



ESTANC AS

Voluntary sustainability report

2025

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Foreword



I am pleased to present the sustainability report of Estanc AS, which provides an overview of our environmental, social and governance impacts and our commitment to responsible business practices. At Estanc, we see sustainability not only as an obligation but as an opportunity to create long-term value for our clients, employees, partners and society as a whole. This report has also been initiated and developed voluntarily.

The year 2025 was challenging for Estanc. Our sales order volumes decreased significantly. This was driven by several international factors – the ongoing war in Ukraine, political changes in the United States and the resulting uncertainty in the economic environment. These developments have led to the postponement of major investment decisions across various industrial sectors and have consequently affected our business volume.

Due to reduced workloads and the challenging market situation, we carried out a restructuring within the company and were forced to lay off some employees. These decisions were not easy, but they were necessary to ensure the sustainable operation of the company.

Despite this, we continued our core operations and in 2025 produced and delivered a total of 77 units. This is the result of the collective effort of the entire Estanc team – from sales and engineering to production and delivery.

Even in difficult economic conditions, we continue to follow sustainability principles in our operations. We believe that responsible conduct, innovation and long-term thinking will help us create value even in changing circumstances.

In 2025, in cooperation with researchers from the University of Tartu, we initiated research and development activities aimed at developing a novel low-pressure hydrogen storage system. In recent years, Estanc has also contributed with its products to several large-scale CO₂ capture projects in Europe, including in the Netherlands, Norway and Denmark, thereby supporting the achievement of climate neutrality goals.

For this report, we have also updated its structure and visual design to improve readability and clarity. In addition to English, the report is now also available in Estonian.

I believe this report provides a good overview of our journey so far and confirms Estanc's commitment to operating responsibly and sustainably in the future.

We thank all our employees, clients and partners who contribute every day to moving Estanc towards a more sustainable future.



Figure 1. CEO of Estanc AS Prit Haldma

Kind regards,
Prit Haldma
CEO of Estanc AS

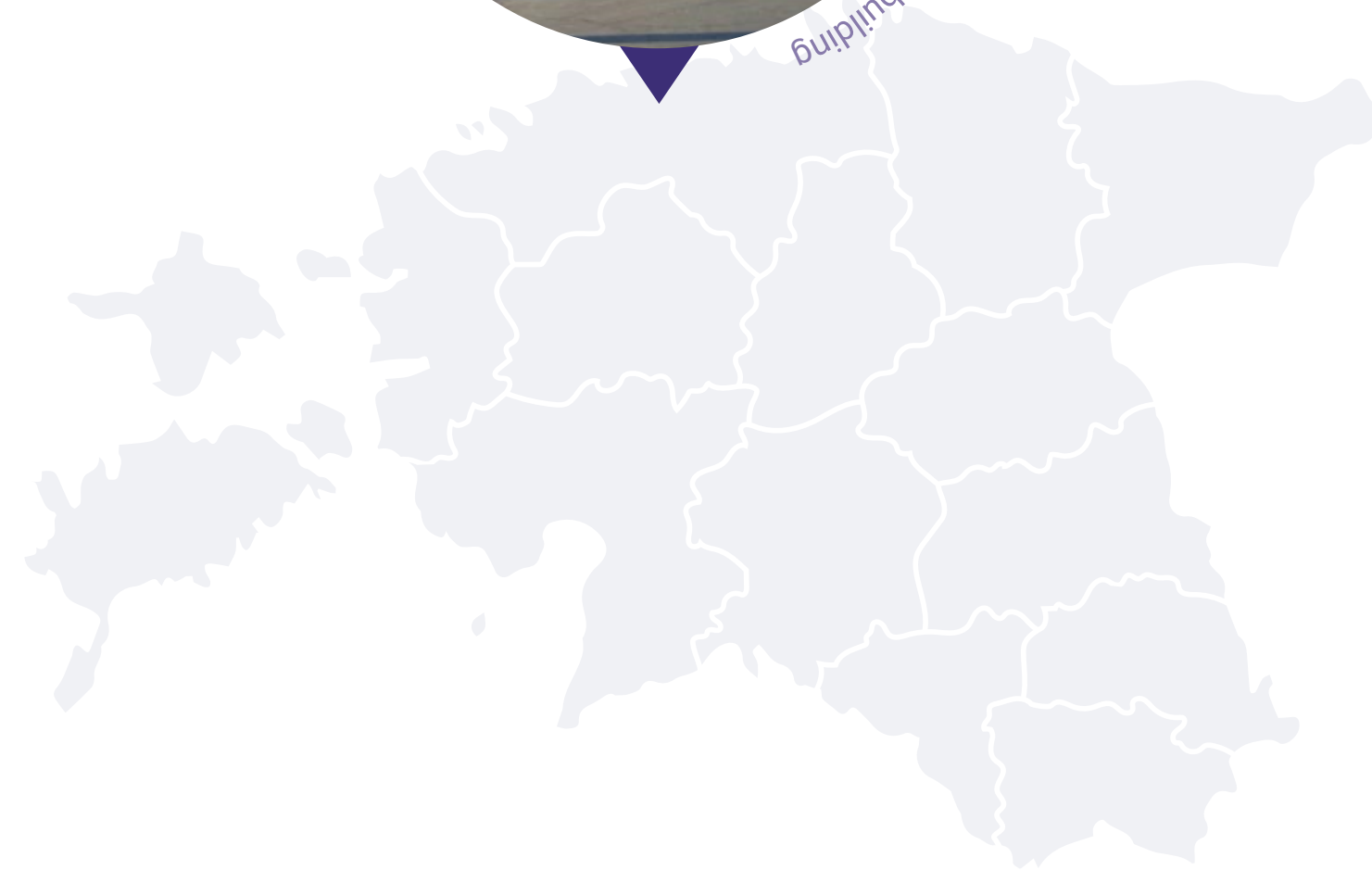
General Company Information



Estanc, founded in 1992, is owned by TIFC OÜ, a family-owned company of the Tammo family. Estanc is an Estonian capital-based company manufacturing large-scale process equipment. As of 31 December 2025, the company employed 130 people. The company's office and production facilities are located in Rae municipality, Harju County, Estonia.



Figure 2. Estanc production and office building



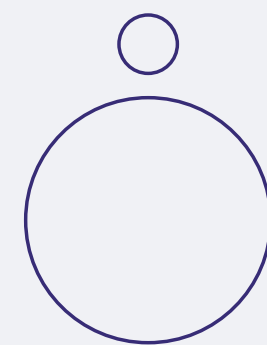
Our Mission

Our mission is to offer process equipment engineering and manufacturing services on the highest level.

