



CORPORATE SOCIAL RESPONSIBILITY

2018 COP REPORT  
FOR RTX GROUP



CVR NO.: 17 00 21 47

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# RTX and CSR

In line with the societal developments and the growth of our company in the past years, RTX is committed to be a responsible business leader in a globalized world. The way we do it is defined by societal needs and our business priorities as well as our values and commitment to the ten principles of the UN Global Compact, which we believe constitutes a good foundation for focusing on responsible business practices. Safeguarding the world's global health and development challenges is a tall order, and a successful implementation and progress calls for close collaboration and well framed goals by influential stakeholders predominantly being the private sector, governments and societal organizations.

With a value set taking its offset in the approach that, as a business, RTX influences and impacts people, environments and communities across the globe, we constantly strive for reducing any potential harm, while at the same time maximizing the benefits for our stakeholders. Hereby, it becomes imperative for RTX and our employees that adherence to our stated values and responsible business conduct is crucial to maintain the continued support from our stakeholders while serving as the foundation for our license to operate.

As a company with a global reach and operation we are committed to meet our corporate responsibility to respect commonly accepted human rights throughout our operations and business relationship as set out in the UN Guiding Principles on business and human rights. At the same time, we expect from our partners that they respect internationally recognized human rights as described in the UN Guiding Principles on Business and Human Rights and encourage them to work with all the Principles of the UN Global Compact.

My team and I are personally engaged, and we believe that through consistent focus, appropriate follow-up and evaluation we support the 2030 Agenda as defined in the UN Guiding Principles.

I hope the report will provide you with some inspiring insight about some of the fundamental principles, which we strive to follow, when we conduct business in RTX.



In RTX we will continue the journey towards a more sustainable business environment. It is crucial that we understand the key risks of our business and supply chain, and that we prioritize the required efforts to address these areas. It is an evolving process, which we are committed to report upon on an annual basis.

**PETER RØPKE**  
CEO



# Introduction and context

# 2. Introduction and context

## 2.1 CORPORATE SOCIAL RESPONSIBILITY IN RTX

RTX Group takes corporate social responsibility (CSR) seriously. CSR is an integral part of the way we work and of our corporate culture. We have aligned our business priorities and values with the ten principles of the United Nations Global Compact (UNGC). Since 2016, we have reported on CSR by way of a Communication of Progress (COP) and in compliance with section 99a of the Danish Financial Statements Act. We have noticed that our customers, investors and other stakeholders have increasingly taken an interest in our CSR practices making CSR a gradually more important aspect of our business. We have therefore strengthened our CSR practices and set new targets in 2017/18 for the purpose of providing a more detailed report.

RTX Group is a global growth company serving a customer base consisting of a wide range of major international brands who have been the main motivational factor in the development of our CSR practices. Obviously, European, American and Japanese customers have different expectations, but our growing and increasingly diverse customer range has widened our focus from safeguarding human rights to being compliant with product safety legislation such as REACH and RoHS. The latter two are now a basic requirement from virtually all customers and following on from our ISO 9001 certification, RTX has built up a management system to deal with such very important CSR-related customer requirements. The management system also makes RTX more agile in relation to continually staying updated on new legislation, new standards, norms, etc. and to quickly responding to changes and meeting customer expectations by applying similar requirements to suppliers and other partners in our value chain. Executing the CSR management system in RTX

Business Communications and Design Services, respectively, is expected to become more streamlined and optimized with the establishment of the Operations division.

Given the development of the span and depth of current CSR issues, we need to adapt our management system to this new situation, which in the long term may also give RTX better opportunities to take a more proactive approach to new customer requirements and thus achieve a competitive advantage through our CSR approach. At the heart of these efforts has been the establishment of our Code of Conduct for suppliers, all of whom are obliged to sign and comply with our commercial terms. However, experience with the implementation of the RTX Code of Conduct and other aspects of our management system now leads us to focus our approach on materiality in relation to CSR, which is also a key underlying principle of new legislation and standards in this area. In 2017/18, we took a major step towards more proactively monitoring CSR, by engaging external CSR experts to identify and assess our CSR practices, and to initiate an analysis of the materiality of CSR issues for RTX's stakeholders and for our business. This CSR report covers the RTX offices in Denmark, Hong Kong and the United States. Unless otherwise explicitly stated, the reported information reflects CSR practice at RTX group level.

