

# UN Global Compact

**The UN Global Compact initiative is founded on ten principles affecting human rights, labour law, the environment and anti corruption. Member companies have undertaken to comply with these principles.**

NOTE has been a member of the UN Global Compact since 2011 and reports its COP (Communication on Progress) to the UN each year. This framework defines the group's approach, performance and goals.

NOTE has decided to be a member at the Participant level. Each year, NOTE makes a sales-based donation to the UN Global Compact.

A summary of NOTE's work on the Global Compact's ten principles is on the following pages.



## Communication of Progress

### HUMAN RIGHTS



	UN GLOBAL COMPACT	NOTE'S APPROACH	RESULTS 2021	GOALS 2022
PRINCIPLE 1	Businesses should support and respect the protection of internationally proclaimed human rights in their sphere of influence; and	NOTE has been using its Code of Conduct, which supports the ten principles of the UN Global Compact, since 2006. NOTE endeavours to develop business with companies that have the corresponding ethical rules on accountability. NOTE should provide information, and adopt a clear standpoint, on human rights. NOTE should always respect human rights and ensure it avoids being involved in any abuses.	<p>Work on ensuring compliance with the Code of Conduct is continuous. In the year, NOTE encouraged existing and new customers and suppliers to join, or support, the UN Global Compact by communicating the significance of these issues at meetings and in audits. One new agreement was signed with a supplier that had accepted NOTE's Code of Conduct.</p> <p>Audits were conducted on strategic suppliers that accepted NOTE's Code of Conduct and the ten principles of the UN Global Compact. These audits follow up on supplier standpoints, and their work on human rights in respect of harassment, discrimination, child labour and more. The pandemic impacted how audits were conducted. When possible, audit teams were on site with suppliers, although audits were also conducted digitally. Quality and audit standards were reviewed, as well as how suppliers are communicating environmental and sustainability standards through their supply chains. For some suppliers, sustainability work is recent, and here, clear opportunities for improvement and advancement were identified. Others have made more progress, with assurances on human rights secured from subcontractors, for example. No human rights abuses were uncovered in audits. The few instances of non-compliance identified related to environmental or other sustainability goals, and the absence of action-plans or activities to deal with identified risks and opportunities.</p> <p>To a great extent, procurement in 2021 was affected by the current semiconductor shortage on the component market. To mitigate the effect of the component shortage, some materials were sourced from new distributors. Strategic procurement reduced to 47.2% (54% in 2020), and was significantly impacted by the acquisition of IPRO, which meant NOTE taking on a number of new suppliers.</p> <p>The group's work on sharing sustainability information continued in the year through its internal digital newsletter distributed regularly within the group. As in previous years, instead of a Christmas gift for customers and suppliers, NOTE made a donation to the UNHCR.</p>	<p>Continue to influence suppliers to accept NOTE's Code of Conduct and encourage customers and suppliers to join the UN Global Compact or support its ten principles.</p> <p>Continuously follow up on NOTE's Code of Conduct and the ten principles of the UN Global Compact in supplier audits. All strategic suppliers to be compliant with NOTE's sustainability standards and accept NOTE's Code of Conduct or have their own, equivalent code.</p> <p>Increase the share of sourcing from strategic and contracted suppliers by two percentage points, and continue to support recognised and established organisations working for human rights.</p>
	make sure that they are not complicit in human rights abuses.	NOTE's Human Rights and Whistleblower policies have been implemented in all plants' ERP systems. The whistleblower function ensures that any cases can be reported anonymously and dealt with confidentially.	<p>Work on ensuring compliance with the Code of Conduct internally is continuing. Internal audits were conducted within the company to ensure compliance with relevant policies, laws and ordinances.</p> <p>In the year, NOTE's customers demanded materials analysis, and NOTE continued its work on reducing the usage of conflict minerals by helping customers select materials to avoid them. Internal and external communication continued through a range of meetings, internal newsletters and development of the website. In the year, the whistleblower procedure and policy were updated to comply with new legislation. Two whistleblower cases were recorded in the year, one of which resulted in an internal investigation and subsequent action.</p> <p>In supplier audits, the audit team did not uncover any human rights abuses.</p>	<p>Continue to promote human rights internally and towards the company's external stakeholders by informing and continuing to develop monitoring methods.</p> <p>Ensure that new employee introduction training includes information on the UN Global Compact and its ten principles. Implement the ISO 45001 occupational health &amp; safety standard at NOTE's remaining plants (four out of nine currently have it).</p>