Our Vision

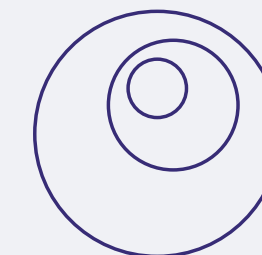
Our vision is to be a part of building a sustainable world while creating better lives for everybody.

Our values



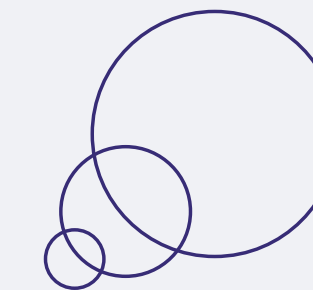
PEOPLE

Good relationships are important and every person has a valuable role to play. We value good management and excellent specialization.



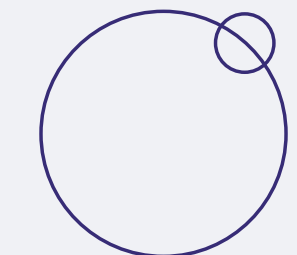
PASSION

We enjoy what we do. We are committed and we care. We feel it together and our clients feel it.



PURPOSE

We are inspired by our purpose and vision. The equipment we manufacture have their own purpose in the larger process. Every customer relationship and contact have a purpose.



PROCESS

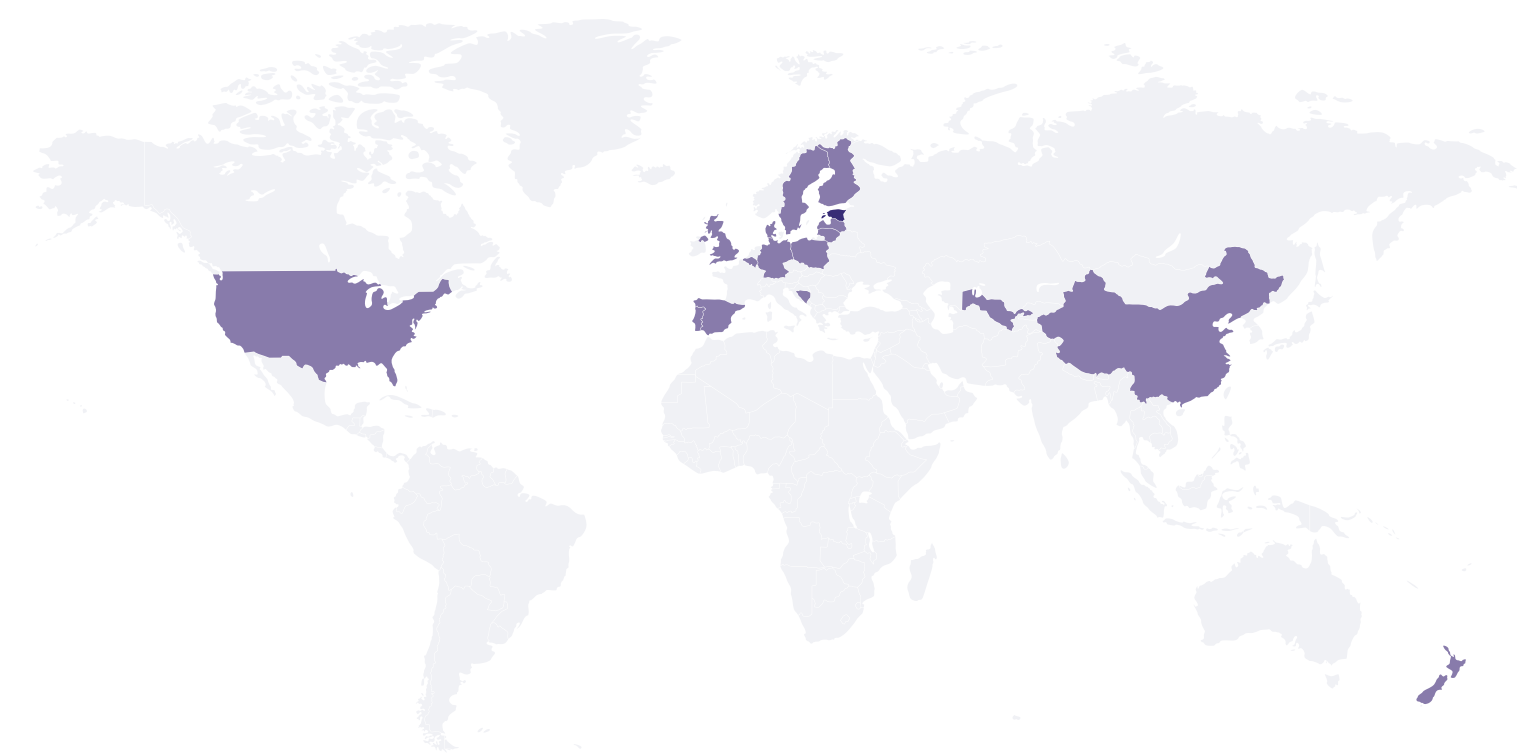
Our products are part of a process and it is an important input for us. We believe in process-based operations that supports the achievement of the objectives.

Turnover 2025
€19.4 million

Our main products are:

- Columns
- Shell and tube heat exchangers
- Feedwater tanks and deaerators
- Pressure vessels
- Tanks

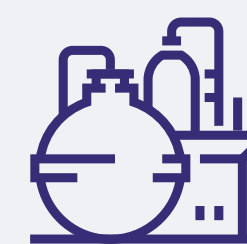
In 2025, the company's revenue was EUR 19.4 million. Nearly 100% of production is exported. In 2025, products were exported to the following countries: Denmark, Sweden, Bosnia and Herzegovina, Spain, Lithuania, Finland, Latvia, Germany, New Zealand, China, the United States, Portugal, Uzbekistan, the United Kingdom, Poland, and Belgium.



Key Sectors We Serve:



Scrubbers (marine and onshore applications)



Chemical and petrochemical plants



Offshore (oil) platform project



Pulp and paper mills



Carbon capture



Power generation and nuclear power plants



Hydrogen production

Our three production halls cover a total area of 10,500 m². We operate separate facilities for carbon steel and stainless steel.

Estanc is certified according to the ISO 9001 quality management system. In addition, the company holds certifications for ISO 14001 (environmental management), ISO 45001 (occupational health and safety management), and ISO 50001 (energy management).



In previous years, Estanc has been awarded both Silver and Gold ratings by EcoVadis. The company has also received the Silver level in the Estonian Responsible Business Index on multiple occasions.



