Sustainability report 2021

BB Electronics A/S

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I. Introduction

BB Electronics wants to be the leading supplier of EMS (Electronics Manufacturing Services). Our mission is to be recognized as reliable, professional and in control of our business by being creative, pragmatic and solution oriented.

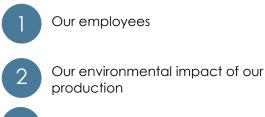
This challenge calls for efficiency and production of high-quality products at low costs. However, an equally important parameter, comprising both efficiency and quality, is the importance of acting with sustainability throughout the entire supply chain.

BB Electronics supports an inclusive and sustainable development through sustainable business operations. BB Electronics 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 anticorruption.

The UN Global Compact is the largest voluntary corporate responsibility initiative in the world.

In 2010, BB Electronics formulated a sustainability policy and in 2021 – with this report – BB Electronics launches the 11th sustainability report explaining our ambition, policy, and initiatives.

BB Electronics has chosen to focus on three areas to strengthen sustainability:



Our supply chain

These focus areas have been chosen because they address opportunities to support our business model and they minimize risks related to the UN Global Compact principles. Consequently we:

- 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
- we 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

BB Electronics 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 now a part of the agenda on BB Electronics A/S management review meeting every year, where we go through our measures and achievements within sustainability.

Carsten Christensen Chief Executive Officer



II. BB Electronics in brief

BB Electronics 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-andtested 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 BB Electronics' 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. BB Electronics employs around 668 people at our factories in Denmark, Czech and China.

Our factories in Denmark and Czech have their main focus 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.

Our wholly owned subsidiary in China enables our customers to combine the benefits of efficient management, planning and quality assurance with the cost advantages that can be achieved from high mix production in Asia.

The technology platform used in China is fully on par with our facility in Denmark and Czech. Thus, the same quality assurance and environmental standards are used, and the same business systems are fully integrated.



III. BB Electronics' contribution to sustainability

Our role

At BB Electronics, 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 BB Electronics, 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 BB Electronics, we conduct our business within the framework of applicable laws and regulations in the countries of operations (Denmark, Czech and China).

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

We seek transparency through reporting and stakeholder dialogue.

rds:
ISO 14001 Environmental management system
Since 1999 BB Electronics A/S has been approved according to the ISO 14001 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

Our focus

BB Electronics focuses on three areas within sustainability: Employees, suppliers and environment. Our focus on these three areas, is based on the following:

> Next to our Customers, BB Electronics' 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 maintain qualified employees. BB Electronics 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 BB Electronics' company culture. All of this comprises the following: Health insurance, policy regarding sexual harassment as well as active non-smoking- and nonalcohol policy, Christmas gifts, breakfast, vaccinations, and sports.

By minimizing environmental impact of products and production, BB Electronics can optimize our position as a supplier to companies, which put emphasis on sustainability and responsibility towards society. BB Electronics focuses on reducing the energy consumption in our buildings and in our production processes. Furthermore, our focus is on recycling of waste and reduction of paper consumption.

3 Suppliers may cause a risk to BB Electronics, which is why BB Electronics wish thorough business insights in the companies with whom we cooperate. The purpose of BB Electronics' activities in the supply chain is to respect human rights, employee rights, environment and anticorruption. BB Electronics prioritizes suppliers who comply with the demands described in our Code of Conduct and in the REACH requirements. The company's code of conduct is built on the Ten Principles of the Global Compact. When entering a contract, critical suppliers must commit their company to comply with BB Electronics' Code of Conduct.

In 2021, we will continue our structured CSR risk assessment work, focusing especially on geographical areas with an increased corruption risk.

Electronic production in Denmark, Czech and China

BB Electronics employs around 840 people at our factories in Denmark, Czech and China.

The Danish factory operates in modern and safe facilities in an industrial building housing a total of 127 employees, more than half of these being females.

The Czech factory operates in modern and safe facilities in a new industrial building, housing a total of 139 employees where more than half of these being females. The average age is 41 years.

Our Chinese factory operates in modern and safe facilities in an industrial estate in Suzhou, China. BB Electronics China employs 574 persons with average age of 31 years. The split between female and male are almost 51%. Female employees 257 and Male 317. Two thirds work in the production and one third in related functions, such as engineering and administrative jobs.