## 2.2 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-tech development projects

from the design and planning phase to delivery of wireless communication services and products.

RTX relies on the skills of its employees for its ability to supply turnkey solutions.

The structure of the organization enables prompt integration of additional skilled employees. Thanks to its locations near Aalborg University in Denmark and the industry environments in Hong Kong and the US, the Group has access to an international pool of resources in terms of development, logistics and quality assurance. An adaptable development organization enables the transfer and recruitment of engineers in different technology fields at short notice.

## 2.3 LEGISLATION AND STANDARDS FOR CSR REPORTING

### SECTION 99 OF THE DANISH FINANCIAL STATEMENTS ACT

RTX is required by law to report on its CSR practices, as stated in section 99 a of the Danish Financial Statements Act, through which Denmark has implemented Directive 2014/95/EU on non-financial reporting. This RTX COP report for 2018 is aligned with the updated requirements of the new section 99 a, which came into effect in January 2018.

One of the new requirements of section 99 a is the comply or explain principle. Hence, if RTX does not have a policy for one of the four main CSR areas addressed in section 99 a, for example, we would be required to explain why not. Having a policy for a particular CSR area most often means that it has some level of materiality to the company. Therefore, choosing to conduct a materiality analysis is both a good way of determining the policy need and conversely, to explain why a specific policy is not needed.



## VISION

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



## VALUES

We believe that our teams are customer and goal-oriented, working openly and efficiently with a high level of integrity and mutual respect in an informal environment.



## 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.

Another new element of section 99 a is the requirement to report on any due diligence processes implemented to follow up and take action on particular CSR issues. RTX has due diligence processes in place for CSR issues and they are reflected throughout this COP.

Section 99 a offers different format options for reporting and as a Global Compact signatory, RTX has chosen to continue with its COP reporting to the Global Compact standard.

### THE GLOBAL COMPACT STANDARD AND COP REPORTING

The Global Compact standard requires signatories to report their Communication on Progress (COP) annually, with a *"...description of practical actions the company has taken or plans to take to implement the Ten Principles in each of the four areas (human rights, labor, environment, anti-corruption)"* and *"A measurement of outcomes"*.

Hence, Global Compact is a principles-based standard and as such, there is no official requirement to the format for the reporting on this progress. A commonly-used approach, however, is to report an index, which connects the principles with relevant sections in the report, as we have done in section 5.1 of this COP.

Furthermore, we have utilized the materiality analysis prepared for this COP to provide a basic assessment of the SDGs (Sustainable Development Goals) material to RTX. This assessment is visualized in section 5.2 in this report, which contains the information needed to report on the SDGs when submitting the COP.



