

Sustainability Report

Scanfil is a trusted manufacturing partner and system supplier for the electronics industry with over 45 years of experience. Scanfil provides its customers with an extensive array of services, ranging from product design to product manufacturing, material procurement, logistics solutions, and refurbish and end-of-life services.

Sustainability is essential to Scanfil. Scanfil wants to preserve the earth for future generations and be an excellent and responsible business partner for its customers and suppliers, and a reliable employer. Scanfil is committed to UN Global Compact and has identified seven key UN Sustainable Development Goals from the company perspective.

Scanfil plc is committed to developing its sustainability, sustainability targets, and its reporting and measuring. This sustainability report has been approved by the Board of Directors, and it has been compiled according to the EU's other than non-financial information reporting directive.

In 2022, the company continued to prepare for the change of EU corporate sustainability regulation and as part of preparation work Scanfil finalized double materiality assessment survey in February 2023.

We contribute to the following UN Sustainable Development Goals.



Sustainability at Scanfil

Management

The Board of Directors and members of the management of Scanfil are responsible for the management of corporate responsibility. In terms of its governance, Scanfil complies with Finnish laws and regulations, its Articles of Association, Nasdaq Helsinki's rules and guidelines, and the Finnish Corporate Governance Code. In practical work, responsibility perspectives are guided by the Group's Code of Conduct. Furthermore, in each country Scanfil has operations, it follows the national laws of that area. In addition, the policies and other ethical operating principles are approved by the Board of Directors or the Management Team.

Key themes in corporate responsibility

Ensuring and developing the sustainability of operations is vitally important for Scanfil's success. The monitoring and continuous development of corporate sustainability serve the needs of all Scanfil's stakeholders. Scanfil has defined key factors for its corporate responsibility and divided them into Environmental (Responsible Consumption and Climate Action), Social (Good Health, Gender Equality, Good Jobs and Reduce Inequalities), and Governance (Peace, Justice and Strong Institutions).



“Sustainability is essential to us. We want to preserve the earth for future generations”, Petteri Jokitalo the CEO of Scanfil plc.

Environmental

The focus areas for environmental responsibility are the efficient use of raw materials, the control and reduction of energy and water consumption, as well as the management and reduction of waste, recycling, and the reduction of the carbon footprint. All sites within Scanfil are certified according to ISO 14001.

Social

Social responsibility focuses on competence development, occupational health and safety, the development of the motivation and work satisfaction of the personnel, and equal treatment of the people. The ISO 45001 occupational health and safety management standard is being used at all Scanfil's factories. Scanfil's objective is to be an excellent place to work.

Governance

Good Governance includes the development of customer satisfaction, product quality, delivery reliability, continuous development of the community, compliance with the law and ethical principles throughout the supply chain, the prevention of corruption and bribery, and the focus is on profitability, ethical values and the transparency of operations. All the company's factories operate a quality control system observing the ISO 9001 criteria.

Sustainability risks

Scanfil's most important sustainability risks.

Supply chain

Scanfil's global supply chain includes procurement from countries with different risk levels. Potential risks in the supply chain include, e.g., compromising human rights or labor rights, risks to occupational health and safety, and causing environmental damage. Scanfil suppliers can cause notable reputation or business risks to Scanfil if they engage in such unethical behavior.

To effectively manage risks in the supply chain, Scanfil has a supplier evaluation process, and each supplier is committed to Scanfil's Supplier Code of Conduct.

Health and safety

In our operations, the greatest threats to employee health and safety, such as work-related illnesses and accidents, arise when Scanfil's health and safety processes are not followed, and risks in the work environment are not recognized and controlled.

Our employees are involved in health and safety decisions through consultation and cooperation. We comply with legal requirements and develop and implement appropriate health and safety procedures and working practices.

Scanfil has a Safety Council, which monitors all work safety aspects. Safety Council convenes quarterly to share and decide corrective actions and preventive best practices. In addition to that, sick leaves, accidents/injuries and, serious accidents are monitored monthly.

The occupational risk analyses are performed regularly at all locations to prevent health and safety incidents related to our operations.

Unethical behavior

Employee-related risks may also arise from violations of Scanfil's Code of Conduct and related principles, such as practices related to bribery, fraud, corruption, and misconduct, which could impact the company's reputation and its financial position.

