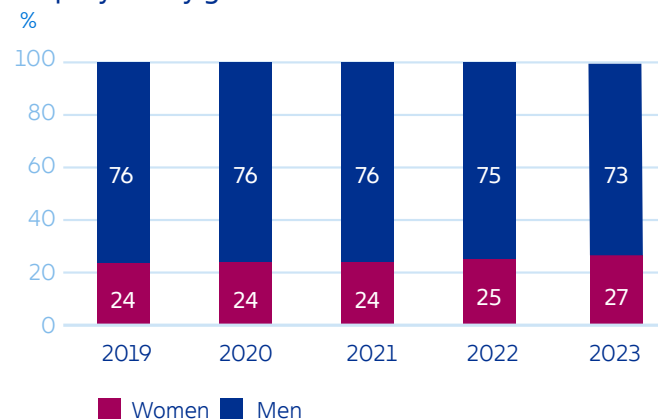
The gender distribution of the Group’s workforce has remained relatively stable over the past five-years. The lower proportion of women, which was 27% (2022: 25%) in the reporting year is related to the specific nature of the core business of the Group. Out of the top fifteen managers (Supervisory Board, Management Board and Managing Directors) two are women.



Number of employees



Employees by gender



Employees	2022		2023	
	Total	% of all employees	Total	% of all employees
<b>Total number of employees</b>	<b>889</b>		<b>967</b>	
incl. Management Board and Managing Directors	10	1%	9	1%
incl. administrative and engineering staff	305	34%	326	34%
incl. workers	574	65%	632	65%
<b>incl. Supervisory Board, Management Board and Managing Directors</b>	<b>16</b>		<b>15</b>	
incl. men	15	94%	13	87%
incl. women	1	6%	2	13%
incl. 30-49 year-old	10	62%	10	67%
incl. 50 year-old and older	6	38%	5	33%
<b>New employees</b>	<b>253</b>		<b>307</b>	
incl. men	187	74%	206	67%
incl. women	66	26%	101	33%
incl. under the age of 30	103	40%	137	45%
incl. 30-49 year-old	127	50%	143	46%
incl. 50 year-old and older	23	10%	27	9%
<b>Employees left</b>	<b>224</b>		<b>195</b>	
incl. men	189	84%	132	68%
incl. women	35	16%	63	32%
incl. under the age of 30	99	44%	80	41%
incl. 30-49 year-old	94	42%	100	51%
incl. 50 year-old and older	31	14%	15	8%

## Working environment, occupational safety and health

At Harju Elekter, we adhere to the guiding principles and processes for the internal working environment and safety, as well as comply with applicable legislation and other relevant requirements. All companies in the Group have elevated occupational health and safety management to a strategic level.

To maintain a safe working environment, a risk assessment of the workplace is conducted periodically to evaluate compliance with regulations, identify potential risks, and address employee concerns. The risk assessment of the working environment consists of three parts: a workplace inspection, taking measurements and interviews with employees to ensure their involvement.

We carry out periodic workplace surveys and audits to identify and prevent hazards. We react to changes in the working environment and identify potential risks in the creation of new jobs. We value open communication with our employees and encourage them to report any potential hazards or risks. Based on the results of the analysis, we develop a work environment action plan to create a safe and healthy work environment for our employees.

The main risks at the Harju Elekter production facilities include mobile forklifts, manual lifting of heavy weights, handling sharp metal components, the use of work equipment with incorrect work methods, and the risk of electric shock. Companies use a hierarchy of control measures to reduce the level of risk and eliminate hazards.

In order to eliminate hazards, we have made changes to production processes and rearranged our factories. Separate movement areas have been set up for workers, guests and vehicles, visible safety instructions have been installed, and personal protective equipment provided. Safety-related instruction and observations obtained from inspection tours help prevent accidents at work.

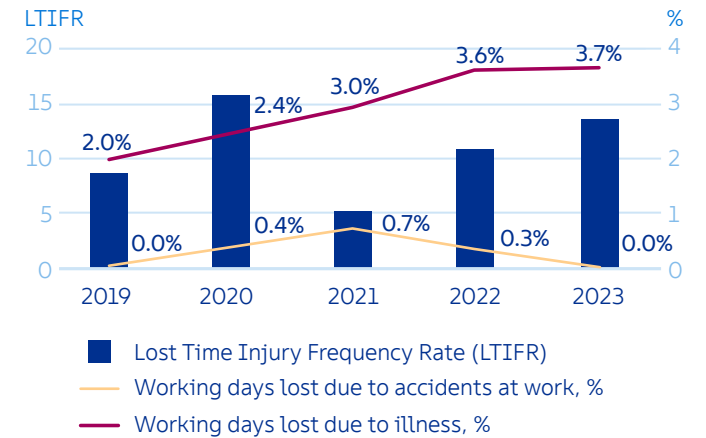
Working with the occupational health co-operation partner, we conduct medical examinations of employees in accordance with the procedure provided by law and after a period determined by the occupational health doctor. The service provider maps the risks related to mental health and prepares health audit reports with recommendations for improving employees' health.

In use within Harju Elekter is a performance indicator measuring the frequency of incapacitating injuries per million working hours (LTIFR – Lost Time Injury Frequency Rate). LTIFR is the ratio of the number of accidents at work which result in health damage to an employee's incapacity for work per million hours of work. The objective is to keep this figure below three. The LTIFR indicator for the year 2023 was 14.8 (2022: 10.8).

None of the accidents at work resulted in death and no cases of occupational disease were recorded. In Group companies, the proportion of lost working days due to work accidents was on average < 0.01% (2022: 0.3%) and the proportion of lost working days due to illness averaged 3.7% (2022: 3.6%).

In 2024, in order to further promote the culture of work safety and to achieve set objectives, we are planning to contribute Group-wide to development activities in the field of the work environment and safety.

## Work accidents and lost working days



## Employee development and succession

The aim of the Group’s HR development activities is to support the comprehensive development of employees, strengthen teams, and share experiences. Harju Elekter encourages the acquisition of additional education as well as skills and specialised professions alongside work. Annual comparisons demonstrate that the proportion of employees with higher education in the Group has increased.

We believe that involving employees in the decision-making process is crucial, as it helps them to understand the decisions taken within the company and know how to support the company in its development

In order to gather together the expectations and feedback of employees, Harju Elekter holds annual development interviews, during which training needs are identified and valuable feedback about the company and management is obtained. In 2023, 57% (2022: 84%) of development interviews took place among administrative and engineering personnel and 45% (2022: 57%) among production workers. Next year, the culture of conducting development interviews will be improved and harmonized within companies.

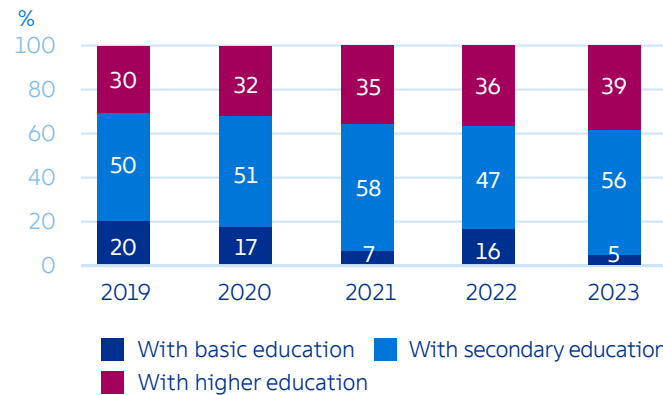
In the reporting year, value-based management trainings for all management levels within the Group were started, to support the implementation of the company’s values in everyday life. A lot of added value comes from the sharing of best experiences

between companies. In 2024, the development of Group-wide management principles will begin, to support the improvement of management quality and harmonise the principles governing the management of people. All Group companies will continue to develop adaption training and programmes

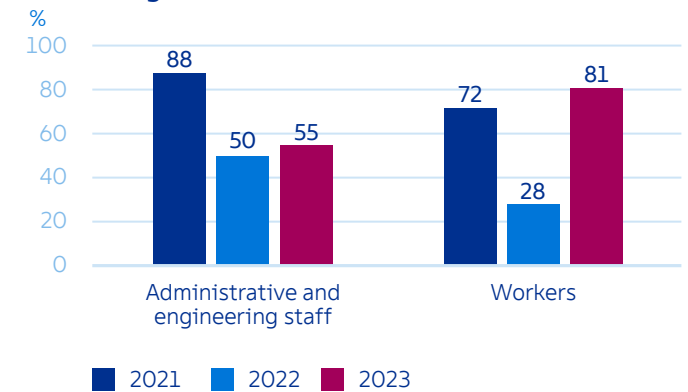
for new employees, adding more Group-wide and responsible business principles.