## LABOUR LAW



	UN GLOBAL COMPACT	NOTE'S APPROACH	RESULTS 2021	GOALS 2022
PRINCIPLE 3	Businesses should uphold the freedom of association and the effective recognition of the rights to collective bargaining;	<p>NOTE has been using its Code of Conduct, which supports the ten principles of the UN Global Compact, since 2006.</p> <p>All NOTE employees are entitled to collective bargaining and to form, and join, trade unions. Collective bargaining agreements are in place at most NOTE plants.</p> <p>NOTE's Human Rights policy states the group's internal standpoints on this principle.</p> <p>Four plants also use ISO 45001 as guidance for their work. This is a far-reaching, global and verifiable standard in occupational health and safety, with external auditing and certification.</p>	<p>Work on ensuring compliance with NOTE's Code of Conduct is continuous.</p> <p>In the year, NOTE held meetings with customers and suppliers where sustainability aspects and the ten principles of the UN Global Compact were discussed. Supplier agreements were signed that included NOTE's Code of Conduct.</p> <p>Follow-up audits were conducted on suppliers that accepted NOTE's Code of Conduct and the ten principles of the UN Global Compact. The outcome of the audits was that these suppliers are complying with relevant laws and ordinances. More on this under the results of principle 1.</p> <p>The share of purchasing from strategic and contracted suppliers is approximately 47.5% (54% in 2020).</p> <p>NOTE continued to work on reducing the usage of conflict minerals by assisting customers in selecting materials so that components containing minerals from conflict zones can be eliminated from product designs and start-up projects.</p>	<p>Influence suppliers to accept NOTE's Code of Conduct and encourage customers and suppliers to join the UN Global Compact or support its ten principles.</p> <p>The goal for the group is for all manufacturing units to be ISO 45001 certified in 2022.</p> <p>Continue following up on NOTE's Code of Conduct and the ten principles of the UN Global Compact in supplier audits.</p> <p>Increase the share of sourcing from strategic and contracted suppliers by two percentage points.</p>
PRINCIPLE 4	the elimination of all forms of forced and compulsory labour;	<p>As part of its business principles, NOTE and its customers' and suppliers' employees should enter employment and contracts of their own free will.</p> <p>Four plants also use ISO 45001 as guidance for their work. This is a far-reaching, global and verifiable standard in occupational health and safety, with external auditing and certification.</p> <p>NOTE's Human Rights policy stipulates that employment with the company should always be voluntary. Additionally, work should always be conducted without compulsion or harassment, either physical or psychological.</p>		
PRINCIPLE 5	the effective abolition of child labour; and	<p>NOTE complies with relevant laws and ordinances on child labour. NOTE does not employ children and does not collaborate with companies that use children as part of their workforce.</p> <p>The group's standpoints on this principle are stated in NOTE's Human Rights policy and Code of Conduct.</p>		
PRINCIPLE 6	the elimination of discrimination in respect of employment and occupation.	<p>NOTE believes in a workplace where all employees have equal opportunities to work and progress. Employees' specific competences, regardless of sex, ethnicity, sexual orientation, disability, age and social background are an asset and help move the company forward.</p> <p>NOTE's Equality policy states the company's principles governing equal opportunities and diversity, which are encouraged in all parts of its business. The company endeavours to achieve equal opportunities in terms of employment and working conditions, as well as developmental opportunities.</p> <p>Its working climate should feature respect and tolerance. If any instances of harassment or bullying are reported, the group will take action immediately. The company's Diversity policy states how new Board members are to be appointed from a diversity perspective.</p>	<p>A group-wide employee satisfaction survey was conducted in the year. Its outcome is used for NOTE's future planning and development work. The response frequency was 75% in the year (75% in 2020). Total points were 76, against 74 for 2021. The results improved in every index segment in 2021. More on this on page 17. The number of female managers reduced to 29% in 2021 (37% in 2020). Two whistleblower cases were recorded in the year, one of which resulted in an internal investigation and subsequent action.</p>	<p>Conduct a group-wide employee satisfaction survey and feed its outcomes back into business processes for continuous improvement.</p> <p>Continue certification of all the group's plants according to the ISO 45001 occupational health &amp; safety standard.</p>