Climate-related physical risks

Due to climate change e.g., extreme weather conditions are becoming more common. For example, floods or tornadoes could pose a threat to the continuity of Scanfil's operations. The company has business continuity plans in place in all factories to manage possible impacts.

Environmental responsibility

Responsible Consumption

Scanfil produces extensive services for its customers, ranging from product design and development to material procurement, product manufacturing and distribution. It is generally estimated that approximately 80% of a product's negative environmental impacts are determined in the product design phase. Environmental impacts are taken into account throughout Scanfil's value chain, ranging from the procurement of raw materials to production, distribution, and recycling.

Scanfil promotes sustainable development by identifying, measuring and reporting the environmental impact caused by its activities. The goal is to reduce negative impacts on the environment. Scanfil's aspiration is to consider the environmental impact throughout the value chain, ranging from the procurement of raw materials to production, distribution, and recycling possibilities. All Scanfil's factories have a certified ISO 14001-compliant environmental management system. In its production, Scanfil mainly uses metals, electronic and plastic components, and chemicals. It prefers recyclable materials and eco-friendly products. Part of the materials to be used are chosen by customers. The utilization rate of all raw materials is optimized to ensure the efficient use of resources and decrease the amount of waste created. Waste materials are recycled if they cannot be re-used in the company's own production. Steel is an important raw material used by Scanfil. Its effective use is closely monitored in the production process.

The risks associated with chemicals are analyzed before their deployment, and they are handled following precise instructions and precautions. In addition, proper training and drills are arranged to prepare for any accidents.



Scanfil promotes sustainable development by identifying, measuring and reporting the environmental impact caused by its activities.

Reduce carbon footprint

Scanfil commits to reducing its carbon footprint by 50% from 2020 16,853 tCO2e to 2030 10,000 tCO2e. This means on average 4.2% annual reduction in carbon footprint until 2030. In 2022, the result was a 39% reduction in CO2 emission from the baseline in 2020. However, the target is challenging with the annual organic turnover growth rate target of 5 - 7% p.a.

As an internationally operating company, employees' business travel is necessary, while the company seeks to reduce it, for example, by utilizing the possibilities of the latest technology and by favoring virtual meetings. The travel practice always guides the employees to choose the most environmentally friendly alternative for travel and meetings. Emissions from daily commuting have been reduced by organizing bus transportation for personnel at several Scanfil factories. The company's updated vehicle policy favors low-emission cars, such as hybrid and electric cars.

Increasing usage of fossil-free energy

The company also commits that its energy consumption is 60% fossil-free by 2030. Target was increased from the originally 50% in 2022. In 2022 the share of fossil-free energy increased to 51,5% from 33% in 2021. Scanfil uses energy in heating, cooling, lighting, and production machinery. In 2022, Scanfil's electricity energy consumption was 273 million kWh and the total energy consumption was 40.8 million kWh. The total energy consumption includes the combustion of fossil fuels in on-site boilers, furnaces, vehicles, purchased electricity, district heating, and cooling. The total energy consumption increased by 2% year-on-year. This is due to higher customer demand and volumes in 2022. Energy consumption per value-add decreased by 5.1%.

Most of the increase in energy consumption came from Suzhou and Sieradz which are the largest production units at Scanfil. The increase in production resulted in a larger number of machines installed and in more shifts when the factory operated during evenings and weekends.

It is also notable, that climate change has increased the need for air cooling in several factories and increased energy consumption during the summer.

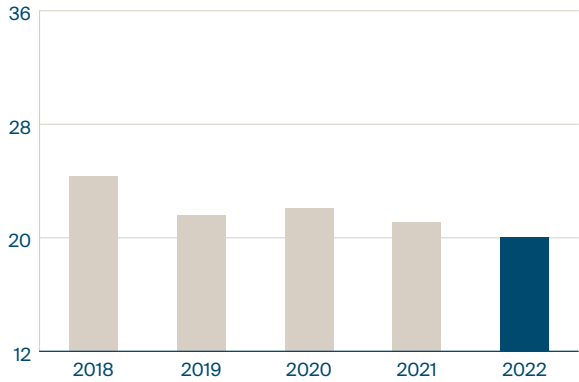
In 2022, electrical energy consumption divided by value add increased by 1.9%. Value add increased at a lower pace than electricity consumption.

