

CORPORATE SOCIAL RESPONSIBILITY 2017



CEO letter of introduction



Peter Nilsson
President and CEO

As a leading Electronics Manufacturing Services (EMS) company with operations in Norway, Sweden, Lithuania, Germany, China and the USA, Kitron has an economic, social and environmental impact on our surroundings and stakeholders.

This impact comes with great responsibility and requires that we are in ongoing dialogue with our stakeholders and constantly strive to deliver quality products while adhering to the highest possible ethical standard. For Kitron, Corporate Social Responsibility (CSR) is about delivering value to our shareholders while at the same time acting responsibly and taking a broader view of the risks and opportunities in our surroundings.

The foundation for Kitron's CSR work are the Kitron Ethical Code of Conduct, Kitron Suppliers Code of Conduct and Kitron Anti-Corruption Policy. This report is prepared in accordance with the Oslo Stock Exchange Guidelines for Corporate Social Responsibility Reporting.

Sustainability and Corporate Social Responsibility is increasingly on the agenda of Kitron's key stakeholders, such as investors, customers and suppliers. The launch of The Oslo Stock Exchange Guidelines for CSR Reporting is one example of the increased emphasis on responsibility and sustainability. We also see that our employees are proud to work for a responsible company.

As the CEO of Kitron, I believe in taking responsibility and sustainability into account when we make business decisions. By continuously striving to be an ethical and responsible company, we can contribute to minimize risks and realize new business opportunities for the future. I firmly believe that being a responsible and sustainable business on the one hand and being a profitable business on the other hand are mutually reinforcing aspects.

In 2017 we have completed Kitron's first materiality assessment and undertaken systematic stakeholder dialogue according to the Oslo Stock Exchange Guidelines for CSR Reporting. An

interdisciplinary task force with representatives from different parts of Kitron's organization has done a thorough review of our approach to CSR and areas to prioritize in our CSR work and reporting. The materiality assessment and chosen material topics will ensure that our reporting is aligned with Kitron's business strategy, supports our business goals and minimizes risks. The five chosen reporting topics are:

- Human rights and conflict minerals
- Worker's rights, diversity and non-discrimination
- Ethics and anti-corruption
- Supply chain and quality management
- HSE, safety and security

This year I am particularly proud to present our results on sourcing conflict mineral free products. More than 81 per cent of Kitron's products are now considered Conflict Mineral Free, and this work will continue to ensure responsible sourcing. In 2017, we have also actively worked to assess corruption risks in our supply chain and will continue to engage with our suppliers to decrease the risk of corruption and bribery.

Going forward, we seek to further improve our performance and report on progress for the five topics identified in the materiality assessment. Among our key goals for 2018 is to align our work with internationally recognized standards and industry initiatives. We will continue our ongoing work with supplier dialogue and engage with suppliers to help them meet the highest ethical and quality standards.

In 2018, our employees will receive more and better training programs and we will improve our channels for employee dialogue with an onboarding program and e-learning. Another key area will be to implement a new standard for information security and ensure GDPR compliance. Progress on these topics will be reported in the CSR report for 2018 according to the goals and KPIs defined in this year's report.

About this report

For information about this report and its content, please contact Kitron ASA CFO Cathrin Nylander.

This report is prepared for Kitron ASA in accordance with The Oslo Stock Exchange Guidelines for Sustainability Reporting.

The Kitron Group report on Corporate Social Responsibility has been reviewed and approved by the Board.

