



SUSTAINABILITY REPORT 2021

SUSTAINABILITY REPORT

May 3, 2022

To our stakeholders:

I am pleased to confirm that STRAX AB reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Gudmundur Palmason
CEO



SUSTAINABILITY REPORT

As a global company, it is important to take responsibility for our entire business' impact at all stages of the value chain. Within STRAX, we strive to constantly develop ourselves and our business in order to reduce our negative impact on the environment and take our social responsibility.

Our sustainability approach

STRAX's ambition is to conduct business in as a sustainable manner as possible. To us, this means that we shall offer innovative and sustainable products in a competitive way, while at the same time offer an attractive workplace and take responsibility for the impact our business has on the world around us. Not only do we work to ensure high standards of corporate responsibility internally, we also engage our external partners to collaboratively manage social and environmental risks in their operations. A clear vision, shared values and our Code of Conduct form the basis for our behavior and actions at STRAX.

The past year

Like 2020, 2021 has been characterized by challenges related to the Covid-19 pandemic, which has placed continued high demands on the organization's and its employees' flexibility and adaptability. At STRAX, we have worked systematically to maintain a good and safe work environment and ensure a well-functioning supply of information throughout the organization, which is of particular importance during a time when a large proportion of our work being done from home. STRAX has since before the pandemic established a flexible digital way of working, which has contributed to

why the transition to making fewer business trips and physical meetings has been working well. In 2021, the pandemic has had a major indirect impact on transports. Reduced availability for air and train freight, container shortages and closed ports have posed major challenges. The supply of certain raw materials has also been negatively affected. We have worked intensively with our customers and partners to handle the challenges and secure deliveries in the best possible way. During the pandemic, certified high-quality personal protection equipment has been important for companies and societal functions to perform. By continuing to be a reliable supplier of our new product category, Personal Protection Equipment, which was established in 2020, we at STRAX have had the opportunity to contribute to the communities in which we operate.

In 2021, STRAX has achieved a couple of important milestones. Our sustainability work was rewarded a Gold certification from EcoVadis, which in recent years has been a goal of ours. In addition, STRAX's subsidiary Urbanista launched the world's first self-charging wireless headphones. That we have been involved in introducing green technology to this product category is something we are proud of.

Our Values



Honesty

We aim always to show respect by adhering to facts, by fulfilling promises and admitting failures. We nurture honest communication



Respect

We always show the utmost respect for our co-workers, the company, our competitors, our customers and our partners.



Frugality

We use resources wisely; effective planning and communication together with optimized processes minimize costs across all areas of the business.



Teamwork

We realize and understand that as a team we're stronger than as individuals, so we work together to achieve our common goals.

About the Sustainability Report

STRAX's Sustainability Report is an overview of what we are trying to achieve with our sustainable business strategy, how the sustainability work is conducted and our progress so far. The report's content reflects the sustainability aspects in which our business has the greatest impact on people and the environment. The Sustainability Report covers STRAX AB (publ), co. no. 556539-7709 and all subsidiary companies in the Group and has been prepared in accordance with the regulations in the Annual Accounts Act (6 chap. 10 §). There have been no significant changes in the application of reporting principles or scope when compared to

the previous year's Sustainability Report. STRAX AB's Board of Directors also approved the Sustainability Report when signing the Annual Report 2021. The auditors' opinion on the Sustainability Report can be found on page 132. As a signatory of the 10 UN Global Compact Principles regarding human rights, labor, environment and anti-corruption, the sustainability report also comprises STRAX's Communication on Progress.

IMPACT IN OUR BUSINESS MODEL

STRAX is a global leader in accessories empowering a mobile lifestyle with sales in more than 20 countries. Operations are divided into complementing legs, Own brands and Distribution. Our brand portfolio for mobile accessories includes all major product categories: Protection, Power, Connectivity, and Personal Audio. Since spring 2020, STRAX has also expanded into Health & Wellness products with brands for Personal Protection Equipment, such as face masks, gloves and sanitizers. Through 70,000 physical stores as well as via online marketplaces and sales directly to consumers, our distribution operations reach a wide customer base. Today STRAX has over 200 employees in 13 countries.

The brand portfolio includes both own brands and licensed brands, representing 42 and 58 percent of sales respectively. STRAX also represents more than 40 distributed mobile accessory brands and several Personal Protection brands, which combined account for 31 percent of sales. In addition to mobile accessories and personal protection equipment, STRAX also offers value-creating services and customer-specific solutions.

