

# Sustainability at Bittium in 2023

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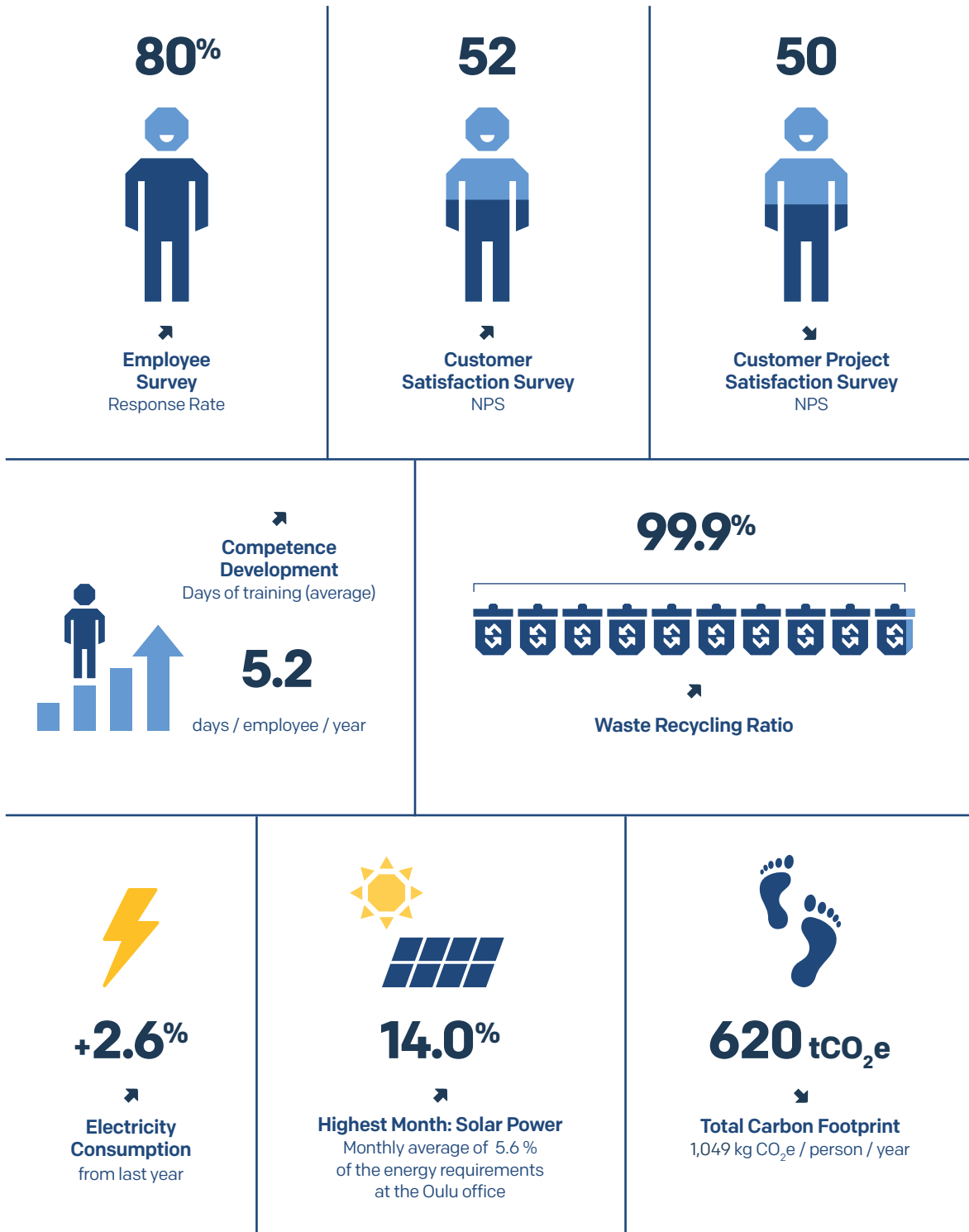
**Bittium**



# Contents

|  |           |
|--|-----------|
| <b>Sustainability Highlights in 2023</b>                 | <b>4</b>  |
| <b>The CEO's Statement on Sustainability</b>             | <b>6</b>  |
| <b>Bittium in Brief</b>                                  | <b>8</b>  |
| Description of Operations                                | 8         |
| Updated Strategy   | 8         |
| Value Creation Model                                     | 10        |
| Megatrends Affecting Bittium's Business                  | 11        |
| <b>Sustainability Management</b>                         | <b>12</b> |
| Sustainability Organization and Risk Management          | 12        |
| Bittium's Ethical Principles and Code of Conduct         | 13        |
| Stakeholder Cooperation                                  | 13        |
| <b>Sustainability at Bittium</b>                         | <b>15</b> |
| Economic Impact  | 15        |
| <b>Sustainability Program 2022–2025</b>                  | <b>18</b> |
| Materiality Analysis                                     | 18        |
| Alignment with the UN's Sustainable Development Goals    | 19        |
| Innovative and Developing People                         | 20        |
| Confidential Customer Relationships and Secure Products  | 26        |
| Corporate Citizenship and Sustainable Business Practices | 30        |
| Environment  | 36        |
| <b>Reporting</b>   | <b>42</b> |
| Reporting Basics and Principles                          | 42        |
| GRI Content Index  | 43        |

# Sustainability Highlights in 2023





# The CEO's Statement on Sustainability

The year 2023 was a period of major changes for Bittium. We updated our strategy and are moving on to a new stage as a company, with the goal being profitable growth. Our business operations must be profitable and sustainable so that we can provide work and well-being for our personnel while also taking into consideration our customers, investors and other stakeholders. From this perspective, the focus areas of our sustainability program are still highly relevant to us.

Success can only be achieved with competent personnel. Nevertheless, we had to make painful decisions regarding our personnel in the fall when we reorganized our business operations. The changes and the uncertainty they brought were also reflected in the results of our employee survey we conducted in January. For example, the employee commitment index decreased slightly.

Our position as a pioneer of technology requires that our personnel actively maintain and develop their own expertise in the continuously changing operating environment. We focus on keeping abreast of the latest technologies, tools, legislation, and other regulations. As a trailblazer, we also need to have insight into technological trends and the development of the operating environment.

The prevailing uncertainty around the world has also reflected our operations. Trust, which is one of our core values, takes on even greater importance in times like these. It is one of the pillars of our "Customers and Information Security" focus area, and we mea-

sure it annually in connection with our customer satisfaction survey. Our customers must be able to trust us and our products and expertise in a world where the significance of information security, for example, is higher than ever before. We must stay on the leading edge of developments, which is why we actively participate in information security development projects in Finland and internationally.

The quality of our work and the satisfaction of our customers are a high priority for us. We measure this regularly with customer satisfaction surveys. Despite the fact that 2023 was a year of major changes, we succeeded to serve our customers well, and our customer satisfaction result improved compared to the previous year. We humbly accept this feedback and continue the systematic work to serve our customers in the best possible way.

Due to the nature of our business and the fact that our customers operate in critical sectors of society, ethical principles and responsible business practices are vital for us. We observe a very wide range of requirements issued by the authorities and ensure compliance and strict adherence to deadlines.

In 2023, we began preparing for the introduction of digital product passports by proactively collecting data into our product information management system. The digital product passport is part of the new circular economy package published by the European Commission.

At Bittium, environmentally sustainable operations mean responsibility for mitigating the climate change and developing resource-efficient solutions. The most notable environmental impacts of Bittium's products occur during the last stage of the life cycle, that is, recycling. We apply the rules laid out in the EU's Ecodesign Regulation in our product design and development. Our secure smartphone, Bittium Tough Mobile 2, fulfills the requirements of the Regulation, which entered into force in 2023.

We are actively committed to combating climate change. We strive to invest in renewable energy, reduce travelling, recycle waste efficiently and strive to maximize the beneficial use of waste. We have been calculating our carbon footprint since 2018. In 2023, our carbon footprint was lower than ever before.

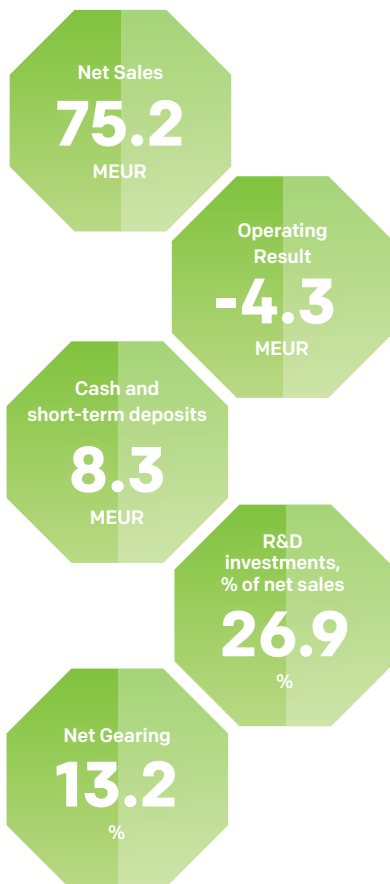
Our long-term sustainability efforts were recognized last year with a silver medal in the EcoVadis sustainability ratings. We were ranked in the top 25 percent globally among the assessed companies.

Sustainability is an integral part of Bittium's operations. We want to develop our operations and processes and do our part in building a better future.



**Johan Westermarck**  
CEO

# Bittium in Brief



## Description of Operations

Bittium is a Finnish technology company specializing in the development of reliable, secure communications and connectivity solutions, and the development of products and services for measuring and monitoring biosignals outside of hospitals. Bittium has an over 35-year legacy of deep expertise in various technologies. Bittium provides its customers with innovative products and services, customized solutions based on its product platforms, and product development services.

Sustainability is essential part of daily work and management that basis on the company's strategy and values.

Sustainability is present in Bittium's operations throughout the life cycle of our products, in our procurement chains, and in the way we create value for the surrounding society.

## Updated Strategy

On October 30, 2023, Bittium announced its updated strategy concerning the years 2024 and 2025. Bittium's main goals are to achieve an average annual net sales growth of more than 10 percent and an operating profit level of 10 percent. The updated strategy will enable the achievement of the set goals.

In accordance with the updated strategy, the company has three Business Segments: **Medical**, which focuses on measuring biosignals and remote monitoring, **Defense & Security**, which offers products and services to the defense and security markets, and **Engineering Services**, which offers R&D services. Group operations that were previously centralized are now also largely divided into the company's three Business Segments, best meeting the needs of each segment. This was an essential change to optimize the operation of more independent businesses.

The company's updated strategy has three main focus areas. The first one is a change from a product development organization to a customer-centric, growth-oriented operating model through its segment organizations. Secondly, the company focuses strongly on its current products and increasing their market shares. The R&D work is mainly concentrated on further improving the competitiveness and productivity of these products. Thirdly, the company seeks to increase efficiency in its own operating methods and has streamlined its cost structure, which is expected to significantly improve the company's profitability and cash flow.

Between 2016 and 2023, the company's two Business Segments, Defense & Security and Medical, have strongly invested in the development of their own products. This has maintained the company's high average annual R&D investment level of around



EUR 20 million, corresponding to an average of approximately 25 percent of the company's annual net sales. Both product-oriented Business Segments will now focus on continuous improvement of the competitiveness of existing products and development of their features. Continuous product improvement is highly important to competitiveness of both Business Segments. In addition, the company will use development cooperation with other companies in its product development in the future. In the R&D oriented operational model the cost structure in the company has been heavy due to the large R&D projects.

#### **Medical Business Segment**

The Medical Business Segment consists of three business areas, which are the measurement and analysis of the electrical activity of the heart (ECG), the measurement and analysis of the electrical activity of the brain (EEG), and the measurement and analysis of sleep apnea. In business, the focus is specifically on further improving the competitiveness, and productivity of the products, as well as on the efficiency of operations.

In the medical technology market, significant development is taking place regarding the treatment of patients, especially outside hospitals. Increasing efforts are being made to prevent diseases and health problems with the help of early diagnostics. The aim is to discharge patients at an even earlier stage to reduce hospital and treatment days. These significantly increase the efficiency of healthcare processes, reduce costs, and improve the treatment experience. The prerequisite for the prevention of health problems and early discharge is enabling accurate monitoring and measurement in home conditions with the help of remote monitoring.

The offering of the Medical Business Segment focuses on remote monitoring solutions. Bittium has solid and proven world-class biosignal processing technology expertise. In the coming years, the company will focus on its product business to also increase the amount of recurring net sales,

both with the help of software and various multi- and single-use products. In the medical business, the focus will be on cooperation with existing international key customers to increase market shares together, and on acquiring new customers.

#### **Defense & Security Business Segment**

The Defense & Security Business Segment consists of three business areas that are defense industry products (Defense Products), defense industry product development services (Defense Services) and secure products and services (Security). Bittium's business consists of tactical communication solutions aimed at the defense market and high security communication solutions aimed at authorities and the professional user market.

Russia's war of aggression against Ukraine has increased the defense budgets of various countries and increased the states' interest to modernize their tactical communication systems. The defense forces of different countries and other authorities need networks for tactical data transmission, where increasingly mobile network users can reliably and securely transfer growing amounts of data. Finland's NATO membership is also expected to have a positive effect on the demand for Bittium's defense and secure products, especially in NATO countries. Bittium has superior waveform quality and secure wireless technology integrated with hardware and software intended for defense and authorities' use.

Over the past years, the company has made significant investments to expand its product portfolio. The products and systems are now at an internationally very competitive level, both in terms of coverage and technical characteristics. In the future, the company will focus on the continuous improvement of the competitiveness of existing products and the development of features to ensure the preservation of competitiveness. The company will put emphasize strongly in its key customers and invest in international sales and marketing to pursue new customers. The company's goal is to grow signifi-

cantly the international product business and achieve an internationally significant position as a provider of tactical communication and high security communication solutions.