Water and Waste

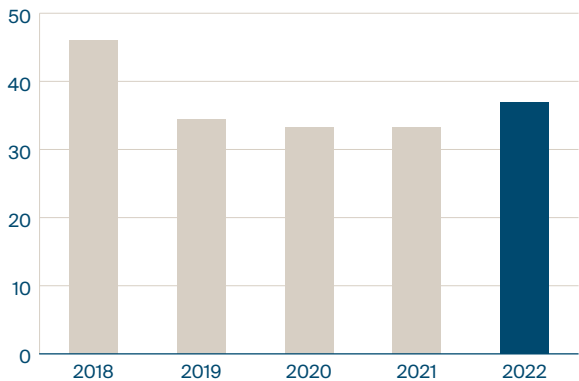
Water is used in facility cooling and maintenance, production, and sanitary facilities. Total water consumption was 55,065 (46,227) m³. Water consumption increased by 19.1% and increase divided by added value was 11.1%. The increase in water consumption was largely related to enhanced air conditioning in Suzhou, and new painting lines in Pärnu and Myslowice, and also distributed across all factories in relation to the production volume increases.

The amount of waste created increased by 12.6% in 2022 compared to 2021. There were some differences between factories due to changes in production and different product ranges, but majority of the increase came from increased volumes. Waste reduction is one of the focus areas in 2023. Waste divided by added value increased from 2021 by 5.1%.

Energy consumption kWh / value add



Water consumption m³ / value add



Added value = turnover - purchases

Environmental certificate held by all

All Scanfil's factories have a certified ISO 14001:2015 -compliant environmental management system that verifies the measurement and improvement of environmental impacts on the company's management and employees, as well as on its external stakeholders. The company's management monitors the implementation of environmental practices, as well as the development of key indicators and the goals set, both locally and at group level. In addition, the employees are provided with the necessary knowledge and training to ensure they can work in accordance with the objectives of our environmental practices.

The most important actions taken in 2022 to support the above targets

- New energy agreements in Myslowice and Suzhou factories
- Energy saving activities in all factories e.g. automated power switches, runtime optimization and led lightning
- Logistics and transportation optimization
- Paintshop pre-treatment line automation upgrade in Sievi

The most important actions to be taken in 2023 to support the above target

- Detailed reporting and improvement actions per waste type
- Energy saving and transportation optimization to continue
- Green electrcity agreement in Wutha

Certificates of Scanfil's factories

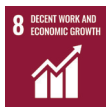
Factory	ISO 9001:2015 Quality management system	ISO 14001:2015 Environmental management system	ISO 13485:2016 Medical equipment	ISO 45001:2018 Occupational health and safety assessment system	IATF 16949:2016 Quality system standard for the automobile industry, conformity document
Atlanta	●	●	●	●	
Malmö	●	●	●	●	
Myslowice	●	●	●	●	
Pärnu	●	●		●	
Sieradz	●	●	●	●	
Sievi	●	●	●	●	
Suzhou	●	●	●	●	●
Wutha	●	●	●	●	●
Åtvidaberg	●	●	●	●	

Social Responsibility

At Scanfil, social responsibility focuses on its employees' competence development, occupational health and safety, as well as the development of the personnel's motivation and employee satisfaction. Scanfil aims to be a responsible employer and an encouraging working community where every individual has the opportunity to develop their personal skills and abilities. Scanfil aims to improve the employee satisfaction to the top quartile among all companies covered by our current employee satisfaction survey service partner.

Scanfil joined the UN initiative "Global Compact" in 2021 to enhance responsible business practices. The principles are based on the UN Declaration of Human Rights, the ILO Fundamental Conventions on Human Rights at Work, the Rio Declaration, and the UN Convention against Corruption. Being part of the "Global Compact" initiative, Scanfil uses the best practice guidance, tools, resources, and training provided.

Scanfil has HR and work environment policies and the Code of Conduct to guide the daily work of the management and other employees. The Code of Conduct describes in detail the ethical and sustainable methods of operation compliant with Scanfil's values. Any updates of the Code of Conduct are consulted with all subsidiaries, also involving their non-managerial employees, in order to get full alignment and contribution from differentiated communities. A thorough review of the Code of Conduct is part of the induction process.



Scanfil improves occupational safety by continuous active measures.

