



**CORPORATE SOCIAL RESPONSIBILITY  
AND ESG REPORT**

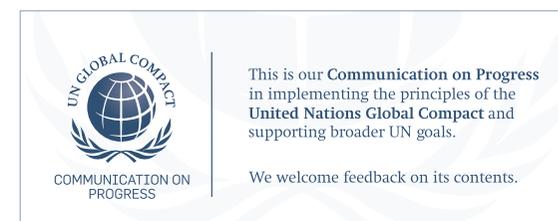
**2020 COP REPORT  
FOR RTX GROUP**

CVR NO.: 17 00 21 47

**RTX**  
WIRELESS WISDOM

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LETTER FROM THE CEO:

# Acting Responsibly

RTX is committed to being a responsible business leader in a globalized world. The way we do it is defined by societal needs and our business priorities as well as our values and commitment to the ten principles of the UN Global Compact, which we adopted in 2014, and which we believe constitutes a good foundation for focusing on responsible business practices. To act responsibly is integral to how we operate at RTX, and by doing so we want to contribute to the continuous positive development of our society.

Our values are founded in the belief that, as a business, RTX influences and impacts people, environments and communities across the globe. Based on this, we constantly strive for reducing any potential harm, while at the same time maximizing the benefits for our stakeholders. Thus, adherence to our stated values and responsible business conduct is paramount to maintain the continued support from our stakeholders, thereby also serving as the foundation for our license to operate. We believe that RTX's CSR activities and the ESG goals we set and strive to achieve will benefit all our stakeholders and strengthen our attractiveness as an employer.

As a company with a global reach and operation we are committed to meet our corporate responsibility to respect commonly accepted human rights throughout our operations and business relationships as set out in the UN Guiding Principles on business and human rights. We expect the same from our partners and through our Code of Conduct require them to work with all the principles of the UN Global Compact.

During 2019/20, we continued codified sustainability considerations into our Remuneration Policy. We also strengthened our compliance setup by establishing a new function for "Quality & Compliance", further ensuring our compliance with key product safety and other standards. Further, we have developed our CSR-related KPIs into a more comprehensive set of reported CSR and ESG KPIs. Finally, we have taken the next steps in identifying the most relevant of the UN's 17 Sustainable Development Goals which RTX can positively influence.

My team and I are personally engaged, and we believe that through consistent focus, appropriate follow-up and evaluation we support the proliferation of the principles in the UN Global Compact. I hope this CSR and ESG report will introduce our fundamental principles for acting responsibly when conducting business at RTX and how these are manifested in some of our specific actions.



“At RTX, we combine financial performance with socially responsible behaviour, timely governance and environmental awareness. My team and I are personally engaged in supporting a sustainable global development in line with the principles of the UN Global Compact.”

Peter Røpke, CEO



# CSR at RTX

## - Introduction and Context

# 1. CSR at RTX - Introduction and Context

## 1.1 CORPORATE SOCIAL RESPONSIBILITY IN RTX

Corporate social responsibility (CSR) is an integral part of the way we work at RTX and of our corporate culture. We have aligned our business priorities and values with the ten principles of the United Nations Global Compact (UNGC). Since 2016, we have reported on CSR by way of a Communication of Progress (COP), and we report in compliance with section 99a and 99b of the Danish Financial Statements Act. Our customers, investors and other stakeholders are increasingly taking an interest in our CSR practices. This also contributes to making CSR an even more important aspect of our business. We are therefore continuously strengthening our CSR practices and developing our CSR and ESG reporting. This CSR and ESG report covers the RTX offices in Denmark, Hong Kong and the United States. Unless otherwise explicitly stated, the reported information reflects CSR practice at RTX group level.

RTX Group is a global growth company serving a customer base consisting of a wide range of major international brands. The international exposure is an important factor in the development of our CSR practices. Obviously, European, American and Japanese customers have different expectations, but our growing and increasingly diverse customer range has widened our focus from safeguarding human rights to being compliant with product safety legislation such as REACH and RoHS. The latter two are now a basic requirement from virtually all customers and following on from our group-wide/global ISO 9001 certification, RTX has built up a management system to deal with such very important CSR-related customer requirements. The management system also makes RTX more agile in relation to continually adapt and respond to regulatory changes and

to meet customer expectations by applying similar requirements to suppliers and other partners in our supply chain.

During 2019/20, RTX has introduced a central “Quality and Compliance” function further strengthening our compliance setup among other things related to our most material CSR issues. We have also continued our identification of the UN Sustainable Development Goals (SDGs) most pertinent to RTX (section 6).

Our Code of Conduct for suppliers is at the heart of these efforts. Suppliers to RTX are obliged to sign and comply with our commercial terms including our Code of Conduct. Our experience with the implementation of the RTX Code of Conduct and other aspects of our management system has led us to widen the focus in our CSR approach to also include materiality in relation to CSR as key for directing our efforts. Materiality is a key underlying principle of new legislation and standards in this area. In 2017/18, we took a major step towards more proactively monitoring CSR, by engaging external CSR experts to identify and assess our CSR practices, and to initiate an analysis of the materiality of CSR issues for RTX's stakeholders and for our business. Since then, we have built on this approach, and this year we have further developed our existing CSR KPI reporting progressing it into more comprehensive CSR and ESG reporting (section 3.5 and 3.6).

## 1.2 RTX – VISION AND MISSION IN A KNOWLEDGE-BASED BUSINESS ENVIRONMENT

To ensure that RTX can unfold our business model, our guiding vision and mission, we rely on the specialized skills of our employees. RTX's overall business model is to build on our unique core capabilities within short-range digital

wireless and audio technologies by deploying these in attractive B2B markets securing recurring revenue via ODM/OEM offerings. Our vision, mission and values are highlighted on the next page.