#### **Engineering Services Business Segment**

In the Engineering Services Business Segment, Bittium offers its customers R&D services and wireless connectivity solutions for the development of innovative products in a secure and evolving wireless environment. The company has focused its R&D service offering around radio technologies and embedded devices. Bittium has world-class expertise in wireless technologies and comprehensive product development throughout the whole product life cycle.

In the mobile telecommunications, investments in the development of new features continue, and the importance of software development regarding the development of 5G networks is strengthened. Along with digitization, secure IoT (Internet of Things) is a significant development area in almost all industries, where the demand is created by the growing need of companies to digitize their operations, collect data wirelessly and transfer data to cloud services, as well as monitor and control devices and systems remotely. Also, the goal of western companies to shift the focus of R&D to an increasing extent, e.g., to Europe, creates more demand for companies offering R&D services and wireless connectivity solutions.

In the coming years, Bittium will continue to grow its international customer base, especially in the Industry IoT market segment. The company will also invest in developing strategic partnerships with its current customers.

## Our Value Creation Model

### Our Key Resources

#### People

- Over 500 specialists
- Investments in employee well-being and competence development

#### Customer Relationships

- A wide customer base in the public and private sector

#### R&D and materials

- A corporate culture that supports innovation
- Investments in product development
- IPR management
- Sustainable materials purchasing

#### Profitable and Responsible Business

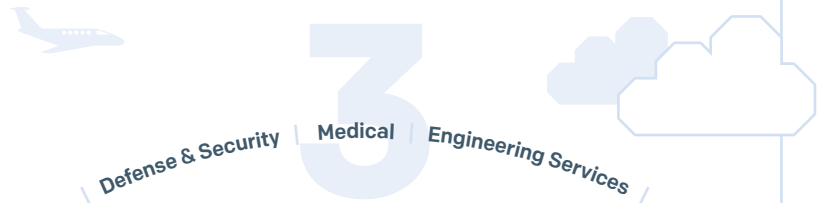
- Strong balance sheet
- Investments
- Sustainable approach to business
- Comprehensive quality, environment and safety systems
- Sustainable use of natural resources (energy and water)
- Compliance processes

#### Stakeholders

- R&D cooperation
- Cooperation with stakeholders and the authorities
- Trust-based partnerships

### Our Mission

Our mission is to utilize our world-class expertise and innovation to enable secure embedded technology for the benefit of people and societies.



Our product and service areas deliver solutions that enable our customers to respond to the changes and opportunities created in the operating environment by new technologies.



### Our Values

Trust. Courage. Innovation.

## Outputs and Impacts

### Customers, Products, and Services

- Customer relationships based on trust
- Long-term partnerships
- Secure products with long life cycles featuring state-of-the-art technology
- Secure communication and connectivity solutions
- Reliable and advanced solutions for remote monitoring in healthcare
- Minimizing product life cycle impacts
- Quality, productivity, and information security

### Society and the Environment

- Taxes, salaries, and wages
- Active role in the partner network
- Added value created by R&D
- High-end technology solutions to meet the growing needs of society
- Optimizing energy and water consumption in our operations and in all stages of the life cycle of our products
- Enabling cost savings in healthcare through technology solutions

### Innovative Experts

- Innovative experts with a high level of well-being
- Continuous competence development
- Meaningful work and a supportive working environment

### Investors

- A profitable and stable investment

## Megatrends Affecting Bittium's Business

One megatrend that has a huge effect on Bittium's operations is digitalization, which has affected all areas for several years already, and the different manifestations of which create both business threats and business opportunities. The digital transformation in society will continue with increased investments in networks formed by smart devices, people, and processes. Digitalization increases efficiency and enables better allocation of resources.

### The Internet of Things (IoT)

The growing importance of IoT requires the integration of operating processes and secure IoT solutions to achieve efficiency advantages. The tools and approaches we use in developing our operations include robotic processes and testing automation as well as data visualization. The company develops challenging IoT solutions with high information security requirements for its customers.

### Digitalization and the ageing population

The ageing of the population and population growth make the digitalization of health care crucial for maintaining the productivity and coverage of services. Remote monitoring, wireless solutions, new home-based care methods as well as faster and more efficient health data analysis are among the technological solutions Bittium has developed for its customers.

### Information security

The progress of digitalization and technologies brings with it an increase in information security threats. Cyber security breaches are among the most significant threats associated with digitalization. Stricter information security and regulatory requirements are reflected in the operations of the company and its customers. The requirements are also expanding to cover new sectors and applications, and the importance of information security certification is growing. Bittium recognizes these rapidly increasing sector-specific requirements and keeps itself on the leading edge of the industry in responding to them.

### Geopolitical uncertainty

The world's geopolitical situation creates uncertainty in the market outlook. States have increased their defense budgets, and interest in modernizing tactical communication systems to meet the needs of modern warfare has grown. Bittium's products support the modern way of fighting, where the mobility and management of troops from the movement as well as effective communication are the key.

# Sustainability Management

## Sustainability Organization and Risk Management

Bittium has a separate sustainability working group, which develops, monitors, and assesses key sustainability indicators and the achievement of targets. The working group is tasked with the management and scanning of sustainability risks as well as sustainability reporting in the company.

The sustainability working group is led by the Vice President, Communications and Sustainability. The group has six (6) mem-

bers: the CEO; Vice President, Communications and Sustainability; Chief Legal Officer; CFO; Director, Human Resources; and Head of Quality and the Environment. The sustainability working group holds quarterly meetings and prepares the sustainability report. Bittium's management and the Board of Directors review the sustainability report annually (management review).

Bittium's Management Group discusses sustainability issues, monitors the effectiveness of sustainability measures, and sets sustainability targets in its twice-yearly management review. The Management Group is also responsible for implementing

sustainability plans and actions in day-to-day operations.

The Audit Committee of Bittium Corporation's Board of Directors discusses sustainability issues on a regular basis and as needed. The Audit Committee oversees the company's preparations for the introduction of the new Corporate Sustainability Reporting Directive. The Committee monitors the company's sustainability reporting and the assurance thereof.

The Board of Directors of Bittium Corporation discusses sustainability issues on the basis of the Management Group's proposals

### Sustainability Management at Bittium



and approves the company's annual sustainability report.

The management of risks related to the company's operations and the operating environment, as well as the relevant processes, are described in Bittium's Corporate Governance Statement.

## Bittium's Ethical Principles and Code of Conduct

Bittium's ethical principles comprise the following areas of sustainability:

### 1) Anti-corruption measures

The nature of Bittium's market area and business sector makes corruption one of the main risks related to social sustainability and human rights. Bittium does not condone any forms of bribery or corruption in its operations or those of its partners. Bittium updated its internal and external anti-corruption guidelines in 2017. The employees receive training on the guidelines.

Bittium expects its partners to comply with these guidelines. The company uses a monitoring tool for detecting corruption and other irregularities in the operations of its partners.

The company's external and internal stakeholders have access to a channel for reporting violations of anti-corruption rules. There were no cases of corruption reported to Bittium in 2023.

### 2) Information security and protection

Bittium's information security and data protection policies specify the methods employed in the classification, storage and disclosure of information.

### 3) Fair business, advertising and competition

Bittium follows the rules on fair business, advertising and competition. The company has access to different methods of securing our customers' information in accordance with information security procedures.

### 4) Corporate citizenship

The company supports community involvement in order to promote social and economic development.

### 5) Protection of intellectual property rights

Bittium respects intellectual property rights and applies its IPR strategy and guidelines to all of its operations.

Sustainable purchasing is also an essential part of our sustainable business operations. The principles of sustainable purchasing have been described in greater detail in Confidential customer relationships and secure products.

## Stakeholder Cooperation

Bittium's operations affect a wide range of stakeholders. Understanding their views and expectations is important for the company's operations and success. Open dialogue with the stakeholders helps to develop Bittium's

operations, products and solutions as well as a goal-driven approach to finding solutions to social challenges.

Bittium works in cooperation with national as well as international stakeholders. The major stakeholders include Bittium's employees, customers, various suppliers, cooperation partners, authorities and other parties regulating the operations, shareholders and investors, students and educational institutions as well as various communities. The company's stakeholder-related activities are guided by good governance and the Code of Conduct.

### Personnel

Bittium arranges several different staff events each year where employees get the opportunity to ask questions and give feedback. The opportunity to have open dialog and present questions directly to the management has formed a key part of communication. During the COVID-19 pandemic, all staff events were held online to safeguard the employees' health and business continuity. In these events, the dialog between the management and employees was even more active than in on-site events, and the possibility to participate regardless of location significantly increased the number of participants. This is why it was decided that the events will be online events even after the COVID-19 pandemic subdued.

In 2023, the company underwent major changes in its operating practices and processes. Staff events and briefings related to the changes were arranged more frequently than usual to support the communication and implementation of the changes.

In addition to staff events, Bittium's employees can give feedback through the annual anonymous employee survey. Equal treatment and open interaction are important to our employees. Employees expect us to offer interesting and meaningful work, and opportunities for professional growth. In addition to the annual employee surveys, the company obtains information on the well-being of employees through quarterly pulse surveys, which allows for any issues to be addressed more rapidly. The results of all surveys are available to the employees in the company intranet.

#### Customers

Customers feedback is received on a continuous basis, primarily by means of frequent communication and through various annual surveys. In 2023, surveys were carried out both by means of interviews and online. Feedback is collected from various levels of customer organizations, ranging from project personnel to senior management. The customer feedback collection method has proved to be effective and it will be continued in 2024.

The Scrum and Agile methods we use and the supporting online systems (as real-time as possible) allow ongoing monitoring and open dialog. This enables us to quickly react to potential problems.

Our customers value competitive and reliable products and services as well as our sustainable and real-time approach to our operations. Our major customers are leading international companies. Although the COVID-19 pandemic taught flexible cooperation via the internet, face-to-face meetings are perceived as delivering higher engage-

ment and commitment. Product and project inspections and approvals, in particular, are easier to carry out face-to-face.

#### Suppliers and partners

When it comes to our suppliers and other partners, we have often worked with them in close cooperation for a long time following established rules and ways of working. Constant communication enables open dialog. Suppliers and partners expect fair and sustainable operations and long-term cooperation from Bittium. For its part, Bittium expects that the business operations of its suppliers and partners are sustainable, and this is monitored on a regular basis.

#### Authorities

Bittium maintains a regular line of communication with the authorities, for example, with regard to export control and information security issues. The company regularly monitors compliance with laws and regulations. Applying them to the company's business operations requires open and ongoing interaction with the authorities.

#### Local cooperation

As part of sustainable corporate citizenship, Bittium actively cooperates with various communities. The expectations of different communities are met in a variety of ways. The company regularly supports educational institutions and schools to introduce young students to working life – and not forgetting the teachers. Thanks to this collaboration, Bittium is also able to recruit new and enthusiastic graduates.

Research and development cooperation with companies and research institutions broadens Bittium's expertise and makes it possible to mutually promote development.

#### Shareholders and investors

Shareholders, investors and analysts expect that Bittium provides long-term value and acts in a sustainable manner. Analysts who follow the company are met on a regular basis, and the company participates in events organized for institutional investors. The Annual General Meeting, which takes place once a year, provides the shareholders with the opportunity to meet and discuss with the company's management and Board of Directors.

In 2021, the company engaged in discussions taking place in a moderated discussion forum aimed at investors in order to increase and improve communication with investors. In 2023, this work was continued with the aim of improving understanding of the company's strategy and business through open and transparent discussion.

In connection with updating its strategy, the company organized a Capital Markets Day for analysts and investors in 2023. The event was organized as an in-person event in the Helsinki metropolitan area. Following presentations, investors had the opportunity to meet representatives of the company's management and largest shareholders, and learn more about the company's products and services. Attending the event virtually was also possible. A total of 40 people attended the event in person, and 374 people watched the event online. The recording of the event had been viewed 786 times by the end of 2023.



# Sustainability at Bittium

## Economic Impact

Bittium's goal is to operate cost-efficiently and profitably in the long term. This creates added value for the company's various stakeholders and the surrounding society. Profitable operations create economic benefits for shareholders, employees, partners, subcontractors, distributors, customers, municipalities, and the state.

Legal compliance is the basic premise of economic responsibility. However, in many respects, Bittium's sustainability and impact exceed the legal requirements. Economic responsibility also includes the company's anti-corruption practices, according to which we require our personnel and partners to commit to our anti-corruption operating guidelines.

Bittium invests in the development of customer relationships and the company's expertise in order to provide reliable products and services to customers. Bittium's cooperation with the company's supplier and subcontractor network is based on professionalism and a long-term approach. Partners are selected carefully and required to operate in accordance with the Supplier Code of Conduct.

### Creating Added Value for Stakeholders

With respect to Bittium's economic impact, the local dimension is what matters most. Local added value is generated especially through Bittium's direct and indirect employment impact. On a larger scale, Bittium's impact extends via tax payments, dividends and business impacts into the countries in which the company operates

around the world. Bittium's dividend policy takes into account the Group's result, financial position, capital needs and the financing required for growth.

Bittium is present in Europe, the Americas and Asia. The majority of the company's employees work in Finland, more than half of them in the city of Oulu.

Ensuring added value means securing long-term growth and financial stability, comprehensive risk management and a long-term commitment to the development of society and local communities. In addition to financial risks, risk management must take into consideration other risks related to the valuation of the company, such as reputational risks.

## Tax Footprint

Taxes are part of Bittium’s business process, and tax management supports the company’s strategy.

Bittium’s tax strategy is to support business decisions and ensure their proper execution also from the perspective of taxes. Tax planning supports business efficiency and productivity, creating added value for shareholders and ensuring regulatory compliance. Bittium’s tax planning is not aggressive and it is always based on actual business needs, instead of artificial arrangements.