Employees

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 workrelated injuries and illnesses can and must be prevented.

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.

Injuries	Target	Denmark	Czech	China	Sickness absence	Denmark	Czech	China
End of 2021	0	1	0	0	End of 2021	4,20%	7,47	0,63%
End of 2020	0	0	0	0	End of 2020	3,20%	6,45	1.09%
End of 2019	0	4	0	2	End of 2019	3,30%	7,5	1.12%
End of 2018	0	0	N/A	3	End of 2018	2.60%	N/A	1.40%
End of 2017	0	0	N/A	1	End of 2017	3.00%	N/A	1.30%

Health and safety parameters

See. appendix B for additional information on KPIs

We continuously assess our workplaces 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 different for the 3 factories.

- Denmark, the limit is 3,50%
- Czech, the limit is 7.00%
- China, the limit is 1.30%

In BB Denmark, we organize a voluntary vaccination against influenza each October.

Corona pandemic

From the start of the break-out, the Corona pandemic has been handled with great managerial attention. We have continuously issued guidelines based on the local governments' recommendations; we have thereby avoided infection within BB among our employees.

In DK & CZ the sickness absence was higher due to Covid situation as many employees were put in quarantine during 2021.

Human and Labor Rights

In all areas (Human Rights, Labor Rights, Environment and Anti-Corruption), legal requirements are high in China. In some areas, these are even higher than in Denmark and Czech.

BB Electronics are continuously being audited by customers. And in 2021 one customer verify that we live up to the SA8000 on social accountability requirements and national law and/or local legislations.

Whistle blower

All our staff in China has the opportunity to contact anonymously an external firm, if there are episodes they want to notify and which they want to be managed outside BB Electronics.

Screening of suppliers

It's important to understand the position of BB Electronics in the supply chain to find the right approach towards the suppliers. As an EMS, BB Electronics 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 BB Electronics 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 BB Electronics via distributors.

BB Electronics 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 evaluation is dedicated to take place at suppliers, which potentially expose BB Electronics to risks related to the UN Global Compact's Ten Principles.

The purpose of the evaluation is to make our suppliers engaged in sustainable activities in terms of respect for human rights and protection of the environment. Initially, BB Electronics wants to work with suppliers within our tier one of the supply chain.

Our Supplier Quality Engineer have been trained in CSR audit by 3rd part, and now they conduct CSR audits at our supplier instead of an external partner that we used before.

CSR supplier program	Segment 3 & 4 suppliers	Signed code of conduct	CSR audits
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

CSR supplier program

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

Optimizing clean production

BB Electronics 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.

BB Electronics will continue the work on reducing the power consumption and combustible waste.

Reduction of power consumption:

In BB Electronics we always have focus on reducing the power consumption. Whenever we are investing in new equipment or installations, we always consider the environmental effect.

Year	Power consumption Denmark in kWh	Power consumption Czech in kWh	Power consumption China in kWh	Total products produced in pcs.	
End of 2021	1.374.934	1.008.306	3.030.406	17.619.722	
End of 2020	1.212.843	766.228	2.340.100	10.508.816	
End of 2019	1.173.972	1.273.206	2.350.856	10.269.344	
End of 2018	1.138.527	N/A	2.639.341	9.969.231	
End of 2017	1.119.055	N/A	2.498.019	7.661.946	

Power consumption

See. appendix B for additional information on KPIs

Project from 2021, where we invested in reducing our environmental impact:

- At our plant in Horsens, Denmark, the existing natural gas boiler has been replaced by district energy from the local grid, which reduce our carbon footprint with 15,27% CO2 emissions
- At our plant in Suzhou, China, we covered the windows with special curtain and used the water tank to store energy which reduced the energy consumption with 5%
- At our plant in Lanskroun, Czech, we moved to a new building in 2020 and 2021. This building meets all regulations for energy performance of buildings.

This is just two of the major contributors from our side last year and are to be seen as some of the step changes, we have made during 2021.

The manufacturing processes consumes most power. Because the production volume has increased a lot over the last 4 years, then the total power consumption also has increased even that we have done many activities to reduce it.

