



SUSTAINABILITY REPORT 2020



This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

SUSTAINABILITY REPORT

May 5, 2021

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 create an understanding of our entire business' impact at all stages of the value chain. We strive to constantly develop ourselves and our business in order to reduce our 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. In doing so, we can offer innovative products in a competitive way, while taking 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 and opportunities. A clear vision, shared values and our Code of Conduct form the basis for our behavior and actions at STRAX. Read more about our sustainability management on page 64-65 in the annual report.

The past year

2020 was greatly affected by covid-19 and its economic and social ramifications, both of which have tried the organization's flexibility and adaptability. Work from home and isolation following the national close downs and restrictions have been challenges that have affected our employees to varying degrees over the past twelve months. As a company, we have worked continuously to maintain a good and safe working environment and ensure a stable provision of information throughout the organization. During this challenging year, our corporate culture was strengthened thanks to the employees' adaptability and teamwork and we have proven our ability to go on even under to most dire of market conditions.

In addition to dealing with the extraordinary challenges following the pandemic, we continued to develop our work with STRAX+. STRAX+ is our initiative to change all possible aspects of our business with the end goal of becoming a more environmentally friendly company. Among other things, we have succeeded in making more progress in the work of developing sustainable packaging solutions by further reducing the use of plastic in packaging and in transport. During the year, we also managed to reduce the proportion of air freight to 67 percent, which meant that we achieved our target set for 2020.

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 §). 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.

Our Values



Honesty

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



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.



IMPACT IN OUR BUSINESS MODEL

STRAX is a market-leading global company specializing in mobile accessories with sales in more than 20 countries. In response to the ongoing pandemic, STRAX expanded into Health & Wellness products during 2020, with an initial focus on personal protection equipment, such as face masks, gloves and sanitizers. Sales are made through all key channels; ranging from telecom operators, wholesale and consumer electronic stores to lifestyle retailers or directly to consumers online. The brand portfolio includes both own brands and licensed brands, representing 61 and 14 percent of sales respectively. STRAX also represents over 40 distributed mobile accessory brands and several Health & Wellness brands, which combined account for 25 percent of sales. In addition to products corporate customers, healthcare providers as well as to international authorities.

It is important to us to be involved and contribute to the communities in which we operate and through our new product category we had the opportunity to continue our social responsibility efforts in line with our previous work. We are proud to have been able to donate 100,000 breathing masks to hospitals and other important actors in the healthcare system in several countries where we conducted business during the year.

in accessories and Health & Wellness, STRAX also offers value-added services and customer-specific solutions.

STRAX does not own any factories and all production is sourced from third party suppliers, of which 99 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.

Material sustainability aspects in STRAX's value chain

<p>Product development In product development, close cooperation between the departments is essential to ensure product safety, product quality and product durability. The focus is also on the use of chemicals and materials, packaging solutions and recyclability.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>Value-added solutions and services It is important that STRAX's value-added solutions and services align with the company's core values and contribute to the overall quality assurance.</p>
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Donation of PPE-products

Since April 2020, STRAX has been a reliable supplier of personal protection equipment to both existing and new customers in the telecom and consumer electronics industry.

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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. We demand that all suppliers 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 must immediately notify STRAX, so that we can ensure that effective and timely corrective actions are taken.

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. We have also implemented third party validation of strategic suppliers' CSR-performance as a complement to internal controls. In 2020 a total of 11 audits (2) were conducted.

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.

2020 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 was that all employees should be educated on the topics of bribery and corruption by year 2020.

2020 outcome: 100 %

(100) of all employees in vendor-facing positions had completed their education on the topic of bribery and corruption at year-end 2020, 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 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 logistics center, 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.

2020 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. In 2016, Amnesty International 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.

2020 outcome: 100 %
(100) of all suppliers had completed a self-assessment ensuring a responsible sourcing of cobalt in line with the RCI's requirements.

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 past year has 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 hard to acquire new customers and suppliers while simultaneously fulfilling the needs of our existing customers.

Health and safety management

Ensuring safety awareness, positive attitudes and continual improvement in safety performance requires the commitment and active involvement of all partners, managers, employees and regular contractors at all levels.

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

Measuring employee satisfaction through the Employee Satisfaction Index (ESI) is a good tool for the purpose of analyzing and identifying areas of improvement. STRAX's most recent employee survey was conducted in Asia in 2017 with an ESI of 78 percent. Due to organizational changes, no employee survey has been conducted since, but STRAX's aim going forward is to measure employee satisfaction throughout the Group.