Bittium’s tax strategy aims at making sure that the company calculates, reports, and pays taxes correctly to the authorities, in compliance with the regulations in effect. As Bittium operates in five countries, the starting point is to comply with the local legislation and meet the local obligations.

The company’s guiding principle is to be open and transparent with the tax authorities in all the countries in which it is present. In Finland, Bittium works in close cooperation with the Tax Administration.

## R&D Investments

Bittium operates in a sector that creates products and services for the future through continuous development, innovations and cross-sector cooperation. The company plays an important role at the leading edge of technological development, and active cooperation with academic researchers increases understanding of significant new technologies and promotes the digitalization of society. Bittium has a close and long-established cooperation relationship with the University of Oulu.

In 2023, Bittium was involved in the role of funding provider and research partner

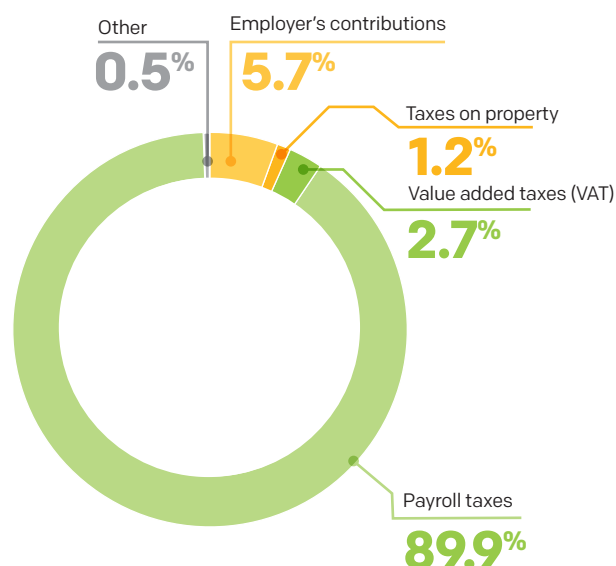
in several EU cooperation projects. Examples of these include ITEA4 (software-intensive systems), Horizon2020 (Horizon 2020 framework program), CELTIC – Next (Eureka cluster for next-generation communications for a secured, trusted, and sustainable digital society), EDF (European Defense Fund), and national projects financed by Business Finland.

The focus areas of these cooperation projects included technologies that are highly relevant to Bittium’s future product and service business, such as various communications solutions for the defense industry and authorities, information security solutions related to products, the development of AI and machine learning methods in fields such as health care, the digitalization of product development and, for example, simulation methods for different areas of product development, and methods and operating practices related to regulatory software development. Research projects were

## Tax Footprint in 2023

MEUR

|                          | 2023         | 2022         |
|--------------------------|--------------|--------------|
| <b>Taxes collected</b>   |              |              |
| Value added taxes (VAT)  | -0.3         | -4.0         |
| Payroll taxes            | -10.2        | -10.0        |
| <b>Total</b>             | <b>-10.5</b> | <b>-14.1</b> |
| <b>Taxes borne</b>       |              |              |
| Employer’s contributions | -0.6         | -0.6         |
| Taxes on property        | -0.1         | -0.1         |
| <b>Total</b>             | <b>-0.8</b>  | <b>-0.7</b>  |
| <b>Taxes total</b>       | <b>-11.3</b> | <b>-14.8</b> |





**Stakeholders and Economic Impact in 2023**

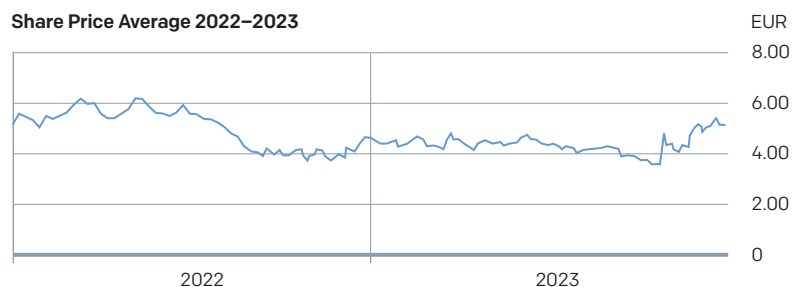
also established in 2023 in the focus areas under Bittium’s Leading Company program.

In 2023, the R&D investments were 26.9 percent of the net sales (27.0 percent). The investments focused mainly on developing medical technology products, developing tactical communication system and its products for the defense industry, and special terminal products and their related security software targeted for authorities.

On October 30, 2023, Bittium announced its updated strategy concerning years 2024 and 2025. In the strategy the company is seeking a change from a R&D organization to a customer-oriented, growth-oriented operating model through its segment organizations. Between 2016 and 2023, the company’s two Business Segments, Defense & Security and Medical, have invested strongly in the development of their own products. This has maintained the company’s high average annual R&D investment level of around EUR 20 million, corresponding to an average of approximately 25 percent of the company’s annual net sales. In both product-oriented Business Segments the large product development projects have proceeded into commercial phase. During the next two years period, these segments will now focus on continuous improvement of the competitiveness of existing products and development of features, which is the highly important to competitiveness in both Business Segments. In addition, the company will use development cooperation with other companies in its product development in the future.



**Share Price Average 2022–2023**



# Sustainability Program 2022–2025

In accordance with the new sustainability program for 2022–2025, Bittium has four focus areas: innovative and developing people; confidential customer relationships and secure products; corporate citizenship and sustainable business practices; and environmental sustainability.

Bittium monitors the progress of each focus area using selected indicators in accordance with its sustainability program and continuously develops its operations and performance.

The most important resources of Bittium’s business are highly competent people, a diverse work community free of discrimination, and taking care of employee well-being and competence. Bittium provides its employees with challenging and motivating jobs, and is committed to supporting their development and investing in their well-being.

Bittium is a reliable operator for all of its stakeholders. Stakeholder engagement is guided by good corporate governance as well as the company’s ethical principles and Code of Conduct. In customer relationships, sustainability is reflected in the way of working, the quality of products and the trust that characterizes the company’s customer relationships. Trust is the starting point for Bittium’s operations.

Sustainable business practices are a cornerstone of Bittium’s operations. It provides a solid foundation for risk management and represents a core value as well as a competitive advantage. Sustainability helps the company with long-term value creation.

Responsibility for the environment, the mitigation of climate change and resource-efficient solutions are key aspects of Bittium’s operations and their development. By maximizing the service life and recyclability of products, their total life cycle impact can be influenced. The company also strives to minimize the environmental impacts of its operations. The company’s performance is monitored through the environmental program.

## Materiality Analysis

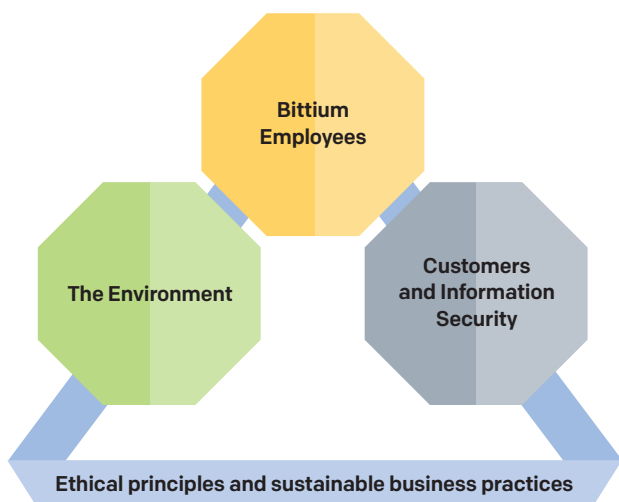
Bittium conducted a materiality analysis on sustainability in 2019. The aim of the analysis was to establish an understanding of the stakeholders’ views regarding the previously selected focus areas in sustainability. To support the materiality analysis, we carried out a stakeholder survey in the form of an online questionnaire for customers, partners, investors, employees, the management, and other stakeholders. A total of 125 people completed the survey.

The survey assessed the significance of Bittium selected sustainability focus areas for the company’s business and evaluated the content of each focus area to assess the company’s performance in taking each focus area into consideration. In addition, it was assessed whether there were any other areas of sustainability that were previously not included in Bittium’s selected focus areas, and that the company should take into consideration in its operations.

To increase the understanding of the stakeholders’ perceptions of Bittium’s sustainability, the respondents were asked to compare Bittium with other companies from the perspective of sustainability. Bittium’s average score was 8.3 on a scale of 1–10.

The participants were also asked to indicate their willingness to recommend Bittium as a sustainable company (Net Promoter Score, NPS). The stakeholders gave Bittium’s sustainability an NPS of 37, which can be considered to be a good score. NPS scores range from -100 to +100, and all scores above 0 are considered good.

After establishing the priorities of the identified material aspects, the final outcome of



the analysis was a materiality matrix confirmed by the Management Group and the Board of Directors. The matrix summarizes the views of the company's internal and external stakeholders regarding Bittium's material aspects of sustainability as well as the company's impacts and areas of development. After the priorities had been determined, the materiality matrix was approved in discussions held between Bittium's Board of Directors and the Board's Audit Committee.

The materiality analysis conducted in 2019 was also used for the basis when updating the sustainability program for the years 2022-2025.

As part of the preparation for the entry into force of the EU's new sustainability directive, Bittium will implement a dual materiality determination in 2024. The analysis evaluates both external effects (the effects of the different stages of Bittium's value chain on society and the environment) and internal effects (risks and opportunities affecting Bittium's performance and business that may affect the company's value now or in the future). Based on the definition of materiality, the company will update its responsibility program.

## Alignment with the UN's Sustainable Development Goals

Bittium has evaluated the themes associated with the focus areas of its sustainability program with the UN Sustainable Development Goals, and identified the goals that it has already taken into consideration and promotes in its operations. Based on the selected focus areas of sustainability, the following UN SDGs are of particular relevance to the company:

- 3** Good health and well-being
- 8** Decent work and economic growth
- 9** Industry, innovation, and infrastructure
- 12** Responsible consumption and production
- 16** Peace, justice, and strong institutions
- 17** Partnerships for the goals



## The Focus Areas in Sustainability at Bittium are

### #1 Innovative and developing people

- We promote an open, equal, and diverse working culture
- We take care of the well-being of our employees
- We invest in the development of competencies and leadership skills

### #2 Confidential customer relationships and secure products

- We meet the special sector-specific and technological requirements of our customers (quality and security)
- We invest in innovative and agile product development
- We ensure the sustainability of our procurement chain

### #3 Corporate citizenship and sustainable business practices

- We engage in open dialogue with our stakeholders and support the local communities in which we operate
- We conform to sustainable business practices
- We create added value for our stakeholders through profitable and sustainable business operations

### #4 Environmental sustainability

- In accordance with the objectives set out in our environmental program, we strive to minimize the environmental impacts of our operations.
- We aim to optimize the service life and recyclability of our products.



# 1

## FOCUS AREA #1

# Innovative and Developing People

Innovative people are the company's most valuable resource, with the well-being of employees being the foundation of its success. At Bittium, we invest in the continuous development of competence and supervisory skills. Every day, we strive to act in accordance with our values – trust, courage, and innovation.

**The most important resources** of Bittium’s business are highly competent people, a diverse work community free of discrimination, and ensuring employee well-being and competence. Bittium provides its employees with challenging and motivating jobs and is committed to supporting their development and investing in their well-being.

The year 2023 was a period of changes for Bittium. The company updated its strategy and adopted a segment-based organizational model. Giving the businesses more autonomy enhances Bittium’s ability to serve its customers on a more customer-driven basis, and improves the speed of decision-making in each business. At the practical level, our strategic review covered both processes and the operating practices that ultimately influence our entire corporate culture. We commenced change negotiations in August, which led to 61 dismissals and 8 employees being temporarily laid off until further notice. In 2023, we focused heavily on implementing and supporting these changes, which meant that certain other considerations, such as strengthening the employer image, were assigned a lower priority.

## Objectives and Sustainable Development 2023

Bittium measures its development in the Innovative and Developing People focus area with regard to the following objectives: employee satisfaction, maintenance

of employee competence and ensuring special competence, strong employer image, and diversity, inclusivity, equality and equal treatment. The objectives and their achievement are described in the following sections.

## Employee Well-being and Engagement

Bittium’s target for the employee commitment index for the period 2023–2025 is 4.0 (on a scale of 1–5), but this target was not achieved in 2023. The Bittium Employee Survey (BES) on the year 2023 was carried out right at the beginning of January 2024. As expected, the change negotiations conducted in the latter part of 2023 had an effect on the results of the survey. Of the employees, 80% responded to the employee survey (77% at the end of 2022). The average score for the quantitative questions was 3.7 (3.8 at the end of 2022). The score for the survey section on supervisory work remained excellent with an average of 4.2. The employee commitment index came to 3.5, but the figures are not fully comparable with the scores for 2022 due to differences in the content of the survey.

The content of the survey was redesigned to some degree. The statements and questions took the business segment perspective more into account than previously. New statements were also added on sustainability and environmental perspectives, for example. In the section on supervisory work, the new perspectives introduced in the re-

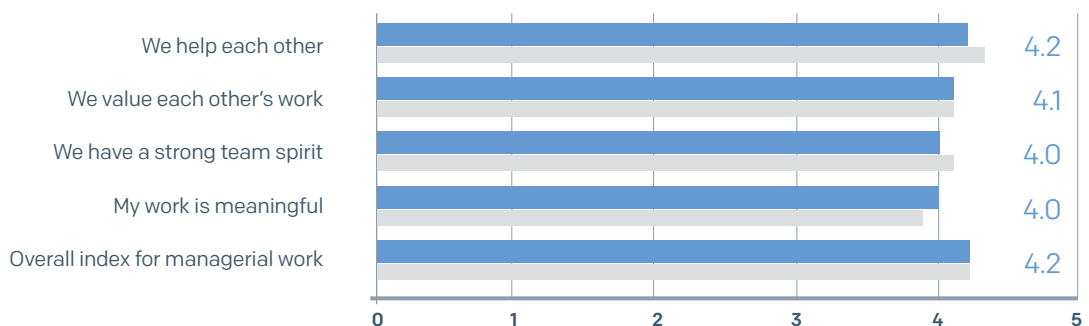
vised survey included looking after the atmosphere of the workplace community and taking individual differences into consideration in a positive manner.

