



# INCAP'S CORPORATE RESPONSIBILITY REPORT

---

2020

# CONTENTS

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



INCAP IN BRIEF

DESCRIPTION OF OUR BUSINESS OPERATIONS

A WORD FROM THE CEO

CORPORATE RESPONSIBILITY AT INCAP

SOCIAL RESPONSIBILITY

ENVIRONMENTAL RESPONSIBILITY

ECONOMIC RESPONSIBILITY

GRI REPORT



# INCAP IN BRIEF

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

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

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

We have operations in Finland, Estonia, India, the United Kingdom, Slovakia, and Hong Kong and we employ approximately 1,900 people.

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



REVENUE  
**106.5**  
MEUR



EBIT  
**12.6**  
MEUR



NET PROFIT  
**9.2**  
MEUR



**50%** REVENUE GROWTH



**1,902**  
EMPLOYEES



**5**  
FACTORIES





# DESCRIPTION OF OUR BUSINESS OPERATIONS

We provide contract manufacturing services for electronics through our factories and organisation. Our services include procurement of materials, prototyping, production ramp-up, serial production, final assembly, testing and logistics. Our manufacturing expertise covers also the final assembly into a finished product.

Our business covers the markets of Europe, North America and the Asia-Pacific region. We have factories in Estonia, India, Slovakia and the United Kingdom, as well as sourcing operations in Hong Kong. In addition to the actual from order to delivery process, our factories are also responsible for making offers and pricing according to the group's instructions. Group management also coordinates sales and procurement. Incap's efficient operating model is based on a decentralised organisation, where the manufacturing units operate independently and in an entrepreneurial spirit. The operating model enables faster decision-making, taking responsibility and agile response to customer needs and shorter lead times for customer products.

## STRATEGY

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

### Growth

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

### Profitability

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



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

## Operational excellence

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

## OUR MISSION

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



# OUR VALUES ARE THE BASIS FOR OUR CORPORATE RESPONSIBILITY WORK

HONESTY

TRUST

TRANSPARENCY

QUALITY

INTEGRITY

## Honesty

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

## Trust

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

## Transparency

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

## Quality

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

## Integrity

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



## A WORD FROM THE CEO

As a globally operating electronics manufacturing services company and a growing organisation, sustainable operations is a must in achieving our goals. Acting in a responsible and trustful way is an integral part of our mission, strategy and operations. To ensure we will continue to be the trusted partner in our industry and to meet the increasing expectations of all our stakeholders also in the future, we established Incap's first Corporate Responsibility programme during 2020. With the programme, we will further mitigate risk on one hand, but we have also identified ways to become a more responsible employer, supplier, business partner and corporate citizen.

During 2020 we also introduced a Code of Conduct for all Incap Group companies. This initiative has enhanced the speed of the integration of our newly acquired factories and provided a platform for creating common processes. I am sure the programme and Code will help us also in the future to foster our unique company culture, encompassing responsibility as an essential part of our entrepreneurial drive.

