

Sustainability report  
2023

Kitron A/S

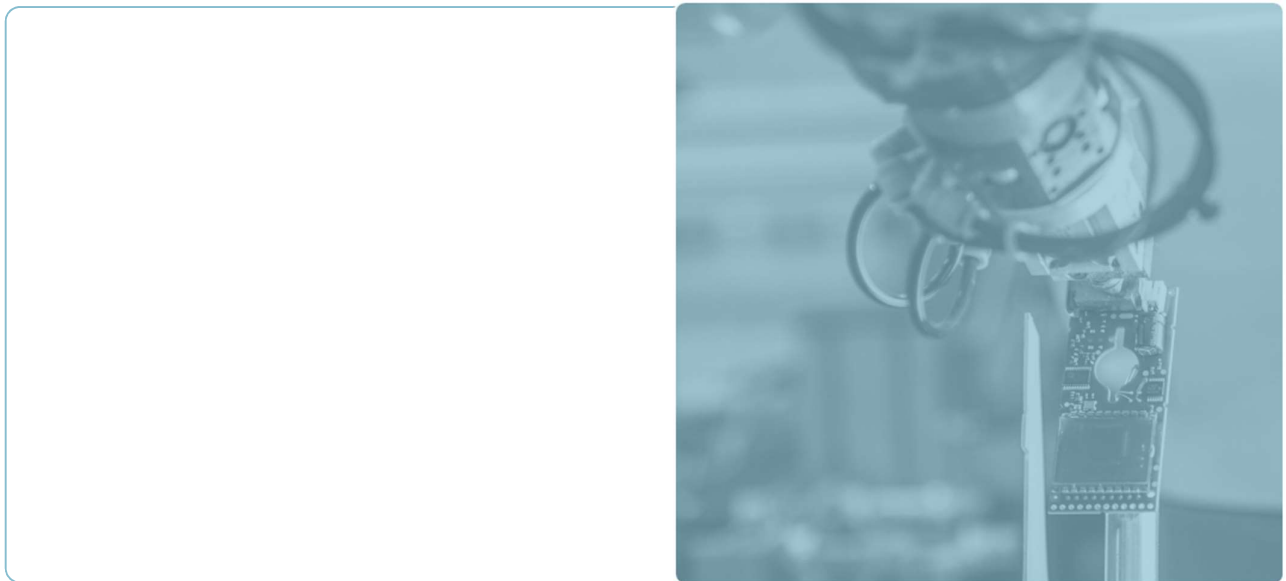


**Kitron**

Your ambition. Our passion.

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# I. Introduction

As a part of Kitron Group, Kitron A/S wants to a leading electronics manufacturing services company.

This ambition calls for efficiency and production of high-quality products at low costs. However, an equally important parameter, comprising both efficiency and quality, is the importance of acting with sustainability throughout the entire supply chain.

Kitron A/S supports an inclusive and sustainable development through sustainable business operations. Kitron A/S has joined the UN Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten (10) universally accepted principles in the areas of *human rights, labor, environment and anti-corruption*.

In 2010, Kitron A/S formulated a sustainability policy and in 2023 – with this report – Kitron A/S launches the 13<sup>th</sup> sustainability report explaining our ambition, policy, and initiatives. This report forms a component of the management report in the company's 2023 annual report from 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023.

Kitron A/S is from 2022 a part of Kitron Group.

Following strategic plans of Kitron Group, Kitron A/S continue to commit to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly these Sustainable Development Goals among 17 Sustainable Development Goals:

- 5 Gender Equality and women's empowerment
- 9 Build resilient infrastructure, promote sustainable industrialization and foster innovation
- 12 Responsible consumption and production
- 13 Climate change

Consequently we:

- want the working environment to be characterized openness, communication, and respect for the individual. Diversity, and a balanced work force in terms of gender, is recognized as strength and an advantage
- wish to promote health and the well-being of our employees as well as minimize the risk of working accidents and work-related injuries, including one-sided, repetitive work
- wish to prevent and minimize the total environmental impact on the external environment of our products and production
- continuously try towards integrating sustainability into our supply chain. The purpose is to make our suppliers engage in activities in terms of respect for human rights and protection of the environment

Kitron A/S has gone through a definite transformation of the company's way of producing, not only in terms of efficiency and quality, but also in terms of sustainability. This has created – and is still creating – substantial and visual results in our factories in Denmark, Czech and China.