## Progress on material CSR issues

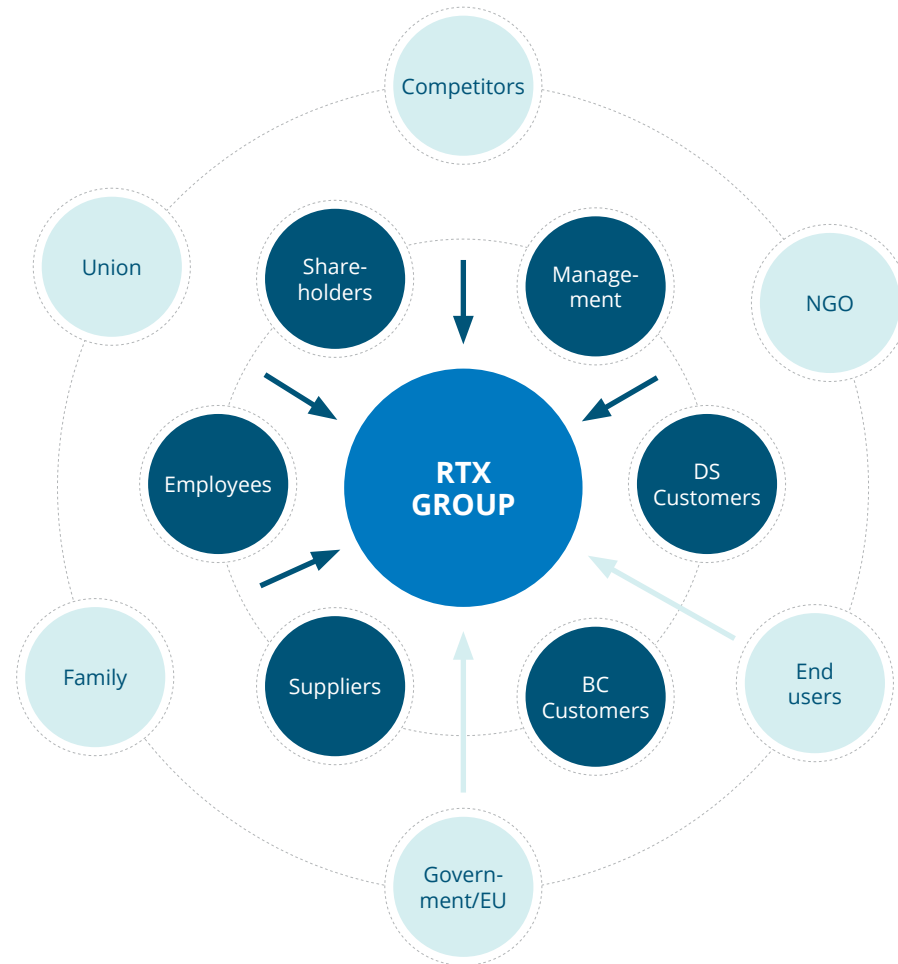
# 3. Progress on material CSR issues

In accordance with the latest developments in legislation, standards and norms directing the CSR reporting by companies, RTX has adopted a materiality approach to reporting in this COP. By applying a materiality approach, RTX first identified stakeholders material to our business and their expectations to our CSR practice, before identifying the CSR issues most central to our business. As a consequence of this approach, we report in greater detail on the CSR issues material to our business, while perhaps not reporting as thoroughly on other material CSR issues.

## 3.1 STAKEHOLDERS MATERIAL TO RTX, AND THEIR EXPECTATIONS

RTX is committed to be a responsible and sustainable company, but the continued advancement of our CSR practice is also driven by our stakeholders and the expectations they express to us. First and foremost, customers of both Business Communication (BC) and Design Services (DS) drive us in various ways to engage on CSR in general and with extra emphasis on particular issues. Hence, our customers are material to RTX in the sense that their expectations to our CSR practice has an impact on our business. In

FIGURE 1 – STAKEHOLDERS





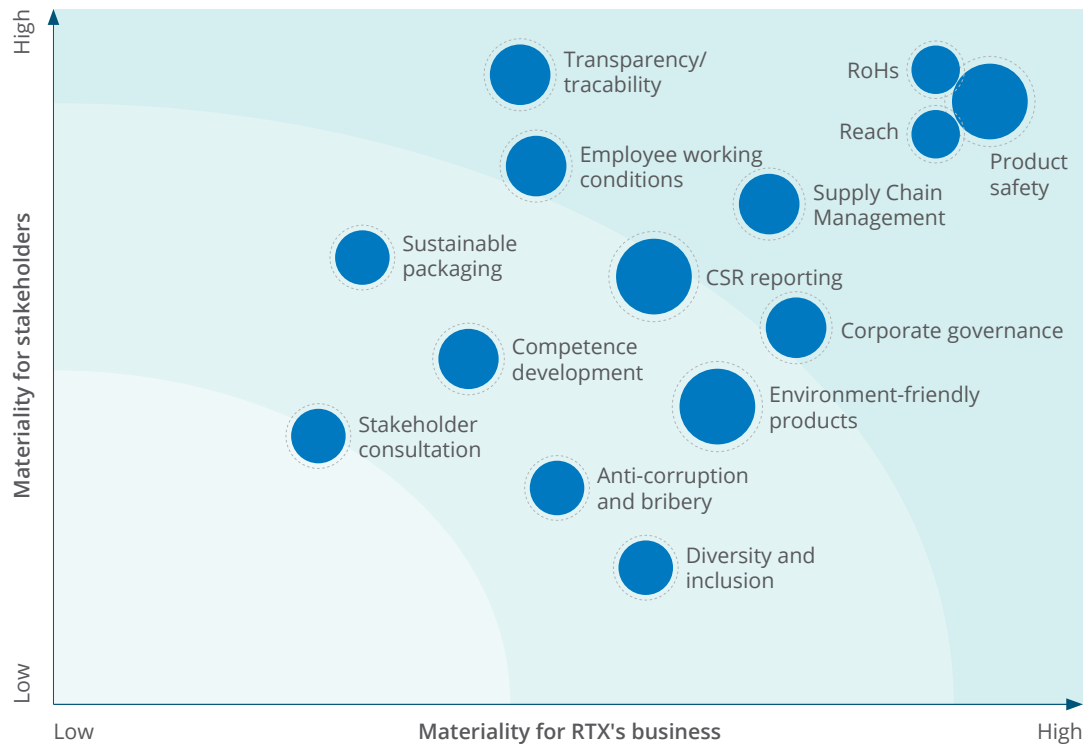
In addition to customers, our material stakeholders include our employees, suppliers and other business partners as well as shareholders. We do have other stakeholders of importance, but their impact on our business is often less tangible and hence not our primary consideration in terms of this COP report.