STRAX does not own any factories and all production is sourced from third party suppliers, of which 92 percent is based in South East Asia. The concentration of production to one geographic area when sales are global results in environmental challenges due to transportation. The development and production of own proprietary products add further

requirements on the control of materials used in the products and on third party factories' adherence to sound business practices.

With more than 150 suppliers worldwide, continual improvements together with our partners regarding sustainability issues are not only crucial to ensure the rights and condition of the workers that make our products, but also to minimize the negative impact that the manufacturing have on the environment. Employees' health and safety, risks of corruption and efforts to ensure a good work environment are other areas that are important to STRAX. Sustainability aspects are considered throughout the value chain, which covers everything from product development and procurement to production, logistics and professional marketing support at the point of sales. More information about STRAX's business model can be found on page 14-16 in the annual report.

SIGNIFICANT SUSTAINABILITY ASPECTS IN STRAX'S VALUE CHAIN

Based on the operations' impact on the economy, social conditions and the environment, as well as the issues that are deemed to be the most significant to the Group's stakeholders, STRAX has identified the aspects that are deemed to be most important for the Group's sustainability work.

Product development

In product development, close cooperation between the departments is essential to ensure product safety, product quality and product durability. Another focus is that on the use of chemicals and materials, packaging solutions and recyclability.

Procurement

The procurement process entails challenges related to corruption and bribes. The focus is on ensuring that STRAX's requirements are met and to develop the suppliers' ability to improve the sustainability aspects. STRAX requires that all suppliers comply with STRAX's and RBA's Code of Conduct.

Production

Throughout the production process, the environmental impact of the production techniques such as use of chemicals, carbon emissions and waste, product quality assurance as well as human rights, fair labor practices and health and safety issues in the supply chain are important aspects to consider.

Logistics

The logistics include challenges related to carbon emissions from transportation of products as well as waste from the packaging used in the logistics process and energy usage in warehouses.

Value-added solutions and services

STRAX offers a wide selection of value-creating services, from packaging and logistics to integrated assortment and program. The range of services is central to ensure a sustainable offering with overall high service and quality.

STRAX IS AWARDED ECOVADIS GOLD CERTIFICATION

STRAX's ongoing efforts to develop its sustainability work, was in December 2021 awarded with EcoVadi's gold certification. EcoVadis is the largest independent provider of sustainability assessments globally. STRAX has participated in EcoVadi's annual evaluations since 2013 and has previously achieved silver certification. The goal has always been to achieve a gold certification or an even higher level.

"We placed these sustainability issues at the top of our agenda several years ago and it has yielded results in several ways, also from a business perspective. Today, we have very robust processes for product design and development regarding sustainability, quality and customer experience. This means that we have products that we can be proud of and that are appreciated by our customers. To be awarded EcoVadi's gold certification is a major milestone, but it is still just a milestone on the path I see ahead of us", – Gudmundur Palmason, CEO, STRAX.



SUSTAINABLE SUPPLIER NETWORKS

As a global company with an extensive supplier base, it is challenging to develop a full understanding of our suppliers' sustainability performance even with strict supply chain processes in place. We place great emphasis on establishing good relationships with our suppliers and increased control and responsibility throughout the supply chain.

Supplier Code of Conduct

STRAX has adopted the Responsible Business Alliance (RBA)'s Code of Conduct as a guideline for standardizing the requirements and evaluation of suppliers. The code contains a set of social, environmental and ethical standards for the electronics industry. We have also implemented STRAX's Code of Conduct for Suppliers to ensure that all suppliers know what we expect of them. All purchases shall be sourced from suppliers committed to the STRAX Supplier Code of Conduct*.

2021 outcome: 100 %

(100) of all purchases were sourced from suppliers committed to the STRAX Supplier Code of Conduct.

Through the self-assessment system, the suppliers commit to continually monitor their compliance with the standards set in the STRAX Supplier Code of Conduct. Should any breach of the Code be detected, the supplier shall immediately notify STRAX, to allow for corrective actions.

Self-assessment approach

STRAX utilizes a self-assessment system, that over time corrects behavior and creates a sound culture of improvement and progress for the factories. Initial audits are conducted at all new major strategic suppliers, which accounts for more than 90 percent of Group purchases. The self-assessment system is then monitored by regular visits to the factories and controlled by audits. STRAX has also implemented third party validation of strategic suppliers' social responsibility performance as a complement to internal controls. In 2021 a total of 3 JAC audits were conducted. The Joint Audit Cooperation (JAC) is an international collaboration of telecom operators aimed at verifying, evaluate and promote sustainability at major key multinational suppliers of information communication technologies.

