



SUSTAINABILITY  
REPORT

2017

**STRAX**

# SUSTAINABILITY REPORT

May 17, 2018

## **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



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.

### Values in which we believe

#### Honesty

We aim always to show respect by adhering to facts, by fulfilling promised 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, with effective planning and communication and optimized processes each helping to 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.

# SUSTAINABILITY REPORT

All companies are facing different environmental and corporate social responsibility challenges depending on their line of business, the geographic areas in which they operate and if they are selling products or services. In our role as a global supplier of mobile accessories and connected devices, STRAX is committed to protect and improve the environment, health and wellbeing of our employees, customers, suppliers and the communities where we operate.

STRAX ambition is to conduct business in a sustainable manner in all areas possible. Sustainability is considered in profitability and risk analyses, business and product development, investments and in our communication with stakeholders. Doing so will enable us to offer innovative products more competitively, whilst conserving and enhancing resources for future generations. Not only do we work to ensure high standards of corporate responsibility internally, but we also engage our external partners to collaboratively manage social and environmental risks and opportunities. A clear vision and shared values form the basis for our behavior and actions at STRAX. They are the expression of our corporate culture, which align with sustainable business principles.

This Report offers an overview of what we are trying to achieve with our sustainable business strategy, together with our progress to date.

## **STRAX's business model and sustainability context**

STRAX is a market-leading global company specializing in mobile accessories and connected devices. STRAX has built a House of Brands to complement its value-added customer-specific solutions and services.

STRAX House of Brands includes proprietary brands: XQISIT, GEAR4, Urbanista, THOR, avo+, FLAVR, Eule and licensed brands: adidas and bugatti.

In addition, STRAX represents over 40 major mobile accessory brands. STRAX sells into all key channels ranging from telecom operators, mass merchants and consumer electronics to lifestyle retailers and direct to consumers online.

STRAX was founded in Miami and Hong Kong in 1995 and has since grown across the world. Today, STRAX has over 200 employees across 13 countries with its operational HQ and logistics center based in Germany.

70 per cent of STRAX sales comes from the portfolio of proprietary brands and 30 per cent from partner brands. STRAX proprietary brands develop, produce, package and sell products in the mobile accessories and connected devices categories.

STRAX itself does not own any factories and all production is sourced from third party suppliers/factories. The production is to 99 per cent based in South East Asia. The concentration of production in one geo-

graphic area when sales are global results in a business model challenge from an environmental perspective related to transportation. Developing and producing your own products further adds requirements on controls on materials used in the products as well as ensuring the third-party factories used adheres to sound business practices.

STRAX strives to optimize the business model and value chain by developing and promoting sustainable products and services. 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 sale.

**Product development** - Product safety, product quality, durability, use of chemicals and materials, packaging solutions and recyclability are important sustainability aspects in STRAX product development.

**Procurement** - The procurement process entails challenges related to corruption and bribes.

**Production** - Throughout the production process, the environmental impact of the production techniques, human rights, fair labor practices and health and safety issues are important aspects to consider and take into account.

**Logistics** - The logistics include challenges related to carbon emissions.

**Professional marketing support** - It is important that the professional marketing support at the end point of sale align with the company core values as well as contributes to the overall quality assurance.

### Principles and practices

STRAX is committed to fulfilling its responsibility as a corporate citizen and to earn the trust and respect of our customers and society in the process. Our vision, our values, and our Code of Conduct reflect our entrepreneurial, social and environmental responsibility. They are the company's binding guidelines, providing specific instructions on forming relationships with customers, colleagues, suppliers and other partners.

STRAX respectfully complies with the Universal Declaration of Human Rights and the International Labor Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work. We are also in full compliance with the Responsible Business Alliance (RBA)'s Code of Conduct. At STRAX we regularly revise our sustainability management policies, as well as internal standards and processes, to ensure their conformance with international standards and customer requirements.

In 2017, STRAX joined the UN Global Compact, aligning with principles concerning human rights, labor issues, environment and anti-corruption. STRAX's framework for sustainability encompasses all ten principles of the Global Compact.

### STRAX's Code of Conduct

STRAX's Code of Conduct is STRAX's general sustainability policy document and it declares what is expected from every person working for and with STRAX. 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 adverse environmental impacts of the business.

The Code of Conduct is complemented by STRAX Anti-Bribery Policy, STRAX Code of Conduct for Suppliers, rules of corporate governance and other relevant policies.