Waste management

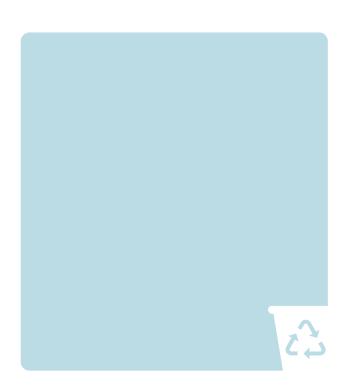
Focus on waste management in both administration and production has kept the recycling rate on a high level and in 2021 it was 79% in the Danish factory and 74% in Czech factory.

(•)
Injuries	Recycling rate Denmark in %	Recycling rate Czech in %
End of 2021	79,1	74
End of 2020	74	67
End of 2019	81	
End of 2018	72	
End of 2017	82	

Waste management

See. appendix B for additional information on KPIs

In our factory in China, we classified hazardous waste, recycled waste, and normal living waste in all areas. The hazardous waste is handled by a qualified supplier. The recycled waste is also recycled by a qualified supplier.



IV. Next steps

BB Electronics 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. Also, we look at our suppliers' ability to set targets and implement improvements in the external environment. We will continue to evaluate our suppliers.

We will continue our development on risk management, that also are a part of the ISO standards. On the Management Review Meeting all risks and opportunities assessment for the company will be reviewed.



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 BB Electronics, 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 BB Electronics, 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 2021, where we invested in reducing our environmental impact:

- 1) At our plant in Horsens, Denmark, the existing natural gas boiler has been replaced by district energy from the local grid, which will reduce our carbon footprint up to 15,27% CO2 emissions.
- 2) At our plant in Suzhou, China, we covered the windows with special curtain and used the water tank to store energy which reduced the energy consumption with 5%

This is just two of the major contributors from our side last year and are to be seen as some of the step changes, we have made during 2021.

Focusing on our environmental efforts towards limiting BB Electronics' direct impact on the climate is a part of our broader promise to be a sustainable business, which also concerns people and society. BB Electronics 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 anticorruption. 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

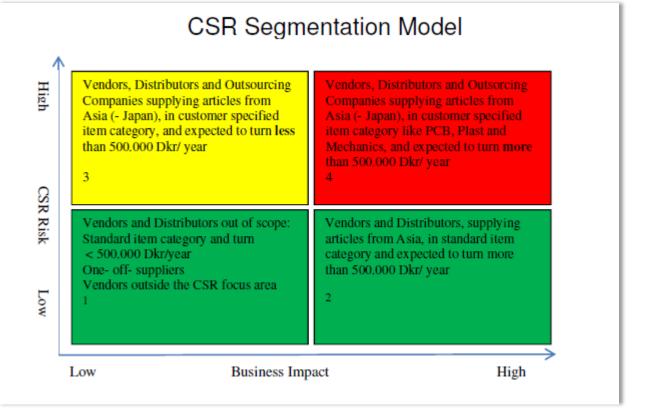
Information about KPIs

Health and safety parameters

- Illness absence: The company has two measurements regarding sickness one for indirect employees and one for direct employees. It is the managers' responsibility to report all sickness absence to HR on a daily basis. For direct employees, all information about working hours and non-working hours is reported into the time registration system used by direct employees. These data are collected and controlled by HR daily. All data for both indirect and direct are consolidated in a monthly management report which is shared with all managers. From the monthly report a consolidated yearly figure is being calculated and used in this COP report.
- Injuries: According to our company policy and legal requirements, we register monthly if any injuries have occurred. When an injury is reported, it is formally submitted through Virk.dk (EASY). The annual number of injuries are counted and consolidated in this COP report.

Supplier segment definition:

Suppliers are segmented according to our SOI-G-06005:



BB suppliers and their respective signed Code of Conducts are counted and classified according to above.

Power consumption

Description of the KPI: On a monthly basis the power utility is registered from the electricity meter and registered into a KPI template and compared with the number of produced SMD components (kwh/1000). This way we have a full overview of our power consumption on a monthly and annual basis.

Waste management

Description of the KPI: Every month after our waste has been collected by our waste handling provider, we receive a specified report on total number of kilos collected. This report is specified in fraction categories which summarizes what is recycling and flammable waste. Thereby the percentage of recycling waste is calculated.