

# SUSTAINABILITY REPORT 2022

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April 28, 2023

**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, Labor, 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 the entire business' impact at all stages of the value chain. Within STRAX, we strive to constantly develop our business and contribute towards sustainable development.

## Our sustainability approach

At STRAX, our ambitions are to conduct the 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. In addition to far-reaching responsibility in our own operations, we work to ensure that our partners prevent social and environmental risks in their operations in cooperation with us. A clear vision, shared values and our Code of Conduct guides us in everything we do and how we treat each other and others.

## The past year

2022 was the third year marked by challenges related to difficult market conditions. Inflation and reduced consumer purchasing power have had a major impact on STRAX. The business has had to undergo continuous improvements and adaptations that have placed high demands on the flexibility of the organization and the employees. To make it easier, we have focused on a clear supply of information throughout the organization.

Despite a challenging situation, STRAX has remained committed to sustainability and was awarded EcoVadis Gold rating for the second year in a row. We have launched several initiatives to increase the

proportion of products made from recyclable or biodegradable plastics and reduce the use of plastic in shipping and product packaging. Our own brand Urbanista's success with self-charging wireless headphones has continued. More products with the modular solar cell technology Powerfoyle™ have been launched and the Phoenix in-ear headphones have won several awards.

## 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 2022. The auditors' opinion on the Sustainability Report can be found on page 64.



## 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 two complementing legs, Own brands and Distribution. Our brand portfolio for mobile accessories includes all major product categories: Protection, Power, Connectivity, and Audio. 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 approximately 200 employees in 13 countries. The brand portfolio includes both own brands and licensed brands. STRAX also represents 40 distributed mobile accessory brands. In addition to mobile accessories, 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. Just over 90 percent of the production 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 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 crucial to ensure the rights and condition of the workers that make our products, and 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 purchasing 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 most important to the Group's stakeholders, STRAX has identified the aspects in the value chain that are deemed to be most important for the Group's sustainability work.

**1. Product development**

In product development of own and licensed brands, close cooperation between the departments is essential to ensure product safety, product quality and a long durability. Another focus is that on the use of chemicals and materials, packaging solutions and recyclability. In the distribution business, STRAX works with well-known brands with their own stringent requirements for product quality, safety and environmental impact.

**2. Procurement and manufacturing**

STRAX's own and licensed brands are manufactured by external suppliers who are mainly located in geographical areas where there are challenges related to corruption and bribes. The environmental impact of manufacturing techniques, such as the use of chemicals, carbon emissions and waste as well as respect for human rights, fair work conditions

and health and safety issues in the supply chain are also important aspects. STRAX therefore sets clear requirements for suppliers based on the STRAX and Responsible Business Alliance (RBA) Code of Conduct. The focus is on ensuring compliance with STRAX's requirements and developing suppliers' ability to improve sustainability aspects.

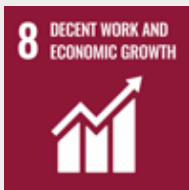
**3. Logistics**

The logistics process includes 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. To reduce negative impacts, STRAX is working to reduce the proportion of air freight, coordinate shipments, optimize product and shipping packaging and recycle materials in warehouse operations.

**4. Value-added solutions and services**

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

**STRAX SIGNIFICANT SUSTAINABILITY TOPICS**



**Decent work and economic growth**

- Customer satisfaction
- Diversity and equality
- Occupational health and safety
- Working conditions and human rights in the supply chain



**Responsible consumption and production**

- Product quality and safety
- Environmental impact and chemicals
- Anti-corruption



**Climate action**

- Transport and energy use
- Climate impact caused by products and packaging

**STRAX AWARDED ECOVADIS GOLD RATING  
THE SECOND YEAR IN A ROW**

STRAX's continued efforts to develop the organizations sustainability work was once again rewarded with EcoVadis Gold Rating. EcoVadis is the largest independent provider of sustainability assessments globally. STRAX has participated in EcoVadis' annual assessments since 2013 and retained last year's Gold rating with an improvement in total score from 71 to 77. The goal has always been to achieve a Gold rating or an even higher level.