### Business ethics and Compliance

For STRAX, business ethics means more than complying with regulations. As a value-driven organization we believe that adopting a wider ethical approach into our company culture is crucially important. It helps us enhance our reputation and succeed in business.



### Anti-corruption and bribery

STRAX procurement process mainly takes place in South East Asia, a market that offers good business opportunities, but is also exposed to serious risks relating to areas such as corruption, bribery and fraud.

STRAX has a zero-tolerance policy on corruption. Our Code of Conduct and Anti-Bribery Policy describe STRAX's commitment to maintaining a high standard of ethics when we do business and our expectations on each employee and partner. We fully support the requirements of the UK Bribery Act as well as similar legislation in all regions in which we conduct business. We have implemented policies and procedures to ensure we are prepared, to the extent possible, to prevent and deter corrupt practices across our business relationships. This also includes monitoring and preventing potential corruption and bribery and to deal with such practices appropriately if they are discovered.

All staff shall be aware of their responsibilities in respect to anti-corruption and bribery and be empowered to act as a line of defence in the identification of any corrupt practices. STRAX's guidelines on gifts and hospitality serves as a support structure for employees to handle such corrupt activities.

STRAX has set a target that all employees should be educated on the topics of bribery and corruption by 2020. 100 per cent of all employees in defined high-risk areas have completed and been educated on the topic of bribery and corruption resulting in 18 per cent of total Group employees.

### Sustainability governance

Sustainability and ethics are emphasized throughout STRAX's corporate governance, starting from the Board of Directors, the CEO and the Group Management Team. The Group Management Team has the ultimate responsibility for the implementation and monitoring of STRAX's sustainability work, as well as its subdivisions' compliance with the STRAX Code of Conduct. Management is also responsible for maintaining adequate documentation to demonstrate compliance by partners.

Following a review of the company's existing sustainability policies and guidelines, STRAX introduced a revised Code of Conduct in 2017. A number of targets were set as well as Sustainability Performance Indicators (SPI:s) for monitoring the areas of product compliance, responsible suppliers, carbon management, employees and social conditions. In 2018, STRAX will focus on concluding this process and measure progress on all selected SPI:s. The targets will be updated in pace with the continuing work.

### Legal compliance

STRAX is committed to compliance 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 & wireless connectivity, ergonomics and other regulatory compulsory requirements, when used for their intended purpose.

Whether in areas of corporate governance, fiduciary duty, employee responsibilities, consumer protection, partnership management, or environmental standards, we take our responsibilities seriously; in most cases, legal compliances act as a starting point only, our own policies tend to be more strict than legal compliance requirements.

### Reporting concerns

STRAX's employees and partners are encouraged and expected to report incidents of non-compliance with the STRAX's 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.

### Developing sustainable supplier networks

Some of the most material risks and opportunities within STRAX value chain can be found among the upstream suppliers. With over 150 suppliers globally, continual improvements together with our manufacturing partners on sustainability issues are not only crucial to ensure the rights and conditions of the workers that make our products, but also to

minimize the adverse environmental impacts of the production.

At STRAX we expect our suppliers to operate ethically correct and in accordance with internationally recognized standards on human rights, labor rights, environment and anti-corruption, adhere to the STRAX Code of Conduct and to uphold the ethical standards that are integral to our Code of Conduct.

### **A robust framework for sustainability management**

As a global business with an extensive supplier base, developing a full understanding of the supplier's sustainability performance is a challenge, even with strict supply chain processes in place.

STRAX adopt the Responsible Business Alliance (RBA)'s Code of Conduct as a guideline for standardizing the approach with suppliers regarding social, environmental and ethical responsibility.

STRAX has also implemented STRAX Code of Conduct for Suppliers to ensure that all of our suppliers know what we expect of them. 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 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. In 2017, 98 per cent of suppliers complied with the requirements without serious deviations.

### **Engaging with suppliers**

STRAX intention is to support safe and fair working conditions and the 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.

STRAX believe in a self-assessment system, that over time corrects behavior and creates a sound culture of improvement, for the factories. This is closely monitored and checked through audits. We also implement third party validation of strategic suppliers' CSR performance to cross reference our internal findings.

STRAX aims to conduct inspections at all major suppliers at least once a year. In 2017 a total of 27 inspections were conducted at major suppliers. Major suppliers are defined by accounting for +90 per cent of Group purchasing.