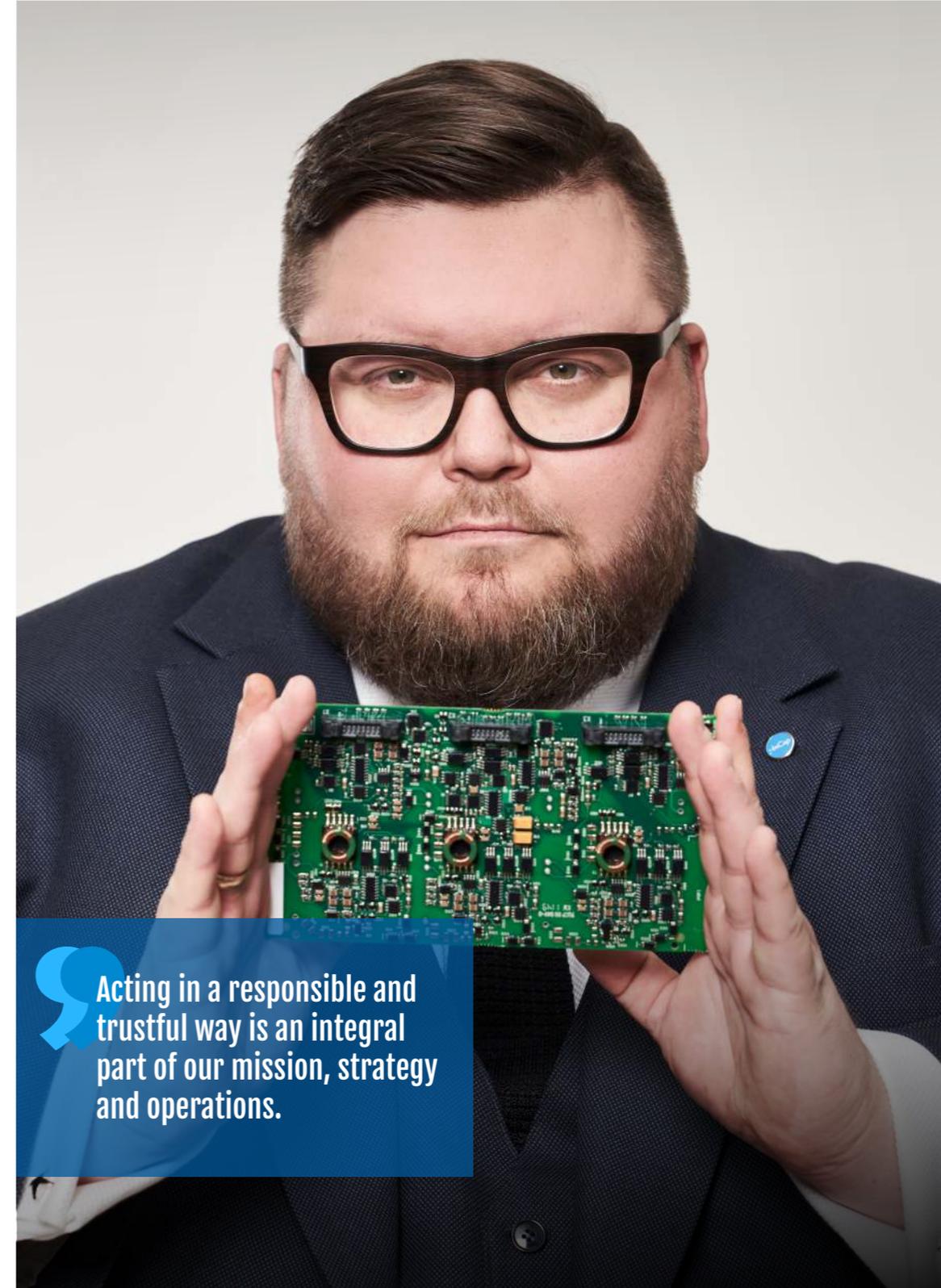
I am very pleased that we have now taken the first steps to crystallise and formalise our Corporate Responsibility programme with key themes and a reporting framework. By focusing on these themes, we also support the related United Nations Sustainable Development Goals. I am proud of this first report and hope it will show our stakeholders what Incap stands for, and what our values mean in reality.

As Incap's Corporate Responsibility programme was established in late 2020 and this is our first report, there is obviously plenty of room for improvement. Our approach in this process is to focus on materiality and continuous improvement. To take our sustainability performance to the next level, we will define further targets and develop reporting and communication with all our stakeholders.

Our first big steps have been now taken towards an important global goal – a more sustainable future.

### OTTO PUKK

President and CEO of Incap Group



Acting in a responsible and trustful way is an integral part of our mission, strategy and operations.

INCAP IN BRIEF

DESCRIPTION OF OUR BUSINESS OPERATIONS

A WORD FROM THE CEO

CORPORATE RESPONSIBILITY AT INCAP

SOCIAL RESPONSIBILITY



ENVIRONMENTAL RESPONSIBILITY



ECONOMIC RESPONSIBILITY



GRI REPORT



# CORPORATE RESPONSIBILITY AT INCAP

## Our approach to responsibility

As a globally operating electronics manufacturing services company and a growing organisation, sustainable operations is a must in achieving our goals. Acting in a responsible and trustful way is an integral part of our mission, strategy and operations. We are committed to corporate responsibility in order to ensure we will continue to be the trusted partner in our industry and to meet the increasing expectations of all our stakeholders also in the future. Our efforts focus on the most material economic, social and environmental corporate responsibility themes as defined through a materiality analysis involving key stakeholders. By focusing on these themes, we are also committed to support the related United Nations Sustainable Development Goals. We are also committed to support the United Nations Global Compact initiative and its ten principles with respect to human rights, labour, the environment, and anti-corruption.

## Managing corporate responsibility

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

body for corporate responsibility matters and responsible for approving various group-wide policies and processes.