Sustainability is not only a part of the agenda on Kitron A/S management review meeting every year, where we go through our measures and achievements within sustainability; but also a part of Group operational excellence promotion process.

*Jimi Klitholm Sandgreen*  
Managing Director

## II. Kitron A/S in brief

Kitron A/S manufactures and delivers anything from fully assembled electronic circuit boards to complete end products for customers globally. Related technical services like prototyping, industrialization, material analyzing, and test development are also key competencies offered by Kitron A/S in cooperation with other sites in Kitron Group.

Kitron A/S provides a uniquely flexible set-up of electronic products configured to provide each customer with virtually the full range of end-to-end EMS services. This enables our customers to select the exact mix of services to ensure the optimal cost profile at each stage of the product's life cycle.

By using the maximum number of tried-and-tested standardized modules, we ensure our customers to begin a product's life cycle at peak reliability and minimum cost, with assembly carried out in the Kitron A/S' facility best suited to the desired cost/volume profile.

A customer care team is assigned to each customer to provide rapid-response action for ongoing alterations and improvements in specifications and packaging, and to meet changing production and logistics requirements.

We also help our customers set up the most appropriate validation and test procedures to avoid any unnecessary costs and ensure that all documentation and warranty requirements are fulfilled right from the start. To achieve all this, we insist on establishing clear, relevant and ambitious targets for what we do, accompanied by effective frameworks for implementation.

These targets cover our manufacturing processes, quality standards, compliance with environmental requirements, and our overall working environment. We prepare them based on close dialogues with our customers, our own staff and other relevant third parties. Effective evaluation, follow-up and constant improvement of these targets are an important part of this process.

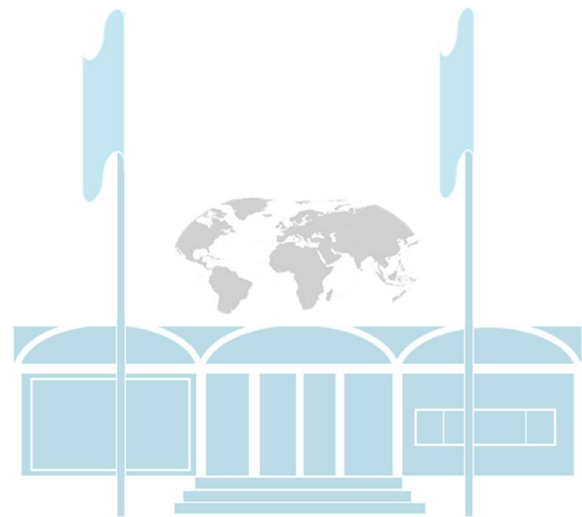
Our strength comes from our practiced expertise at providing superior EMS solutions to focused industry segments. This focus reflects

our depth of acquired knowledge and skills in the unique technological and regulatory specifications of each industry, and the proprietary methodologies we have developed to ensure that design, manufacturing, and logistics are optimized to our customers' needs.

Kitron A/S employs around 173 people at our factories in Denmark at the end of year 2023.

Kitron A/S has the main focuses on high mix batch production of electronics for use in medical technology, telecom and industrial products. Assignments requiring the most advanced technology and involving greatest complexity are dealt with here.

Kitron A/S is from 2022 a part of Kitron Group.



### III. Kitron A/S' contribution to sustainability

#### Our role

At Kitron A/S, we believe that a sustainable approach to business is essential, which is why it forms a core part of the way in which we do business.

