

NOTE makes sustainable innovations possible

In a changeable world, NOTE is endeavouring to help create better society through sustainable manufacturing services. NOTE drives its own development in partnership with its customers.

Sustainability strategy and objective

NOTE's strategy is designed to manage sustainable production through the responsible consumption of materials and energy, supporting society by creating a positive, vibrant workplace that supports its people. NOTE should enable production of sustainable innovations, including products that help the transition from fossil fuels to renewables. Its objective is to help strengthen the communities where NOTE operates, by managing sustainable initiatives in its business.

NOTE's context

NOTE provides advanced production services to customers active in Industry, Telecom, Medtech, and Greentech. NOTE contributes production capacity, technological skills, logistics solutions and more, and is part of product value chains. NOTE's role includes being a collaborative partner for its customers, but not a product owner. This means that material selection and manufacture is to the customer's specification. Unlike many other sectors, such as heavy industry and commodities, NOTE's business has a fairly limited environmental impact.

Sustainability management

NOTE will comply with applicable laws and regulations, respect human rights

and act responsibly. Its business is managed with high integrity and the clear ambition of conducting itself ethically and legally in all parts of its value chain.

NOTE's corporate governance structure ensures a systematic approach to sustainability and the company's accountability in climate and the environment, human rights, labour law and business ethics. Its management strategy is formulated from the Ten Principles of the UN Global Compact, and reflected in the company's control documents such as policies, targets and monitoring key performance indicators.

Responsibilities of the Board of Directors and Group Management

The Board of Directors bears ultimate responsibility for NOTE's sustainability work. The company's yearly Sustainability Report and Code of Conduct are discussed within and approved by the Board of Directors. Group Management is accountable for the group's strategy and developing its daily business.

The CEO manages operating activities. This responsibility includes accounting issues, sustainability issues, monitoring the group's strategies and business performance, as well as providing the Board with the information necessary to take well-founded decisions. Group Management reviews guidelines, policies

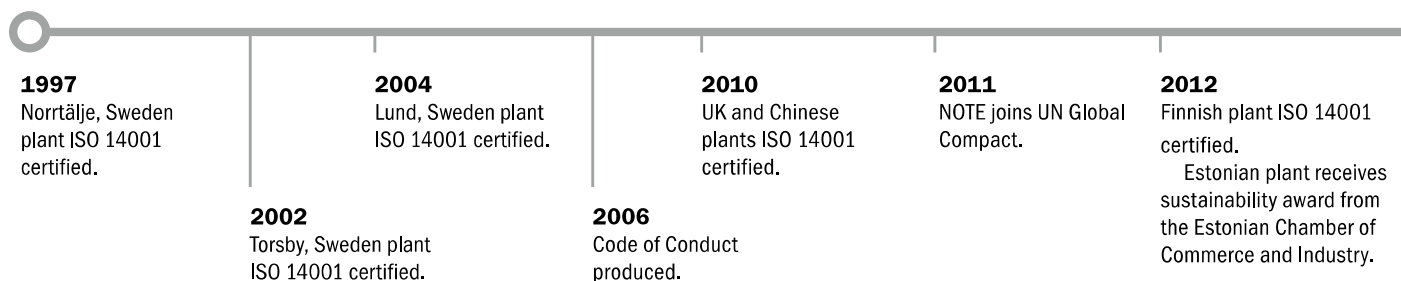
and sets targets. It is accountable for compliance with laws and implementing initiatives that ensure targets are achieved. Where necessary, Group Management conducts risk assessments, discusses ethical issues, executes the appropriate actions and conducts reviews.

Responsibilities of subsidiaries

Individual subsidiaries, led by their Presidents, are responsible for implementing and complying with applicable laws, policies and other regulations in their daily business. They report regular KPIs and performance. Subsidiaries are supported by management systems created in compliance with international standards, which are reviewed regularly by external and internal parties. These management systems cover segments like legal compliance, quality, the environment, health & safety, risk assessments and work on continuous improvement. The management system includes a structured basis for updating policies, procedures and other control documents.

Policies and methodologies were upgraded in the year, a process involving all group companies. For a list of group-wide control documentation in the sustainability segment, see the following page.