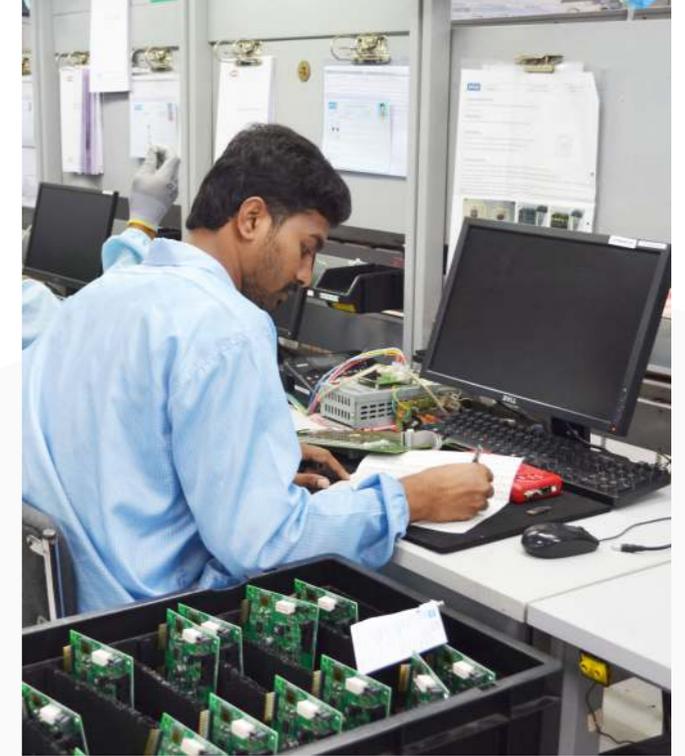
Our Code of Conduct determines how we expect all Incap employees to behave. The Code embodies our core values – which are honesty, trust, integrity, quality and transparency – and gives guidance on how our values are put into action every day. The Code and the related training arranged for our employees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

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

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

## Internal control and risk management

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



identify, evaluate and follow-up the risks related to the company's business. The Risk Management Policy approved by the Board of Incap Corporation classifies risks as risks connected to the operating environment, operational risks and damage and funding risks. The company's risk management is mainly focused on risks that threaten the company's business objectives and continuity of operations.

The Board of Directors at Incap Corporation is responsible for determining operating principles for internal control, as well as for monitoring the efficiency of instructions and control. Internal control at Incap is implemented at different levels of the company by the Board of Directors, the management and Incap's personnel. Internal control relating to the financial reporting process is a part of the Group's internal control system.



## Supply chain management

As a global electronics manufacturing services (EMS) company, we manufacture electronics and end-products based on our customers' specifications, which include the selection of suppliers or materials. As a result, we do not control the selection of most of our suppliers. We have more than 1,000 suppliers worldwide and our suppliers are often large globally operating companies based in Europe, Asia, North-America and South-America or companies located close to Incap's operations in Europe and India.

In addition to the Approved Vendor List, we source to a small extent some materials and components from suppliers that are directly chosen by Incap. With this type of suppliers, our supply chain management consists of supplier evaluation, analysis and onsite audits, often with customer representative alongside.

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

## Membership of associations

Incap Group is a member of the IPC, a global association that helps OEMs, EMS, PCB manufacturers, cable and wire harness manufacturers and electronics industry suppliers build electronics

better. IPC offers for instance certification, education and training for EMS industry professionals. Incap group companies are also members of various associations in their home countries, including Electronics Industry associations and Chambers of Commerce.



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

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



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

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



# STAKEHOLDER ENGAGEMENT

## Engaging with our stakeholders

Our main stakeholders are employees, customers, suppliers, investors and local societies.

We collect stakeholder feedback systematically and utilize the feedback to develop our operations accordingly. We carry out Customer and Employee satisfaction surveys in each of our factories annually. We arrange Supplier days to our key suppliers and common Business cluster days to our customers and suppliers. With investors we engage in investor meetings. We engage with local societies by participating in local activities, volunteering work and business councils. Keeping an open and continuous dialogue enables us to collaborate efficiently and ensure a predictable operating environment for all parties.

