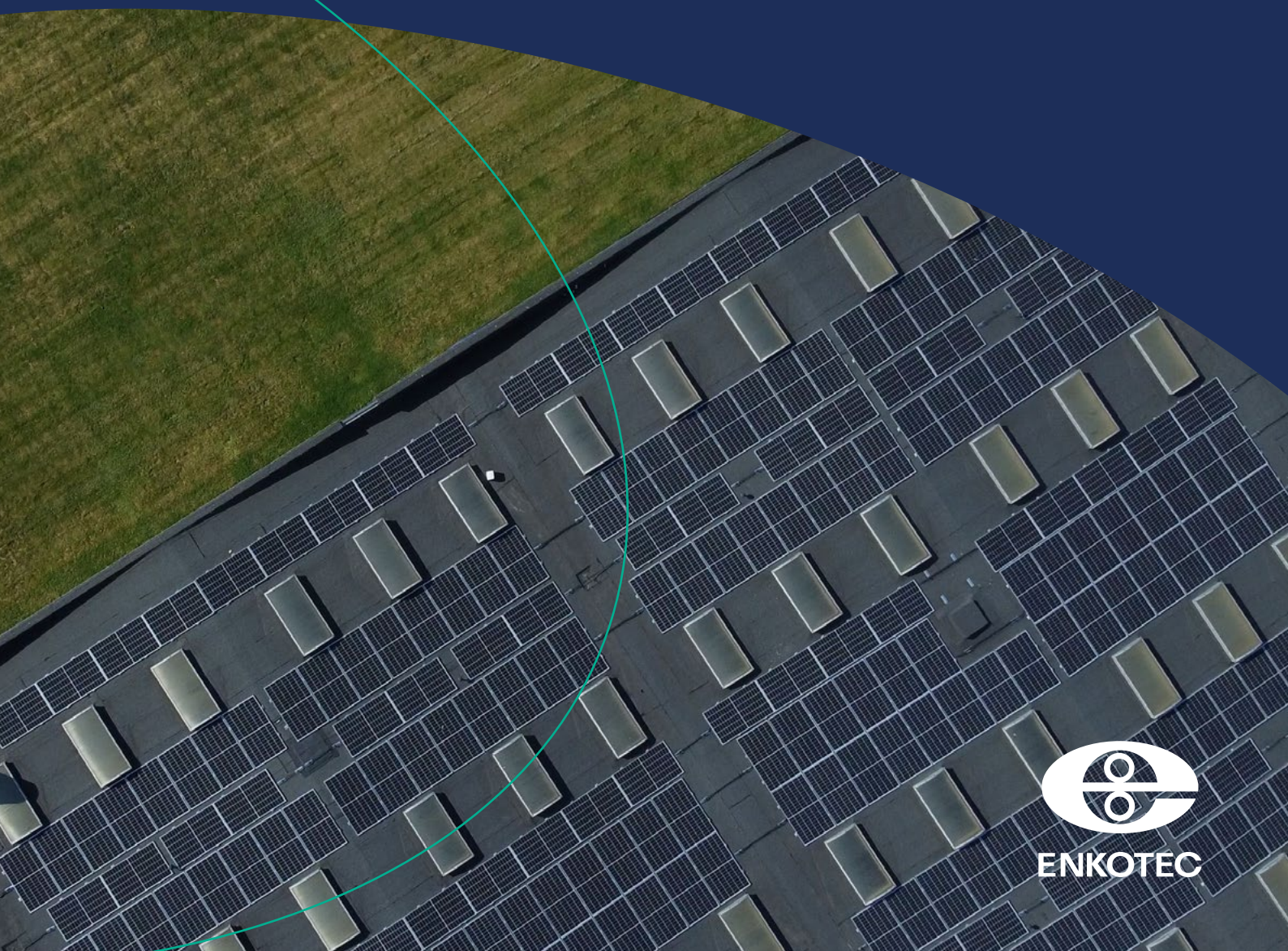


ESG Report

2022/2023



ENKOTEC

Contents

3. What is ESG and Why is ESG important?
4. Sustainability & Efficiency
6. Our ESG Goals - Key figures
7. Environmental Goals
8. Social Goals
10. Governance Goals



Sustainability is one of our core values and a key part of our business strategy.

– Gert Kjeldsen, CEO

What is ESG?

