



HANZA

**ALL YOU NEED
IS ONE™**

Sustainability report 2021

Sustainability as part of our business concept

As a global company with the goal of modernizing and streamlining the manufacturing industry, HANZA adopts a holistic approach to sustainability. Our operations have an environmental and social footprint, particularly with respect to human health and workplace safety.

We are confident that HANZA's regional-cluster factory organization and its supply-chain advisory services generate crucial positive values, such as stable deliveries and eco-friendly manufacturing processes for customers, as well as good employment conditions for employees.

Consequently, sustainability is highly prioritized and integrated into HANZA's strategy. HANZA's business approach – in combination with its efforts to minimize transports, retain healthy and motivated employees, maintain high traceability for input products, protect customers from data breaches, as well as its general endeavor work to establish a high level of trust – will minimize its negative footprint, while maximizing its positive effects on society.

Transparency and feedback on sustainability efforts help us to continuously improve, while winning the confidence of actors in our operating environment.

Governance of our sustainability work

HANZA's sustainability work is governed by values, a number of Group-wide policies and certified processes, organizational responsibilities and a framework for its sustainable enterprise. HANZA's Code of Conduct, which is based on the UN Global

Organizational governance of HANZA's sustainability work

The Board adopts the overarching sustainability strategy and its ambitions/goals, follows up on initiatives and performs risk analyses.

The CEO has ultimate responsibility and ensures that sustainability is a component of the overall business strategy, that HANZA's management of sustainability risks and its approach to sustainability issues are followed through, communicated and integrated into HANZA's business activities and acquisition strategy.

The CFO follows up and compiles the work, which is reported to the Board annually.

The Quality Manager is responsible for the follow-up of key performance indicators, as well as certification processes within the environment and work environment.

The Information Security Manager is responsible for the company's data security and the follow-up of key performance indicators, as well as certifications within information security. The Head of Sourcing & Logistics is responsible for assessing suppliers.

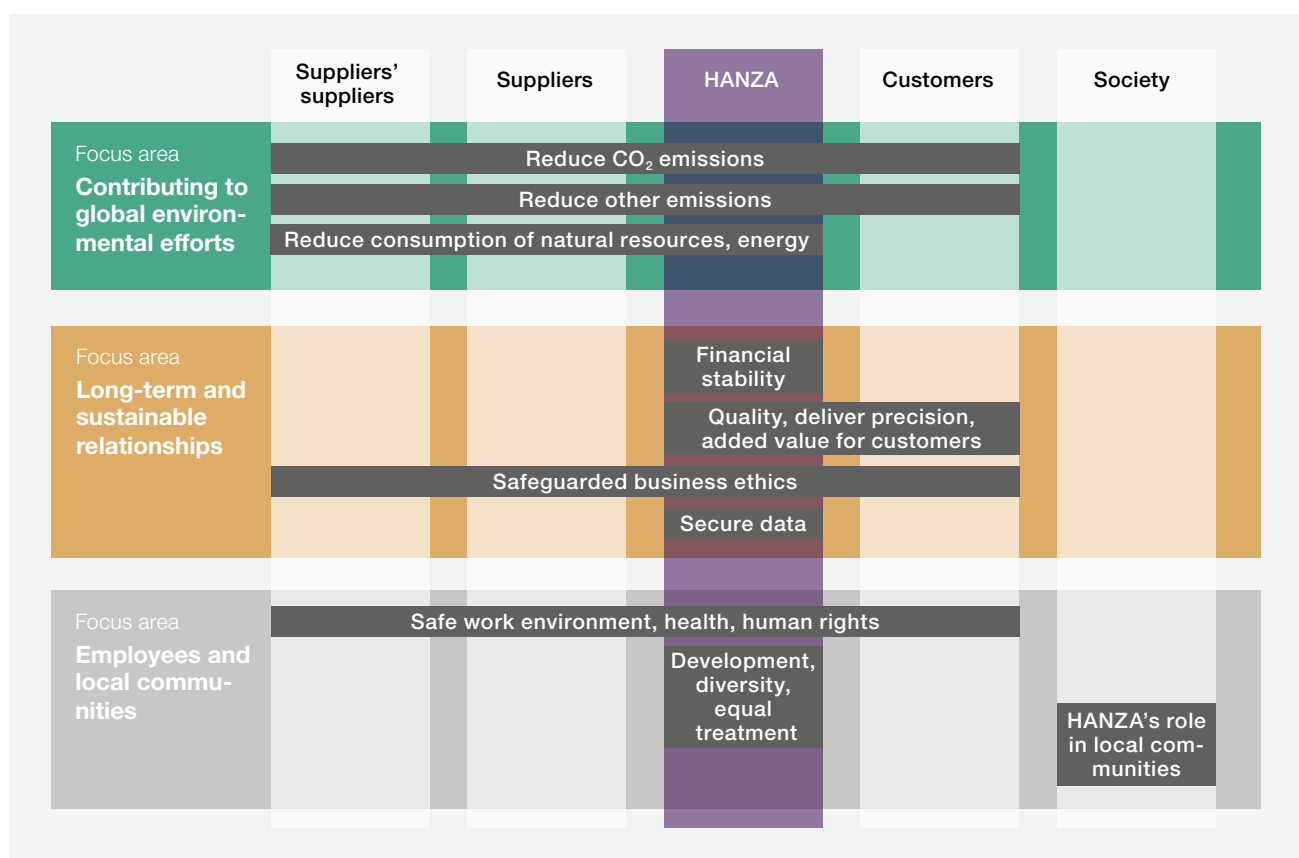
The HR Manager is responsible for following up employee performance and other HR issues.

