



Sustainability Report 2021

01.04.2021 - 31.03.2022



An NEC Company

**COMMUNICATION
ON PROGRESS**



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

We welcome feedback on its contents.

This report is a part of the management review and constitutes KMD Group reporting on corporate social responsibility pursuant to section 99(a) of the Danish Financial Statements Act and on gender distribution in the executive board pursuant to section 99(b).

The report covers the fiscal year 01.04.2021-31.03.2022. In the following, any figure referring to 2021, refers to the fiscal period 01.04.2021-31.03.2022 unless otherwise stated.

The report also represents the KMD subsidiary Edlund A/S' statutory reporting on corporate social responsibility pursuant to section 99(a) of the Danish Financial Statements Act.

For more than 20 years, Edlund A/S has been delivering software for the administration of portfolios in the life insurance and pension sector. Edlund has a strong market position in Denmark and counts among its clients some of Denmark's largest pension companies such as ATP, PFA Pension and Velliv (formerly known as Nordea Liv og Pension). Edlund has approximately 150 employees, the majority of whom work with software development.





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Per Johansson, CEO, KMD

Towards a smarter society

In many ways, 2021 was another unpredictable year, where we gradually found our way into the new normal. As the Covid-19 continued to impact the world, this year we were able to draw on our experience from previous years and continue our quest to support our customers in the further development of a sustainable, digital society.

Many experiences with digitalization were gained during Covid-19, both on the dos and don'ts list. But one thing is for sure – being a highly digitized society certainly proved its value in the time of crisis, and we must use these acknowledgements to continue the pursuit of the digital transformation for the benefit of everyone.

Just as we were beginning to get a grasp of the Covid-19 in Europe, a new crisis emerged by the end of February with the Russia-Ukraine conflict. Needless to say, like the emergence of Covid-19 two years ago, this conflict is highly ominous, and no one can predict the future consequences. In Ukraine, friends, colleagues, and family of KMD employees have been critically impacted by the conflict. Our colleagues in the KMD Warsaw office have been working hard to support refugees from Ukraine, as well as colleagues from other locations have made efforts to support the Ukrainian refugees in different ways. Efforts that are highly valued and appreciated.

Alongside the ubiquitous conflict, climate changes remain a critical global challenge. In Denmark, the Government

is undaunted in their goal to reach the 70-pct. carbon emission reduction by 2030, and EU is pushing hard to reach the European target of 55 pct. reduction by 2030. KMD supports this goal with our own target of zero-emission by 2030. We continuously strive to reduce our own carbon footprint, as well as support our customers with digital solutions to leverage the green transition.

During 2021 we have invested a lot of resources in developing digital solutions to support our customers' sustainable development, especially in the areas of data-driven solutions.

In 2021 data ethics also played a vital role in our work with new emerging technologies like AI and Biometric solutions. KMD is committed to leveraging the advantages of emerging technologies and data accessibility to benefit society through our solutions. In 2021 we put an effort into providing knowledge and feedback to the authorities regarding new ethics guidelines and especially with regards to the coming AI legislation. We remain committed to developing digital solutions in a responsible and sustainable manner, guided by one of our core values: We act responsibly

We remain committed to the UN Global Compact and the support of the Sustainable Development Goals. This is our communication on progress in 2021.

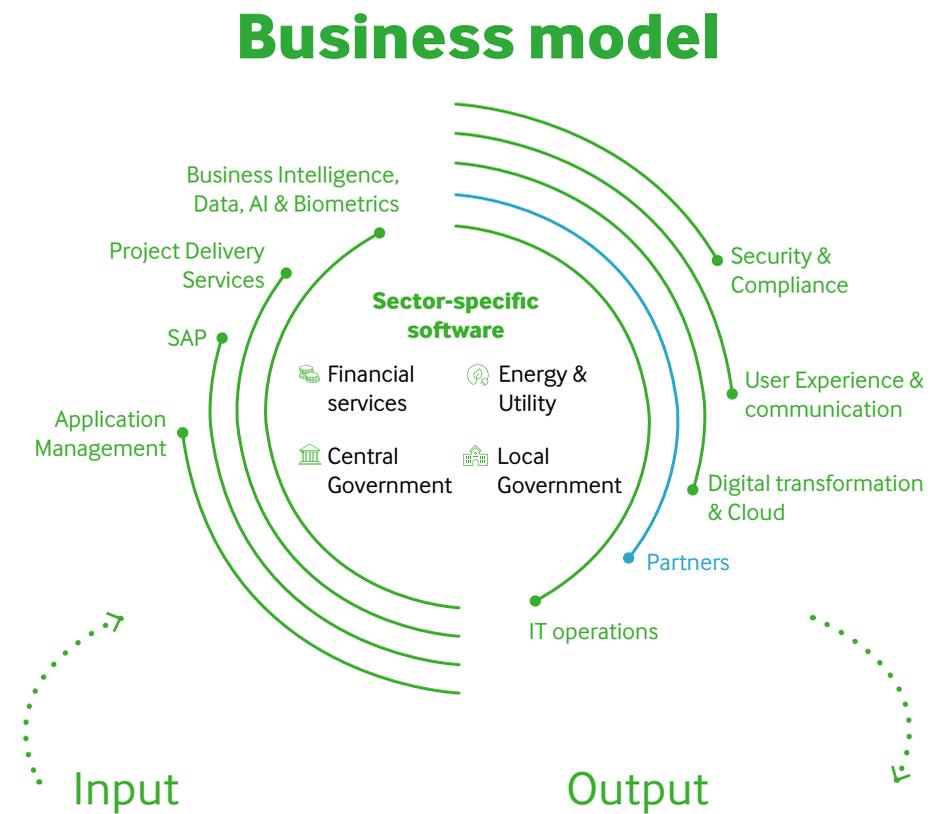
Per Johansson, CEO

Who is KMD?

Since 1972, KMD's contributions to Danish society has helped shape one of the most digitized and progressive public sectors in the world. It has been KMD's strategy from the very beginning to play a vital role in digitizing society and, thus, helping to increase public service, ensure democracy, and improve welfare. KMD develop, sell and integrate IT solutions and software designed to meet every aspect of the changing digital needs of modern societies and businesses. As a strong supplier of software

solutions to central and local government as well as to the finance and energy sectors, we create modern, standardized, and innovative solutions that empower and impact decision-makers, users, citizens, and consumers.

As a provider of business-critical digital solutions to the energy and utility sector, we are highly focused on supporting the green transition by providing digital and data-driven solutions to help our clients reduce carbon footprint.



Technology
Cooperation with technology partners and synergy with NEC.

Human resources
3,000 qualified tech experts, domain experts, business specialists etc.

R&D
Software development

Stakeholders
End-user involvement.

Financial capital
Capex investment in developing software & acquisitions.

Energy & Hardware
To run our operations.