RESPONSIBLE BUSINESS INDEX
SILVER LEVEL 2025

United Nations Sustainable Development Goals



Estanc joined the United Nations Sustainable Development Goals (SDGs) in 2019. The UN has defined 17 Sustainable Development Goals for businesses worldwide, while Estonia has adopted a total of 18 national sustainable development goals.

ESG	Environment	Social	Governance
SDGs	<p>6 CLEAN WATER AND SANITATION Use of rainwater in product pressure testing to conserve drinking water</p>	<p>3 GOOD HEALTH AND WELL-BEING Flexible working arrangements, paid health days, and team events to support employee well-being</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION Use of recycled materials, rainwater collection systems, and waste sorting</p>
	<p>7 AFFORDABLE AND CLEAN ENERGY Electric vehicle charging points, 100% renewable electricity, and use of a solar park to generate and cover energy consumption</p>	<p>5 GENDER EQUALITY Ensuring equal opportunities and working conditions for all employees</p>	<p>17 PARTNERSHIPS FOR THE GOALS Adherence to the Code of Ethics, transparent governance, and collaboration with partners, including membership in the Green Tiger initiative</p>
	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Development of resource-efficient production, continuous improvement, and use of ERP systems</p>		
	<p>13 CLIMATE ACTION Sustainability reporting and raising employee awareness (including mission days)</p>		

Table 1. Estanc and the Sustainable Development Goals (SDGs)

2025 Sustainability Highlights



In 2025, Estanc was awarded the Silver level of the Responsible Business Index by the Estonian Responsible Business Forum (KELL). This recognition is granted to companies that manage their operations systematically, taking into account environmental and social impacts while adhering to good governance practices.

Estanc fell just short of achieving the Gold level, which provides strong motivation to further improve our performance and strive towards achieving Gold recognition in the future.



**RESPONSIBLE
BUSINESS INDEX**
SILVER LEVEL 2025



Figure 3. Mission Day 2025 in Läänemaa, Estonia

Estanc's 7th Mission Day took place in May 2025 in Haeska village, Läänemaa, near Matsalu National Park. In cooperation with the Estonian Fund for Nature, we contributed to the restoration of a characteristic coastal meadow in the Haeska wooded meadow area.

Sustainability Management



Sustainability management at Estanc is integrated into the company's overall governance structure. Strategic direction of ESG topics is guided at the management board level, ensuring alignment with the company's long-term strategy and objectives.

The coordination of sustainability management is the responsibility of a dedicated sustainability team, whose tasks include the systematic development of ESG topics, organization of data collection, and preparation of reporting. In addition, a designated person is responsible for ESG topics, ensuring continuity of activities and compliance with applicable requirements.

In 2025, the sustainability team consisted of the Head of Marketing and ESG, an HR representative, the Head of Operations, the Head of Maintenance, a Quality and Occupational Health and Safety representative, and the CEO.

The operational implementation of ESG topics is distributed across functional managers, ensuring that environmental, social and governance aspects are integrated into daily work processes and decision-making throughout the organization.

Principles for Preparing the Sustainability Report

The purpose of the sustainability report is to provide stakeholders with a transparent overview of the company's environmental, social and governance practices, to describe our impacts, activities and objectives, and to support responsible and sustainable business practices. The report covers the period from 1 January to 31 December 2025 and includes Estanc AS's office and production unit in Estonia. This is the fifth voluntary sustainability report, and all previous reports are available on Estanc's website.

In preparing this voluntary sustainability report, we have followed the following standards and frameworks:

- Global Reporting Initiative (GRI)
- Corporate Sustainability Reporting Directive (CSRD)
- European Sustainability Reporting Standards (ESRS)
- United Nations Sustainable Development Goals (UN SDGs)
- ISO standards (ISO 9001, ISO 14001, ISO 45001, ISO 50001)
- EcoVadis
- Estonian Responsible Business Index

The topics disclosed in the report are based on a double materiality assessment conducted by the company and reflect the most significant environmental, social and governance topics for Estanc.

Double Materiality Assessment

In 2024, the company conducted a double materiality assessment to identify sustainability topics that are significant both in terms of the company’s impact and from a financial risk and opportunity perspective. The assessment followed the principles set out in the European Union’s Corporate Sustainability Reporting Directive (CSRD), according to which a topic is considered material if it has a significant impact, is economically material, or meets both criteria.

The assessment analysed the topics covered in the European Sustainability Reporting Standards (ESRS) in accordance with the requirements of the standards and EFRAG implementation guidelines.

The analysis covered the entire value chain, including suppliers, the company’s core activities (engineering, manufacturing and installation), product use and end-use, as well as key resources (such as steel, energy and fuels).



Figure 4. Estanc team

Material Sustainability Topics

Environment	Social	Governance
<p>Critical topics</p> <ul style="list-style-type: none"> ● Climate change mitigation ● Energy consumption ● Resource use <p>Significant topics</p> <ul style="list-style-type: none"> ● Pollution ● Hazardous and highly hazardous substances ● Water withdrawal ● Waste <p>Environmental topics were identified as material both from an impact perspective (e.g. energy use, emissions and material consumption) and from a financial perspective, as they influence energy costs, regulatory requirements and resource availability.</p>	<p>Critical topics</p> <ul style="list-style-type: none"> ● Employee health and safety ● Job stability <p>Significant topics</p> <ul style="list-style-type: none"> ● Diversity and gender equality ● Employee engagement ● Training and skills development ● Remuneration system ● Work-life balance ● Working conditions in the supply chain ● Occupational health and safety and working conditions are high-impact areas due to the project-based nature of operations and the production environment. In addition, the retention and development of a qualified workforce is essential. 	<p>Critical topics</p> <ul style="list-style-type: none"> ● Our employees ● Suppliers and service providers ● Customers <p>Significant topic</p> <ul style="list-style-type: none"> ● Supplier relationships and supply chain ESG ● Responsible marketing practices ● Whistleblower protection

Table 2. Key sustainability topics

Value Chain

Upstream Value Chain Stage

- Equipment suppliers
- Material suppliers
- Utility providers
- Transportation
- Support services



Estanc AS



Downstream Value Chain Stage

- Customers across various sectors (pulp and paper, petrochemicals and chemicals, carbon capture, energy, hydrogen)



Environment



Based on the company's double materiality assessment, the following environmental topics are considered **critical from Estanc's perspective**:

Energy consumption

Climate change mitigation

Resource use

Significant topics:

Pollution

Hazardous and highly hazardous substances

Water withdrawal

Waste

Environmental topics are material to Estanc's operations, as production and project-based activities involve the use of energy, materials and other resources. The main environmental impacts relate to energy consumption, material use, and emissions and waste generated during production processes. The company reduces its environmental impact through energy efficiency, responsible material use, and compliance with environmental requirements across the value chain.

