

CORPORATE SOCIAL RESPONSIBILITY



COMMUNICATION
ON PROGRESS
2016

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RTX AND CSR

RTX strives to act responsibly towards all the Group's stakeholders. This is a core value in the way we define and implement strategic objectives and action plans. In 2014 RTX adopted the UN's Global Compact 10 principles for social responsibility, and they form the basis for both our internal and external conduct. By adopting with the UN Global Compact, RTX affirms that the Group supports and enacts the ten general accepted principles of social responsibility.

Our operation is global and there are natural and cultural differences in business culture and business conduct. UN's Global Compact is the world's largest initiative for corporate social responsibility. As RTX wishes to contribute to society's positive development, RTX has signed up to these principles, which cover human rights, employees' rights, the environment and anti-corruption. In our contracts and current dialogue with our suppliers, RTX also assists in the observance of human rights, employees' rights, the environment and anti-corruption.

As a global working technology company based on intellectual capital our employees are the most valuable asset. In order to maintain a healthy business it is therefore important that RTX con-

tributes to ensure human and labour rights in all areas where we operate.

In 2016 RTX adopted a tax policy. The policy states that RTX wishes to be a responsible tax payer contributing to our community.

In this annual Communication on Progress (COP) RTX describes actions taken in the past year to improve our performance on CSR related matters as well as the development and goals for 2017. It is our belief that the target setting within CSR and the reporting provides a meaningful track for RTX and our shareholders, and it is also our belief that these contributions will ultimately make our world a little bit better, and we are committed to share this information with our stakeholders.

In 2015 RTX supported the Denmark Collection (in Danish "Danmarks Indsamling") financially and in 2016 RTX chose to contribute along with some of our most important suppliers to Team Rynkeby with a gold sponsorship. Team Rynkeby is a Nordic charity cycling team and every summer they cycle to Paris to raise money for children with cancer and their families. In 2015 Team Rynkeby donated more than € 6.45 million to the fight against childhood cancer in Denmark, Sweden, Finland, Norway and the Faroe Islands.

Yours sincerely

Peter Røpke

CEO, RTX A/S

RTX – VISION AND MISSION IN A KNOWLEDGE BASED BUSINESS ENVIRONMENT

In order for RTX to maintain its position as an attractive sub-supplier of specialized wireless development services and advanced IP products, it is essential that the Group's employees have a broad insight into the engineering disciplines required to carry out high technology development projects from definition to delivery of wireless communication services and products.

The fact that RTX is able to supply turnkey solutions is down to the skills of its employees.

The structure of the organization enables prompt integration of addi-

tional skilled employees. As a result of RTX's location near Aalborg University in Denmark, and its presence in Hong Kong, the Group has access to international skillset within development, logistics and quality assurance. An

adaptable development organization enables the transfer and recruitment of engineers in technological areas at short notice. During 2015 we have refined our vision and mission statements:

VISION

Our vision is that customized wireless solutions will lead the way. RTX delivers adapted simplicity to users and market advantage to businesses.

MISSION

RTX's mission is to enable global brands to freely innovate and launch targeted, unique wireless solutions by providing the specialist knowhow that makes it all possible – wireless wisdom.

VALUES

– ACHIEVING OUR MISSION

At RTX, we describe our values as the underlying principles for how we work and what we offer to our customers.

We believe the way we work, with our customers, together, and as individuals, has a significant impact on the performance of our business and the satisfaction of both our customers and our employees. Our employees and our actions define our company.

– WHEN WORKING WITH OUR CUSTOMERS

We believe that, because our experts are trustworthy and value-adding, we earn long-term partnerships with our customers.

– WHEN WORKING TOGETHER

We believe that, because our teams are customer and goal oriented, we work openly and efficiently with integrity and mutual respect in an informal environment.

– WHEN WORKING INDIVIDUALLY

We believe that, because our colleagues are responsible and proud, we experience high levels of competence, job satisfaction and enjoyment.