Digital Transformation

Data-Driven Value Creation

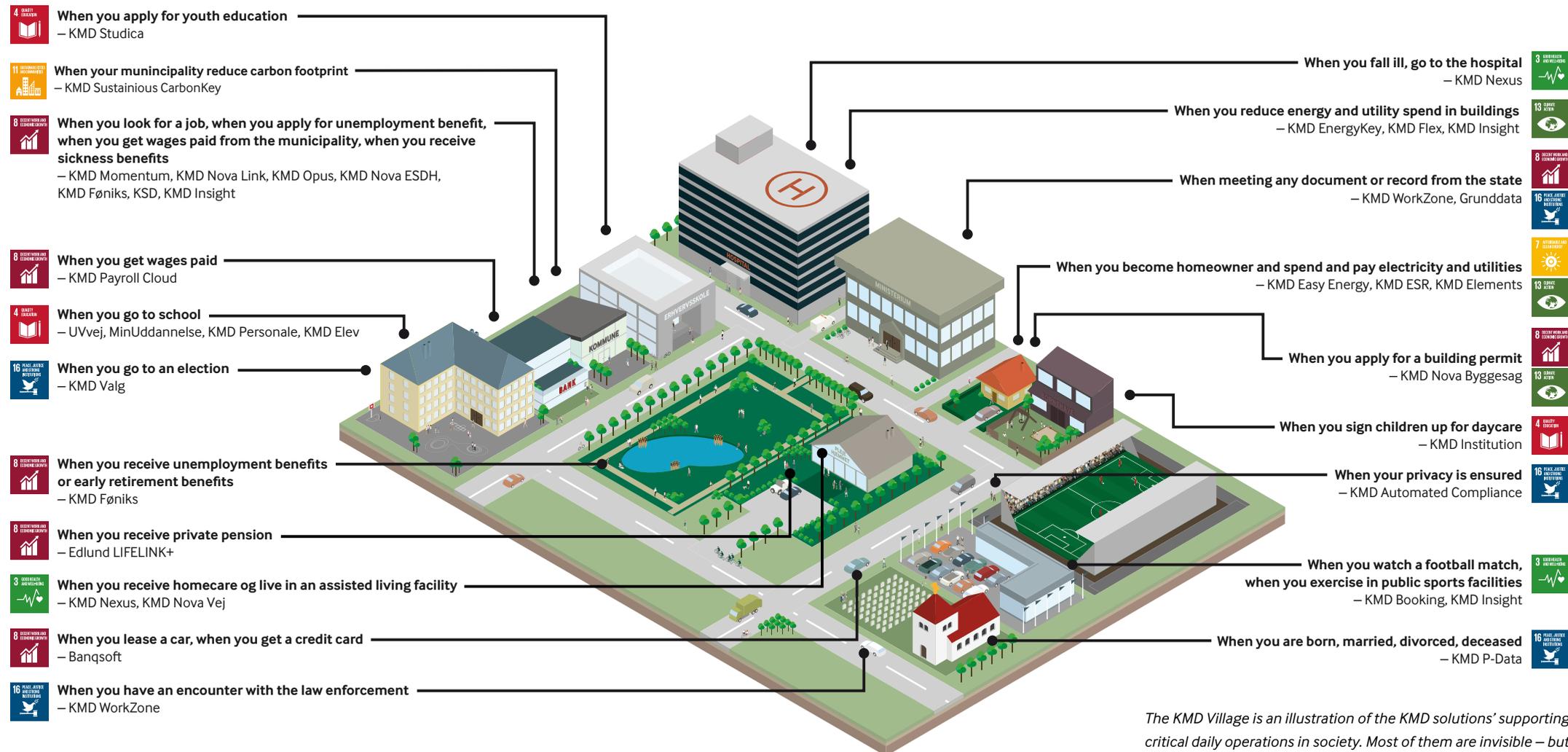
Shareholder Value

Sustainable Solutions supporting the society:

- Health and social
- Children and education
- Energy, utilities and green transition
- Asset management
- Benefits and payment
- Jobs and development
- Life insurance and pensions
- Banking and finance
- Elections and public administration
- Security and Privacy

<p>1,700 private companies and public institutions as customers</p>	<p>Approx. 3,000 employees in five countries</p>	<p>1972 founded in Denmark as one of the first IT companies</p>	<p>400 IT solutions developed with more than DKK 200 million software investments/year</p>
<p>1,000,000 Danish citizens get their salaries through KMD's systems</p>	<p>10% of Denmark's BNP flow through KMD's systems each year</p>	<p>NEC</p> <p>2019 Acquired by the Japanese tech giant NEC</p>	<p>110,000 colleagues across 300 sister companies globally</p>

Supporting a sustainable society



The KMD Village is an illustration of the KMD solutions' supporting critical daily operations in society. Most of them are invisible – but crucial – to the citizens.

The Sustainable Development Goals (SDGs) address the major challenges of the global community – but they include targets concerning our domestic society such as climate change, renewable and reliable energy and sustainable cities.

In KMD, we are proud to contribute to a positive development, and we do our best to minimize our own negative impact.

We provide solutions that support the development within several of the SDG's. We assess the SDG targets against our business to assess our own impact as well as the relevance of the goals from our key stakeholders' perspective.

Climate change
Climate change is one of the biggest challenges today, and the digital technologies have been proclaimed to have the potential to reduce carbon emissions worldwide, thus at the same time, the consumption of energy in the IT sector is increasing every year, and the production of hardware to facilitate the software solutions are eating into scarce natural resources.

Therefore, KMD is dedicated to pursuing the target of zero CO₂-emissions from our own business by 2030.

Furthermore, KMD participate in scientific projects with Aalborg university and DTU about green coding and developing new standards for green datacentres. The way a software is written is of great importance for energy consumption. Aalborg University are working on developing a software development method that is certified. So hopefully in the future, if you follow the method, there is a good chance that your software uses as little energy as possible.

Learn more about green coding [here](#)



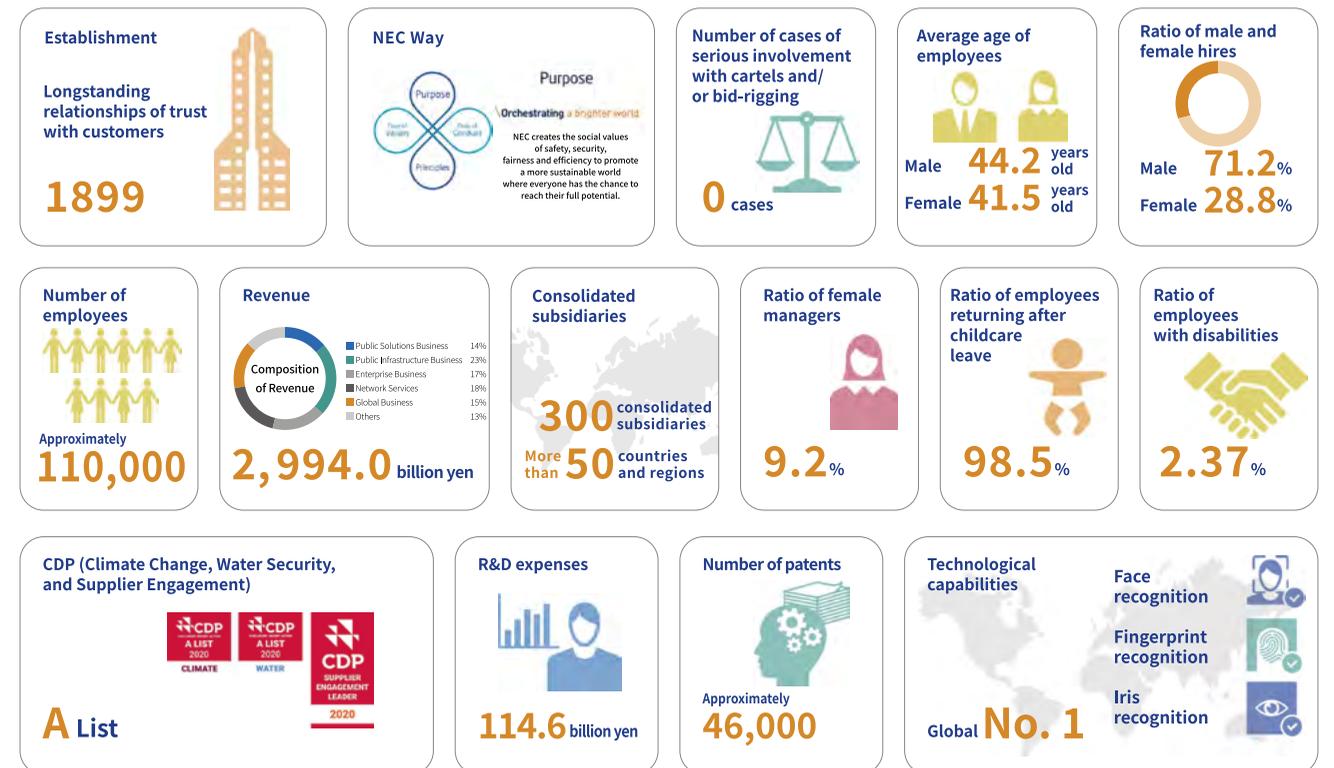
Responsible ownership

Since December 2019, KMD is a subsidiary of Japanese NEC Corporation; a global supplier within integration of it- and network technologies.