For Kitron A/S, sustainability is not just a smart new trend. Since 1992, we have tried to reduce our energy consumption and to remove hazardous chemicals. Setting ambitious targets for these areas, we have already proven that you can produce electronics products in an environment that does not harm the external environment. We are doing so in a safe production in which our employees have an atmosphere of freedom to come up with suggestions to change.

We are setting clear goals for our employees' wellbeing, as we know it will ultimately be of benefit to our company. We work constantly to have the latest technology to offer our customers a good production environment to produce their future complex products. Thus, we offer a production environment that can be part of their products' lifecycles and minimize the effect on the external environment.

#### Our policy

At Kitron A/S, we conduct our business within the framework of applicable laws and regulations in the countries of operations i.e. Denmark.

Furthermore, we comply with the core conventions of labor rights as defined by the International Labor Organization (ILO). We recognize the right to freedom of association and collective bargaining. We strictly oppose forced and bonded labor, child labor and discrimination in any form.

At Kitron A/S, we support the principles of Global Compact: Human rights, labor rights, environment, and anti-corruption. In November 2010, Kitron A/S joined the UN Global Compact, and we have since worked with implementing the Ten Principles into our Business Management System.

At Kitron A/S, we offer equal opportunities and support women empowerment.

We seek transparency through reporting and stakeholder dialogue.

#### We are certified in the following ISO standards:

##### **ISO 9001**

##### **Quality management system**

Since 1994, BB Electronics A/S has been approved according to the ISO 9001 standard

##### **ISO 14001**

##### **Environmental management system**

Since 1999 BB Electronics A/S has been approved according to the ISO 14001 standard

##### **ISO 13485**

##### **Medical devices quality management system**

Since 1994 BB Electronics A/S has been approved according to the ISO 13485 standard

##### **ISO 45001**

##### **Health and Safety management system**

Since 2003 (2020) BB Electronics A/S has been approved according to the OHSAS 18001 ISO 45001 standard

## IV. Our focus

Kitron A/S focuses reporting on three areas to support achieving sustainability development goals: Employees, suppliers and environment. Our focus on these three areas, is based on the following:

### Employees

#### Labor and Human Rights

Diversity and a balanced work force in terms of gender, is recognized as a strength and an advantage. Fair employment practices following local norms, laws and collective bargaining agreements is the basic standard in Kitron.

Health and safety in the working environment are very important to Kitron and is to be ensured to provide for each employee. Kitron opposes discrimination in any form, e.g., due to race, nationality, gender, sexual orientation or religion. Kitron also opposes any form of trafficking and purchase of sexual services. No form of discrimination, harassment or bullying is tolerated. We are here to offer a working environment where it is possible to combine work, career, family life and spare time.

Our ambition is that the working environment in Kitron is characterized by openness, communication, and respect for the individual.

Kitron A/S ensure that we continuously work on social and personnel to comply with laws and regulations in Denmark and EU. We have maintained effectively ISO45001 business management systems and on regular basis we have been audited by our key customers in the area. Our HR and Senior management have regular reviews about the social and employment environment in future.

Kitron Group has operations in Norway, Sweden, Denmark, Lithuania, Germany, Poland, the Czech Republic, India, China, Malaysia and the United States. These countries have varying risks of human and workers' rights violations, according to the 2023 ITUC Global Rights Index. This index rates countries based on their compliance with collective labour rights and documents violations by governments and employers of internationally recognised rights.

The Scandinavian countries and Germany have minimal risk of human and worker's rights violations (scores of 1), where Kitron A/S is operating.

Kitron A/S is directly affected by human right risk in our operations and indirectly affected by human right risk through business relationships and our supply chain.