RTX – OUR CODE OF CONDUCT

RTX is committed to sustainability. RTX has therefore formalized and developed our code of conduct based on our revised mission and vision statements. The code of conduct includes respect for universally recognized principles on human rights including labour rights, the environment, and anti-corruption.

At RTX we have decided to pay particular attention to our sphere of control. Therefore, it is at the same time very important to understand RTX's position in the value chain. Developing and supplying complex products and modules without own production facilities makes sourcing of the right components and products a very important competence for RTX to master. The complete supply chain can be very complex from distant sub suppliers delivering raw PCBs, semiconductors, plastic and metal parts, cables, screws etc., all operated in a global context to our EMS partners for final assembly. During 2016, RTX has implemented

significant changes in our supply chain setup, and in our selection of suppliers our code of conduct has been an important assessment tool evaluating potential suppliers. 75% of our current suppliers of produced goods have signed our Code of Conduct or have affirmed that they support and have adopted the UN global Compact. Our target is that the remaining 25% will sign the Code of Conduct or affirm that they support or have adopted the UN global Compact in 2017.

RTX recognizes that establishing the required processes outlined in the Code of Conduct requires both time

and resources, especially in the initial phases, as we are also implementing similar processes in our operations. The Code of Conduct should therefore be understood as a tool for cooperation and dialogue with our supply chain partners about improving systems to manage adverse impacts on human rights including labour rights, the environment and anti-corruption.

The aim of this Code is to guide the business relationship between RTX and suppliers. In case of non-compliance, RTX will support suppliers improve their management of adverse impacts continuously.

- 1:** Suppliers are expected to manage adverse impacts on internationally recognized human rights including labour rights.

- 2:** Suppliers are expected to establish adequate processes to manage all significant potential and actual impacts on the external environment.

- 3:** Suppliers to RTX should establish adequate processes to counter corrupt practices. Such processes should support and be in line with the United Nations Convention against corruption.

RTX AND HUMAN RIGHTS

PRINCIPLE 1

RTX supports and respects the protection of internationally proclaimed human rights.

PRINCIPLE 2

RTX will make sure that the company is not complicit in human rights abuses.

At the end of the financial year 2015/16, the RTX Group employed 213 people: 136 in Denmark and 77 outside Europe. We strive to manage the company professionally in all aspects. All employees are offered facilities and working conditions that accord with local conditions. RTX assigns great importance to a healthy physical and psychological working environment and we currently carry out employee satisfaction surveys in addition to the mandatory workplace assessments. The satisfaction survey is anonymous. The results are analyzed by management with a subsequent summary shared with the employees. Based on these questionnaires, initiatives as well as areas of improvement are defined by management and employees in order to constantly improve RTX as a workplace. These surveys have resulted in RTX investing in indoor climate improvements at the Noerresundby site and other actions in order to improve the satisfaction. The survey also measure engagement and motivation among our employees. The most recent survey carried out in 2016 showed that RTX employees are highly motivated and committed and the responses from the employees showed improvements in their grading compared with the survey carried out in 2015.

The Management team in RTX regularly invite all employees to internal employee briefings where an open and constructive dialogue is encouraged. We

believe that a good working environment and a high level of job satisfaction results in greater employee satisfaction, higher efficiency levels, lower staff turnover and low absenteeism.

Every four years, in accordance with the Danish Companies Act, RTX Group employees elect three members of the Supervisory Board. In January 2015 the present three employee representatives were elected to the Supervisory Board of RTX A/S. The next election will take place in the financial year 2018/19. The employee representatives are elected for a four year period, and they join the Supervisory Board following the Annual General Meeting in January 2019.

OBJECTIVE FOR THE UNDERREPRESENTED GENDER

RTX's staff policy aims to attract and maintain highly qualified and motivated employees. With regard to employment and recruitment we endeavour to have both male and female candidates, despite the fact that we operate in a male dominated working environment.