ESG stands for Environmental, Social and Governance, which are three main areas in which we can measure the impact our company has on the world in terms of sustainability and ethics. Reporting on these areas can help our stakeholders to evaluate the non-financial risks and opportunities associated with our daily operations.

When the ESG key figure overview is added to the traditional financial overview, stakeholders have a better opportunity to assess whether the company's activities are carried out on a sustainable basis. The actual level and development in ESG data can help to illuminate the extent to which the companies are future-proofed and how robust they are in the face of future changes in framework conditions.

Why is it important to us?

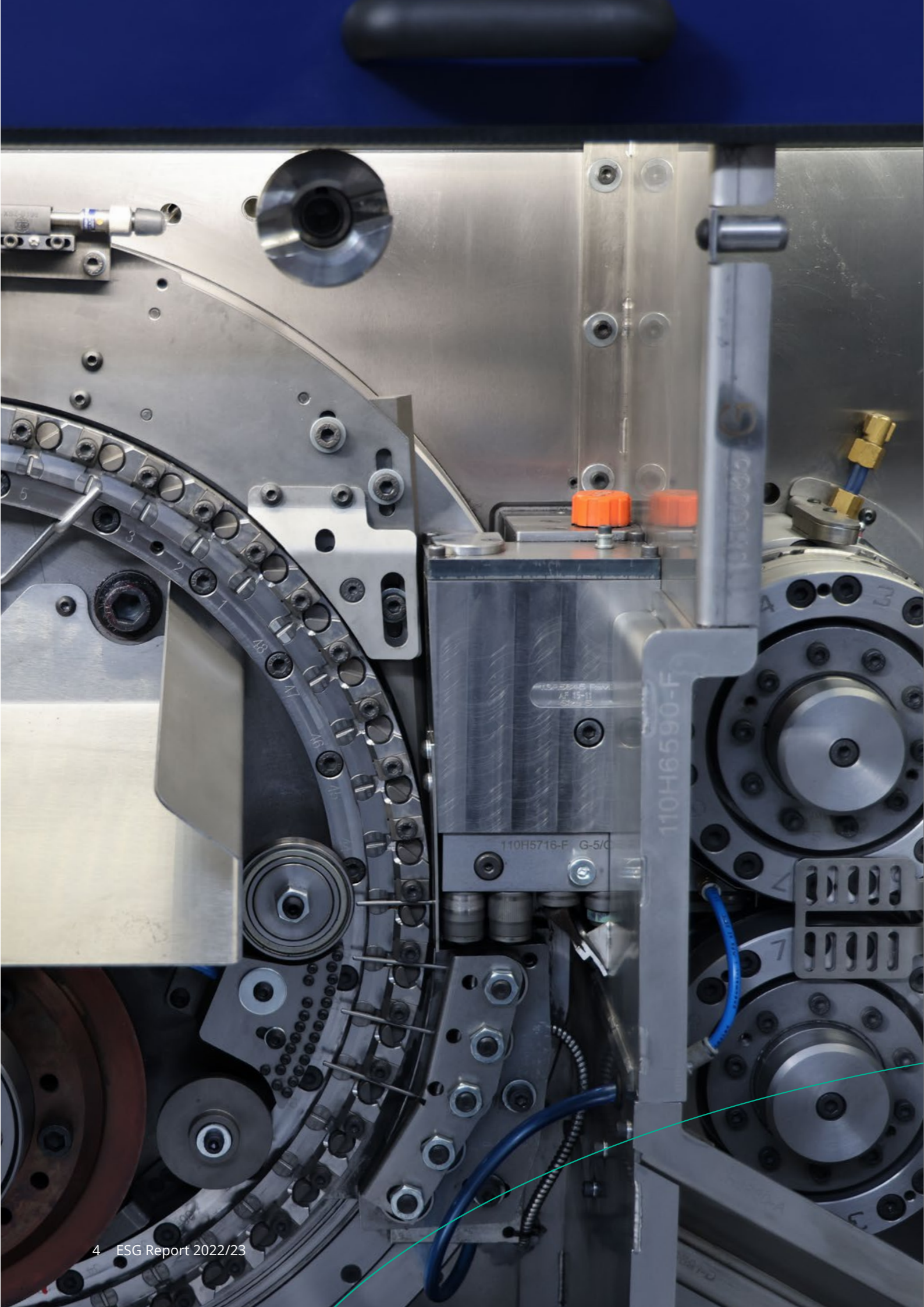
Sustainability is a central value to our corporate strategy; we want to ensure we work within a framework which supports this and helps us to make positive choices for our planet.