Estanc holds ISO 14001 certification and a valid environmental permit (L.ÕV/323525). It also regularly reports to the Estonian Environmental Board on hazardous air pollutants, and no environmental permit violations were identified during the reporting period. Air emissions are monitored and reported quarterly.

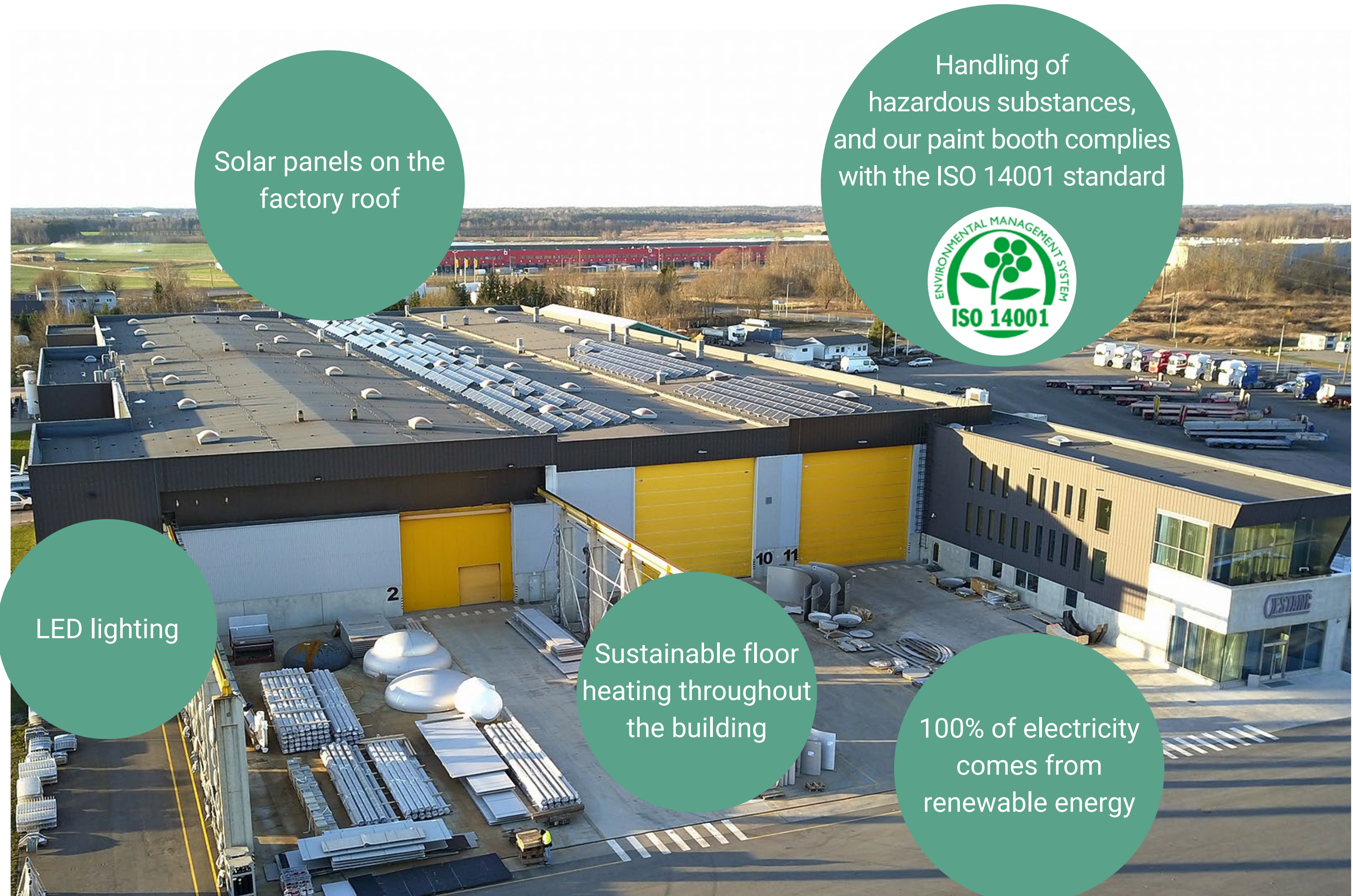


Figure 5. Estanc's energy-efficient solutions and handling of hazardous substances

Energy Consumption

Energy use and related greenhouse gas emissions are significant sources of environmental impact in manufacturing companies. At Estanc, energy consumption is primarily associated with production processes, equipment and the energy needs of production facilities. The company focuses on improving energy efficiency and reducing its climate impact.

Energy management is based on the **ISO 50001** standard, which enables us to better manage energy use and improve productivity. We have established energy management principles, defined achievable energy performance targets, and developed an action plan to achieve and monitor progress against these targets.

Improving energy efficiency remains a key priority for Estanc. The company continuously seeks innovative solutions and implements sustainable practices. Through ongoing monitoring, adaptation, and collaboration, we aim to reduce our environmental footprint.

The company has taken several steps to improve energy efficiency, including LED lighting, a rooftop solar park, and adjustable underfloor heating. **In 2025, solar energy accounted for 9.2% of total electricity consumption, and all purchased electricity comes from 100% renewable sources.**

Energy consumption (MWh)	2021	2022	2023	2024	2025	2025 vs 2024
Electricity (100% renewable)	1 325,2	1 229,6	1 142,8	1 237,8	1 068,58	-14%
Solar energy (self-generated)	118,48	140,26	120,94	114,37	97,97	-14%
Natural gas	124,5	143,9	87,9	224,9	197,15	-12%
District heating	871,9	983,6	1 119,3	778,1	819	5%

Table 3. Energy Consumption

In addition, we have replaced diesel fuel with biodiesel in the machines operating on our premises. **In 2025, the company consumed a total of 6,376.8 litres of diesel fuel, of which 5,649 litres was biodiesel.**

Total fuel consumption (l)	2021	2022	2023	2024	2025	2025 vs 2024
Diesel (including biodiesel)	9 792,6	11 006,1	9 490,1	10 180,1	6 376,8	-37%
Gasoline	667,1	1 329,3	763,6	798,3	631,4	-21%

Table 4. Total Fuel Consumption

We have set a target to sell 150,000 working hours per year. This goal is important both for improving energy efficiency and strengthening economic sustainability. Through the optimization of work processes and production scheduling, we aim to reduce energy consumption per working hour and ensure the company's long-term sustainability.