Monitoring and improving the suppliers'

CSR performance

STRAX's intention is to support safe and fair working conditions as well as responsible management of environmental and social issues in every part of the supply chain. In order to do so, we support the establishment of a Corporate Social Responsibility (CSR) management structure and incorporate CSR performance as a part of our supplier evaluation criteria to further incentivize their participation in these activities. Engaging directly with suppliers is one of the most effective ways to improve performance in the supply chain. STRAX engages the suppliers by using our monitoring processes, follow-up discussions and briefings with the suppliers' managers and executives. If any evidence of non-compliance is identified, STRAX work together with the supplier to develop corrective actions and improve the process used to manage material risks. STRAX has developed a program that encourages the suppliers to incremental improvements through the provision of best practice CSR improvement recommendations. We aim to have all suppliers in areas with high CSR related risks, currently South East Asia, participating in the supplier development program.

2021 outcome: 100 %

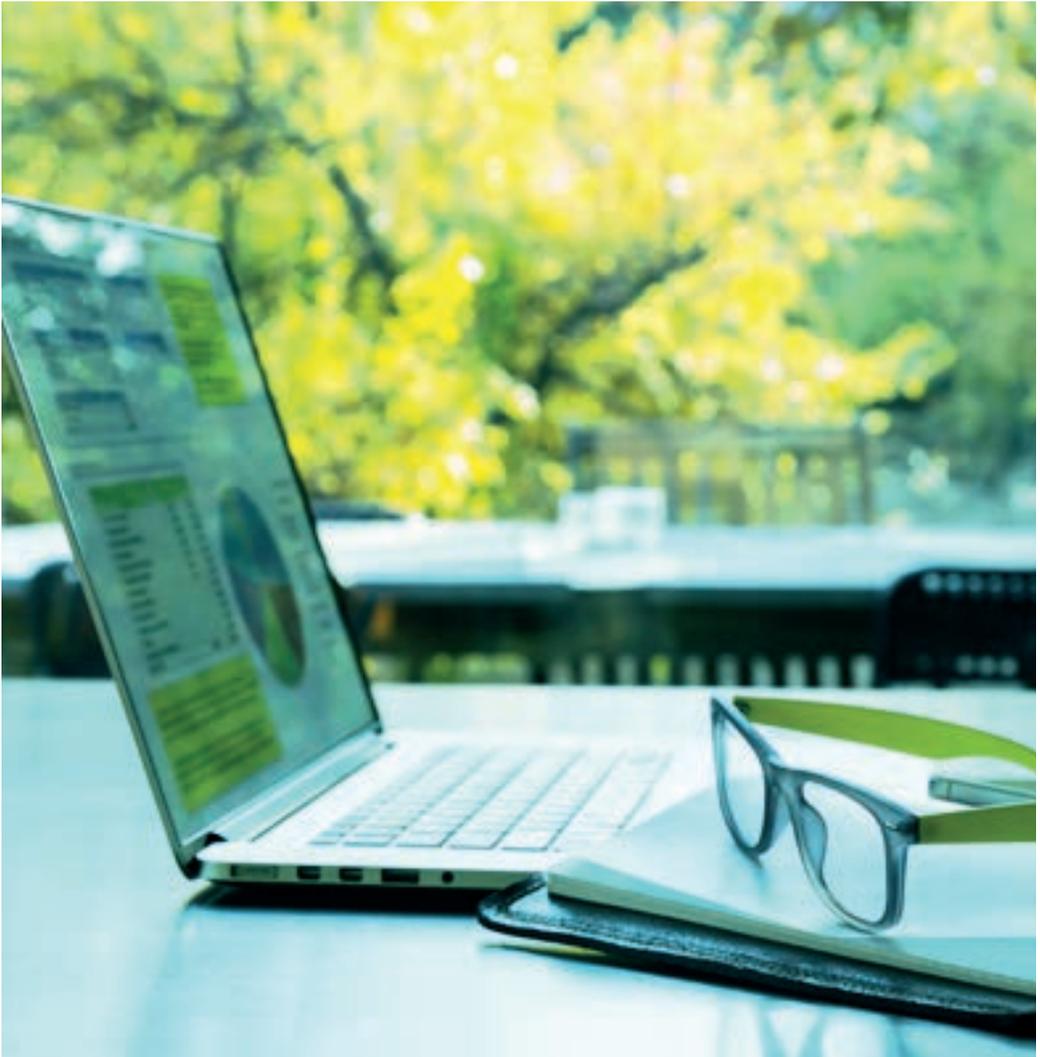
(100) of all suppliers in high-risk areas participated in STRAX's supplier development program.