Scanfil Women Appreciation Team started operating in 2022 and it drives Scanfil's gender equality activities. That was initiated by Scanfil becoming an UN Women Empowerment Principles Signatory. In 2022 Scanfil also joined the UN Target Gender Equality program, which propelled new development initiatives.

Occupational health and safety

2022 was a recovery year from the global coronavirus pandemic. Sick leave rates were still high due to tails of coronavirus characterize by local epidemics and lower immunity to many normal seasonal viruses. The Group's sick leave rate was 4.4% (2021: 3.6).

There were 48 (2021: 43) occupational accidents. As a percentage of active workforce accidents declined by 0.3 percentage points, from 1.7% to 1.4% compared to 2021.

Scanfil improves occupational safety by continuous active measures. The work environment must always be safe and healthy. The ISO 45001 occupational health and safety management standard is used at all Scanfil's factories. The development of safety is also monitored by the Safety Council, which meets four times a year and consists of the HR Managers and Safety Officers of each factory.

Scanfil uses a Safety Book to record occurred occupational accidents during the year. Scanfil reacts to all occupational accidents and near-miss incidents to prevent them from recurring. Most accidents are related to the manual assembly operations and handling of materials. Challenging postures and extended sedentary work may influence workforce in assembly and office work. Their negative impact is mitigated through improved ergonomics and well-being campaigns.

The response rate to the annual personnel survey was 89% (2021: 87%). Despite the uncertainties resulting from the coronavirus pandemic and rearrangements within the company, employees' job satisfaction and motivation increased and loyalty remained high. Improvements were clearly visible in the white collars' workload, which was focus development area in 2022. The situation is still challenging with the limited availability of certain components, mainly semiconductors, together with the rising customer demand, requires special efforts of those employees responsible for customers and purchases. However, Scanfil managed to improve the situation over the year. To continue the positive trend, Group's focus on 2023 is Leadership development in order to equip direct managers with effective tools and abilities to lead people through challenging times. Based on the survey, over 400 development actions were registered within Scanfil.

Development of employee satisfaction results



Human rights

The company ensures its social responsibility through fair working conditions and practices, with an exclusive focus on human rights as expressed in Scanfil's Code of Conduct.

Human rights and equal treatment are fundamental values in Scanfil's operations, and here no compromises can ever be made. Besides the personnel, they concern all partners, and they define, among other things, the principles of respecting individuals, as well as those of preventing forced labor, child labor, and human trafficking. The Code of Conduct also includes instructions on reporting possible or suspected unethical or illegal actions. Scanfil's personnel survey includes questions about any unwanted behavior.

Scanfil has a whistleblowing channel through which the company's personnel and partners can anonymously report any observed or suspected misconduct regarding corruption, bribery, or rules described in the Code of Conduct. The company aims to ensure compliance with the Code of Conduct in its supply chain by carrying out audits and increasing supplier's awareness in this field. Compliance with the law and ethical principles is also monitored in internal control and audits. In 2022, no non-conformities pursuant to corporate governance were identified in Scanfil's global whistleblowing channels. Four cases of bullying or harassment were reported in local HR organizations. These were investigated thoroughly by local management teams, and the resulting actions were reported in the global HR organization.

Scanfil's factories are actively involved in charity activities and sponsorship of youth sports teams, and Scanfil supports UNICEF at the Group level.

Non-discrimination and diversity

We believe that the broader the pool of talent open to an employer, the greater the chance of finding the optimum person for the job. Innovation and agility are seen as the great benefits of diversity, and there is an increasing awareness of what has come to be known as 'the power of difference.' Scanfil employs around 70 different nationalities. We have over 80 employees with disabilities. The average age of our employees is 40 years, and the ratio between women and men is 49% to 51%. Board and management diversity is handled in the Scanfil's Board of Directors Report.

The most important actions taken in 2022:

- Continuously improve employee satisfaction, including employee well-being and white-collar workload
- Scanfil uses UNGP (UN guiding principles on business and human rights) as a benchmark tool for measuring human rights

The most important actions to be taken in 2023:

- Safety council improvement actions
- Improve Working Conditions (EES actions) and well-being campaign promoting healthy living habits
- Gender equality action plan (brand, career and recruitment) and enhance diversity & inclusion awareness
- Improve EES action plans quality with targeted development for selected managers

Good governance

Scanfil's governance is divided into good and sustainable business practices, customer satisfaction, and a sustainable supply chain. Topics concerning Board and Management are handled in the Board of Directors Report and in addition to this in the Remuneration report.

