



ESG Report

2023/2024



more than just machines.

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“*Responsibility 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 represent three key areas where we can assess our company's impact on the world in terms of sustainability and ethics. Reporting in these areas enables our stakeholders to evaluate the non-financial risks and opportunities related to our daily operations.

By including an ESG key figure overview alongside the traditional financial overview, stakeholders gain a more comprehensive understanding of whether the company's activities are responsible. The current status and trends in ESG data can highlight how well-prepared the company is for the future and how resilient it is to changes in external conditions.

Why is it important to us?

Environmental responsibility is a core value of our corporate strategy. We are dedicated to working within a framework that supports this commitment and helps us make positive choices for our planet. For us, this responsibility includes various aspects, from preserving the environment to reducing inequalities. It involves using resources wisely, conducting business ethically, and creating inclusive solutions for people around the world.

We can achieve these goals through resource efficiency, sustainable supply chain management, innovation, stakeholder engagement, and transparency. Ultimately, we aim to minimize the environmental impact of our activities and ensure the well-being of our employees and those who work with our machines. Our objective is to become the world's leading brand in responsible and innovative nail solutions, and adhering to ESG principles will help us reach this goal.

Efficient Production is Responsible Production

Our emphasis on efficient nail production ensures that raw materials are utilised to their fullest potential, with minimal waste.

ENKOTEC has prioritised efficient nail production for over 40 years, with a goal to maximise raw material utilisation and reduce scrap. Sustainability is ingrained in our solutions, and drives the continuous enhancement of both product quality and production processes. For us, responsibility and efficiency are interconnected, guiding our development of products that aid clients in streamlining operations, reducing waste, and conserving energy.

For instance, our ENKOsmart digital platform features a sensor-controlled quality module that halts production if nails deviate from specified tolerances. This innovation minimises scrap and raw material waste, thereby reducing the carbon footprint of nail manufacturing and optimising Overall Equipment Efficiency (OEE) through data tracking.

Inclusivity is also a key focus, as the ENKOsmart platform includes an intuitive digital manual with animated video guides, ensuring the content is accessible for users worldwide regardless of their language skills or literacy levels.

This, combined with the comprehensive training we provide to all ENKOTEC machinery operators, helps to promote social mobility and employment opportunities globally.



Prioritising Ethics

Ethical considerations are paramount in our operations, with safety features integrated into all machinery to ensure ethical working conditions. We uphold ethical standards throughout our supply chain by enforcing a strict code of conduct aligned with labor, human rights, environmental, and ethical principles, in line with the UN Supplier Code of Conduct.

Our ESG Goals - Key Figures

	Unit	2022	2023	Target 2024	Long-term Goal
Environmental					
CO ₂ e, scope 1	Tons	46	39	35	0
CO ₂ e, scope 2	Tons	103	99	20	0
Energy Consumption	GJ	788	900	900	1200
Renewable Energy Share	%	31%	46%	100%	100%
Water Consumption	M ³	363	436	440	440
Social					
Full Time Employees	FTE	76	74	N/A	N/A
Gender Diversity	%	24%	27%	>18%	>18%
Gender Diversity - Management	%	25%	17%	17%	33%
Gender Pay Gap	Times	1.3	1.3	N/A	N/A
Employee Turnover Rate	%	4.3%	7.10%	10%	5%
Sick Leave	%	2.9%	3.1%	3%	3%
Customer Retention	%	96.8%	92.9%	95%	95%
Governance					
Gender Diversity - Board	%	17%	17%	38%	40%
Attendance at Board Meetings	%	97%	100%	100%	100%
Salary difference between CEO and non-exec. employees	Times	5.0	4.7	N/A	N/A

Environmental Goals

We are committed to continuously developing innovative solutions to support responsible nail production. In the long-term, our goal is to achieve net-zero CO₂ emissions at our production facility.

To reach this objective, we plan to use 100% green energy. We have also requested data from our suppliers on their circular economy practices. As we gather and analyse this information, we will use the insights to make responsible decisions going forward.

