



SUSTAINABILITY  
REPORT 2021



*Makes sense.*

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# 1 Aidon's work and contribution towards sustainable development



## A word from the CEO

**We at Aidon are committed to creating climate-friendly and resource effective solutions to our customers. With our Smart Grid and Smart Metering technology and services we contribute to a sustainable development of the society.**

In Aidon, we believe that our focus should not be just in setting ambitious targets for sustainability efforts, but even more so, showing and doing concrete actions. In 2021 Aidon took again many steps in fulfilling this commitment to our customers and the society.

Our new 7000-series smart metering device, which we started to deploy in 2021, is a notable example of our continuous innovation work with high sustainability ambitions, delivering value to our customers' everyday processes.

We continued to invest in collaborative efforts in order to develop & strengthen solutions to address our shared challenges, in particular in combating climate change. Examples of such collaborative initiatives are our membership in ESMIG (Europe), Intelligent Energi (Denmark) and Electric Mobility Program with Technology Industries of Finland.

While strengthening our work on the environmental sustainability, we have recognised the necessity of the social and governance aspects in the ESG work required from responsible companies. Covid-19 pandemic concretized the essence of health, wellbeing and social interaction in ensuring the continuity of the companies' day-to-day operations. It also triggered new ways of working and also developing our working practices with help of modern collaboration tools.



EU Taxonomy initiative is an example of external governance drivers that Aidon is monitoring. Internally, at Aidon we see governance as key driver of ethical and effective business. Examples of these are a whistleblowing channel and new risk management practices.

Our target is to continue in the forefront of change by being an active contributor in building a smarter and more sustainable future society. We are committed to continuous development in terms of ESG covering all aspects of sustainability in our actions.

**Tommi Blomberg**  
CEO, Aidon

# About Aidon

**Aidon is an established supplier of smart grid and smart metering technology and services. Aidon was founded in 2004 and since its beginning we have had registered permanent offices in Finland, Norway and Sweden. Our main owners are Nordic investors Alder, 2VK Invest, and Finnish Industry Investment Ltd., as well as part of the personnel.**

Our mission is to provide smart grid solutions to enable an effective use of energy and sustainable lifestyle in our society. With our solutions we support the transition to a modernised energy system in which the energy Distribution System Operators (DSOs) can efficiently manage their power grids while integrating variable emission-free energy sources to the grid. At the same time the consumers are provided with means to manage and control their usage of energy.

Near to 4 million smart metering devices are connected to Aidon system platform in Finland, Sweden and Norway. With more than 120 DSOs as our customers, we are the leading innovator of smart metering solutions and smart grid applications in the Nordics.

While helping our customers meet their sustainability goals with our solutions and services, we are committed to adhere to and promote responsibility in all our activities, and to reporting the related measures and achievements on a yearly basis.

## Aidon holds the following certificates:

Quality Management System standard	ISO 9001:2015
Environmental Management System standard	ISO 14001:2015
Occupational Health and Safety Management System standard	ISO 45001:2018
Information Security Management System standard	ISO 27001:2013

The certificates are available on our website.



## Aidon values

Our corporate values define the core driving forces of Aidon: how we behave as a company, as an employer, as a solution provider and as a partner. The values guide our work in Aidon, helping us to make the right choices, and setting the basis for the company culture.



**Customer value**



**Openness**



**Keep promises**



**Ambitious targets**



# Global sustainability goals

Aidon's ambition and goal is not only to meet our own sustainability goals but also to help our customers, the electricity users and other important stakeholders reach their sustainability goals. We work actively together with our main owner Alder to improve and develop our sustainability activities and measures. We have extended our focus on the UN Sustainability Goals to seven areas that we are contributing to through our operations.

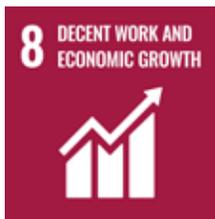




### Goal 3 – Ensure healthy lives and promote well-being for all at all ages

#### Goal 8 – Decent work and economic growth

For Aidon, employees are the most important asset. We care for our employees' well-being at work and encourage them to a healthy lifestyle. We conduct an annual survey to monitor our employees' satisfaction with their work. We have a monthly follow-up of KPIs which include the number of safety observations, sick leaves and work-related accidents. Our goal is zero accidents at work. Aidon is ISO 45001 certified.