### 3.2 CSR ISSUES MATERIAL TO RTX'S BUSINESS AND OUR STAKEHOLDERS

In the process of identifying stakeholders material to RTX, we mapped their expectations to our CSR practices in terms of particular CSR issues and the expected level of implementation for each of them. The CSR issues identified were then evaluated to determine the impact they have or potentially could have on our business in the near to medium term. Such an approach leverages the establishment of a materiality matrix for RTX, which is depicted in figure 2.

The materiality matrix illustrates the degree of materiality of certain CSR issues to RTX's business and our stakeholders respectively. The larger the dot representing a CSR issue, the more comprehensive it is. The CSR issues placed in the top right part of the matrix have the highest level of materiality to RTX and are therefore also the issues that will be reported on in more detail in the following sections. Next, the other CSR issues in the matrix will be reported on in a more compact format.

FIGURE 2 – MATERIALITY MATRIX FOR RTX GROUP



### 3.3 CSR ISSUES MATERIAL TO RTX

#### PRODUCT SAFETY

Product safety is of the utmost importance to Business Communications, Design Services and to RTX in general and is the CSR issue of the greatest importance to RTX's business and our stakeholders. The term product safety here encompasses both environmental and technological aspects of products and will be elaborated on in the following.

#### LEGISLATION, STANDARDS AND OTHER PRODUCT SAFETY REQUIREMENTS

REACH, RoHS and WEEE are abbreviations for EU directives, which regulate environmentally-safe production and handling of electronic equipment. Today, the overriding and paramount requirement of our customers is that RTX is compliant with these directives. This expectation is formalized as a requirement in most of our contracts with customers, which more often than not also require RTX to ensure compliance by our suppliers, which are the de facto manufacturers of the products sold by our Business Communications division. The recent consolidation of RTX's supplier base with the majority of the spend allocated to fewer, large EMS (Electronics Manufacturing Service) companies, has made it easier for us to provide sufficient documentation for compliance with the directives. However, the directives and other expectations nevertheless require RTX to establish a robust governance framework that ensures the ongoing and ad hoc management of our CSR practice.

In addition to compliance with the directives, RTX also ensures that the products brought to market are within the accepted SAR-value ranges for wireless devices. Extensive measurements and prototyping ensure compliance and address a health aspect of product safety.

#### TRANSPARENCY AND TRACEABILITY

Our customers' expectations to RTX and our efforts to ensure compliance with the environmental directives, reflect a broader tendency across stakeholders to expect more transparency concerning CSR in general and traceability in terms of specific issues.

#### CONFLICT MINERALS

In the electronics industry, particular attention regarding traceability is paid to conflict minerals, which refers to natural resources extracted in a conflict zone and sold to perpetuate the fighting. RTX will not support the latter in any way. In 2013, we established a corporate policy requiring all suppliers to provide information about the origin of the metals used to manufacture RTX designs and products. Since 2018, RTX has retrieved this information through a Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative. Based on information provided by our suppliers, we do not knowingly use metals derived from conflict regions in our products.

We believe that our approach to conflict minerals meets the general expectations of our stakeholders that we practice reasonable due diligence on this issue with our supply chain. However, in order to further strengthen our approach and be aligned with future stakeholder expectations on the matter, we have integrated this issue more firmly into our CSR practice in general and our supply chain management in particular.

#### TRANSPARENCY THROUGH REPORTING ON DUE DILIGENCE

Stakeholder expectations on the issue of conflict minerals, reflect a broader tendency in legislation, standards and norms towards achieving increased transparency through

the reporting on due diligence set out for CSR issues. This is exemplified in the new requirements on due diligence in section 99 a of the Danish Financial Statements Act and the general focus on due diligence in standards such as the Global Compact.