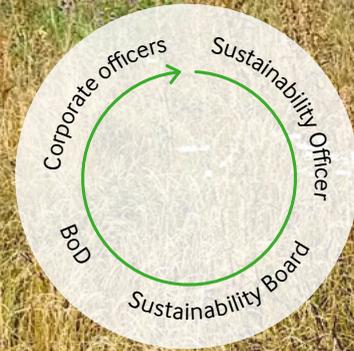
NEC's purpose is to create the social values of safety, security, fairness, and efficiency to promote a more sustainable world where everyone has the chance to reach their full

potential. NEC has strong goals for ESG and annually measures the progress against several different standards; here amongst GRI – Global Reporting Initiative, SASB, UN Global Compact, Science Based Targets, and CDP.

As a part of the NEC Group, KMD adheres to the same ethical principles as the rest of the group.



Prioritized Environmental, Social & Governance Themes



Sustainability governance

Sustainability in KMD is managed by KMD's Sustainability Board, represented by members of the Group Management. The Sustainability Board is supported by relevant departments. Each area has its own policies and procedures, central issues, targets, and results which are discussed by the Sustainability Board. Sustainability targets and results are reported to the KMD Board of Directors.

In defining our materiality, we refer to the UN Global Compact and the Sustainable Development Goals. Our reporting metrics are assumed from the recommendations on key Environmental, Social and Governance (ESG) figures presented by Finansforeningen/CFA Society Denmark, FSR – Danske Revisorer og Nasdaq Copenhagen, combined with our assessment of material topics and targets.

PRIORITIZED ESG THEMES



Material topics

Material topics for KMD include health and safety, employee wellbeing, diversity and inclusion, labor rights, anti-corruption, and human rights in our supply chain as well as in our own business.

These elements are core to the long-term success of our business and our values as a company, and address the UN guiding principles. Being a technology based company, information security and data protection are obvious sustainability topics, especially in relation to protecting fundamental human rights within privacy. With the emerging deployment of new technologies like AI and biometrics, the material topic of data ethics plays an increasing role in KMD.

Environment protection and climate action is another material topic to the KMD's business. We believe strongly in shared value creation by supporting the green transition with digital- and data driven solutions.

Our use of scarce natural resources is mainly centered around the energy we spend in our datacenter, offices, and print center.

The natural resources spent by our suppliers during the production of products e.g., the hardware we use in our operations has gained more attention In the last year, and we are preparing for reporting our CO2-emissions in the full Scope 1, 2 & 3 by financial year 2022.

We compile the prioritized topics in four themes:



1



Climate and environment

The climate challenge is becoming increasingly important in the IT sector, and therefore a relevant material topic. Digitalization is an important tool in the green transition and the mitigation of climate change. At the same time, the growing industry is becoming an increasingly bigger part of the problem, as datacenters and hardware production is becoming a huge contributor to carbon emissions.

2



Business ethics

Digitization makes governance processes more transparent, which facilitates ethical business activities. KMD has a core value goal to act responsibly. This comprises action on fair and equitable terms in relation to anti-corruption, competition law, tax, and responsible supplier management.

3



Cyber security, data protection and -ethics

Cyber security is of paramount importance for KMD, as our solutions often contain critical and personal data. It is a part of the material sustainability topics because it regards to the basic human right to privacy and equality. With new technologies like AI, data ethics become even more relevant as a material topic in KMD.

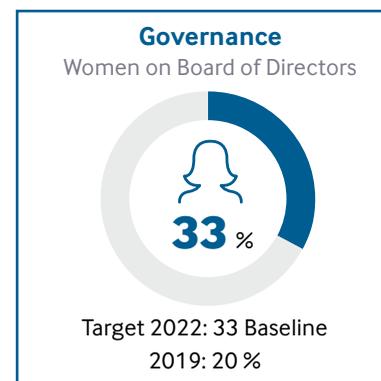
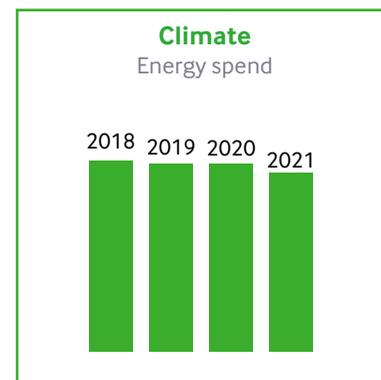
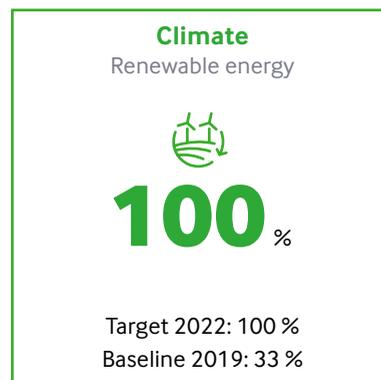
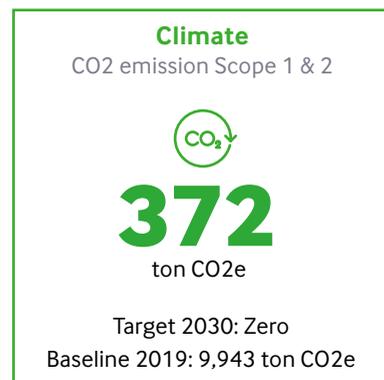
4



Our people

Our employees are fundamental to KMD's ongoing success and growth. KMD strives to be a workplace that can attract, retain, and develop the right competencies. This theme includes labor rights, diversity, and our report on gender distribution in the executive board.

Highlights of Targets and results



See full overview of targets and results on p. 49.



Digital solutions to support the green transition

Today, when municipalities, companies and organizations calculate their CO2 emissions, it can be very resource-heavy to report accurately.

KMD Sustainious CarbonKey is the key to carbon reporting

During 2021, KMD has been developing a simple solution to the climate reporting challenge, which is already showing promising results after a testing period at Danish municipalities.

The solution can calculate CO2 emissions retrospectively, but it can also make municipalities, companies and organizations wiser about how to reduce their greenhouse gas emissions and what impact different solutions will have on the result in the future. The new calculator differs from other solutions because it can calculate emissions on scope 3, which is the most difficult category to measure, as the emissions here come from a very wide range of purchased products from subcontractors. Whereas the measurements in scopes 1 and 2

are one's own measurable CO2 emissions in connection with, for example, heating of buildings or consumption of fuel. Four municipalities have tested the climate calculator and the results are promising. Sønderborg Municipality, Samsø, Odense and Oslo participated in the test phase, and almost half of the country's 98 municipalities have curiously followed the project.

The underlying calculations in the CO2 calculator have been carried out by climate experts from Viegand Maagøe, who specialize in green transition and energy and resource improvements.

KMD Sustainious CarbonKey will be launched in 2022. It is part of KMD's digital, data-driven solutions within sustainability, which purposefully support companies and organizations in pushing the green transition forward.

Energy management projects, supported by KMD EnergyKey e.g., behavioral adjustment, often has a cost reduction potential of

10-30 %

and a return of investment of typically 1-2 years.