The BES survey section on project work was not included in the survey conducted in January 2024 because the most recent project survey was carried out in spring 2023. In the survey, we collected team-specific feedback from employees who work in customer and product development projects, with project managers being a particular target group. The results developed favorably on the whole, and we received positive feedback for improved communication in particular.

We continued to work under the hybrid model introduced in 2022, with employees having two in-office days per week. At the same time, the recommendation throughout the company has been to increase in-office work, especially in light of the changes in the organization, and because meeting colleagues and spending time at the office are perceived to be important. The teams have been empowered to decide on their practices concerning in-office work. Due to the nature of the work, some employees cannot work remotely at all. This includes people working in production and laboratories as well as employees whose job requires working in security-classified areas.

In addition to the employee satisfaction survey, we conducted one pulse survey in 2023 with a focus on assessing work-related mood and workload.

### Bittium Employee Survey 2023: highlights related to sustainability



Response rate: 80%. Scale: 1=poor, 5=excellent. ■ 2023 ■ 2022

## Personnel Development and Training

Bittium's objective is to maintain the competence of its employees and ensure special competence. Bittium's position as a pioneer of technology requires that the personnel actively maintain and develop their own expertise, both in terms of basic skills and the related common ways of doing things, as well as the latest technologies, tools, legislation and other regulations of the rapidly changing operating environment, and that they have insight into the trends in the development of technology and the operating environment. In the development of skills, the goal is continuous development and learning while working.

The Bittium Leader training, which began in 2021, continued in the first half of 2023 with two groups that started the program in 2022. The groups participated in two training modules focused on work ability management and the participants' role as a leader. Bittium's principles of good leadership were drafted in connection with the training program. A total of approximately 110 Bittium employees have participated in the training program, which is aimed at supervisors, project managers, and team leaders.

Online training activities are an important part of the maintenance of the Group's common basic skills, and online training activities targeted at all employees are available in relation to processes, methods of operation, systems and tools, among other things. The company continued to use the Plural-sight learning platform, where employees can participate in high-quality mini webinars, for instance. In the development of skills, examples of the current themes include topics related to information security, quality systems, programming languages, working in a cloud environment, and embedded systems.

In 2023, the average number of training days was 5.2 per employee. This includes

both internal and external training as well as orientation training and independent study. Internal training may also involve on-the-job learning and the sharing of expertise, and external training may involve independent study. Approximately 70% of the personnel participated in training in 2023.

## Bittium as an Employer

Bittium is perceived as a reliable Finnish company that is known especially for the products it provides to the Finnish Defence Forces. Awareness of the company's health care technology business has improved, and the company is seen as a competent specialist company in this sector.

Bittium canvasses the satisfaction of new employees regarding the orientation training and company image before and after the start of work through surveys. In 2023, the company image score prior to starting work was 7.7 (2022: 7.6), but the score decreased after starting work and was 7.3 (2022: 8.1). The results reflect the fact that project starts were delayed in the case of some new employees, and exceptionally low scores from a small number of respondents significantly reduced the average. The company has sought to remedy the issues concerning the employees in question.

## Diversity, Inclusivity, Equality and Equal Treatment

Bittium wants to provide its employees with equal working conditions regardless of backgrounds, ethnicity, gender, age, and other factors. In addition, Bittium maintains and promotes an interactive and participative working culture.

All employees and job applicants are treated equally regardless of their gender, age, ethnic background, political views, or other background factors. Bittium's equality plan is based on the Finnish Non-discrimination Act and the Act on Equality Between Men

and Women. The equality plan was updated in 2023. The key measures under the updated equality plan are still focused on equal pay and career opportunities, the openness of recruitment, and systematically supporting the careers of ageing employees.

The actual situation concerning equality at work is assessed in employee surveys from the perspectives of pay, career development, and recruitment. In 2023, Bittium conducted an equality survey that was responded to by 53% of Bittium's personnel in Finland. Based on the results of the survey, equality and non-discrimination are generally well-realized at Bittium. The score for each theme in the survey was at least 5.0 on a scale of 1–6.

At Bittium, non-discrimination means equal treatment and ensuring a working culture that is free of discrimination. The company respects its employees' right to organize and it has zero tolerance of discrimination or harassment in any form. No discrimination cases emerged in 2023.

The principles concerning the diversity of Bittium's Board of Directors are defined in the Corporate Governance Statement. Bittium also wants to present the technology industry as an attractive option for women, who are still underrepresented in this field, and to non-binary persons. For the second consecutive year, Bittium participated in the Shaking Up Tech event, where Bittium's female employees talked to young people in general upper secondary education about their work as a product developer, test engineer or UI/UX designer, for example. Participating in the event supported Bittium's goal of staying on the minds of young people as an interesting employer and to increase awareness of the diverse nature of the technology industry. Several visits to educational institutions were organized.

## Managerial Work and Performance Reviews

Bittium has organized monthly Leadership Coffee Sessions for supervisors. These sessions have been continued as one method to support managerial work. In the latter part of the year, the practice was changed to support the ongoing changes in the company so that Managers' Meeting events were held in approximately two-week intervals, and the invitees included not only supervisors but also project managers and other individuals in leadership positions.

In 2023, team members and their supervisors had quarterly discussions (Quarter Chat) in accordance with the performance review model. A key objective in supervisory work has been to give due consideration to individuality, support well-being at work, and build trust in the relationships between managers and employees. The employees have also been offered the opportunity to agree on having separate longer conversations, especially with regard to a long-term competence development plan. From the beginning of 2024, the company is transitioning to annual performance reviews. In addition to these reviews, supervisors and team members can meet one-on-one during the year whenever necessary.

## Well-being and Occupational Safety

At Bittium, the majority of work involves R&D and product (software) development. Therefore, the most significant disability risks include musculoskeletal diseases, coping at work and mental well-being. Project-based work is prevalent, and the schedules and workload may vary greatly depending on the situation.

Bittium uses an early support model. The model is considered to involve the entire work community, and it helps increase openness. From the perspective of work-re-

lated stress, it is important that one is allowed and able to talk about coping, as this enables a change towards a healthier corporate culture. The topics of HR coffee break events have included well-being through nutrition, insomnia, diversity in the workplace community, individual resilience and the resilience of the workplace community. A total of seven coffee break events were held in 2023, and they attracted a lot of interest among the personnel: over a hundred Bittium employees participated in each event.

Psychosocial stress and static work postures were highlighted as issues in a workplace survey carried out by the occupational health care provider. In response to the results, attention was paid to ergonomics in remote work and the rules of working in an open-plan office, among other considerations.

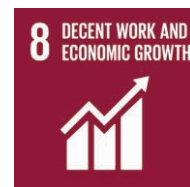
Employee well-being is supported by occupational health care services, which are more extensive than required by law, as well as by other employee benefits. The occupational health care services also include a digital clinic and the opportunities for remote consultations. Employees also have access to the services of an occupational physiotherapist. Bittium supports its employees' community spirit and activities also outside working hours in the form of various clubs, physical exercise and activities.

All Bittium offices have appropriate safety plans in place. Some of the employees perform duties in which it is of particular importance to ensure electrical safety. The risks associated with manufacturing and manual work are a relatively small concern. The Close Call reporting channel in Bittium's intranet enables employees to report potential safety and 'close call' concerns. No observations of close calls were reported via the channel in 2023.

Bittium's HR management and OHS function analyze occupational accidents at regular intervals and whenever particular risks emerge. A total of 11 occupational ac-

cidents were reported in Bittium's Finnish companies in 2023. Nine of the reported incidents were categorized as occupational accidents, with one of them causing temporary disability. Most of the reported accidents occurred during commuting or travel.

## Relevant Sustainable Development Goals by the UN



The measures related to the occupational well-being and promotion of the work ability of Bittium's employees, safety and equality plans, and the offered employee benefits promote sustainable development goal no. 8 (decent work and economic growth). The company's investments in R&D activities and the competence development of its employees promote sustainable development goal no. 9 (industry, innovation and infrastructure).

## Personnel in 2023

At the end of 2023, Bittium had 526 employees in Finland, the United States, and Germany. Of the employees, 99 percent work in Finland. Most of the employees are R&D engineers.

**526**

at the end of the year

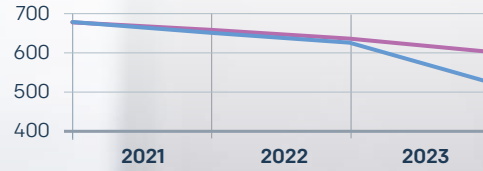
**601**

on average

**85%**

engineers

persons



**AVERAGE AGE**

**46**

**YEARS AT BITTIUM**

**10.8**

**RETIRED**

**1**

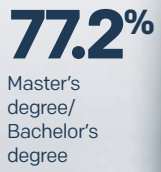




**WOMEN**



**TRAINING**



**DAYS OF TRAINING**





**FOCUS AREA #2**

## Confidential Customer Relationships and Secure Products

Confidentiality and ensuring information security are an integral aspect of Bittium’s sustainability. Bittium helps its customers prevent threats related to information and national security. The company is known for its information security expertise and secure products for the defense and security industry. Information security is also part of ensuring confidentiality across the company’s field of operations. For example, in product development service projects carried out for customers, information security is a key consideration right from the start of the design stage. In addition, Bittium’s health technology products help its customers in the health care sector by providing them with remote measurement solutions in response to the constantly increasing cost pressures and efficiency requirements in the health care sector.

In Bittium's operations, confidentiality is an element of customer relationships, products, services, and working methods. Trust and information security are key dimensions of Bittium's ability to produce reliable and secure communications and connectivity solutions as well as mobile information security solutions and provide health technology products and solutions for the company's customers.

The changed global situation and the resulting changes in the operating environment have been taken into account, and operations have been adapted and developed according to the current conditions. Changes in the threat environment and operating environment are monitored and taken into account in activities, methods and measures related to Bittium's information security and overall security.

It is crucial to take information security into consideration across the full life cycle of products and services. Bittium's Code of Conduct is also an integral element of the company's secure and responsible way of working with customers and other stakeholders.

Bittium responds to the constantly growing and changing information security requirements by training employees and by participating in Finnish, European, and international information security development projects.

## Information Security Management

Information security and safety are integral aspects of Bittium's day-to-day operations. The company's operations are managed in accordance with an information security management system. Information security objectives, responsibilities, and the allocation of resources to activities are specified in the system.

The management system includes information security-related policies, guidelines and templates pursuant to the standards and requirements (ISO 27001, Katakri and FSC) as well as the requirements set by the cus-

tomers and law. They cover the information security of all of the company's functions and areas of operation.

Bittium has various technical solutions, methods and operating practices in place with regard to information security. The company's employees have also been trained to bear responsibility for information security and report any information security incidents or threats they observe. The employees receive regular training on operating practices that ensure information security.

Product and life cycle risks are systematically assessed as part of the product development process. With respect to products, Bittium takes into account the safety and information security of materials and components as well as compliance with product liability regulations in the company's target markets.

## Objectives and Sustainable Development 2023

In terms of customer relationships, the key points related to the sustainability theme Confidential customer relationships and secure products concern cooperation, customer understanding and project management, and product and service quality. Customer and project satisfaction is measured through annual surveys, with separate objectives set for each area.

As regards information security threats, the principle of continuous development is applied to products and operations, but the more detailed objectives are the following four points:

1. Compliance of information security certificates and the development of operational security
2. Developing situational awareness regarding security and the capacity to recognize deviations and incidents
3. Developing business continuity management.
4. Improving the information security of own products and development of new technology.

Information security is a competitive factor for Bittium. In this area, Bittium aims to strengthen the company's role in the recognition of information security threats and in the utilization of information together with stakeholders, and the company also aims to participate in the information security development projects and key forums at the EU level and otherwise.

Bittium is also involved in the Finnish Information Security Cluster (FISC), which promotes the utilization of cybersecurity expertise in Finnish society, and the FISC-owned Cyberlab Oy. The members of FISC consist of nationally significant organizations that provide information security and cybersecurity products and services. Bittium has participated in the management of FISC since 2023.

## Customer and Project Satisfaction

Bittium measures both customer and project satisfaction on an annual basis using the Net Promoter Score (NPS) as the indicator. During the year under review, the NPS target for both customer and project satisfaction was 50. The target was achieved in both surveys. The customer satisfaction survey NPS improved and came to 52. The project satisfaction survey NPS was 50, representing a slight decrease from the previous year.

For customer satisfaction, the assessed areas are the smoothness of cooperation, Bittium's ability to understand the customer and general satisfaction with the product quality, whereas for project satisfaction, the key areas are the success of project management, the functioning of technical solutions, quality and the outcome of the project. Both surveys provide information on product and service quality, the measuring criteria of which is the number of severe defects in each business area. No severe quality defects were observed in 2023.

In the customer satisfaction survey, Bittium also collects feedback on the company's values, one of which is trust. In the survey, trust was given a score of 4.4 on a scale of 1–5.

## Information Security Threats

Bittium's information security management system is based on the international ISO 27001 standard. Several audits were also conducted by customers in 2023, and Bittium's audit results were excellent. In a time of changes in the operating environment, our customers have worked with us to verify the sustainability of our operating practices.