The proportion of workers having taken part in training increased during the reporting year, in particular from the perspective of production workers.

### Education of the employees



### Proportion of employees who participated in trainings



In Estonia, a special professional training programme for new employees was introduced in 2023. In addition, a comprehensive lean management training programme was conducted, to apply new theoretical knowledge and practical methods of lean philosophy to production. In addition to the ongoing training of engineers, various communication, time management, and leadership programmes were organised at the training academy in Lithuania.

In 2023, we improved the system for measuring training hours within Group companies, to get a better overview of the proportion of in-house and external trainings. A total of 17% of the training volume has taken place in the form of internal trainings with the support of the company's own specialists. We have set the goal of increasing the proportion of internal trainings, so that all employees have the opportunity to develop their knowledge and skills. In 2023, administrative and engineering staff averaged 12 hours of training per employee, and production staff averaged 7.5 hours per employee.

**To ensure the companies of Harju Elekter a succession of people who are ambitious and eager to develop:**

- we organise tours and work shadowing days for young people,
- we participate in student events,
- we provide practical work experience,
- we assist students in writing coursework and final papers, offering the opportunity to use Group companies as research objects.

In 2023, there were a total of 58 (2022: 21) pupils and students in internships at Harju Elekter Group companies. The majority of apprentices, 38 pupils, were at the Finnish company.

**Employee satisfaction and motivation**

Employee feedback plays an important role in Harju Elekter's organisational culture. In 2023, the Employee Survey was carried out for the first time Group-wide. In total, the participation rate within the Group was 67% for employees, and the employee satisfaction index was 59 points out of 100. In the future, we will continue to conduct a similar survey on an annual basis, to identify trends in the survey results.

**Results of the satisfaction survey by country as of 2023**

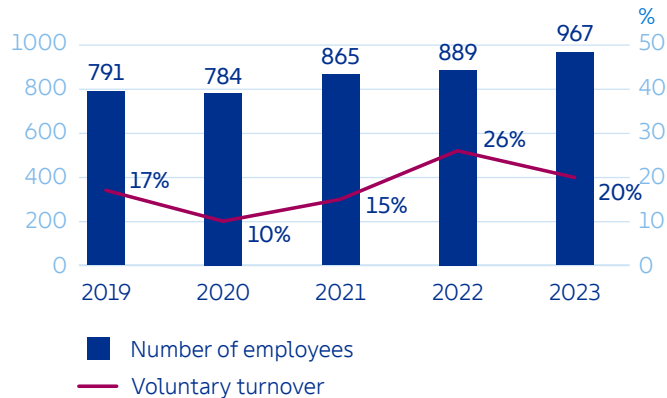
	Estonia	Finland	Sweden	Lithuania
Satisfactions	63	56	55	57
Response rate	81%	79%	76%	44%

In 2023, the labour turnover rate in Harju Elekter companies was reduced to 20% (2022: 26%). Employee turnover was affected most by the Lithuanian company, which has a large number of new employees who left, in part, due to the expectation of too complex technical skills and insufficient support for settling in. The labour turnover of the Swedish company was affected by the change in the location of the production units. It will

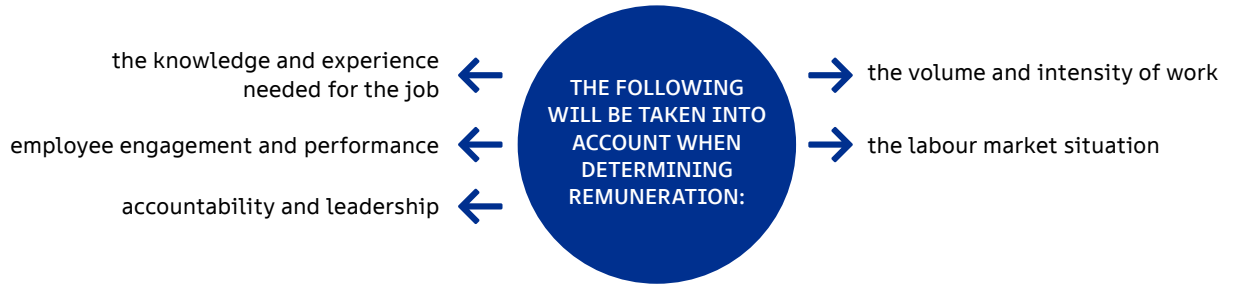


be important to further analyse the causes of voluntary turnover, with the goal being to reduce the figure.

### Employee turnover



As an employer, we consider it very important that the work and private life of our employees is balanced. People whose jobs allow work from a home office and combine it with office work. In addition to the work-life balance, we consider it important to ensure a supportive mental and physical working environment. We are organising various physical movement challenges to alleviate the mental burden. The Harju Steps, a Group-wide walking competition held in the summer, has become a tradition. From 2022, employees of the companies based in Estonia are offered a health allowance under which they can choose between a sports allowance or supplementary health insurance, depending on their needs. In addition, the companies have health rooms with massage chairs and other supporting equipment for alleviating forced positions.



The Group's remuneration policy is developed to provide fair, motivating, transparent and legally compatible remuneration. The broader aim of the remuneration policy is to recruit staff with the skills, competences, and experience necessary to implement the strategy, to align the interests of employees and shareholders, and to motivate employees. The remuneration systems consist of basic and variable pay, benefits, and employee incentives.

The decision on the level of remuneration is based on objective criteria. A new remuneration system was introduced at a manufacturing plant in Estonia, which takes the skills of the employees further into account. Most employees have the opportunity to earn performance pay, which is calculated using clear and transparent principles.

For longer serving employees, we offer additional benefits in the form of additional leave; for the duration of national defence training, we partially maintain the remuneration of employees.

A variety of possibilities and channels are used to best reach, involve, and listen to employees, as well as establish an open organisational culture.

To increase the unity of Harju Elekter, we aim to create programmes involving all companies and employees of the Group. In 2022, a Group-wide intranet was introduced to facilitate the flow of information and create a common information space. The recognition of employees is supported by the "Praise your colleague" initiative in the Estonian Intranet, through which all employees in Estonian unit are able to recognise their colleagues. In addition, at the end of each year, the Colleagues of the Year – those people who have best represented Harju Elekter's values, are selected and recognised.

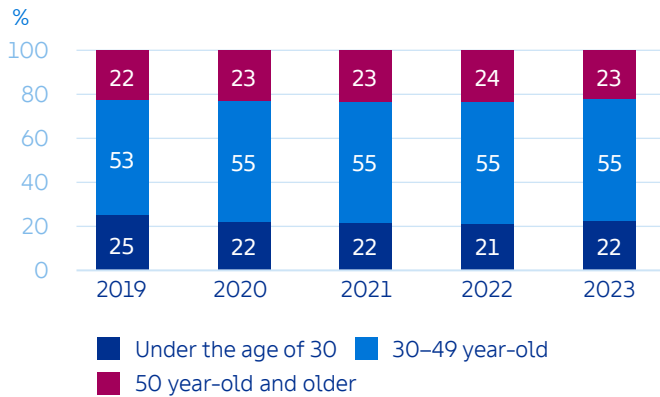




## Diversity and fair treatment

Harju Elekter employs people from different cultural, educational, and professional backgrounds. It is important for us to ensure that no one is discriminated based on their age, gender, religion, origin, disability, marital status or any other circumstances. These issues are also outlined in the Group’s Code of Conduct.