For us, sustainability means many things; from preserving the planet to reducing inequalities. This includes using resources responsibly, conducting business in an ethical manner, and creating solutions that are inclusive to people all over the world.

We can achieve this through resource efficiency, sustainable supply chain management,

innovation, stakeholder engagement and transparency.

In short, we want to ensure that our activities have a reduced impact on the environment, our employees, or the people who work with our machines. We want to become the world's leading brand in sustainable and innovative nail solutions, and adhering to the principles of ESG can help us get there.



Sustainability & Efficiency go hand-in-hand

Our focus on efficient nail production ensures raw materials are utilised to an optimum.

For over 40 years, ENKOTEC has focused on how to produce nails in the most efficient manner to ensure that raw materials are utilised to an optimum.

Sustainability is always a consideration when developing our solutions, and we are constantly striving to improve both our finished products and our production process. For us, sustainability and efficiency go hand-in-hand, both in terms of commodities and business management, and we are continuously developing products to assist our clients optimise operations, minimise waste materials, and use as little energy as possible.

For example, this has led to the development of the ENKOsmart digital platform, which contains a sensor-controlled quality module that can automatically stop the machine from running if any nails are outside of the specified tolerance. This can significantly reduce scrap and unnecessary use of wire, meaning that raw materials are not wasted helping to minimize the carbon footprint of nail manufacturing. The platform can also track data from the machines, allowing operations and Overall Equipment Efficiency (OEE) to be optimised.

In terms of inclusivity, the ENKOsmart software platform includes an intuitive digital manual with animated video guides. This makes working with our machines accessible to people all over the world, regardless of language skills and reading capabilities. This provides an opportunity for decent employment globally, and operators of ENKOTEC machinery receive in-depth training and education, which allows for the possibility of social mobility and further employment opportunities.

We always keep ethics in mind

We strive to create ethical working conditions for both our own workers and those who operate our machines. This includes incorporating safety features into all our machinery, for example, developing solutions to reduce noise, and eliminating the need for oil to ensure that production is as clean as possible.

We also ensure that our suppliers adhere to a strict supplier code of conduct which includes principles on labour, human rights, environment, and ethical conduct and is compliant with the UN Supplier Code of Conduct.

Our ESG Goals - Key figures

	Unit	Target	2022	Long-term Goal
Environmental data				
CO ₂ e, scope 1	Tons	46	46	0
CO ₂ e, scope 2	Tons	57	103	0
Energy consumption	GJ	800	788	800
Renewable energy share	%	65%	31%	100%
Water consumption	M ³	365	363	
Social Data				
Fulltime employees	FET	N/A	76	N/A
Gender diversity	%	>18%	24%	>18%
Gender diversity - Management	%	17%	25%	33%
Gender pay gap	Times	N/A	1.32	N/A
Employee turnover rate	%	5%	5.5%	5%
Sick leave	%	3%	2.87%	3%
Customer retention	%	95%	96.8%	95%
Governance				
Gender diversity - Board	%	17%	17%	40%
Attendance at board meetings	%	100%	97%	100%
Salary difference between CEO and non-executive employees	Times	N/A	5.0	N/A

Environmental Goals

We aim to keep developing innovative solutions to make nail production as sustainable as possible. Our long-term sustainability strategy is to achieve net-zero CO₂ emissions in our production facility. To do this we aim to use 100% green energy in our manufacturing facility and use as little energy and water as possible.

We have asked our suppliers to provide us with data regarding their circular economy. We are still in the process of collecting this information and will use the results to make more sustainable choices going forward.

CO₂ Emissions Scope 1:

Scope 1 covers emissions from sources that an organisation owns or controls directly – for example, from burning fuel in our company vehicles. We currently have four company cars, of which two are electric-hybrid cars. As of July 2023, our policy states that any future company vehicles, both new and replacement, must be electric.

CO₂ Emissions Scope 2:

Scope 2 covers emissions that a company causes indirectly and come from where the energy it purchases and uses is produced – for example, the emissions caused from the energy we use in our buildings.

We recently finished renovating our offices to make them more energy efficient. This included installing a new ventilation system with a heat recovery system, and thicker insulation. We hope that this will cut down on our energy usage as our buildings will retain their temperature for longer, requiring less heating in the winter and less cooling in the summer. During the renovation we also changed all our lightbulbs to LEDs, in order to minimise our electricity consumption.