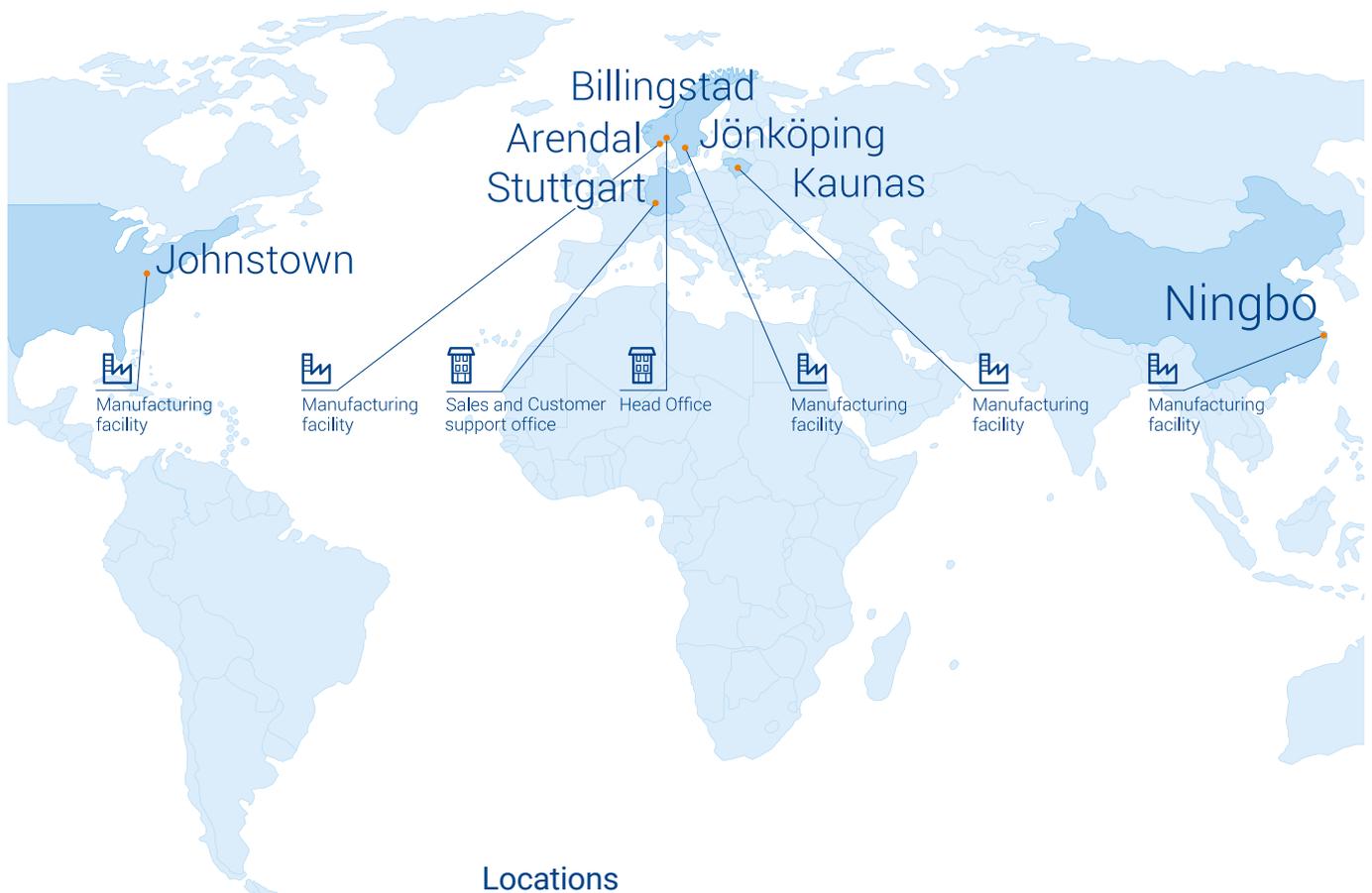
This report has not been audited by a third-party.

About Kitron ASA

Kitron is an Electronics Manufacturing Services (EMS) company with operations in Norway, Sweden, Lithuania, Germany, China and USA.

Kitron manufactures and delivers anything from fully assembled electronic circuit boards to complete end products for customers globally.

Related technical services like prototyping, industrialization, material analyzing and test development are also key competencies offered by Kitron.

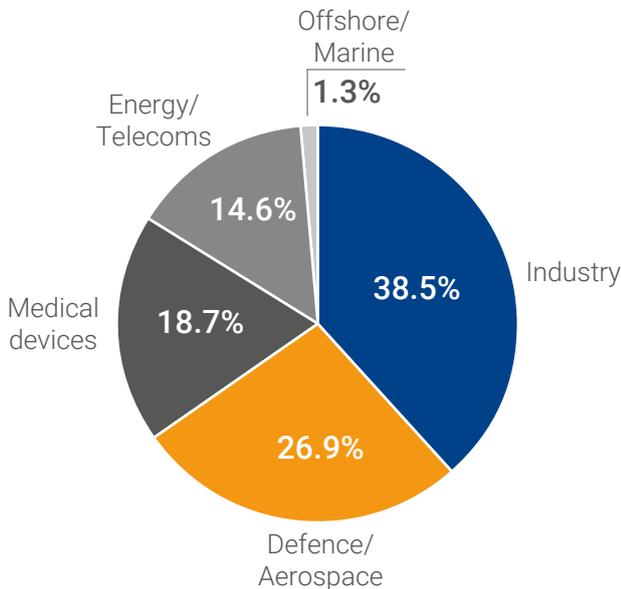


Locations

Kitron ASA has operations in Norway, Sweden, Lithuania, Germany, China and USA. Kitron's headquarters is located in Asker, Norway.

Kitron is an ASA company listed on the Oslo Stock Exchange (ticker: KIT).