Compact's ten principles supersede all of our policies and serve as a guideline for how HANZA should proceed as a good partner, employer and social actor.

In recent years, we have invested considerably in developing and strengthening our efforts with the quality, environment and work environment at our 16 factories. In late 2021, the Quality Management Systems of all of our factories were certified pursuant to ISO 9001; the environmental management systems of 12 factories were certified pursuant to ISO 14001; the Occupational Health and Safety Management Systems of 11 factories were certified pursuant to ISO 45001. One factory is certified for quality management within the aerospace industry, three mechanics factories have special quality certifications for welding. In 2021, work began on the certification of secure information management, by at year end, our entire Swedish operation and our service center in Estonia were certified under ISO 27001.

Group-wide governing document on sustainability	Responsibility for follow-up
Overall	
HANZAs Code of Conduct	CEO
Financial policy	CFO
Risk policy	CFO
Dividend policy	CFO
Internal Control Policy	CFO
Insider policy	CFO
Sourcing policy	COO
Supplier Code of Conduct	COO
ISO 9001, quality-management system	Quality Manager
AS 9100, quality management aviation industry*	Quality Manager
ISO 3834-2, quality management welding*	Quality Manager
Environment	
Environmental declarations (RoHS, REACH)	Quality Manager
ISO 14001 environmental management system*	Quality Manager
Data security	
Information Security Policy	CEO
ISO 27001 information security system*	Information Security Manager
Employees, human rights	
HR Policy	HR Manager
Work Environment Policy	HR Manager
Diversity Policy	HR Manager
Declaration of Conflict Minerals	Quality Manager

*Processes certified by third parties



Sustainability initiatives throughout the value chain

Our framework for sustainable enterprise constitutes our strategy for crucial sustainability issues deemed to be central to stakeholders, over which HANZA has influence. Stakeholder expectations are expressed through dialogs, such as customer meetings, customer surveys, employee surveys and investor meetings. To leverage the requirements and perspectives of stakeholders, we regularly evaluate and update our material sustainability issues. Sustainability issues have been grouped into three focus areas, for which for which

objectives or long-term ambitions have been set. To ensure that the principles and regulations that HANZA adheres to with respect to the environment, labor law, human rights and business ethics, are also complied with by our suppliers, consultants and other representatives, HANZA's sustainability work is conducted in several parts of the value chain. The follow-up and measurement of sustainability efforts by means of key metrics ensures that we are helping to make the manufacturing industry more sustainable and attractive, and creating value for stakeholders.

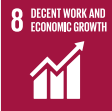
HANZA's stakeholders	Key issues	Dialog
Customers	Superior quality	Business
	Delivery reliability	Customer surveys
	Low environmental footprint – direct and indirect	
	Social responsibility – employees and subcontractors	
	Sound business ethics, data security	
Employees	Sound and healthy work environment	Employee surveys
	Social commitment	Career-development meetings
	Secure employment	Continuous dialog
Investors	Financial stability, return on investment	Annual General Meeting
	Customer satisfaction	Investor meetings
	Transparency, communication	Press releases and financial statements
	Environmentally and socially beneficial operations, regulatory compliance	
Society	Low environmental impact – waste, consumption, emissions	Regulatory dialogs
	Sound business ethics	Meetings with municipal management
	Communication	

UN Sustainable Development Goals

Major global challenges such as the climate crisis, poverty, injustice, inequality and corruption, constitute long-term threats to global stability and economic growth. In 2015, when the UN member states adopted Agenda 2030 and its 17 global sustainable development goals to address these challenges, the signatory countries, their business communities and their civil societies made a commitment to attain these goals and reset their economies.

Considerable work remains to be done and it is thus essential that all sectors of society do their part. HANZA has selected several development goals where its operations contribute to several interim goals.

The report for each focus area presents specific interim targets that the sustainability effort mainly pertains to.