Business ethics

Corruption and unethical behavior can occur both within the organization and indirectly through suppliers. STRAX's procurement process takes place primarily in South East Asia, a market that offers good business opportunities, but which is also exposed to material risks associated with corruption, bribery and fraud.

STRAX's Code of Conduct, Anti-Bribery Policy and STRAX's Code of Conduct for Suppliers outline our commitment to maintain a high standard of ethics when we do business and our expectations on each employee and partner. STRAX has a zero-tolerance policy on corruption and fully support the requirements of the UK Bribery Act and similar legislation in all regions where we conduct business. We have implemented policies and procedures to ensure that we are prepared, to the extent possible, to prevent and deter corrupt practices across our business relationships. All employees shall be aware of their responsibilities regarding anti-corruption and bribery and they shall be empowered to act as a line of defense if any corrupt practices are identified. STRAX's guidelines on gifts and hospitality serves as a support structure.





The target is that all employees in vendor-facing positions should be educated on the topics of bribery and corruption.

2021 outcome: 100 %

(100) of all employees in vendor-facing positions have completed their education on the topic of bribery and corruption, which corresponds to 30 percent (30) of the Group's total employees.

Alongside the Supplier Code of Conduct, STRAX has an Anti-Bribery Contract with factories and other contractors in Asia with heavy penalties for any bribery or inappropriate influence on STRAX's employees or representatives. STRAX has amen-

ded employee contracts for all Asian employees, giving STRAX the right to terminate employment immediately, and without notice period, should any bribes have been accepted.

STRAX aim for all suppliers to comply with the requirements regarding anti-corruption and bribery with no serious deviations. No material deviations were identified during the year.

*Includes signing STRAX Manufacturing Agreement, STRAX Supplier Code of Conduct, STRAX Anti-Bribery Appendix, STRAX Cobalt and Conflict Minerals Declaration and committing to STRAX self-assessment system.

PRODUCT RESPONSIBILITY

STRAX is dedicated to providing customers with products that exceed their expectations regarding quality and safety. Therefore, continuous progress is a crucial part of the product development process. STRAX continuously work on providing information that supports customers and consumers to make sustainable product choices.

Quality management system

The products are developed in compliance with internationally recognized safety standards and legal requirements. What specific local requirements a product faces on the different geographical markets in which it is to be sold are defined during the product development stage. STRAX has a Product Safety and Compliance Team who reports directly to the Management Team and continually monitors quality and product safety issues within the supply chain. Together they have developed robust procedures to detect and prevent non-compliant products from shipping to customers. The work is based on a quality management system and supplier partnership mechanisms, ensuring adherence to strict standards throughout the supply chain. The entire business, including the STRAX's warehouses, is ISO-9001 certified.

STRAX ensures the traceability throughout the supply chain, leading up to the design approval process. Our processes enable us to track products and components to individual suppliers, ensuring supplier accountability. This system also enables us to trace components that fail to reach our requirements, and therefore may affect safety, back to their source. If any discrepancies in the products are discovered, careful analyzes are performed. We also cross-check the results in our internal testing facilities and have established protocols for product recalls in place, should the need arise.

Safety certifications

STRAX's products shall fulfill all safety and legal requirements applicable on the markets on which they are sold. The products are, amongst other certifications, CE marked, which means that they meet the EU's essential health, environmental and safety requirements. Another example is FCC labeling, which means that the electromagnetic interference caused by the product is below the limits approved by the independent US organization Federal Communications Commission. Regarding product safety certifications, STRAX works with external experts to continually identify areas of improvement and corrective actions.

2021 outcome: 100 %
(100) of STRAX's products complied with all local and international regulatory safety standards.

Materials and chemicals

In order to ensure that none of STRAX's products contain any harmful, restricted or unnecessary chemicals, we adhere to strict legal compliance across a range of legislative environments around the world, including the EU RoHS (guidelines to restrict the use of harmful substances in electric/electronic products) and the EU REACH (European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals), and we have a multi-layered approach to ensure that our suppliers do as well.

Conflict minerals and cobalt management

STRAX supports the efforts of human rights organizations to end violence and atrocities in Central Africa. It has been widely reported that the major driver of this violence is the natural abundance of the minerals tin, tungsten, tantalum and gold, now referred to as conflict minerals. Amnesty International has also shed light on human rights abuses, including child labor, linked to cobalt mining in the Democratic Republic of Congo.