Revenue per sector 2017



Key figures (2017):

- No. of employees: equivalent to approx. 1 450 full-time equivalents
- Revenue: NOK 2 436.7 million
- Profit (EBIT): NOK 148.7 million
- Equity ratio: 42.8 per cent

Economic impact and tax information

Kitron creates value in countries in which we operate, directly through the payment of direct and indirect taxes, the payment of dividends to owners and wages to employees, and indirectly by buying goods and services from suppliers.

Kitron impacts a large number of stakeholders, many of them directly or indirectly involved in Kitron's value creation. Below is an overview of the values Kitron creates and the main stakeholders.

Payroll and social security expenses

In 2017, labour costs amounted to NOK 480.8 million (NOK 450.7 million) Payroll and social security expenses accounted for 19.7 (21.5) per cent of sales revenue.

Procurement of goods and services

Kitron purchased goods and services valued at roughly NOK 1754 million (NOK 1479) million in 2017.

Tax

The Group's tax expenses for 2017 came to NOK 33.5 million (NOK 24.3 million).

Tax expense by country

(Amounts in NOK 1 000)	2017	2016
Norway	5 594	3 631
Sweden	5 464	5 704
Lithuania	10 084	7 042
Other	12 360	7 884
Total	33 502	24 261

Kitron's approach to Corporate Social Responsibility

This report covers topics related to Corporate Social Responsibility that are of importance to Kitron and Kitron stakeholders. Kitron's approach to Corporate Social Responsibility reporting is based on the materiality assessment undertaken in 2017. Kitron shall comply with applicable laws and regulations, respect human rights and act in a socially responsible manner. Kitron's business activities and internal operations are conducted with a high level of integrity and with a clear ambition to be a social responsible company acting ethically and lawfully in all aspects of our value chain.

Corporate governance

Kitron shall comply with applicable laws and regulations respect human rights and act in a socially responsible manner. Kitron's business activities and internal operations are conducted with a high level of integrity and with a clear ambition to be a social responsible company acting ethically and lawfully in all aspects of our value chain. Kitron's corporate governance structure shall ensure a systematic approach to our corporate social responsibility.

Management Approach

Kitron's general system of governance is linked to the Norwegian Code of Practice for Corporate Governance.

Annual General Meeting (AGM)

The Annual General Meeting (AGM) is the Kitron Group's supreme governing body and where the shareholders can influence how corporate social responsibility is practiced.

The Board of Directors

The Group Board of Directors bears the ultimate responsibility for Kitron's Corporate Social Responsibility and the report on Corporate Social Responsibility is discussed and approved by the Board.

Corporate Executive Management

Corporate Executive Management bears the responsibility for the Group's strategy, development and day-to-day work. This means Corporate Executive Management is responsible for compliance with legislation and regulations and our Ethical Code of Conduct, as well as for the implementation of appropriate and effective initiatives to ensure that we reach our goals.

The Sites

The business areas are responsible for follow up and compliance with policy, strategy, targets and governance documents related to corporate social responsibility. The day-to-day work with corporate social and environmental responsibility is usually handled by the sites with support from the Corporate Executive Management.

Ethical Advisory Committee

Kitron Ethical Advisory Committee's mandate is to review and suggest updates of guidelines, decide and/or advise in ethical dilemmas, conduct risk analysis and implement relevant actions and make periodical reviews. The Ethical Advisory Committee is made up of members of the corporate Executive Management and Corporate Staff.

Kitron's stakeholders

Owners

Kitron's owners are primary stakeholders and directly affects the company's priorities and strategic direction.

Employees

Kitron's employees are directly affected by Kitron's internal policies and activities.

Suppliers

Kitron's suppliers are economically affected by the company, and their responsibility is indirectly affected by Kitron's focus on responsible practices and the expectations placed on them by Kitron.

Customers

Kitron's customers directly affect the company economically, and customer expectations is part of driving Kitron's Corporate Social Responsibility priorities.

Civil Society

Civil society like governments and regulatory authorities affect Kitron and its operating conditions directly and indirectly. Local communities are indirectly socially, environmentally and economically affected by Kitron's activities such as job creation, contribution to local value creation and environmental impacts.