In order for RTX to maintain its position as a preferred supplier of specialized wireless products and solutions within the Enterprise, ProAudio and Healthcare B2B markets, it is essential that the Group's employees have a broad insight into the engineering disciplines required to carry out complex technology development projects from the design and planning phase to delivery of wireless communication services and products. The structure of the organization enables prompt integration of additionally skilled employees. Thanks to our locations near Aalborg University in Denmark and in the industry environments in Hong Kong and the US, RTX has access to an international pool of resources in terms of e.g. development, logistics and quality assurance.

## 1.3 LEGISLATION AND STANDARDS FOR CSR REPORTING

### THE DANISH FINANCIAL STATEMENTS ACT

RTX is required by law to report on its CSR practices, as stated in section 99a of the Danish Financial Statements Act, through which Denmark has implemented Directive 2014/95/EU on non-financial reporting. This RTX CSR and ESG report for 2020 is aligned with the requirements of section 99a while also serving as our COP report for 2020. Further, the COP report includes reporting in compliance with sections 99b and 107d of the Danish Financial Statement Act regarding the underrepresented gender and diversity (refer to section 4).



## VISION

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



## VALUES

Acting trustworthy and value-adding, we earn long-term partnerships with our customers.

Our teams being customer-focused and goal-oriented, we work openly and efficiently with integrity and mutual respect in an informal environment.



## MISSION

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

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

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

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

### THE GLOBAL COMPACT STANDARD AND COP REPORTING

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

Hence, Global Compact is a principles-based standard and as such, there is no official requirement to the format for the reporting on this progress. A commonly-used approach, however, is to report an index, which connects the principles with relevant sections in the report, as we have done in section 5 of this COP.

Furthermore, we have developed our work on assessing the SDG's most material to RTX building on the materiality analysis prepared for this COP to provide an assessment of the SDGs material to RTX. This assessment is included in section 6 in the report, which contains the information needed to report on the SDGs when submitting the COP.



# Progress on Material CSR Issues

# 2. Progress on Material CSR Issues

In accordance with the trends in regulations, standards and norms directing CSR reporting by companies, RTX has adopted a materiality approach to reporting in this COP. We first identified stakeholders material to our business and their expectations to our CSR practice, before identifying the CSR issues most central to our business. Through this approach, we report in greater detail on the CSR issues most material to our business, while reporting in less detail on other material CSR issues.

## 2.1 STAKEHOLDERS MATERIAL TO RTX

RTX is committed to conduct our business responsibly and sustainably, but the continued advancement of our CSR practice is also driven by our stakeholders and the expectations they express to us. First and foremost, our customers in all business segments, including Enterprise, ProAudio and Healthcare, drive us in various ways to engage on CSR in general and with extra emphasis on particular issues. Hence, our customers are material to RTX in the sense that their expectations to our CSR practice have a direct impact on our business. In addition to customers, our material

FIGURE 1 – STAKEHOLDERS



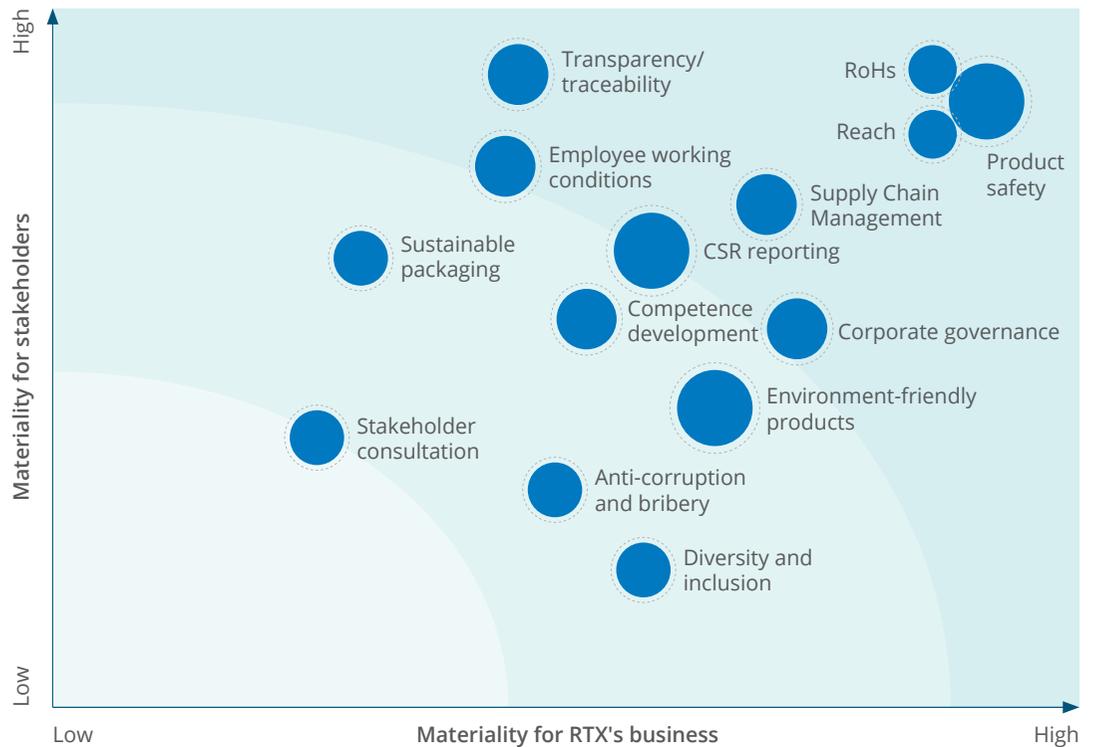
stakeholders include our employees, shareholders and our suppliers. We do have other stakeholders of importance, but their impact on our business is often more indirect and less tangible and thus not our primary consideration in terms of this COP report.