The issues of conflict minerals are important to STRAX and we undertake due diligence to ensure that no conflict minerals are used in our products. STRAX requires that all new suppliers confirm that materials we purchase do not contain conflict minerals and the suppliers are notified periodically to reaffirm this commitment. In addition, we require of our existing suppliers who use any of the four metals listed above to ensure that they are using approved smelters, as informed by the Conflict Free Sourcing Initiative. Suppliers shall exercise due diligence regarding the source and chain of custody of conflict minerals and make their due diligence measures available to STRAX upon request.

STRAX Cobalt and Conflict Minerals Declaration also ensures that all suppliers recognize and align their supply chain policies with the Responsible Cobalt Initiative (RCI). STRAX also includes cobalt in the requirements of the supplier evaluation to ensure all procurements, purchases and use of cobalt adheres to the RCI's recommendations.

2021 outcome: 100 %
(100) of all suppliers had completed a self-assessment ensuring a responsible sourcing of cobalt in line with the RCI's requirements.

URBANISTA LOS ANGELES – SOLAR CELL POWERED HEADPHONES WITH INFINITE PLAYTIME

STRAX subsidiary Urbanista, announced during the year the new model Los Angeles – the world's first self-charging, wireless headphones, powered by Powerfoyle™ solar cell material. Using advanced green technology, Los Angeles converts all forms of light, outdoor and indoor, into energy to deliver virtually infinite playtime. To deliver this limitless audio experience, Urbanista has teamed up with Exeger, a Swedish innovation company, that has created a ground-breaking solar cell technology.



“We are both proud and happy to take part in introducing clean energy into this category, an initiative that fits very well into STRAX’s ongoing work with sustainability.”

– Gudmundur Palmason, CEO, STRAX AB.

OUR PEOPLE

STRAX strives to offer a fair, respectful and safe workplace where employees can fulfill their potential. The ability to attract, develop and retain competent and committed employees at all levels is key to continued successful growth.

Living our values

At the heart of our behavior and actions lies four core values: Honesty, Respect, Frugality and Teamwork. We want our people to always show respect by adhering to facts, fulfilling promises and admitting to failures. We also want them to show the outmost respect for their co-workers and the company as well as for our competitors, customers and partners. Resources shall be used wisely across all areas of the business, with effective planning, communication and optimized processes that reduce costs. We are stronger as a team than as individuals, so we all work together to achieve our common goals.

The challenges we have faced during the pandemic of the past two years have shown that our strong culture and experience of being an international organization can guide us through extraordinary times and it has been a clear proof that we uphold our core value, Teamwork. We quickly had to re-prioritize and rearrange parts of the business, and in this our employees have shown enormous commitment. Together, we have joined forces and worked to adapt our operations to the prevailing conditions and, together with our suppliers, secure deliveries to fulfill the needs of our customers.

Common guidelines

As STRAX has employees in many different countries, we as an employer need to adapt to local laws, regulations and circumstances.

To clarify the Group's approach, STRAX established Group-wide HR-guidelines in 2021. The guidelines stipulate, among other things, that each subsidiary shall have distinct employee handbooks and established processes for the introduction of new employees. The guidelines also set requirements for locally adapted and relevant HR-policies and processes that align with the Group's Code of Conduct and other policies. Employees need to know what is expected of them and what they can expect from management and leadership. There shall be a clear and consistent communication about important policies and employees shall understand content of the Code of Conduct and what is expected of them when they act in accordance with it. Each employee shall have an individual development plan and regular employee development interviews.

In the spring of 2022, STRAX will finish a common digital portal where employees shall confirm that they have read all important policy documents that are

relevant to them in their work. Their immediate manager shall act as support if questions and thoughts arise. The platform will also, amongst other things, facilitate the implementation and follow-up of a digital education in the Code of Conduct.

Health and safety management

STRAX has a responsibility to ensure that the entire organization enjoys a good work environment and a safe workplace. STRAX is systematically working on improving the work environment and safety thought its operations. As STRAX has employees in many different countries, based both in offices and in warehouses, certain adaptability to local regulations and circumstances are necessary. To accommodate this, each subsidiary shall have their own Health and Safety policy, processes and routines that comply with the requirements set in the Groups HR-guidelines.

Working from home and isolation following national lockdowns and restrictions have been challenges that have affected our employees in the past two years. As a company, we have worked continuously to maintain a good working environment and to ensure a stable provision of information throughout the organization.