Contributing to global environmental work

The need to reduce the overall climate and environmental footprint of products is driving an increasing demand for suppliers that utilize sustainable production methods.

Risks and opportunities

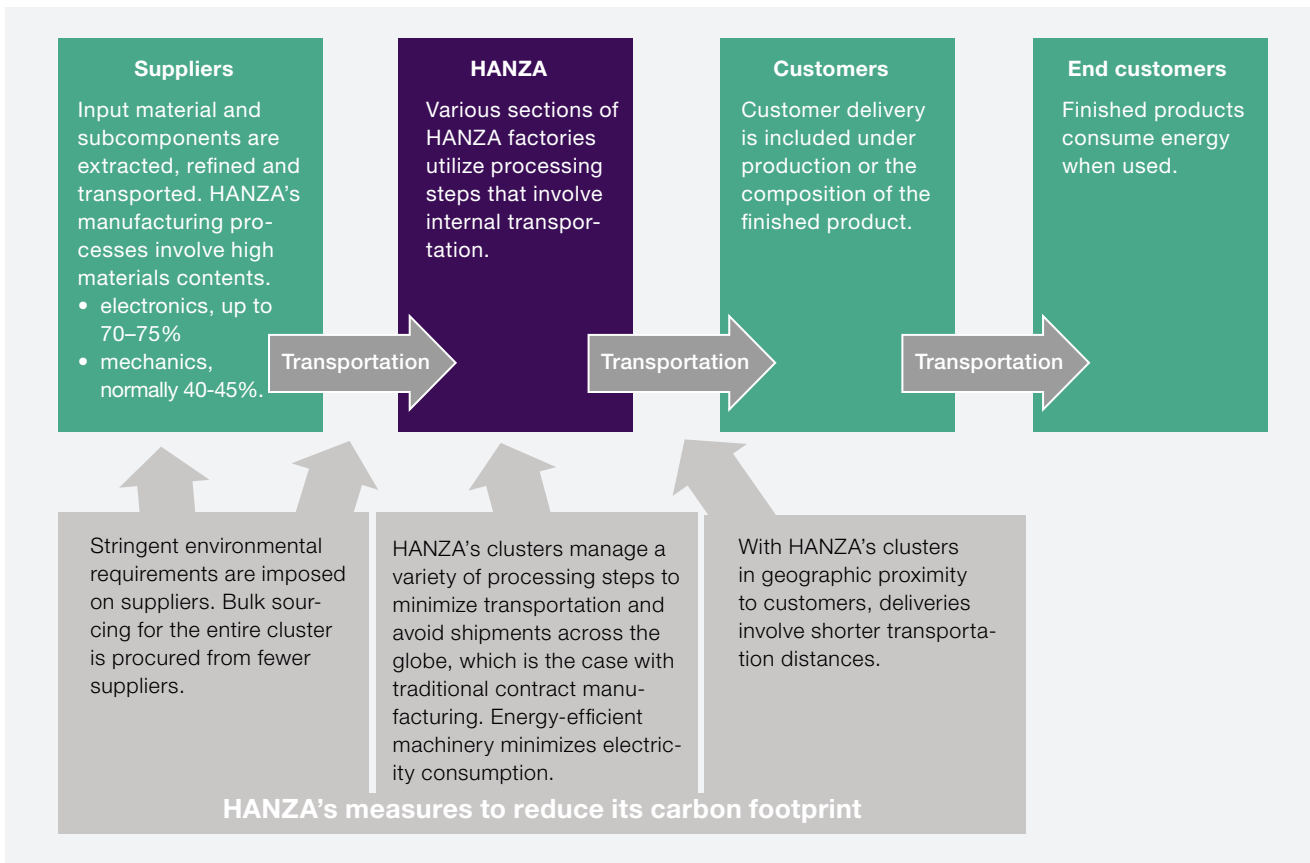
The world is facing environmental challenges pertaining to resource usage and emissions. The most significant of these are threats created by carbon emissions and reduced biodiversity, which could result in increased global poverty, greater conflicts and reduced growth. Measures such as tighter regulations and green investment requirements entail that HANZA and its customers, which comprise major industrial companies, must control their environmental footprint in order to gain access to financing and business. HANZA's competitiveness is strengthened by its manufacturing clusters, which provide customers with environmental benefits and traceability in manufacturing processes.

CO₂ measures in HANZA's value chain

HANZA will be reporting its CO₂ emissions under Scope 1 (leased vehicles etc.) and Scope 2 for the first time in 2021. However, HANZA's dominant climate footprint stems

from its value chain, which falls under scope 3 and mainly consists of the freighting of subcontractors' input material to clusters and final deliveries to customers. Another significant climate footprint stems from the production of input material. Business trips, which are also reported under Scope 3, account for a very minor portion of the Group's overall environmental footprint.