### Incap's Material Corporate Responsibility topics

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

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

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

# INCAP'S CORPORATE RESPONSIBILITY PROGRAM

INCAP IN BRIEF

DESCRIPTION OF OUR BUSINESS OPERATIONS

A WORD FROM THE CEO

CORPORATE RESPONSIBILITY AT INCAP

SOCIAL RESPONSIBILITY



ENVIRONMENTAL RESPONSIBILITY

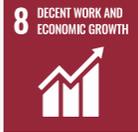


ECONOMIC RESPONSIBILITY



GRI REPORT



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



# SOCIAL RESPONSIBILITY

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





# SOCIAL RESPONSIBILITY

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

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

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

In 2020, 100 % of our workers in Estonia and Slovakia were covered by Occupational Health and Safety management system certified according to the ISO 45001 Standard. Our target is to certify also the Indian and UK factory operations during 2021.

We support freedom of association and follow local employment laws and practices in the countries of operation. However, as collective bargaining is not applied in Estonia, India, Slovakia or India, 0% of Incap's employees are covered by collective bargaining

agreements. Instead, employees are represented by Workers' or Employees' Councils in its countries of operation.

## Ethical practices, fair treatment and equal opportunities

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

Our ethical principles and practices are outlined in Incap's Code of Conduct. A group-wide Code of Conduct covering all group companies and employees was introduced in 2020. To ensure that Incap's ethical principles are adhered to and to highlight the importance of fair treatment and conditions, our target is to ensure that all Incap's employees receive Code of Conduct training during 2021. Similar training will be arranged for new employees and the Code of Conduct and ethical principles will be emphasized through continuous communication. Furthermore, the Supplier Code of Conduct outlines the ethical practices expected from Incap's suppliers and Incap's Whistleblowing

### Our most fundamental ethical principles:

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



**Nordic Business Diversity – study concluded that Incap was the most diverse small-cap company in terms its Board of Directors.**

service offers a channel for employees and other stakeholders to highlight ethical concerns regarding Incap's operations.

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



**1,902**  
employees in 2020  
(834 in 2019).

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

In 2020, there were no reported incidents of violation of the above-mentioned laws, regulations or principles.



0

injuries in 2020

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

We strive to provide a healthy and safe workplace for all employees and take adequate steps to prevent accidents and injury to health. Well-being at work increases employee satisfaction and provides added value to our business.

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

To measure the motivation and well-being of our employees, we conduct regular Employee satisfaction surveys at all our factories. As part of the integration work of the recently acquired UK and Slovakian entities, Incap is aligning the employee surveys to gauge employee work satisfaction and well-being.

## Training and development opportunities and family friendliness

Providing development opportunities and supporting a sound balance between work and family life ensure

motivation, resilience, productivity and innovative thinking of our employees. As a whole, these are key drivers of Incap's culture, strategy implementation and success.

Incap arranges a broad range of training opportunities for its employees ranging from introductory training to process improvement and management related training. Introductory training covers e.g. Code of Conduct, rules, health and safety training and quality management system related training. Moreover, we provide product training and repeated health and safety training including fire training. More specific training includes topics such as Six sigma, 5s, vocational skills, such as IPC and other training required by certification standards.

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

In 2020, COVID-19 pandemic limited the opportunities for training, but as the pandemic subsides we intend to restore training to the pre-pandemic level and add exchange programmes and internal training opportunities across Incap's global organization.

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



During 2020 and the COVID-19 pandemic, we distributed 1200 grocery kits to people in need in the surrounding villages of our factory in India.

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

## Supporting local societies

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

We regularly invite the local communities and neighbors to open-door events at our factories where the locals get to learn about Incap as a neighbor and Incap gets to interact with the local community. During 2020, these activities were halted due to the COVID-19 pandemic. As the pandemic subsides we expect to resume this kind of local interaction with our communities.

INCAP IN BRIEF

DESCRIPTION OF OUR  
BUSINESS OPERATIONS

A WORD FROM THE CEO

CORPORATE RESPONSIBILITY  
AT INCAP

SOCIAL  
RESPONSIBILITY



ENVIRONMENTAL  
RESPONSIBILITY



ECONOMIC  
RESPONSIBILITY



GRI REPORT



# CASE



## INCAP ESTONIA AWARDED FAMILY-FRIENDLY EMPLOYER GOLD LABEL

Incap's aim is to create a working environment and organizational culture that helps to balance work-life and family at different stages of life. As part of the family friendly programme of Incap Estonia, we offer our Estonian employees a broad range of support such as for instance health insurance packages, a quarterly bonus and paid leave for e.g. doctor visits or supporting children on their first day at school.

We invite regularly our employees children and grandchildren to family days and children are also welcome to visit our office. At our children's corner, toddlers can find fun things to do, such as drive a rally simulator while waiting for their parents.