STRAX works actively and preemptively to improve the company's employee attendance through initiatives such as preventive healthcare, which STRAX strives to offer to all the Group's employees. The majority of STRAX employees work in the warehousing operations in Germany. This is also the part of our operations that has the greatest risk of workplace accidents. Therefore, there are well-established routines to ensure a safe working environment. A work environment committee with representatives of both employees and management as well as a safety specialist has quarterly meetings. Regular risk assessments of the work environment are carried out and evaluated, and the goal of that all employees to have undergone training in health and safety, was fulfilled in 2021.

STRAX has a zero vision for accidents that we work towards. In the German warehouse operations, where the largest proportion of employees are located, one workplace accident in 2021 resulted in sick leave.

Diversity and equality

Diversity and gender equality are an important part of the work to strengthen the STRAX corporate culture. At STRAX, everyone's equal value must be promoted, regardless of gender, age, ethnicity or sexual orientation. Diversity promotes creativity and the exchange of ideas, which is crucial for our innovation process. STRAX has zero tolerance for all forms of discrimination and harassment. We work to offer an inclusive and welcoming environment for all

our employees, customers, volunteers, suppliers and subcontractors.

While it is important to pay reasonable attention to, and allow for, differences between people, it is equally important that employment conditions ensure that such differences do not lead to discrimination in the workplace. STRAX regard gender equality as an essential part of human resource management. The gender division in the Group at year-end was 49 percent (48) women and 51 percent (52) men. STRAX aim to continuously improve the proportion of women in management positions. The target is that both men and women shall represent at least 40 percent of management positions by 2025.

2021 outcome: 10%
(9) of managers were women at the year-end.



ENVIRONMENTAL RESPONSIBILITY

STRAX work systematically and proactively to prevent, minimize and remedy the adverse environmental impacts of our business activities. As a part of STRAX's continuous improvement process for environmental management, we are further analyzing our environmental impact to better understand how we can play a larger and more constructive role in contributing to a healthier global environment.

Reducing our climate footprint

The impact of global warming is at risk of being devastating and STRAX works toward being a part of the solution. We are still only in the beginning of our efforts but as a first step we have identified five focus areas:

- Reduce emissions caused by the transportation of goods
- Avoid emissions caused by business travels
- Engage suppliers to reduce their energy usage and CO₂-emissions while manufacturing our products
- Reduce the environmental impact of our products at the research and design stage
- The use of more environmentally friendly and recyclable materials in product and shipping packaging

Reduce transport emissions

With a global network of suppliers and distributors, a significant part of STRAX's value chain's negative impact on the environment stems from the trans-

portation of goods in the form of carbon emissions. Reducing our climate footprint caused by transportation of goods is therefore a priority. In these efforts, optimization of transportation and reducing the proportion of air freight is a key factor.

To ensure efficient transports, STRAX places clear requirements on our carriers and works together with the suppliers in order to optimize the transport of goods through, among other things, packaging design and use of materials. By using a customs warehouse in Asia, an additional opportunity is created for better coordination of transports and more cost-effective logistics solutions.

The pandemic has brought major challenges regarding shipping. Closedowns, canceled flights, closed ports and container shortages in the transport sector have led to STRAX, like many other companies, having to adapt and use the transports that have been available to secure our deliveries in the best possible way. The challenges in the transport sector will probably continue in 2022 as well, but within STRAX we will do what we can to continue reducing our emissions by optimizing transport. The goal is to reduce the proportion of transport by air to less than 50 percent by 2025.

2021 outcome: 43 %
(67) of all transports consisted of air freight.

STRAX has a long-term commitment to reduce emissions from business travel by prioritizing

alternative technology solutions such as video conference and virtual offices. Our travel policy clearly expresses the company's guidelines and principles that must be considered by all employees while on business travels. That we have progressed so far in our digital conversion is a key reason to why we have managed to deal with the pandemic's challenges in such an effective way.

Reduced energy use

At STRAX, we work to reduce energy use in our own operations in every way we can. This includes, among other things, the use of low-energy lighting, the use of energy-efficient appliances and switching to green energy suppliers where possible. STRAX has set a target to reduce scope 2 CO₂ emissions¹ by five percent per year.

2021 outcome:

Total scope 2 CO₂ emissions amounted to 4 242 399 tCO₂e in 2021.

Working towards a circular economy

STRAX is continually investigating how the principles of a circular economy can be developed in the business and create value for our customers. To us, this means making high quality products that last longer, are made of environmentally friendly materials and can be easily recycled. In this way, we hope to not only benefit the environment, but also achieve cost benefits for us at STRAX and to offer our customers an environmentally friendly product design and better end-of-life management.