### Employees by age



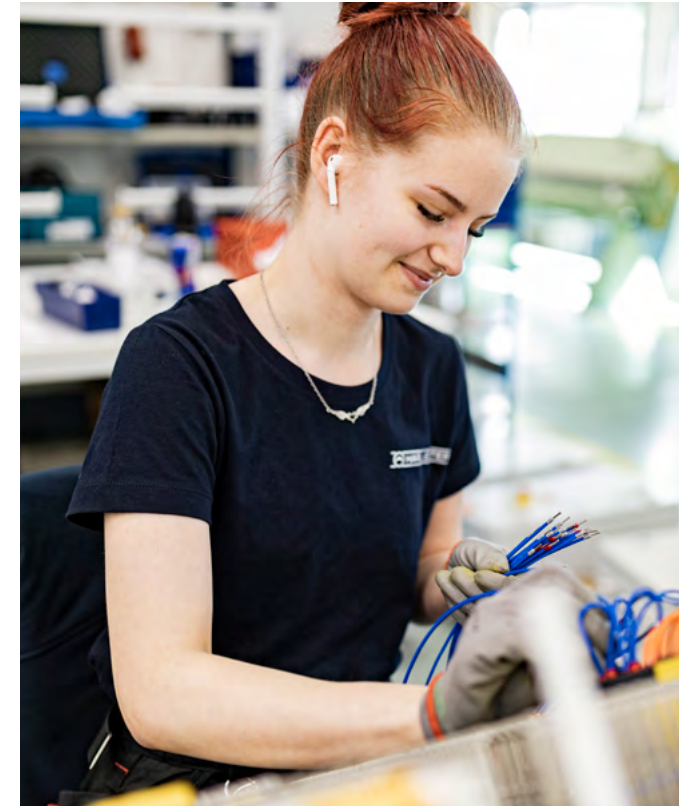
The average age of a Harju Elekter employee is 39 years. We are committed to keeping staff in different age groups, so that there is a succession of young people and the sharing of the older generation’s experiences, therefor ensuring the sustainability of the company. The sustainable development of the

company is ensured by a diverse staff with a broad range of experience. The majority of our employees, 67%, have less than 5 years’ length of employment, while 18% of employees have more than 10 years.

The successful future of Harju Elekter relies on cooperation between professionals with long-term experience in their field and top young performers.

In our personnel policy, all recruitment and promotion decisions are based on gender-neutral and non-discriminatory equality-based and measurable characteristics, such as education, skills and experience, and, where appropriate, regulatory requirements. The search for filling vacancies is open, but in addition, job offers are notified internally. We encourage our employees to continuously evolve and support the movement between teams.

Harju Elekter accepts trade union membership among its employees. Trade union agreements have been concluded in five companies within the Group. Manufacturing companies operating in Estonia have a constructive cooperation with the Keila Industrial Park Trade Union (KETA). At the end of the year, benefits and pay systems in collective agreements were reviewed and updated in the light of the economic environment. The obligations and benefits



set out in a collective agreement apply to all workers, regardless of trade union membership. Employees in the Group’s Lithuanian company belong to the local trade union on a voluntary basis, and employees in the Finnish and Swedish companies belong to local professional associations.



# We create future-proof electrification solutions with TOMORROW IN MIND

Harju Elekter contributes to a sustainable future and emission reduction by developing efficient and durable electrical power distribution products and solutions. We are committed to decreasing our carbon footprint and implementing circular economy principles throughout our supply chain to fight climate change and resource scarcity.



One of Harju Elekter's strategic focus topics is the environment. As a result of the environmental impact assessment, we defined the main environmental aspects as the consumption of electricity and heat energy in the production facilities; the use of components and materials in the products; the generation of waste and product transportation.

Based on the outcome of the assessment, we selected key indicators for the most significant impacts and set targets (see table below) to reduce negative environmental impacts and mitigate climate change.

KEY FOCUS	Key performance indicator	Target	Results as of 2023	Future initiatives
<b>GREENHOUSE GAS (GHG) FOOTPRINT</b>	GHG emissions scope 1 & 2	Reduce 50% by 2026 (base year 2021)	<ul style="list-style-type: none"> <li>• Scope 1, 2 and 3 emissions were Calculated</li> <li>• Targets are set for scope 1 and 2 reduction</li> <li>• 2023: 3,189.4 tCO<sub>2</sub>e (2022: 3,350.6 tCO<sub>2</sub>e)</li> </ul>	<ul style="list-style-type: none"> <li>• Continued activities to increase energy efficiency and renewable energy consumption (2023-2026)</li> <li>• Continuation of scope 3 measurement in group companies and reduction of emissions (2023-2024)</li> </ul>
	GHG emissions scope 3	To be confirmed	<ul style="list-style-type: none"> <li>• 2023: 20,274 tCO<sub>2</sub>e</li> </ul>	
<b>RENEWABLE ENERGY</b>	Investments to increase the amount of produced renewable energy	–	The production capacity of solar panels increased by 408.4 kW. Total production capacity for 2023: 2,811.3 kW.	<ul style="list-style-type: none"> <li>• Switching to renewable electricity in Estonian factories (2023-2024)</li> </ul>
	Ratio of consumed renewable electricity from total electricity consumption	100% by 2026	25% (2022: 29%)	
<b>RESOURCE EFFICIENCY</b>	District heating consumption (kWh/m <sup>2</sup> )	Reduce 15% by 2026 (base year 2022)	57.1 kWh/m <sup>2</sup> (2022: 58.2 kWh/m <sup>2</sup> )	<ul style="list-style-type: none"> <li>• Activities to increase energy efficiency and reducing municipal water consumption (2023-2026)</li> </ul>
	Electricity consumption (kWh/revenue*1,000)	Reduce 17% by 2026 (base year 2022)	24.9 (2022: 32.3) kWh/revenue*1000	
	Domestic water consumption (m <sup>3</sup> /number of employees)	Reduce 20% by 2026 (base year 2022)	6.8 (2022: 9.1) m <sup>3</sup> /number of employees	
<b>CIRCULARITY</b>	To be confirmed	To be confirmed	<ul style="list-style-type: none"> <li>• Creation of a green roadmap in the Estonian factory</li> </ul>	<ul style="list-style-type: none"> <li>• Development activities resulting from the green road map (2024-2026)</li> </ul>

**The environmental management of Harju Elekter is based on three principles:**

- compliance with environmental laws, regulations and other interested parties' requirements;
- periodic environmental analysis and environmental impact assessment;
- implementation of the necessary improvement measures and the ISO 14001 environmental management standard in the Group's production companies.

There were no violations of environmental laws or regulations at Harju Elekter in 2023 or in previous years.

**Greenhouse gas footprint**

In Harju Elekter, we have set targets for measuring our carbon footprint and reducing greenhouse gas (GHG) emissions.

The Greenhouse Gas (GHG) footprint is calculated by following the Greenhouse Gas Protocol, the most commonly used global standard for measuring and managing GHG emissions from business, value chains and mitigation measures. The standard includes the assessment of seven greenhouse gas emissions.

We selected scope 1 and 2 and took 2021 as the base year for our calculations. Scope 1 consists of direct emissions from sources owned or controlled by the company, and scope 2 consists of indirect GHG emissions from purchased energy.

The carbon footprint calculation includes the following Group companies: AS Harju Elekter Group, AS Harju Elekter, Harju Elekter Oy, Telesilta Oy, Harju Elekter UAB, Harju Elekter AB. The boundaries are defined on the basis of operational control, which means that we considered all emissions arising from sources and activities that are directly controlled by the Harju Elekter.

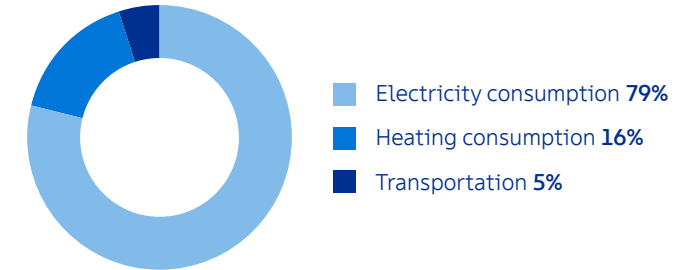
In 2023, Harju Elekter's GHG footprint (scope 1 and 2) was 3,189.4 tCO<sub>2</sub>e (2022: 3,350.6 tCO<sub>2</sub>e). The largest share of the emissions was accounted for by electricity and heat purchased and consumed.