The information security environment is constantly changing and developing. During the year under review, Bittium developed its information security observation methods, systems, and operating practices partly as planned and partly in accordance with the changed threat and information security landscape. We also commission third-party assessments and studies relating to methods and systems.

Bittium has not been targeted by cyber attacks that would have affected the organization's functions. Other information security incidents have been minor by nature and they have had no significant effects on Bittium's operations.

In relation to information security, online training has been organized for employees on topics such as recognizing phishing attempts.

We aim to continuously enhance information security awareness by making guidelines and policies clearer, increasing communication and providing regular training to our personnel. Information security training

is provided both at a general level and on a job-specific basis.

## Information Security as a Competitive Factor

Bittium aims to strengthen its role in the recognition of information security threats and in the utilization of information together with the stakeholders, and the company also aims to participate in the information security development projects and key forums of the EU and other parties. Each year, Bittium participates in many important Finnish, European and international research and development projects.

In spring 2023, Bittium received significant funding from Business Finland, which was used to launch the Seamless and Secure Connectivity project. In the future, seamless and secure connectivity will require interoperability between various networks in the field of public, private, and related applications. The number of different terminal devices in the network, such as sensors, mobile devices and IoT devices, is growing very quickly, and the importance of their end-to-end information security is growing substantially. Seamlessness is enabled, for example, by utilizing alternative connectivity technologies and mobility solutions at the same time, so that the secure connection remains uninterrupted during the entire communication. At the same time, the development of medical remote diagnostics, from devices to services, promotes cost-efficiency in the health care industry, faster diagnosis of people's health or related problems, and significantly improves the

eco-efficiency of the environment as it becomes more common. More information on the project is available on the company's website.

In 2023, Bittium again participated in Locked Shields, the world's largest live-fire cyber defense exercise, hosted by the NATO Cooperative Cyber Defence Centre of Excellence (CCDCOE). The exercise had over 3,000 participants from 38 countries. The exercise involves protecting real computer systems from real-time attacks, and simulating tactical and strategic decision-making in critical situations. Locked Shields is a Red Team vs Blue Team training exercise in which the Blue Teams are composed of NATO CCDCOE member states and partner nations. In addition to defending systems, teams must report incidents, execute strategic decisions, and solve forensic, legal, and media challenges. The plan for the training exercise was created by 400 organizers who created over 5,500 virtual systems for the purpose.

The 5G Compad (EDF, European Defence Fund) project that began in 2022 continued in 2023. The aim of the project is to enable secure tactical communication solutions in the integration of defense infrastructure and 5G networks.

## Product Information Management

Most of Bittium's product information has been migrated to the company's new product information management system, but this work will still continue in 2024. Prod-

6

### CERTIFIED SYSTEMS IN USE

#### Quality Systems

- ISO 9001, ISO 13485 and AQAP 2110

#### Environmental systems

- ISO 14001, ISO 50001

#### Information security systems

- ISO 27001, Katakri auditing and various facility security approvals

494

### STANDARDS AND DIRECTIVES OBSERVED

#### Of which observed in sustainability efforts

- OHSAS 18001, SA8000, GRI G4, Electronics Industry Citizenship Coalition (EICC), Ethical Trade Directive (ETI), Conflict Mineral (USA, EU)
- SCIP, EU ROHS(I,II,III), Reach, WEEE, Regulation on Waste, ErP (Energy-related Product), EU Taxonomy Regulation, Battery Directive, Packaging Directives

uct information management supports the reporting of compliance with existing standards and preparations for future regulations, such as the digital product passport, which will increase the transparency of product information and promote the circular economy.

## Systems and Standards

Customers increasingly expect Bittium's products and working methods to be standardized and certified. Standardization also makes it easier to promote global exports.

Bittium had six certified systems in use at the end of 2023. All in all, more than 400 different standards are observed in Bittium's operations, approximately 120 of them on a daily basis. All of Bittium's certified management systems are audited by an external party on an annual basis.

Bittium has certified quality management systems for medical devices, such as a quality management system for medical devices that satisfies the requirements of the Medical Devices Regulation (MDR) (EU) 2017/745 and is certified in accordance with the Medical Device Single Audit Program (MDSAP) and the ISO 13485 standard. In late 2022, Bittium obtained MDR-compliant certification for the Bittium Respiro home sleep apnea test device and the Bittium Respiro Analyst software used to analyze the results. Bittium progressed according to plan in MDR approval processes in 2023. The products are tested, verified and approved as part of the R&D process by both

internal and external auditors. For example, in Europe, the products are required to carry the CE label and the related Declaration of Conformity (DoC).

The company's product development projects are also audited in accordance with the PSSL (Product Safety, Security and Liability) audit procedures as part of Bittium's End Product Process (EPP) requirements. Employees receive PSSL product liability training.

## Relevant Sustainable Development Goals by the UN

Bittium's medical technology products, which improve modern healthcare and provide safety, efficiency, and cost savings, support sustainable development goal no. 3 (good health and well-being).





**FOCUS AREA #3**

## Corporate Citizenship and Sustainable Business Practices

Good governance and ethical business practices are the foundation for all of Bittium's activities. The company's businesses are subject to strict regulation. Trust is one of Bittium's values and a cornerstone of the company's DNA. Our customers can count on us to respect the confidentiality of our customer relationships. For its broad network of partners and stakeholders, Bittium wants to be a partner with which dialog is easy and solution-oriented.

**At Bittium, sustainable corporate citizenship** means that sustainable business practices are strengthened throughout the value chain, with positive impact created in society at both the local and global level.

Bittium is a reliable local partner and employer, which engages in active and open dialogue with its stakeholders, acts in accordance with its harmonized operating principles, creates added value for its shareholders, and seeks working methods and solutions that promote sustainable development. Bittium develops its stakeholder relationships in a fair and sustainable manner, with the aim of being transparent in all its communication.

Bittium participated in several research and development projects in 2023. The most significant of these was Seamless and Secure Connectivity, which is a Leading Company project funded by Business Finland. The four-year project led by Bittium will last until 2026. Its goal is to enable trustworthy, secure, and resilient end-to-end connectivity architectures and products including life-cycle services in various domains.

Since 2023, Bittium has been a Board member of ITEA, which is part of the EU's EU-REKA framework. The ITEA cluster has an industry-driven focus on software RD&I, particularly in the areas of smart mobility, health care, smart cities, energy, manufacturing, engineering, safety, and information security.

In March 2023, Bittium deployed a whistleblowing channel that satisfies the requirements of the Whistleblowing Directive. The company has specific processes for monitoring and handling whistleblow-

er reports to ensure that they are investigated quickly and confidentially, protecting the identity of the whistleblower. No reports were received via the whistleblowing channel during the year.

## Objectives and Their Achievements in 2023

In 2023, the key perspectives in the focus area of Corporate Citizenship and Sustainable Business Practices were reducing the risk of unethical conduct, supply chain sustainability, anti-corruption and the development of stakeholder cooperation.

Bittium published its new strategy in the latter half of 2023. Consequently, the decision was made to postpone the updating of the Code of Conduct to 2024, at which time all of the company's policies will be reviewed in relation to the new business model. The existing Code of Conduct is used in contract negotiations with manufacturing partners and component suppliers.

The company's new employees are familiarized with the Code of Conduct during their first month with the company (target: 100%). Self-study materials on the Code of Conduct will be updated when the Code of Conduct itself is updated in 2024.

The company's anti-corruption training package was updated in 2023 and will be deployed in 2024.

Preparations were made for the implementation of a stakeholder survey in 2023, but the decision was made to conduct the survey in 2024 as part of Bittium's double ma-

teriality analysis. Stakeholder cooperation measures are described in more detail below.

## Developing Stakeholder Cooperation

Bittium's operations affect multiple stakeholders, with the company's key stakeholders being shareholders, customers, employees, partners and other suppliers as well as the public sector. Developing even more open dialog between stakeholders supports the development of Bittium's operations, products and solutions, while it helps find solutions for societal challenges. In the fall of 2023, Bittium organized a Capital Markets Day targeted at investors and analysts. This coincided with the publication of the company's new strategy and business model. Approximately 40 people attended the event in person, with another 374 in attendance online. The recording of the event had been viewed 786 times by the end of 2023.

Bittium organized a Partner Days event for its partners in the Medical business segment. At the event, Bittium launched a partner program aimed at increasing and strengthening dialog with partners and engaging the commitment of partners so that they are even more integrated into Bittium's product distribution chain. The next Partner Days event will be organized in early 2024 in the Defense & Security business segment.

From the perspective of Bittium's customers, export control constitutes an important part of operations and a precondition for successful cooperation with the authorities

as well as customers. Bittium promotes the sustainable export of Finnish technology by closely monitoring the changing legislation in the various market areas and by complying with legal provisions. The changed geopolitical situation has increased the number of export license applications filed by Bittium. Export control procedures have been further specified in cooperation with the authorities.

After the COVID-19 pandemic, Bittium has been able to resume visits to educational institutions, which are important to the company. The visits support the work of schools and educational institutions and future competence development.

## Compliance with Requirements, Good Governance and Anti-corruption Measures

Bittium has customers in both the public and the private sector. The business environment involves constant changes in legislation and regulation, as well as increasing requirements from the stakeholders concerning sustainable operations and risk management. Bittium is committed to acting in accordance with legislation and regulations and adhering to ethical business practices in all its operations. Bittium has zero tolerance of bribery and corruption. The company aims to ensure ethical business practices and compliance with the corporate culture and increase awareness of sustainable business practices through training. Bittium's corporate culture is based on

openness and commitment to common values.

The management of Bittium Corporation is governed by the Articles of Association, Finnish law, and Bittium's governance guidelines. Bittium publishes on an annual basis a corporate governance statement, as required by the Corporate Governance Code for listed companies published by the Securities Market Association. The statements and further information on the company's governance are available on Bittium's website.

The key objectives and requirements related to sustainable business practices, good governance, internal control, and risk management are specified in the operating principles and the Internal Control Framework, which includes instructions, guidelines, and principles for internal control and risk management, which are separately approved by the Board of Directors. Compliance processes are in place at every organization level in order to ensure compliance with the applicable laws, regulations, internal guidelines, ethical values, and sustainable business practices. The company's management and businesses are responsible for monitoring the legislation and other regulation in their own areas and for communicating any changes to the organization. The members of the Management Group are responsible for arranging appropriate control and compliance training in their units. The company's Chief Legal Officer coordinates the compliance processes in terms of adequacy and compliance.

Bittium expects that its employees and partners are committed to the company's anti-corruption policy. Mandatory training on anti-corruption measures is provided for employees as part of the orientation training, with all new employees completing the related online self-study module in 2023. No irregularities were observed and no corruption cases were confirmed during the year.

## Sustainable Purchasing

Bittium's products contain a range of electronic, electromechanical and mechanical components. The sustainability of the purchasing chain is ensured, for instance, through material and component supplier requirements and material assessments.

The company's service and product suppliers are required to undertake to ensure sustainable business practices and they must comply with Bittium's Code of Conduct, Supplier Code of Conduct, and the Bittium Supplier Manual. The latest versions of these documents are available on Bittium's website. The guidelines include the key policies, practices, and requirements for Bittium's supply chain. The requirements are related, among other things, to business practices, anti-corruption measures, environmental issues, occupational safety, and human rights, including material-specific requirements. Compliance with the guidelines was assessed in 2022 through supplier self-evaluation and audits of critical suppliers.

Ensuring that all employees are committed to the principles of sustainable purchasing is an important part of ensuring the sustainability of the supply chain. Sustainable



purchasing is a part of Bittium's mandatory environmental training, which employees complete through self-study.

The vast majority of Bittium's employees work in countries with progressive human rights legislation. The company's approach to human rights issues is described in the Bittium Supplier Manual. During the year, no violations or significant nonconformities related to the use of child labor, forced labor, inappropriate disciplinary action, physical punishment, or health-related discriminatory practices were observed in Bittium's or its subcontractors' operations.

Suppliers are audited according to pre-defined criteria. Audits are carried out either as a self-assessment based on the Bittium Supplier Manual or as an audit conducted by Bittium. In 2023, Bittium focused on deepening its cooperation with critical manufacturing partners and component suppliers to identify common development areas. Bittium has worked on developing a supplier management tool in connection with these efforts.

## Identifying the Origin of Minerals

Bittium's products are made using minerals that may also come from countries that violate human rights or cause environmental destruction by mining such minerals. Bittium urges its suppliers to comply with the legislation on conflict minerals and the relevant recommended reporting practices. This ensures that the minerals used in Bittium's

products do not originate from conflict or risk zones.

Bittium continuously monitors any nonconformities related to conflict minerals with the help of updated requirements, external databases, and the product information management system. The company has also further specified its Responsible Minerals Policy. In 2023, Bittium did not receive any reports on suspicions concerning minerals from conflict areas.

## Avoiding Counterfeit Materials

Counterfeit materials are any materials whose origin, age, composition, configuration, certification data, certification status or other feature is presented falsely and with misleading markings on the material, packaging, or container. Bittium is aware of the risks associated with counterfeit materials, both when purchasing materials as ready-to-use components and when using the previously mentioned raw materials. Bittium is committed to conducting the necessary assessments to avoid using counterfeit materials in its products. The purpose of efficient supplier reporting systems is to avoid the use of counterfeit materials. Supplier reporting methods focus on monitoring the various purchase process phases starting from the initial supplier selection. Bittium's employees are trained to identify counterfeit materials. Regarding counterfeit materials, Bittium's customers also expect that information is managed in real time to the maximum extent possible. By

combining the data obtained through product information management and material information databases, Bittium is able to ensure for its customers up-to-date and appropriate information management. The relevant information is documented in the Product Lifecycle Management (PLM) system. No counterfeit materials were found in Bittium's products in 2023.