Stakeholder group	Expected of Kitron	Arena for dialogue
Customers	Price Quality Timely delivery Transparency Supply chain responsibility	CSR Questionnaire RFI Supplier code of conduct Supplier audits Supplier actions plans (reviews) Stakeholder dialogue Ecovadis survey
Suppliers	Fair and neutral supplier assessment Fair pricing Clear communication of expectations Anti-corruption and anti-bribery routines	CSR Questionnaire RFI Supplier code of conduct Supplier audits Supplier actions plans (reviews) Stakeholder dialogue
Employees (incl.) •Central management team •Local management •Employee representatives sites •All employees (white and blue collar)	Economic compensations Labour/Management Relations Reputation Company performance	CSR Questionnaire Employee survey 2016 (Employee survey planned 2018)
Owners	Economic performance Risks and opportunities Corporate governance	Meetings with company representatives MSCI II ratings Analyst interviews (2016) Kitron website Kitron Quarterly and annual reports Capital Markets Day Kitron sustainability report

Table 1: Stakeholder groups and arenas for dialogue

Stakeholder dialogue

To ensure a strategic approach to Corporate Social Responsibility reporting and to adhere to the intent of the Oslo Stock Exchange guidelines Kitron has undertaken systematic stakeholder dialogue in 2017.

For Kitron to be in ongoing conversation with its most relevant stakeholders strengthens its relationship with the society in which it operates. The stakeholder dialogue also benefits the company by allowing Kitron to detect, investigate and manage potential risks arising in its immediate surroundings. In 2017 Kitron invited key stakeholders to give their view on how they perceive Kitron and its relevant corporate social responsibility topics. This was done by interviews, electronic surveys, and direct contact with employees, customers and suppliers. The findings from the stakeholder dialogue were gathered and structured for discussion in Kitron's Corporate Social Responsibility task force and used as ground work for the materiality assessment.

The stakeholder dialogue is both a means and an end in itself, as ongoing systematic stakeholder dialogue is a key objective in the Oslo stock Exchange guidelines and GRI4. The findings from the stakeholder dialogue guided Kitron's priorities in the materiality assessment.

Materiality assessment

The Materiality assessment was established in 2017 by the internal task force on Corporate Social Responsibility based on the stakeholder dialogue and information gathering. The main goal of the materiality assessment is to establish key reporting topics for Kitron, reflecting the key risks and opportunities created by Kitron's business activities.

Further, these topics are included in the Kitron Sustainability report, describing how the most important topics are included in general risk management and strategy process and the measures Kitron is taking to reduce risks associated with material issues and how these are integrated into operational management and corporate governance.

The materiality assessment concluded the following 5 material topics for Kitron to report on:

- Workers' rights, diversity and non-discrimination
- Human rights and conflict minerals
- Ethics and anti-corruption
- Supply chain and quality
- HSE, safety and security (including information and cyber security)

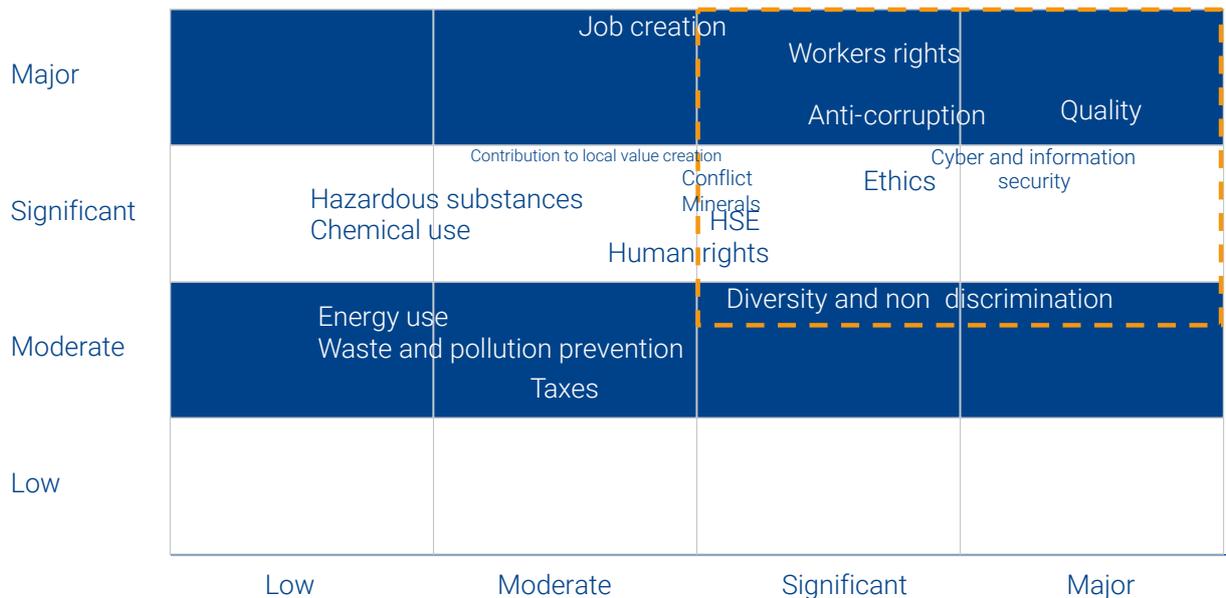


Figure 1 Kitron's Materiality assessment

Reporting on material topics

Human rights and conflict minerals

All units of Kitron comply with UN's Universal Declaration on Human Rights, The UN's Convention on Rights of the Child and International Labour Organization Conventions (ILO conventions). Kitron's approach to human rights protection is guided by Kitron Code of Conduct and the Supplier Code of Conduct.