By 2026, we plan to reduce GHG emissions by 50%. To achieve this, we aim to increase energy efficiency and the share of renewable energy consumed in our production facilities.

tCO <sub>2</sub> e	2022	2023
<b>Scope 1</b>	<b>244.7</b>	<b>200.0</b>
Petrol	30.0	30.4
Diesel	99.9	101.2
Liquid gas (LPG)	10.2	11.5
Natural gas	83.7	54.3
Refrigerants (leakage)	20.9	2.6
<b>Scope 2</b>	<b>3,106.0</b>	<b>2,988.9</b>
Purchased electricity*	2,429.0	2,529.0
Purchased heating*	677.0	459.9
<b>tCO<sub>2</sub>/revenue*1000000</b>	<b>19.1</b>	<b>15.3</b>

\* Due to the values reported by the service providers, the results of heat and electricity are for tCO<sub>2</sub>.

**GHG emissions (scope 1 and 2)**



In 2023, we began conducting a scope 3 analysis at AS Harju Elekter. These are indirect emissions, occurring as a result of upstream and downstream activities in the company's value chain.

In the analysis of scope 3, carried out in 2023 (for 2022), the metal factory and the electrical equipment factory of the Estonian manufacturing unit were included. First, for the scope 3 category, a primary qualitative screening was performed to assess the inclusion of both upstream and downstream impact categories in the calculation. Depending on the importance of the impact category or the availability of data, it was decided to include in 2023 all upstream impact categories (excluding fixed assets) and, for downstream impact categories, outbound transport and freight transport.

The scope 3 table provides an overview of GHG emissions in different impact categories.

The Scope 3	2023 t CO <sub>2</sub> e
Upstream impact categories	
Category 1. Outsourced products and services	18,823
Category 2. Fixed asset*	
Category 3. Indirect impacts related to fuel and energy use	457
Category 4. Transport and freight related to upstream activities	639
Category 5. Waste	29
Category 6. Business trips	10
Category 7. Employee commuting	264
Category 8. Leased assets	0
Downstream categories	
Category 9. Transport and freight related to downstream activities	52
<b>TOTAL</b>	<b>20,274</b>

\* Not included in the calculation

In total, the scope 3 GHG footprint in the selected impact categories was 20,274 tCO<sub>2</sub>e. The biggest impact came from scope 1 – bought-in products and services. In the corresponding impact category, the materials, components and equipment that account for the largest share of the purchase volume were mapped. Impacts related to the transport of purchased materials and products are reflected due to the availability of data, either at the input of impact category 1 (integrated into the specific emission factor used) or under impact category 4 (transport and freight related to upstream

activities). The GHG emissions from the transport of products sold by Harju Elekter to the customer, either organised or paid for by Harju Elekter, are also reflected under impact category 4 (the rest is reflected under impact category 9).

Scope 3 calculations will continue at the Group level in 2024, mapping opportunities and the scope to carry out calculations in all Group companies. In parallel with the calculations, the setting of targets for the reduction of greenhouse gas emissions in Scope 3 will begin in 2024 at the company level.



## Renewable energy production

In order to reduce its ecological footprint, Harju Elekter has focused on the production and use of renewable energy. By investing in solar panels, the Group is both reducing the carbon footprint and saving on energy costs.

During the reporting year, Harju Elekter's solar power plant portfolio grew by 408.4 (2022: 140) kW, raising the total capacity for renewable energy generation to 2,811 (2022: 2,403) kW.

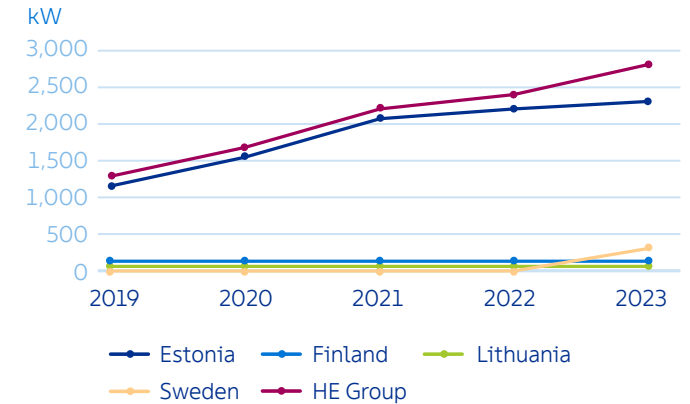
In 2023, the Group's solar power plants generated 2,200 MWh of electricity, of which 115 MWh was used for own consumption.

The Swedish Västerås production facility, with its installed 308 kW solar power plant, started up in the third quarter of 2023; as a result, the Swedish company's renewable energy production volume was significantly lower compared to 2022. In addition, the volume of renewable energy production was affected by failures in the operation of solar power plants in 2023, and unsuitable weather conditions from the point of view of solar energy production. Over the year, the production of renewable energy decreased by 3.3%.

25% (2022: 29%) of the electricity consumed by the Group's companies and 11% (2021: 4%) of the heat consumed came from renewable energy sources. We have set a goal to consume 100% of our electricity from renewable sources by 2026.

The use of solar energy accounts for an increasing share of the Group's own and tenants' current energy consumption. The Group will continue to integrate solar power plants into new and renovated production buildings. Most of the solar electricity, 2,085 MWh, was sold directly to the tenants of the buildings or to the grid.

Capacity of installed solar power



## Use of Resources

### Energy

The Group's companies reduce electricity and heat consumption through smart and sustainable technologies and energy-efficient buildings. In addition to the buildings used by the subsidiaries, it is important to also ensure energy efficiency for the industrial real estate under development in the Keila and Allika Industrial Park and Haapsalu.

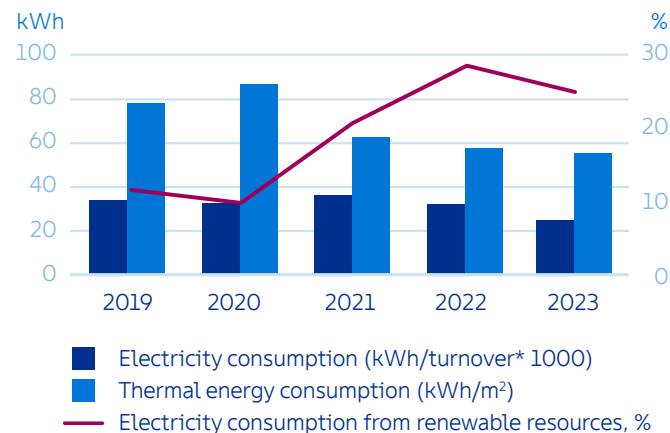
In 2023, the Harju Elekter companies consumed 5,213 (2022: 5,663) MWh of electricity and 3,565 (2022: 3,350) MWh of heat energy.

We are committed to increasing energy efficiency in the Group's companies. By 2026, we plan to reduce the consumption of thermal energy per heated surface by 15% and electricity consumption by 17% compared to turnover in comparison with the base year (2022). In the reporting year, thermal energy was consumed in the amount 57.1 (2022: 58.2) kWh/m<sup>2</sup> and electricity in the amount of 24.9 (2022: 32.3) kWh/turnover\*1000.

#### Our thermal energy efficiency targets will be achieved through following activities:

- reducing overheating and optimising temperatures;
- building new energy-efficient buildings;
- renovating existing production buildings;
- implementing more energy efficient ventilation aggregates; and
- reconstructing thermal assemblies.

### Energy consumption



In 2023, Group companies continued to replace factory continued to replace old fluorescent lamps with LED lighting, and also installed luminaires with motion sensors. Replacing the indoor and outdoor lighting of the Group's various buildings with more energy-efficient lighting has been a long-term activity, with the aim of replacing all previous lighting with LED lighting solutions.

Group companies are updating their machinery to the extent possible, replacing old production machines with more energy-efficient ones in order to reduce the energy used to operate the equipment.