Keeping manufacturing operations within regional clusters and thereby reducing freight, is one of HANZA's most important investments in mitigating climate change and reducing carbon emissions. Products are manufactured to completion in production units that are geographically close to each other, allowing for shorter and fewer transports throughout the manufacturing process, compared with traditional contract manufacturing. Furthermore, the total number of transports to and from the cluster is reduced. As a rule, HANZA makes bulk purchases from a few suppliers.



Environmental management system ISO 14001:2015

HANZA's Group-wide environmental management system has been implemented in most of its factories. Eleven of a total of 16 factories are currently certified in accordance with ISO 14001:2015. The management system includes measurements of and targets for the Group's energy consumption and waste management. At each individual factory, specific environmental issues are identified, such as hazardous emissions and environmental risks, or activities that are subject to permit requirements. Opportunities to reduce or recover materials, as well as replace environmentally hazardous materials with eco-friendly ones are given due consideration. Targets are set for each factory, which are followed-up annually.

External events, such as the COVID-19 pandemic and the war in Ukraine have highlighted the importance of safeguarding supply chains and being located in proximity to markets. HANZA offers deliveries of finished products to customers who are often located in the geographical vicinity of the cluster. An Academic¹ study presented in 2022 indicates, among other things, that customers benefit from locating all of their production close to their end markets.

The aim of production is to increase the use of input materials extracted through climate-smart production methods, such as green steel. As early as the product development phase, customers are given the opportunity to choose climate-smart materials over others. In the procurement process, we evaluate and set requirements for subcontractors based on their climate impact.

For heating and electricity consumption in HANZA's factories, our long-term goal is to exclusively use green energy – fossil-free energy sources. In 2020, the factory in Heinävesi, Finland, was the first within the Group to completely switch to green energy. The new plant in Tartu, Estonia, which was inaugurated in early 2022, will be powered to about 25 percent by proprietary produced electricity from a photovoltaic system on the factory roof. A total of 8 percent of our overall energy supplies in 2021 originated from green energy sources.

Energy consumption

HANZA's energy consumption is dominated by the heating of factories and offices, and the powering of production machinery. The investment in new energy-efficient premises in Tartu, Estonia will result in real energy savings as of 2022. For the past few years, we have also invested in energy-efficient machinery at several of our factories. Total energy consumption increased in 2021, compared with the preceding year, which is mainly attributable to the figures for 2021 including district heating and an expanded scope of fuel-consumption measurements. When measured in relation to sales, which increased by nearly 17 percent year on year, the actual overall energy consumption has in reality decreased.

Materials and water consumption

HANZA's manufacturing processes involve high materials contents. Materials consumption is being curbed by ongoing

1) "Backshore Once Offshored Manufacturing? Exploring sustainability as driver for backshoring decisions in Sweden" by Valeria Bracamonte, Royal Institute of Technology 2022



New factory powered by photovoltaic system

The investment in a completely new production facility in Tartu, Estonia, is part of HANZA's expansion journey. The new efficient premises of 12,000 m² were inaugurated in early 2022. Energy efficiency was a crucial criterion for its construction – the aim is to avoid energy leakage from heating and thereby save money. The factory roof was equipped with 448 solar panels, providing a peak power of approximately 200kW, aimed at satisfying the important need for proprietary generated green energy. The photovoltaic system is expected to meet about one quarter of the factory's energy requirements.

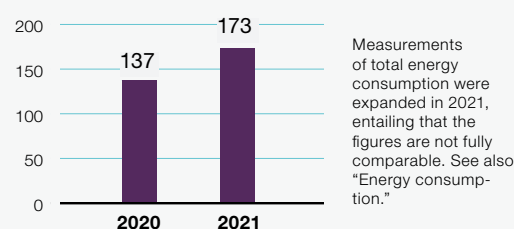
ing efforts with quality controls and recycling at all factories, with the aim of minimizing product defects and reducing materials waste. Consumption of metals and steel totaled 25,190 tonnes in 2021. The greatest consumption occurs within Swedish operations. We strive to reduce the use of materials that generate hazardous emissions. In product development, we provide customers with the opportunity to learn about HANZA's previous experiences with production processes that leverage eco-friendly alternatives.

Water consumption levels in the production lines of HANZA's factories are considerably lower, compared with, for example, the production of semiconductors. In 2021, water consumption increased by 4 percent compared with the preceding year. In accordance with rules and regulations, all water is purified before it is discharged.

Waste and hazardous emissions

Waste management refers to residual materials from production and to heavy metals. At the Group level, the goal is to maintain or reduce the cost of waste management in relation to sales. In 2021, waste management costs increased, as a whole and in relation to sales. More than half of the costs pertained to Swedish manufacturing operations. The amount of hazardous waste declined.