### Goal 7 – Access to affordable, reliable, sustainable, and modern energy for all

Energy efficiency and the reduction of energy demand are central means for a more sustainable future. We offer systems, products and services which enable an environmentally efficient energy distribution and use of renewable energy sources through a better control and balancing of the energy network. Utilising the data provided by our products, we help in reduce energy consumption and use of natural resources.



### Goal 9 – Industry, Innovation and Infrastructure

We want to drive the development of smart and safe energy infrastructure with our innovations in co-operation with our customers, technology partners, development partners, research institutes and national authorities.



### Goal 12 – Responsible Consumption and Production Goal 13 – Climate Action

We monitor the impact of our operations on the environment and assess our means to minimise it. We run our business in an environmentally friendly manner and are certified for ISO 14001.



By using life cycle assessment methods and design for environment methods systematically, we can minimise the harmful environmental impacts and maximise the beneficial ones throughout the whole lifecycle of our products, from raw material extraction all the way to recycling or disposal.



### Goal 17 – Partnerships

The basis of our business model consists of profound in-house expertise in selected core areas, and long-term partnerships with the best specialists in areas beyond our strategic expertise areas in manufacturing, development and several support functions. The partnerships multiply the employment impact of Aidon both on domestic and international scope.

# Aidon Sustainability Strategy

Society's challenges are our challenges. As a provider of key enabling technology for a greener and smarter grid, sustainability is a key driver in our corporate strategy. Corporate sustainability is a change process in which we aim to meet the long-term expectations of our owners, customers, employees, partners, and broader society based on the issues that are most relevant to our business.

## Aidon's long-term sustainability goal

**Our goal is to become a climate neutral company with net-zero greenhouse gas emissions by 2030. Our actions supporting this goal:**

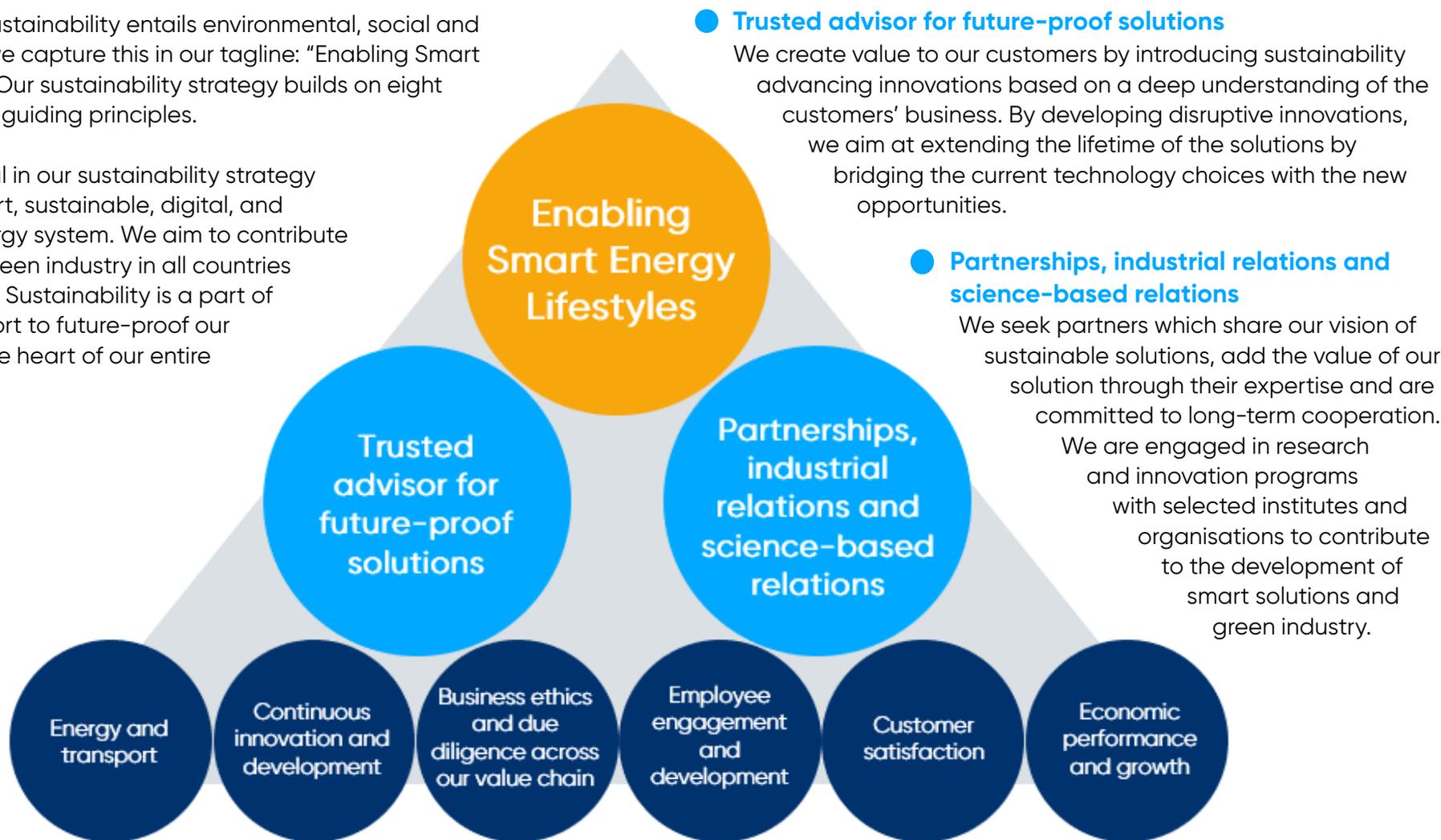
- Increased sustainability awareness throughout our whole value chain
- Sustainable product design
- Solution offering enabling customers to achieve their sustainability goals
- Improved efficiency of the supply chain