Kitron and Kitron suppliers shall comply with the human rights in the ILO conventions, and specifically comply with the labour rights and children labor avoidance conventions. Kitron shall not engage in or support any kind of child labour. If a young worker is employed, this needs to be controlled and arranged according to legal requirements in terms of safety, work hours and guidance and is not allowed to interfere with applicable compulsory schooling.

Conflict minerals

Also, Kitron's suppliers shall have policies to reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights in the Democratic republic of Congo or an adjoining country. Suppliers shall exercise due diligence on the source and chain of custody of these minerals. All Kitron suppliers are required to fill in the CFSI (now RMI) Conflict Minerals Reporting Template (CMRT).

Percentage by number of parts

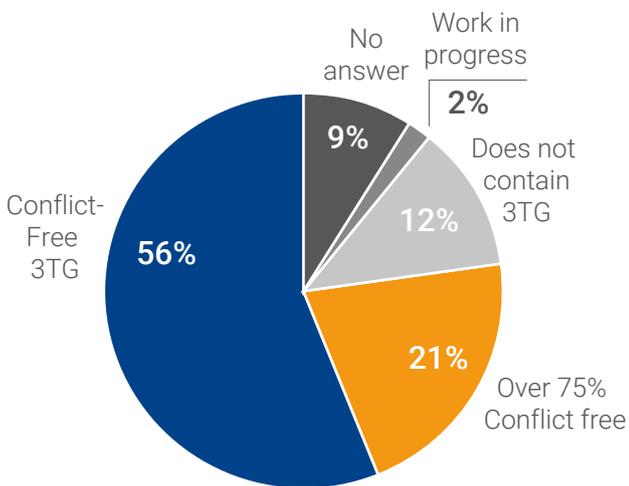


Figure 2: Amount of documented "conflict mineral free" parts in Kitron products

Goals for 2018

Kitron has set the following goals for Human rights and conflict minerals work in 2018:

- Become a UN Global Compact Signatory company
- Become a member industry initiative against conflict minerals such as RMI
- Remain conflict mineral free

Workers' rights, diversity and non-discrimination

In Kitron, we want the working environment to be characterized by openness, communication and respect for the individual. Diversity and a balanced work force in terms of gender, is recognized as strength and an advantage. Fair employment practices following local norms, laws and collective bargaining agreements is the basic standard in all Kitron entities. Employee representatives are in place in Norway, Sweden, Lithuania and China.

In 2017, Kitron has undertaken a downsizing process in Arendal, Norway. This process affected 91.2 FTEs. One case concerning 6 FTE's was settled with a legal mediation which concluded in an out of court settlement.

Permanent employees	Temporary employees	Total workforce
1 398	203	1 601

Table 2 Kitron's workforce: total workforce by employment type

Employees	Men	Women	Total
Employees Norway	164	134	298
Employees Sweden	109	57	166
Employees Lithuania	294	437	731
Employees China	46	133	179
Employees USA	15	4	19
Employees Germany	4	1	5

Table 3 Kitron's workforce: permanent employees by gender and region

Working environment, diversity and anti-discrimination

Health and safety in the working environment is very important to Kitron and is to be ensured to provide a safe, healthy and satisfactory work place. Kitron opposes discrimination in any form, e.g. due to race, nationality, gender, sexual orientation or religion. Kitron also opposes any form of trafficking and purchase of sexual services. No form of discrimination, harassment or bullying is tolerated. Kitron offers a working environment where it is possible to combine work, career, family life and spare time. Women's percentage amount of men's pay in 2017 for the total workforce was 92.2 per cent. The Ethical Advisory Committee has received one concern regarding working environment. Investigations have been conducted and resulted in actions, the case is considered closed.

Career development and training

Kitron values the competences of employees, and sharing knowledge and information is an area of priority, as is on-the-job development. Individual career and competence development is part of the current performance management process. In 2017, Kitron decided to implement a new digital learning management system, LMS, in order to further strengthen individual development and competence.