Good corporate citizen

Scanfil has operations in seven countries, and it co-operates with suppliers and subcontractors around the world. Scanfil is committed to being a good corporate citizen both internationally and locally, which is why all its functions must respect different cultures and cultural heritage, as well as local methods of operations compliant with national laws. Scanfil's Code of Conduct defines the ethical principles and commitment to anti-bribery, honesty, fair methods of operation, and the behavior expected of Scanfil's employees business partners and other stakeholders. Human rights and equal treatment are basic values in Scanfil's operations, and they cannot be compromised. People must be treated with dignity and respect in the manner approved by the international community.

Anti-corruption and anti-bribery measures

As part of its corporate responsibility management, Scanfil is also developing its activities to fight corruption and bribery. Compliance with corporate responsibility is raised more often than previously in talks with customers. Scanfil has defined responsible operating guidelines in its' Code of Conduct. This covers, for example, the equal treatment of people and prohibits corruption and bribery. The Group's operating methods, such as transparent and cost-based pricing, reduce the possibility of non-compliant activities. No deviations from Scanfil's Code of Conduct were identified in 2022.



Whistleblowing

Scanfil has a whistleblowing channel through which the company's personnel and partners can anonymously report any observed or suspected misconduct regarding corruption, bribery, or rules described in the Code of Conduct. More information about Whistleblowing is found in the Social Responsibility section.

Anti-Competitive

Scanfil is committed to not take part in decisions and practices that are anti-competitive. These actions are, e.g., price-fixing, bid-rigging, market sharing, production controlling, or miss-use of market power.

Facilitating Customer sustainability

Customer satisfaction is one of the company's core values, and everybody at Scanfil understands that success depends on satisfied and loyal customers. Maintaining active contacts regarding the customer's requirements and Scanfil's plans is an essential element of cooperation. It allows the correct business decisions to be made and the competitiveness and responsibility of production services to be developed. Continuous development of operations in cooperation with customers is in both parties' best interest.

Continuous contact with customers is based on the key account management model. It includes a plan on cooperation, systematic and regular meetings at several levels, and a standardized reporting model presenting the most important key performance indicators (KPIs). Development projects are also implemented based on customer feedback. For example, they may be related to quality matters or the expansion of the service offering. High-quality and cost-effective production is one of Scanfil's key competitive advantages. The continuous development of production processes, utilization of the right technologies, and verified quality of the materials used are key factors in the continuous improvement of competitiveness.

Satisfied customers

Customer satisfaction (Net Promoter Score, NPS) is measured regularly by conducting a customer satisfaction survey twice a year. Feedback helps us to monitor our operational performance in terms of our delivery capacity and our ability to produce quality, as well as our flexibility, competitive prices, the organization's ability to react, and the coverage and performance of our services. Based on the survey, we will define a factory- and/or function-specific development program, including relevant measures. These measures will be monitored actively in cooperation with customers. NPS, which shows the probability of our customers recommending Scanfil as a manufacturing partner, decreased from the previous year. This was due to challenging material situations and us not being able to live up to customers' expectations on-time delivery. Scanfil has started corrective actions to improve customer experience.

How probable is it that you would recommend Scanfil's services?

NPS-scale from -100 to +100.

	Q2 2021	Q4 2021	Q2 2022	Q4 2022
NPS Score	25	22	5	-5

Quality and performance

All Scanfil's factories operate a quality control system observing the ISO 9001 criteria. In addition, certain factories have other certified quality management systems applicable to specific industries. All Scanfil's factories observe the Lean Six Sigma process development methodology and analysis (FMEA) that identifies the supply chain and production risks. The objective is to identify the deficiencies and risks in processes and production at an early stage, continuously make improvements, and carry

out preventive measures. Performance is measured by KPIs, the most important being delivery punctuality and customer quality, measured as Defective Parts Per Million (DPPM). In 2022, customer quality improved, while delivery punctuality was negatively impacted due to continued challenges with electronics components availability and long lead time.

Scanfil is committed to continuously develop its operational performance. The company has made significant investments in the digitalization and automation of its operations. The technology investments have been made to further develop production processes and by that improve company's competitiveness. Scanfil's gross investments totaled 2.3% of company's turnover.

