



Sustainability Report

MilDef aims to maintain a good balance between business, environmental and social sustainability. This is considered essential to meet the needs of the present without compromising the ability of future generations to meet theirs. The Company strives to operate in compliance with mandatory requirements, such as applicable laws, regulations, organizational and industry standards, contractual requirements, and any codes of practice.

MilDef Group AB runs a multinational group of companies with a focus on delivering tactical IT solutions in an international arena. This report encompasses MilDef Group AB and all of its subsidiaries. All of the main processes at MilDef are covered. As of the report date MilDef has around 300 employees in 11 countries.

MilDef Group develops, supplies and supports tactical IT. The Company customizes its products to meet the customers' specific requirements and need for high quality. MilDef's services save time and increase value for the customers. The software facilitates effective digitalization. MilDef Group operates in the global security and total defense market.

MilDef's contributions to sustainable development

MilDef Group AB strives to contribute to sustainable development and acts in accordance with the Sustainable Development Goals (SDG) defined by the UN. MilDef supports the Ten Principles of the UN Global Compact on human rights, labor, environment and anti-corruption. The Company works continually to embed the UN Global Compact and its principles in the company strategy, culture and daily operations, and to engage in collaborative projects that promote the UN's wider SDG targets, especially those relating to sustainable development.

MilDef has been a member of UN Global Compact and has endorsed its Ten Principles since 2021.

MilDef has chosen to work systematically with sustainability in order to maximize its contribution. There are several different international guidelines to support this work. In 2022, the company has begun its work to integrate ISO 26000, a guiding ISO standard in social responsibility and corporate social responsibility, into its existing combined management system. This focused work that is being implemented is the biggest change in our sustainability work in 2022.



In addition to the organizations' social responsibility in accordance to ISO 26000:2010 MilDef also works with environmental management systems according to ISO 14001:2015, Quality management system according to ISO 9001:2015 and Occupational health and safety management system according to ISO 45001:2018, which the company is also certified against.

The goals and targets where the Company has both a positive and negative impact were mapped based on MilDef's stakeholder groups. The SDGs that MilDef has chosen to work on based on the maximization analysis carried out are:



SDG: 5.5 Be the best workplace

This is achieved by nurturing an environment where our people can grow, develop themselves, and reach their personal goals. Together we ensure a fun, stimulating workplace where we all thrive; something that enables long sustainable careers in MilDef.

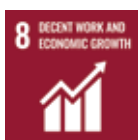
Target: Increase the percentage of women in leadership positions



SDG: 7.2 Resource efficiency

We want to constantly develop our ability to create first-class and sustainable products. This includes finding smarter solutions for resource management to switch to a more circular society.

Target: Increase the percentage of green electricity



SDG: 8.2 Digitalize the world

Through local manufacturing we increase our competitive edge while helping our customers improve their security of supply, and at the same time providing career opportunities in our customer countries.

Target: Growth per employee



SDG: 10.3 Respect human rights

MilDef commits to respect human rights, which means to avoid infringing on the human rights of others and to address impacts where they may occur.

Target: Zero discrimination



SDG: 12.5 Sustainable production

Through proactive R&D we increase the competitiveness of our portfolio. This means efforts to increase intelligence in systems, reduce lead times, improve reusability, reach better scalability, add new capabilities, and more. We strive to secure patents for our unique solutions.