Kitron Group's policy, guidelines and procedures related to human rights and decent work conditions are stated in the following documents and management procedures, which Kitron A/S operates accordingly:

- Ethical Code of Conduct
- Supplier Code of Conduct
- Whistleblowing policy

Next to our Customers, Kitron A/S' employees are the most important asset of the company. Their health and well-being is a matter of high concern to the management. The objectives of working with employee activities are to attract and retain qualified employees. Kitron A/S is doing so by focusing on the well-being and development of the employees. By means of specific well-being activities, work is carried out related to job satisfaction and development, which have been established in cooperation with the health and safety representatives.

Workplace assessments are made for all employees. In this way, we evaluate on a continuous basis the working environment. The Result of this assessment is presented to all employees together with the actions to improve the work environment. Furthermore, a specific sickness policy, employee handbook and staff policy have been elaborated, as a reflection of Kitron A/S' company culture. All of this comprises the following: Health insurance, policy regarding sexual harassment as well as active non-smoking- and non-alcohol policy, Christmas gifts, breakfast, vaccinations, and sports as well as other employee association events.

#### Gender composition

Kitron A/S factory operates in modern and safe facilities in an industrial building housing a total of 173 employees, 60% i.e. more than half of

these being females. Female managers represented 30% of management at all levels in 2023 (29% in 2022).

For Danish factory gender composition at all levels reported as following

### Gender composition

Year/ Female	Board of Directors	Executive management	Management all levels
2023	2, 33%	2, 40%	3, 30%
2022	2, 33%	2, 50%	4, 29%

No. Of Female, percentage

Kitron A/S has goals for recruitment of more women for management positions. Kitron A/S wants to make the goal of more women in management quantifiable - both in terms of the process leading to the goal and in relation to the concrete results.

We target 50% women managers at all levels as the strategic long-term goal in 2030.

For year 2024, Kitron A/S aims to increase woman managers at other management level to 40% of total other managers in Denmark.

Our action plan in 2024 to reach our gender equality target is to recruit and promote women leaders within Other Managerial positions. In the long term, we will also work with young generation plan to attract more women talents for future managerial positions.

### Employee communications

Regular meetings are scheduled to provide employees information about company initiatives, news and changes. These meetings also have the purpose of providing an open dialogue between employees and management.

In 2023, Kitron Group decided to implement the Employee survey tool from Eletive. The first survey using Eletive will be done in 2024. Employee surveys are an important part of developing the Kitron culture and working environment. Annually, results are analysed, and action plans developed and implemented and the foundation for the continuous improvement of our working environment.

### Health and Safety

Health and safety in the working environment are very important to Kitron - we believe that prevention is the key to a truly safe workplace. Kitron follows local and international norms and relevant legislation to provide such an environment.

We are committed to providing our people with a healthy and safe workplace. Our goal is to instill a strong safety culture at every level of the organization by setting targets and implementing standards in our ISO 45001 certified Business Management System. All work-related injuries and illnesses can and must be prevented.

Kitron A/S has very low risk in our production facility. The Kitron work environment poses risks to the employees, foremost in the manual mounting and in the processes where chemical liquids, nitrogen or lead are involved, as well as the long-term risks associated with repetitive tasks. The most important mitigation and prevention of accidents and injuries is the workplace design, education of employees and routines for safely handling chemicals. All chemicals procured and applied at Kitron sites are registered and handled according to relevant regulations. To prevent negative effects of repetitive tasks, all sites in Kitron Group has implemented job rotation for certain tasks. Kitron will continue to monitor the working environment regarding employee health and safety.

We prioritize on safety at work and actively support employee health such to lower sickness and stress level.

We continuously assess our workplace and set up activities to prevent injuries. Implementing new tools, protective equipment, safety shoes, safety glasses, safety gloves and work wear.

The limit for sickness absence is set up as the following in 2023.