## ENVIRONMENT



	UN GLOBAL COMPACT	NOTE'S APPROACH	RESULTS 2021	GOALS 2022
PRINCIPLE 7	Businesses should support a precautionary approach to environmental challenges;	<p>NOTE's plants and the group's sourcing company are ISO 14001 certified and undergo internal and external audits. Annual analyses are conducted to identify environmental risks and produce action-plans to address risks identified. NOTE's plants run improvement projects and follow up on environmental factors such as energy consumption and waste. All plants have environmental targets, which are monitored regularly.</p> <p>NOTE is endeavouring to increase the share of sourcing from strategic and other contracted suppliers. NOTE has a good understanding of these suppliers' environmental work and can help them to develop and improve in the environmental segment.</p>	<p>In 2021, NOTE started work on collating the previous year's CO<sub>2</sub> data. To varying degrees, the prevailing pandemic impacted the operations of certain plants in terms of local legislation, and linked to Covid restrictions. Mapping emission sources (direct and indirect) indicated that the plants have few direct sources of emission. For example, direct emissions are from a number of fossil-fuelled or hybrid vehicles the company owns, and kitchen equipment at the plant in China, which uses diesel. NOTE's machinery and production equipment runs exclusively on electricity and does not generate any direct emissions. Indirect sources are electricity and district heating consumed. A transition is ongoing from fossil fuels to renewable energy in the group. The supply of renewable energy varies by country. In the year, 72% of purchased electricity was renewable (56% in 2020). More CO<sub>2</sub> data has been collated on the transportation of sold products and sourced materials.</p> <p>More selective soldering machines have been installed, which has enabled a continued reduction in tin slag. Recycling slag from the wave soldering process continued, and at some plants, this is conducted locally through oxide pressing before being sent for further re-processing. 72% of waste generated was recycled in 2021.</p> <p>Each plant works on the basis of its individual goals and circumstances in the environmental segment. A range of local initiatives are ongoing to reduce energy consumption and transfer to still more climate-friendly production. This includes lightbulbs and fluorescent tubes being exchanged for LED lighting to save energy.</p> <p>A growing fleet of the vehicles the company owns, such as cars and forklift trucks, are being exchanged for electric or electric hybrid vehicles. Several plants have installed charging stations to facilitate electric vehicle charging for staff and visitors. One plant has installed solar panels, whose power is used for purposes including the plant's charging stations.</p> <p>Staff are encouraged to minimise paper consumption, switch off lighting and close down equipment after use. Installed timers help close down machinery and equipment when not in use.</p> <p>A REACH policy states how NOTE works on compliance with the EU directive on chemicals handling. The complete policy is on NOTE's website. When necessary, NOTE offers assistance to customers on selecting more environmentally friendly chemicals, or verifying components' chemical status.</p> <p>Follow-up audits were conducted on suppliers, with outcomes indicating that they are complying with relevant laws and ordinances. The non-compliance identified related to their environmental and sustainability goals. Some suppliers lacked action-plans or activities to address risks or opportunities identified. When verifying strategic suppliers and their ISO 9001 and ISO 14001 efforts, one breach was noted. One strategic supplier lost its ISO 14001 certification, and accordingly, NOTE downgraded its ranking.</p>	<p>Continue work on managing CO<sub>2</sub>-neutral production. Set standards for more environmentally friendly transportation and clearer reporting of CO<sub>2</sub> footprint by freight carriers. Continue to measure and reduce the volume of waste, and increase the share of recycled waste. Continue to invest in more energy-efficient technology.</p> <p>Use environmentally friendly electricity sourced from solar, wind power, hydropower and biogas where available on the market.</p> <p>Continue to conduct follow-ups on NOTE's Code of Conduct and the ten principles of the UN Global Compact in supplier audits, and keep sharing information and new lessons from customers on these principles.</p> <p>Increase the share of procurement from strategic suppliers and contracted suppliers by two percentage points.</p>
PRINCIPLE 8	Undertake initiatives to promote greater environmental responsibility; and	<p>NOTE's production should be CO<sub>2</sub> neutral. This is achieved by minimising direct and indirect emissions, and by making contributions to recognised climate offset projects. These projects are verified by an independent standard and inspected by a third party.</p> <p>The group's sourcing company and plants are ISO 14001 certified and undergo internal and external audits. NOTE works continuously on developing guidelines and methodologies designed to minimise the group's negative environmental impact. Staff are encouraged to participate in this process progress by making proposals for improvement.</p>		
PRINCIPLE 9	Encourage the development and diffusion of environmentally friendly technology	<p>NOTE's plants are ISO 14001 certified and undergo internal and external audits.</p> <p>NOTE takes a positive view of developing environmental technology, and actively seeks new production methods and components that are more environmentally friendly. NOTE conducts environmental risk assessments when introducing new equipment, technology and logistics solutions. Experience is shared between the group's plants.</p> <p>Environmental risks are considered jointly with customers when tailoring products.</p> <p>A database is used to identify RoHS, REACH and conflict minerals in components.</p> <p>NOTE is endeavouring to increase the share of sourcing from strategic and contracted suppliers by two percentage points. NOTE has a good insight into these suppliers' environmental work, and can help them develop and improve in the environmental segment.</p>		