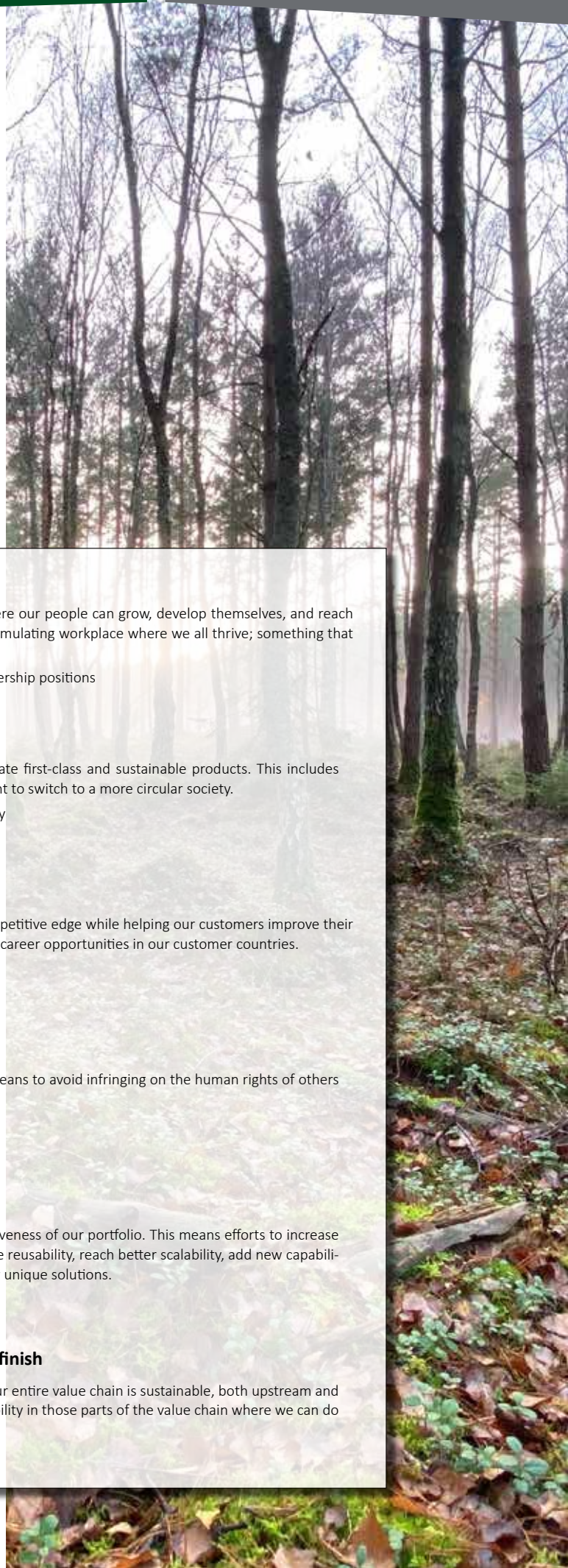
Target: Reduce residual waste



SDG: 16.5 Sustainability from start to finish

We want to take responsibility for ensuring that our entire value chain is sustainable, both upstream and downstream. We will especially take our responsibility in those parts of the value chain where we can do the most good.

Target: Zero corruption



During the year MilDef worked to focus and prioritize its sustainability efforts in the areas where the greatest effects could be achieved (reduced negative impact/increased positive impact). MilDef has been able to complete several different parts of the previous action plan, either by fully integrating them into processes so that they are regarded “hygiene factors” handled within “normal operations”, or by ensuring completion of actions.

ESG ranking

In order to drive ESG performance forwards and know where to point the efforts the organization used Sustainalytics, a Morningstar company, to provide an ESG Risk Rating Report. It is available on <https://investors.mildef.com/>.

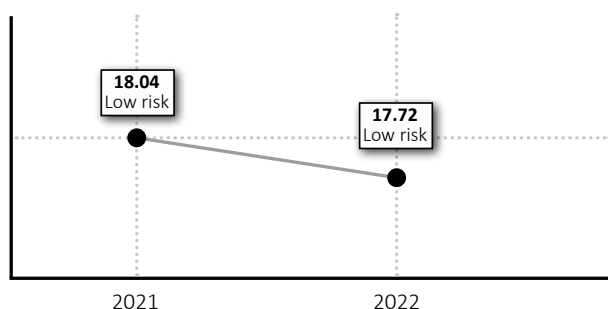
MilDef has made and will continue to make great strides in sustainability in the future. In 2022 the Company continued integrating sustainability aspects into its operations and carried out several projects linked to its sustainability ambitions. Sustainability permeates all work at MilDef, from mission to annual business plans.

Ranking and Risk category



MilDef's low exposure and rigorous management of material ESG issues mean the Company runs a low risk of experiencing material economic effects from ESG factors. MilDef has not been involved in any significant controversies.

ESG Risk Rating History



Sustainability governance

MilDef's Management Team has the overall responsibility for sustainability and the work flows throughout the organization according to set procedures for roles and responsibilities in the integrated management system.

The overarching sustainability approach is driven primarily by the quality assurance unit, which has a dedicated budget and mandate to pursue it as it sees fit. The Quality Manager has completed the requisite external training to take on the role of Sustainability Manager and broaden the existing department to encompass all aspects of sustainability. Internal training is provided to disseminate knowledge and increase awareness within the organization.