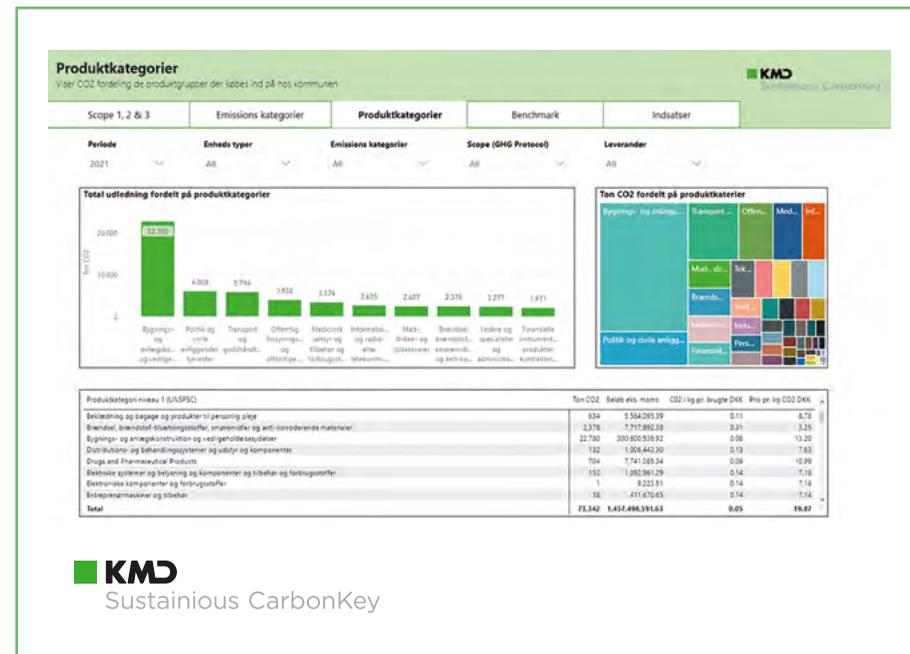
KMD EnergyKey supports "no waste" vision in DIN Forsyning

Utility companies are some of those who must take the lead in the fight for reduced energy consumption. DIN Forsyning takes these obligations seriously with an increased focus on Big Data to help realize its green objectives, where the utility company has committed itself to preventing energy waste and reducing the extent of the damage when the accident occurs.

In this perspective, KMD EnergyKey is a central tool, as DIN Forsyning uses KMD EnergyKey to visualize customers' energy consumption, monitor operations, issue alarms, and generate reports for internal and external use.

Among other things, we will use error codes and info codes from KMD EnergyKey to act much more proactively in the future. The error and info codes must be categorized and distributed to the departments that can best handle the task. For example, an error or info code can be a sign that there is a defect in the installation. Such a thing can quickly end up in a large extra bill if we first spot the error in the annual settlement. With the codes from KMD EnergyKey, we receive notifications from the system daily and can make sure to correct the error as soon as possible, so we can either avoid that the customer receives an extra bill or so that the bill is as small as possible, says Keld Jensen Operations Manager at DIN Forsyning.

[Learn more](#) about digital solutions supporting the green transition



Climate and environment



Climate change is one of the biggest global challenges of our time and KMD is committed to the target of zero CO2-emissions from our own business activities by 2030.

KMD works systematically to measure and reduce our climate impact which primarily originates in our data centers, offices, and our employees' travel.

We are also aware that there is a substantial environmental impact connected to our Scope 3 emissions from the production of the hardware we use in our operations as well as the paper we process in our print center.

We are preparing our business for full

scope 3 emissions reporting. We address the impact of our scope 3 emissions in our supply chain through our Supplier Code of Conduct. We expect our suppliers to seek to prevent, minimize, and attend to any adverse environmental impact of the suppliers' own activities, products and services.

We take responsibility for the waste at the end of the lifecycle of the hardware products used in our own operation, as well as the hardware products we sell, in accordance to the WEEE-directive.

In 2021, we maintained a 100-pct. share of certificates of origin on renewable energy in order to reduce our carbon footprint.



Policy

KMD strives to be a credible and environmentally responsible partner to our customers.

[Read our full policy](#)

Actions

We continued to uphold our ISO 14001:2015 certification and we work with databased energy management.

We conducted extensive renewal of electric installations to comply with the current regulation. We improved our modern workplace facilities, to support the KMD Life, and we conducted several initiatives to encourage green mobility, e.g., E-bike testing for employees. We improved our data collection on energy spend from our subsidiaries. We continued cooperation with Nordvirk to ensure refurbishment and life extension of our used PCs, to minimize the emission per PC lifecycle.

Risk

The extensive growth in digitization and data is a big risk in terms of becoming a big worldwide contributor to carbon emission. It is an ongoing challenge to ensure that data consumption leads to a total decrease in carbon emissions and not an increase.

Targets

- Zero CO2-emissions from our own business activities by 2030.
- Reduce emissions from company travel by a combination of several initiatives including e-vehicles, online meetings and green mobility solutions.
- Reduce waste production and maintain a high degree of waste recycling and reuse. We maintain what we believe is a very ambitious target of 77 pct. recycling.

Results

In 2021 we managed to reduce our total energy consumption, mainly due to reductions in the datacenters. We work continuously to optimize the operations in the datacenters, and during the past years, a substantial amount of hardware has been renewed with more energy efficient equipment.

The happy end to COVID 19-lock down unfortunately also had the negative effect of more CO2 emissions from business travel, where our emissions exceeded our target in both scope 1 and 3. We decreased our amount of waste considerably, but the recycling decreased a bit. The less waste we produce, the more difficult it becomes to maintain a high percentage of recycling.



Scope 1 Company cars



Scope 2 Energy consumption



Scope 3 Business travel, car mileage reimbursement (not included commute travel) and paper

Environment	Unit	Target 2022	Result 2021	Target 2021	2020	2019	2018	2017
Energy consumption	kWh	29,700,000	29,796,357	31,340,000	31,290,819	31,291,013	31,874,155	32,645,841
Share of renewable energy	%	100	100	100	100	33	-	-
Waste	Ton	280	295	400	356	444	518	668
Waste recycling	%	77	75.6	77	77	74.4	72	72.5
CO2e (scope 1)	Ton	300	372	300	298	431	-	-
CO2e (scope 2)	Ton	zero	zero	zero	zero	9,512	12,112	7,313
CO2e (scope 3) Transport	Ton	1000	1079	1,000	336	1,655	-	-
CO2e (scope 3) Paper	Ton	-	896	-	-	-	-	-
CO2e (scope 3) Total	Ton	-	1,975	-	-	-	-	-

KMD's carbon reporting

In KMD, we report according to the GhG-protocol. We have traditionally reported on the areas of emissions closest to our business, namely transportation, energy consumption and waste, mainly defined as scope 1 and 2, but also including elements of scope 3. It is our goal to build up the full scope 3 reporting by 2023. We utilize a risk-based approach to the Scope 3 reporting, by assessing the biggest

sources of emission and begin the data collection here. In the 2021 report, we included the emission from the paper that goes into our print center.

The emission factors are based on a combination of collection of information from the supplier and sources, and generic emission factors retrieved from Klimakompasset, a tool provided by the Danish Business Authority.

Testing e-bikes and e-scooters



Green commuting is a small but very important step towards more sustainable habits among our employees. In an IT company, transportation is an area where we can make a positive difference in our carbon footprint. In 2021, we partnered with the e-bike company Two Wheel Company in offering our employees to test e-bikes. Interested employees got the chance to try out different kinds of e-bikes for a week or more to see if this type of bike and transportation was a fit for them.

Hanne Reimer Mikkelsen, Senior Product Owner at KMD, has invested in an e-bike from Two Wheel Company, and she says: *"It is an investment in myself, my health, and my wellbeing. The joy and peace I experience from biking compensate more than enough for the extra time I might spend on my commute instead of driving the car."*

Lina Bernth, SAP Delivery Manager at KMD, who tested an e-bike, told us that: *"I have been contemplating an e-bike for a while, so I was very happy when offered the opportunity to try an e-bike for my commute between my home and the office. I reduced*

my transportation time by around 40 % compared to my usual non-electric bike. It was truly a pleasure to ride on the e-bike, and I reached 45 km/h very quickly and effortlessly. I also loved that I could outpace the other bike riders all the time."