## 2.2 CSR ISSUES AND RISKS MATERIAL TO RTX AND OUR STAKEHOLDERS

In the process of identifying stakeholders material to RTX, we mapped their expectations to our CSR practices in terms of particular CSR risks and issues. The CSR risks and issues identified were then evaluated to assess the impact they have or potentially could have on our business in the near to medium term. This approach facilitates the establishment of a materiality matrix for RTX, which is depicted in figure 2.

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

FIGURE 2 – MATERIALITY MATRIX FOR RTX GROUP



## 2.3 CSR ISSUES AND RISKS WITH HIGHEST MATERIALITY

### PRODUCT SAFETY

Product safety is of paramount importance to RTX in general and in all our business areas as well as to our stakeholders. The term product safety here encompasses both environmental and technological aspects of products and will be elaborated on in the following.

REACH, RoHS and WEEE are abbreviations for EU directives, which regulate environmentally safe and sound production and handling of electronic equipment. Today, the overriding and paramount requirement of our customers is that RTX is compliant with these directives. This expectation is formalized as a requirement in most our contracts with customers, which typically also require RTX to ensure compliance by our suppliers, which are the de facto manufacturers of the products sold by RTX to our Enterprise, ProAudio and Healthcare customers. The establishment of central Supply Chain and Quality & Compliance functions as well as the consolidation of RTX's supplier base with the majority of the spend allocated to fewer, large EMS (Electronics Manufacturing Service) companies facilitate managing these requirements and document compliance. Our EMS suppliers are obligated contractually and/or via annual or bi-annual declarations to ensure compliance with the requirements.

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

### TRANSPARENCY AND TRACEABILITY

Our customers' expectations to RTX and our efforts to ensure compliance with the environmental directives reflect a broader trend across stakeholders to expect more transparency concerning CSR in general and traceability regarding specific materials.

### CONFLICT MINERALS AND OTHER MATERIALS

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

Moreover, RTX maintains – through our supply chain – extensive traceability on key components and materials which facilitates remedial actions such as issues regarding product safety, environment or conflict minerals occur.

### TRANSPARENCY THROUGH REPORTING ON DUE DILIGENCE

Stakeholder expectations on the issue of conflict minerals reflect a broader tendency in legislation, standards and norms towards achieving increased transparency through the reporting on due diligence set out for CSR issues. This is exemplified in the requirements on due diligence in section 99a of the Danish Financial Statements Act and the general

focus on due diligence in standards such as the Global Compact.

At RTX, we have increased our focus on due diligence in CSR. In this COP report, we ensure increased transparency by connecting our practices directly to the Global Compact principles in section 5 and by expanding our KPI reporting on the results of CSR-related activities into a more comprehensive ESG reporting in section 3.6.

### SUPPLY CHAIN MANAGEMENT

With production outsourced to EMSs, a large part of RTX's CSR footprint occurs via our suppliers, and therefore supply chain management is of high importance for handling CSR issues and risks.

High quality products and services is an RTX hallmark and with manufacturing outsourced, our robust supply chain management practice is vital to meeting our customers' high expectations to quality and increasingly also to CSR issues. Processes concerning the REACH, RoHS and WEEE directives are already an integral part of our mainstream supply chain management, which includes a rigorous process for obtaining and validating the information requested from suppliers. RTX regularly performs site visits at its EMS providers' production plants and conducts scheduled audits, sometimes together with customers. Such visits are also used to monitor any non-compliance with RTX's Code of Conduct (see below) with respect to Human Rights, Labour, Environment and Anti-Corruption.

### THE RTX SUPPLIER CODE OF CONDUCT

RTX's expectations to suppliers on the broader range of CSR issues are reflected in the RTX Supplier Code of Conduct, which is based upon the principles of the UN Global

Compact. All significant current suppliers have signed our Code of Conduct or have affirmed that they support and have adopted the UN Global Compact. The RTX Code of Conduct has been used to assess potential suppliers, and our contracts with suppliers selected require them to adhere to the Code of Conduct with respect to Human Rights, Labour, Environment and Anti-Corruption and in accordance with RTX's applicable policies in these areas.

#### **SUPPLIERS' (EMS') CSR ACTIVITIES AND REPORTING**

The largest suppliers utilized by RTX have their own CSR programs and prepare CSR and ESG reporting. The largest supplier to RTX is a global EMS who prepares an annual +90 page corporate-wide CSR and ESG report. This report highlights the supplier's CSR and ESG focus areas and actions. The focus areas include environment, sustainability, employees, communities, supply chain and governance. In its latest report, the supplier reports – among other things – showed an improvement in health and safety incidents, an increase in the share of electricity from sustainable sources, decrease in CO2 emissions relative to activity, increase in code of conduct training completion, while the participation in the company's community outreach activities decreased during the year.

#### **EMPLOYEE WORKING CONDITIONS**

At RTX, our employees are vital to our performance and to the development of the innovative products and services that enable us to uphold and expand our market share. Hence, it is important to RTX that our employees thrive and that their working conditions support this ambition. During the year, RTX took several measures to keep our employees safe during the COVID-19 pandemic, including e.g. increased work-from-home, social distancing measures in canteens, meeting rooms etc.