	2021	2022	2023	2024	2025	Goal for 2026
Sold working hours (h)	148 000	126 000	120 000	124 000	106 000	150 000

Table 5. Sold Working Hours

Climate Change

The impacts of climate change extend far beyond the environment, directly affecting the economy, supply chains, and social stability. Changes in climate influence water availability, which in turn places pressure on agriculture. Disruptions in agriculture can lead to reduced food security and broader social and economic instability.

Therefore, Estanc addresses climate change not only as an environmental issue but as a systemic business risk. Several critical factors are already directly linked to climate, including the functioning of supply chains, raw material prices, energy availability, and geopolitical developments.

These impacts are reflected in, among other things, warmer winters, more frequent storms, wildfires, and floods. According to scientific projections, the global average temperature could rise by up to 4.3°C by the end of the century, alongside changes in precipitation and wind patterns.

Climate change is driven by both natural and human-induced factors. The primary cause of human-induced change is the increase of greenhouse gases (GHG) in the atmosphere. Greenhouse gases cause the greenhouse effect, which leads to climate change. In addition to carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and fluorinated gases also have a significant impact on the climate.

Improving energy efficiency remains a priority for Estanc. We continuously seek innovative solutions and implement sustainable practices. Through ongoing monitoring, adaptation, and collaboration, we strive to reduce our environmental footprint.

How has the climate changed in Estonia?

Weather data has been collected in Estonia for over 150 years. Based on this data, the average annual air temperature has increased by 1.2°C. The most significant warming has occurred in spring and winter.

The frequency of storms and flooding has also increased. Periods of heavy rainfall can overload stormwater systems, causing disruptions. For example, our factory has a 550,000-litre rainwater basin, which may overflow during such events, potentially leading to power outages and interruptions in production.

Monitoring the impacts of climate change and considering related risks is an important part of the company's sustainable operations. Estanc is committed to reducing its environmental impact and contributing to climate change mitigation through its activities. Greenhouse gases (GHG) cause the greenhouse effect, which leads to climate change.

Source: Ministry of Climate. Climate Change. Available at: <https://kliimaministerium.ee/rohereform-kliima/kliimapolitika/kliimamuutused>



Figure 6. Kõnnu Bog (photo: Tõnis Tuuder)



Company Greenhouse Gas Footprint

Estanc has been measuring its greenhouse gas footprint since 2021, which is defined as the base year, and includes Scope 1 and Scope 2 emissions in its calculations.

Within Scope 1 emissions, fugitive emissions had the most significant impact on the results. In 2025, the amount of fluorinated greenhouse gases (F-gases) used in refrigeration equipment decreased significantly, resulting in a 55% reduction in Estanc's greenhouse gas footprint compared to 2024.

Scope 2 emissions also decreased compared to 2024, mainly due to reduced consumption of purchased heat energy.

The use of natural gas is a key factor influencing Scope 2 emissions and is largely driven by Estanc's projects where products require post-weld heat treatment. As a result, starting from 2026, Estanc will differentiate natural gas used for heat treatment from the company's regular energy consumption. This will enable the setting of more realistic emission reduction targets and provide a more accurate overview of the company's footprint within Scope 1 and Scope 2 categories.

In 2025, Estanc's total Scope 1 and Scope 2 greenhouse gas emissions amounted to 55.93 tCO₂. The company's emissions intensity was 2.8 tCO₂ per million euros of revenue. The decrease in emissions compared to the previous year is mainly related to reduced fugitive emissions and changes in energy consumption, indicating that the implemented measures are contributing to the reduction of the company's environmental impact. At the same time, emission levels continue to be influenced by project-based production, particularly projects requiring heat treatment. Therefore, it remains important to continue improving energy efficiency and exploring alternative energy solutions.

Source: Ministry of Climate of the Republic of Estonia, GHG footprint calculation model (2025)

Estanc GHG Footprint	2021	2022	2023	2024	2025	2025 vs 2024
Scope 1						
Direct emissions from stationary combustion	0	0	0	0	0	
Direct emissions from mobile combustion sources	22,43	18,81	7,64	7,82	3,44	-56%
Direct fugitive emissions	65,36	65,36	66,17	66,17	9,62	-85%
Total Scope 1 emissions	87,79	84,17	73,81	73,99	13,06	-82%
Scope 2						
Purchased electricity	0,00	0,00	0,00	0,00	0,00	0%
Purchased heat	27,81	32,13	19,81	49,98	42,87	-14%
Total Scope 2 emissions	27,81	32,13	19,81	49,98	42,87	-12%
Estanc CO₂ footprint (t CO₂e)	115,60	116,31	93,36	123,96	55,93	-55%
GHG footprint per employee (tCo2e/employee)	0,863	0,843	0,664	0,867	0,451	

Table 6. Estanc GHG Footprint: Scope 1 and Scope 2 Emissions



Air and Soil Pollution

Air emissions related to the company’s activities are monitored and measured in accordance with the valid environmental permit L.ÕV/323525. Compliance with monitoring and reporting requirements is ensured through regular data collection and reporting, and the required data is submitted to the Environmental Board of Estonia in line with applicable legislation. During the reporting period, no violations of the permit conditions were recorded.

The company’s production activities generate air emissions specified in the air pollution permit. These emissions are monitored, and quarterly reports are submitted to the Environmental Board.

The company continuously monitors its air emissions in accordance with permit conditions and reports regularly to the Environmental Board.

The main chemicals used in production are paints and acids, and related emissions are reflected in the air pollution permit. The company’s activities may also generate noise, mainly within the production building, without significant impact on the surrounding environment.

During the reporting year, all pollutant emission levels remained within permitted limits, except for ethanol (ethyl alcohol), which exceeded the allowed level by 0.013 tonnes. The reasons for this exceedance have been analysed, and measures are being implemented to prevent similar occurrences.

Water

Estanc uses water in significant quantities for pressure testing of its products. To ensure responsible water use, rainwater is utilized whenever possible. A 550,000-litre (550 m³) rainwater tank has been installed beneath the company’s production building, enabling the collection and reuse of rainwater in the production process. This helps conserve drinking water and reduce the load on the public water supply system.

In 2025, Estanc used a total of 2,764 m³ of water, compared to 4,000 m³ in 2024, representing a 31% decrease in water consumption during the reporting year. The higher water consumption in 2024 was influenced by a project that required an unusually large amount of water, where clean water had to be used for product testing and rainwater could not be applied. This increased the baseline year consumption and therefore affects the year-on-year comparison.