Timeline of NOTE's sustainability work





Policy documents in sustainability work

Document

- Anti Corruption policy
- Health & Safety policy
- Purchasing policy
- Privacy policy
- Equality policy
- Conflict Minerals Declaration
- Continuity Plan
- Quality policy
- Environmental policy
- Human Rights policy
- REACH Declaration
- ROHS Directive
- Code of Conduct
- Whistleblower policy

Stakeholder engagement

Sustainability issues have been important to NOTE for a long time, and the group received its first environmental certification back in 1997. NOTE conducts its work and encourages new initiatives in dialogue with owners, customers, staff, suppliers and communities.

Communication with NOTE's stakeholders enhances its capability to identify and deal with any risks that may arise in its business. Dialogues and data collection from its stakeholder groups are conducted regularly through meetings and audits, as well as yearly satisfaction surveys.

Sustainability issues

NOTE has been a member of the UN Global Compact since 2011, and works on its Ten Principles through continuous engagement with its stakeholders. The main segments are: climate and environment, social conditions and human resources, human rights and anti corruption. The focus areas identified are carbon-neutral production, and workplace health & safety.

NOTE's sustainability issues and their material impact on people and planet, and its financial impact on the company's business and performance will be mapped in more detail over the coming years.



THE GLOBAL GOALS

The UN's global Sustainable Development Goals (SDGs)

On 25 September 2015, the UN General Assembly adopted Agenda 2030 for Sustainable Development. The Agenda means all UN member states undertaking to work to achieve a socially, environmentally and economically sustainable world by 2030. The Agenda contains 17 goals and 169 associated targets. NOTE's business has the biggest impact on 7 of the 17 goals, and its links to them are reviewed in the following sections.

Key performance indicators—Financial

	2022	2021	2020	2019
Net revenue (SEK m)	3,687	2,643	1,874	1,760
Profit for the year (SEK m)	254	194	116	92
Total current tax (SEK m)	-49	-38	-25	-21
Salaries and benefits (SEK m)	-419	-344	-283	-267
Pension expenses, defined-contribution plans (SEK m)	-26	-23	-19	-17
Social security contributions (SEK m)	-95	-83	-67	-63

2013

Estonian plant ISO 14001 certified.
Estonian and Chinese plants implement OHSAS 18001.
Human Rights and Anti Corruption policies produced.

2015

Finnish plant OHSAS 18001 certified.

2017

Equality Policy produced.

2018

Privacy Policy for managing personal data in accordance with GDPR produced.

2020

NOTE Components and Windsor ISO 14001 certified.
Norrtälje, Sweden ISO 45001 certified.

2021

New sustainability goals formulated in climate and occupational health & safety.

2022

Signing of UN CEO Statement of Support for the Women's Empowerment Principles.



Climate and environment

NOTE endeavours to achieve long-term, sustainable development by manufacturing with the minimum possible environmental impact. NOTE should comply with, or exceed, applicable environmental legislation, and adopt the precautionary approach to minimise the generation of waste and avoid emissions.



Note maintains a dialogue with suppliers and customers in different environmental aspects to encourage progress in environmental and climate issues.

Carbon footprint

As an EMS partner, it is the production process where NOTE has the greatest possibility of influencing its carbon footprint. NOTE is accountable for minimising the direct and indirect carbon emissions. Its ambition also covers emissions related to shipping of purchased material and sold products that are under NOTE's control. Shipping is coordinated, and low carbon-footprint freighting methods should take preference where justifiable.

Renewable energy and climate compensation

As part of NOTE's climate strategy of managing carbon neutral production, it has mapped direct and indirect emission sources.

A high share of emissions are sourced indirectly from energy consumption at plants. Accordingly, energy should be consumed responsibly, and renewable energy purchased when available on the market.



In 2022, 62% of electricity consumed was from renewable sources like solar, wind, hydro and biofuels. In addition to using as much renewable energy as possible, NOTE conducts local initiatives to minimise each plant's carbon footprint. NOTE compensates for the portion of carbon emissions that cannot be eliminated through its own activities by investing in certified and third-party-verified climate compensation projects. Monitoring KPIs in this segment is reviewed in the table on page 19. New knowledge and information is captured and disseminated through the group to build overall competence in climate-affecting factors and NOTE's impact.

Standardised environmental work

International ISO guidelines, under the ISO 14000 family of standards, are a stable foundation for NOTE's environmental work. Despite differences in legislation between countries, all NOTE's plants should comply with a consistent standard. The group's manufacturing units and purchasing companies are ISO 14001 environmentally certified, and audited by internal and external resources.