Goals 2018

Kitron has set the following goals for worker’s rights, diversity and non-discrimination in 2018:

- Roll out new digital learning platform and training for all employees and revised onboarding program for new employees
 - KPI: average hours of training per employee should be maintained or increased
- New Employee survey to be conducted globally
 - KPI: average employee satisfaction score (%)

Ethics and anti-corruption

Kitron opposes any form for corruption and strives to prevent corruption in and as a result of Kitron’s business activities. Kitron Ethical Code of Conduct clearly expresses Kitron’s obligation and commitment to ethical business practices authorities.

Ethical Code of Conduct

Kitron Ethical Code of Conduct presents Kitron’s obligation and commitment to ethical business practices and describes the standards and requirements that Kitron employees must adhere to in their work. The Code was last revised and approved by the Board of Directors on 27 August 2014. The Code applies to all Kitron board members, elected officers, permanent and temporary employees, hired staff, consultants and agents acting in or on behalf of Kitron. The Code also applies to all contractors, sub-contractors, suppliers and sub-suppliers. It includes all companies in the Kitron group.

Kitron work on anti-corruption

Kitron is directly affected by corruption risk in our operations and indirectly affected by corruption risk through business relationships and our supply chain. Kitron has operations in industries and countries that are particularly susceptible to the risk of corruption. Kitron also does business in countries known for having problems associated with human rights, child labour and environmental pollution.

We are aware that this presents challenges in regard to our corporate social responsibility, and that it can subject us to substantial financial risk. To deal with our corporate social responsibility and minimize our financial risk, we work systematically on Ethics and Anti-corruption.

Kitron Ethical Code of Conduct describes several areas of importance for preventing corruption. In 2014 Kitron implemented an Anti-Corruption Policy. The policy clearly describes Kitron’s work on anti-corruption, including risk analysis, monitoring, responsibilities, follow-up and training.

Kitron is aware that suppliers, customers and other relevant business partners, such as acquisition targets or agents might expose Kitron to corruption risks. To reduce the risks, Kitron has introduced routines for a risk-based evaluation before entering into new such relationships. The Kitron Suppliers Code of Conduct also defines Kitron’s expectations regarding the suppliers’ anti-corruption activities. Kitron also has in-house rules for gifts and representation as well as sponsorships.

Risk assessment

Kitron operates in countries and in lines of business that are susceptible to corruption, and Kitron is also indirectly subject to

corruption risk and bribery risks through business relationships. To reduce risk, Kitron does not use agents or market representatives, as it constitutes a high risk for corruption. In 2017, Kitron conducted a Supplier Risk of Bribery assessment for its suppliers. 2797 suppliers (1476 active suppliers and 1330 non-inventory suppliers) were screened for corruption and bribery risk.

Suppliers per risk category	Very low Risk	Low Risk	Moderate Risk	Increased Risk
Amount of suppliers	0.2%	41.3%	58.5%	0%

Table 4: Supplier risk assessment results pr risk category

Ethics Training

All Kitron personnel are required to attend periodic training in the Kitron Ethical Code of Conduct to ensure that Kitron’s ethical values are understood and implemented at all levels.

Ethical Advisory Committee

Kitron has an Ethical Advisory Committee whose objective is to ensure that Kitron maintains a high-level focus on issues related to ethics and anti-corruption and a common understanding and practice regarding how best to address and follow up on these issues.

Firstly, it is in charge of the policy document itself and reviews or updates of the Kitron Ethical Code of Conduct. Secondly, the committee is an advisory board related to ethical dilemmas or questions from managers and employees in the group on difficult borderline issues. It is also in the main scope of the committee to perform regular ethical audits mainly related to anti-corruption.

The Ethical Advisory Committee meets as needed and at least three times a year. Head of the Ethical Advisory Committee reports to CMT (the Kitron Corporate Management Team) who in turn reports to the board of Kitron ASA. In 2017, the Ethical Advisory Committee met twice, as two meetings were merged in to one due to topic and presence.

Reporting irregularities

All conditions that give raise to ethical issues or matters that could involve a breach of prevailing regulations and provisions or circumstances that may cause loss of value or reputation for Kitron should be raised with the staff member’s immediate superior. Kitron staff who believe they have been offered bribes or been subject to inappropriate pressure or attempts to exert such pressure or who wish to report or advise on any legal and ethical non-compliance incidents, dilemmas or concerns should immediately do so to their immediate superior. Environmental matters or issues relating to work place safety can be reported to the relevant manager or representative, HSE-Manager and/or the company health service. Financial matters may be reported to the Finance Manager. It is the duty of all staff to report any criminal acts and circumstances where life or health might be in danger.

Reporting may be anonymous, but open reporting will normally facilitate expedient resolution of the matter. The name of a reporting person shall remain confidential to all but the recipient.

In 2017, the Ethical Advisory Committee received one potential misconduct. The potential misconduct is being handled according to the company's internal guidelines. Kitron is not in and has not been in any legal proceedings related business ethics in 2017.