In 2021, DSB Digital Labs invited KMD, among other companies, to join the testing of a new green initiative to extend the offerings of public transportation. KMD offered employees to test e-scooters as a last-mile solution between train stations and the office. Several KMD employees have participated in the test. All participants received a free helmet to keep with the Kørmit logo – the name of the new concept.

During the test period, both the participating employees, as well as the administrating and coordinating team in KMD, have provided feedback for the people behind Kørmit. We have chosen to volunteer in this project, as we could see the many benefits that our employees enjoyed in testing this green initiative.

Supporting biodiversity



At the beginning of 2021, KMD decided to engage actively in and support the journey towards a richer and more wild biodiversity by joining the association Vild Med Vilje (Wild on Purpose). By engaging in this movement, KMD hopes to inspire employees, visitors, and locals to join this mentality and start an open conversation about the global biodiversity challenges.

During the year, we took professional advice from biologists on how to re-establish the natural habitats most

effectively around the KMD Headquarters in Ballerup. At the end of the year, the first step in the transformation and rebuilding took place. The goal is to create more diverse and recreational outdoor areas around the office buildings for the benefit of the local flora and fauna as well as the employees and the local community. For example, at the beginning of the summer, we landscaped a path around our outdoor areas for our employees and the local community to enjoy a walk-and-talk or walking the dog.

Read more [here](#)
And on LinkedIn [here](#) and [here](#)



Ugly Christmas Sweater

Skovfonden Donation

As a fun engagement activity during the holiday season, KMD employees were motivated to celebrate and support the International Ugly Christmas Sweater Day in December. For every picture an employee posted wearing a Christmas sweater, KMD donated money to the Danish Nature Fund and the Polish Forever Forest Foundation. Furthermore, KMD employees had the opportunity to donate their annual company Christmas gift to one of these organizations.

As a fun engagement activity during the holiday season, KMD employees were motivated to celebrate and support the International Ugly Christmas Sweater Day in December. For every picture an employee posted wearing a Christmas sweater, KMD donated money to the Danish Nature Fund and the Polish Forever Forest Foundation. Furthermore, KMD employees had the opportunity to donate their annual company Christmas gift to one of these organizations.

A lot of employees supported the charitable event, and the support has secured 6,216 square meters of forest to regrow and remain as a wild and natural habitat in Hespbjerg forest on the Danish island of Funen.





Cyber security, data protection, and data ethics

Cyber security, data protection and data are prioritized sustainability topics areas due to the potential risk impact on our customers, our business and of the human rights of the citizens whose data we have been trusted with. KMD delivers mission critical IT solutions that digitalize processes, management, and accountability systems in the public sector.

As one of the major data processors for the public sector in Denmark KMD has a responsibility to protect the citizens' personal data. Thus, KMD has implemented security measures to protect the individual persons

against accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, personal data.

This is crucial for the individual's rights as well as keeping the general trust in the public digitalization.

[Read full data ethics policy here](#)



Policy

It is of pivotal importance that KMD maintains its excellence and dedication to achieve confidentiality, integrity, and availability of its information and delivery of secure services for public- and private customers. KMD's information security policies and security rules set the baseline defined by the business.

In addition, the Privacy Policy describes how KMD processes your personal data when we act as a data controller after the implementation of the EU General Data Protection Regulation.

[Read full privacy policy](#)

Actions

KMD has invested considerable efforts and manpower in the security area, e.g. new security projects and capabilities. In 2020 the Cyber Defense Center was created, and its services were further developed in 2021. Our capabilities to detect and respond to cyber attacks are improving according to plans. Furthermore, the implementation of a zero-trust project was finalized.

In the field of data protection and privacy we are in the process of implementing new Standard Contractual Clauses for the transfer of personal data to third countries, and we have provided information sheets to the data controllers on how to conduct Transfer Impact Assessments. Furthermore, KMD has been subject to external audit of KMD's processing of personal data as a data processor.

Overall, a lot of effort was put into the development and implementation of a risk based data ethics governance model, a work that continues in 2022.

Risk

Non-compliance with the GDPR and other data protection rules may have a significant impact on the data subjects. For KMD it is also connected with financial risks, as well as reputational damage.

We base the choice of security controls and priorities of implementation on a reliable risk assessment.

Our management assigns owners to each of the risks, decides on the right risk treatment and documents the decisions. Risk treatment plans are regularly monitored and reviewed. To document our security implementation level, we list the selected controls and their implementation status in the Statement of Applicability.

Targets

- _ Maintain ISO27001 certificate
- _ Perform RedTeam testing
- _ Conduct Awareness and Phishing campaigns
- _ Respond to all data subjects within 30 days
- _ Respond to all hearings from the Data Protection Agency within deadline.

Results

- _ Upheld ISO27001 certificate
- _ Performed RedTeam testing
- _ Conducted Phishing campaigns in all business areas and created awareness materials and campaigns
- _ Responded to all data subject's requests within 30 days
- _ Respond to all inspections and hearings from the Data Protection Agency within the deadline.



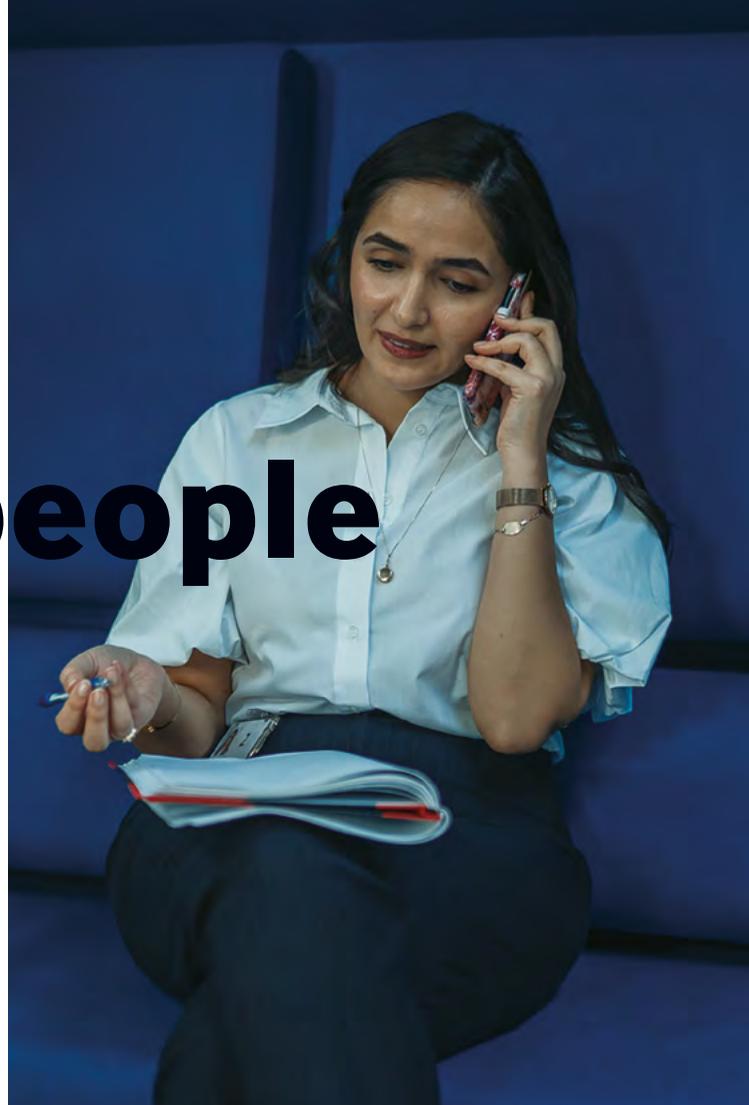
KMD wants to act responsibly and ensure that we do not contribute to discrimination or inequality through our use of data.