As a recognition of the work we have done, Incap Estonia has been awarded the Estonian Family-Friendly Employer Gold Label for the second time. With this award we have also become ambassadors of family friendliness for other local companies on the island of Saaremaa, the home of Incap Estonia. Family friendliness is increasingly being recognized as an important topic for any organization that wants to attract and maintain a skilled and motivated work force.





# ENVIRONMENTAL RESPONSIBILITY

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



# ENVIRONMENTAL RESPONSIBILITY

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

We are committed to a proactive policy on environmental issues and to operate in an environmentally responsible manner. We comply with all relevant legal requirements to prevent pollution and reduce consumption of natural resources and materials. We continuously develop and improve our processes to protect and preserve the environment. In 2020, no violations of environmental laws or regulations were identified in Incap's operations.

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

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

highly interlinked with the environmental ambitions of our customers. Availability of technically and environmentally advanced materials and components and local municipal waste handling services also impact our ability to optimize our waste management process and improve our recycling rates.

In order to contribute to sustainable use of resources, our environmental responsibility efforts also focus on energy efficiency and CO2 emissions which are directly linked to global climate change. We consider these material because of the general urgent need to combat climate change and we want to pro-actively contribute to a solution to this global concern.

## Waste and hazardous material management

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

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

We continuously strive to reduce the amount of hazardous materials in our production processes.



Recycling rate  
**90%**

To minimise any risk related to hazardous materials and substances we train our staff and arrange drills to raise awareness and support understanding of appropriate handling of hazardous materials, be it on an ongoing basis in the daily work or in case of an accident.

The recycling rate for hazardous waste was 100% in 2020 and the recycling rate for non-hazardous waste was 90%. In 2020, there were no incident of spillage or accidents relating to hazardous materials.

## Energy efficiency and CO2 emissions

Energy efficiency and reduced CO2 emissions are critical drivers in the fight against global climate change as set out in UN's Paris Agreement. As part of our commitment to a proactive policy on environmental issues and we want to contribute to the fight against climate change.

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

We continuously strive to improve our energy intensity by using modern technology and data, energy-efficient equipment, and through smart material flow and logistics. In 2020, the energy intensity of Incap's operations decreased to 52 MWh/MEUR (61 in 2019), supported with investments in energy efficient assembly lines and technology, such as led lights installed at the factories.

**100% renewable energy consumption at our factory in Slovakia.**



# CASE

## SWITCHING TO LED LIGHTS REDUCES ENERGY CONSUMPTION AND IMPROVES WORK CONDITIONS IN INDIA

Incap's manufacturing facilities in Tumkur near the city of Bangalore in India serve Incap's global customers all over the world. The factory specialises in manufacturing of electronics and box-build products.

Annually the factory consumes about 2,400 MWh of electricity. Lighting of the factory premises is one of the biggest drivers of Incap India's electricity consumption. At the same time, Incap's employees handle very small components with high precision. Good lighting is a basic requirement for good work conditions that support well-being at work and quality of Incap's production.

In 2020, the management of Incap India decided to upgrade the factory lighting from sodium vapor and tube lights to modern LED lights. The upgrade resulted in savings in electricity consumption of about 50 per cent. The upgrade also brought lighting at the assembly lines from about 500 lux to a level where it should be according to IPC standards, between 750 and 1,000 lux.

As the LED lights lifespan is long, this upgrade is expected to generate further savings over time and hence contribute to long-term economic and environmental value.





# ECONOMIC RESPONSIBILITY

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

<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 
---	---

# ECONOMIC RESPONSIBILITY

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

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

We are committed to full compliance with all applicable national and international laws and regulations, including anti-competition laws and anti-corruption practices. As a stock exchange listed company, Incap strictly complies with securities market regulations and guidelines for good corporate governance as well as transparent and open reporting and communication.

Market capitalisation at the end of 2020 was

**107.4 MEUR**

## A growing business partner

Good financial performance ensures we can offer our employees fair and competitive compensation and benefits, in addition to possibilities for further development and professional growth. Our customers

value a stable, efficient and financially sound business partner, whom they can trust to manage their manufacturing while they manage their business.

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



Incap's revenue grew

**50%**

in 2020.

Incap is a growing company in a growing industry with good profitability creating economical value for its shareholders. As a responsible growth company we meet the expectations of all our stakeholders and support continued value creation for our investors in the long term.