	2021	2022	2023	2024	2025	2025 vs 2024	Goal 2026
Water (m³)	3 917	3 393	2 803	4 000	2 764	-31%	<3 500

Table 7. Water Consumption

The company will continue to improve water efficiency by focusing on optimizing production processes and using rainwater wherever possible.

Circular Economy and Waste

Estanc operates in accordance with circular economy principles, aiming to promote the reuse of resources, recycling, and value maximization throughout the entire product lifecycle. Our objective is to reduce waste generation and increase the efficient use of materials across all areas of operation. Through systematic activities, we contribute to the development of sustainable practices and the enhancement of environmental awareness both within the company and across the broader value chain.

Sustainable resource management is supported by the Microsoft Dynamics AX ERP system, which enables accurate tracking and planning of material flows. Through this system, we ensure that residual materials generated in the production process are, where possible, redirected for further use in future projects, thereby reducing material loss.

The company continuously seeks opportunities to direct production residues and end-of-life products back into circulation as secondary raw materials. Our internal metal waste sorting system supports efficient material separation and maximizes recycling, helping to reduce waste volumes and carbon footprint. At Estanc, metal waste constitutes the largest share (85.4%) of total waste streams and is primarily directed into circular use.

Waste type	Tonnes	Share (%)
Metal waste	229,3	85,4
Mixed municipal waste	21,5	8,0
Wood waste	8,5	3,2
Biowaste	4,6	1,7
Paper and cardboard	2,5	0,9
Other (incl. hazardous)	2,1	0,8

Table 8. Distribution of waste by type in 2025

A total of **268.5 tonnes** of waste were generated in the company, of which **87.1%** was directed to recycling, primarily due to the high share of metal waste, **12.8%** to energy recovery, and **0.1%** was disposed of in landfill.

Waste data are based on information provided by licensed waste management partners (Cronimet Nordic OÜ, Eesti Keskkonnateenused AS, Eesti Pakendiringlus OÜ and Ragn-Sells AS).

Handling of Hazardous Substances

The handling of hazardous substances used in the company is regulated in accordance with applicable legislation and the requirements of an environmental management system compliant with the ISO 14001 standard. The use, storage, and waste management of chemicals are systematically controlled, and appropriate preventive measures are implemented to mitigate risks.

Treatment method	Share (%)
Recycling/ recovery	87,1
Energy recovery	12,8
Landfilling	0,1

Table 9. Distribution of waste by treatment method in 2025

Social



Our Workforce

2025 was a challenging year for Estanc, which also impacted our employees. During the first half of the year, we had to make difficult decisions and part ways with several valued colleagues to ensure job security and stable income for the remaining team.

Despite this period, we are pleased that we continued to invest in the development of our people – both training hours and employee satisfaction and engagement increased. This demonstrates that even in difficult circumstances, it is possible to maintain a strong focus on people and their well-being.

Workforce Composition and Diversity

At Estanc, both full-time and part-time employees are engaged, enabling flexible organization of work processes in line with the company's needs. Temporary labour and subcontractors are also used as needed to ensure smooth project execution and optimal use of resources. Workforce structure – including gender, roles, or types of employment contracts – does not determine performance; employees' skills, experience, and knowledge are the key factors. This approach supports effective collaboration, maintains high quality standards, and ensures a strong focus on results regardless of backgrounds or employment types. In 2025, the share of employees with employment contracts was 86.4%.

National and cultural diversity, as well as equal treatment, are important principles at Estanc. The company fosters a working environment where employees are treated equally and where diverse backgrounds, experiences, and skills are valued.

In recent years, Estanc's workforce has become more diverse. The share of employees of Ukrainian origin has increased, along with broader representation of other nationalities.

A diverse workforce supports the development of organizational culture and contributes to more effective collaboration in an international and multicultural environment. Estanc values every employee and creates conditions where people can apply their skills and knowledge to achieve shared goals.

The engineering and manufacturing sector has traditionally been male-dominated. Estanc has increased the share of women and continues to support a more diverse working environment. The goal is to provide equal opportunities and foster a culture that values inclusion, collaboration, and mutual respect.

	2021	2022	2023	2024	2025
Employees	134	138	144	149	130
New employees	41	33	20	19	13
Employees who left	24	26	15	17	42

Table 10. Number of Employees and Employee Turnover

At Estanc, the share of women reached 14% in 2025 and has shown consistent growth in recent years. The company aims to further increase the proportion of women and has taken deliberate steps in this direction, while always prioritizing candidates' suitability and competence for the role.

Estanc employs a diverse workforce with international backgrounds – in 2025, 10 nationalities were represented among employees with employment contracts.

	2022	2023	2024	2025	Goal
Women in workforce	10,6%	12,6%	14,1%	14%	20%
Nationalities represented	13	12	13	10	

Table 11. Workforce Diversity and Inclusion

Age Distribution of the Workforce

In 2025, Estanc’s workforce was diverse in terms of age, with the largest share of employees in the 36–45 age group (43.26%), followed by those aged 46–55 (32.62%). This indicates an experienced and stable workforce with strong professional competence and valuable institutional knowledge.

The share of younger employees (aged 18–35) accounted for 20.56%, supporting talent pipeline development and the long-term sustainability of the organization. Meanwhile, employees aged over 56 represented 3.55%, reflecting the presence of long-term experience as well as a potential need for ongoing knowledge transfer.

The age distribution demonstrates a balance between experience and renewal, enabling the company to combine long-standing expertise with fresh perspectives. Estanc places emphasis on fostering intergenerational collaboration and supporting employee development throughout their careers.

Age (years)	18-25	26-35	36-45	46-55	56-65	66+
2025	4,96%	15,6%	43,26%	32,62%	2,84%	0,71%

Table 12. Workforce Age Distribution (% of Total Employees)

Estanc has been awarded the “Respecting Differences” label in cooperation with the Estonian Human Rights Centre and the Ministry of Social Affairs. Our focus is on valuing all employees and creating a more diverse and inclusive working environment. We are committed to ensuring that everyone feels respected and included, and is able to contribute with their unique perspectives and talents.

respecting differences



Figure 7. Estanc IWE-s

Employee Health and Well-being

Estanc is built on values-based management, transparency, and responsibility. As an employer, we aim to provide a safe, supportive, and stable working environment where every employee's contribution is clearly valued. In the field of occupational health and safety, we hold the

ISO 45001 certification.

To support work-life balance, the company offers flexible working hours, and Estanc has been awarded the Family-Friendly Employer Gold Label. In addition, the company has received the "Health-Promoting Workplace" label. We provide employees with employer-funded health insurance and offer access to a workplace psychologist for mental health support on a quarterly basis.

