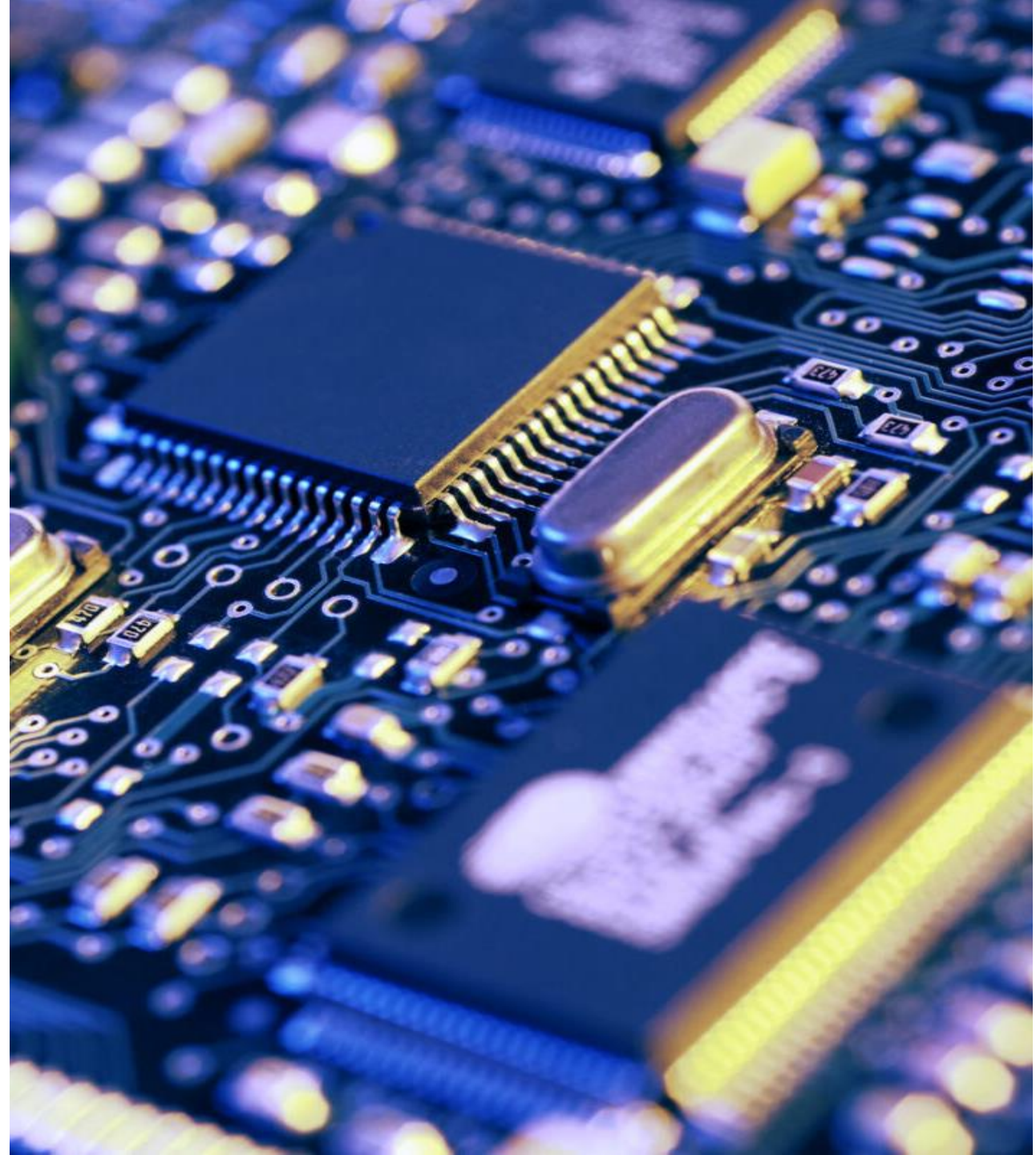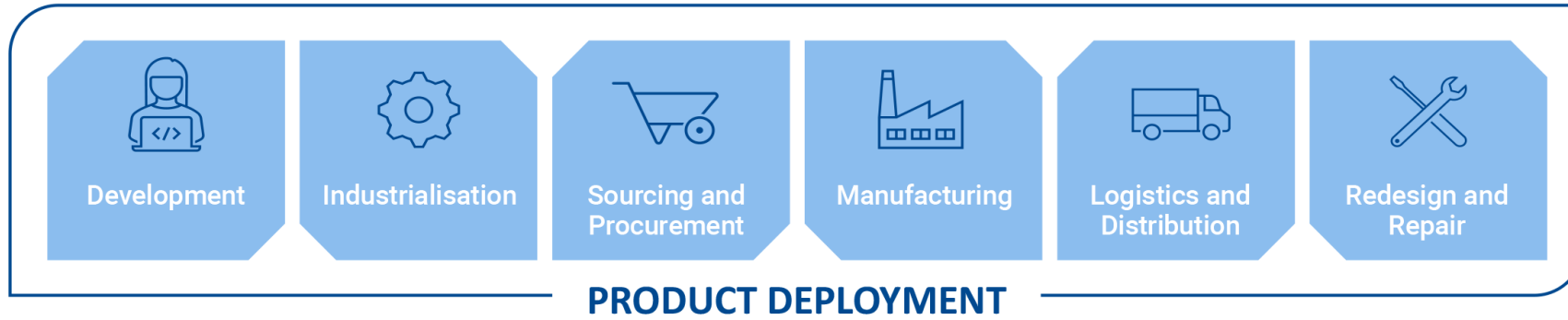**Kitron** — *Your ambition. Our passion.*