## Anti-competitive behaviour and anti-corruption

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

We support and strive for fair competition and free markets, and thus we do not enter into discussions, agreements or business practices with competitors concerning pricing, market shares, or other similar activities. We are committed to winning business only



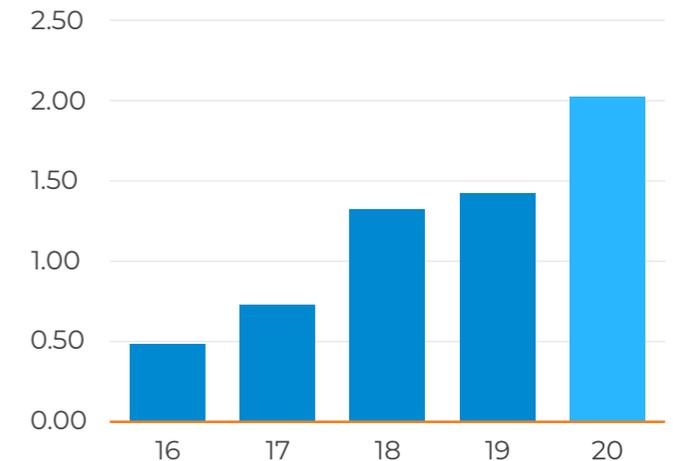
**We are committed to winning business only on the merits of our services and people.**

on the merits of our services and people, and comply with all legal requirements for giving and receiving gifts and entertainment. We do not offer or accept bribes.

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

In 2020, there were no reported incidents of corruption or legal actions taken for anti-competitive behavior, anti-trust and monopoly practices.

## EARNINGS PER SHARE (EPS), EUR





# GRI REPORT

---

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



## ABOUT THIS REPORT

Incap Corporation is a limited liability company with headquarters in Helsinki, Finland. Incap's share is listed on the Nasdaq Helsinki stock exchange. Incap's administration and management are based on the Company's Articles of Association, the Finnish Companies Act and Securities Markets Act, and the rules of NASDAQ Helsinki Stock Exchange. Incap also complies with the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association. The Code is publicly available at the address [www.cgfinland.fi](http://www.cgfinland.fi). The company's operations are also guided by the Company's own corporate policies, Code of Conduct and other rules.

This report is Incap's first Corporate Responsibility report and the company will publish a Corporate Responsibility report on a yearly basis. The activities, performance, and results reported relate to the 2020 calendar and financial year, from 1 January 2020 to 31 December 2020, unless otherwise noted. The report does not contain any restatements of information or changes in reporting. The information in this report has not been assured externally.

Incap's organisation changed significantly in January 2020, as the company acquired AWS Electronics Group with production facilities in the United Kingdom and Slovakia. More information about the acquisition and a share issue arranged in 2020 is available in the Annual Report 2020.

When preparing this CR report, the company has considered the four GRI Reporting Principles for