Energy consumption – MWH per million EUR in sales



Long-term target	Reduce CO ₂ emissions	Reduce other emissions	Reduce consumption of natural resources and energy
Target year 2022	That more factories will switch to using green energy exclusively	Cost of waste management: 2022≤2021	To reduce HANZA's energy consumption in relation to sales.
Target year 2021		Cost of waste management: 2021≤2020	
Results for 2021	<p>Green energy: 8%</p> <p>Scope 1: 122 tons (leased cars) Scope 2: 16,239 tons (purchased energy) Total 16,361 tonnes of CO₂ emissions</p>	<p>Cost of waste management/sales, %</p> <p>2021 0.15</p> <p>2020 0.11</p> <p>Generated waste, tonnes</p> <p>2021 2,887</p> <p>2020 1,127</p> <p>of which hazardous waste, tonnes</p> <p>2021 449</p> <p>2020 495</p>	<p>Energy consumption, MWh: 38,451 MWh (29,201)</p> <p>2021 38,451</p> <p>2020 29,201</p> <p>Metals, tonnes</p> <p>2021 17,087</p> <p>Water, m³</p> <p>2021 40,784</p> <p>2020 39,084</p>
Value generation	<p>Customers: End products with smaller climate footprint.</p> <p>Society: Reduced climate impact, modernized industry.</p>	<p>Customers: End products with lower environmental impact.</p> <p>Society: Increased environmental gains (biodiversity, etc.), modernized industry.</p>	<p>Customers: End products with lower environmental impact.</p> <p>Society: Increased environmental gains, lower resource consumption, modernized industry.</p>

1) The environmental data pertains to all operations within HANZA, with the exception of the newest factory in Finland. Carbon emissions were calculated based on GHG protocols, national emissions are based on the European Environment Agency's estimates for 2020.

EU taxonomy for green investments

The EU's green taxonomy regulation (EU 2020/852) is aimed at defining environmentally sustainable economic activities to facilitate the identification and comparison of environmentally sustainable business activities. The taxonomy entered into force in July 2020 and encompasses major companies of general interest that are also impacted by requirements on sustainability reporting.

For 2022, companies must report the proportion of their revenues, costs and investments that are encompassed by the EU taxonomy regulation's review criteria for climate-change restrictions and adaptation.

HANZA's operations consist of processing feedstock and components on behalf of major manufacturers, and are thus not encompassed by the EU taxonomy regulation's review criteria.

Nevertheless, HANZA takes sustainability and climate change issues very seriously, and therefore works to increase sustainability within several areas of the Group. This is pursued through our overall efforts to shorten and streamline transportation, and by providing HANZA's customers – as early as at the product-development phase – the opportunity to increase the utilization of input materials extracted via climate-smart production methods, such as green steel. For further information about HANZA's sustainability work, see pages 15–25 of the annual report.

Sales: The assessment is that HANZA does not have any sales encompassed by the taxonomy regulation's review criteria. HANZA does not manufacture its own feedstock, but purchases and refines them. Consequently, the Group's operations can neither be regarded as being a

significant contributor to climate-change limitations and adaptations, nor as being encompassed by the taxonomy regulation's review criteria.¹

Capital expenditure: The assessment is that, apart from certain capital expenditure related to the energy efficiency of buildings and solar panels, HANZA has no capital expenditure that is encompassed by the taxonomy regulation's review criteria. Although the regulation would normally have included the photovoltaic system installed at the new plant in Tartu, the costs for the installation are not considered significant as they constitute less than 1 percent of the Group's overall capital expenditure.²

Our assessment is that HANZA has no operating expenses encompassed by the taxonomy regulation.³

- 1) Sales totaled of SEK 2,515.2 million and refer to total sales revenue during the year
- 2) Capital expenditure totaled SEK 159.6 million and includes investments in fixed assets and leasing costs
- 3) Operating expenses totaled SEK 58.9 million and include costs for short-term leasing, research and development on behalf of customers and costs for the maintenance of machinery

Contributions to the UN's sustainable development goals



Sustainable long-term relationships

HANZA works with customers who impose stringent requirements on their suppliers. We establish long-term customer relationships by meeting customers' expectations and having high integrity when doing business.

Risks and opportunities

Our ability to meet customer demands on quality, delivery precision and information security, and solutions that increase customer value, generate added value and maintain the company's financial stability, is crucial to HANZA's competitiveness, the trust of our customers and continued growth. Equally vital for maintaining the trust of our customers, as well as employees, suppliers and society in general, is for HANZA to act in a manner characterized by high integrity and business ethics.