Estanc's employer brand is based on values-driven management, a safe working environment, and the continuous development of employees. Our goal is to be a responsible and reliable employer, offering a stable workplace and long-term cooperation.

Occupational safety, competitive remuneration, flexible working conditions, and open communication are at the core of our employee value proposition. We invest in employee development through regular training and encourage self-management and accountability.

Our employer brand is further supported by the Family-Friendly Employer label, the "Health-Promoting Workplace" label, and a systematic HR policy focused on equality, transparency, and ensuring a healthy work-life balance.

Health-Promoting Workplace

Estanc has been awarded the "Health-Promoting Workplace" label, which reflects our consistent commitment to supporting employee well-being. We consciously create a work environment that promotes health and actively support both physical and mental well-being. We believe that employee well-being is directly linked to engagement and the sustainable development of the company.



Family-Friendly Company

As a family-owned company, one of our key priorities has always been to support a healthy work-life balance. Our HR team has made significant efforts to shape a work environment and culture that enrich the employee experience. This recognition highlights our continued commitment to creating a supportive environment where both work and family life are valued.





Compensation

At Estanc, compensation is based on the employee’s role, responsibilities, competencies, performance, market conditions, and company objectives. In addition to base salary, performance-based pay and other incentives may be used. The company follows equal pay principles, ensuring compensation is based on objective criteria such as job content, responsibility level, and competence, and avoiding unjustified pay gaps. Estanc participates annually in the Figure salary survey to stay aligned with market trends and maintain competitive pay.

Employee development is valued training needs are identified during annual performance reviews and used to plan development activities that support both employee growth and company needs.

Talent Pipeline

Estonia’s population is ageing, and there has been a shortage of engineers for some time. Engineers play a critical role at Estanc. To ensure a strong talent pipeline, we collaborate with TalTech and TTK University of Applied Sciences.

In 2025, three TalTech students and three production students completed internships at Estanc. Where possible, we offer interns the opportunity to continue their careers with us.

Out of six interns in 2025, two (33.3%) joined Estanc as employees. The company aims to host at least one intern each year to support future talent development.

Training and Development

Estanc continuously develops employee competencies, focusing on improving leadership quality, enhancing collaboration, and strengthening professional skills to support the sustainable development of the organization.

In 2025, training activities were focused on key areas:

- leadership and collaboration,
- management systems and process improvement
- professional and language development of employees.

Key training initiatives focused on improving communication and collaboration, aiming to enhance internal information flow and teamwork. Training on the integrated management system (ISO 9001, ISO 14001, ISO 45001, ISO 50001) supported compliance with international standards and strengthened systematic management practices. Lean project management training focused on increasing efficiency and reducing waste. To support international communication, English language training based on Russian was provided.

In developing a feedback culture, the goal is to implement regular performance and development discussions with all employees. While the systematic implementation of one-on-one meetings in the production environment has been challenging, continuous efforts are made to strengthen the leadership skills of production managers and supervisors, ensuring at least two development discussions per year with each production employee.

In the production environment, particular emphasis was placed on developing technical competencies, which are critical for ensuring production quality and efficiency.

Through targeted development activities, Estanc supports employees’ professional growth, strengthens organizational culture, and contributes to employee engagement and satisfaction.

	2022	2023	2024	2025	Goal 2026
Training hours	2 242	2 580	2 373	4 166	
Training hours per employee	13,1	17,9	16,5	22,5	min 20

Table 13. Employee Training Indicators



Employee Engagement

At Estanc, we place strong emphasis on employee engagement and open communication. We foster regular dialogue between employees and managers through development and feedback discussions, and encourage employees to actively contribute to the company's growth.

Monitoring employee satisfaction and engagement enables us to better understand their expectations and continuously improve a supportive and inclusive working environment.

The company conducts the Q12 engagement survey twice a year – in spring and autumn – serving as an important tool for management to understand employees' expectations and experiences.

The results of the most recent survey, conducted in autumn 2025, showed an average satisfaction score of 4.05, which can be considered a very strong result. A total of 115 out of 129 employees participated in the survey, resulting in a participation rate of 89%.

	2021	2022	2023	2024	2025	Goal 2026
Satisfaction	3,85	3,9	4,00	3,95	4,05	4,00
Engagement	24%	26%	32%	39%	48%	40%

Table 14. Employee Satisfaction and Engagement Indicators

Occupational Health and Safety

The company's occupational health and safety management is based on a certified management system compliant with the ISO 45001:2018 standard. The system ensures a risk-based approach to identifying, assessing, and preventing workplace hazards, and supports the continuous reduction of work-related accidents as well as ongoing improvement of the working environment.

Safety management includes regular risk assessments, internal audits, employee involvement, and the implementation of targeted action plans. Particular attention is given to adherence to life-saving rules, employee training, and the continuous improvement of safe work processes.

	2021	2022	2023	2024	2025	Goal
LITF	8,9	0	10	7,1	11,4	0
TRIF	1,8	0	2	1,4	2,28	0
Work accidents	3	0	3	2	3	0
Lost workdays	57	0	106	148	110	0

Table 15. Occupational Health and Safety Indicators

Results for the Reporting Period

In 2025, a total of 3 workplace accidents were recorded, including 2 serious and 1 minor incident. All cases were analysed, and root cause assessments were carried out. The main risk sources were related to routine work processes and the use of equipment.

During the company's 34 years of operation, there have been no fatal workplace accidents.

Corrective Actions

During the reporting period, additional training on the safe use of equipment was implemented, safety instructions were updated, and work procedures were improved in higher-risk operations. Based on the incidents, additional briefings were conducted for all production employees.

Estanc's objective is to continuously reduce the number and frequency of workplace accidents and to reinforce the principles of a safe working environment at all levels of the organization.

Governance



Holacracy-Inspired Management

At Estanc, a holacracy-inspired management approach is applied. This management system distributes responsibility and decision-making across roles and circles (teams), rather than relying on traditional hierarchical structures.

Sustainability is integrated into all our business processes. We collaborate with various stakeholders to promote awareness and action in the field of sustainability – stakeholder engagement is an essential part of our approach. Strong governance and transparency are critical to achieving our sustainability objectives.

Holacracy best describes Estanc's management culture. This approach is based on accountability and goal achievement. Trust and empowering employees with autonomy are key success factors. We expect every employee to be willing and ready to take responsibility for their role and the achievement of their objectives.

Each role has a defined purpose derived from the team's objectives, and each team's objectives are aligned with the overall organizational goals. All organizational goals stem from Estanc's mission – to provide engineering and manufacturing services for process equipment at the highest level. Every employee is responsible for contributing to the fulfillment of this mission.