Harju Elekter is committed to environmentally sustainable industrial real estate development. When constructing new buildings, a thorough assessment is conducted to determine the most suitable heating solution for the building or type of production. All new buildings built by Harju Elekter since 2017

have been equipped with rooftop solar panels, and this principle will continue to be followed. Older buildings are being renovated to improve energy-efficiency, including insulation of walls and roofs and modernisation of heating and ventilation systems.

Such improvements will help to better meet tenants' growing expectations, value environmental benefits and more sustainable energy use, and save on running costs.

### Materials and waste

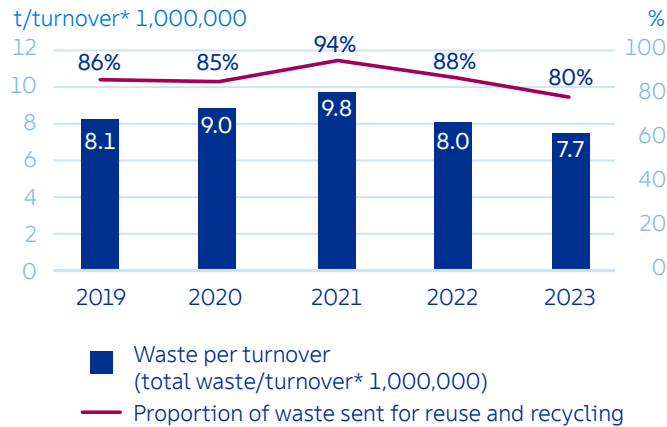
For Harju Elekter, the reuse of resources and recycling of waste, following the principles of the waste hierarchy, is important.

The Group's factories generate production and municipal waste. Production waste, including metal waste (e.g., steel and copper), plastic waste, hazardous waste and packaging waste (film, carton, cardboard), will be sorted and sent for recovery or recycling. Municipal waste is generated by nonproduction activities.

Metal and packaging residues are reduced by optimising production processes. Majority of the packaging materials are recycled both in-house and when the products are dispatched to customer. Circulating containers are used with some suppliers.

Metal factory's paint lines use powder paints, which is one of the most popular surface treatment methods in the metal industry. Powder paints do not contain solvents or heavy metals and are therefore environmentally friendly. Any leftover paint from the paint lines is collected and recycled.

### Waste



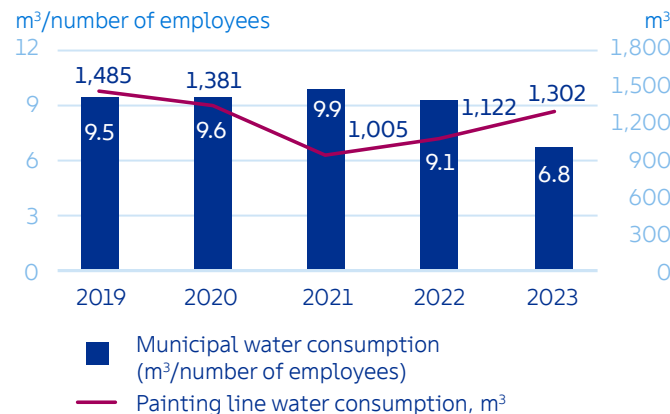
Waste management instructions have been prepared to guide waste sorting, and waste containers and bins have been marked, as well as staff trained. The companies have contractual and reliable partners for waste management, who provide the Group's companies with information on waste statistics.

In 2023, the amount of waste per turnover (total waste/turnover\*1000) was 7.7 (2022: 8.0) with 80% (2022: 88%) of waste sent for recovery and recycling.

### Water consumption

Harju Elekter's water consumption was 8.2 (2022: 9.1) ML. The main use of water in the companies is for domestic purposes. At the sheet metal plant of AS Harju Elekter, water is used in the production of the paint line processes, which accounts for 19% of total water consumption. We have set a goal to reduce 20% domestic water consumption by 2026 compared to 2022.

### Water consumption



### Product life cycle

Harju Elekter's goal is to provide its customers with safe, flawlessly functioning and long-lasting solutions that are sustainable for both society and the environment. Typically the lifetime of an electrical installation is calculated to be 40 years or more. Therefore, it is necessary to create solutions while considering the possibility of retrofill and the handling of materials at the end of product's lifespan.

By extending the life and increasing the proportion of recyclable materials, Harju Elekter contributes to reducing the environmental impact of electrical installations. Along with the development of new technologies, materials that are less burdensome to the environment (e.g., SF6 free equipment) will also be introduced to ensure the safety and reliability of Harju Elekter's solutions for many years to come.

Improved insight into the carbon footprint of components and materials gives us the opportunity to make informed decisions to reduce the environmental impact of electrical installations throughout their lifecycle.

In 2023, in cooperation with external experts, AS Harju Elekter prepared the Green Roadmap, during the creation of which the development directions of the company's production and product-related circularity were determined, along with recommended performance evaluation indicators.





# RELIABILITY is earned through responsible governance

Harju Elekter conducts business with integrity in accordance with the law and ensures that our management principles, work methods, and structures are transparent, reflecting the responsibility and the highest ethical standards. We do not implement or tolerate illegal and unethical business practices or involvement in corruption in any way. We cooperate together, strengthen existing partnerships, and create new alliances by sharing our skills and knowledge.



At Harju Elekter, we rely on fair, transparent, and ethical management principles in its communication with all stakeholders. That is why we have focused on responsible management and integrated these issues into our sustainability strategy.

KEY FOCUS	Key performance indicator	Target	Results as of 2023	Future initiatives
COMPLIANCE	% of employees committed to the Code of Conduct	100%	We developed and published a new Group-wide Code of Conduct	<ul style="list-style-type: none"> <li>We continue to train employees on the new Code of Conduct (2023-2024)</li> <li>We continue to introduce the Code of Conduct to key suppliers (2023-2025)</li> <li>We continue to introduce the different Group-wide policies (Quality, Environment, OH&amp;S) to employees (2023-2024)</li> </ul>
	% of TOP suppliers committed to the Code of Conduct	100%	We started introducing the Code of Conduct to key suppliers	
	% of employees who have gotten introduction of new Group policies (Quality, Environment, OH&S)	100%	We started introducing the updated policies	
MISCONDUCT REPORTING	% of employees completed whistleblowing channel training	100%	We set up a whistleblowing channel in all manufacturing companies of the Group	<ul style="list-style-type: none"> <li>We continue to carry out trainings about the whistleblowing channel to employees (2024)</li> </ul>
SUSTAINABLE SUPPLY CHAIN	% of key suppliers have filled self-assessment	100%	70% of suppliers filled the self-assessment	<ul style="list-style-type: none"> <li>Developing a supplier audit plan based on self-assessment results (2024)</li> <li>Carrying out supplier audits according to the audit plan (2024-2026)</li> </ul>
	% of planned supplier audits have been carried out	100%	Data not available	

## Fair and ethical business practices

The Group has a zero-tolerance policy towards corruption (including bribery, conflict of interest, abuse of position and influence, embezzlement) and unfair competition (including the dissemination of know-how and inside information and its use for personal gain), both for employees and partners.

In order to prevent, avoid and mitigate the risks of corruption and unfair competition, we have agreed on certain principles: for example, in the case of large-scale transactions, we involve an additional decision-maker to avoid conflicts of interest that may arise, among other things, from business, family or other ties. Employees are prohibited from accepting or giving gifts or benefits with the purpose of influencing a customer in a way that is more favourable to themselves or the company. In our activities, we follow laws and established practices and norms.

We have established rules, guidelines, and verbal agreements at the management levels of the companies of Harju Elekter to increase transparency and mitigate reputational risks, and thereby maintain the Group's credibility in the market and in its relations with the stakeholders. Key persons must declare their business interests and holders of inside information must comply with the established rules of conduct. To ensure that Group employees are aware of the required guidelines and responsibilities, they are introduced to the internal rules of the job upon taking up their positions and regularly undergo area-specific training and internal audits.

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Our common standard of conduct is set out in detail in our Code of Conduct, which was fully updated and made public in 2023. We are continuing with Group-wide new Code of Conduct trainings for employees.

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Developing an open organisational culture helps to ensure that employees have the information they need to make informed decisions and that management is aware of critical transactions and potential non-compliances involving high economic risks.