Safeguarding business ethics

We act on the basis of clear principles on business ethics, where high integrity and honesty are some of the starting points. The Code of Conduct, which clarifies HANZA's positions on matters such as ethics and anti-corruption, is clearly communicated to the organization and is included in the introductory training course provided to all new employees. An insider policy specifies the handling of share price-sensitive information. The pandemic has delayed work on the internal follow-up of the Code of Conduct. We will perform a broad internal follow-up in 2022, when all employees will be required to ratify the content of the guidelines.

HANZA has zero tolerance policy toward bribery. The risk of corruption is greatest when it comes to an individual employee's contacts with suppliers and customers. In order to never arouse suspicion about irregularities or corruption in the course of business activities, our Code of Conduct stipulates that no employee should receive or give gifts with the intention of influencing a decision maker. All gifts are to be entered in a local and central register at HANZA. The whistleblowing function, HANZA Hotline, allows for employees to anonymously report their concerns about deviations from policies and rules, and any other irregularities within the company. In 2021, no incidents of corruption were reported or discovered.

Working with suppliers

In the procurement process, we evaluate and set requirements for subcontractors based on HANZA's Supplier Code of Conduct. On the whole, this entails that suppliers subscribe to the same sustainability values as HANZA with respect to the environment, labor law, human rights, business ethics and anti-corruption. Breaches of the Code of Conduct are reported to HANZA's Head of Sourcing & Logistics. In 2021, the purchasing process was complemented by special assessment criteria pertaining to climate impact.

Data integrity

For a contract manufacturer, the ability to protect customer data and maintain data security is crucial. It is fundamental to consistently maintain confidentiality and integrity when handling customer and personal data. HANZA guarantees the correct, legal and fair handling of such data and adheres to the GDPR. In response to the increased hacking of government agencies and major corporations, HANZA is taking significant measures to protect customers' drawings and other production documentation. In 2021, a system for managing data security was developed and implemented in the Group to ensure adherence to procedures and policies. Among other features, the system makes it mandatory for all employees with an e-mail account to watch the educational video clip on data security that is dispatched every month, and to undergo subsequent self-testing. Following an extensive audit process, the system was certified in accordance with ISO 27001 (Information Security Management Systems) during the year. This is confirmation that we have attained our goal to comply with the highest level of international requirements on data security and the protection of customer data.

Contributions to the UN's sustainable development goals



Long-term target	Financial stability	Quality, delivery precision, solutions for generating customer value	Sound business ethics	Secure data
Target year 2022			0 incidents 100% ratified the CoC	0 incidents
Target year 2021			0 incidents 100% ratification of the CoC	0 incidents
Results for 2021	Read more in the Management Report.	Read more in Annual Report, page 41.	Anti-corruption 0 incidents Whistleblowing 0 reports	Data breaches 0 incidents
Value generation	Customers: End products with smaller climate footprint. Society: Reduced climate impact, modernized industry.	Customers: End products with lower environmental impact. Society: Increased environmental gains (biodiversity, etc.), modernized industry.	Customers: End products with lower environmental impact. Society: Increased environmental gains, lower resource consumption, modernized industry.	Customers: End products with lower environmental impact. Society: Increased environmental gains, lower resource consumption, modernized industry.



HANZA's Levyprofilili factory in Joensuu, Finland.

A year within the HANZA Group

In March 2021, HANZA acquired the Finnish sheet-metal mechanics company Levyprofilili, with just over 100 employees. This was a major and vital step for Levyprofilili, which for the past years has focused on building up its organization, developing its processes and creating a more international customer base.

"When we were contacted by HANZA, we felt that the timing was perfect. By the first meeting with HANZA's management, it was clear to us that we would be well-suited to each other, as our operations and customer portfolios are quite complementary. We also discovered that we share the same values, which is important to us," explains Aku Lampola, Site Manager.

Being part of a global manufacturing group with close to 2,000 employees offers many opportunities. Levyprofilili has had the opportunity to leverage the expertise, production methods and experience of other HANZA factories, while pursuing its investment plans and developing its customer relationships. The goal of the inter-factory collaboration is to find ways of working that help to generate customer value and increase the potential for new customers.

For Levyprofilili's employees, belonging to HANZA also means development and career opportunities.

"Within HANZA, there is a strong focus on employer branding. Considerable efforts are made to offer career development opportunities, with the goal of making HANZA the best place to work," Aku Lampola concludes.

Employees and local communities

HANZA's 2,000 employees contribute significantly to the company's competitiveness, innovation and profitability. Continued maintenance of competence, as well as satisfied and healthy employees who contribute to better performance are vital for our future growth.

Risks and opportunities

The diversity among HANZA's employees and its inclusive business culture are assets that strengthen its capacity for growth and generating good results. Adopting a long-term approach in the locations where we are a significant employer results in mutual trust between HANZA and the local community, and ensures long-term production.