Estanc's management structure is based on a hierarchy of goals rather than a hierarchy of authority. Providing employees with clear objectives and supporting them in creating value has demonstrated positive impact on employee satisfaction and engagement.

Business Ethics, Compliance and Whistleblowing

At Estanc, ethical conduct and responsible governance are at the core of our operations. The company has established a Code of Conduct (CoC) and an anti-corruption policy, which apply to all employees and also guide cooperation with partners. All employees have been introduced to the Code of Conduct, and new employees receive relevant training as part of the onboarding process. The Code of Conduct is also available on Estanc's website.

Estanc follows a zero-tolerance approach towards bribery, corruption, money laundering, and fraud. The management of corruption risks is part of the company's risk management framework and includes regular risk assessments and raising employee awareness.

The company has implemented a whistleblowing system that allows reporting of violations confidentially and, if necessary, anonymously. All reports are handled impartially, and there is zero tolerance for retaliation against whistleblowers. In case of violations, investigations are initiated and appropriate measures are taken.

Supply Chain

In 2025, Estanc completed a supply chain risk assessment, identifying key supply chain-related risks and defining methods for their identification and mitigation. In addition, procedures for evaluating suppliers and subcontractors were developed.

All new suppliers undergo an initial pre-assessment, which includes applicable standards, material and product requirements, certifications, and terms of cooperation. Furthermore, we establish a Code of Conduct for business partners with all new and preferred suppliers.



Figure 8. Estanc product on its way to the customer at Paldiski Port

All suppliers undergo an operational pre-assessment, while preferred suppliers are subject to a more comprehensive evaluation covering the implementation of ISO 9001, ISO 14001, ISO 45001, and ISO 50001 standards and related topics. ESG-related aspects are also addressed during supplier audits.

In addition, we have set a goal to conduct on-site audits of suppliers and subcontractors. Due to the time and resource intensity of audits, we carry out 3–5 regular audits annually among preferred suppliers and subcontractors. Based on audit results, feedback is provided, and in case of non-conformities, corrective actions and timelines are agreed upon.

In 2025, four supplier audits were conducted. In the same year, we updated our Business Partner Code of Conduct, replacing the version established in 2022.

In 2025, we continue to develop a responsible and transparent supply chain, focusing on strengthening risk management and engaging strategic partners in achieving sustainability objectives. To support this, we are enhancing our Supplier Development Process, conducting 3–5 audits of key suppliers along with necessary follow-up actions, and ensuring that all preferred suppliers have signed the Business Partner Code of Conduct.

We also continue to apply the principle that all new suppliers must undergo a pre-assessment prior to cooperation to ensure compliance with quality, environmental, and responsible business practices.

Business Partner Code of Conduct

In 2025, we updated our Code of Conduct for suppliers, subcontractors and service providers. The Code defines the values and standards of conduct that we are committed to in our daily operations and expect from our partners, including suppliers and subcontractors.

The principles of the Code of Conduct form an integral part of all agreements between Estanc and its preferred suppliers.

Human Rights Principles

In 2022 we established a Human Rights Policy aligned with our values and Code of Conduct. The policy is based on the Universal Declaration of Human Rights, the (ILO) Declaration on Fundamental Principles and Rights at Work the UN Global Compact on human rights and labour, UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the Convention on the Elimination of All Forms of Discrimination against Women, and the Estonian Human Rights Guidelines.

Cybersecurity

Cybersecurity is a critical topic in today’s business environment, as digital systems and data exchange are integral to daily operations. Strong cybersecurity ensures business continuity, protects confidential information, and maintains trust of customers, partners, and employees.

Managing cyber risks is essential from financial and reputational perspective. Data breaches, system failures, or malicious attacks can result in significant financial losses, legal risks, and disruptions to the supply chain. In 2023, Estanc was the target of a cyberattack, which highlighted need for a more systematic and robust approach to cybersecurity.

Therefore, we place strong emphasis on raising employee awareness and one of the most common forms of cybercrime, we have increased the use of simulations and practical exercises. Through regular training programs and simulated phishing campaigns, we ensure that our employees are able to recognize potential threats and respond appropriately.

Cybersecurity is managed as part of the company’s overall risk management and governance framework. Since 2023, Estanc has implemented Telia’s cybersecurity training platform (Nimblr), which supports continuous awareness and risk prevention.

Effective cybersecurity supports sustainability objectives by ensuring responsible data management, business continuity, and long-term trust among stakeholders.

AI Usage Guidelines for Employees

AI solutions help automate routine tasks, enabling employees to focus on higher value-added activities. The use of AI requires clear principles regarding data protection, cybersecurity, and ethics.

In 2025 we developed our AI usage guidelines to ensure a consistent and responsible approach to the use of AI across the organization.

New Threats and Challenges in Cybersecurity

In Estonia, scam calls are widespread, with attackers impersonating banks, government, police to obtain access to authentication tools or bank accounts. This can also lead to company account access and financial losses.

We raise employee awareness of such threats and have limited access to company bank accounts. Payments now require multi-level authorization.

Indicator	Result 2024	Result 2025	Note for 2025	Goal
Average click rate in phishing simulations	4,84%	2,4%	Significantly lower than the global average (4,3%)	<4,0%
Number of completed cybersecurity trainings	761	647	Fewer trainings in 2025 due to a decrease in the number of employees	
Average number of trainings per employee	8	15	Significantly higher number of trainings per employee than in 2024	
Company cybersecurity level		78,68%		High (>60%)
Cybersecurity onboarding training for new employees	100%	100%	Goal 100%	

Table 16. Key Cybersecurity and Information Security Indicators

Participation in Industry Associations and Networks

Estanc actively participates in several industry associations, contributing to sector development and the promotion of sustainable practices. Membership enables the sharing of best practices, staying up to date with regulatory developments, and engaging in discussions that shape the future of the industrial sector.

Participation in industry associations supports the company's objective to develop a responsible and innovative industry and to strengthen collaboration with clients, partners, and the public sector.

Estanc is a member of the following organizations:

- Industry associations (Estonian Machinery Industry Association)
- Chambers of commerce (German-Baltic Chamber of Commerce, Estonian Chamber of Commerce and Industry)
- Sector-specific organizations (PARE, Estonian Employers' Confederation, German-Baltic Chamber of Commerce, Estonian Hydrogen Technologies Association)
- Sustainability initiatives (Green Tiger, UN Global Compact)

Participation in networks supports the company's sustainable growth and strengthens its competitiveness.





ESTANC