Number of cases	2015	2016	2017
Reported	0	0	1
Sanctioned	0	0	0

Table 5: Number of reported potential corruption cases and number of sanctioned cases

Goals for 2018

Kitron has set the following goals for ethics and anti-corruption in 2018:

- Ensure that all new onboarded suppliers are at Low or Very Low Risk (KPI: amount of suppliers in the different risk categories)
- Ensure that all suppliers sign Kitron's Code of Conduct (KPI: amount of new suppliers who have signed Code of Conduct)
- Ensure that all new onboarded suppliers are at Low or Very Low Risk level. KPI: Number of new onboarded suppliers 2018, amount of onboarded suppliers 2018 who are at Low or Very low Risk.
- Define simple, lean and easy to use onboarding process for non-inventory suppliers and implement it
- Introduce ethics and anti-corruption training as part of onboarding of new employees and as e-learning for all employees

Supply chain and quality management

Kitron's goal is to minimize negative environmental and social impacts from its supply chain. Kitron expect its suppliers to adhere to all applicable laws and regulations, to the highest ethical standards defined in the Kitron Code of Conduct, as well as to the separate

Suppliers Code of Conduct, which applies to all suppliers. Delivering high quality products is key to Kitron's competitive advantage and of high importance to our customers, employees and owners. Kitron affects quality directly through our purchasing, supplier selection, and quality management processes, as well as indirectly through our business relationships.

Kitron's supply chain

Kitron production inputs can be divided into three parts: electronic components, mechanical drawing parts and PCB (Printed Circuit Boards), and the inputs are with few exceptions sourced and produced outside of Norway.

Kitron's role in the supply chain

For production of Electronic Components – Kitron primarily deals with distributors rather than with manufacturers. On an annual basis Kitron purchases components from close to 800 manufacturers through approximately 400 distributors. In 2014 Kitron established a Preferred Partner Program. Because of this, in 2017 around 65 per cent of all electronic components (in value) were procured from 8 Preferred Partners.

For Mechanical drawing parts – This sub commodity includes a wide variety of parts, from metal casting, to machine parts, injection molded plastic, sheet metal and Aluminium die casting. Due to the bulk and weight of this type of parts, Kitron tends to purchase these components close to the point of use.

For Printed Circuit Boards (PCB) – Kitron buys most of the PCB's from China (70 to 80 per cent of the world's PCBs are produced in China), either directly from manufacturers or through distributors. As with electronic components, Kitron purchases 60 per cent of the PCB's from Preferred Partners. In the case of PCB's, these Preferred Partners includes both distributors and manufacturers.



Figure 3 Kitron's supply chain illustrated

Supplier selection and onboarding

Kitron's sourcing experts are located in Norway, Sweden, Lithuania and China, enabling us to manage our global network of suppliers and ensure an optimal flow of components and materials to our manufacturing centres. Sourcing in Kitron is a shared responsibility between the global sourcing team and local sourcing managers. New sales, new requests for information (RFI) and conflict mineral reporting is handled by the global sourcing team while local teams handle RFIs for existing suppliers, manage supplier dialogue with local suppliers and supplier coordination.

To ensure All sites use same RFI form to collect data from supplier regardless of supplier category. In 2017, Kitron's Supplier Evaluation Model (SEM) is used only in Arendal, and filled in manually based on RFI information. The goal for 2018 is that all new suppliers will fill in the SEM digitally.

To minimize supply chain risk, Kitron seeks to ensure that Kitron's spend with any specific supplier does not exceed 20 per cent of the total revenue of any single supplier and seeks to diversify its sourcing strategy. In 2017, Kitron had 1416 active suppliers. Active supplier means Kitron have placed a purchase order in the last 12 months.

Unique active suppliers	2015	2016	2017
Unique active suppliers (12 months)	1 397	1 412	1 477
Amount of active suppliers who have signed Code of Conduct	49.62%	46.38%	49.76%

Table 6: Active suppliers

Quality management

Thanks to our long history satisfying a world of demanding customers, we take pride in delivering the quality best suited for the customer's needs. Our quality management includes effective quality management systems, documented improvement programs and risk management tools.

Kitron sites are certified according to the following quality management standards:

- ISO 9001:2015
- ISO 14001:2015
- EN 9100:2016 / AS 9100D
- IRIS rev.2
- ISO 13485:2016
- 21 CFR 820 Quality System Regulation
- AQAP 2120 Ed 3

Goals 2018

Kitron has set the following goals for supply chain and quality management in 2018:

- Define and implement onboarding process for non-inventory suppliers
- Standardize RFI and implement Digital Quality Management system (DocLogix) for gathering and storing RFI data
- Approve and implement a common supplier audit report

HSE, safety and security

Health and safety in the working environment is very important to Kitron and is to be ensured to provide a safe, healthy and satisfactory work place. Kitron follows local and international norms and relevant legislation to provide such an environment.