In our operations, we have set the highest standards of honesty, reliability and openness and ensure that our transactions comply with ethical standards. It is important for us to ensure that our employees, customers and partners report information that suggests illegal, unethical or fraudulent behaviour.

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In 2023, we established a platform for reporting misconduct.

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Using the whistleblowing channel, our employees and all persons who cooperate with us, either professionally or for business, have the opportunity to report information indicating illegal, unethical and fraudulent conduct, without following pressure methods, either anonymously or by name.

## In 2023, Harju Elekter:

- did not register any corruption-related incidents, resulting in the dismissal of any employees of the Group's company, the imposition of corresponding fines or the filing of any lawsuits, and the termination or suspension of the renewal of agreements with business partners due to corrupt behaviour;
- there were no discrepancies in the activities of the companies with current regulations (inc social, economic and natural environment) therefore no monetary or non monetary sanctions were received;
- the companies did not contribute to political activities through financial or non-financial support;
- In 2022, AS Harju Elekter (former business name AS Harju Elekter Elektrotehnika) was approached in a court case involving the dismissal of an employee trustee due to a significant decrease in the workload of the position. The employee decided to defend their rights in the Labour Dispute Committee, whose decision contained legal inaccuracies, which is why the case has been referred to court. The parties are not in agreement with the decision of the court of first instance in 2023, and the case is currently in the court of second instance.

## Sustainable supply chain

In order to obtain suitable purchasing conditions, we consider it a good practice to organise tenders and consider alternatives. The selection of supplier is based on factors such as reputation, reliability, quality, delivery conditions and price. The main cooperation partners tend to be permanent, and new ones are sought when the need arises, or a new product is launched.

It is important for the Group's companies to maintain good partnerships with suppliers and to provide continuous feedback. Periodic supplier assessments are carried out, in which feedback is sent to suppliers and development opportunities are reviewed together in accordance with the results.

In 2022, we assessed the Group's major suppliers to map their associated risks, assess performance and promote sustainability issues. A total of 70% of the Group's 56 large suppliers completed the self-assessment questionnaire sent to them. Based on the analysis of the results, we plan to prepare a Group-wide supplier audit plan in 2024.

It is important to us that our partners not only act in accordance with all applicable laws and rules, but also comply with our Code of Conduct. To achieve this, we will continue introducing our Code of Conduct to our partners.



## EU Taxonomy for sustainable activities

In 2020, the European Union adopted a classification system that establishes a list of environmentally sustainable activities – the EU Taxonomy Regulation<sup>1</sup>, which establishes the criteria for classifying economic activities as environmentally sustainable. By fulfilling these criteria, sustainable economic activities contribute to the achievement of the European Union's environmental objectives, which include:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy

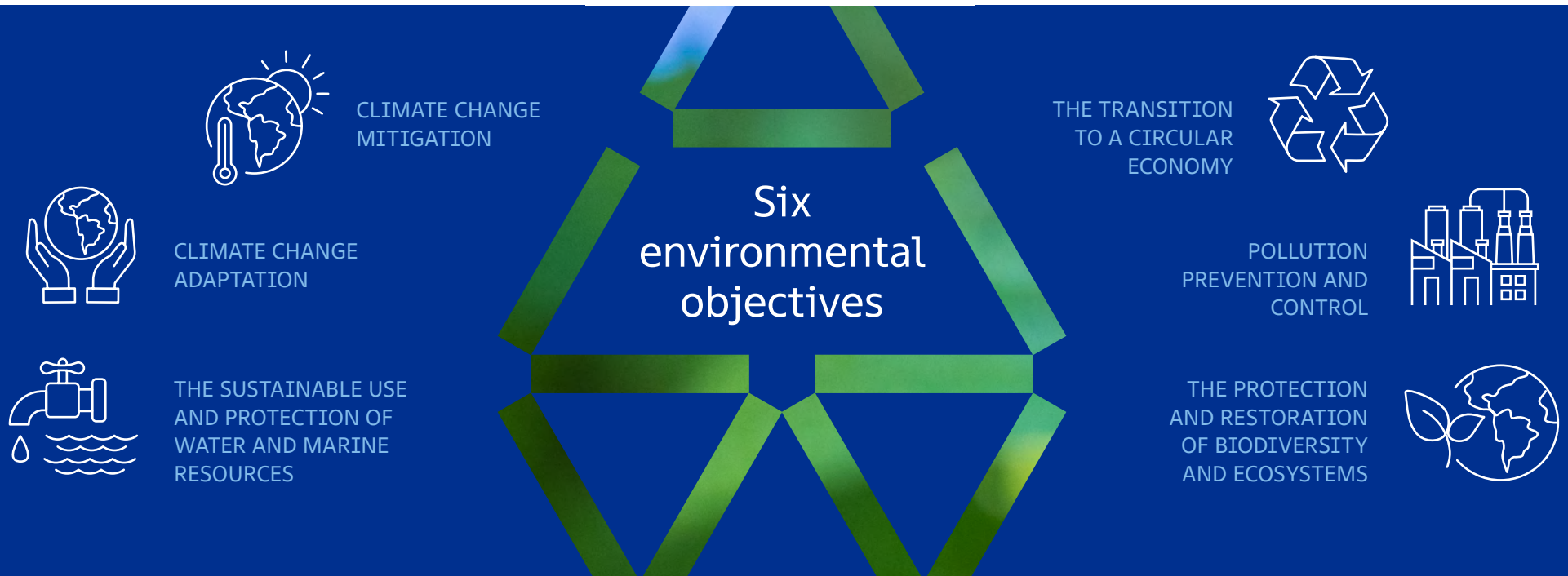
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The delegated acts under the Taxonomy Regulation determine a list of activities that can be classified as environmentally sustainable. These activities are considered Taxonomy-eligible activities. As of the end of 2023, delegated acts have been adopted regarding all six climate and environment objectives ('Climate Delegated Act')<sup>2</sup>, of which the acts related to the last four environmental objectives were adopted in June 2023. Based on the activities of

Harju Elekter, the Group's 2023 taxonomy report section covers **manufacturing, energy, construction, and real estate activities**.

According to the provisions in the Taxonomy Regulation governing information to be disclosed<sup>3</sup>, Harju Elekter reports the proportion of Taxonomy-eligible, Taxonomy non-eligible and Taxonomy-aligned economic activities in revenue, capital expenditure and operating expenditure.

<sup>1</sup> Regulation 2020/852 (EU) of the European Parliament and of the Council.  
<sup>2</sup> C/2023/3851.  
<sup>3</sup> C(2021) 4987 final.



## Proportion of Harju Elekter's revenue from products or services, and capital expenditure, associated with Taxonomy-aligned economic activities in 2023

Year 2023	NACE code(s)	Turnover (EUR'000)	Proportion of turnover (%)	(A.1) Proportion of Taxonomy-aligned and (A.2) Taxonomy-eligible turnover in the previous period (2022)
<b>A. Taxonomy-eligible economic activities (A.1 + A.2)</b>		<b>93,666</b>	<b>44.8%</b>	<b>24.2%</b>
<b>A.1. Taxonomy-aligned economic activities</b>		<b>0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>A.2. Taxonomy-eligible economic activities</b>		<b>93,666</b>	<b>44.8%</b>	<b>24.2%</b>
<i>incl. 3.1 Manufacture of renewable energy technologies<sup>4</sup></i>	C27.1.2	861	0.4%	2.4%
<i>incl. 3.6 Manufacture of other low carbon technologies<sup>4</sup></i>	C27.1.2	88,897	42.5%	19.7%
<i>incl. 4.1 Electricity generation using solar photovoltaic technology</i>	D35.1.1	133	0.1%	0.2%
<i>7.7 Acquisition and ownership of buildings</i>	L68.2.0	3,775	1.8%	1.9%
<b>B. Taxonomy non-eligible activities</b>		<b>115,348</b>	<b>55.2%</b>	
<b>Taxonomy non-eligible activities</b>		<b>115,348</b>	<b>55.2%</b>	
<b>Total turnover (A+B)</b>		<b>209,014</b>	<b>100.0%</b>	