At RTX, we have increased our focus on due diligence in CSR. In this COP report, we have increased transparency by connecting our practices directly to the Global Compact principles in section 5.1.

#### SUPPLY CHAIN MANAGEMENT

High quality products and services is an RTX hallmark and with manufacturing outsourced, our robust supply chain management practice is vital to meeting our customers' high expectations to quality and increasingly also to CSR issues. Processes concerning the REACH, RoHS and WEEE directives are already an integral part of our mainstream supply chain management, which includes a rigorous process for obtaining and validating the information requested from suppliers. RTX regularly performs site visits at its EMS providers' production plants and conducts scheduled audits, sometimes together with customers.

#### THE RTX SUPPLIER CODE OF CONDUCT

RTX's expectations to suppliers on the broader range of CSR issues are reflected in the RTX Supplier Code of Conduct, which is based upon the principles of the UN Global Compact. The majority of our current suppliers have signed our Code of Conduct or have affirmed that they support and have adopted the UN Global Compact. The RTX Code of Conduct has been used to assess potential suppliers, and our contracts with suppliers selected require them to adhere to the Code of Conduct.

However, RTX acknowledges that our practice concerning the broader range of CSR issues can be strengthened and could potentially become a more integral part of our current robust supply chain management practice. The RTX Code of Conduct would be central to such integration and provide the basis on which to build such an extended practice.

#### **EMPLOYEE WORKING CONDITIONS**

At RTX, our employees are vital to our performance and to the development of the innovative products and services that enable us to uphold and expand our market share. Hence, it is important to RTX that our employees thrive and that their working conditions support this ambition.

RTX utilizes two primary sources of information in order to continuously optimize the working conditions for our employees. One is the workplace assessment for employees based in Denmark, which RTX is required to conduct according to Danish legislation. Another is RTX's employee satisfaction survey, which we ask all employees globally to take once a year.

#### **EMPLOYEE SATISFACTION**

For the last three consecutive years (2016-18), the survey results have shown that RTX's employees are highly motivated and committed and our ratings have continued to climb year by year. RTX employees generally are appreciative of their colleagues, the ability to flex their working schedule and the lunch opportunities provided by RTX.

The employees are less appreciative of the steadily growing work pressure and certain cooperative challenges. RTX operations lead to occasional peak periods, but we are

committed to reducing the potential work pressure and our managers are instructed to monitor workloads in our time registration system and act on work overload. RTX attempts to respond proactively to cooperative challenges that unavoidably arise in a global organization with a diversified portfolio; for example the whole company spent a full week of workshops and meetings together to celebrate our anniversary in 2018.

#### **WORKPLACE ASSESSMENT**

RTX conducts a workplace assessment (APV) every three years, most recently in 2018. Compared to the employee satisfaction survey, the workplace assessment more specifically targets particular aspects of our employees' physical and mental work environment. Overall, the APV complements the positive impressions of the employee satisfaction survey, with the vast majority of our employees being either very satisfied or satisfied with their job overall and with a similar distribution of responses regarding the physical and mental work environment respectively.

However, the details of the workplace assessment also reveal that some employees experience challenges in terms of noise levels in the work place and the indoor climate, which RTX continuously addresses.

#### **CORPORATE GOVERNANCE**

Good corporate governance is vital to any company and is required by most stakeholders, although they might differ in their expectations. For RTX, corporate governance is all about balancing the interests of our stakeholders and efficiently executing our system of rules, practices and processes by which we are directed and controlled. Hence, our Code of Conduct, supply chain management system,





surveys on working conditions etc. are all part of our corporate governance and are described in the preceding sections in this COP.

At the end of the 2017/18 financial year, the RTX Group employed 264 people: 174 in Denmark and 90 outside Europe. We strive in all aspects to manage the company in a professional manner and to be as open and transparent about our management as possible. The Executive Management of RTX regularly invites 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 leads to greater employee satisfaction, higher efficiency levels, lower staff turnover and low absenteeism.

Every four years, RTX Group employees elect three members to the Board of Directors in pursuance of the Danish Companies Act. The current three employee representatives were elected to the Board of Directors in January 2015. The next election will take place in the 2018/19 financial year. Employee representatives are elected for four-year terms, and the successful candidates at the next election will join the Board of Directors following the Annual General Meeting to be held in January 2019.

RTX is a publicly listed company and the CEO and CFO meet quarterly with investors for a business update and to discuss the financial results of the quarter.