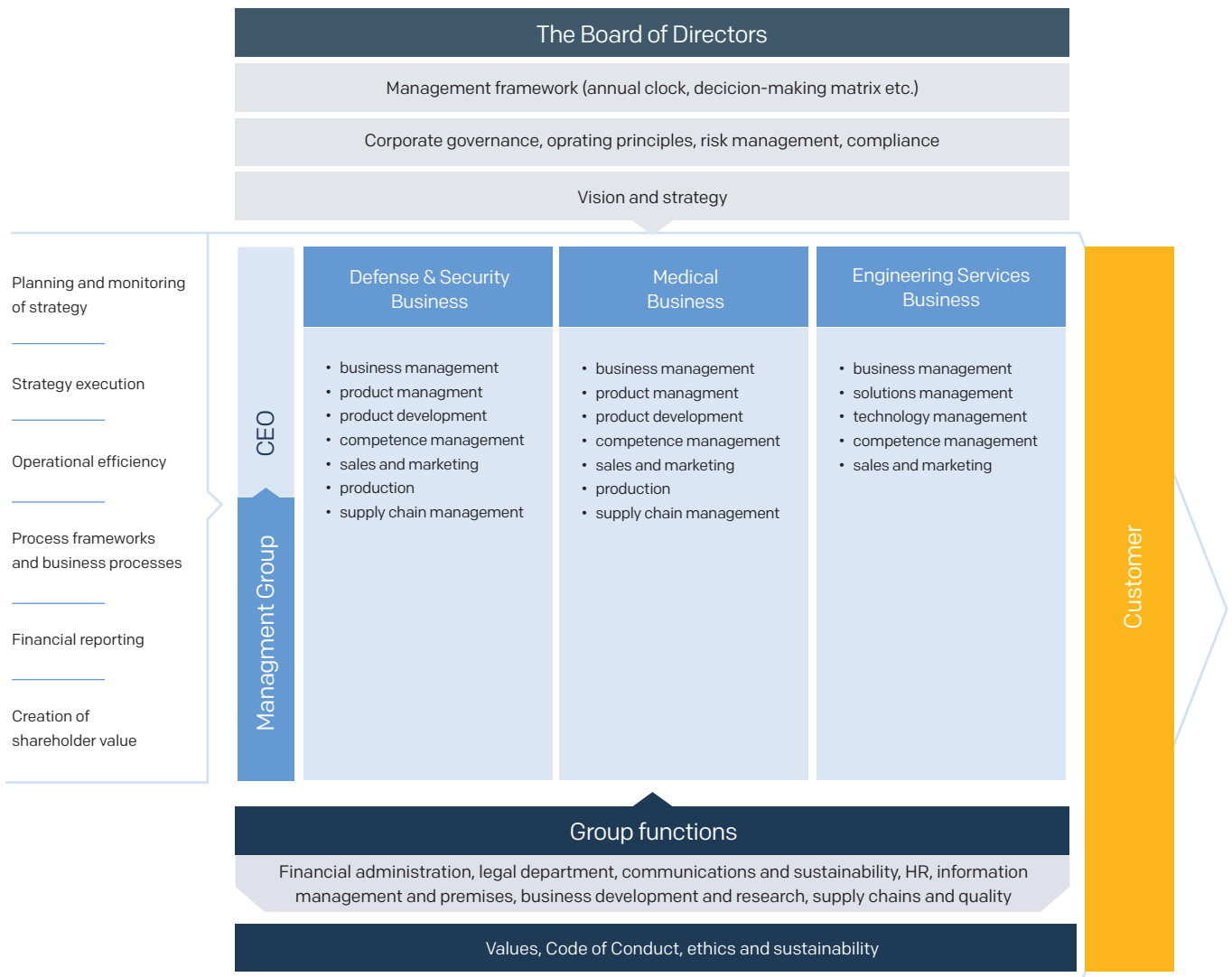
## Relevant Sustainable Development Goals by the UN



Bittium’s actions related to sustainable corporate citizenship, good governance, and anti-corruption measures promote, in particular, the sustainable development goals no. 8 (economic growth and employment), no. 12 (responsible consumption), no. 16 (peace and justice) and no. 17 (partnership). Sustainable purchasing, avoiding minerals from conflict areas, and counterfeit materials support goal no. 8 (economic growth and employment). Reporting on the planning, implementation, and results of sustainabil-

ity actions in the annual sustainability report and the systematic planning of sustainability work and reliable reporting support the objective to ensure the sustainability of consumption and production methods.

### Corporate governance, risk management and compliance at Bittium







**FOCUS AREA #4**

## Environment

Environmental sustainability is reflected in Bittium's small and big decisions in product planning and assembly and on the company's premises. In its environmental actions, Bittium focuses on improving the efficiency of its operations and on using lower-emission energy sources. Bittium's footprint is reduced by the longer useful life of products and the development of recycling as well as improvements in resource efficiency.

**Environmental sustainability** at Bittium is guided by the company's environmental policy, legislation on environmental protection and sustainable development, and various international principles and customer requirements. At Bittium, environmentally sustainable operations mean responsibility for curbing climate change and the development of resource-efficient solutions. The most notable environmental impacts of Bittium's products occur during the last stage of the life cycle, that is, recycling.

In addition to reducing the environmental impacts of its own operations, Bittium seeks to actively reduce environmental impacts throughout the value chain. In 2023, Bittium continued to prepare for the introduction of the digital product passport as regards Bittium's products. To this end, Bittium has increasingly collected information on its products in the company's product information management system. The digital product passport is part of the new circular economy package published by the European Commission.

The EU's Carbon Border Adjustment Mechanism (CBAM), which took effect in October 2023, is intended to prevent carbon leakage, which refers to emission-causing activities being moved outside of the EU. The mechanism applies to CBAM goods that are imported into the EU, including iron, steel, and aluminum products. Bittium has some products for which the company is required to report in accordance with the CBAM disclosure requirements on the year 2023.

## Management of Environmental Sustainability at Bittium

Bittium has a certified environmental management system, which applies the most recent version of the ISO 14 001 standard. The environmental management system enables Bittium to improve the management of its environmental impacts and the level of environmental work. The following viewpoints are the core of the management of environmental work and environmental sustainability at Bittium:

- Monitoring and observing amendments to the laws and regulations concerning environmental protection and sustainable development. The use of energy-efficient solutions in R&D (ecological design) and at business premises is also included.
- Minimizing the environmental impacts of the production, use and disposal of products. The development of instructions and practices related to ecological design supports these principles.
- Encouraging suppliers and partners to implement environmental management systems. This practice supports the realization of the principles aimed at limiting the use of hazardous substances.
- Developing energy efficiency through continuous improvement. Two energy auditors approved by the Energy Authority conduct annual on-site audits.

Bittium operates in a strongly regulated business environment. The company regularly monitors the international environmental requirements that govern its products as well as the local regulations derived from these, with all suppliers also required to comply with them. The provisions of the ROHS directives (I, II and III), the REACH regulation (on hazardous substances) as well as the WEEE (recycling of waste electronic and electrical equipment) directive have been applied in Bittium's product design since 2002.

The provisions of the Ecodesign regulation framework are applied in Bittium's product design and product development. The secure Bittium Tough Mobile 2 smartphone satisfies the requirements of the Regulation, which entered into force in 2023. In its product design, Bittium also takes into account the requirements of the Medical Devices Regulation (MDR).

Bittium aims to offer halogen-free products whenever alternatives to halogen components that meet the relevant functional requirements are available. Bittium's halogen-free statement conforms to the IEC (International Electrochemical Commission) definition of halogen-free materials (IEC 61249-2-21).

## Environmental Objectives and Sustainable Development 2023

Bittium monitors three environmental indicators measuring the environmental effects of its operations, that is, the development of the carbon dioxide equivalent (kgCO<sub>2</sub>e), the development of energy consumption (MWh) and the percentage share that renewable energy accounts for of total energy consumption.

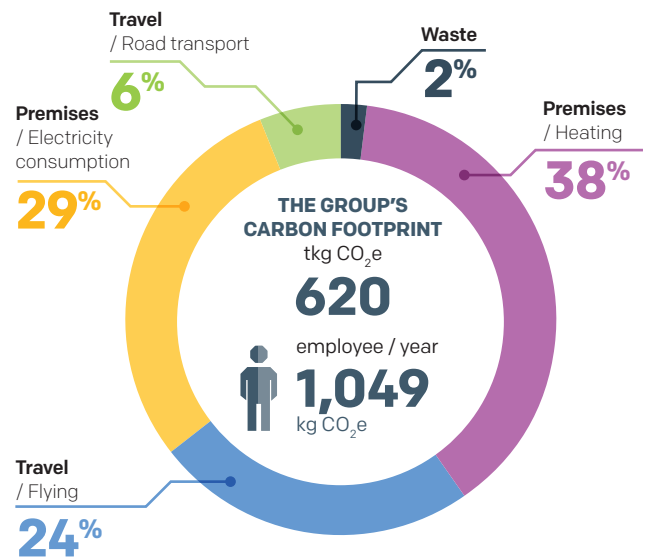
### Environmental Sustainability Indicators

The company continuously monitors the level of environmental protection. The following indicators have been selected as the key environmental sustainability indicators.

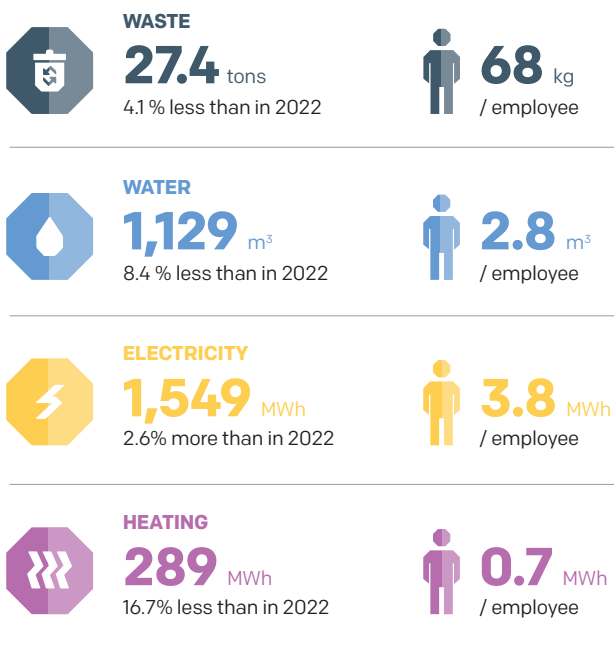
- Travel (air and road transport)
- Premises (electricity consumption, heating and waste)

In 2023, the volume of waste remained unchanged from the previous year. Water consumption decreased by 8.4% and heating costs by 16.7% year-on-year. At the same time, electricity consumption increased slightly, by 2.6% from the previous year.

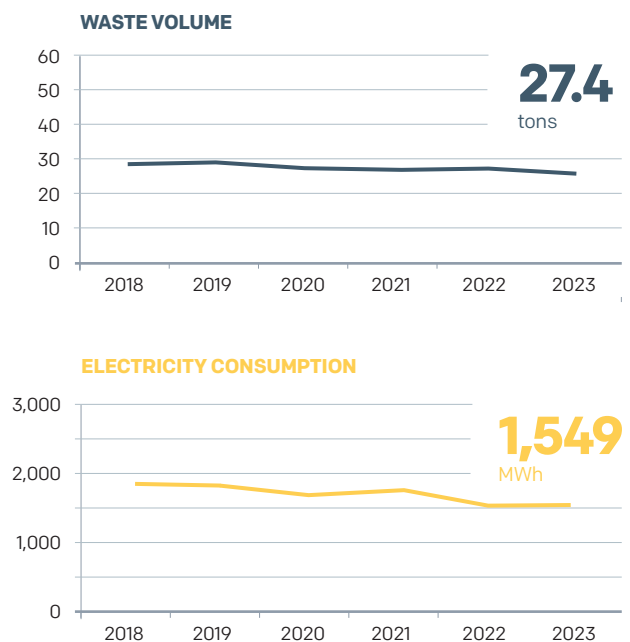
The total amount of travel increased during the year under review because the scope of reporting was expanded to include train journeys, which were not included in the previous year.



Bittium's Environmental Sustainability Indicators in 2023, Oulu Office



Environmental Sustainability Indicators 2018–2023 (Trend), Oulu Office



## Maintaining the Waste Recovery Rate at Over 95 Percent

Most of the waste generated by Bittium is packaging waste. There have been no significant changes in the volume of waste since 2018. Although production volumes have increased, a larger proportion of the manufactured components and partial assemblies are delivered directly to factories, which reduces the amount of waste generated at Bittium. The simplification of packaging modules has also helped reduce waste. There were no significant changes in the amount of hazardous waste compared to the previous years.

In addition to minimizing waste, Bittium aims to forward all waste to be reused or recovered as appropriate. Design and material recycling are promoted in product design and development in the spirit of the circular economy, while innovating sustainable solutions with partners. Bittium has implemented waste recycling to the maximum extent possible, with the waste recycling rate being 99.9% in 2023.

## Developing the Energy Efficiency of Premises and Increasing the Share of Renewable Energy

The carbon footprint of Bittium's premises and facilities represents 67% of the total carbon footprint. Improving energy efficiency is one of Bittium's key objectives in terms of the reduction of carbon footprint. District heating from the local energy supplier is not yet fully carbon neutral, but production utilizes biofuels and recycled fuels sourced from nearby areas. According to the electricity supplier, the distribution of the production methods for the purchased electrical energy is such that 38% comes from renew-

able sources, 24% is emission-free and 38% comes from fossil sources.

Renewable energy sources accounted for 42% of heat energy and 36% of electrical energy. At its highest during the year, the share of solar power of the electricity consumed at the Oulu office was 14% (in 2022: 13%, 2021: 13%, 2020: 13%, 2019: 11.9%).