Towards Sustainable Supply Chain

Material purchases represent approximately two-thirds of turnover, which is why efficient procurement is a significant competitive factor for Scanfil. Scanfil has a broad network of local, regional, and international suppliers and partners, which it seeks to develop to ensure good quality and cost-effectiveness.

EcoVadis tool for sustainable procurement

EcoVadis platform has become a key tool for Scanfil to assess its suppliers, subcontractors and other business partners. The target is to assess 80% of the biggest and preferred suppliers, and selected suppliers with an increased risk profile.

Supplier selection and Supplier Code of Conduct

Scanfil requires that all its partners comply with the law and agreements and operate according to Scanfil's Code of Conduct. Scanfil Supplier Code of Conduct sets the standards we expect our suppliers to follow. It is the starting point for any new or existing business relationship, and it covers areas such as health and safety, child and forced labor, human rights, anti-corruption, compliance with laws and regulations, environment and climate change, and more. We expect our suppliers

to comply with our Supplier Code of Conduct and be transparent in their ESG. Scanfil strongly recommends all its suppliers and business partners to use the EcoVadis platform.

The Supplier Code of Conduct constitutes part of purchase agreements signed with major suppliers. In addition, the Code of Conduct is signed with all suppliers when operating in the Asian market. Scanfil selects its suppliers carefully, and cooperation with its key suppliers is long-term. Scanfil only uses approved suppliers that fulfill Scanfil's strict criteria in terms of quality, delivery reliability and cost-efficiency. Scanfil audits its suppliers systematically and monitors their compliance with the terms and conditions of agreements. It also prevents any misconduct through the verification of orders and training. Once cooperation has started, quality assurance is carried out continuously. This means that incoming material is inspected, any non-conformities are kept under control, any errors in quality are corrected and the general performance of suppliers is evaluated. When new components or materials enter production, Scanfil always uses a separate inspection process to ensure quality. Making use of Scanfil's global position and volume in procurement processes helps to maintain competitive prices and control the supplier network. This is why Scanfil aims to focus its purchases on a few selected suppliers.

Scanfil value add creation 2022, EUR million



The most important actions taken in 2022:

- Preparation for EU level CSRD and EU taxonomy
- Ecovadis Gold preparations
- Code of Conduct update with business ethic topics
- Preparations for Code of Conduct online training

The most important actions to be taken in 2023:

- CSRD driven double materiality assessment and actions based on the results
- Achieving EcoVadis Gold
- Updated Code of Conduct training for all employees

Business partners and society

Scanfil's sales to customers totaled EUR 844 million, of which purchases from external suppliers accounted for EUR 694 million. The difference, EUR 149 million, was the added value produced by Scanfil. The added value produced increased by EUR 11 million (+8.6%) from the previous year. Scanfil produces added value for employees, creditors, shareholders, and for the company's further development. Most of the added value was produced by the employees. During the year, Scanfil had an average of 3,400 employees and paid them EUR 83 million in salaries and wages. Salaries and wages increased by EUR 6 million, or 6%, year-on-year. Scanfil paid a total of EUR 28 million in other statutory staff costs and income taxes.

The company's subsidiaries are located in seven different countries. The location of these companies is based purely on business-related factors, such as the customers' market areas or their research and development centers. Scanfil is committed to paying taxes and other statutory expenses in each of its countries of operation. Scanfil has solvent financial partners. The company's financial position is strong. The company's credit and financial expenses totaled EUR 4 (2021: 2) million. The company aims to pay approximately a third of its net result as annual dividends. In keeping with this principle, Scanfil paid EUR 12.3 million in dividends in 2022. The dividend per share paid by the company has increased every year for the last nine years. Correspondingly, the company aims to use two-thirds of its result for investments, future growth and the general development of business. The company's return on equity was 16.1% in 2022, which clearly shows that the investments made in the company have repaid themselves well.

EU taxonomy

The EU taxonomy is a classification system for sustainable economic activities. It aims to provide robust definitions and transparent reporting to support increased finance for activities that substantially contribute to solving the climate and environmental crisis.

The EU taxonomy is reported in financial terms as the proportion of economic activities that are determined non-eligible, eligible and aligned in turnover, Capital Expenditure (CapEx) and Operating Expenditure (OpEx).