RTX utilizes three primary sources of information in order to continuously improve the working conditions for our employees. One is RTX's annual employee satisfaction survey covering all group employees. Another is the workplace assessment for employees based in Denmark, which RTX is required to conduct according to Danish legislation. Finally, RTX monitors certain further employee-related KPIs regarding absence and retention.

#### **EMPLOYEE SATISFACTION**

For the latest five consecutive years (2016-20), the survey results have shown that RTX's employees are highly motivated and committed, and the satisfaction ratings are at a very high level. RTX employees generally are appreciative of their colleagues, the challenges their work offers, the ability to flex their working schedule and the dining opportunities provided by RTX. Also in 2020, the employees have stated a high satisfaction with the precautions taken by RTX against and the communication related to the COVID-19 pandemic.

The employees are less appreciative of the work pressure and the challenges that certain development tasks and projects entail in terms of structuring work. RTX activities lead to occasional peak periods, but we are committed to reducing the potential work pressure, and our managers are instructed to monitor workloads in our time registration system and act on work overload. Satisfaction regarding these issues has increased in 2020. Individual departments follow up on the employee satisfaction survey, which is conducted anonymously, by using it as a basis for a discussion regarding employee satisfaction and specific improvement areas.



## WORKPLACE ASSESSMENT

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

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

## EMPLOYEE-RELATED KPIS

RTX periodically measures and follows up on employee absence and on employee retention. Both act as leading indicators for employee satisfaction. Equally important, performance in these areas are directly linked to RTX's overall success as this builds on attracting, retaining and developing people with the right skill set not least within our core wireless and audio areas. The KPIs are further described in section 3.5.

## CORPORATE GOVERNANCE

Transparency and constructive stakeholder dialogue are cornerstones of good corporate governance and are vital to any company and is required by all stakeholders, although they might differ in their specific expectations. For RTX, corporate governance includes balancing the interests of our stakeholders and efficiently executing our system of rules,

practices and processes by which we are directed and controlled. Hence, our Code of Conduct, general management system, supply chain practices, surveys on job satisfaction and working conditions etc. are all part of our corporate governance and are described in the preceding sections in this COP.

At the end of the 2019/20 financial year, the RTX Group employed 294 people: 195 in Denmark and 99 outside Europe. We strive in all aspects to manage the company in a professional manner and to be as open and transparent about our management approach as possible. The Executive Management of RTX regularly invites all employees to internal employee briefings, where an open and constructive dialogue is encouraged. We believe that a good working environment and a high level of job satisfaction leads to greater employee satisfaction, higher efficiency levels, lower staff turnover and low absenteeism.

Every four years, RTX A/S employees elect three members to the Board of Directors pursuant to the Danish Companies Act. The current employee representatives were elected to the Board of Directors in January 2019. Employee representatives are elected for four-year terms.

RTX A/S is a publicly listed company and the Executive Board meets quarterly with investors for a business update and to discuss the financial results of the quarter. Also, the company participates in investor presentations throughout the year and make all presentations publicly available via the company's website.

RTX's practices regarding corporate governance are further described in our Annual Report and in a separate Corporate Governance Report both also published on our web-

site. The separate report describes our compliance with the Danish recommendations on good corporate governance.

Corporate governance also concerns the governance of CSR issues, which follows a distributed governance approach with responsibilities anchored at different levels and functions of the organization. The overall responsibility for CSR reporting resides with the Executive Management, which also has the overall responsibility for the working conditions of RTX employees. The ongoing management of specific CSR issues is handled by our Enterprise, ProAudio and Healthcare specialists in sales and R&D as well as by our central Supply Chain and Quality & Compliance functions.

## 2.4 PROGRESS ON OTHER MATERIAL CSR RISKS AND ISSUES

In addition to the CSR issues and risks considered highly material to RTX, the materiality matrix (figure 2) depicted in section 2.2 lists additional CSR issues that are also – albeit to a somewhat lesser degree – material to RTX’s stakeholders, its business or both. In the following list, we provide a compact description of the status and progress on other selected CSR issues and risks.

### ENVIRONMENTALLY-FRIENDLY PRODUCTS

Many of the products and services provided by RTX include environmentally-friendly features beyond compliance with the environmental aspects of product safety. We continuously have dialogue with our customers regarding specific environmentally-friendly features with a focus on more energy efficient products. RTX continues to attempt to stay at the forefront on industry developments regarding environmentally-friendly products. Examples during 2020 include working on having certain new products certified according to the Energy Star, the US government-backed symbol for energy efficiency, ensuring that the products meet stringent energy efficiency requirements for power use.

### COMPETENCE DEVELOPMENT

A key foundation for RTX’s business is the ability to master various short-range digital wireless technologies – our Wireless Wisdom – as well as audio technologies. Therefore, RTX supports and encourages continuous professional development. We continue to develop and strengthen our Corporate Technology Office (CTO) also through various research projects and partnerships with academia. Also, we have continued our leadership development program in 2020 to increase the ability to lead the development of processes within RTX as we grow.

### SUSTAINABLE PACKAGING

All products from RTX are packaged in brown boxes from recycled cardboard, which has not been exposed to chlorine or other chemical substances. We strive for the most compact packaging possible, with a minimum of surplus space, allowing for smaller packages and more efficient packaging in transport. This reduces transport costs per unit and results in a more environmentally-friendly product with less CO2 emitted per unit. Sustainable packaging is an area where we expect increased customer interest, and we work with our customers to find new and improved packaging solutions. We have identified ways to substitute plastic bags used inside the recycled cardboard boxes and are implementing these substitutes in new products..