Corporate governance also concerns the governance of CSR issues, which follows a distributed governance approach with responsibilities anchored at different levels and functions of the organization. The overall responsibility for CSR reporting resides with the Executive Management, which also has the overall responsibility for the working conditions of RTX employees. The everyday management of CSR issues is handled independently in each of our two business units, including the supply chain management for each division. We recently established an Operations division for the purpose of aligning the approaches and ensuring an even more robust governance setup towards suppliers.

### 3.4 PROGRESS ON OTHER MATERIAL CSR ISSUES

In addition to the CSR issues considered highly material to RTX, the materiality matrix (figure 2) depicted in section 3.2 lists additional CSR issues that are material to RTX's stakeholders, its business or both. In the following list, we provide a brief accumulated view of the status and progress on selected CSR issues.

#### ENVIRONMENTALLY-FRIENDLY PRODUCTS

Many of the products and services provided by RTX are environmentally-friendly beyond compliance. Increasingly customers request specific environmentally-friendly features and focus is on more energy efficient products. Also in 2018, we believe that our efforts have resulted in our customers recognizing RTX as a provider of environmentally-friendly products. RTX continues the development of DECT ULE (Ultra Low Energy), providing low energy consuming operations.

#### COMPETENCE DEVELOPMENT

RTX is acutely aware of the importance of having the right employees and therefore supports and encourages continuous professional development. Embodying this awareness are our Lead Specialists, who spend a considerable part of their time on research and other activities leading to specialization in specific fields of strategic importance to RTX. In addition to cycles of activities for leaders, project managers and other groups, we are currently finalizing a career path program for all employees.

#### SUSTAINABLE PACKAGING

Nearly all products from RTX are packaged in brown boxes from recycled cardboard, which has not been exposed to chlorine or other chemical substances. We strive for the most compact packaging possible, with a minimum of surplus space, allowing for smaller packages and more efficient packaging in transport. This reduces transport costs per unit and results in a more environmentally-friendly product with less CO<sub>2</sub> emitted per unit.

#### ANTI-CORRUPTION AND BRIBERY

RTX maintains zero tolerance towards corruption and bribery. RTX has had a whistleblower policy and a whistleblower program in place since the 2012/2013 financial year. There is no history of incidents involving RTX, and no issues were reported through the whistleblower program in the reporting year or in prior years. RTX is considering making the whistleblower program available to external partners, allowing e.g. suppliers to report on potential irregularities.

#### DIVERSITY AND INCLUSION

RTX's workforce is diverse and represents more than 10 different nationalities. Some of the more recent hires came from temporary try-out positions established in cooperation between RTX and the local municipality. More women are being hired, but the ratio of women to men is still low, compared to other industries. Initiatives has been taken to improve the situation and a diversity policy (addressing gender equality) is being considered.

#### STAKEHOLDER CONSULTATION

Stakeholders generally appreciate being consulted and RTX already engages strongly with employees, investors and suppliers. The COP is part of RTX's broader stakeholder engagement and RTX is considering whether to widen the scope and level of the analyses performed and to include more of the value chain.



## CSR reporting in a management perspective

# 4. CSR reporting in a management perspective

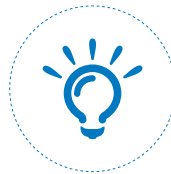
There is a tendency to integrate management perspectives in CSR legislation and standards, and that is also the case for both the UN Global Compact and section 99 a of the Danish Financial Statements Act. This perspective is even more explicit in the new section 99, which requires disclosure of the company's business model, policies, actions, due diligence, risk management, KPIs, financial results, etc. Hence, although these requirements are to some extent addressed in the previous sections of this COP, we will also briefly touch on them in the following sections.

## 4.1 THE RTX BUSINESS MODEL

Further to the RTX vision, values and mission described in section 2.2, the RTX business model is generally based on RTX as the preferred partner for the design, development & production of wireless communication solutions. RTX's activities are organized in two business units: 1) Design Services – which focuses on wireless communication product design & development services; and 2) Business Communications – which focuses on ODM/OEM design & production of advanced wireless business communications solutions.