- Denmark, the limit is 4,6%

## Health and safety

Injuries	Target	Actual
<b>End of 2023</b>	0	0
<b>End of 2022</b>	0	1
<b>End of 2021</b>	0	1
<b>End of 2020</b>	0	0
<b>End of 2019</b>	0	4

Sickness absence	%
<b>End of 2023</b>	5,1%
<b>End of 2022</b>	5,1%
<b>End of 2021</b>	4,20%
<b>End of 2020</b>	3,20%
<b>End of 2019</b>	3,30%

In Kitron A/S, we organize a voluntary vaccination against influenza each October.

### Whistle blowing

Kitron Group's goal is that illegal, unethical, or other misconduct and breach of EU law as described in Directive (EU) 2019/1937, known as the "Whistleblower Directive", should not occur. If they do, they must be handled properly in accordance with the directive, supplemented by local law.

By end of 2023, all staffs in Denmark have opportunities to contact anonymously multiple channels guided by internal process flows, if there are episodes they want to notify and which they want to be managed outside Kitron A/S.

### Anti-corruption and bribery

Kitron A/S opposes any form for corruption and strives to prevent corruption in and as a result of Kitron's business activities. Kitron Ethical Code of Conduct clearly expresses Kitron's obligation and commitment to ethical business practices authorities.

The Code applies to all Kitron board members, elected officers, permanent and temporary

employees, hired staff, consultants and agents acting in or on behalf of Kitron.

The Code also applies to all contractors, sub-contractors, suppliers and sub-suppliers.

Kitron A/S is directly affected by corruption risk in our operations and indirectly affected by corruption risk through business relationships and our supply chain.

We are aware that this presents challenges regarding our sustainability, and that it can subject us to substantial financial risk. To deal with our sustainability and minimize our financial risk, we work systematically on Ethics and Anti-corruption. Kitron Ethical Code of Conduct describes several areas of importance for preventing corruption. Kitron's Anti-Corruption Policy clearly describes Kitron's work on anti-corruption, including risk analysis, monitoring, responsibilities, follow-up and training.

By following the Kitron's Ethical Code of Conduct we continuously strive to be an ethical and responsible company.

Our long term goal (2030) is Zero incidents of corruption.

### Suppliers

In Kitron Group we use the highest standards in selection of supply partners. Our main promise to any customer is that we want to be their long term, sustainable partner. While the products and services we deliver are required to meet the highest quality requirements, we are fully committed to sustainable development; and we expect the same from our supply partners. Kitron's goal is to minimize negative environmental and social impacts from its supply chain. We expect our suppliers to adhere to all applicable laws and regulations, to the highest ethical standards defined in the Kitron Code of Conduct, as well as to the separate Suppliers Code of Conduct, which applies to all suppliers.

Kitron A/S prioritizes suppliers who comply with the demands described in Kitron Group Supplier Code of Conduct and in the REACH requirements. When entering a contract, critical suppliers must commit their company to comply with Kitron Group Supplier Code of Conduct.

### Screening of suppliers



As an EMS, Kitron A/S has grown to become a major purchaser of electronic components. We must be an active part in the introduction of more responsible business practices within the electronics business.

Products produced at Kitron A/S are highly complex constructions consisting of a wide range of diverse components. Typical products consist of raw PCB (Printed Circuit Board), components like semiconductors, casing, cables, screws, etc. Many of these are themselves composed of individual parts. The manufacturing of this type of products is a truly global industry.

The electronic products supply chains form a global network of suppliers and brands, mostly sold to Kitron A/S via distributors.

Kitron A/S has set up a supplier matrix to evaluate the different suppliers in segments based on the nature of categories as turnover and geographical location. The CSR audit is dedicated to take place at suppliers, which potentially expose Kitron A/S to risks related to the UN Global Compact's Ten Principles. Initially, Kitron A/S worked with suppliers within our tier one of the supply chain.

*The table shows the development from year to year. See. appendix B for additional information on KPIs*

After implementing supplier segmentation for CSR program for several years, we observed difficulties to implement CSR audits at supplier sites.