The EU taxonomy is intended to encourage financial markets to invest and finance more sustainably and avoid green washing. It sets the criteria for activities that the EU has classified as environmentally sustainable. Activities that are described in the taxonomy are referred to as eligible activities. Eligible activities that also meet set criteria are referred to as aligned activities in the taxonomy.

Scanfil has activities that qualify as environmentally sustainable according to the EU Taxonomy as per EU Regulation 2020/852. Scanfil has activities that are in the scope of Technical Screening Criteria (TSC) 3.1 Manufacture of renewable energy technologies, 3.4 Manufacture of batteries and 3.5 Manufacture of energy efficiency equipment for buildings. According to Article 16 of the Taxonomy Regulation, these activities are enabling substantial contribution towards climate change mitigation, which is one of the environmental objectives defined in Article 9 of the Regulation.

Assessment of compliance with the taxonomy regulation

Scanfil has carried out an assessment regarding its economic activities against the EU Sustainable Finance Taxonomy's first Delegated Act on Climate, as required by the Delegated Act on Article 8. The purpose of this assessment was to define the taxonomy-eligibility and alignment. Scanfil's approach to identifying and reporting sustainable economic activities consisted of:

1. Eligibility assessment: mapping of economic activities to taxonomy activity descriptions and NACE codes.
2. Substantial contribution assessment: screening of activities against technical screening criteria.
3. Do no significant harm (DNSH) assessment: screening of Scanfil's procedures to ensure that our operations do not cause significant harm to relevant environmental objectives. Screening conducted at an appropriate level for each environmental objective. The company has established management procedures that address different environmental issues, including waste disposal and pollution control. These procedures are primarily carried out using environmental management systems that are certified by ISO 14001.

4. Minimum safeguards assessment: A review of Scanfil's social safeguards to ensure that our operating instructions, company policies, and management system are compliant with the UN Declaration of Human Rights, the ILO Fundamental Conventions on Human Rights at Work, the Rio Declaration, and the UN Convention against Corruption

As a result of the 2022 assessment, the following economic activities were identified as taxonomy eligible and aligned for Scanfil with the objective of Climate Change Mitigation (CCM) according to the Technical Screening Criteria of 3.1 Manufacture of renewable energy technologies, 3.4 Manufacture of batteries and 3.5 Manufacture of energy efficiency equipment for buildings.

Scanfil continues to develop taxonomy assessment and reporting in 2023 as the final technical screening criteria for the four remaining objectives will be finalized. Scanfil Taxonomy KPIs for the year 2022 are presented in the tables of the following pages.

Double counting has been avoided by classifying external revenue streams into taxonomy-eligible economic activities only once. The shares of eligible and aligned net sales have been used as key to calculate eligible and aligned Opex and Capex.

Turnover

Scanfil is an electronics manufacturing service ("EMS") company. It manufactures components and products for its customers. Most of Scanfil's operations fall under NACE code 26 (Manufacturing of computers and electronic and optical products), which is currently not covered in the first Delegated Act on Climate. Scanfil has approximately 110 active customers and it manufactures approximately 10,000 different products annually. To describe the complexity, customers' end products can vary from heat pumps and recycling solutions to elevators and industrial pumps and frequency converters. For now, Scanfil's taxonomy-eligible and aligned economic activities are conducted predominantly in the Energy & Cleantech segment customers while other businesses are currently not described in the Taxonomy Regulation. Only customers and their line of business is assessed.

Economic activities	Codes	Absolute turnover	Portion of turnover	Contribution criteria		Do no significant harm -criteria		Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned % of turnover in 2022	Enabling activity	Transitional activity
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation								
A. TAXONOMY ELIGIBLE ACTIVITIES		MEUR	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Taxonomy aligned activities (A.1.)															
Manufacture of renewable energy technologies	3.1	4	0.5%	100%	-	-	Y	Y	Y	Y	Y	Y	0.5%	E	-
Manufacture of batteries	3.4	13	1.5%	100%	-	-	Y	Y	Y	Y	Y	Y	1.5%	E	-
Manufacture of energy efficiency equipment for buildings	3.5	55	6.0%	100%	-	-	Y	Y	Y	Y	Y	Y	6.0%	E	-
Turnover (A.1.)		72	8.0%												
Eligible, but not aligned activities (A.2.)															
Manufacture of renewable energy technologies	3.1	3	0.4%	100 %											
Turnover (A.2.)		3	0.4%												
TOTAL (A)		76	8.4%												
B. TAXONOMY NON-ELIGIBLE ACTIVITIES															
Turnover (B)		768	91.6%												
Total (A+B)		844	100%												

Capital Expenditure

The idea of an EMS company is to share assets in the production with other customers e.g. SMT lines are used for multiple customers and therefore identifying or separating investments in these assets based on taxonomy eligibility or alignment cannot be done. In cases, where assets cannot be shared i.e. they are customer specific, customer typically owns the assets.