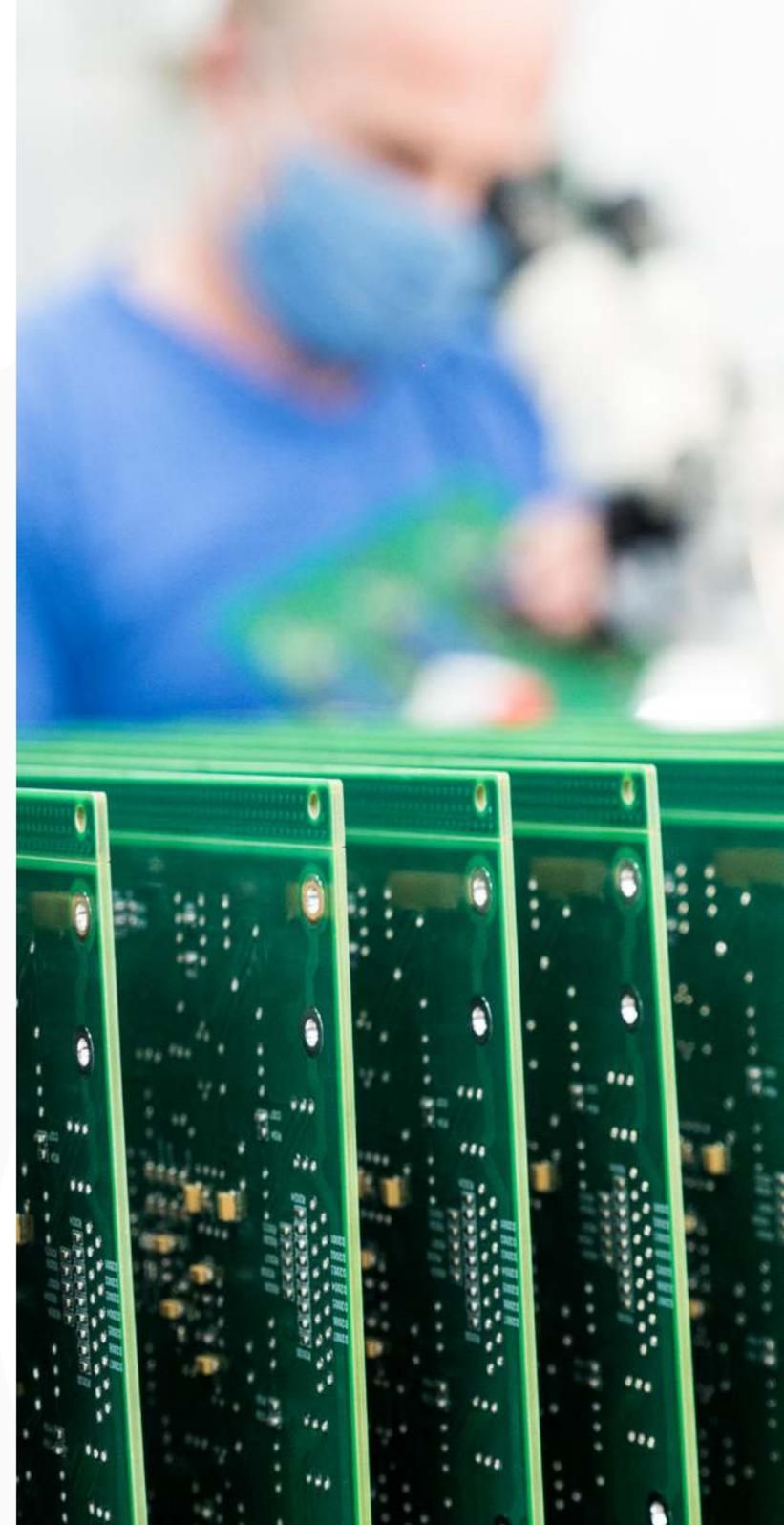
defining report content, which are: Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness.

This report focuses on the corporate responsibility themes that are most material to Incap's economic, social and environmental responsibility. The material corporate responsibility themes were identified during a materiality analysis in 2020. The materiality analysis was conducted by the management of the company and it was based on stakeholder surveys with employees, customers, suppliers and investors. In 2021, the work will continue with further development of the Corporate Responsibility program.

This report, including the boundaries for reporting on material topics, concentrates on areas that are within Incap's direct sphere of influence and control. This report covers also AWS Electronics (acquired in January 2020) for the reporting periods of 2018 and 2019. Incap's Corporate Responsibility efforts are extended to its suppliers through the implementation of Incap's Code of Conduct for suppliers and supplier audit process.

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

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



# GRI INDEX

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

# GRI INDEX

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



# GRI INDEX

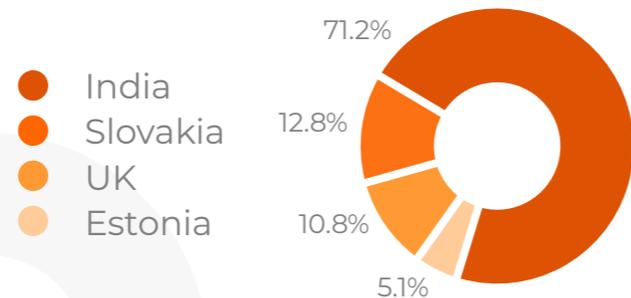
		Location of the information, comments	SDG
<b>GRI 200: Economic standards</b>			<b>9,16</b>
<b>Economic performance</b>			
201-1	Direct economic value generated and distributed	26	
<b>Anti-corruption</b>			
205-3	Confirmed incident of corruption and actions taken	19	
<b>Anti-competitive behavior</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	19	
<b>GRI 300: Environmental standards</b>			<b>7,12,13</b>
<b>Energy</b>			
302-1	Energy consumption within the organization	26	
302-3	Energy intensity	26	
<b>Waste</b>			
306-2	Waste by type and disposal method	26	
<b>Environmental compliance</b>			
307-1	Non-compliance with environmental laws and regulations	16	