# Enabling smart energy lifestyles

To us, corporate sustainability entails environmental, social and governance and we capture this in our tagline: "Enabling Smart Energy Lifestyles". Our sustainability strategy builds on eight distinct areas with guiding principles.

The long-term goal in our sustainability strategy is to enable a smart, sustainable, digital, and decentralised energy system. We aim to contribute to the growth of green industry in all countries where we operate. Sustainability is a part of our continuous effort to future-proof our business and at the heart of our entire business.



## ● Energy and transport

We strive to reduce our carbon footprint by improving the energy and transport efficiency of our operations. We aim to minimise the share of air freight in our logistics. For land transportation we aim to use only companies which use renewable fuel or biodiesel. With efficient waste management we want to continuously improve the waste recovery rate.

## ● Continuous innovation and development

Sustainability is a key driver in the development of our products and solutions, both in terms of direct impact of our work and deliverables, and the indirect impact by enabling a smart energy lifestyle. We follow practices that respect a sustainable usage of material and energy, minimised waste and emissions, as well as safety and security both in the development process and when the solutions are in use at our customers. The adoption of cloud technologies and modular architectures allow the solutions being upgraded in a flexible and cost-efficient way during their lifetime, helping our customers optimise the need of their infrastructure investments.



## ● Business ethics and due diligence across our value chain

We are committed to responsible ethical, social and environmental performance throughout our value chain, including our own personnel, partners and suppliers. We ensure compliance with our ethical requirements through open dialogue with our stakeholders. The Supplier Code of Conduct, which reflects the UN Global Compact principles, has been signed by all tier 1 suppliers. All of these suppliers are also certified to ISO 9001 and 14001 have a sustainability plan. The suppliers' performance is monitored through yearly audits and supplier questionnaires. Aidon respects all internationally recognized human rights, which guides our actions and operations. Health and Safety is our priority.

## ● Employee engagement and development

Motivated and competent employees are our most important asset. Employees' competence is maintained and developed in line with our strategy and implemented through training plans accordingly.

## ● Customer satisfaction

By living to our company values – Customer value, Keep promises, Openness and Ambitious targets – we strengthen the relationship with our customers. We conduct an annual customer survey to measure customer satisfaction.

## ● Economic performance and growth

Aidon's business target is to run profitable business as well as retain and strengthen our position as the leading innovator in selected markets. We strive to grow the share of life-time services and applications within our existing customer base and to expand to new markets when the business landscape is in line with our strategy.

# 2 Aidon in 2021



## 2021 in brief

Despite a challenging business environment caused by Covid-19 pandemic and global shortage of electronic components, Aidon's business saw a favourable development in 2021. Our strong investments in product development materialized when we started the deployment of new products and services building on modern technology platforms.

Our new generation **7000-series smart energy device** is a concrete example of our continuous innovation work in which we combine customer needs, innovative ideas and profound technology expertise. The unique product provides unprecedented capabilities for high resolution data analytics, enabling versatile and real-time controls and diagnostic applications for the distribution grid. Compared to our earlier products, the 7000-series device comes with significantly lower own energy consumption, and less material is used to produce it.