The Board of Directors		
President and CEO		
Management Team		
Quality Manager		
Ethics Council	QHSE Group	OHS Committees

MilDef works actively with the principles of social responsibility, both internally with employees and externally with stakeholders. MilDef takes the seven principles in ISO 26000:2022 as a starting point for this work, which is consolidated via the combined management system:

- Clear responsibility, transparency and ethical behavior are primarily ensured through the Governance, Strategy and Compliance management processes.
- Respect for the stakeholders' interests is integrated in business planning and managed through stakeholder analysis.
- Respect for the principles of a state governed by law and international standards of conduct is ensured by means of legal compliance and control of the value chain in the Compliance process.
- Respect for human rights is addressed in the due diligence process and through systematic efforts to promote a good working environment.

MilDef's Sustainability Policy, Code of Conduct and Supplier Code of Conduct provide a clear focus for the principles and apply in all parts of the value chain.

Via its combined management system, MilDef applies a number of policies that are important to its operations within the areas of quality, environment, occupational health and safety and sustainability. Regulatory compliance, ethics and cultural attitudes are extremely important, and an annual program of awareness training has been set up for all employees. MilDef has defined a structure and process for managing governing documents (policies, procedures and instructions), including ownership and responsibility for compliance with these.

Stakeholder dialogue

A stakeholder analysis that rates each stakeholder on the basis of impact and interest is carried out in connection with business planning. Those with the highest rating are considered to be priority stakeholders. For MilDef these include employees, customers, investors and the Board of Directors.

MilDef keeps track of stakeholders' views and opinions, including by means of employee surveys, customer surveys, management reviews, and continual gathering of stakeholders' expectations and views from industry and professional associations with which the Company is affiliated.

Communication with stakeholders takes several different forms, and MilDef uses methods including anonymous surveys, individual and group discussions, digital information, and through contacts with various industry and professional associations to reach more of its stakeholders.

Sustainability-related information is communicated on an ongoing basis via the Group's website, press releases and social media, as well as through the intranet and other internal channels. Internal and external communication is evaluated on an ongoing basis to maximize its reach and to ensure that the Company is reaching out to the right stakeholders. External communication is managed by the marketing department, and there are routines in place to ensure compliance with any applicable requirements (insider trading, confidentiality, security classification, etc.).

Stakeholder	Type	Needs and expectations	Management and dialogue
Employees	Internal	Attractive workplace, good working environment, individual development, sustainability, support, consultation and participation.	Employee development, digital employee handbook, guidance and awareness videos. Management system and intranet available 24/7 for all employees with a news feed, transparency and reporting paths.
The Board of Directors	Internal	Compliance standards and business processes, delivery of approved budget, Group targets. Support and assistance in strategic processes and business management.	Frequent reporting ahead of board meetings, frequent budget reviews. Continuous improvement is ongoing.
Media	External	News releases, access to images and information. Comments and cooperation.	Investor page on website. All media is handled internally in accordance with an established routine.
Managers	Internal	Leadership development, business support, participation and consultation.	Training process, HR support, MilNet for managers. Management system and intranet available 24/7 for all employees with a news feed, transparency and reporting paths.
Subsidiaries	Internal	Group entity, business support.	MilDef Meeting plan, MilDef Management System, MilNet, internal audits. Corporate departments promote excellence and provide support.
Labor rights organizations	Associated	Compliance with statutory requirements, guidelines and industry standards.	Consultation and transparency.
Management Team	Internal	Compliance standards and business processes, delivery of approved budget, Group targets.	MMS in place, frequent budget reviews. Continuous improvement is ongoing.
Government/authorities	External	Compliance with statutory requirements locally, nationally and globally.	Legal compliance through Notisum. Annual environmental reports (producer responsibility, F-gases, SCIP), MMS Annual plan.
Customers	Associated	Service level, sustainable enterprise, social responsibility, overall satisfaction, fulfillment of customer requirements.	Customer satisfaction and feedback reviews, ESG ranking. Customer audits and surveys responded to.
Business partners	Associated	Sustainability, cooperation, support.	ESG ranking. Surveys responded to.
Shareholders	External	Budget result, sustainability, good transparency and access to information.	Investor page on the website with good transparency. Legal requirements complied with and disclosure requirements met via the website. Designated investor contact.
Competitors	External	Comparison and competition, equal terms.	Good transparency and information on the website.
Interest/trade organizations	External	Information, consultation and concerted action.	Monitored.
Local community/neighbors	External	Respect for neighbors and the community at large, noise, pollution, social responsibility.	Good waste management, low-risk facility and low environmental impact. Good transparency, visibility and informative presence. Contribute to jobs, further development and a sustainable society.
Suppliers	Associated	Safe supply chain, sustainability, performance indicators, good payment terms. Support to meet MilDef's requirements.	Delivery process, financial process. Ensure fulfillment of specifications. Support for transparency and disclosure obligation. Supplier Code of Conduct. Supplier portal under development.