Taxonomy CapEx is presented and measured in line with the CapEx presented in the Group's financial statements. It consists of purchases of property, plant and equipment, and intangible assets and right-of-use assets.

Breakdown of CapEx KPI

MEUR	
Additions to property, plant and equipment	18
Additions to intangible assets	1
Additions to capitalized right-of-use assets	6
Total	25

Economic activities	Codes	Absolute CapEx	Portion of CapEx	Contribution criteria		Do no significant harm - criteria		Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned % of tCapEx in 2022	Enabling activity	Transitional activity
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation								
A. TAXONOMY ELIGIBLE ACTIVITIES		MEUR	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Taxonomy aligned activities (A.1.)															
Manufacture of renewable energy technologies	3.1	0	0.5%	100 %	-	-	Y	Y	Y	Y	Y	Y	0.5%	E	-
Manufacture of batteries	3.4	0	1.5%	100 %	-	-	Y	Y	Y	Y	Y	Y	1.5%	E	-
Manufacture of energy efficiency equipment for buildings	3.5	2	6.0%	100 %	-	-	Y	Y	Y	Y	Y	Y	6.0%	E	-
CapEx(A.1.)		2	8.0%												
Eligible, but not aligned activities (A.2.)															
Manufacture of renewable energy technologies	3.1	0	0.4%	100 %											
CapEx (A.2.)		0	0.4%												
TOTAL (A)		2	8.4%												
B. TAXONOMY NON-ELIGIBLE ACTIVITIES															
CapEx (B)		23	91.6%												
Total (A+B)		25	100%												

Operating Expenditure

The Taxonomy regulation's definition of OpEx relates to assets and economic activities that generate taxonomy eligible net sales. It consists of expenses relating directly to maintenance and servicing of assets including e.g., facility improvements. Scanfil has applied a conservative interpretation of the Taxonomy OpEx definition. Raw materials, and salaries of employees performing repairs, maintenance, and services of eligible fixed assets, are excluded.

Breakdown of OpEx KPI

MEUR

Costs of maintenance,
repair and equipment

10

Total

10

Economic activities	Codes	Absolute OpEx	Portion of OpEx	Contribution criteria		Do no significant harm - criteria		Water and marine resources	Circular economy	Pollution	Biodiversity and	Minimum safeguards	Taxonomy aligned % of opEx in 2022	Enabling activity	Transitional activity
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation								
A. TAXONOMY ELIGIBLE ACTIVITIES		MEUR	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Taxonomy aligned activities (A.1.)															
Manufacture of renewable energy technologies	3.1	0	0.5%	100%	-	-	Y	Y	Y	Y	Y	Y	0.5%	E	-
Manufacture of batteries	3.4	0	1.5%	100%	-	-	Y	Y	Y	Y	Y	Y	1.5%	E	-
Manufacture of energy efficiency equipment for buildings	3.5	1	6.0%	100%	-	-	Y	Y	Y	Y	Y	Y	6.0%	E	-
OpEx (A.1.)		1	8.0%												
Eligible, but not aligned activities (A.2.)															
Manufacture of renewable energy technologies	3.1	0	0.4%	100%											
OpEx (A.2.)		0	0.4%												
TOTAL (A)		1	8.4%												
B. TAXONOMY NON-ELIGIBLE ACTIVITIES															
OpEx (B)		9	91.6%												
Total (A+B)		10	100%												

SUSTAINABILITY REPORT SIGNATURES

Vantaa March 22, 2023

Harri Takanen
Chairman of the Board

Bengt Engström
Member of the Board

Christina Lindstedt
Member of the Board

Juha Räisänen
Member of the Board

Petteri Jokitalo
CEO