CO₂ Emissions Scope 1

Scope 1 encompasses emissions from sources that we as an organization own or directly control, such as emissions from burning fuel in company vehicles. As of July 2023, our policy states that any future company vehicles must be electric.

CO₂ Emissions Scope 2

Scope 2 covers emissions that a company causes indirectly, originating from the production of the energy it purchases and uses. For example, this includes the emissions generated from the energy used in our buildings.

Last summer we renovated our offices to make them more energy efficient. This involved installing a new ventilation system with a heat recovery system, and thicker insulation. Despite these changes, we can see that our energy usage has risen slightly.

However, this increased consumption can be attributed to the fact that more of our employees have bought electric cars, and charge them on-site using our charging stations. We therefore expect to see our energy consumption rise slightly as more of our employees make sustainable choices.



Renewable Energy

In May 2023, we installed solar panels on the roofs of our building to help achieve our goal of using 100% green energy.

Our solar energy plant can produce 250MWh per year, which covers our electricity consumption of 200 MWh and allows us to contribute to Denmark's green transition by being a net seller of 50 MWh of renewable energy. After a lengthy set-up process, we began to use our solar energy plant in September 2023.

Water Consumption

As part of our office renovation we chose to introduce plants into the office to provide a pleasant indoor environment to our staff. We have also planted gardens outside to improve the aesthetics of our outdoor areas. These plants require regular watering to maintain their condition.

In addition to this, we are in the process of setting up an area dedicated to promoting the biodiversity of our surroundings. This protected area will be sown with native flowers which will be allowed to grow undisturbed in order to attract local wildlife and provide them a space in which to thrive.



Social Goals

Since 2006, ENKOTEC has been owned by BIKUBENFONDEN, a private foundation dedicated to supporting non-profit and charitable causes in Danish society through its returns and capital. As such, it is vital for ENKOTEC to contribute to social development both within our workforce and in the broader community.

Employee Diversity by Gender

27% of our employees are women, which is notably higher than the 18% average in the Metal & Machine Industry. At ENKOTEC, we prioritise qualifications over gender in hiring, but we also believe that a diverse workplace is more creative and productive. Therefore, we strive to exceed the industry average in gender diversity.

This commitment is particularly evident in our management team, where we aim for a long-term target of 33%, in line with the EU's official target for listed companies by 2026. This figure has dropped since last year due to one of the women on the leadership team retiring.

Pay Ratio by Gender

Our pay structure is based on qualifications, ensuring that equal work receives equal pay, regardless of gender. In 2023, the pay ratio by gender was 1.3, reflecting differences in job roles.

Employee Welfare

Staff well-being is highly important to us, and we work actively on both psychological and physical aspects of welfare to support our employees.

This includes providing a stimulating and pleasant working environment in both our offices and production areas, and employee benefits such as private health insurance.

Our employee turnover rose slightly in 2023 due to market conditions.

Customer Retention

At ENKOTEC, we prioritise customer satisfaction and loyalty, actively focusing on service as a key competitive factor. We aim for 95% of our customers return for further purchases the following year. In 2023, our retention rate was slightly under this at 92.9%, reflecting global changes in the industry.



Governance Goals

At ENKOTEC, good governance stems from a diverse and committed board of directors. Our board consists of eight members, including three staff-elected representatives, this ensures a balanced range of opinions and representation for our employees.

Gender Diversity of the Board

With the addition of two female board members in May 2024, ENKOTEC now fulfills the EU desired norm of 40% of each sex, with two out of five elected at the general assembly. We also have three staff-elected members; one female and two males.

Board Meeting Attendance Rate

At ENKOTEC, we consider attendance at board meetings to be essential, and all board members are expected to attend every meeting. In 2023 we achieved our target rate of 100%.

Pay Ratio Between CEO and Other Employees

We monitor the pay ratio between the CEO and the average employee salary to assess whether the CEO's compensation is proportionate to their value and performance relative to the company's success. In 2023, the pay ratio was 4.7, which is significantly lower than the average ratio of 37 in C25 companies 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.