Environmental sustainability

The overarching aim within environmental sustainability is to protect the environment by actively and measurably striving to reduce the Company's and the customers' environmental impact and to reduce resource use, both in MilDef's own operations and in those of its suppliers. The Company is committed to protecting the environment, preventing pollution, and complying with current and expected future legal requirements.

Climate impact

MilDef strives to reduce its impact on climate and the environment. The Company is aware that its operations have an impact on the environment and, from a sustainability perspective, strives to use and apply resource-efficient materials and functions in buildings and premises connected to the MilDef Group.

MilDef's Greenhouse Gas Reduction program

Determining and analyzing significant environmental topics makes it possible to identify measures to reduce or mitigate their impact.

Ongoing measures of this nature are summarized below.

- **Energy efficiency**

The Group's goal is to make its energy consumption sustainable. Measures are in progress to lower energy consumption in MilDef's premises: The headquarters in Helsingborg is a

gold-certified green building. 100% green electricity is used, around 25% of which is produced locally by photovoltaic panels on the roof. Energy consumption is monitored in premises where this is possible, and measures are identified to lower energy consumption.

- **Purchasing**

The Group's goal is to make its purchasing sustainable. MilDef works with large and well-established manufacturers of good repute and encourages its suppliers to also use materials more efficiently and reduce waste. MilDef is extending its environmental principles to its supply chain, particularly for strategic and key suppliers.

- **Business travel**

The Group's goal is to promote sustainable travel. MilDef is working to lower emissions from business travel. Public transit is used where practical, and vehicles are shared for trips to visit customers and suppliers and attend events. Teams meetings are encouraged where this is appropriate and can work as an alternative to travel.

In 2022 MilDef launched an initiative to reduce annual carbon dioxide emissions per employee from business-related travel. Data gathering was started, and a procedure implemented to achieve sustainable travel. Efforts to safeguard, automate and refine the data gathering processes are ongoing.

Environmental sustainability in figures

+5%

Solar power

Increased production from own PV cells placed on the headquarters building

-25%

Waste

Generated from activities at the headquarters

0

Incidents

Number of reported incidents with actual environmental impact

- **Responsible production**

MilDef produces and sells electronic products, and environmental sustainability is taken into account at all stages of the product life cycle. The Company seeks to ensure a long life for its products, and end-of-life products can easily be dismantled for reuse or recycling. All end-of-life products can be returned to the headquarters in Sweden.

MilDef is affiliated to collection systems for electrical equipment, batteries and packaging materials, and waste quantities are reported to the Swedish Environmental Protection Agency each year.

- **Transport of products**

The Group's goal is to make its logistics sustainable. For deliveries to customers and transportation of display materials, samples, etc., MilDef strives to maximize capacity utilization and ensure route optimization while using sustainable transport solutions wherever possible, for example by coordinating delivery days. Optimizing packaging makes transport more efficient, saving weight and space.

- **Packaging materials**

The Group's goal is to have a sustainable logistics chain. Incoming packaging materials are reused whenever possible. Environmental awareness is important when purchasing new packaging materials.

- **Reducing waste**

MilDef's goal is to achieve sustainable waste management. MilDef has several measures in place related to waste reduction and recycling in the workplace, including guidance on the recycling program, an initiative to reduce everyday trash volumes, and frameworks for food recycling programs. Waste generation should be prevented whenever possible. If waste is unavoidable, every effort should be made to keep it to a minimum.