Respect for privacy is fundamental in data ethics. However, we regard data ethics as being more far-reaching than general data protection and data security matters.

KMD is committed to leveraging the advantages of emerging technologies and data accessibility to benefit society through our solutions.

At KMD, we consider it part of our responsibility as a technological frontrunner to provide knowledge and feedback to the authorities regarding new ethics guidelines and legislation.

Our people



The fast-growing technological development is increasing the demand for digital and technological competencies of employees and managers. Education and development of a workforce with the necessary skills is becoming an increasingly bigger challenge in the society and being able to attract competencies is a potential risk to the IT sector as a whole. In KMD we strive to make employees and managers feel well and thrive at work.

THEME: OUR PEOPLE



Policy

KMD is committed to ensuring a safe work environment and to creating a diverse and attractive workplace. We prioritize that all employees – regardless of gender, ethnicity, age, religion, and sexual orientation – feel included, are treated equally and have equal conditions to do their job. In 2021 we introduced a new diversity policy. We do not tolerate discrimination or harassment of any kind, and we strongly support the elimination of all forms of forced labor and child labor.

KMD is ensuring employment terms and conditions in accordance with relevant market practices and benchmarks. Where applicable, KMD complies with collective labor agreements, as also put forward in our Supplier Code of Conduct.

Actions

We believe that happy employees lead to happy customers. We monitor our employee satisfaction through regular Employee Engagement Surveys. We ensure to address any issues either in the local teams, or structurally, depending on the issue. Employees and leaders carefully review and discuss the results and agree on beneficial improvement measures wherever needed.

Employee Engagement is linked to work environment and safety. We wish to provide a healthy work environment and we maintain all mandatory work environment bodies and regulations, here among the mandatory Work Environment Survey. The latest survey showed some challenges with noise and temperature, that are being addressed.

The Work Environment in the Warsaw office is addressed by the legally obligated Social fund committee and the Health and safety committee.

2021 was dominated by the second year of COVID-19 resulting in a lot of working from home office. We fully implemented the KMD Life-concept, providing flexible frames for leaders' workplace planning and decision. We deliver from where it makes sense –from a prioritized customer, team and individual employee perspective.

Risk

A high degree of employee satisfaction is important to KMD and has been a clear focus for several years and is key to attract and retain qualified employees.

Targets

The ambition on employee satisfaction is +2 points, entailing an EES score of 76.

On gender distribution, our target is to achieve a female/male ratio of 30/70 at all leadership levels and across all other levels.

Results

During the past several years, KMD Employee Engagement Survey results have improved steadily. Latest survey resulted in an EES score of 74, which is an increase by 3 points compared to 2020. Thus, KMD has reached the market benchmark.

On genderdistribution, we have reached the target of 30/70 of female/male leadership across all levels. The overall genderdistribution is 32 pct. women.

Coding for kids



Andreas Møller Thygesen, Network Sales Consultant, judge in IOT Coding Class in Aarhus

Again, this year, KMD hosted a Coding Class event with the Copenhagen Municipality. A 6th-grade school class visited the Auditorium at our Headquarters in Ballerup. In groups, the kids pitched their coding projects in front of their classmates and a jury of young programmers from KMD. The aim of Coding Class is primarily to create interest in IT and technology among kids and give them a better understanding of the world that surrounds them now and in the future.

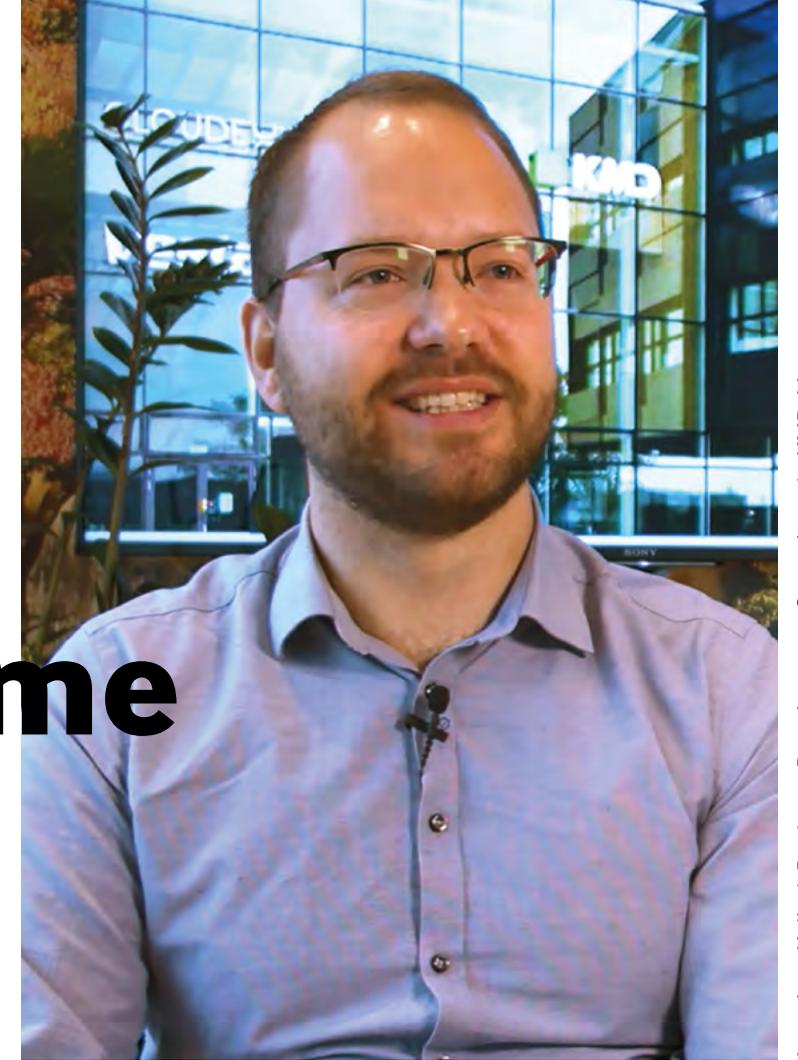
Christine Eenberg, Developer at KMD, says about the event: *“Coding Class is a great way to introduce kids to programming. I got the idea to become a developer quite late in life.*

It just was not something I imagined I could be, especially as a woman. At the Coding Class event, I saw both girls and boys who had a blast with their projects. I just thought this was great to see.”

Coding Class consists of five days where a school class is introduced to a kids’ coding program. They get the task of solving a mission provided by a company. Teachers from the Copenhagen Municipality teach and guide the kids during the process. Every year, KMD gives the kids different challenges within sustainability that they can relate to and learn from. And in keeping with tradition, the event always ends with pizza and soda at KMD.

[Read more](#) about the Trash Collector, Food Ninja, Bio Plants, Trash Bot, and the Bio Challenge

Welcome home



Jonathan Kaihøj, Business Development Consultant in KMD, Veteran

KMD is a partner and co-founder of the association Welcome Home which helps war veterans enter the labor market. Employees from KMD offer their support as mentors for veterans who seek a path towards a civilian career after serving in the Danish Defense.