Employment in the manufacturing industry entails risks linked to employee health, safety and other work environments. Preventive work is vital to increasing motivation, facilitating skills sourcing and maintaining the trust of society and customers. To secure confidence within our operating environment, it is crucial that we guarantee fair working conditions and respect for human rights.

Health and work environment

As a manufacturer operating within factory environments, HANZA strives to provide safe work environments throughout the Group. The key objective of our initiatives with the work environment is a zero vision for occupational injuries. HANZA's work-environment management system is to prevent workplace injuries and create an even healthier and safer work environment.

At year end, 11 of the company's 16 factories were certified in accordance with ISO 45001. The risk of accidents is minimized by means of local measures, such as fire protection, marked evacuation routes, safety procedures and safety training videos. Within the framework of the work-environment management system, internal key metrics are followed up on a monthly basis. Any deviation of local key metrics from the Group's targets entails the implementation of mandatory measures at the local factory. Consequently, every factory measures the number of workplace accidents, incidents, absences due to occupational injuries and sick leave. In addition to this, ongoing health and safety risks, as well as any deviations from local laws and regulations, are evaluated. The factory then prepares customized action programs such as compulsory training initiatives in safety, directives linked to safety procedures and evacuation. In 2021, 26 workplace accidents occurred, compared with 32 the preceding year. There was also a decline in periods of absence due to occupational injuries and sick leave. Most workplace accidents involve cuts to fingers and hands, as well as minor crush injuries, and are frequently caused by incorrect handling in the course of production. During the year, the production facilities acquired in Finland and Germany implemented HANZA's policies, guidelines and work-environment management system. These efforts have

commenced in 2021 in Finland and will commence in 2022 in Germany.

Other health-improvement measures pertain to continuously offering employees improved and functional premises such as the new factory in Tartu. Locally adapted measures include wellness allowances in Sweden and Finland, private health care in Poland, health checks in China and Sweden, annual health weeks, as well as free daily soup lunches in Estonia.

During the pandemic, employees were protected in accordance with local regulations, such as through the dissemination of information, social distancing, the use of masks, quarantine procedures, minimal travel, allowing for work to be done remotely from home, and digital instead of physical meetings.

Human rights




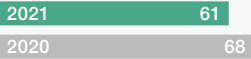
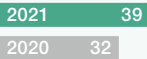


HANZA respects and adheres to several human rights conventions, which entails counteracting child labor, unpaid overtime, forced labor and other violations against human freedoms. HANZA's internal operations and its subcontractors are monitored for compliance with these conventions.

At HANZA, the right to freely associate with unions is self-evident, and wage structures, overtime pay and working conditions are based on collective agreements, laws or industry standards. Feedstock and contracted suppliers are evaluated using HANZA's Supplier Code of Conduct. The responsible purchasing of traceable conflict minerals (gold, tantalum, tin and tungsten) guarantees that no conflicts are financed in countries where they were mined.

Diversity, equal treatment

HANZA strives for diversity within the organization and to engender an inclusive culture where differences are respected. Differences in experience and background spark innovation and creativity, and provide us with knowledge and perspectives to better understand our customers. The organization's gender balance improved in 2021. HANZA strives to provide equal employment conditions for equivalent assignments.

HANZA counteracts all forms of discrimination based on gender, age, ethnicity, political affiliation and so forth, in relation to recruitment, training and promotion, as stipulated in the Code of Conduct. Perceived improprieties can be reported to HANZA's whistleblower function, HANZA hotline, through which employees can anonymously report concerns about deviations from policies and rules, violations or abuses of trust. In 2021, no whistleblower reports were made. In cases where reports are made, they are

Long-term target	Safe work environment, health, human rights	Development, high level of diversity and equal treatment	HANZA's role in local communities
Target year 2022	0 workplace accidents	Increased gender equality	
Target year 2021	0 workplace accidents	Increased gender equality	
Results for 2021	<p>Safety, number of workplace accidents</p>  <p>Number of work-related injuries in relation to hours worked, %</p>  <p>Health, sickness absence %</p> 	<p>Diversity</p> <p>Group gender distribution, %</p> <p>Men</p>  <p>Women</p> 	<p>Number of factories</p>  <p>Average number of employees</p> 
Value generation	<p>Investors: Improved competitiveness.</p> <p>Employees: Employment under sound terms and conditions, safe and secure work environment, long-term employer.</p> <p>Customers: Traceable deliveries.</p> <p>Society: Sound work environment, improved gender equality.</p>	<p>Employees, investors and society: Solid diversity, strengthened innovativeness.</p>	<p>Society: Sustainable industrialization of locations where HANZA is an essential employer.</p>

HANZA's values

Our values summarize the expectations that employees have of each other, for the HANZA Group to achieve its vision of becoming a unique and value-generating partner within manufacturing. The annual career-development meetings are based on the values, which clearly permeate all current employee policies. In the case of factory acquisitions, valuation workshops are arranged with different employee teams who may work together on the implications and follow-up of the valuations.