Challenges in a global value chain

AGENDA

- Kitron in this context

- Key characteristics of the value chain

- Our approach

- Key learning points

Value chain and market sectors

| Development | Industrialisation | Sourcing and Procurement | Manufacturing | Logistics and Distribution | Redesign and Repair |

PRODUCT DEPLOYMENT

Kitron is a leading Scandinavian **Electronics Manufacturing Services** (EMS) company, delivering services through entire the value chain.

| CONNECTIVITY | ELECTRIFICATION | INDUSTRY | MEDICAL DEVICES | DEFENCE/AEROSPACE |

Kitron
Your ambition. Our passion.

Key characteristics of the value chain

COMPLEX GLOBAL VALUE CHAINS

- A truly global value chain
- Civilian technology drive the market in electronics
- Defense products has very long product lifecycles
- Electronics has multiple layers of distribution channels
    - Direct supply from manufacturer
    - Manufacturer authorized distributors
    - Component brokers

OUR DEFENSE INDUSTRY CUSTOMER BASE

- \> 20 customers in Europe and United States
- \> 1000-line items manufactured

OUR DEFENSE INDUSTRY SUPPLIER BASE

- \> 600 suppliers
- \>30 000-line items procured
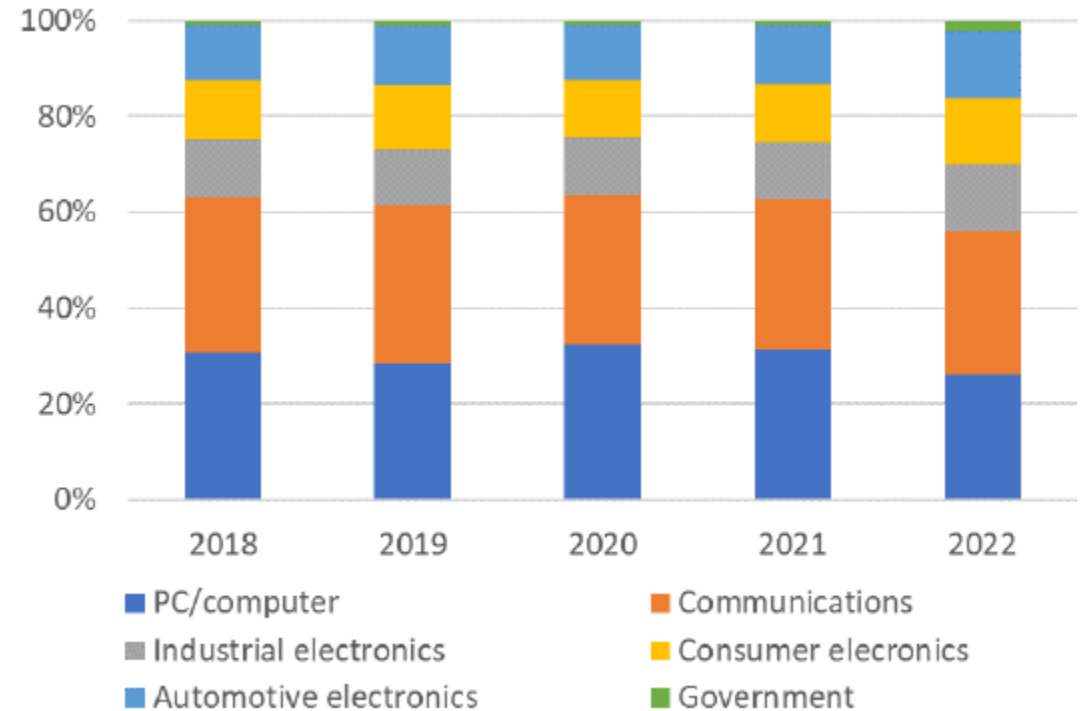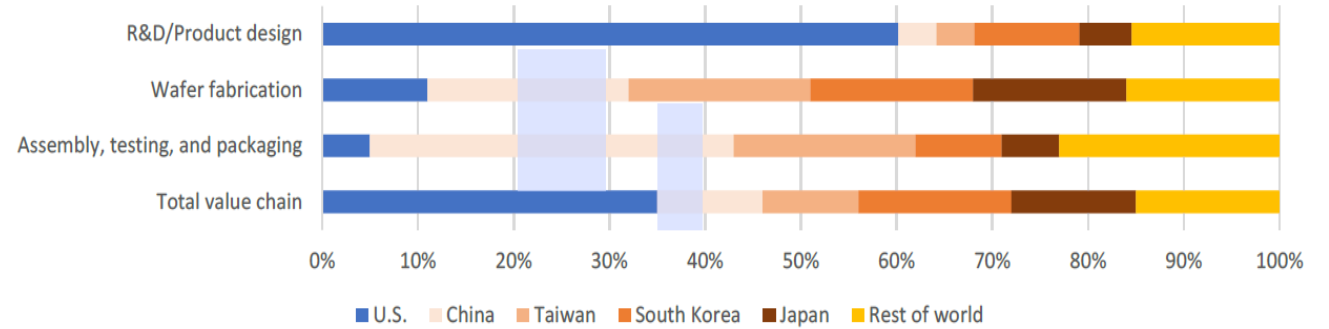
Our approach:

INTERNAL ASPECTS: Management systems