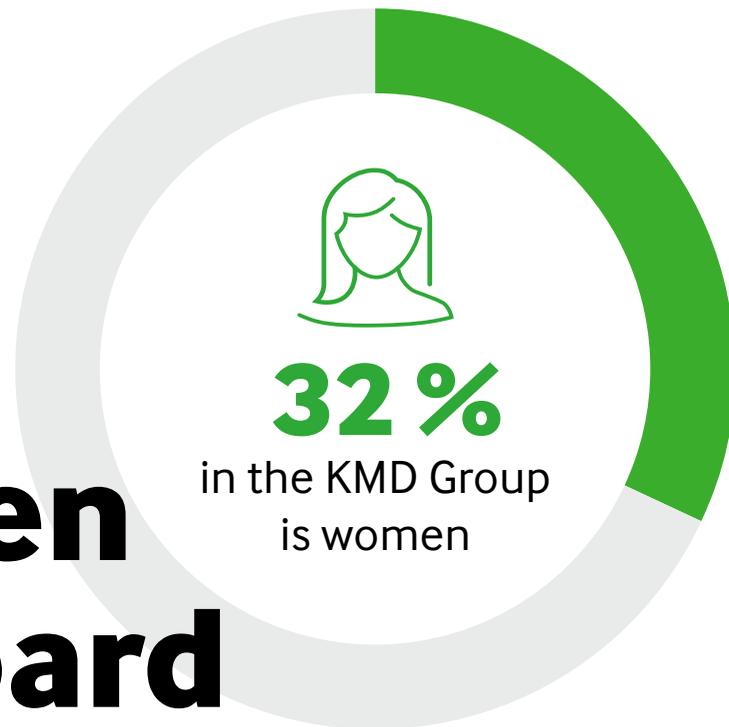
Jonathan Kaihøj, Business Development Consultant at KMD and former veteran who started in KMD in the summer, says: *“My impression of KMD is that there is a healthy focus*

on work-life-balance. I had high expectations about KMD before I came here. So far, I have only been positively surprised.”

The mentors from KMD help the veterans focus on how military skills and experience can be brought into play in the civilian business community. The mentors also help expand the veterans’ professional network in areas they wish to continue their careers after completing service with the Danish Defense.

[Learn more](#) about Jonathans experience changing his career path

Women on Board



One of the challenges we are facing today is the rising challenge of the job market's demand for IT- and technology competences, and the gender gap among the young talent seeking STEM education plays a role here too. This is a challenge we address by supporting different educational activities, doing our best to share our knowledge, and being an inspiration to others.

We believe that diversity is a strength which provides us with different perspectives, ideas, and skills, allowing us to develop the company in a positive direction.

At KMD, we strive to put gender diversity on the agenda. We highlight our female leaders as role models, engage in the public debate on gender diversity and female leadership, and participate in networks and cross boards.

The share of female employees in the KMD Group is currently 32 pct. which is lower than last year. In comparison, women make up 24% of the industry as a whole. Our target remains 34 pct.

At all KMD management levels, 30 pct. were women by the end of the fiscal year which is an improvement of 1 percentage point from last year.

In 2021, two out of six members of the Board of Directors elected by the company's general meeting were female. Thereby we meet our target of 33 pct. female members of the Board of Directors.

Our 2022 target is to have two female members among the members elected by the general meeting for the Board of Directors, equivalent to 1/3 of the general meeting elected members.

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I started in what was then called Maskinstuen. It was a department where there had been no women employed before...

Mette Leismann Bech

International Women's Day

Every year, International Women's Day is celebrated across KMD locations. This year, however, we celebrated the day during the entire month of March on our social media channels. On the occasion of our 50th anniversary, we paid tribute to all the women who have worked at KMD.

We did a portrait of Mette Leismann Bech, Technical Consultant and employed in KMD for more than 40 years, and she says: *"I started in what was then called Maskinstuen. It was a department where there had been no women employed before. Back then, I do not think people thought working on shifts like this was for women. The IT industry and KMD have changed a lot over the last 41 years."*



Mette Leismann Bech
Technical Consultant

*Employed in KMD
for more than 40 years*



High5Girls and University of Success

Diversity is a very important factor in the IT industry, as we should strive for an industry where products and solutions should represent all types of users. Therefore, organizations such as High5Girls must be supported in their efforts to create a more balanced gender distribution in the IT industry. KMD supports High5Girls and encourages female employees to teach and mentor at the Hackathons that High5Girls organizes for young female students.

Besides creating representative IT solutions, diversity fosters new ideas and nurtures innovation. Historically, the IT landscape has

been dominated by men, which is why it is even more important to inspire more women to become IT professionals. In KMD, this is a very prioritized goal.

In KMD Poland, an initiative similar to High5Girls, called University of Success, is also supported by female employees. The organization behind University of Success is called Digital University. Curious women between the age of 18 and 25 are invited to sessions of knowledge-sharing and workshops on different topics within IT. The goal is to inspire young females to enter the IT industry and spark an interest in IT and technology.

Read more about our engagement with [High5Girls](#) and [University of Success](#)

Women in IT



Malthe Højmark Bertelsen, Lead Data Scientist at KMD

Women in IT is an ongoing campaign in KMD which aims to promote female role models. In 2021, the campaign focused on our male employees and how they also help drive the inclusive culture in KMD. Our take is that not only women should be represented in contributing to making the message much stronger.

Malthe Højmark Bertelsen, Lead Data Scientist at KMD who engages in the campaign, says: "I think it is important to have an inclusive environment because it allows for a lot of different people to work together. Different people do not think alike, and thinking differently allows for creativity, innovation,

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I try to seek out people with different beliefs and opinions because it allows me to explore new perspectives.

and a high degree of inventiveness, which allows us to make wonderful solutions.

I try to seek out people with different beliefs and opinions because it allows me to explore new perspectives. It also allows me to think innovatively about the issues I am currently facing.”

Learn more:

[IT is important to have a diverse environment](#)

[Diversity contributes to the creativity](#)



Partnerships supporting competencies

ReDI School of Digital Integration Copenhagen

KMD supports the non-profit organization ReDI School of Digital Integration which helps female refugees navigate a digitized society and find a path to a career within IT.

Female employees from KMD are encouraged to volunteer at ReDI School's events to share their experiences as a female professional in the IT industry.

The efforts that ReDI School does in the Danish society are an important responsibility that we in KMD wish to support. The mission of ReDI School is tapping into two

employment gaps in the Danish labor market. It both addresses the critical need for IT professionals and the challenges of helping women with a refugee background into the labor market.

Finally, it is especially important to KMD that ReDI School makes a difference in ensuring that people coming to Denmark get the chance to be introduced to our highly digitized society. This is a necessity in making sure that everyone can navigate in our society and get a job on an equal basis to everybody else.

[Read more](#) about ReDi



Business ethics

Ethics and compliance are core to our identity as a responsible IT-company. We believe that acting responsibly is part of what we give back to society. As a result, our services and solutions are founded on trust and integrity and business ethics is manifested in our culture. To support our business ethics agenda in KMD, we have internal policies and procedures, in addition to training and awareness to guide our employees on how to act. Managers have an extra obligation to be positive role models to their team members.

We continuously work to maintain, develop and make our compliance efforts more efficient in order to meet both internal and external requirements. Particularly, ethical business conduct is high on the agenda among stakeholders in the supply chain, a tendency that we believe is important for raising the bar across the industry.

Based on recurring risk assessments, our corporate compliance program focuses on information security, data protection, anti-corruption, and competition law. Common for each corporate compliance area, the ownership, target setting and oversight is the responsibility of our top management.

Read more about policies within sustainability and corporate compliance [here](#)

The KMD Corporate compliance program includes policies within these areas:

- _ Anti-corruption
- _ Competition law
- _ Intellectual property (IP) rights
- _ Document management and Storage
- _ Information security
- _ Contractual risk management
- _ Chart of Authority



Anti-corruption

The overall corruption risk picture for KMD still remains similar to previous years. We have a zero-tolerance policy towards corruption, bribery, and facilitation payments and we perform mitigating activities to prevent them from occurring. Our employees undergo training on a recurring basis, and we have controls embedded in our operations to minimize the risk of non-compliance. We also work together with our business partners to combat corruption and align our expectations to business practices that support sound ethical decision-making. We strive to do better yet.

This aim is supported by a set of targets for the coming year to further strengthen our governance in the area.