WE ARE FOCUSED

– on ensuring that we can deliver what we have promised and finish what we have started.

WE COMMUNICATE

– which provides the basis for the implementation of our strategies and attainment of our goals.

WE ARE TEAM PLAYERS

– we all work towards the same goal.

WE MAKE THINGS EASIER

– we are always searching for new ways to improve and simplify what we do.

WE TAKE OWNERSHIP

– by assuming responsibility, we can grow and develop.

taken seriously and reported back to Group management on a regular basis.

Develop, motivate and attract

HANZA's growth is creating a need for competent and committed employees. It is thus of strategic importance to maintain competency-sourcing efforts and employee development. HANZA's values and leadership programs provide the basis for leveraging the performance of our employees and establishing a global HANZA culture. We strive to utilize internal competencies and offer employees career-development opportunities. At annual career-development meetings, parameters such as skills and develop-

ment needs are identified, which are then matched with the company's competency requirements. The goal in a pandemic-free year is for meetings to be conducted with 98 percent of the Group's employees. Employee training courses are conducted in local languages on, for example, IT security, which is increasingly provided via e-learning, as well as continuous employer branding activities. Significant contributions are also being made through skills exchanges between factories and internal career paths, which are aimed at increasing exchanges of production methods within clusters and creating a more cross-border HANZA. A good introductory process is key to having competent and committed employees. Therefore,



all new employees have a customized introductory plan and participate in introductory training via HANZA Academy. In 2021, newly employed key functions were provided with a global introduction, through which the CEO, CFO and COO gave a comprehensive presentation of HANZA. The results of our annual employee survey points to steady improvements in 2021.

As of 2018, all key indicators have improved, i.e. team efficiency, leadership, commitment and work climate. Commitment and customer focus scored particularly high. In 2020, initiatives continued with motivation-boosting efforts and work-environment measures to counteract stress, for example.

Clear communication contributes to development and motivation. The intranet, where new employees, policies and news regarding the Group or local factories are presented, is the established channel for internal communication. In 2022, the intranet will be developed to make its information more accessible.

Organization

In the HR area, there are goals for each cluster/country, as well as for HANZA in general. Local HR Managers ensure that efforts are adapted to the cluster's needs. The work is coordinated by a global HR Manager based in Sweden.

In 2021, the Baltic cluster, which is one of HANZA's largest, hired a dedicated recruitment manager who works with the cluster's skills sourcing. HANZA has been collaborating with universities and adult education colleges for some time. In the Swedish cluster, another HR position will be filled in spring 2022. In the German cluster, which is now expanded with a factory in Mönchengladbach, a HR

Manager has been recruited, who will be responsible for both of HANZA's factories in Germany.

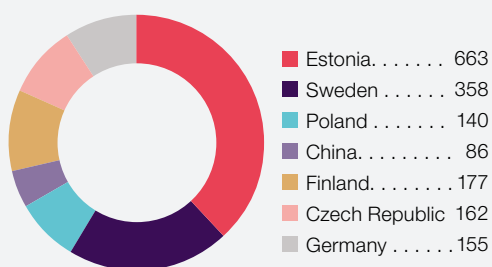
Local communities

HANZA seeks to secure competitive and long-term production. HANZA's operations are usually located in communities where HANZA is an essential employer and thereby a significant private-sector player for the support of local inhabitants. HANZA strives for the sustainable development of communities and to maintain continuous dialogs with financiers, in order to achieve functioning agreements and also clarify HANZA's long-term commitments to the local region.

HANZA's clusters include factories that were acquired at a time when factories were weighed down by weak profitability and liquidity problems, and closures were inevitable for the owners at the time. HANZA's continued operations have helped to sustain employment in several rural districts, a trend known as the Countryside model. In some cases, these operations were enabled through cooperation with local banks with a focus on the district's profitability. With some smaller production units that required decommissioning, HANZA made it possible for the outgoing factory management to take over operations and maintain employment.

In 2021, HANZA's expansion has entailed a broadening of operations in all clusters. This is the case in Finland, where a factory for sheet-metal mechanics was acquired; in China, where the operations are moving into new and larger premises; in Sweden, where new premises for the protective coating of circuit boards was inaugurated; in Germany, where an electronics manufacturer was acquired and in Estonia, where a brand new factory was built.

Average number of employees per country



Contributions to the UN sustainable development goals