Another major achievement was the introduction of our new **cloud technology-based digital metering service**. In terms of environmental impact, utilisation of cloud platform, such as Microsoft Azure, can be up to 98 % more carbon efficient than on-premises options, and when powered with renewable energy, up to 93 % more energy efficient than on-prem servers.

In 2021 a **Scope 3 emissions** survey was conducted, based on The Greenhouse Gas Protocol (GHG Protocol), to identify, collect and deliver data regarding chosen relevant emissions sources. For Aidon, the biggest emissions source is Use of Sold products. The experience and the output from the scope 3 calculations creates a basis for evaluating our data collection efforts and making improvements in terms of data collection mechanisms.



## Key Performance Indicators for sustainability

At Aidon, we focus on promoting sustainability in the business we are in, and we are continuously monitoring our own performance. In 2021, we met the targets that we had set for ourselves and improved in many areas on year-on-year comparison.

KEY PERFORMANCE INDICATORS (EXTRACT)	2018	2019	2020	2021	
Sales (Reported m€)	57	29	40	38	*Calculated according to full GHG protocol
EBITDA (Reported m€)	4.0	0.0	6.3	4.6	
Scope 1 Emissions, tCO <sub>2</sub> e	N/A	59	32	26	**1st step to calculate alignment
Scope 2 Emissions, tCO <sub>2</sub> e	N/A	53	8	14	<b>Scope 1:</b> Direct emissions resulting from vehicles, fuel use and/or chemical leakage
Scope 3 Emissions, tCO <sub>2</sub> e	N/A	163	107	7821*	
Business travel, tCO <sub>2</sub> e	67	63	7		
Energy use, MWh	N/A	259	170	190	<b>Scope 2:</b> Indirect emissions resulting from bought electricity, cooling, heat and/or steam
Waste: % of recyclable fractions sorted	95 %	100 %	100 %	90 %	
Employees	63	55	54	58	<b>Scope 3:</b> Other indirect emissions that occur in the value chain of a company, such as emissions resulting from purchased goods or services, transport or business travel
Of which female	14 %	10 %	9 %	19 %	
Employee satisfaction (average, scale: 1-4)	3.1	3.0	3.3	3.4	
Sick leave %	0.9 %	0.9 %	1.0 %	0.6 %	
Customer satisfaction (average, scale: 1-5)	3.81	3.77	3.74	3.57	
Taxonomy eligible of turnover**				100 %	

## Scope 3 emissions

In 2021 we conducted a survey facilitated by Alder, of Scope 3 emissions reporting based on The Greenhouse Gas Protocol (GHG Protocol). The calculations of emissions considered all greenhouse gases defined by the United Nations Framework Convention on Climate Change (UNFCCC).

During this survey we identified, collected and delivered data regarding chosen relevant emission sources. As can be seen from the results, Aidon’s biggest source of emissions is Use of Sold products. In this category the emission source covers the whole lifespan of the device and its electricity consumption per year. This is multiplied by the years of usage and the number of units sold during 2021.

2021 – SCOPE 3 EMISSION SOURCE	TOTAL EMISSIONS [CO <sub>2</sub> eq]	PORTION OF TOTAL CCF
Purchased goods and services	2,253,35	28,81 %
Fuel-and Energy-Related Activities (Not included in Scope 1 or Scope 2)	2,48	0,03 %
Upstream Transportation and Distribution	345,88	4,42 %
Waste Generated in Operations	2,77	0,04 %
Business Travel	1,35	0,02 %
Employee Commuting	5,18	0,07 %
Downstream Transportation and Distribution	1,99	0,03 %
Use of Sold Products	5 114,97	65,40 %
End-of-Life Treatment of Sold Products	93,51	1,20 %
<b>TOTAL CCF (Corporate Carbon Footprint)</b>	<b>7821,46</b>	<b>100,00 %</b>