During 2023, Kitron A/S focused on the following optimization CSR activities within supply chain:

- Implement standard Kitron Supplier Code of Conduct, which is part of integration with Kitron Group
- Simplify supplier CSR classification of suppliers to 2 classes instead of 4 segments
- Clean up suppliers with limited or no activities

With more integrated supply chain, Kitron A/S continue and further commit to all short term and long-term plans within Kitron Group to develop highly responsible supply chain.

### CSR supplier program

CSR supplier program	Segment 3 & 4 suppliers	Signed code of conduct	CSR audits
End of 2023	2	112	0
End of 2022	164	63	0
End of 2021	248	105	0
End of 2020	149	100	0
End of 2019	146	100	7
End of 2018	182	123	5
End of 2017	118	98	4

The main risks posed to the natural environment from Kitron's operations are direct emissions from the use of chemical liquids, nitrogen, or lead in Kitron's production and indirect emissions from energy use in operations, transportation and business travels.

As a manufacturing supplier, the Kitron internal value chain does not pollute the external environment to any material extent. The impact mainly comes from purchasing materials, goods and services.

#### **By minimizing environmental impact of products and production,**

Kitron A/S can add value as a supplier to customers and companies, which strive for sustainable development and social responsibility towards society. Kitron A/S focuses on reducing the energy consumption in our buildings and in our production processes. Furthermore, our optimization activities cover recycling of waste and reduction of paper consumption.

#### **Optimizing clean production**

Kitron A/S' approach towards environment is best served through an efficient, effective and proper operation of our business. We are committed to developing long-term sustainable business by:

- Minimizing the environmental impact of the operations
- Making the most efficient use of natural resources and energy
- Holding employees to be committed to and responsible for environmental performance

- Continual improvement and prevention of pollution
- Make risk assessment for the environmental impact when new material or machine are introduced to the production.
- Continual monitor if there is any risk for the employee for use of chemical in the production process.

We strive to reduce our power consumption and wastes to improve continuously.

### Moving to 100% green energy

Through project from 2022, we invested in reducing our environmental impact by converting to 100% green energy. This is in place from Feb 2023 in Denmark.

### Reduction of power consumption:

In Kitron A/S we always have focus on reducing the power consumption. Whenever we are investing in new equipment or installations, we always consider the environmental effect.

The manufacturing processes consumes most power. Because the production volume has increased a lot over the last 4 years, the total power consumption also has increased even that we have done many activities to reduce it. From 2023, we decided not to report total products produced instead we focus on actual power consumption.

The power consumption to support the working and production environment in the current Danish factory has been significant. In 2023, we have continuously invested in improving the facility (leased building) to optimize the energy consumption, i.e. reducing consumption of electricity and heating.

### Waste management

Focus on waste management in both administration and production has kept the recycling rate on a high level. In Danish factory the rate is 79% (in 2022, 78%).

We expect to continue improvement projects about power consumption, wastes and paper reducing in 2024.

### Power consumption

Year	Power consumption Denmark in kWh
End of 2023	1.255.900
End of 2022	1.343.274
End of 2021	1.374.934
End of 2020	1.212.843
End of 2019	1.173.972
End of 2018	1.138.527
End of 2017	1.119.055

## V. Next steps

Kitron A/S strives to innovate production in order to optimize efficiency, quality and sustainability. Our ambition is to continue the implementation of sustainability in our business processes, to make it a part of the everyday activities. We will continue to focus on our KPI measurements comprising our CSR parameters. These CSR parameters should support and demonstrate progress within the Ten Principles of UN Global Compact.

For employees, we will continue to offer voluntary health activities and healthier meals.

Also, training and education of employees is an area of increasing focus. On the environmental side, we will continue our activities to make equipment increasingly energy efficient. We will continue to evaluate our suppliers.

We will continue our development on risk management, that is a part of the ISO certificate for sustainable business. On the Management Review Meeting all risks and opportunities assessment for the company will be reviewed on regular basis.