"STRAX has already achieved significant improvements in the European logistics center, office locations, customer shipments and packaging materials, all those being largely cost neutral. We maintained our Gold rating with EcoVadis, the world's most trusted business sustainability ratings, and we continue to work hard towards a Platinum rating which only one percent of rated companies have earned."

- Gudmundur Palmason, CEO STRAX.



## SUSTAINABLE SUPPLIER NETWORKS

As a global company with an extensive supplier base, it is challenging to have 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 to increasing 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.\*

**2022 outcome: 100% (100)**  
of all purchases were sourced from suppliers committed to the STRAX Supplier Code of Conduct.\*

\* 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.

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 2022 there were no JAC audits (3) conducted. The Joint Audit Cooperation (JAC) is an international collaboration of telecom operators aimed at verifying, evaluate and promote sustainability at major 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, STRAX supports 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.

Engaging directly with suppliers is one of the most effective ways to improve performance in the supply chain. We engage 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 major CSR related risks, currently South East Asia, participating in the supplier development program.

**2022 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.

**2022 outcome: 100% (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 Groups 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 amended 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.

## 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.

**2022 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). Furthermore, we have a multi-layered approach to ensure that our suppliers follow the same rules as we do.

### Conflict minerals and cobalt management

STRAX supports the efforts of human rights organizations to end violence and atrocities in Central Africa. The major driver of this violence is the natural abundance of the minerals tin, tungsten, tantalum and gold, 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 products 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 supplier evaluation to ensure all procurements, purchases and use of cobalt adheres to the RCI's recommendations.

**2022 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 PHOENIX - THE WORLD'S FIRST IN-EAR HEADPHONES POWERED BY LIGHT

After the success of Los Angeles - the world's first wireless over-ear headphones powered by light - Phoenix - the world's first in-ear headphones powered by light - launched in 2022. Like Los Angeles, Phoenix, is developed by Urbanista together with the Swedish innovation company Exeger and is powered by Powerfoyle™ modular solar cell technology that converts all forms of light into clean energy. The cells are placed on the charging case, making cables and cords unnecessary.

Not long after Phoenix launched, the new headphones won several awards at IFA 2022 in Berlin, one of the world's largest consumer electronics shows. Three separate technology reviewers named Urbanista Phoenix "Best of IFA 2022".

"With Phoenix, we bring this unique competitive advantage to the in-ear market and add another groundbreaking product to the already strong Urbanista portfolio. We see great potential in these unique headphones and I believe these awards are just the beginning of the success of the Urbanista Phoenix and our collaboration with Exeger on technological sustainability"

– Gudmundur Palmason, CEO STRAX



STRAX's brand Xqisit manufactures eco-friendly cases for mobile phones and accessories. The Xqisit AirPod Pro charging case is made of the fully compostable material polylactic acid (PLA).

## 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 the last three years related to the pandemic and the customers reduced purchasing power have shown that our strong culture and experience of being an international organization can guide us through difficult times. This 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.

### Groupwide 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, we have established Group-wide HR-guidelines. 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. We are working to finalize 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, as an employer, has a responsibility to ensure that the entire organization offers a good work environment and that STRAX is a safe place to work. Together, we work systematically to improve the working environment and increase safety within the entire operation. 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,



## OUR VALUES



### Honesty

We strive to be respectful at all times. We stick to the facts, keep our promises and acknowledge failure. We foster honest communication throughout the company.



### Respect

We always show the utmost respect to our employees, the company, our competitors, customers and partners.



### Thriftiness

We use our resources wisely, through effective planning and communication and optimized processes that help minimize our costs.



### Teamwork

We understand and recognize that we are stronger as a group than as individuals, so we work together to achieve our common goals.

each subsidiary shall have their own Health and Safety policy, processes and routines that comply with the requirements set in the Group HR-guidelines.