What we have done

- _ Trained employees on corporate Compliance topics, prepared updated training material and launched NEC Code of Conduct declaration mechanisms
- _ Shared awareness about importance of compliance, e.g. KMD Compliance Day and produced whistleblower awareness campaign material
- _ Approved updated Gift and Entertainment Policy and simplified the Supplier Screening Procedure

Whistleblower program

KMD's employees and business partners should always feel comfortable asking questions and raise concerns when in doubt or if something does not seem right – without having to worry about confidentiality or retaliation. We believe in catching and resolving compliance issues early on.

The KMD whistleblower system is available to employees, business partners, IT professionals, and ordinary citizens. In 2021, we had two whistleblower cases.

Number of whistleblower cases

2019: 7 cases
2020: 4 cases
2021: 2 cases

What we will do

- _ Launch updated training material on Anti-Corruption and Code of Conduct
- _ Further strengthen the implementation of Supplier Screening Procedure in the Organization
- _ Align Anti-Corruption controls across the KMD Group
- _ Enhance awareness of Whistleblower arrangement



Tax

All Danish Group companies' taxation is subject to Danish taxation and joint taxation rules, and it is KMD's policy to comply with these rules. KMD's policy for Danish corporation tax is, thus, independent of our ownership. For the past five financial years, KMD has made total tax payments of DKK 81.7 million.

KMD has a Tax Policy as well as Transfer Pricing Policy that accords with the arm's length principle as described in the OECD Transfer Pricing Guidelines for Multinational Enterprises. KMD also follows the tax guidelines set by the NEC Corporation.

This ensures that the KMD Group's internal trading complies with applicable rules. Profits or losses are, thus, not moved across borders to minimize tax payments. KMD pays corporation tax in the countries where we have operations.

What we have done

- _ Trained employees on corporate Compliance
- _ Simplified supplier screening procedure for new suppliers
- _ Completed annual screening of existing Suppliers
- _ Set up four supplier compliance reviews to ensure compliance with Supplier Code of Conduct

Supplier management

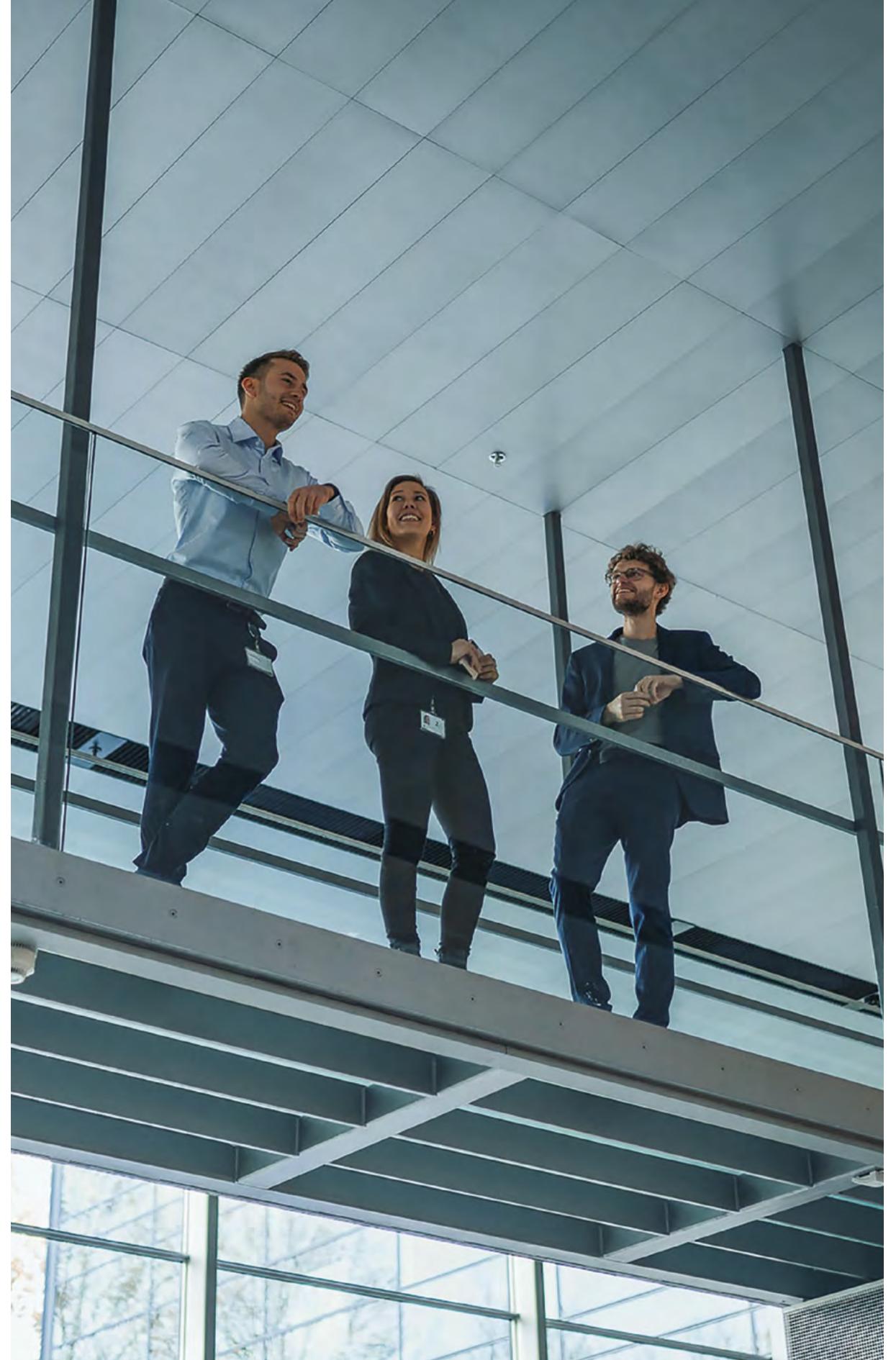
The KMD Supplier Code of Conduct sets out the requirements that we expect to be met in our supplier chain. The code is part of our procurement framework and is introduced as part of the tender material to potential suppliers. In addition, we carry out risk-based sustainability and compliance focused screening of our suppliers. We screen our suppliers to make sure they meet our requirements within:

- _ Human and labor rights
- _ Health and safety
- _ Environmental protection
- _ Business ethics

In addition to the supplier screening procedure, we carry out an annual risk-based screening of our suppliers and conduct compliance reviews. If we identify an increased risk we have a structured focus on addressing these risks more extensively.

What we will do

- _ Align supplier screening procedure for new suppliers with adjacent processes
- _ Complete annual screening of existing Suppliers
- _ Conduct eight supplier compliance reviews with a focus on compliance with Supplier Code of Conduct





ESG key figures

Area	Unit	Target 2022	2021	Target 2021	2020	2019	2018
Environment							
Energy consumption	kWh	29,700,000	29,796,357	31,340,000	31,290,819	31,291,013	31,874,155
Share of renewable energy	%	100	100	100	100	33	-
Waste	Ton	280	295	400	356	444	518
Waste recycling	%	77	75,6	77	77	74.4	72
CO2e (scope 1)	Ton	300	372	300	298	334	431
CO2e (scope 2)	Ton	zero	zero	zero	zero	9,512	12,112
CO2e (scope 3)	Ton	-	1975	336	-	*	
Social							
Gender diversity	%	34	32	34	32	31	32
Gender diversity (all management levels)	%	30	30	30 (2022)	29	24	24
Sickness absence	%	2.8	2.9	2.8	3	3.2	3.0
Employee satisfaction	EES	74	74	74	71	-	-
Governance							
Gender Diversity Board	%	33	33	33	17	20	20
Exec. Board Pay Ratio*	Times	-	1:6	-	1:7.8	-	-

*Executive Board total compensation versus average for FTE in KMD A/S

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