### ANTI-CORRUPTION AND BRIBERY

RTX maintains zero tolerance towards corruption and bribery. RTX has had a whistleblower policy and a whistleblower program in place since the 2012/2013 financial year. The whistleblower reporting program is available to third parties, e.g. suppliers or customers, to report on potential irregularities through RTX’s website. There is no history of incidents involving RTX, and no issues were reported through the whistleblower program in the 2019/20 nor in prior years.

### DIVERSITY AND INCLUSION

RTX’s workforce is diverse and represents more than 10 different nationalities. The share of women in the Group’s workforce increased marginally in the year, but it remains at a low level compared to other industries, as is often the case in highly engineering-focused companies. Our diversity efforts are based on our diversity policy– which among other things aims to increase the share of women in the Group and in management. Please refer to section 4 for further information as well as to section 3.5 and 3.6 for KPI reporting.

### STAKEHOLDER CONSULTATION

RTX already engages strongly with employees, investors and suppliers. This COP is also part of RTX’s broader stakeholder engagement together with our Annual Report and the specific Corporate Governance and Remuneration reports. Further, management has quarterly meetings with investors and analysts on the development of the company and information and discussion meetings with employees at least bi-monthly together with a monthly newsletter and twice annually an RTX magazine to employees.



# CSR and ESG Management Reporting

# 3. CSR and ESG Management Reporting

CSR and ESG KPI management reporting is growing in importance both generally and at RTX. Also, both the UN Global Compact and section 99a of the Danish Financial Statements Act Section 99a requires description of the company's business model, policies, actions, due diligence, risk management, KPIs, results, etc. Thus, although these requirements are to some extent explored in the previous sections of this COP, we will address them specifically in the following sections.

## 3.1 THE RTX BUSINESS MODEL

Further to the RTX vision, values and mission described in section 1.2, the RTX business model and value chain is generally based on RTX as the preferred partner for the design, development and production of wireless communication solutions. For our B2B target market segments in Enterprise, ProAudio and Healthcare RTX conducts development projects either targeted to individual customers within different market segments or development projects funded by RTX. These development projects typically result in subsequent deliveries of ODM/OEM products or customized modules to customers – with RTX outsourcing physical production to suppliers (EMS). The business model across the Group's target segments has converged over the past years into this uniform model.

FIGURE 3 – RTX BUSINESS MODEL

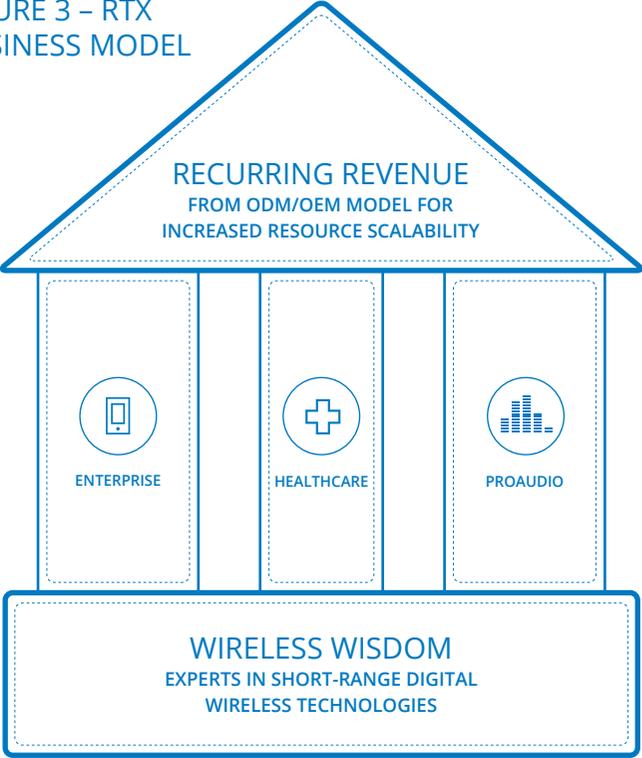


FIGURE 4 – HOW WE WORK



**SPECIFICATION AND DESIGN**

At RTX, we start by truly understanding customer requirements and user needs. This is accomplished by focusing on the 'why' and not only the 'what'. We combine this insight with our wireless know-how into a Product Requirement Specification. Our engineering teams then design the optimal solution based on a combination of mechanics, hardware and software. Combined with our list of patented solutions and in-house developed protocols we ensure our customers a compelling result.



**DEVELOPMENT AND INTEGRATION**

In close collaboration with our customers, following agile development practices, we develop prototypes to evaluate system performance in-house. We build on our extensive wireless and audio capabilities and experience and integrate each design at system level so that every component and sub-system works perfectly, evaluating performance against test cases for the fully integrated system.



**TESTING AND CERTIFICATION**

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



**PRODUCTION AND SUPPLY CHAIN MANAGEMENT**

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

### 3.2 POLICIES FOR CSR

RTX is committed to the ten principles of the Global Compact and hence to implementing the principles in our business – as is also evident from the Global Compact Principle Index in section 5. As displayed in the index, the principles are categorized into the areas: human rights, labor, environment and anti-corruption. These areas are similar to the ones companies are required to report under section 99a of the Danish Financial Statements Act, specifically concerning their policies on these areas and the action taken.

Our approach to CSR is integrated into how we do business and is described in our policies and guidelines including our staff policy, our supplier code of conduct, our remuneration policy, our whistleblower reporting program, our tax policy etc. Herein, RTX has defined policies for human rights, environment and labor as listed to the right. These areas are considered highly material to our business and stakeholders as reflected in the materiality matrix in section 2.2. At present, RTX has no defined policies for anti-corruption as this area is not considered highly material to our business and stakeholders. Should this area become highly material to RTX, we will define specific policies for it. Nonetheless, RTX is taking action on all four areas in the Global Compact as listed in section 5 of this GOP – including a whistleblower reporting program which can help in counteracting potential corruption or bribery issues.