Group companies exchange best practice, best-in-class actions and proposals for improvement on different forums. It conducts yearly analysis to identify environmental and climate risks and formulates action-plans to identify the risks identified. At present, NOTE judges that its operating activities are essentially unaffected by climate change.

Plants are conducting improvement projects and monitoring environmental factors, such as energy and water consumption, carbon emissions and waste. All plants have environmental targets that are regularly monitored.

Environmental consideration

NOTE also considers the environment in other parts of its business, such as discussions with customers on purchasing materials and production setups.

NOTE takes a positive view of developing environmental technology, and seeks new production methods and production materials that are environmentally friendly. NOTE conducts environmental risk assessments when introducing new equipment, technology and logistics solutions.



Local initiatives

A range of local initiatives are ongoing to reduce energy consumption. They include lightbulbs and fluorescent tubes being exchanged for LED lighting to save energy.

The energy consumption of production processes has been mapped to reduce energy consumption further. Selective soldering machines have been installed, enabling a continued reduction in tin slag. Recycling slag from the wave soldering process continued, and at some plants, this is conducted locally through oxide pressing before being sent for further re-processing. 70% of waste generated was recycled in 2022. Plants sort the waste from consumables at source, and improvement projects are conducted to reduce waste, water and energy consumption. Corrugated board is compacted to minimise the number of waste transports, which affect the environment. Chemicals are handled in accordance with predetermined procedures and legislation.

Company vehicles like cars and forklift trucks, are exchanged for electric or electric hybrid. Vehicles when their leases or useful lives expire. Several plants have electric vehicle charging stations for staff and visitors. Some use electricity sourced from solar panels installed at the plant. Staff are encouraged to minimise paper

consumption, switch off lighting and close down equipment after use. Installed timers help close down machinery and equipment when not in use. NOTE holds many of its meetings virtually, which reduces travel, and processing functions within ERP systems minimises paper consumption.

Supplier environmental audits

NOTE environmentally audits its strategic suppliers, and maintains continuous dialogue with suppliers on other environmental issues such as consolidating transports, manufacturing methodologies and quality performance. NOTE's objective is to increase the share of sourcing from strategic and other contracted suppliers. NOTE has a good understanding of these suppliers' environmental work and can help them to develop and improve in the environmental segment.

Key performance indicators—Environmental

		2022 3)	2021 4)	2020
Share of renewable electricity consumption (%)	1)	62	72	56
Energy, renewable electricity (kWh)		5,667,093	6,681,141	4,885,839
Energy, total electricity usage (kWh)		9,118,206	9,264,029	8,690,165
Tonnes CO ₂ , Scope 1 and 2 (tCO ₂ e)		2,376	2,058	3,027
Tonnes CO ₂ , Scope 3 freight, (tCO ₂ e)		1,409	1,346	530
Total CO ₂ (tCO ₂ e)	2)	3,785	3,404	3,557
Energy efficiency factor (tCO ₂ e scope 1-2/revenue SEK m)		0.64	0.78	1.62
Water consumption (m ³)		72,852	71,435	
Tonnes of waste (recycled and non-recycled)		509	476	
Share of waste recycled (%)		70	72	
ISO14001 environmental certified NOTE plants (%)		100	100	100
Quality performance (ppm)		542	1,052	656

EXPLANATIONS FOR THE TABLE ABOVE

1) SHARE OF ELECTRICITY CONSUMPTION FROM RENEWABLE SOURCES (WIND, HYDROPOWER, SOLAR OR BIOMASS).

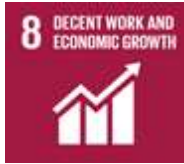
2) TONS CO₂ ACCORDING TO GHG PROTOCOL AND AVAILABLE EMISSION FACTORS.

3) ACQUISITION OF NOTE HERRLJUNGA IN JULY 2022. THIS UNIT DID NOT REPORT ENVIRONMENTAL KPIS FOR THE YEAR.

4) ACQUISITION OF IPRO IN JUNE 2021







Social conditions and Human Resources

NOTE strives to be an attractive employer that offers its staff a secure and safe working environment. Six of NOTE's ten plants use ISO 45001 to guide their efforts. This far-reaching, global and verifiable occupational health and safety standard involves external auditing and certification. In 2023, NOTE's objective is for all plants to be ISO 45001 certified. 55 work-related incidents were reported in 2022, and 5 work-related injuries, which caused a total of 25 days' sickness absence.