- Integrate trade compliance in **ALL** relevant business processes
- Educate personnel
- Establish system support to support trade compliance
- Establish risk evaluation models
- Information security systems

EXTERNAL ASPECTS: Supplier Relationship Management

- Supplier self assessments
- Screening of trading partners
- Authorized Economic Operator (AEO)
- Risk assessment of supplier base
- Supplier audits

Identifying risk downstream in the supply is based on key characteristics:

- Characteristics of items procured
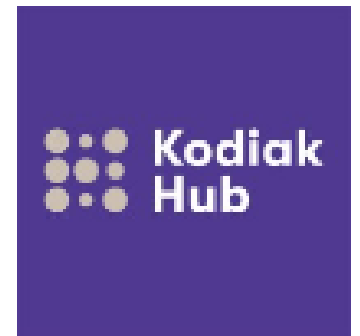- Origin of supply
- Type of supplier

Core business support system (ERP)

Supplier Relationship Management

Key learning points

- Integrate trade compliance in ALL relevant business processes

- Establish risk assessment processes/models is essential to manage/mitigate the risk aspects

- The use of sub-tier suppliers who do not have significant sales to defense applications poses the most difficult challenge.

- Verification of trade compliance and security is primarily based self declarations.

- Identifying cost efficient reliable sources for vetting of trading partners is challenging

Sharing of knowledge within the defense industrial base is a valued contribution to build trade compliance competence

Q & A