- General waste: Reuse is to be encouraged throughout the business. All sites have a waste hierarchy to optimize waste management.
- Hazardous waste: Routine for chemicals handling (to minimize hazardous chemicals). All waste is separated and handled in accordance with the waste hierarchy, using the correct disposal streams and documentation.

1.46

CO₂e

Emissions per employee
from business travel
(metric ton)

+1

Site

Oslo sales office has
moved to 100%
fossil-free electricity

83%

Certified

Percentage of sites
covered by ISO 14001
certification

0%

High-risk
chemicals

Percentage of environ-
mentally hazardous
chemicals not
classed as low-risk

Social responsibility

MilDef is committed to continually improving the occupational health and safety and sustainability. MilDef promotes a positive health and safety culture. The overall aim within social sustainability is to promote a better society by acting as a responsible and respectful employer and helping to further social progress at the locations where the Company is active, based on MilDef's Code of Conduct.

Social engagement

Significant sums are donated to charity each year via the MilDef Charity Foundation, founded in 2014 to provide financial support to vulnerable groups in Helsingborg and the surrounding area. The MilDef Charity Foundation strives to contribute to a better tomorrow. Its goal is to donate at least 50% of the annual contribution received from MilDef Group AB, and there is full transparency regarding the donation recipients, which are listed on MilDef's website. Since the MilDef Charity Foundation received SEK 200,000 for the 2021 financial year and chose to donate SEK 400,000 in 2022, its goal was thereby fulfilled. In 2022 more money than ever before was donated to young people and adults in need, including more than SEK 200,000 to victims of the war in Ukraine via the Red Cross and UNHCR.

The Foundation is headed by a board of trustees, which meets regularly to drive the work forward and make decisions on applications received and on its own proposals.

MilDef Charity Foundation – examples of donations



Fotbollsstiftelsen Helsingborg

MilDef was the first company in Helsingborg to support this project giving vulnerable men and women the chance to find a purpose and some joy in life. A donation of SEK 50,000 enabled Gatulaget (the "Street team") to give people with substance abuse problems opportunities to play football, and become part of a community and the ecosystem of Sweden's elite football clubs. Anna Hallström and Marie Jonsson, board members of MilDef Charity Foundation, flank Kenneth Storvik, himself a former top-flight player with Helsingborgs IF.



Helsingborg women's crisis center

received a donation of SEK 65,000 to boost its work for women and girls at risk of domestic violence. *"We're very grateful for this generous donation, which is making a big difference to women and children who have experienced various forms of abuse. Children in particular need a sanctuary where they can just be children. This grant will enable us to make our playroom better, safer and more fun for children and their mothers,"*says operations manager Jenny Ek.



Hemlösas hus

MilDef Charity Foundation donated SEK 50,000 to the homeless shelter Hemlösas Hus. MilDef has supported the shelter in Helsingborg for several years, with the long-term ambition to eliminate homelessness in Helsingborg. The work builds on five key words: Participation, Compassion, Motivation, Goals and Diversity. The shelter serves as a center for community, providing a safe home environment for the unhoused. One fundamental idea is for the clients themselves to have a significant say in the activities organized at the shelter.





Employees

MilDef strives daily to offer the best workplace in the market and make employees proud of making an active contribution to a better and safer society. Digitalizing the world and defending democracies is achieved by providing and nurturing an environment where people can grow, develop and, together, achieve the Company's stated goals. MilDef's attitude and values cultivate a stimulating workplace where people thrive and enjoy long and sustainable careers. The workplaces are practical, and promote a sense of pride and work satisfaction.

Health, safety and wellbeing

MilDef is committed to continually improving occupational health, safety and wellbeing. By promoting a positive health and safety culture, work-related risks are identified and eliminated. This is accompanied by methodical efforts to control and prevent elements of risk.

Occupational health and safety is to be characterized by a high level of participation and giving employees the freedom to make their own decisions and work innovatively. Everyone is to have a sense of job satisfaction, security and belonging, and feel that going to work is fun. The Company has a zero-tolerance policy to any form of discrimination or harassment.

The focus on occupational health, safety and wellbeing is to be a natural element of day-to-day work and also a systematic process involving regular assessment of the working environment and following up on any measures or goals decided on.

MilDef is committed to continually improving its operations by setting and striving to achieve targets for key ratios, which will be set and monitored by analyzing OKRs and KPIs.