Although Design Services is focused on delivering services, they also deliver modules for printed circuits boards and

currently focused on subassembly, which involves delivering complete and fully functional PCBAs to customers. Design Services even delivers complete products to certain customers and we expect this aspect of their business to grow in the coming years. Hence, the value chains of the two business units are converging and we expect the establishment of a new Operations unit will facilitate and strengthen the revised business models. Also, this organizational change will have a positive impact on CSR management at RTX and possibly facilitate stronger integration of CSR into the business model.



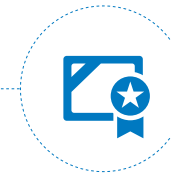
### SPECIFICATION AND DESIGN

At RTX, we start by converting customers' requirements and user needs into a Product Requirement Specification. Our engineering teams then design a solution that is based on the right combination of mechanics, hardware and software. Combined with our list of patented solutions and in-house developed protocols, we deliver a compelling result to our customers.



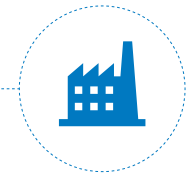
### DEVELOPMENT AND INTEGRATION

Following agile development practices, we develop prototypes to evaluate system performance in-house. We integrate each design at system level so that every component and sub-system works perfectly, evaluating performance against test cases for the fully integrated system.



### TESTING AND CERTIFICATION

Based on years of experience, our in-house pretest services reduce the time to market and lower approval and certification costs. If required, we can also handle the full type approval service for our customers.



### PRODUCTION AND SUPPLY CHAIN MANAGEMENT

Using a well-established network of ISO9001, SO14001, ISO13485, TS16949 and AS9100 certified manufacturers, we guarantee a production through the entire product life-cycle.

## 4.2 POLICIES FOR CSR

RTX is committed to the ten principles of the Global Compact and hence to implementing the principles in our business, see the Global Compact Principle Index in section 5.1. As displayed in the index, the principles are categorized into the areas human rights, labor, environment and anti-corruption. These areas are similar to the ones companies are required to report under section 99 a of the Danish Financial Statements Act, specifically concerning their policies on these areas and the action taken.

RTX has defined policies for human rights and environment as listed to the right which are considered highly material to our business and stakeholders, as reflected in the materiality matrix in section 3.2 of this report. RTX has no defined policies for anti-corruption and labor as these areas are not considered highly material to our business and stakeholders. This is also reflected in the materiality matrix in section 3.2. Should these areas become highly material to RTX, we will define specific policies for them. Nonetheless, RTX is taking action on all four areas in the Global Compact as listed in the index of section 5.1 in this COP.

## HUMAN RIGHTS POLICY

“RTX supports and respects the protection of internationally proclaimed human rights and commits all business units of the RTX Group to collaborate only with individuals, companies or organizations, which respect the internationally acknowledged UN Human Rights.

RTX is furthermore committed to our employees and to ensuring that they thrive in a safe and stimulating work environment with good working conditions. RTX Group therefore requires all units of the RTX Group to uphold or implement the measures required for such a working environment”

In addition, the RTX policy on human rights is supported by a staff policy applying to all employees of the RTX Group.

## ENVIRONMENT POLICY

“RTX supports a precautionary approach to environmental challenges and initiatives to promote greater environmental responsibility. We commit all business units of the RTX Group to collaborate only with individuals, companies or organizations, which support a precautionary approach to environmental challenges.

RTX furthermore supports the development and diffusion of environmentally friendly technologies. RTX Group therefore encourages all business units to engage with customers and other relevant stakeholders who wish to develop or apply such technologies.”

In addition, the RTX environmental policy is further supported by a conflict minerals policy applying to all suppliers to RTX Group.



### 4.3 POLICY ACTION AND DUE DILIGENCE

RTX has taken and continues to take action not only on our policies, but on all of the four areas in section 99a and the ten principles of the Global Compact. However, as not all CSR issues are material to RTX's stakeholders and our business, we do not to apply due diligence to the same extent on every CSR issue.

In section 3.2, we describe the actions and due diligence approach taken on the CSR issues most important to RTX, and in section 5.1, we connect these to the ten Global Compact principles in a cross-referencing index.

### 4.4 RISK MANAGEMENT

Given RTX's business model with an outsourced production, our supply chain is overall the most material risk to our business from a CSR point of view. Consequently, we have established a Supplier Code of Conduct (section 3.3) encompassing all four areas of the Global Compact standard. More specifically, the materiality matrix (figure 2) in section 3.2, identifies product safety as by far the most material CSR issue for RTX and hence, this is the issue calling the most for risk management. Being ISO 9001 certified, RTX has already demonstrated a high level of risk management in terms of the quality of our products and services.