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.

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 the STRAX 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 48 percent (44) women and 52 percent (56) men. STRAX aim to continuously improve the proportion of women in management positions. The target was that both men and women will represent at least 40 percent of management positions by year 2020.

2020 outcome: 9%
(32) 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

STRAX recognizes the impact of global warming and works towards 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 packaging

Once we get a bit further in our work, we will start measuring our baseline carbon footprint and setting short and long-term reduction targets.

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 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.

Following the pandemic, the number of flights was greatly decreased during 2020. This new reality has brought challenges due to increased lead times, but it has also allowed STRAX to decrease the number of air freight in favor of transport by sea and rail and by that we achieved our target to reduce air freight to below 70 percent by 2020. Even though the extreme conditions of 2020 aided our efforts in this regard, we realize that we

continue to face a challenge. The reduction of our transportation emissions is still a prioritized area and we will continue to further optimize and make our transports more cost-effective. delivered are assembled, as well as about the packaging.

2020 outcome: 67 %
(85) 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.

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 2020, our work continued by identifying and implementing 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. During the year, we have, among other things, together with 4ocean developed mobile phone cases made of recycled plastic from the oceans.

Engaging our suppliers

In order to reduce the CO₂-emissions throughout our value chain, it is crucial that we engage our suppliers and work collaboratively.

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 the company.

Collaboration with 4ocean

In 2020, STRAX acted as a development partner for 4ocean, a purpose driven business with the mission to end the ocean plastic crisis and supported the development and manufacturing of their new 4ocean Signature iPhone cases made from 4ocean Plastic™ (recycled plastic from the sea). As a part of the development process of the new product in the USA, STRAX supported the material development, testing, design and production optimization.

We are pleased and proud of our collaboration with 4ocean for their venture into mobile accessories and that we at the same time can support such an important cause as cleaning our oceans from plastic waste. This type of partnership is completely aligned with STRAX overall commitment to corporate social responsibility.

4ocean Plastic™ is certified ocean plastic that 4ocean's professional cleanup crews have recovered and recycled into verified ocean plastic materials. The products made with this material are intended to continue raising awareness about ocean plastic pollution. The sales of the case will help fund 4ocean's global operation of cleaning up plastics from the oceans.



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

Sustainability and ethics are emphasized throughout STRAX's corporate governance, starting with the Board of Directors and the Group Management Team. 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 + was established in 2019 and consists of representatives from various functions within the organization. Through STRAX +, sustainability issues have been given clearer ownership in day-to-day operations, which has improved the conditions for a successful sustainability work.

The Group Management Team is also responsible for establishing and implementing 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, 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.

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.

STRAX's quality management system and 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 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.

Reporting concerns

Employees and partners are encouraged and expected to report incidents of non-compliance with the STRAX Code of Conduct. Reported information will only be processed to the extent reasonably necessary for the investigation. There will be no retaliation or other negative consequences for individual reporting on such incidents. The STRAX Code of Conduct have instructions for employees on how to raise their concerns within the organization. **In 2020, no deviations from the STRAX Code of Conduct were reported.**

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

SUSTAINABILITY RISKS

Stakeholders have ever increasing demands on companies' accountability. The active work with issues concerning the environment, social conditions, human rights and corruption is an integrated part of STRAX's operations. Should STRAX's efforts in these areas prove insufficient, sales and market shares could be negatively affected.

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, violence 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 economic damages, negative publicity and legal ramifications.

STRAX expects all suppliers to 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 support the establishment of a CSR management structure and incorporate CSR performance as a part of the supplier evaluation criteria to further incentivize their participation in CSR activities.

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 fail 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.

The corona pandemic

In 2020, the ongoing pandemic exposed STRAX to new types of risks which have added new dimensions to the risk management efforts. Work from home and isolation following lockdowns and restrictions, fast paced adjustments, uncertainties and concerns about one's own wellbeing and that of those close to us have all posed challenges to our employees. STRAX has established a management committee representing different parts of the organization. The committee oversees the pandemic's development in the geographical areas in which the Group conducts business and ensures that the Group perform the best possible proactive actions. The highest priority has been the health and safety of our employees together with ensuring an effective provision of information and communication throughout the organization. As a part of the ongoing risk management, STRAX continues to closely follow the pandemic's development and will continue to adjust our efforts when needed.

**CORONAVIRUS**

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