## HUMAN RIGHTS POLICY

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

## LABOR AND DIVERSITY POLICY

“RTX is committed to our employees and to ensuring that they thrive in a safe and stimulating work environment with good working conditions. RTX finds it important that everyone is treated equally irrespective of nationality, gender, social status and political opinion. RTX therefore requires all units of the RTX Group to uphold or implement the measures required for such a work environment. This also applies to RTX suppliers.”

## ENVIRONMENT POLICY

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

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

Note: The above policies are further supported by a staff policy applying to all employees of the RTX Group as well as the RTX Code of Conduct and a conflict minerals policy applying to suppliers to RTX.

### 3.3 POLICY ACTION AND DUE DILIGENCE

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

In section 2.3 and 2.4 we describe the actions and due diligence approach taken on the CSR risks and issues most important to RTX, and in section 5, we connect these to the ten Global Compact principles in a cross-referencing index.

### 3.4 RISK MANAGEMENT

As documented by the materiality matrix in section 2.2 and given RTX's business model with outsourced production, our supply chain is the central risk to our business from a CSR point of view. Further, product safety has been identified as a highly material CSR issue and risk for RTX. Thus, RTX has established our Code of Conduct for suppliers and other supply chain specific requirements including REACH, RoHS, conflict minerals and further requirements as risk management measures – as also described in section 2.3. Hence, robust management processes have been set up to ensure compliance by RTX Group and its suppliers, thereby de facto addressing the most common risks associated with supply chain and product safety.

In addition, RTX has management procedures that include maintaining constant awareness of upcoming or potential bans of substances used in our products. Our agile approach allows us to react swiftly to such new requirements and we have zero tolerance towards suppliers, who do not engage properly with us on this matter. During 2019/20, we have strengthened these procedures via the establishment of a central Quality & Compliance function.

Employee working conditions are also highlighted as a CSR risk and issue, as the employees are the backbone of RTX's critical core capabilities and thus of the business model. RTX monitors and manages this risk through employee satisfaction surveys and various KPI measurements as leading indicators.

### 3.5 SELECTED KPI PERFORMANCE

A central aspect of our corporate governance approach is to define relevant key performance indicators (KPIs) that can help us deliver robust performance and development. The actions and results related to our CSR practice are described in section 2, which accounts for our progress on CSR issues material to RTX. In the sections below, we further illustrate by commenting on three specific CSR-related KPIs used and results achieved. In section 3.6 we complement these selected KPIs with a more comprehensive CSR and ESG management KPI overview.

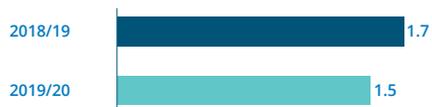


### KPI: EMPLOYEE ABSENCE

As stated repeatedly in this COP we regard the continuous development of the competences of our employees as well as their well-being and safety to be crucial for the performance of RTX. Therefore, the health of our employees is very important to us, as is keeping the number of days of absence to a minimum.

The target for the absence KPI is <3% for RTX in Denmark and <1.5% for RTX in Hong Kong corresponding to a group average of <2.5%. The actual average absence for 2019/20 met this target and developed positively (decreased) compared to the prior year as can be seen below.

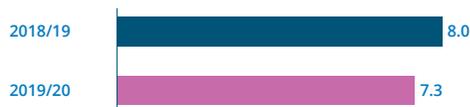
#### EMPLOYEE ABSENCE (%)



### KPI: EMPLOYEE RETENTION

In continuation of employee absence, our ability to retain the right staff is also highly important to the development and performance of RTX. During 2019/20, our employee turnover decreased (thus retention increased) and is on a relatively low level as can be seen below.

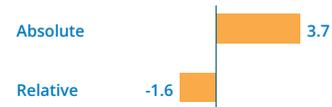
#### EMPLOYEE TURNOVER (%)



### KPI: ELECTRICITY CONSUMPTION

Although the direct stand-alone impact of RTX's in-house electricity consumption is limited due to production being outsourced, we do consider it a measure that helps to direct the awareness of the organization to sustainable development. As can be seen below, our electricity consumption at RTX sites in 2019/20 decreased in relative (per employee) terms compared to last year, while increasing in absolute terms due to an increased number of employees.

#### ELECTRICITY CONSUMPTION – ABSOLUTE AND RELATIVE (PER EMPLOYEE) DEVELOPMENT FROM 2018/19 TO 2019/20 (%)



##### Absolute development

3.7% higher electricity consumption

##### Relative development per employee

1.6% lower electricity consumption per employee

### 3.6 CSR AND ESG REPORTING

Today, CSR as reflected in a company's responsible behaviour is often translated into quantifiable "Environment, Social, and Governance" (ESG) criteria to be measured and reported on by the company in addition to financial performance measures. In essence, ESG is the criteria used

to evaluate a company's commitment to CSR, and ESG performance is the measurement of the company's "corporate sustainable performance". The below ESG reporting covers data on the ESG metrics we have identified as most pertinent to the business of RTX. Among others, they include the KPIs described in section 3.5 of this report.