Progress toward these targets will be reviewed at Group, company, departmental and individual level by means of regular analysis and inspections as required.

One of the main goals is to provide and promote a stimulating, challenging and pleasant work culture, and efforts are made to ensure the working environment is as safe as possible.

All employees, whatever their duties, are to be given opportunities for influence, development and collaboration, and to forge social contacts. Through its focus on the working environment, MilDef seeks to achieve an organization that is efficient in the long term and, at the same time, provides for good physical and mental health, well-

being and job satisfaction for all employees, and prevents accidents. The working environment should be one in which MilDef's employees feel safe and happy; where they can thrive and develop both professionally and as individuals. No one is to suffer ill health or injury as a result of their work.

All managers receive training in the Company's systematic approach to the working environment. Regular CPR courses are offered to all staff and there are defibrillators in all offices.

Respect for human rights

MilDef has a responsibility to respect internationally recognized human rights and is committed to eliminating the risk of its basic processes causing injury to people or infringing on their human rights.

The Company is taking the next steps in its development by integrating human rights due diligence. The aim is to give people better opportunities and ensure that MilDef's tactical IT solutions are used with good intentions by preventing and restricting both intentional and unintentional misuse.

Human rights risks and impact assessments are used as a tool to enable MilDef to assess the Company's impact on human rights for both internal and external stakeholders. This method makes it possible to identify and prioritize human rights risks and will therefore help the Company to plan and handle these critical human rights risks effectively.

The first step is identifying risks and being aware of stakeholders who are likely to be impacted by the Company's business activities.

MilDef takes into consideration both the risk of human rights violations that have already occurred and risks that are likely to arise throughout the value chain. This includes the Company's direct business activities and the indirect activities of suppliers, contractors or trading partners where there is a risk of involvement in human rights violations.

2.1% Sickness absence

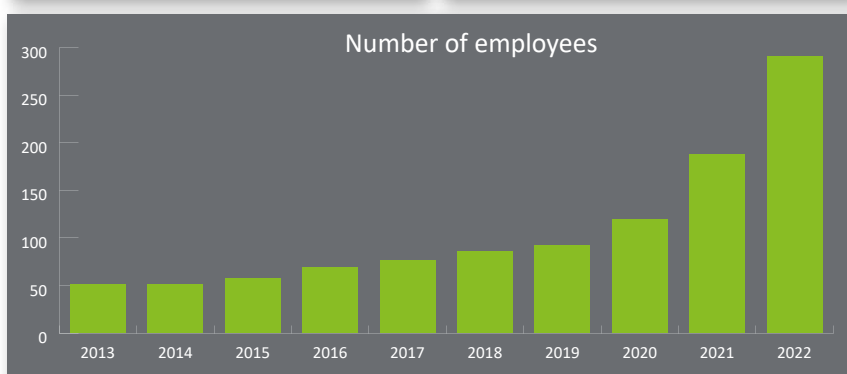
Sickness absence was slightly up on the previous year but still below the target of maximum 3%.

14 Reported incidents

The number of reported incidents is down on the previous year.

3 Minor accidents

Fewer accidents were reported in 2022, partly because of a campaign to raise awareness of incident reporting in 2021.



0 Serious accidents

0 Fatalities

Responsible enterprise

The overall aim is to achieve long-term business sustainability through good business practices and business ethics. Sustainable enterprise is considered to encompass not only how MilDef behaves with respect to the world around it but also how people within the Company behave and treat one another. The aim is to treat one another with great warmth and respect, giving MilDef the security and self-confidence it needs to be able to treat customers and other stakeholders in the same way, while also providing world-class service. Whether working at or doing business with MilDef, it should be a safe and pleasant experience.

A KYC (know your customer) framework is used to ensure that the market actors MilDef chooses to do business with live up to both regulatory and ethical requirements. For ethical reasons, MilDef refrains from doing business in/with nations that are subject to arms embargos, although MilDef's products are not typically covered by such embargos. The Company also has a generally restrictive attitude to exporting technological products to defense customers in countries outside the priority markets (EU and NATO countries), which limits both the risk of contributing to corruption and of the products falling into the wrong hands.