## ANTI CORRUPTION



PRINCIPLE 10	UN GLOBAL COMPACT	NOTE'S APPROACH	RESULTS 2021	GOALS 2022
	Businesses should work against corruption in all its forms, including extortion and bribery.	<p>NOTE has been using its Code of Conduct, which supports the ten principles of the UN Global Compact, since 2006.</p> <p>NOTE has an Anti Corruption policy and a Whistleblower policy and procedure, implemented in all plants' ERP systems.</p> <p>Staff are encouraged to distance themselves from all forms of corruption, extortion and bribery.</p> <p>NOTE expect the same attitude from customers and suppliers and does not accept any gifts other than items of low value.</p> <p>NOTE's purchasing policy prohibits bribery and corruption, and stipulates that purchasing must be managed according to ethical guidelines.</p> <p>NOTE has group-wide and local authorisation procedures expedient to its business.</p>	<p>Work on ensuring compliance with NOTE's Code of Conduct is continuous. The company's Anti Corruption policy states the segregation of duties, how internal controls are conducted, and a whistleblower procedure being in place. In the year, the whistleblower policy and procedure were updated to comply with new legislation. Two cases were recorded in the year, one of which resulted in action.</p> <p>Customers and suppliers are encouraged to join or support the UN Global Compact and its ten principles. Supplier agreements were signed including undertakings to comply with NOTE's Code of Conduct. Follow-up audits of contracted suppliers were conducted in accordance with plan. These suppliers had previously accepted NOTE's Code of Conduct and the ten principles of the UN Global Compact. The outcomes of these audits indicate that suppliers are complying with the relevant laws and ordinances on anti corruption.</p>	<p>Encourage suppliers to accept NOTE's Code of Conduct and encourage customers and suppliers to join the UN Global Compact or support its ten principles.</p> <p>Conduct regular follow-ups on NOTE's Code of Conduct and the ten principles of the UN Global Compact in supplier audits. Continue to follow up and deal with whistleblower cases recorded.</p>

*In 2021, we took a momentous decision to conduct CO<sub>2</sub>-neutral production. With a sharper focus on good occupational health & safety, this feels really positive, and consistent with the ten principles of the UN Global Compact.*

Johannes Lind-Widestam, CEO and President



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.