Our current approach includes the use of biodegradable plastics in products, the use of recycled material in packaging and to ensure the recyclability of our products in line with WEEE regulations. By replacing the plastics used in packaging with biodegradable plastics or paper and creating new design

solutions containing less plastics, the packaging becomes more sustainable and has less negative impact on the environment.

In 2021, we have continued our work to identify and implement several initiatives to reduce plastics used in packaging and transportation. We continuously work to review new innovative solutions in packaging design, packaging materials and environmentally friendly products.

STRAX has as a target that all product packaging and shipping packaging shall be made of recyclable or biodegradable materials by 2025 at the latest.

2021 outcome: 99 % of all product packaging & **90 %** of all shipping packaging were recyclable in 2021.

Engaging our suppliers

In order to reduce the CO₂-emissions throughout our value chain, it is crucial that we engage our suppliers and create a good collaboration with them.

STRAX seeks to reduce the energy consumption in manufacturing by requiring that supplier use energy efficient devices that comply with extended internationally efficiency standards. For STRAX to be able to measure and follow up on CO₂-emissions, the suppliers are required to provide information about energy consumption, production technologies and logistics. Information on energy consumption must be based on the ETSI-TS standard, while for CO₂-emissions, they must be based on internationally recognized standards. Particularly important are the standards of the GHG Protocol and the recommendations of the ITU-T SG5. Suppliers shall also provide STRAX with all necessary information about the materials used in the products and packaging delivered to us.

CLEAR CASE OF 100% RECYCLED MATERIALS

STRAX partners with HMD Global to develop and distribute a selection of Nokia-branded accessories across the world. As part of this collaboration STRAX has developed a clear case for Nokia G11 and G21 made from 100% recycled materials that can also be recycled at the end of the products life cycle.



¹ Including purchased energy inputs which include electricity, heat, steam and cooling for use by own operations.

² Includes STRAX's offices in Hong Kong, Shenzhen and Germany as well as the logistics center in Germany.

SUSTAINABILITY GOVERNANCE

We are committed to ensure that everything we do, and all decisions we make, are governed by the principles of ethics, integrity and respect for people and care for the environment. Our vision, values, and Code of Conduct reflect our entrepreneurial, social and environmental responsibility.

Organization

The Board of Directors are ultimately responsible for the Group's sustainability work. The Group Management Team is responsible for the monitoring of STRAX's sustainability efforts, while operational responsibility and implementation falls under the umbrella of the STRAX+ team, who coordinate the efforts. STRAX + consists of representatives from various functions within the organization and gives sustainability issues clearer ownership in day-to-day operations, which is a cornerstone of a successful sustainability work.

The Group Management Team is also responsible for reviewing and updating the STRAX's Code of Conduct, guidelines and policies. All team heads are obligated to ensure that their co-workers know the Code of Conduct and perform their work in line with it.

Policies and guidelines, as well as internal standards and processes, are regularly revised to ensure their conformance with international standards and customer requirements.

Principles and practices

STRAX is committed to comply with the laws and regulations in each country in which we operate. The products are designed and tested to meet the appropriate standards for product safety, electromagnetic and wireless connectivity, ergonomics and other regulatory compulsory requirements, when used for their intended purposes. In most cases, legal compliances act as a starting point only, our own policies tend to be more strict than legal compliance requirements.

STRAX's framework for sustainability is based on widely recognized international standards including the Universal Declaration of Human Rights, ILO International Labor Standards, the Rio Declaration on Environment and Development, the UN's Convention Against Corruption and OECD Guidelines for Multinational Enterprises. Since 2017, STRAX is a signatory to the UN Global Compact and has aligned the sustainability work with its ten principles concerning human rights, labor issues, environment and anti-corruption.

STRAX is also in full compliance with the Responsible Business Alliance (RBA)'s Code of Conduct which includes a set of social, environmental and ethical standards for the electronics industry.

Additionally, STRAX's supplier partnership mechanism ensure adherence to our strict standards throughout the supply chain. The entire business, including the STRAX's logistics center, is ISO-9001 certified. The management systems ensure that the operations are conducted in accordance with established procedures and act as support for the employees in their daily work. The system also contributes to increased customer and stakeholder value and to decrease STRAX's negative environmental impact.

The Code of Conduct leads the way

STRAX's Code of Conduct is the Group's overarching sustainability policy and outlines what is expected from every person working for, and with, the organization. It also underlines our responsibilities to customers, colleagues, suppliers and other partners.