Diversity and equality

NOTE will be a company that offers everyone the same opportunity to work and progress.

The group's collective skills are built on diversity and equality, which promote dynamism and differing perspectives at work. Employees' specific competences,

regardless of sex, ethnicity, sexual orientation, disability, age and social background are an asset and help move the company forward. NOTE's Equality policy states the company's principles governing equal opportunities and diversity, which are encouraged in all parts of its business. The company endeavours to achieve equal opportunities in terms of employment and working conditions, as well as developmental opportunities. Its working climate should feature respect and tolerance. If any instances of harassment or bullying are reported, the group will take action immediately. The company's Diversity policy states how new Board members are to be appointed from a diversity perspective. 50% or more of the company's board and management are women. In the group overall, the share of women is 51%. NOTE signed the UN CEO Statement of Support for the Women's Empowerment Principles in the year.

NOTE is opposed to all forms of discrimination. One tool for working on this and other issues is its whistleblower function, and one case was reported in the year. NOTE's Privacy policy formulates how personal information is managed in accordance with GDPR.

Labour law

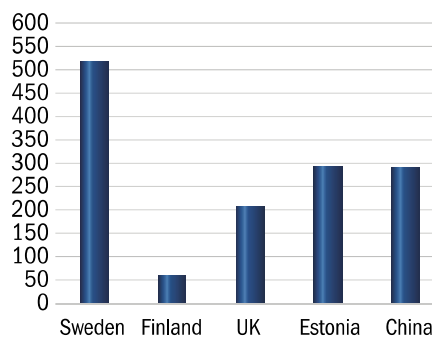
All NOTE employees are entitled to collective bargaining and to form, and join, trade unions. Collective bargaining agreements are in place at several NOTE plants. NOTE is opposed to all forms of forced labour. All stakeholder employees regardless of sector, organisation or geography, should join employment and contracts of their own free will. Additionally, work should also be conducted without compulsion or harassment, either physical or psychological.

At the supplier level

Follow-up audits are conducted on suppliers. Many of them have accepted NOTE's code of conduct and the Ten Principles of the UN Global Compact. The outcome of these audits demonstrate that suppliers are complying with relevant laws and regulations.

NOTE has continued its work on reducing the usage of conflict minerals by assisting customers in material selection so components containing minerals from conflict zones can be eliminated in product design and start-up projects. Additionally, NOTE has zero tolerance of child labour, as stated in the company's Human Rights policy and Code of Conduct. NOTE does not employ children, and does not collaborate with companies that use children as part of their workforces.

Average number of employees by country



A global partnership

NOTE’s employees are the key to our success. NOTE has plants in Sweden, Finland, the UK, Estonia and China, and developing collaboration between them is critical. This is achieved through channels including a number of functional forums, in segments including quality, sourcing, accounting and sales.

Improvement and development work

NOTE works continuously on harmonising its working methods and monitoring tools, as well as clarifying guidelines, which involves many of its employees group wide. NOTE continuously monitors business-related key performance indicators such as ongoing central and local improvement projects. Employees’ commitment, inventiveness and desire to help customers create the strength of NOTE’s global business.

Staff turnover

The workforce was upsized and downsized in the year to cope with demand fluctuations and to implement rationalisation. The average number of employees was 1,366 in 2022. Staff turnover was 21.8% in the group overall, of which 16.2% was in the European plants.

Realising the goal of being the best collaborative partner in the sector, with leading delivery precision and quality for competitive total cost, demands a lot from everyone involved. Accordingly, NOTE values nurturing staff and the skills they possess, and endeavours to offer a safe and stimulating working environment.



Skills for financial success

Several NOTE plants have maintained long-term partnerships with external parties in soldering and electronics assembly training to assure quality and skills in electronics assembly. Usually, these programmes involve practical work and the certification of qualified electronic assemblers.

NOTE enables university and college students to write their dissertations and serve internships.

Quality education for everyone is the fourth of the UN’s SDGs for 2030. One of

its targets is to increase the number of people with relevant skills for financial success. NOTE contributes in this segment through channels including partnering with universities in locations where the company is active.