RTX recognizes that the current percentage of females in our staff of engineers may be too low to secure a pipeline of future female candidates for management level in RTX. In our recruitment process RTX therefore encourages qualified female applicants to seek vacancies as they arise. The

general split between male and female employees are 17% female and 83% male. In the staff with engineering or technical background the split is 4% female and 96% male.

Executive management: In April 2013 the Supervisory Board adopted policy to ensure a greater number of female board members elected by the Annual General Meeting. The objective was that by 2017 the number of female members on the Supervisory Board should be at least 17% of the board members elected at the Annual General Meeting.

In January 2016, Katrin Calderon was re-elected as a member of RTX's Supervisory Board by the Annual General Meeting. This means that women represent 20% of the board members elected by the Annual General Meeting.

Other management: In order to promote, facilitate and increase the number of women in management level positions at RTX, Management defined the following objectives in 2014/15: To increase the percentage of females at management level as vacancies arise, based on the selection of candidates with the appropriate skills and to ensure that the recruitment firms in question identify at least one female candidate. During 2015/16 there were one vacant position in the RTX management team but it was not possible to find a matching female profile for the vacant job.

DESIGN SERVICES

WIRELESS WISDOM IS SUPERB AUDIO PERFORMANCE

The professional audio industry is constantly searching for robust wireless transmission links that can transfer high-resolution audio signals at super low latency. Recent frequency regulation has driven professional systems towards digital modulation schemes and open ISM bands, putting them in competition for spectrum against widely used technologies and applications, such as Wi-Fi and Bluetooth™. To develop a highperformance system that can deliver perfect sound in these environments, you need Wireless Wisdom.

With years of experience in ProAudio design, development and manufacturing, RTX has the expertise to deliver incredible sound quality in high-density RF environments, whether they are in the home, the studio or difficult radio environments with high inter-symbol interference.

If you need ProAudio with a twist – such as low latency, spectrum-efficient high audio quality, long radio range or low power consumption – we have the expertise you need. We have already created ProAudio transmission systems for many of the world's leading brands. We can help you, too.

RTX AND EMPLOYEES' RIGHTS

PRINCIPLE 3

RTX supports freedom of association and recognizes the right to collective bargaining.

PRINCIPLE 4

RTX supports the elimination of all kinds of forced labour.

PRINCIPLE 5

RTX supports the effective abolition of child labour.

PRINCIPLE 6

RTX supports the elimination of discrimination in respect of employment and occupation.

RTX is involved in promoting the well-being of our employees on an ongoing basis. We want to be an attractive employer for all employees, irrespective of gender, religion and ethnic background.

RTX has drawn up policies for senior and disabled employees, and we have examples of employees who, in recent years, have benefitted from such policies. RTX cooperates with local job centres in their work assessment schemes, traineeships, etc. and in some cases we have offered full-time positions to individuals following their training period with us.

Freedom of association applies to all employees in RTX, and RTX complies with collective agreements.

The safety committee in RTX is part of our statutory safety organization. This committee is responsible for ensuring a good working environment for all employees in the company, and it consists of both management and employee representatives (safety representatives).

RTX has achieved the Danish Working Environment Services' "green smiley" award for its Danish workplace, which recognizes compliance with working environmental regulations on a good working environment – both physically and psychologically.

Management posts a regular newsletter in order to ensure that all employees obtain knowledge of the tactical and strategic development in the Group. The newsletters are aimed to be inspiration and motivation to work aligned towards the common objectives in the Group.

RTX has implemented Yammer, which is our social, digital forum where all employees across functions and national borders have the opportunity to debate with each other, ask questions, post inspirational messages and follow the achievements of their colleagues.

RTX has established a coordination committee in Noerresundby. The

purpose is to promote the ongoing development and efficiency of the company and its continued competitiveness, which is in the interests of both management and the employees. The committee comprises six members: two members from the Executive Team and four members are elected democratically by secret ballot by all employees (+ 2 substitutes). In 2015 the coordination committee has been involved in changing the structure and the administration of the employees insurance and pension funds.

