

VARIOSYSTEMS®

ESG Policy

Variosystems Group



«ESG Policy»

“Sustainability, in itself, is the potential to produce and consume within the regenerative capacity of the earth.”

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A. ESG CRITERIA

Variosystems believes that ESG factors have a considerable impact on the performance and recognizes the increasing importance of this topic. Environmental and Social responsibility and good Governance (ESG) each represent important aspects of good business conduct. Sustainability, in itself, is the potential to produce and consume within the regenerative capacity of the earth. Sustainability is a core aspect of our business, and as such, we aim to shape our business in a way that it has a license to operate in a future-proof world. To show our commitment, we adhere to the UN Global Compact’s ten principles (Appendix II), and where relevant support the UN Sustainable Development Goals.

Environmental

We acknowledge that our business activities might have adverse environmental impacts, and may to a greater or lesser extent contribute to issues such as climate change, resource depletion, waste and pollution. Our aim is to neutralize these impacts as much as possible and to track and reduce our environmental impact continuously. Examples of our environmental strategy to minimize our negative impact include implementing energy efficiency measures, sharing best practices within the Variosystems Group, tracking and optimizing our outsourced logistics, and encouraging environmental consciousness among employees, clients, suppliers, and in the extended value chain. We are committed to act in accordance with leading and recognized scientific bodies, such as the Intergovernmental Panel on Climate Change (IPCC), and national and international regulations.

Social

We value the health and safety of our employees and in the extended value chain. We are committed to act in accordance with internationally recognized human rights and the International Labor Organization conventions. We will strive to ensure proper and safe working conditions within our operations and throughout our supply chain, and aim to provide high quality and safe products.

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We recognize the need for social justice and see our role as being an equal and inclusive employer. We aim to be a fair and pleasant employer and care for the wellbeing of our employees. Opportunities should be accessible for everyone, regardless of gender, sexual orientation, age, race, color, ethnic origin, religion, trade union affiliation or disability. We respect employees' right for freedom of association as well as collective bargaining. We do not accept or use any forced labor, illegal child labor or take unjust advantage of migrant workers throughout our supply chain.

Governance

We have a focus on good corporate governance and business integrity, as well as the fair and justified management of our company. We have formalized our view on anti-corruption, whistleblowing, gifts, data security & privacy and implemented a Code of Conduct to which all employees must adhere to. Variosystems ensures proper recording, reporting and review of financial and tax information.

Variosystems and its employees must at all times exhibit honesty, integrity, fairness and respect in our business dealings. Information obtained through the Variosystems' business must be used in the best interest Variosystems and not for personal gain by any of its employees.

B. SCOPE

Variosystems is a global leader in electronics manufacturing services. The customers vary from industrial, medical, aviation, automotive to high-tech consumer sectors. The services comprise hard-and software development, manufacturing, testing and after-sales services.

Due to our size, we want to act as a role model in our industry. The image of our industry is important to us and will become even more important in the future. We are aware that we have a certain responsibility towards the society. As mentioned above, we do not only want to implement our values internally, but also strive to ensure that our business partners act in accordance with the specified principles. We see these principles as an integral part of our organization as well as our stakeholders and applicable to all business processes. Variosystems has locations on three different continents. Despite different social and environmental requirements, we always act with a harmonized diligence that should meet all sustainability requirements.

C. RESPONSIBILITIES

The management of Variosystems is primarily responsible for ensuring that the consideration of ESG issues is integrated into all business decisions. The ESG responsible person is in charge of facilitating the implementation of this policy in business globally and for maintaining and updating the policy yearly to ensure its continued relevance. Moreover, the ESG responsible not only acts on a business level, but also in a strategic context. Nevertheless, it is essential that all employees of Variosystems also assume their responsibilities.

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D. OUR ESG GOALS

In order to elaborate on the aims and objectives of this ESG Policy, Variosystems highlights three aspects that are particularly important to us in the context of future business development.

Sustainability

Variosystems considers itself as a company that strives for sustainable business. In order to implement sustainability at Group level, an ESG department has been added to the Group organization chart where ESG projects are developed and reported to the Board of Directors on a quarterly basis. Furthermore, to continuously improve sustainability, Variosystems has launched various initiatives and projects and pursues them consistently (Appendix I). The so-called "front-of-pipe" measures have a very strong leverage effect, especially in product development or the construction of new production facilities. In practice, Variosystems has established appropriate rules for sustainability standards which ensure the integration of sustainability criteria (e.g. energy consumption) early in the development process.

Market Development

Due to technological advancements and the growth in various technological industries, there is a strong increase in demand for EEMS, also driving the scarcity of components. An increasing number of users in end markets is requesting higher levels of transparency. In response, Variosystems wants to address this by operating and communicating as transparently as possible. Variosystems sees these developments as an opportunity for long-term value creation.

Future-Proof Industry

Variosystems is striving to become an industry role model that operates with a future proof approach. To reach the future proof state, Variosystems addresses various challenges, such as the durability and circularity of products, supply chain management (including the sustainable sourcing of conflict metals), and fair and safe labor conditions. In this context, Variosystems recognizes the need for higher flexibility and adaptability in all processes. Furthermore, Variosystems is committed to minimize the environmental impact of operations and products to go beyond compliance with national targets. This does not only relate to production processes, but also to logistics where products are distributed intra-company, as well as to clients. By anticipating the future, Variosystems strives to continuously adapt to a changing environment and increased complexity by finding dynamic solutions for existing and upcoming challenges.

E. MONITORING AND REPORTING

To ensure that we keep challenging ourselves in our efforts to contribute to a sustainable and future-proof world as outlined in this ESG policy, we will conduct an annual review. In this review, we will strive to integrate sustainability in all of our business aspects in line with the views expressed in this ESG policy. If there is a material breach of the adopted ESG policy, reasonably necessary actions will be made to rectify any such breach. The ESG policy will be reviewed by the Board of Directors of Variosystems on a yearly basis.

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F. APPENDIX

Appendix I – ESG Projects

- Project ESG 01 – Outsourced Logistics
- Project ESG 02 – Energy Management
- Project ESG 03 – Group Sustainability Harmonization
- Project ESG 04 – Employee Satisfaction
- Project ESG 05 – ESG Supplier Audit
- Project ESG 06 – Carbon savings of new locations – Nearshoring effects
- Project ESG 07 – Waste management
- Project ESG 08 – Gender Pay Gap
- Project ESG 09 – High level scope 3 emissions assessment
- Project ESG 10 – Harmonize HR practices across locations
- Project ESG 11 – Embedding sustainability into vision and mission statement of Variosystems

Appendix II – UN Global Compact Principles

Human rights

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

Labour

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.