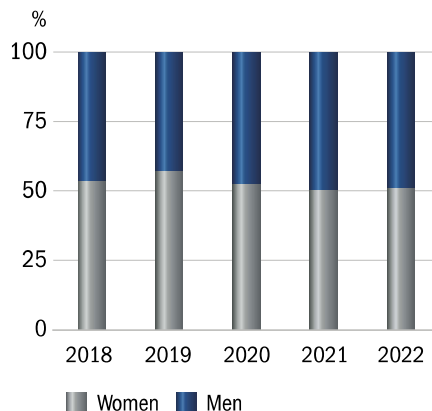
Future planning and development work

NOTE conducts a yearly anonymous employee satisfaction survey. It is important that every employee feels that they can deliver value-added to customers, and that everyone understands how to get there, and why. The response frequency was 80% in 2022 (75% in 2021). The results indicate all segments have increased by two or three index points in the year. The employee satisfaction index is a measure of commitment, demonstrating the balance between leadership and teamwork, commitment to business development and whether the working environment is a contributor to a profitable, healthy and successful organisation. There is more detail on the survey’s outcome in the table on page 25.

The responses help plan clear activities and the timing of execution. The outcomes are also used for NOTE’s future planning and development work.

For more information on our staff, please refer to page 47 of our formal annual accounts.

Gender division group



Respect for human rights

NOTE respects human rights and its conduct prevents them from being infringed. In addition to responsibility for its own operations, this also implies a responsibility for respecting human rights in business relations with the company's stakeholders. NOTE's Human Rights policy states principles and attitudes applying to labour law and equality, for example.

Code of Conduct

NOTE's Code of Conduct formalises how the company expects employees and suppliers to conduct themselves on issues concerning human rights, labour law, child labour, corruption and the environment. Work on ensuring compliance with the Code of Conduct through the supply chain is ongoing continuously. NOTE's global purchasing companies that manage strategic sustainability work at the supplier level focus on two segments. First, creating supplier commitment through regular business meetings, and second, following up and evaluating suppliers. These audits review supplier work on human rights in segments including harassment, discrimination and child labour. Supplier management systems are reviewed, as well as how they communicate environmental and sustainability standards with their suppliers. Sustainability work is a recent development in some of them, and here, clear improvement opportunities and advances have been identified. Others have made more progress, including undertakings on human rights from their subcontractors. Audits did not discover any breaches of human rights. A schematic of the evaluation process is on page 25.

As in previous years, instead of a Christmas gift for customers and suppliers, NOTE made an equivalent donation to an organisation that helps create a better world. In 2022, NOTE made a donation to the UNHCR.



Anti corruption

NOTE's Anti Corruption policy states principles on the group's attitude to corruption.

Staff are encouraged to distance themselves from all forms of extortion and bribery. NOTE expects the same attitude from customers and suppliers, and does not accept any gifts, either to customers or from suppliers, other than items of low value. This policy also reviews the segregation of duties, how internal controls are conducted, and verifies that a whistleblower procedure is in place.

NOTE's Purchasing policy prohibits bribery and corruption, and stipulates that purchasing must be managed according to ethical guidelines. NOTE has group-wide and local authorisation procedures expedient to its business.

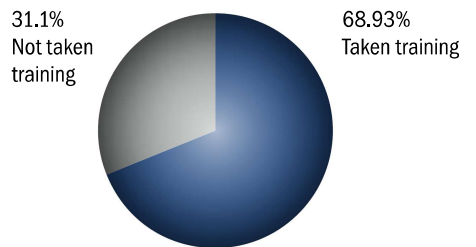
NOTE has a documented process for assessing risks and compliance with policies within its internal control procedures. In 2023, the intention is to keep working for positive social progress where NOTE is active.

Increased awareness

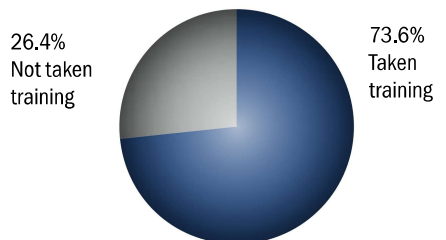
NOTE conducts internal training programmes on IT security and business ethics as part of the systematic actions the company takes to increase awareness on IT and corruption risk, and reinforce the company's mental firewall.

Complete versions of NOTE's Code of Conduct, as well as its Human Rights, Equality and Anti Corruption policies are on its website, www.note-ems.com. For more information on the business model and risks, see pages 10-11 and 47-49.