All suppliers in areas with high CSR-related risks, currently South East Asia, are to participate in STRAX's supplier development program. The program encourages the suppliers' incremental improvement through the provision of best practice CSR improvement recommendations. At year-end 2017, 89 per cent of all suppliers in high-risk areas had participated in STRAX's supplier development program.

### **Product responsibility**

STRAX is dedicated to provide its customers with safe products that exceed their expectations regarding quality and safety as well as the environmental impact caused by producing and using them.

### **Quality management system**

STRAX develops its product in strict compliance with internationally recognized safety and legal requirements. Regulations setting mandatory safety & reliability standards for certain products are defined during the product development stages for the purpose of preventing or reducing risk of injury or harm to the consumer. These include, but are not limited to, CE, FCC and other recognized regulatory bodies.

STRAX has assembled a Product Safety & Compliance Team which continually monitors product safety issues within the supply chain and reports directly to the Management Team. Together they have developed robust procedures to deter, detect, and prevent non-compliant products from shipping to customers.

The foundation of these procedures is based upon a quality management system and supplier partnership mechanism that ensures adherence to strict standards throughout the supply chain. Procedures have been established for product design and performance as well as raw material selection and regulatory requirements. STRAX ensure the traceability along all instances leading up to the Design Approval Process, which enables us to track products and components to individual suppliers, ensuring supplier accountability. This system also enables us to trace non-standard components that may have safety implications back to their source and thereafter implement root cause analysis and respective solutions.

For product safety certification STRAX engage external experts to identify continual improvement areas and corrective actions, but we also cross-check final results with our internal testing facilities; additionally, we have protocol for product recalls should the need arise.

### Materials and substances

STRAX strive to conserve resources and reduce environmental footprint caused by our products through use of recyclable plastics and packaging materials as well as ensuring the recyclability of the products where reasonably possible.

In order to ensure that none of STRAX's products contain any harmful, restricted or unnecessary chemicals, STRAX 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, Authorisation and Restriction of Chemicals), and have a multi-layered approach to ensure that our suppliers do as well.

### Conflict minerals 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 Interna-

tional also shed light on the issue of children working in cobalt mines in the Democratic Republic of Congo.

STRAX undertake due diligence to ensure that conflict minerals are not 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 update this assurance. In addition, we require of our existing suppliers that uses any of the four metals listed above to ensure that they are using approved smelters, as informed by the Conflict Free Sourcing Initiative. Since 2017 STRAX includes cobalt in the requirements and has implemented a Responsible Cobalt Initiative (RCI), with 97 per cent of suppliers completing the self-assessment. In 2018 STRAX will implement a policy to ensure that all suppliers, both upstream and downstream, recognize and align their supply chain policies with the RCI to reduce cobalt in the production. STRAX will continue to measure and evolve the program in 2018.

### Our people

STRAX strive to provide a workplace where employees can fulfil their potential in an open and inspirational working environment. For STRAX to develop and retain competent and committed employees, while attracting employees with new skills, is key to continued successful growth.

### Living our values

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 of STRAX's employees are educated in the company's Code of Conduct and informed of their personal responsibility to ensure that they act according to it.

### Health and safety management

STRAX is committed to high standards of 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.



STRAX works actively and preventively to improve the company's employee attendance through initiatives such as preventive health-care, which STRAX strives to offer to all the Group's employees.

In order to make analyses and plans of action, STRAX conducted a survey on employee satisfaction (ESI) in Asia during 2017 with an overall ESI score of 78 per cent. STRAX is planning to survey employee satisfaction for the entire Group in 2018 and has an ESI target score of at least 85 per cent by year 2020.

### Diversity and equality

Workplace diversity contributes to the divergence and exchange of ideas, which is critical to STRAX's innovation process and contributes to a healthy management environment. STRAX has a zero-tolerance policy for all forms of discrimination and harassment. We are committed to provide an inclusive and welcoming environment for all members of our employees, clients, volunteers, sub-contractors, vendors, and clients.

STRAX regard gender equality of opportunity as an essential part of human resource management. While recognizing that differences between people must be acknowledged and reasonably accommodated, employment practices must ensure that differences do not lead to discrimination in the workplace. The gender division in the entire Group is 42 per cent women and 58 per cent men. 29 per cent of managers were women during the year. The target is that men and women will be represented within a range of 40 per cent in management positions by year 2020.

### Environmental impact

Environmental management is an important part of the culture at STRAX. We work systematically to prevent, minimize and remedy adverse environmental impacts of our business activities through a proactive approach and responsible management of its environmental aspects. As 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.