## Share of air and ocean and rail freight of imported freight

Target 2021: Share of air freight < 3 % of total freight volume



# Aidon's actions in 2021



Trusted advisor for future-proof solutions

Partnerships, industrial relations and science-based relations

Energy and transport

Continuous innovation and development

Business ethics and due diligence across our value chain

Employee engagement and development

Customer satisfaction

Economic performance and growth

 	<p>Roll-out of new generation 7000 series IoT Devices started. The average hourly electricity consumption of a single device decreased by 16 %, the material used to make PCBs by 9.7 % and the amount of copper by 2.5 % compared to previous Aidon product series.</p>								
	<p>Introduced our new carbon efficient cloud technology-based digital metering service.</p>								
 	<p>New legislation in Finland enables use of remote software updates to extend the life-time of installed electricity meters. This creates significant operational and sustainability efficiencies to DSOs having Aidon meters in use.</p>								
 	<p>Continued investment in collaborative efforts. Examples: our membership in ESMIG (Europe), Intelligent Energi (Denmark), CINELDI (Norway) and Electric Mobility Program with Technology Industries of Finland.</p>								
 	<p>Performed first step of the Taxonomy assessment to identify activities eligible for Taxonomy.</p>								
 	<p>Kept our target of minimal amount of flight deliveries for material needed in production. Amount: 0.8 % of the total volume. Decided to replace possible flight needs by train deliveries since they generate approximately 98 % less CO<sub>2</sub>e/TKM emissions.</p>								
 	<p>Improved containers' occupancy rate by 4.6 % by adding an extra layer of boxes on top of the pallets.</p>								
	<p>Continuous cyber security penetration testing for Aidon products conducted by our information security partner Silverskin.</p>								

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 	Participated in a survey facilitated by Alder regarding Scope 3 emissions. The survey was conducted based on The Greenhouse Gas Protocol (GHG Protocol).								
 	Conducted an evaluation in relation to SCIP notification. Conclusion: the 0.1% limit of Substance of Very High Concern (SVHC) listed on the REACH candidate list in concentrations is not exceeded in our products and therefore SCIP notification is not necessary.								
 	Worked closely with our first-tier suppliers to maintain high social and environmental standards in our supply chain. Performed 4 SMETA audits (Sedex Member Ethical Trade Audits) on our suppliers.								
	Aidon Code of Conduct updated and published. An e-learning course on Code of Conduct completed by all Aidon employees.								
 	Personnel survey conducted in November. Overall employee satisfaction: 3.4 on a scale of 1 to 4.								
	Implemented an employee benefit for sports and culture.								
 	ISO 45001 Health and Safety Management System certificate								
 	According to Aidon Customer Survey, the greatest sustainability impacts of Aidon solutions are: more efficient field work, significantly less field visits and less driving thanks to automated processes, better ways to detect net losses enabled by Aidon technology.								

# Customer case: Operational efficiency promotes sustainability at Norrtälje Energi



**Norrtälje Energi in Sweden takes care of operation and maintenance of energy distribution for over 17,000 homes and businesses in Norrtälje municipality northeast of Stockholm. Norrtälje Energi's promise to their customers is "We offer our customers one of Sweden's most reliable electricity networks."**

The company is constantly working to secure and modernize their electricity network to increase operational reliability and give their customers as secure and uninterrupted electricity supply as possible.



In 2019-2021 the company renewed their electricity metering with a system provided by Aidon. In addition, the company's already installed district heat meters were connected to the Aidon system.

**In terms of sustainability, the new system brings several benefits to Norrtälje Energi:**

- Provides accurate information about energy usage, allowing customers to manage it with an interface available in the meters.
- Provides high reliability and automation in collecting the metering values for monthly billing, minimising extra field visits to collect the missing values from the customers.
- Instead of visiting the customers to switch electricity on and off, for example when they are moving, these operations can be done remotely.
- Provides information about alarms and outages from the field, speeding up the repair work significantly.
- Instead of operating and maintaining two separate systems for electricity and heat, the company benefits from one modern metering system with high operational reliability and efficiency.

# 3 View to 2022



# View to 2022



Trusted advisor for future-proof solutions

Partnerships, industrial relations and science-based relations

Energy and transport

Continuous innovation and development

Business ethics and due diligence across our value chain

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  	<p>Majority of new customer contracts are based on using cloud technology solutions.</p>	●		●				●	●
 	<p>Introduce Microsoft Emission Dashboard to gather data about energy consumption and CO<sub>2</sub> emissions of Aidon's cloud based solutions.</p>	●	●	●	●				
	<p>Initiate investigations related to Science Based Targets Initiative.</p>	●	●						
	<p>Prepare and implement an action plan to ensure that employees are energetic and able to work efficiently.</p>	●					●		
	<p>Make Aidon competences more visible and create a more systematic way to maintain and develop strategic competencies.</p>						●		●
	<p>Information security &amp; GDPR e-learning for all employees.</p>					●	●		
	<p>Continue Taxonomy step actions to define the financial flows that contribute to the EU Taxonomy's six criteria for sustainable investment.</p>		●						●



**Aidon**

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