The most imminent risks are related to some of the specific CSR issues, such as conflict minerals, SAR values and those covered by the REACH, RoHS and WEEE directives (e.g. chemical substances). Robust management processes have been set up to ensure compliance by RTX Group and its suppliers, thereby de facto preventing and addressing the most common risks associated with product safety.

In addition, RTX has management procedures that include constant awareness of upcoming or potential bans of substances used in our products. Our agile approach allows us to react swiftly to such new requirements and we have zero tolerance towards suppliers, who do not engage properly with us on this matter.

### 4.5 KPI'S AND RESULTS

A central aspect of our corporate governance approach is to define relevant and realistic key performance indicators (KPIs) that can help us deliver robust results. The results related to our CSR practice are elaborated in section 3, which accounts for our progress on CSR issues material to RTX and some expectations for the future.

Exemplifying this is our KPI on absence, which is directly tied to our performance and results.

#### ABSENCE AS A KPI

As stated repeatedly in this COP (but never often enough) our employees are our most vital resource and RTX relies on the availability of their power and ingenuity on an everyday basis. Hence, the health and well-being of our employees is very important to us as is keeping the number of days of absence to a minimum.

The target for the absence KPI is <3% for RTX in Denmark and <1.5% for RTX in Hong Kong. The actual average absence across the group is <2% annually and we therefore consider this KPI to be met in 2018.

### 4.6 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 endeavor 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 is 11% female and 89% male.

The Board of Directors has defined an ambition that the female share of board members elected by the Annual General Meeting should be at least 17% by 2021. In April 2013 the Board of Directors adopted policy to ensure a greater number of female board members elected by the Annual General Meeting. The objective is to increase the diversity in a male dominated industry, but as of 2017/18 the Board of Directors consists of 100% males. Within this male dominated industry it has been hard to identify the right female board member possessing the unique competencies deemed relevant for the board duties in RTX. In order to promote, facilitate and increase the number of women in management level positions at RTX, Management has defined an objective to increase the percentage of females at management level as vacancies arise. During 2017/18 there were no vacant positions in the RTX management team, hence no changes as compared to last year.



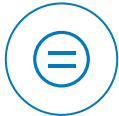
# Global Compact Principle Index and SDG Mapping

# 5. Global Compact Principle Index and SDG Mapping

## 5.1 GLOBAL COMPACT PRINCIPLE INDEX

For each principle material to RTX, references are made to the section 3.2 in this COP report illustrating the implementation of the principle.

### UNITED NATIONS GLOBAL COMPACT TEN PRINCIPLES



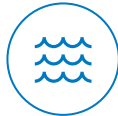
#### HUMAN RIGHTS

- PRINCIPLE 1**  
Businesses should support and respect the protection of internationally proclaimed human rights; and  
(references to section 3.2)
- PRINCIPLE 2**  
Make sure that they are not complicit in human rights abuses.  
(references to section 3.2)



#### LABOUR

- PRINCIPLE 3**  
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
(references to section 3.2)
- PRINCIPLE 4**  
The elimination of all forms of forced and compulsory labour;  
(references to section 3.2)
- PRINCIPLE 5**  
The effective abolition of child labour; and  
(references to section 3.2)
- PRINCIPLE 6**  
The elimination of discrimination in respect of employment and occupation.  
(references to section 3.2)



#### ENVIRONMENT

- PRINCIPLE 7**  
Businesses should support a precautionary approach to environmental challenges;  
(references to section 3.2)
- PRINCIPLE 8**  
Undertake initiatives to promote greater environmental responsibility; and  
(references to section 3.2)
- PRINCIPLE 9**  
Encourage the development and diffusion of environmentally friendly technologies.  
(references to section 3.2)



#### ANTI-CORRUPTION

- PRINCIPLE 10**  
Businesses should work against corruption in all its forms, including extortion and bribery.  
(references to section 3.2)

# SUSTAINABLE DEVELOPMENT GOALS

## 5.2 SDG'S MATERIAL TO RTX

The determination of which SDG's are material to RTX is currently based on a simple assessment based on the materiality matrix depicted in figure 2 in section 3.2 of this COP report and only considers CSR issues that are highly material to RTX.

More advanced assessments are available and map more accurately the current and potential contribution to a goal. RTX will consider such options and the kind of resources needed to execute such an approach.



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