Year 2023	NACE code(s)	Capital expenditure (EUR'000)	Proportion of capital expenditure (%)	(A.1) Proportion of Taxonomy-aligned and (A.2) Taxonomy-eligible capital expenditure in the previous period (2022)
<b>A. Taxonomy-eligible economic activities (A.1 + A.2)</b>		<b>4,970</b>	<b>71.5%</b>	<b>88.2%</b>
<b>A.1. Taxonomy-aligned economic activities</b>		<b>0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>A.2. Taxonomy-eligible economic activities</b>		<b>4,970</b>	<b>71.5%</b>	<b>88.2%</b>
<i>incl. 4.1 Electricity generation using solar photovoltaic technology</i>	D35.1.1	46	0.7%	3.1%
<i>incl. 4.16 Installation and operation of electric heat pumps</i>	F43.22	4	0.0%	-
<i>incl. 7.1 Construction of new buildings for use within the Group</i>	F41.2.0	-	-	73.5%
<i>incl. 7.3 Installation, maintenance and repair of energy efficiency equipment</i>	F43.21	21	0.0%	0.7%
<i>Incl. 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)</i>	F43.21	15	0.0%	-
<i>7.7 Acquisition and ownership of buildings</i>	L68.2.0	4,884	2.3%	10.9%
<b>B. Taxonomy non-eligible activities</b>		<b>1,979</b>	<b>28.5%</b>	
<b>Taxonomy non-eligible activities</b>		<b>1,979</b>	<b>28.5%</b>	
<b>Total turnover (A+B)</b>		<b>6,949</b>	<b>100.0%</b>	

The proportion of operating expenditure from products or services associated with the Taxonomy-aligned and Taxonomy-eligible economic activities of Harju Elekter was 0% in the accounting year.

<sup>4</sup> Enabling activity

## Accounting method

In the assessment of the Taxonomy-eligible part, Harju Elekter Group was guided by the descriptions of performance indicators and the definitions of numerator and denominator set out in Annex I to the Taxonomy Regulation governing information to be disclosed.<sup>5</sup> The company used the definitions of performance indicators to calculate the proportion of Taxonomy-eligible and Taxonomy-aligned activities, given that the performance indicators for the 2023 report are the proportion of Taxonomy-eligible or Taxonomy-aligned activities in revenue, in capital expenditure, and in operating expenditure. The identification of the numerator was based on the descriptions of activities set out in Annexes I and II to the Taxonomy Climate Delegated Act<sup>6</sup> and the Taxonomy Environmental Delegated Act<sup>7</sup>.

Based on the interpretation of the Taxonomy Regulation on sustainable economic activities issued by the European Commission on 16 June 2023 (2023/C 211/01), it is mandatory to have a human rights due diligence process in place in order to be Taxonomy-aligned. In its report of 2022, Harju Elekter reported partial alignment in revenue and capital expenditure, but the Group did (does) not have a human rights due diligence process in place that would comply with the requirements of the Regulation. As a result, the indicators for the reference period have been adjusted this year.

**Performance indicator related to revenue** – the denomination included revenue which is generated in the course of the Group’s traditional business and is in accordance with International

Accounting Standard IAS 1 §82. The Group’s core business is the manufacture and sale of electrical distribution and control equipment, as well as various metal products. In addition, it earns income from project and retail sale of electrical goods, rental of industrial real estate, and electrical installation work in the shipbuilding sector.

The numerator of the revenue in compliance with the Taxonomy includes the revenue reflected in the denominator, which according to the Group’s assessment was in compliance with the assessment criteria described in the Taxonomy Regulation (incl. with the technical screening criteria applicable to the given area of activity, the criteria “Does Not Significantly Harm” and the minimum social protection measures).

In the case of Taxonomy-eligible activities that are not environmentally sustainable, the numerator included the proportion of revenue which did not meet the criteria for assessing compliance but which is associated with Taxonomy-eligible economic activity.

**Performance indicator related to capital expenditure** – the denominator included the investments made by the Group in 2023. During the financial year, the Group invested in real estate, property, plant and equipment, and intangible assets, and accounted for new lease contracts under IFRS accounting. The numerator also includes those capital expenditures that are related to Taxonomy-eligible and Taxonomy-aligned economic activities. In addition, the numerator also includes capital expenditures that are related to the purchase of output from Taxonomy-

eligible or Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. At that, it has been considered that individual measures will be implemented within a period of 18 months.

In the case of Taxonomy-eligible activities that are not environmentally sustainable, the numerator included the proportion of capital expenditure which did not meet the criteria for assessing compliance but which is associated with Taxonomy-eligible economic activity.

**Performance indicator related to operating expenditure** – the denominator included direct non-capitalised development costs incurred in 2023.

The numerator of Taxonomy-aligned operating expenditure equals the proportion of operating expenditure included in the denominator which, according to the Group, meets the assessment criteria described in the Taxonomy Regulation.

## Information about assessment of compliance with the Taxonomy Regulation

### Description of activities and explanation of the assessment of compliance

In mapping Taxonomy-eligible economic activities, Harju Elekter was guided by the NACE codes of activities outlined in the technical screening criteria of the Climate Delegated Act and the Environmental Delegated Act and the description of the activity. According to the Taxonomy Regulation, activities contributing to climate targets are divided into three: low-carbon activities, enabling activities,

<sup>5</sup> C(2021) 4987 final, Annex I, point 1.1.

<sup>6</sup> (EL) 2021/2139

<sup>7</sup> (EL) 2023/2486

and transitional activities. The activities of Harju Elekter Group include both low-carbon activities and enabling activities.

In 2023, the Taxonomy-eligible or Taxonomy-aligned economic activities of Harju Elekter are:

- NACE C27.1.2, which corresponds to the Taxonomy Climate Delegated Act activity No. **3.1 Manufacture of renewable energy technologies.** Harju Elekter manufactures substations and other electricity distribution equipment for solar, wind and hydro power plants. This is an enabling activity for renewable energy production according to climate change mitigation criteria. In the reporting period, the Group is unable to assess the compliance of these activities with regard to undermining other climate goals, as it has not assessed the circularity and environmental impact of the products.
- NACE C27.1.2, which corresponds to the Taxonomy Climate Delegated Act activity No. **3.6 Manufacture of other low-carbon technologies.** The Group manufactures electric vehicle chargers and heaters. Another enabling activity of the Group is the production of substations and other electricity distribution equipment that are sold for the modernisation and construction of low-carbon ships. This is an enabling activity that contributes to climate change mitigation. Harju Elekter's products are used in final solutions, which is why the Group does not have a sufficient overview to assess the compliance of these projects with the technical screening criteria.
- NACE D35.1.1, which corresponds to the Taxonomy Climate Delegated Act activity No. **4.1 Electricity generation using solar photovoltaic technology.**

The Group produces and sells renewable electricity generated by solar panels. This activity makes an important contribution to climate change mitigation as it generates electricity using photovoltaic technology. The Group has assessed that solar farms installed in place of fields or forests are detrimental to the achievement of environmental objectives. Roof-mounted solar farms do not cause any significant detriment.

- NACE F43.2.1, which corresponds to the Taxonomy Regulation Climate Delegated Act activity No. **7.3 Installation, maintenance and repair of energy efficient equipment.** The Group invests in the installation and replacement of energy-efficient light sources. The screening criteria for climate change mitigation are met because the replacement of energy efficient light sources in the Group's buildings meets the minimum requirements set out in the applicable national legislation implementing Directive 2010/31/EU.
- NACE F43.2.1, which corresponds to the Taxonomy Climate Delegated Act activity No. **7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).** The Group invests in the installation and replacement of energy-efficient light sources.
- NACE L68.2.0, which corresponds to the Taxonomy Regulation Climate Delegated Act activity No. **7.7 Acquisition and ownership of buildings.** The Group is engaged in the development, project management and leasing of industrial real estate. Harju Elekter's buildings built after 2020 meet the screening criteria for climate change mitigation

where the energy label proves the high energy efficiency of the respective buildings.