Injuries and absence due to illness

Absence due to illness (as a percentage of total hours worked) was 4.3 per cent for the group in 2017. This is a slight increase after a favourable trend in the recent years. A good working environment and the possibility to develop are important factor to keep the absence due to illness at a low level. Going forward, Kitron will continue the work to provide such an environment for our employees.

Injuries and work-related accidents are registered at site level. The Kitron work environment proposes risks to the employees foremost in the manual mounting and in the processes where chemical liquids, nitrogen or lead is involved as well as the long-term risks associated with repetitive tasks. The most important mitigation and prevention of accidents and injuries is the workplace design, education of employees and routines for safely handling chemicals. All chemicals procured and applied at Kitron sites are registered and handled according to relevant regulations. To prevent negative effects of repetitive tasks, several sites has implemented job rotation. In 2017, there was one serious work-related accident. The accident was a lost time incident (LTI) which is considered a serious work-related accident, but did not result in fatalities or permanent disability. Kitron will continue to monitor the working environment regarding employee health and safety in 2018.

	2015	2016	2017
Absence due to illness	3.8	3.7	4.3
Lost time Injuries (number of serious work-related accidents)	0	0	1

Table 7 Absence and work-related injuries

Environment

Kitron internal value chain does not pollute the external environment to any material extent. Kitron Suppliers Code of Conduct describes the requirements Kitron imposes on the Suppliers to minimize the adverse effects to community, environment and natural resources while safeguarding the health and safety of the public. Supplier shall obtain all required environmental permits. The main risks posed to the natural environment from Kitron's operations are direct emissions from the use of chemical liquids, nitrogen or lead in Kitron's production and indirect emissions from energy use in operations, transportation and business travels.

Several of the Kitron group's manufacturing units are certified in accordance with the NS ISO 14000 series of environmental management standards. Kitron AS in Norway is a UN climate partner.

Kitron AS environmental impact	2017
Energy use (kwh)	3 582 637
CO ₂ emissions from energy use (t)	386.9
CO ₂ emissions from transportation (t)	120.8
Waste (t)	104.9
Sorted waste (t)	80.3
Percentage sorted waste	76.56%
Percentage recycled waste	100%

Table 8: Environmental impacts from Kitron AS (Norway)

2017 is the first year environmental impacts are included in the Corporate Social Responsibility report. For 2018 the goal is to report on environmental impacts from all Kitron's locations.

Information security and cyber security

Kitron employees have a duty of confidentiality in respect to all business matters and situations that could give unauthorized people access to confidential information. All information not made public is to be considered confidential. This duty of confidentiality remains in force after a Kitron staff member has left the company. Only designated persons may make public statements on behalf of Kitron.

In 2017, Kitron initiated the process to become compliant in accordance NIST 800-171, which is equivalent to ISO 27000 on information security. The implementation is made site by site and the ambition is for all sites to be fully compliant in 2018.

GDPR Compliance

In 2017, Kitron initiated the process towards GDPR compliance in our handling of personal data supported by IT consultancy Atea. The internal GDPR work is organized as a working group with representatives from all functions and all Kitron's operations in European countries. Each Kitron site has a project coordinator for GDPR working to implement compliance on a daily basis. Global IT Manager contributes to project quality assurance. The work to find and appoint a Data Protection Officer is initiated and will conclude within 2018.

Goals for 2018

Kitron has set the following goals for the HSE, safety and security work in 2018:

- Number of sites that has implemented job rotation
- Become fully NIST 800-171 compliant
- Become GDPR compliant
- Appoint Data protection officer
- Report employee turnover by site
- Report environmental and climate impacts from all Kitron sites
- Streamline reporting for all sites on injuries and accidents, as well as near-miss incidents.

Kitron is an international Electronics Manufacturing Services company. The company has manufacturing facilities in Norway, Sweden, Lithuania, China and the US and has about 1450 employees. Kitron manufactures both electronics that are embedded in the customers' own product, as well as box-built electronic products. Kitron also provides high-level assembly (HLA) of complex electromechanical products for its customers.

Kitron offers all parts of the value chain: from design via industrialisation, manufacturing and logistics, to repairs. The electronics content may be based on conventional printed circuit boards or ceramic substrates.

Kitron also provides various related services such as cable harness manufacturing and components analysis, and resilience testing, and also source any other part of the customer's product. Customers typically serve international markets and provide equipment or systems for professional or industrial use.