## Reducing Carbon Footprint

Bittium calculated the Group's total carbon footprint for the sixth time. The carbon footprint calculations are mainly based on process data, which was obtained from the databases of Bittium and its cooperation partners (such as product suppliers and the electricity supplier). The calculation includes direct emissions and the indirect emissions of purchased energy (Scope 2). In addition to the above, the reported indirect emissions include the indirect emissions of business travel and electricity production for the past year. With the carbon footprint measurement, Bittium monitors, in particular, the efficiency of the shift to renewable energy sources and the efficiency of solutions that are more sustainable in terms of climate.

Our carbon footprint target for 2023 was <1,500 kg CO<sub>2</sub>e/employee. Our total carbon footprint was 620 tCO<sub>2</sub>e, or 1,049 kg CO<sub>2</sub>e/employee (2022: 707 tCO<sub>2</sub>e, 1,119 kg CO<sub>2</sub>e/employee; 2021: 719 tCO<sub>2</sub>e, 1,096 kg CO<sub>2</sub>e/employee; 2020: 753 tCO<sub>2</sub>e, 1,130 kg CO<sub>2</sub>e/employee).

Bittium reviewed its travel policy in 2023 in accordance with the company's emission reduction target. The scope of reporting on travel was expanded during the year to include different forms of transport. For example, train journeys are included in the reporting on the year under review. Consequently, the emissions associated with travel are not directly comparable between the year under review and the preceding year.

Technologies supporting sustainable development promote the reduction of customers' carbon footprint and enable influence on product life cycle emissions. For example, Bittium's solutions responding to the needs for remote diagnostics enable emission reductions throughout the value chain by reducing the need to visit health care facilities in person.

\* When calculating carbon footprint, Bittium uses the exact data on the properties owned by it and the data available on properties leased by Bittium. This applies, for example, to the available waste figures. Bittium also takes into account the coefficients published by Statistics Finland concerning the average CO<sub>2</sub> emissions of district heating production in Finland, for which an average is calculated for the past three years. For this reason, there may be minor variation in the carbon footprint comparison figures at the annual level.

## Circular Economy as the Starting Point for Bittium's Product Design

Bittium's business is mainly focused on product design, sales and marketing, while its manufacturing partners are responsible for product assembly. The environmental effects of products emerge at various phases of the product life cycle: procurement of raw materials, product manufacturing, transport, product use or product disposal. However, a significant part of the environmental effects during a product's life cycle can be influenced through product design and design decisions. The inclusion of environmental aspects in the product design processes creates a foundation for all product design and development at Bittium.

Bittium's approach involves an established model of operation concerning product materials and their handling: more with less. Environmental objectives are reached by maximizing the service life and recyclability of products, for example, by influencing the amount of materials used in the manufacturing of products. Environmental effects can be reduced through design decisions, for example, by reducing the consumption of raw materials, through the lengthening of life cycles, by reducing the use of hazardous materials and by ensuring that products can be recycled. The transition towards a carbon-neutral circular economy requires cooperation and innovation. In 2023, Bittium engaged in discussions with its supply chain partners on carbon footprint calculation and recycling.

Bittium's products are designed to have long life cycles and to be repairable and recyclable. For example, reliability, delivery reliability and maintenance services, including service and update work, must be guaranteed for many defense industry products for de-

grades. Material cycles are created in relation to product repairs or returns related to the product life cycle, for example. The information security risks associated with the products must also be taken into account in this context. Bittium disassembles decommissioned products, sorts the components and recycles them appropriately.

The rapid development of regulation and materials requires that Bittium is capable of adjusting its product design in accordance with the changes required by the business environment. Bittium has responded to the requirements, for example, with re-design of products; the long service life of products provides an opportunity to create environmentally sustainable solutions to replace product modules with outdated environmental attributes. When old and new technology is combined, the old product platforms are developed in a more environmentally friendly direction, with the requirements of the most recent regulations taken into account while making no compromises on the service life.

## Ecodesign Accelerates Sustainable Product Design

In early 2022, the EU's Ecodesign Directive entered into force in the EU area, with the Directive specifying the ecological demands to be applied in the design and development of products that use energy. The Directive promotes sustainable development by improving energy efficiency and the level of environmental protection, while also improving the security of energy supply. The scope of the Directive's application expanded in 2023 to also include the effects of software production so that they are taken into account in the life cycle assessment concerning the ecological footprint of products. Bittium products meet the requirements of the Directive.

The EU's proposed regulation on the ecodesign of sustainable products also includes a digital product passport, which would enable information to be collected of the various phases of value chains, such as product use, maintenance and recycling. During the year, Bittium documented a majority of its product information to correspond to the requirements of digital product passports. The company aims to have all of its products entered in the Product Lifecycle Management (PLM) system by the end of the first half of 2024.

## Relevant Sustainable Development Goals by the UN



Bittium's measures related to ecological product design, sustainable consumption and production methods and energy and resource efficiency promote, in particular, the sustainable development goals no. 8 (decent work and economic growth) and no. 12 (responsible consumption). Resource efficiency is promoted in consumption and production through operations that comply with the environmental standard. Ecological design is the starting point of product development and an important part of sustainability work at Bittium. Special attention is paid to the use of renewable energy, waste recovery rate and the reduction of waste at our operating locations and the results are reported as part of Bittium's sustainability report.





# Reporting

## Reporting Basics and Principles

### Scope of Reporting

This sustainability report published as part of the annual report is the sixth extensive report on the management and implementation of sustainability at Bittium. Bittium updated its sustainability program in 2022. In accordance with the updated program, Bittium has implemented sustainability-related themes by developing metrics and providing more extensive information on the impacts of its operations. The sustainability program is an updated version of the 2020–2022 sustainability program, which was based on a materiality analysis carried out in 2019. The aim of the materiality analysis was to establish an understanding of the stakeholders' views regarding Bittium's previously selected focus areas in sustainability. The focus area objectives and metrics of the sustainability program were updated to strengthen the company's objectives related to being a responsible corporate citizen in society.

To enable comparison, Bittium's sustainability report is based on the Global Reporting Initiative (GRI) Standards framework. The table at the end of the report contains references to the relevant elements of the GRI Standards framework.

The report covers Bittium's four sustainability focus areas and a description of financial effectiveness. The financial data is collected from Bittium's financial information systems, and the majority of personnel data is from HR management systems. Environmental figures are collected from the company's own systems and from reports provided by service providers, such as the company's travel agency and waste

management provider. The reported financial figures are based on Bittium's audited financial statements from 2022 and 2023.

The reporting model was selected on the basis of Bittium's sustainability principles, taking into account the GRI framework and the focus areas of Bittium's business: wireless, secure communications in B2B operations. Bittium has customers both in Finland and in other countries. The operations and most of the personnel are nevertheless located in Finland.

The sustainability report will be published online in electronic format in connection with the Group's annual report at [www.bittium.com](http://www.bittium.com) and <https://annualreport.bittium.com>.

### Scope of the Report

The period covered by the sustainability report is the same as the financial period, January 1–December 31, 2023.

The company reports the consumption of electricity, heat and water for all of its owned premises as well as those offices in Finland where the company is on rent and the company only uses a part of the premises in the office building. In addition, the company separately reports environmental responsibility metrics (waste, water, electricity, heating) from the Oulu location. To calculate the carbon footprint, the company uses, in addition to all of the above-mentioned information, emissions from travel, which the company calculates from its own systems, as well as from emission reports obtained through the travel agency.

The report does not cover all suppliers or service providers. In other respects, the report covers all the operations of Bittium Corporation and its subsidiaries.

## Reporting Principles and Guidance

Financial reports are governed by the International Financial Reporting Standards (IFRS), and governance reports comply with the legislation on listed companies and the Finnish Corporate Governance Code that applies to listed companies. The reported financial data is based on audited financial statements.

## Principles and Practices for External Verification

The GRI Standards were applied in the preparation of the 2023 report. The sustainability report has not been verified by an independent third party. The figures presented in the "Financial effectiveness" section are based on the Group's audited financial statements.

In 2023, Bittium began preparing for reporting in compliance with the EU Corporate Sustainability Reporting Directive, and these preparations will continue in 2024. The company will conduct a double materiality analysis and update its sustainability program in accordance with the results of the analysis.

## Bittium's Sustainability Contact Person:

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Vice President,  
Communications and Sustainability  
[karoliina.malmi@bittium.com](mailto:karoliina.malmi@bittium.com)

## GRI Content Index

Bittium's Annual Report 2023 has been prepared with reference to the GRI Universal Standards 2021. The sustainability reporting covers the selected General Disclosures as well as the Topic Standards Bittium has deemed material and which reflects best its

economic, social, and environmental impacts in the topics. The GRI 1: Foundation 2021 Standard's key concepts for defining report content have been taken into account in the preparation of sustainability information. The topic standards are the year 2016 versions unless otherwise stated next to the standard number.

Statement of use: Bittium Oyj has reported the information cited in this GRI content index for the period January 1, 2023 to December 31, 2023.

*GRI used: GRI 1: Foundation 2021*

| Disclosure                        | Reporting contents   | Location in Bittium's annual reporting   | Additional information   |
|-----------------------------------|--|--|--|
| <b>GRI 2: General Disclosures</b> |  |  |  |
| 2-1                               | Organizational details   | Business and Operating Environment, p. 10  | Bittium is an international technology company that offers socially useful technical innovations that improve communication connections, create security and promote healthcare. The company's offices are located in Finland, Germany, and in the USA. More information about the offices is on the website: <a href="http://www.bittium.com/about-bittium/facts-figures/bittium-locations">www.bittium.com/about-bittium/facts-figures/bittium-locations</a><br><br>Bittium Corporation's articles of association are available on the website: <a href="http://www.bittium.com/investors/corporate-governance/articles-of-association">www.bittium.com/investors/corporate-governance/articles-of-association</a> |
| 2-2                               | Entities included in the organization's sustainability reporting | Sustainability at Bittium in 2023; Reporting, p. 88  |  |
| 2-3                               | Reporting period, frequency and contact point                    | Sustainability at Bittium in 2023; Reporting, p. 88  |  |
| 2-4                               | Restatements of information                                      | Sustainability at Bittium in 2023; Reporting, p. 88  | There are no restatements of sustainability information in this report.  |
| 2-5                               | External assurance   | Sustainability at Bittium in 2023; Reporting, p. 88  |  |
| 2-6                               | Activities, value chain and other business relationships         | Business and Operating Environment, Products and Services p. 14; Sustainability at Bittium in 2023; Bittium's value creation model p. 56, Sustainable Purchasing p. 78 | All of Bittium's products are manufactured in Finland by manufacturing partners. The products consist of various electronic and mechanical components, whose suppliers are both foreign and Finnish significant players in their respective regions. Bittium's most significant partners in the distribution network are Bittium's partners operating in different product and service areas, such as Tutus Data AB in Sweden for Bittium Tough Mobile™ 2 smartphones in Sweden and Technomed Ltd for Bittium Faros™ devices in the United Kingdom.  |
| 2-7                               | Employees  | Sustainability at Bittium in 2023; Innovative and Developing People, p. 66–71  | The total number of employees at the end of 2023 was 526, of which 74 (14%) were female and 452 (86%) were male. There were 513 employees in permanent employment, of which 74 (14%) were female and 439 (86%) were male. The proportion of fixed-term employment contracts was 0.2% for women and 2% for men. The proportion of part-time employment contracts was 4% for both women and men. The proportion of full-time employment contracts was 96% for both women and men. 2% of employees worked on zero-hour contracts (2% female, 3% male). There was a decrease of 99 persons in the number of employees during 2023, of which 61 were dismissed as a result of the change negotiations.                    |
| 2-9                               | Governance structure and composition                             | Corporate Governance, Corporate Governance, Bittium Corporation, Board of Directors, Board Committees p. 39;   |  |

| Disclosure                        | Reporting contents  | Location in Bittium's annual reporting  | Additional information   |
|-----------------------------------|---|---|--|
| <b>GRI 2: General Disclosures</b> |   |   |  |
| 2-10                              | Nomination and selection of the highest governance body                     | Corporate Governance, Principles Concerning Board Diversity, p. 36  | The Annual General Meeting is the company's the highest decision-making body, where the company's shareholders participate in the control and management of the company by using their right to speak and vote. The most important tasks of the General Meeting include electing the Board members. The Board chooses a Chairman among its members.  |
| 2-11                              | Chair of the highest governance body  | Corporate Governance, Corporate Governance, Bittium Corporation, Board of Directors, p. 35                          | The Chairman of the Board of Directors of the Bittium Corporation is independent of both the Company and its significant shareholders.   |
| 2-12                              | Role of the highest governance body in overseeing the management of impacts | Sustainability at Bittium in 2023; Sustainability Management, p. 58, Corporate Governance, Annual Clock 2022, p. 37 | Bittium has a separate sustainability working group that develops, monitors, and evaluates issues related to sustainability. The working group is responsible for sustainability risk management and steering, as well as the company's sustainability reporting. The Audit Committee of Bittium Corporation's Board of Directors deals with sustainability issues regularly and when necessary. Bittium Corporation's Board of Directors deals with sustainability issues based on the presentations of the management team and examines sustainability effects as part of its supervisory role. The sustainability report describes the methods that ensure sufficient care applied to the areas of sustainability. In addition, the description of risk management and processes related to the company's operation and operating environment is defined as part of the Corporate Governance system report.   |
| 2-14                              | Role of the highest governance body in sustainability reporting             | Sustainability at Bittium in 2023, Sustainability Management, p. 58   |  |
| 2-15                              | Conflicts of interest   |   | The Board of Directors of Bittium Corporation and the relevant committee carefully evaluate the possible conflicts of interest of each member of the board and/or the relevant committee in the preparation and decision-making work. In a possible conflict of interest situation, the relevant institution ensures that the members in question do not participate in the preparation or decision-making.  |
| 2-19                              | Remuneration policies   | Bittium Corporation's Remuneration Report, Remuneration Report from the accounting period of 2023                   | Bittium Corporation's remuneration policy and remuneration reports are available on the company's website: <a href="http://www.bittium.com/investors/corporate-governance/remuneration">www.bittium.com/investors/corporate-governance/remuneration</a>  |
| 2-20                              | Process to determine remuneration   | Bittium Corporation's Remuneration Report   | <p>The Annual General Meeting decides on the remuneration of the members of the Board of Directors. Remuneration of the Board of Directors, the CEO, and any deputy CEO must be in accordance with the Company's latest remuneration policy. Shareholders discuss the Remuneration Policy at the Annual General Meeting at least every four years and whenever substantial changes are made to it. In a possible conflict of interest situation, the relevant institution ensures that the members in question do not participate in the preparation or decision-making. The same principles are followed in the assessment of possible conflicts of interest as are followed when assessing board members' conflicts of interest in connection with decision-making. The Board of Directors annually evaluates the possible need for changes to the Remuneration Policy. The company may use external experts when evaluating and determining the compensation to be paid to the Board of Directors and the CEO.</p> <p>Bittium Corporation's remuneration policy and remuneration reports are available on the company's website: <a href="http://www.bittium.com/investors/corporate-governance/remuneration">www.bittium.com/investors/corporate-governance/remuneration</a></p> |