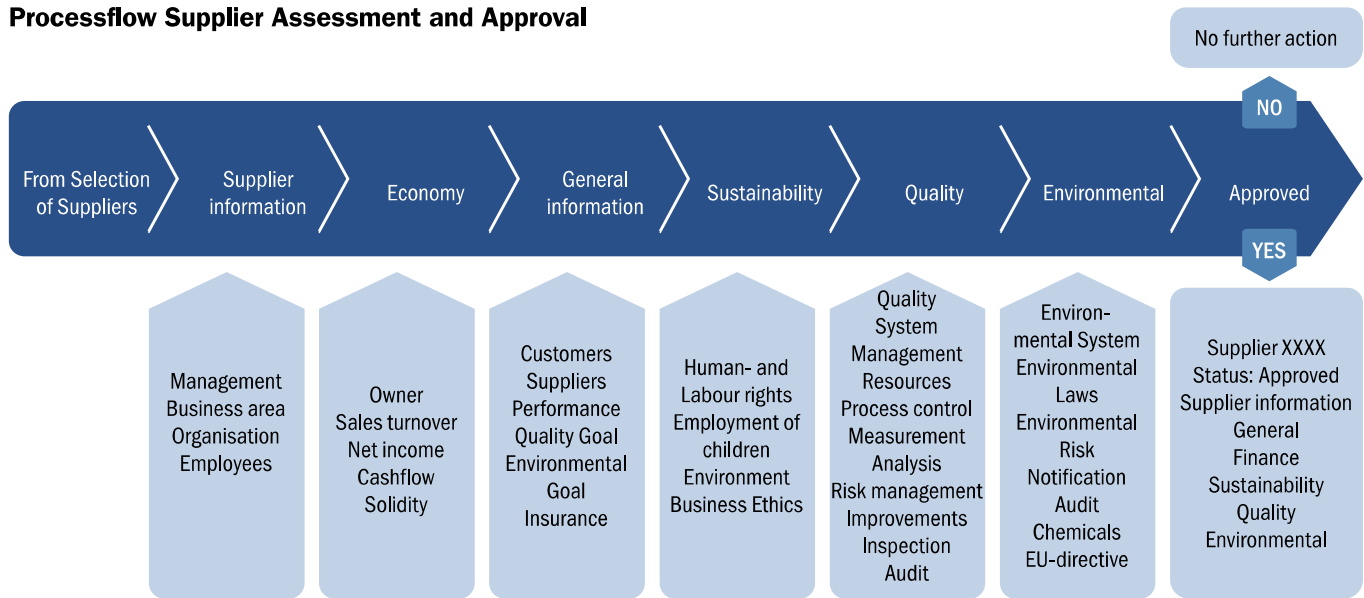
IT security training



Business ethics training



Processflow Supplier Assessment and Approval



Key performance indicators— Social responsibility and human resources

	2022 4)	2021 5)	2020	2019
Attendance rate (%)	95.6	96.2	96.2	95.8
Number of incidents	55	32	16	14
Number of injuries	1) 5	12	2	2
Number of fatal injuries	0	0	0	0
Average number of employees	1,366	1,218	1,101	1,070
Average number of Blue Collars	957	860	782	758
Average number of White Collars	409	358	319	312
Employee survey, response rate (%)	80	75	75	80
Employee index, communication and cooperation (%)	79	77	75	74
Employee index, immediate manager (%)	79	77	75	76
Employee index, work satisfaction (%)	78	75	74	74
Employee index, improvements & target orientation (%)	78	75	72	71
Employee index, business ethics (%)	76	73	72	69
Employee index, total (%)	2) 78	76	74	73
Turnover personnel (%)	21.8	17.2	14.7	20.7
Share of female employees (%)	51	50	52	57
Share of female managers (%)	34	29	37	34
Share of female Group Management (%)	50	25	0	0
Share of female Board members (%)	60	60	60	43
Share of strategic spend (%)	3) 51	47	54	56
ISO45001 health and safety certified NOTE plants (%)	60	44	50	38
Whistleblower cases	1	2	1	1
IT security training (%)	68.9			
Business ethics training (%)	73.6			