Working from home and isolation following national lockdowns and restrictions, as well as extensive and rapid adjustments of the business, have been challenges that have affected our employees in the past three 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. The goal is for all employees to have undergone training in health and safety, which was fulfilled in 2022.

STRAX has a zero vision for accidents that we work towards. In the German warehouse operations, where the largest proportion of employees are located, 2 workplace accidents (1) in 2022 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 46 percent (49) women and 54 percent (51) men. STRAX aim to continuously increase 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.

**2022 outcome: 10% (10)**  
of managers were women  
at the year-end.

## ENVIRONMENTAL RESPONSIBILITY

STRAX work systematically and proactively to prevent, minimize and address the negative impact our operations have on the environment and climate. As a part of STRAX's continuous improvement process, we are further analyzing our impact to better understand how we can develop the operations and contribute towards a more sustainable development.

### 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 six focus areas:

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

### 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 transportation 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 and Russia's invasion of Ukraine have brought major challenges regarding shipping. Closedowns, canceled flights, closed ports and container shortages in the transport sector as a result of canceled train services from Asia have meant that STRAX, like many other companies, has had to adapt and use the options available to secure deliveries in the best possible way. The challenges in the transport sector have eased somewhat during the second half of 2022 and at STRAX we continue to do what we can to reduce emissions from product

shipments. The goal is to reduce the proportion of air freight to less than 50 percent by 2025.

**2022 outcome: 69% (49)**  
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 CO<sub>2</sub> emissions<sup>1</sup> by five percent per year.

**2022 outcome:**  
Total scope 2 CO<sub>2</sub> emissions amounted to 4 917 500 tCO<sub>2</sub>e in 2022 (4 242 399), an increase of 4%.

- 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.

### 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



STRAX's brand Planet Buddies partners with the World Land Trust (WLT) organization. A portion of the revenue from products featuring a terrestrial animal goes to a charity that supports the animal species.

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

We continuously work to develop new innovative design solutions for packaging, packaging materials and eco-friendly products. In 2022, we have started several different initiatives to increase the proportion of products made of recyclable or biodegradable plastic. At the same time, we have continued to identify and implement several new initiatives to reduce the use of plastic used in shipping and in product packaging.

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.

**2022 outcome: 100% (99)**

of all product packaging was recyclable in 2022 and **100% (90)** of all shipping packaging was recyclable in 2022.

### Engaging our suppliers

In order to reduce the carbon 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 carbon 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 carbon 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.

## SUSTAINABILITY GOVERNANCE

Sustainability is embedded in all of STRAX's operations and forms an integral part of our corporate governance. Everything we do and all decisions made within the organization should be characterized by integrity, respect for people and care for the environment.

### 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.

## SUSTAINABILITY GOVERNANCE, CONT.

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, electro-magnetic 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.

#### POLICIES AND GUIDELINES:

- 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

STRAX's sustainability work 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 STRAX's logistics operations, is ISO-9001 certified. The management system ensures that operations are conducted in accordance with established procedures and functions as support for the employees in their daily work. The system also contributes to increased customer and stakeholder

value and to reducing 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 Anti-Bribery 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 without retaliation or other negative consequences. The number of cases reported to STRAX whistleblowing function in 2022 was 0 (0).



## SUSTAINABILITY RISKS

A sustainability risk is a direct or indirect event or circumstance that, if it were to occur, would have a significant negative economic, environmental or social impact. 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 would deviate from established standards, STRAX's would also risk facing negative publicity, economic damage 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, environmental- and climate related impact as well as comply with all regional and country- level statutory standards is crucial to contribute to a sustainable production and consumption and 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 companies' 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 that the products can be recycled or decomposed 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 Group'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

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

It is the board of directors who is responsible for the statutory sustainability report that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's 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.

A statutory sustainability report has been prepared.

Stockholm, 2023-04-28



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**STRAX**