| Disclosure                        | Reporting contents                                 | Location in Bittium's annual reporting   | Additional information   |
|-----------------------------------|--|--|--|
| <b>GRI 2: General Disclosures</b> |  |  |  |
| 2-22                              | Statement on sustainable development strategy      | Sustainability at Bittium in 2023, The CEO's Statement on Sustainability, p. 53  |  |
| 2-23                              | Policy commitments                                 | Corporate Governance, Main Features of Internal Control and Risk Management Processes Related to the Financial Reporting Processes, p. 45; Sustainability at Bittium in 2023, Corporate Citizenship and Sustainable Business, p. 76, Sustainability at Bittium, p. 61, Bittium's Ethical Principles and Code of Conduct, p. 59 | <p>Bittium follows a responsible business practices and requires it from its suppliers as well. Bittium's ethical principles include aspects of anti-corruption, data protection and security, fair business practices, advertising and competition, corporate citizenship, and protection of intellectual property rights. Collaborators must comply with Bittium's Code of Conduct principles and supplier guidelines and requirements (Bittium Supplier Requirements). The guidelines contain the most important policies, operating methods, and requirements for Bittium's supply chain. The set requirements are related to business practices, anti-corruption, environmental issues, occupational safety, and human rights, including material-specific requirements. The guidelines and principles mentioned above are available on the company's website: <a href="http://www.bittium.com">www.bittium.com</a></p> <p>Bittium has also mirrored the themes of the priority areas of sustainability in the UN's Sustainable Development Goals and identified goals that are already taken into account and whose realization is promoted in the company's operations.</p> |
| 2-24                              | Embedding policy commitments                       | Corporate Governance, Main Features of Internal Control and Risk Management Processes Related to the Financial Reporting Processes p. 45; Sustainability at Bittium in 2023, Corporate Citizenship and Sustainable Business, p. 76, Sustainability at Bittium, p. 61, Bittium's Ethical Principles and Code of Conduct, p. 59  | Bittium takes into account the due diligence obligation in its operations. Together with its supply chain partners and other stakeholders, Bittium strives to identify both actual and potential harm to the environment and people, including human rights, in the entire value chain. As part of responsible management and operations, the company prevents and mitigates harm, monitoring the effectiveness of actions related to the duty of care. Bittium's external and internal stakeholders also use the Whistleblowing notification procedure, which aims to reduce the risks that may be faced by the company.  |
| 2-26                              | Mechanisms for seeking advice and raising concerns | Sustainability at Bittium in 2023, Corporate Citizenship and Sustainable Business, p. 76   | Good governance and ethical operating methods are the basis of Bittium's operations and a prerequisite for business. The trust of customers and other stakeholders in Bittium, product quality, and responsible development are of primary importance to the company. The company has compliance processes at every organizational level to ensure that applicable laws, regulations, internal guidelines, responsible business requirements, and ethical values are followed. Bittium's personnel and external stakeholders use feedback and reporting channels as well as a reporting channel for detecting abuses. Personnel has been instructed on their use of Bittium's intranet and in orientation training.  |
| 2-27                              | Compliance with laws and regulations               | Report by the Board of Directors; Statement of Non-Financial Information   | Bittium Corporation has not incurred legal sanctions for its activities during 2023.   |
| 2-28                              | Membership associations                            |  | Teknologiateollisuus ry  |
| 2-29                              | Approach to stakeholder engagement                 | Sustainability at Bittium in 2023, Sustainability Management, p. 58  |  |

| Disclosure                    | Reporting contents                   | Location in Bittium's annual reporting  | Additional information  |
|-------------------------------|--------------------------------------|---|---|
| <b>GRI 3: Material topics</b> |                                      |   |   |
| 3-1                           | Process to determine material topics |   | <p>Bittium's sustainability program is based on a materiality analysis carried out in 2019, on the basis of which the focus areas of sustainability have been defined. The program is built on the development goals and measures of focus areas and the metrics defined for them. The process of defining Bittium's material topics, the materiality analysis, is described on the company's website: <a href="https://annualreport2019.bittium.com/sustainability_report/focus_areas_in_sustainability">annualreport2019.bittium.com/sustainability_report/focus_areas_in_sustainability</a></p> <p>With the update of the sustainability program, the goals and metrics of the focus areas were specified, and yearly sub-goals were set for the themes. The goals and metrics of the sustainability program for the years 2022–2025 are described in the context of the sections dealing with each focus area of the annual report.</p> |
| 3-2                           | List of material topics              | Sustainability at Bittium in 2023, Innovative and Developing People, p. 66, Trust-based Customer Relationships and Secure Products, p. 72, Corporate Citizenship and Sustainable Business Practices, p. 76 Environment, p. 82                             |   |
| 3-3                           | Management of material topics        | Sustainability at Bittium in 2023, Outputs and effects, p. 57, Innovative and Developing People, p. 66, Trust-based Customer Relationships and Secure Products, p. 72, Corporate Citizenship and Sustainable Business Practices, p. 76 Environment, p. 82 | The most significant sustainability effects of Bittium's essential sustainability topics, the management of essential sustainability topics, and the measures related to their management are described in the annual report, in the sections dealing with Bittium's sustainability priority areas. In the future, Bittium will develop reporting related to the management of material topics in accordance with the GRI 3: Material topics standard.  |

| Disclosure                                 | Reporting contents   | Location in Bittium's annual reporting   | Additional information  |
|--|--|--|---|
| <b>GRI 201: Economic Performance</b>       |  |  |   |
| 201-1                                      | Direct economic value generated and distributed                          | Sustainability at Bittium in 2023, Economic Impact, p. 61  |   |
| 201-4                                      | Financial assistance received from government                            | Notes to the Consolidated Financial Statements, 3. Other profits of the business   |   |
| <b>GRI 205: Anti-corruption</b>            |  |  |   |
| 205-2                                      | Communication and training about anti-corruption policies and procedures | Sustainability at Bittium in 2023, Corporate Citizenship and Sustainable Business, p. 76   | Bittium requires its personnel and partners to commit to the company's anti-corruption guidelines. Mandatory training on anti-corruption activities is organized for personnel as part of the induction program, and in 2023, 77 percent of new employees completed the electronic self-study module included in the training by the end of 2023. |
| 205-3                                      | Confirmed incidents of corruption and actions taken                      | Sustainability at Bittium in 2023, Corporate Citizenship and Sustainable Business, p. 6  | Bittium's personnel and external stakeholders use feedback and reporting channels as well as a reporting channel for detecting abuses. During 2023, Bittium Corporation did not report any corruption suspicions or cases.  |
| <b>GRI 301: Materials</b>                  |  |  |   |
| 301-1                                      | Materials used by weight or volume                                       | Sustainability at Bittium in 2023, Environment, p. 82  | Bittium does not use paper, cardboard or metal in the production of its products. Bittium reports the amount of material waste and recycling resulting from the use of materials at the locations.  |
| <b>GRI 302: Energy</b>                     |  |  |   |
| 302-1                                      | Energy consumption within the organization                               | Sustainability at Bittium in 2023, Environment, p. 84  |   |
| 302-4                                      | Reduction of energy consumption  | Sustainability at Bittium in 2023, Environment, p. 84  |   |
| <b>GRI 303: Water and Effluents (2018)</b> |  |  |   |
| 303-1                                      | Interactions with water as a shared resource                             | Sustainability at Bittium in 2023, Environment, p. 84  | Reported total water consumption and water consumption per person for Bittium locations. No water is used in the production of the products.  |
| <b>GRI 305: Emissions</b>                  |  |  |   |
| 305-1                                      | Direct (Scope 1) GHG emissions   | Sustainability at Bittium in 2023, Environment, p. 84; Report by the Board of Directors 2023, Statement of Non-Financial Information, p. 110 | Reported carbon footprint. In 2023, Scope 1 carbon dioxide emissions (travel and waste) of Bittium's offices in Finland were 206.8 tCO <sub>2</sub> (204.0 tCO <sub>2</sub> in 2022) and Scope 2 emissions (heating and electricity) were 413.1 tCO <sub>2</sub> e (563 tCPO <sub>2</sub> e in 2022).   |
| <b>GRI 306: Waste (2020)</b>               |  |  |   |
| 306-2                                      | Management of significant waste-related impacts                          | Sustainability at Bittium in 2023; Environment, p. 85  |   |

| Disclosure  | Reporting contents  | Location in Bittium's annual reporting   | Additional information  |
|---|---|--|---|
| <b>GRI 403: Occupational Health and Safety (2018)</b> |   |  |   |
| 403-1   | Occupational health and safety management system  | Sustainability at Bittium in 2023; Innovative and Developing People, p. 69   |   |
| 403-2   | Hazard identification, risk assessment, and incident investigation  | Sustainability at Bittium in 2023; Innovative and Developing People, p. 69   | Bittium is constantly developing its occupational safety processes and risk management. More information regarding subcontractors can be found in the Bittium Supplier Manual: <a href="http://www.bittium.com/about-bittium/suppliers/supplier-manual">www.bittium.com/about-bittium/suppliers/supplier-manual</a>   |
| 403-3   | Occupational health services  | Sustainability at Bittium in 2023; Innovative and Developing People, p. 69   | Healthcare services that are more extensive than required by law cover 99% of the personnel. Occupational health services as part of compliance with the Customer Liability Act is part of Bittium's subcontracting process.  |
| 403-4   | Worker participation, consultation, and communication on occupational health and safety                       | Sustainability at Bittium in 2023; Innovative and Developing People, p. 69   |   |
| 403-5   | Worker training on occupational health and safety   | Sustainability at Bittium in 2023; Innovative and Developing People, p. 69   | All Bittium locations have appropriate safety plans, and safety issues are taken into account in Bittium's personnel orientation program. Occupational health matters are communicated to the staff regularly.<br><br>Subcontracting companies are responsible for the occupational health and occupational safety training of their employees in accordance with their own principles. Bittium trains the subcontractors working at Bittium's premises. Subcontractors working at Bittium's customers' premises are trained by the customer. In other respects, the subcontractors themselves are responsible for the training of their employees. |
| 403-6   | Promotion of worker health  | Sustainability at Bittium in 2023; Innovative and Developing People, p. 69   |   |
| 403-7   | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Sustainability at Bittium in 2023; Innovative and Developing People, p. 69, Trust-based Customer Relationships and Secure Products, p. 72 Corporate Citizenship and Sustainable Business, p. 76, | More information regarding subcontractors can be found in the Bittium Supplier Manual: <a href="http://www.bittium.com/about-bittium/suppliers/supplier-manual">www.bittium.com/about-bittium/suppliers/supplier-manual</a>   |
| 403-8   | Workers covered by an occupational health and safety management system  |  | All Bittium employees are covered by the occupational health and safety management system.  |
| 403-9   | Work-related injuries   | Sustainability at Bittium in 2023; Innovative and Developing People, p. 69   | In 2023, Bittium's Finnish companies did report 0 safety and near-miss findings and 11 occupational accidents, one of which resulted in the short, passing incapacity for work but no liability for compensation according to the Occupational Accidents and Occupational Diseases Act.   |
| 403-10  | Work-related ill health   | Sustainability at Bittium in 2023; Innovative and Developing People, p. 69   | The sickness absence rate was 2.3% in 2023 (calculated from the occupational health service provider's data per day/person vs. theoretical regular working hours). Bittium does not have information available regarding temporary labor. The most significant workability risks are related to musculoskeletal diseases, coping at work, and mental well-being.  |



| Disclosure                                      | Reporting contents  | Location in Bittium's annual reporting  | Additional information                                |
|---|---|---|---|
| <b>GRI 404: Training and Education</b>          |   |   |   |
| 404-1   | Average hours of training per year per employee                           | Sustainability at Bittium in 2023, Innovative and Developing People, p. 71  | Bittium reports the number of training days / person. |
| 404-2   | Programs for upgrading employee skills and transition assistance programs | Sustainability at Bittium in 2023, Innovative and Developing People, p. 68  |   |
| <b>GRI 405: Diversity and Equal Opportunity</b> |   |   |   |
| 405-1   | Diversity of governance bodies and employees                              | Corporate Governance Statement, Diversity Principles of the Board of Directors, p. 36; Sustainability at Bittium in 2023, Innovative and Developing People, p. 71 |   |

# Bittium

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