EXPLANATIONS FOR THE TABLE ABOVE

1) INCIDENT LEADING TO ONE DAY OF SICK LEAVE OR MORE

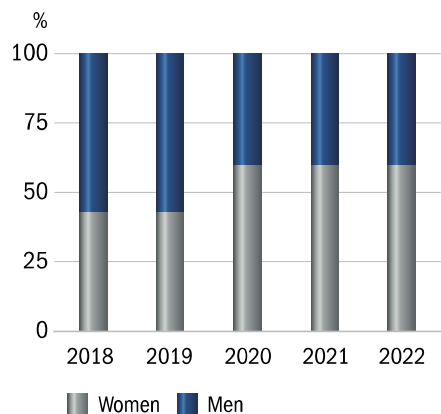
2) AN INDEX BETWEEN 70-100% IS CONSIDERED "ON THE RIGHT TRACK". INDUSTRY BENCHMARK 77% FOR TOTAL INDEX

3) SHARE OF STRATEGIC PURCHASES IN 2021 AFFECTED BY ACQUISITIONS, MARKET SITUATION AND SHARE OF CUSTOMER-SUPPLIED COMPONENTS

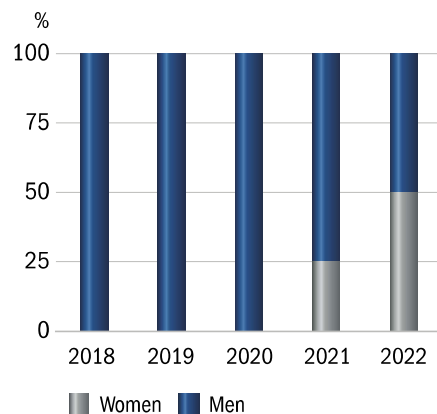
4) ACQUISITION OF NOTE HERRLJUNGA IN JULY 2022. THIS UNIT DID NOT REPORT KPIS FOR THE YEAR.

5) ACQUISITION OF IPRO IN JUNE 2021

**Gender division Board of Directors
in NOTE AB**



**Gender division Group Management
in NOTE AB**



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I've signed the UN CEO Statement of Support for the Women's Empowerment Principles. This standpoint on gender equality, alongside our continued support for the Ten Principles of the UN Global Compact, is the foundation of our sustainability work.

Johannes Lind-Widestam, CEO & President





UN Global Compact

NOTE reports its Communication of Progress to the UN each year, and reporting via the UN Global Compact portal is new for 2022. NOTE's CoP is available at <https://www.unglobalcompact.org/>

NOTE and the Taxonomy

The EU Taxonomy is part of the EU Commission's action-plan for sustainable growth. The aim is to reach the Paris Agreement on climate neutrality by 2050.

NOTE is subject to the taxonomy's reporting requirement, which applies for the financial year 2022. At present, the taxonomy is oriented towards those financial sectors intended to contribute most to climate transition, and sectors perceived to represent a risk of negative environmental impact on the six environmental goals that the taxonomy is intended to contribute to. An investigation of the company's financial activities has been conducted in consultation with experts in this segment.

The contract manufacture of electronics as conducted by NOTE is not a segment currently covered by the directive, which primarily addresses product owners. Additionally, the investigation showed that the manufacture of the

products that NOTE supplies is not listed in the Taxonomy.

Total net turnover is SEK 3,687 million. For more information on net turnover, see page 54. Despite many of the products that NOTE manufactures being viewed as important to climate transition, such as electric vehicle charging stations and battery chargers for electric cycles, NOTE's taxonomy-eligible turnover is SEK 0.

Total CapEx (excluding goodwill) is SEK 100 million. For more information, see investments for the year in notes 11, 12 and 13 on pages 64–66. Taxonomy-eligible CapEx is SEK 13 million, and consists of investments in lease arrangements, which can be allocated to activity 7.7 "Acquisition and ownership of buildings" in environmental goal 1. SEK 0 million of this is Taxonomy aligned.

Total taxonomy-eligible OpEx
Non-capitalized expenses:

- R&D expenses
- Expenses for renovating buildings
- Short-term leases
- Maintenance and repair expenses
- All other direct expenses necessary to manage fixed assets, i.e. all other direct expenditure related to daily servicing of assets in real estate, manufacturing facilities and equipment from the company or third party on contract necessary to ensure continued and effective operation of such assets.

This definition does not include:

- depreciation and impairment
- expenses for raw materials, etc.

Taxonomy-eligible OpEx is SEK 12 million, and applies to short-term and low-value leases. SEK 0 million of this is taxonomy aligned. NOTE was unable to confirm the taxonomy alignment of suppliers for the investments made and covered by the taxonomy.

For more information see the tables in the formal annual accounts on pages 82–83.