Renewable Energy

As part of the renovation, in May 2023 we installed solar panels on the roofs of our building, to help us achieve our goal of using 100% green electricity. Our solar energy plant can produce 250MWh per year, which covers our own electricity consumption of 200MWh, and increases our contribution to the green transition in Denmark as a net seller of 50MWh of renewable energy.

Other Initiatives – Employee Engagement

We wish to create a working environment in which environmentally choices are easy to make. This means raising awareness of environmental issues and making it easy for our employees' ability to make sustainable choices in their every day lives.

We have installed electric charging stations in our company car park to enable our staff to purchase electric cars if they wish.

To combat any unnecessary waste, we have provided all employees with a thermo-cup to cut down on warm-water waste and the use of single-use cups.



Social Goals



Since 2006 ENKOTEC has been owned by BIKUBENFONDEN; a private foundation that allocates funds from its returns and capital to benefit non-profit and charitable purposes in Danish society.

Therefore, it is of the utmost importance to ENKOTEC that we support social development, both for our employees and our contributions to wider society.

Employee Diversity by Gender

24% of our employees are women, which is significantly higher than the average of 18% for the Metal & Machine Industry.

ENKOTEC naturally wants the best employees and values qualifications more than gender, but we believe that a diversified workplace is more creative and productive, which is why we value diversity so much.

At a minimum, our goal is to be more diverse than the average for the industry.

This principle is even more pronounced in management, where the long-term target is 33%, which is the EU's official target for listed companies in 2026.

Pay Ratio by Gender

Our wages are paid according to qualifications, and this implicitly means that equal work gives equal pay, regardless of gender. In 2022, the ratio was 1.3 which was due to differences in job roles.

Employee Welfare

We attach great importance to staff well-being, and we actively work with both the physical and psychological framework for the employees.

The entire office area has been newly modernised and decorated with photo art in the canteen to create a pleasant and stimulating environment. Furthermore, the focus has been to improve the indoor climate, both in terms of air circulation and acoustics.

The air in the production area is frequently changed, and the surroundings are continuously renovated.

Employee turnover is lower than our target of 5%.

Our target for sickness absence is 3%.

Customer Retention

At ENKOTEC we want happy and returning customers, and we work actively with service as a competitive parameter. We aim for 95% of our customers to return the following year for further purchases. In 2022, retention was 96.8%.

Governance Goals

At ENKOTEC we believe that good governance is key to running a successful business.

For us, good governance comes from a diverse range of committed and engaged board members. Our board is made up of seven members, two of which are staff-elected, to ensure a balanced range of opinions are heard and that our employees are represented.

Gender Diversity of the Board

We want to follow EU legislation for boards of listed companies; thus, the objective is that at least 40% of the board must be of each sex. In 2022, the figure was 17%.

Board Meeting Attendance Rate

It is ENKOTEC's position that attendance at board meetings is a given and all board members are expected to attend all meetings. Therefore, the target figure is 100%.

In 2022, the actual attendance was 97%, which was due to one day of illness for one member.

Pay Ratio Between CEO and Other Employees

The target figure focuses on whether the CEO is rated very highly in terms of value compared to the average employees' salary.

In cases of high difference, the company should outperform similar companies. In 2022, the difference was 5, which can be compared to the difference in a C25 company, where the difference is 37 in 2023.



Our Vision

We want to become the world's leading brand in innovative and sustainable nail solutions.



Our Mission

We commit ourselves to continuously develop and produce the world's most sustainable and competitive nail solutions - everywhere, every day.



Our Values

Involvement

We are involved and committed.

Integrity

We do things properly and sustainably.

Innovation

We provide cutting-edge and innovative solutions.

Value Creation

We strive to optimise our customers' business.

Teamwork

We succeed through internal and external cooperation.



ENKOTEC is the world's leading supplier of machinery for the manufacture of mass-produced wire nails as well as customised nail production solutions.

We provide competitive nail solutions ranging from stand-alone machines to complete nail production plants, and our customer base goes from small businesses with one nail machine to big international groups totaling more than 50 nail machines and accessory equipment.

We supply nail manufacturing machinery to customers all over the world, and are proud to be global leaders in the industry.

www.enkotec.com



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