The STRAX Code of Conduct is based on the company's core values and the ten principals provided by the UN Global Compact as well as the other international conventions STRAX complies with. The STRAX Code of Conduct obliges all employees to uphold high ethical standards in their conduct towards each other and when representing the company. It also aims to ensure a safe working environment, an equal and fair treatment of all employees, a strict quality management and focus on the end-user in product development, as well as to prevent, minimize and remedy the business' adverse environmental impacts. The Code of Conduct is complemented by STRAX's AntiBribery Policy, Code of Conduct for Suppliers, rules of corporate governance and other relevant policies.

Whistleblowing

STRAX has a so-called "whistleblower function" where employees, partners or other stakeholders are given the opportunity to both openly and anonymously report all types of serious deviations from the Code of Conduct or suspicions of crimes committed by persons with managerial responsibilities. Serious deviations can refer to irregularities that are ongoing, were previously committed or are planned, and which can harm STRAX's operations or employees. Reporting is done anonymously to third parties and there are no retaliation or other negative consequences for individuals reporting on such incidents. The number of cases reported to STRAX whistleblowing function in 2021 was 0 (0).

Group-wide sustainability policy documents

- STRAX Code of Conduct
- STRAX Supplier Code of Conduct
- STRAX Anti-Bribery Policy
- STRAX Cobalt and Conflict Minerals Declaration
- STRAX Travel Policy
- STRAX HR-Guidelines
- STRAX Entertainment Policy
- STRAX Anti-corruption Policy
- STRAX Privacy Policy

SUSTAINABILITY RISKS

Sustainability risks are defined as a direct or indirect environmental, social or business event or circumstance that, if it were to occur, would have a significant negative impact on STRAX's operations. The most significant of STRAX's sustainability risks are presented below in terms of the probability that the risk will occur and the impact that this would have.

Risk

Risk management

Risks in the supply chain

Some of the more significant sustainability risks and opportunities are found in STRAX's supply chain. The risks include, but are not limited to, corruption and bribes, violations of human rights and unfair labor practices, health and safety, and environmental damage. Should STRAX's suppliers break international rules and legislation, or if they should deviate from established standards, STRAX's would risk facing negative publicity, economic damages and legal ramifications.

STRAX demands that all suppliers operate ethically correct and in accordance with internationally recognized standards on human rights, labor rights, environment, anti-corruption and bribery. Principles and values are communicated through STRAX's Supplier Code of Conduct, which applies to all STRAX's suppliers and sub-contractors. STRAX works on the basis of a CSR-based governance structure where the suppliers' work with sustainability-related issues is included as an important part of evaluation and follow-up.

Product-related risks

STRAX's ability to offer products that meet stakeholders' expectations regarding quality, safety, use of materials and chemicals, as well as comply with all regional and country-level statutory standards is crucial to maintain customer trust. If STRAX fails to meet customer expectations this could entail a risk of reduced sales and a negative impact on the STRAX brand.

STRAX complies with the EU directives RoHS and WEE as well as the REACH Regulation, which states requirements for companies to take responsibility for products and their impact on society. STRAX strives to reduce the products' environmental footprint through the use of recyclable packaging materials and by ensuring the recyclability of the products when reasonably possible. To reduce the carbon emissions caused by transportation of goods, STRAX is working to optimize the transports and prioritize transports by sea or train over those by air. Product safety issues within the supply chain are continually monitored and STRAX has developed robust procedures to deter, detect, and prevent non-compliant products from shipping to customers. STRAX also undertake due diligence to ensure that conflict minerals and cobalt are not used in our products.

Risks related to business ethics

With employees in 13 countries and over 150 suppliers around the world, STRAX is, to a varying degree, exposed to the risk of corruption. Unethical behavior would entail legal ramifications and harm the company's reputation.

STRAX has a zero-tolerance policy on corruption. All STRAX's employees are educated on the company's Code of Conduct and made aware of their responsibilities in respect to anti-corruption and bribery. STRAX's guidelines on gifts and hospitality serves as a support structure.

Risks related to social conditions

Skilled and engaged employees are instrumental to the company's ability to develop according to the long-term strategic plan and to reach the established targets. If STRAX were to fail in providing an attractive working environment it would have a direct negative impact on the company's ability to attract and retain skilled employees.

STRAX maintains a strong commitment to high standards in order to deliver a fair, diverse, respectful and safe workplace for all employees. STRAX's Code of Conduct establishes the organization's stance on these topics. All STRAX's employees are educated on the company's Code of Conduct and informed of their personal responsibility to ensure that they act according to it.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

**To the general meeting of the shareholders
in Strax AB, corporate identity number
556539-7709.**

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the financial year 2021 page 2-15 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 4 May 2022

PricewaterhouseCoopers AB

Niklas Renström

Authorised Public Accountant

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