#### ESG REPORTING TABLE

KPI	Unit	2019/20	2018/19
<b>ENVIRONMENT DATA</b>			
Energy consumption (absolute)	MWh	895	863
Energy consumption (relative)	MWh/average FTE	3.07	3.12
<b>SOCIAL DATA</b>			
Employee absence ratio	%	1.5	1.7
Employee turnover ratio	%	7.3	8.0
<i>Gender diversity</i>			
Women as share of all employees	%	19	18
Women as share of Group Executive Management	%	0	0
Employee satisfaction score (0 to 100)	points	96	96
<b>GOVERNANCE DATA</b>			
Gender diversity, woman as share of Board of Directors	%	0	0
Attendance at board meetings <sup>(1)</sup>	%	99	93

<sup>(1)</sup> Adjusted for situations where attendance was rendered not possible due to certain member(s) being disqualified from participation

### 3.7 FUTURE PLANS AND EXPECTATIONS

RTX plans to maintain a strong focus on supply chain management, product safety, traceability including conflict minerals and employee working conditions – as the most material CSR risk areas. During 2020/21, we plan to introduce a new organizational structure – moving from two business units to "One RTX" as a result of RTX now having a uniform business model and go-to-market approach across our target segments. With this uniform organizational structure process improvements ensuring common and "best practice" processes will be facilitated also relating to CSR. Our central Supply Chain and Quality & Compliance functions remain pivotal in this regard.

As potential longer-term development areas, we continue to envision a corporate Code of Conduct supplementing and updating the current supplier Code of Conduct as well as increased efforts to disseminate existing policies and a potential future corporate Code of Conduct internally (among employees) and externally (primarily among suppliers).



## Diversity Policy and Objective for the Underrepresented Gender

# 4. Diversity Policy and Objective for the Underrepresented Gender

RTX has defined policies and actions to ensure diversity and sets targets for the underrepresented gender at management level. This section is the statutory report on gender distribution and diversity 2020 in accordance with sections 99b and 107d of the Danish Financial Statements Act.

## 4.1 DIVERSITY POLICY

As stated in RTX's diversity policy: "RTX finds it important that everyone is treated equally irrespective of nationality, gender, social status and political opinion". The policy applies to all parts of the organization including the Board of Directors and Group Executive Management. Based on this policy, RTX is conducting various diversity-related activities, measures gender diversity and sets targets for the gender composition in management.

RTX's staff policy aims to attract and maintain highly qualified and motivated employees. Regarding gender composition in relation to employment and recruitment, RTX strives to have both male and female candidates, despite operating in a male dominated industry. RTX recognizes that the current percentage of females in our staff of engineers may be too low to secure a pipeline of future female candidates for management level in RTX.

In our recruitment process RTX therefore encourages qualified female applicants to seek vacancies as they arise.

The general split between male and female employees in the Group is 19% female and 81% male and the share of female employees increased by 1 %-point in 2019/20. Regarding nationality, our team of employees is diverse and includes more than 10 different nationalities.

## 4.2 OBJECTIVE FOR THE UNDERREPRESENTED GENDER

The Board of Directors has defined an ambition that the female share of board members elected by the annual general meeting should be at least 17% by 2021. The aim of the adopted ambition is to increase the number of female board members elected by the annual general meeting and thus to increase the diversity in a male dominated industry. However, as of 2019/20 the Board of Directors consists only of males. During 2019/20, no new board members were elected by the annual general meeting and thus the ratio remains unchanged and the objective is not yet met. In this male dominated industry it has been hard to identify the right female board member possessing the unique competencies deemed relevant for the board duties in RTX. RTX maintains its objective for 2021.

In order to promote, facilitate and increase the number of women in management level positions at RTX, management has defined an objective to increase the percentage of females at management level as vacancies arise. During 2019/20, no changes occurred in the Group Executive Management, and therefore there is no change compared to last year and all members continue to be male.

## 4.3 ACTIVITIES

RTX strives to focus on increasing the share of women at management level as vacancies arise. Thus, when hiring at managerial level through external recruitment agencies, the agency is explicitly asked to identify and present female candidates. In connection with employment at management level, an elaborate assessment is conducted as to which skills, background and experience is needed to best match the needs of the company and to contribute to the overall skill set and efficiency of management.

During 2019/20, we continued our leadership development program for middle management in order to develop the individual and collective leadership skills at RTX. Participants in this program are 12% female and 88% male indicating the start of an internal pipeline of female candidates for further managerial positions as well as cultivating such female candidates.

To promote diversity and inclusion, and to ensure a balanced composition of skills and experience, RTX A/S has instituted a seniority policy. Thereby, employees aged 60+ can influence the planning of their senior work life to ensure a managed transition to the third age – if so desired by the employee. This is done in the annual employee development dialogue and can result in, for instance, modified tasks, reduced working hours over time, as agreed between company and employee. Also, RTX has instituted a disability policy to promote inclusion of people with disabilities in the work force.

It is the aim of RTX that the Board of Directors and Group Executive Management reflect diversity, not only regarding gender but also in terms of age, educational background and nationality as well as competences and experience as relevant for the company. In practice, this means that the recruitment for the Board of Directors and Group Executive Management is driven by this objective, and that our policies regarding seniority and disability (and of course gender) also apply to the Board of Directors and Group Executive Management.

#### 4.4 FOLLOW-UP AND REPORTING

To increase awareness regarding diversity (including gender diversity), the Board of Directors discusses reporting on progress against the objectives set at least once annually on a board meeting. Annually, RTX also publishes our report on diversity through our COP report and submitted in our Annual Report. Further, the annual report details the gender, age and background of members of the Board of Directors and the Executive Board.

RTX employees gathered to celebrate the company's 25th anniversary in November 2018.