Anti-corruption

The Company operates on the basis that tackling corruption is a prerequisite for sustainability. It is therefore important for MilDef to set a good example and apply the same zero-tolerance approach to bribes in all markets and in relation to all its business partners. This means the Company must never seek or accept business advantages based on unlawful or unethical behavior such as unlawful payments, bribes, kickbacks or other questionable incentives in order to influence someone's professional duties or to achieve or retain an unfair business advantage.

MilDef assesses the corruption risk in all export transactions based on e.g. the corruption index, business chain and customer intelligence. If there is a heightened risk of corruption, MilDef cancels the transaction or carries out a special, in-depth review to ensure that the Company is not contributing to corruption. The anti-corruption system includes internal governing documents and continual training for all employees to increase knowledge of corruption and ensure that business activities are conducted responsibly and correctly.

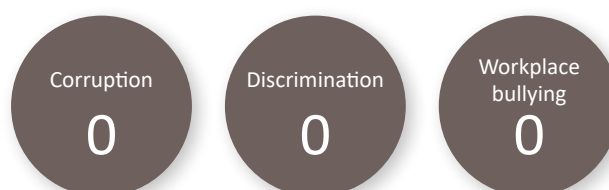
Whistleblowing

Whistleblowing refers to a situation where a person reports censurable conditions in an entity. This may be things that are unlawful, unethical or otherwise inappropriate. An example would be inappropriate incentives in connection with a public-sector procurement. The Company is keen for attention to be drawn to all types of irregularities linked to its operations and welcomes the enhanced protection for whistleblowers.



To safeguard the whistleblower's anonymity, an independent external whistleblowing service is made available and can be used to draw attention to serious cases of censurable conditions anonymously. This is valued in particular as it provides an opportunity to find out about matters that for various reasons would otherwise have risked remaining undiscovered. Only if the Company is aware of any irregularities can it change and improve.

Reported cases 2022



Risk management

Every opportunity within the business is associated with one or more risks and an enterprise risk management (ERM) program is used to determine which opportunities should be monitored. ERM is a systematic process for taking stock of, assessing and preventing risks within the business. The aim of risk management is to safeguard resources and revenues from threats – both internal and external – as profitably as possible.

The risk strategy involves identifying and assigning responsibility for risks at all organizational levels and is part of the business planning process. Proactive work on risk management is integrated into strate-

gic planning and operational processes. It aims to identify, prioritize and manage potential risks within the respective sustainability areas. Read more about risk and risk management on pages 85–87 in the Annual and Sustainability Report 2022.

The risk management model is based on knowledge of internal processes, vulnerabilities and requirements. To safeguard this knowledge within risk management, responsibility for identifying, assessing and mitigating risks is delegated to each process owner in the organization. Based on the above, MilDef has focused on two areas where it sees several risks and the need for measures. The following sections briefly describe how these areas are managed:



Legislation and other requirements - Anna Hallström, Quality Manager

MilDef uses Notisum's online legal monitoring service, which notifies the Company if any new/updated laws and regulations have been introduced of which it should be aware. The service clarifies which laws and regulations affect the Company and what MilDef needs to do to comply with them. The Company uses Notisum to carry out annual legal compliance checks for the respective list of legislation in the respective country.

The service includes specific lists of legislation on the working environment, environment and production, and covers Sweden, Norway, the UK and the USA.

Compliance is not only related to legal or regulatory monitoring within the respective country, but also means complying with requirements stemming from various standards or customer-specific criteria. This area has been a specific area of focus in 2022, and work on general compliance with respect to the active agreements that MilDef has entered into will continue in 2023 and beyond in the form of bid management. Bid management fosters collaboration among the various companies in the MilDef Group in order to ensure fulfillment of both new and existing agreements. MilDef sees great value in safeguarding contractual requirements through all parts of the organization as a way to ensure it provides the customer with high-quality products and service. Inter-company collaboration not only leads to an exchange of information and knowledge but also to a shared vision with the customer at its heart.



Responsibility in the supply chain - Carl-Magnus Eriksson, Director of Global Supply Chain

As part of its focus on sustainability, MilDef has specified that all suppliers are to comply with its Supplier Code of Conduct and MilDef's Terms & Conditions. This is monitored by means of self-declarations and physical audits. MilDef's supply chain improvement program identifies which suppliers to prioritize and encourages them to improve their sustainability work. The program focuses on suppliers classified as strategic or important to MilDef. A points system is used to incentivize each supplier to improve the way they work.