The majority of the Group's suppliers are in Europe, where we can see that the level of social risks is lower than in other countries. For a more detailed overview on this topic, see the chapter 'Sustainable supply chain'. In order to avoid accounting twice for the same key performance indicators related to revenue, capital expenditure and operating expenditure, each economic activity was considered on a project and order basis. In addition, Group-wide transactions were mapped.

### Background information of key performance indicators

**Revenue** – the Group manufactures electric vehicle chargers and heaters, develops and leases industrial real estate, and generates income from renewable energy production. As an enabling activity, it manufactures substations and other electricity distribution equipment for the production of solar, wind, hydroelectric and low-carbon ships. The quantitative breakdown of the numerator is shown in the table (see activities 3.1, 3.6, 4.1, 7.7).

**Capital expenditure** – capital expenditure includes direct investments in real estate and solar power plant development. The quantitative breakdown of the numerator is shown in the table (see activities 4.1, 7.3, 7.4, 7.7).

**Operating expenditure** – operating expenditure includes direct operating costs incurred in the development of electric vehicle chargers and heaters. There were no corresponding expenditures in the reporting year.



# Contents of the Global Reporting Initiative report (GRI)

Since 2017, the Group has based its annual report on the standards of internationally highly recognised and widely used the Global Reporting Initiative (GRI). The Group is reporting with reference to GRI. The topics proceeding from the GRI requirements have been integrated into the rest of the report as an integrated part of it.

The report covers the environmental, social and responsible governance, responsible management and market behavior issues that are most important from

the point of view of the Group’s activities and influence and expectations of stakeholders. The table with GRI content presented below includes data on the activities of the Parent company and its subsidiaries AS Harju Elekter Group, AS Harju Elekter, Harju Elekter Oy, Telesilta Oy, Harju Elekter UAB, Harju Elekter AB, unless otherwise noted. Data have been collected and presented by each company under common methodology and with the level of detail that the Group companies collect on the basis of materiality.

GRI STANDARD	DISCLOSURE NO	DISCLOSURE TITLE	PAGE NO	KEY EXPLANATIONS
<b>GRI 2: GENERAL DISCLOSURES 2021</b>				
<b>1. The organization and its reporting practices</b>				
	2-1	Organizational details	p. 1 p. 5-8 annual report p. 73-75	Headquarters located in Keila (Estonia)
	2-2	Entities included in the organization’s sustainability reporting	p. 8,	
	2-3	Reporting period, frequency and contact point	p. 1 annual report p. 2	Contact point for questions regarding the report: "Merili Pärnpuu, merili.parnpuu@harjuelekter.com"
	2-4	Restatements of information		No restatements
	2-5	External assurance		The GRI report has not been certified by any third parties

GRI STANDARD	DISCLOSURE NO	DISCLOSURE TITLE	PAGE NO	KEY EXPLANATIONS
2. Activities and workers	2-6	Activities, value chain, and other business relationships	p. 3-4, 5-10, 23, 44, annual report p. 52-75	<p>"The nature of activities and products differ by the company and, therefore, they are presented on the basis of revenue instead of the number of units produced."</p> <p>Supply chain: To produce the main products of the Group, i.e. the production of electric distribution and control equipment</p> <p>(1) the products are designed according to the initial task; (2) necessary components are purchased from suppliers or produced by subsidiaries of the Group; (3) products are complemented; (4) tested and (5) dispatched or taken to the customer's site."</p>
	2-7	Employees	p. 8, 27-33, annual report 52-61	
	2-8	Workers who are not employees	p. 27-33	
3. Governance	2-9	Governance structure and composition	p. 20	
4. Strategy, policies and practices	2-22	Statement on sustainable development strategy	p. 3-4	
	2-23	Policy commitments	p. 5, 20, 11-16, 34-40, 43	
	2-27	Compliance with laws and regulations	p. 36, 43	
	2-28	Membership associations	p. 20	
5. Stakeholder engagement	2-29	Approach to stakeholder engagement	p. 12-17 p. 26-33, annual report p. 73, 52	
	2-30	Collective bargaining agreements	p. 18	

GRI STANDARD	DISCLOSURE NO	DISCLOSURE TITLE	PAGE NO	KEY EXPLANATIONS
<b>GRI 3: MATERIAL TOPICS 2021</b>				
<b>2. Disclosures on material topics</b>	3-1	Process to determine material topics	p. 12	
	3-2	List of material topics	p. 12-15	No changes in reporting
	3-3	Management of material topics	p. 11-12, 16-19, 22-25, 27, 28-40, annual report p. 78, 84	
<b>SUSTAINABILITY FOCUS TOPICS</b>				
<b>Product quality</b>	non-GRI	Customer complaints	p. 25	
	non-GRI	Products delivered to customers on time in accordance with required specifications	p. 23-24	
<b>Customer experience</b>	non-GRI	Customer satisfaction	p. 23-24	
<b>Environmental impact of products</b>	non-GRI	Renewable energy production	p. 38	
<b>Economic performance (GRI 201: 2016)</b>	201-1	Direct economic value generated and distributed	annual report p. 51-61	
<b>Anti-corruption activities (GRI 205: 2016)</b>	205-3	Confirmed incidents of corruption and actions taken	p. 43	
<b>Energy consumption (GRI 302: 2016)</b>	302-1	Energy consumption within the organization	p. 39-40	
<b>Emissions (GRI 305: 2016)</b>	305-1	Direct (Scope 1) GHG emissions	p. 36	
	305-2	Energy indirect (scope 2) GHG emissions	p. 36	
<b>Waste (GRI 306: 2020)</b>	306-3	Waste amount and types	p. 40	
	306-4	Amount of recycled and reused waste and types	p. 40	
<b>Water and Effluents (GRI 303: 2018)</b>	303-5	Water consumption	p. 40	
<b>Supplier environmental assessment (GRI 308: 2016)</b>	308-2	Negative environmental impacts in the supply chain and corrective measures	p. 44	
<b>Employment (GRI 401: 2016)</b>	401-1	New employee hires and employee turnover	p. 28, 32	
	401-2	Employee benefits and incentives	p. 32-33	Presented by the description of the motivation system of employees. Benefits and incentives are for contract employees.
	mitte-GRI	Interns	p. 17-18	
	mitte-GRI	Employee level of education	p. 30-31	
	mitte-GRI	Employee satisfaction and feedback	p. 31-32	

GRI STANDARD	DISCLOSURE NO	DISCLOSURE TITLE	PAGE NO	KEY EXPLANATIONS
Occupational health and safety (GRI 403: 2018)	403-1	Occupational health and safety management system	p. 29	
	403-2	Hazard identification, risk assessment, and incident investigation	p. 29	
	403-9	Injuries at work	p. 29	
Training and education (GRI 404: 2016)	404-1	Average hours of training per year per employee	p. 27, 30	Data is provided with a detail that the Group companies have considered important.
	404-3	Percentage of employees receiving regular performance and career development reviews	p. 30-31	Data is provided with a detail that the Group companies have considered important.
	non-GRI	Employee participation in training courses	p. 30-31	
Diversity and equal opportunities (GRI 405: 2016)	405-1	Diversity of governance bodies and the entire staff	p. 28, 33, annual report 79-84	Data is provided with a detail that the Group companies have considered important.
Non-discrimination (GRI 406: 2016)	406-1	Incidents of discrimination and corrective actions taken	p. 33, 43	
Local communities (GRI 413: 2016)	413-1	Activities with local community engagement, impact assessments, and development programs	p. 17-19	The Group companies assess their impact and plan activities in local communities on an ongoing basis in their everyday work (incl. introducing innovations and making decisions on the basis of feedback and proposals received from the community), separate impact assessments have not been performed.
Supplier social assessment (GRI 414: 2016)	414-1	Negative social impacts in the supply chain and actions taken	p. 44	
Public policy (GRI 415: 2016)	415-1	Political contributions	p. 43	
Customer health and safety (GRI 416: 2016)	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 24-25	

See the full Annual Report of Harju Elekter for 2023 here:  
[harjuelekter.com/wp-content/uploads/2024/03/Annual-Report-of-Harju-Elekter-2023.pdf](http://harjuelekter.com/wp-content/uploads/2024/03/Annual-Report-of-Harju-Elekter-2023.pdf)

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