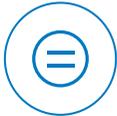
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...SAMPLE_IDX_RIGHT]);
58 // ...
59 #if DSP_FN_MODE_IS_ON(Data->Mode) // _PIN_SAMPLE_IDX_LEFT]);
60
61     Data->Lec1Input = *(Data->in_out << Data->ShiftValue;
62
63 #ifdef ECHOCANCELLER_REF_INPUT_RIGHT
64     Data->Lec1InputRef = *(Data->in_px -----LE_IPIN_RIGHT]);
65 #else
66     Data->Lec1InputRef = *(Data->in_pin[1, ...IN_SAMPLE_IDX_LEFT]);
67 #endif
68 Data->PlevPreRxInput = Data->Lec1Input << Data->ShiftValue;
69
70 -----
71 // Execute initial processing blocks
72 -----
73 if (!DSP_FN_MODE_IS_BYPASS(Data->Mode))
74 {
75     librel_plevdet32(&Data->Lec1PlevDetTx);
76     librel_pnlvdet32(&Data->Lec1NlevDetTx);
77     librel_plevdet32(&Data->Lec1PlevDetRx);
78     librel_plevdet32(&Data->Lec1PlevDetRxConv);
79     librel_plevdet32(&Data->PlevDetRxPre);
80     librel_plevdet32(&Data->PlevDetRxMu);
81 }
82 -----
83 // Evaluate if LEC is running; if (Pvl1Tx + c1)*2*rat2 > PlevDetRx -> LEC running
84 -----
85 // Base the Power Level on the lowest output from Lec1Post or Lec1Pre
86 // Pvl1Post = ((int32_t)Data->Lec1PlevDetRx.out < (int32_t)Data->Lec1PlevDetRxPre.out) ? Data->Lec1P
87 Pvl1Post = MINABS32S(Data->Lec1PlevDetRx.out, Data->PlevDetRxPre.out);
88
89 // If LEC 1 is bypassed then use Pvl1Post from LEC 2
90 Pvl1Tx = (Data->LECstate == EC_LEC_STATE_LEC1_BYPASSED) ? Data->Lec2PlevDetTx.out
91
92 // Calculate LEC state
93 ae_f32 calctemp = MUL32((Pvl1Tx + c1)*2*rat2, (Data->Lec1.rat2) << 1);
94 if (((int32_t)calctemp > (int32_t)Pvl1Post) && ((int32_t)(Data->Lec1
95 {
96     LecRunning = true;
97     Data->LECstate++;
98     if (Data->ProcState == EC_LEC_STATE_LEC1_RUNNING)
99         Data->ProcState = EC_LEC_STATE_LEC1_STOPPED;
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# 5. Global Compact Principle Index

## 5.1 UN GLOBAL COMPACT PRINCIPLE INDEX

For each principle of the UN Global Compact, references are made to the sections in this COP report, illustrating the implementation of the principle. Additionally, section 3.1 to 3.7 further elaborates how RTX works with the principles in terms of policies, due diligence, risk management, KPIs and future plans.

### UNITED NATIONS GLOBAL COMPACT TEN PRINCIPLES



#### HUMAN RIGHTS

**PRINCIPLE 1**  
Businesses should support and respect the protection of internationally proclaimed human rights; and  
*Refer to section 2.3 and 2.4*

**PRINCIPLE 2**  
Make sure that they are not complicit in human rights abuses.  
*Refer to section 2.3 and 2.4*



#### LABOUR

**PRINCIPLE 3**  
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
*Refer to section 2.3 and 2.4*

**PRINCIPLE 4**  
The elimination of all forms of forced and compulsory labor;  
*Refer to section 2.3 and 2.4*

**PRINCIPLE 5**  
The effective abolition of child labor; and  
*Refer to section 2.3 and 2.4*

**PRINCIPLE 6**  
The elimination of discrimination in respect of employment and occupation.  
*Refer to section 2.3, 2.4 and 4*



#### ENVIRONMENT

**PRINCIPLE 7**  
Businesses should support a precautionary approach to environmental challenges;  
*Refer to section 2.3 and 2.4*

**PRINCIPLE 8**  
Undertake initiatives to promote greater environmental responsibility; and  
*Refer to section 2.3 and 2.4*

**PRINCIPLE 9**  
Encourage the development and diffusion of environmentally friendly technologies.  
*Refer to section 2.3 and 2.4*



#### ANTI-CORRUPTION

**PRINCIPLE 10**  
Businesses should work against corruption in all its forms, including extortion and bribery.  
*Refer to section 2.4*



# UN Sustainable Development Goals

# 6. UN Sustainable Development Goals

## 6.1 SUSTAINABLE DEVELOPMENT GOALS – RTX FOCUS AREAS

The 17 Sustainable Development Goals (SDGs) are at the heart of UN’s 2030 agenda for sustainable development. The ambition of RTX is to contribute to promoting and fulfilling this UN agenda. To this end and building on the materiality matrix in section 2.2 of this COP report and RTX’s business model, we have during the year assessed in more detail which SDGs RTX can influence and promote. This assessment serves as the starting point for RTX’s explicit work with the SDGs.

Based on the assessment, RTX has chosen to focus its CSR and ESG efforts on targets within the UN SDGs nos. 4, 5, 9, 10 and 12.

More specifically, RTX has highlighted certain specific targets within the SDGs which RTX through its conduct and best influence and advance. These UN targets are listed below.



**Target 4.4:** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.



**Target 5.5:** Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



**Target 9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.



**Target 10.2:** By 2030, empower and promote the social, economic, and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



**Target 12.2:** By 2030, achieve the sustainable management and efficient use of natural resources.



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