# GRI INDEX

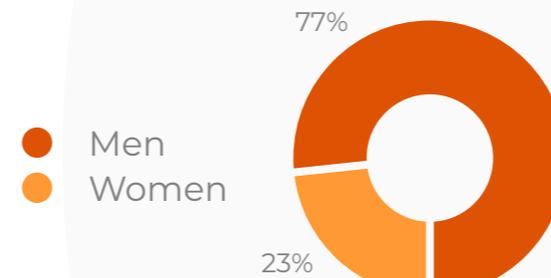
		Location of the information, comments	SDG
<b>GRI 400: Social standards</b>			<b>3,4,5,8</b>
<b>401</b>	<b>Employment</b>		
401-1	New employee hires and employee turnover	26	
<b>403</b>	<b>Occupational Health and Safety</b>		
403-8	Workers covered by an occupational health and safety management system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

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

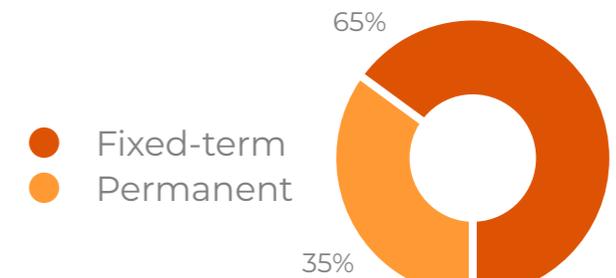
The number of personnel in Incap Group at the end of 2020



Ratio of women to men



Type of contract



GRI 201-1: Direct Economic value generated and distributed			
MEUR	2018	2019	2020
Customers: revenue	100.1	115.0	106.5
Suppliers: cost of goods, materials, services	70.7	81.0	74.3
Personnel: wages etc	12.3	14.0	14.3
Public sector: taxes	1.8	2.3	2.3
Creditors: interest expenses	0.5	0.5	0.4
Communities: donations	0	0	0
Business development: other expenses	4.0	4.3	4.4

GRI 302-1: Energy consumption within the organization			
MWh	2018	2019	2020
Electricity consumption	5,155	5,209	4,781
Of which electricity from renewable sources	267	1,375	1,100
District heating	952	897	731
<b>Total energy consumption</b>	<b>6,374</b>	<b>7,480</b>	<b>6,611</b>

GRI 302-3: Energy intensity			
MWh/MEUR	2018	2019	2020
Revenue, MEUR	100	115	106,5
<b>Total energy intensity within the organization</b>	<b>61</b>	<b>53</b>	<b>52</b>

GRI 306-2: Waste by type and disposal method		
tn	2019	2020
<b>Non-hazarduous waste</b>	313	385
Landfill	30	26
Recycling	283	351
Incineration	0	9
Biowaste	0	0
<b>Hazarduous waste</b>	6	7
Landfill	0	0
Recycling	6	7
Incineration	0	0
<b>Total</b>	319	393

GRI 401-1: New employee hires and employee turnover				
New employees hires	-30 years	30-50 years	50- years	Total
Female	9	15	6	30
Male	14	11	6	31
<b>Total</b>	23	26	12	61
Turnover (resigned)	-30 years	30-50 years	50- years	Total
Female	8	13	9	30
Male	11	10	11	32
<b>Total</b>	19	23	20	62

403-9: Work-related injuries			
	2018	2019	2020
Lost time incident rate*	0%	0%	0%
Lost-days rate**	0%	0%	0%
Work-related injuries	-	-	-

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

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

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

Training days	2019	2020
<b>Male</b>		
Managers and superiors	44	54
White-collar employees	78	113
Blue-collar employees	1,095	405
<b>Female</b>		
Managers and superiors	121	150
White-collar employees	73	29
Blue-collar employees	1,275	593
<b>All employees</b>	<b>2,684</b>	<b>1,343</b>

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

	-30 years	30-50 years	50+ years	Total
<b>Male</b>				
BoD member	0	1	1	2
Managers and superiors	2	15	19	36
White-collar employees	8	62	23	93
Blue-collar employees	42	98	99	239
<b>Female</b>				
BoD member	0	0	2	2
Managers and superiors	1	11	5	17
White-collar employees	8	34	11	53
Blue-collar employees	27	114	85	226
<b>Total</b>	<b>88</b>	<b>335</b>	<b>245</b>	<b>668</b>

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

	2018	2019	2020
Managers and superiors	81 %	82 %	82 %
White-collar employees	81 %	82 %	82 %
Blue-collar employees	93 %	94 %	94 %
<b>Total</b>	<b>89 %</b>	<b>90 %</b>	<b>90 %</b>



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

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

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

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

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

# INCAP