Furthermore, the coordination committee has made it possible for the employees in the parent company to donate their company Christmas present to charity and the coordination committee also takes decision every year on how to sponsor local sports or charity activities.

RTX conducts yearly salary interviews with the employees and employee development interviews.



RTX AND ENVIRONMENT

PRINCIPLE 7

RTX supports a precautionary approach to environmental challenges.

PRINCIPLE 8

RTX supports initiatives to promote greater environmental responsibility.

PRINCIPLE 9

RTX supports the development and diffusion of environmentally friendly technologies.

RTX wishes to demonstrate responsibility for the environment and to reduce our consumption of water, heat and electricity. RTX has implemented energy-saving schemes as "Wake-on-LAN" because servers, computers and software play a major role in a development company like RTX.

In 2015 and 2016 RTX has invested in efficient cooling facilities for the server installations and the investments in new and energy efficient IT equipment will continue during 2017. And RTX will continue to optimize energy saving light sources when possible.

The expected benefits are to reduce the energy and at the same time improve the indoor climate for the employees in Noerresundby.

RTX cooperates with a number of customers who are involved in the development of power-management and efficient energy-saving radio technologies. RTX's continuous development of the DECT standard has led to environmentally friendly and energy-saving improvements to the DECT technology known as DECT ULE (Ultra Low Energy).

One of the advantages of this technology is that it generates energy-saving operations. It also enables an extended lifetime for batteries in mobile and wireless units. RTX has contributed to the implementation of this technology in several customer projects during the year under review. In the same way – but with another wireless technology namely Bluetooth – RTX expects to take part in major, partly customer-financed projects within Bluetooth

Low Energy (also known as Bluetooth Smart). Compared to the classic Bluetooth, the advantage of Bluetooth Low Energy is that this it is able to contribute to significantly lower power consumption while maintaining the communication range. RTX contributes with test solutions that make it possible for other suppliers to comply with lower power consumption standards.

RTX cooperates with sub-suppliers to reduce material consumption and impact on the environment. RTX also encourages its sub-suppliers to use environmentally acceptable raw materials and products, and RTX requires them to comply with directives that regulate the environmental-friendly production and handling of electronic equipment (RoHS, REACH and WEEE directives).

RTX AND ANTI-CORRUPTION

PRINCIPLE 10

RTX wishes to work against corruption in all its forms, including extortion and bribery.

RTX strongly disapproves of corruption in all its forms, including extortion and bribery. To support this the Supervisory Board in 2013 introduced a whistleblower policy in order to emphasize to employees that RTX wishes to be an

open and trustworthy organization, and that the Executive Management encourages everyone to report any serious and sensitive matters relating to any breach of the company's business ethics and/or relevant legislation. The

policy has been implemented and employees have the opportunity to report any unethical conduct to the Supervisory Board in RTX. No matters were reported under the whistleblower policy during the financial year 2015/16.