# Appendix A

## Climate statement sent to customers.

All around the world, companies are becoming increasingly aware of how their activities influence the environment and as a result more and more businesses actively contribute to improving their environmental impact. In Kitron A/S, we of course also have a focus on our environmental responsibility and with this statement we would like to update you, our partner, on how we incorporate this in our business priorities.

We understand and recognize that the environmental footprint of the suppliers in a supply chain is often much greater than that of our customers. Consequently, we are conscious of how our daily operations as well as investments contribute to reducing our environmental impression.

In our daily operations, we at Kitron A/S, have a high focus on quality as well as continuous reduction of waste and energy usage per produced product. On an everyday basis, it is key to us that we work dedicated on limiting the resources needed for manufacturing a given product, and we always strive towards manufacturing the best possible quality to ensure that the products have a long lifetime, lowering the environment impact from our operations.

Whenever we are investing in new equipment or installations, we always consider the environmental effect. To illustrate this, we would like to share two concrete examples of this from 2023, where we invested in reducing our environmental impact:

- At our plant in Horsens, Denmark, the Electricity will be from February 2023 replaced to green energy certificates, which reduced our carbon footprint with 75 % CO2 emissions in 2023, from 195 Ton CO2 to 49.3 Ton CO2.

Focusing on our environmental efforts towards limiting Kitron A/S' direct impact on the climate is a part of our broader promise to be a sustainable business, which also concerns people and society. Kitron A/S joined the United Nations Global Compact back in 2010 to ensure that we are operating with continuous focus on areas such as human rights, labor, environment, and anti-corruption. Our commitment also influence how we select partners and suppliers downstream in the supply chain.

Being conscious of our impact on the climate and taking social responsibility are parts of our practice which we believe is for the value of our mutual business and the future of our planet.

# Appendix B

## Information about non-financial KPIs

### Health and safety parameters

#### Sickness absence %:

Total employee's sickness hours / total employee working hour \* 100%

#### Injuries:

The total number of reported injuries in a calendar year.

### Power consumption KWH

The sum of actual consumed power utility (KWH) in a calendar year

### Green energy %

The sum of renewable power consumed / total power consumed \* 100%

### Waste management %

The total weight of recycled wastes / total weight of all wastes collected \* 100%

### Woman management %

No. of Female managers / total No. of managers \*100%

Top management refers to Board of directors

Other management contains:

- First management level includes the Executive board and persons on the same organizational management level
- Second management level includes persons with staff responsibilities, who refer directly to the first management level

# Appendix C

## CO2 reporting

From 2023, CO2 report includes scope 3 according to procedure within Kitron Group.

<b>Key Figures GHG Emissions</b>			
<b>Summary</b>	<b>Description</b>	<b>Unit</b>	<b>Manufacturing, Denmark</b>
Total Scope 1		tCO2e	68.1
Total Scope 2		tCO2e	123.5
Total Scope 3		tCO2e	10.9
<b>Total</b>		<b>tCO2e</b>	<b>202.5</b>

# Appendix D

## Kitron Group Sustainability Road Map – 2030



### Business ethics

- Strengthen sustainability governance
- Strengthen corruption and bribery prevention
- Continue increasing security level/Cybersecurity Maturity Model Certification



### Labor & Human Rights

- Work actively to increase diversity at all levels - gender balance is a strength
- Standardization of health & safety process in all sites
- Continue the deployment of **Eletive** program



### Environment and climate

- Action plan for **WBCSD Pledge (WASH)**
- Increase EcoVadis score by 20% - going from SILVER to GOLD
- Proven responsibility - **ISO 14000** environmental certifications.
- Moving forward from 80% to 100% of green energy
- Contribution towards the **UN Sustainable Development goals** and **UN Global Compact** initiative.



### Responsible value chain

- Education of supply chain employees
- Scope-3 CO2 reporting
- Sustainable supplier management