BUSINESS COMMUNICATIONS

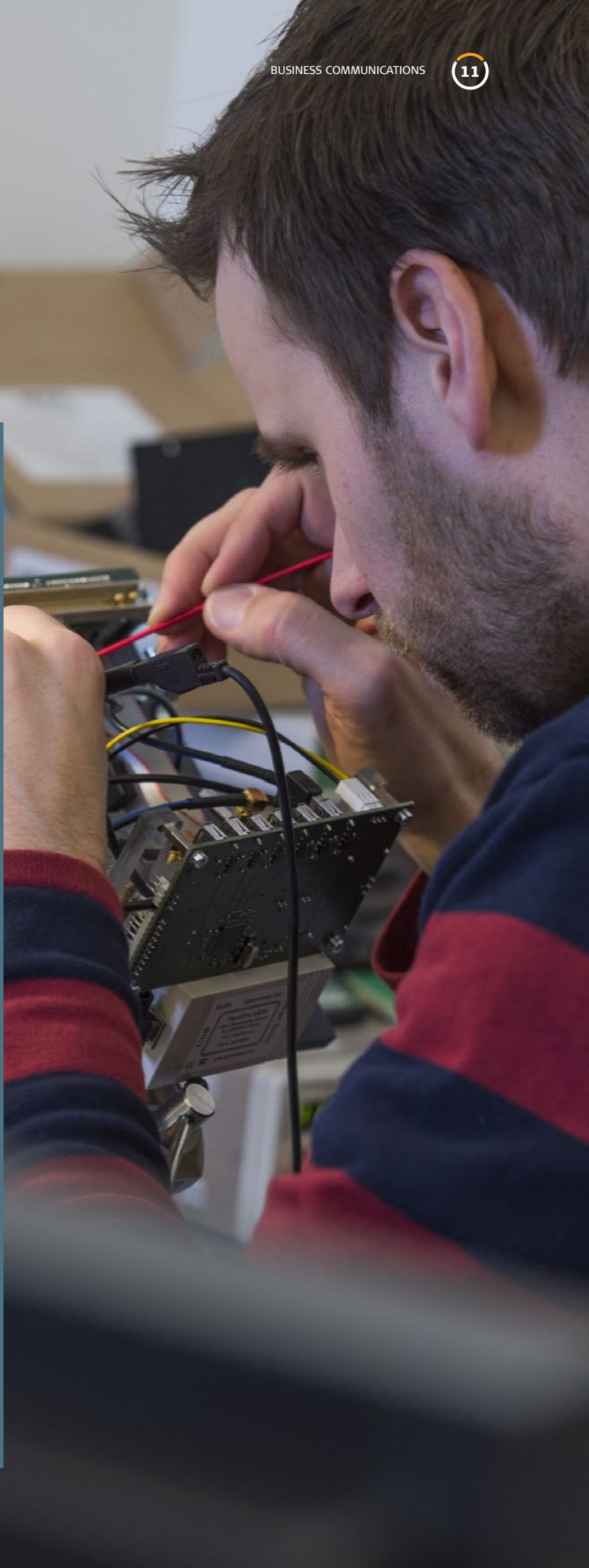
WIRELESS WISDOM IS SEAMLESS HD AUDIO AND SO MUCH MORE

More and more people are using wireless products to talk & work on the go. Whether you need to produce a single standard product or want to develop a unique wireless system for large enterprises, RTX has the technology and expertise to make it happen with a short time to market.

As an expert provider of wireless solutions to the telecom industry, we have profound knowledge of telecom and VoIP solutions for business. Since pioneering the first digital cordless telephones rolled out in Europe, a standard that was later adopted in America and Japan, we have developed hundreds of unique products for customers that combine excellent RF performance with crisp and clear audio and an intuitive interface.

We have offered PABX integrated cordless solutions for many years and have a unique platform for integrating our system into complete solutions. We have worked with a long list of PBX operators and our portfolio covers a wide range, from single base and generic handsets to systems with several thousand simultaneous users and high-end user-specific android-based terminals.

From HD-quality enterprise solutions with seamless handover and audio encryption to wireless VoIP solutions with alarm response and messaging built-in, we can deliver finished standard products or design and develop custom systems for specific applications, users and environments.



RTX.DK

RTX was established in May 1993. Since June 2000 the Company's shares have been listed on the Nasdaq Copenhagen Stock Exchange. RTX is headquartered in Denmark and has facilities in Hong Kong and California, USA. RTX possesses a unique combination of both software and hardware know-how. Our team of highly experienced engineers and experts has sound knowledge of all relevant technical and professional disciplines. RTX takes projects from the concept stage all the way through specification, design, development, test and verification into final product. In addition, RTX offers production services for OEM and ODM products.

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