### Carbon management

There are clear evidence that global temperatures are rising quickly. There is also a very strong consensus among scientists and policy-makers that carbon dioxide emissions from fossil fuels together with other greenhouse gases have a direct impact on the climate. At STRAX, we recognize the impacts of global warming and work to be part of the solution. Carbon management is a relatively new initiative at STRAX. As a first step we have identified five initiatives that we are focusing on:

- Optimize transport emissions by shifting from air to ocean transport modes as much as possible
- Avoid travel emissions by prioritizing alternative technology options such as video conferencing and virtual office use
- Supplier engagement to reduce manufacturing energy and carbon emissions
- Reduce the environmental impacts of our products at the research and design stage
- Use less carbon-intensive materials, such as recycled materials, in the packaging

STRAX is currently in the process of measuring our baseline carbon footprint and setting short and long-term reduction targets. We also aim to engage suppliers collaboratively to reduce CO2 impacts throughout the product lifecycle.

#### *Optimize transport emissions*

Transports are STRAX's largest source of greenhouse gas emission. An efficient and CO2-minimizing flow of goods is one of the most important factors for reducing our negative impact on the environment.

To ensure efficient transports, STRAX has a screening process with requirements regarding transportation optimization and efficiency when choosing what carriers to use. By optimizing the transports, and prioritizing transports by sea or train over those by air, STRAX is working to lessen the company's impact on the environment. The target is set that transportation by air should not exceed 70 per cent by year 2020. At year-end 2017, 84 per cent of transports were by air which is a decrease from previous year with 11 percentage points.

STRAX also adhere to reduce emissions from business travel by prioritizing alternative technology options such as video conference and virtual office use, and these priorities have been giving a positive result. In 2017 conference calls and video meetings increased by 300 per cent, and travel by personal and company cars decreased accordingly.

### Circular economy

In the context of rapidly reducing global resources, STRAX aim to understand and optimize our role in contributing to a circular economy.

A circular economy aims to mirror the natural world's regenerative system by ensuring resources can be continually recycled and

environmental impacts are minimized. For STRAX, this means making products that last longer, are made of environmentally friendly materials, and can be easily repaired or 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.

STRAX are currently investigating how we can better use the principles of circular economy to deliver value to our customers. Our current approach includes the use of biodegradable plastics in products, use of recycled material in packaging and to ensure recyclability in line with WEEE regulations.

## SOCIAL CONTRIBUTION ACTIVITIES FOCUSED ON LOCAL NEEDS

Being a global citizen is essential for how the STRAX Group does business. STRAX believes that the long-term success of the company is dependent on the affluence of the communities in which we operate. Responding to our role as an integral member of the community, STRAX actively promotes social contribution activities focused on local needs.

### Sunshine Academy

STRAX partners with a Chinese non-profit organization, Sunshine Academy, on a number of vocational programs. Sunshine Academy is dedicated to love and educate Chinese orphans instilling dignity and life skills to enable an independent life. Sunshine Academy students have a variety of special needs which means they will need support throughout their growing up years as well as their adult life.

Through one of STRAX core manufacturing partners we support a vocational initiative to help Sunshine Academy students build life skills in the work place allowing them to become as self-sufficient as possible and give them opportunities to have a meaningful life.

### Captivating International

In November STRAX Asia volunteer team participated in the Sunshine Academy Benefit Fair, a two thousand people fund raising event, by hosting basketball shooting game and also the fresh lemonade pop up drink store. It was a fantastic day for both Sunshine Academy and STRAX.



STRAX supports the Annual Captivating Charity Auction – an event run in partnership with the Shenzhen Charity Federation. The Shenzhen Charity Federation; SHAMTSE; and LOVEQTRA (The Seng Girls Home), funds raised from this year's event will be used to impact the lives of up to 1,000 girls and many of their families in remote locations of Western China. With a focus on solutions such as green-houses, animal husbandry, health education, vocational school scholarships, and programs helping girls get into their first genuine and safe job.

## 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, STRAX's 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, human rights and fair 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 expect 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 subcontractors. STRAX supports the establishment of a CSR management structure and incorporates 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.

STRAX complies with the EU directives; RoHS, REACH and WEEE, and strives to reduce the products' environmental footprint through the use of recyclable plastics and packaging materials as well as ensuring the recyclability of the products when reasonably possible. 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 undertakes due diligence to ensure that conflict minerals and cobalt materials are not used in our products.

#### Risks related to business ethics

With employees in 12 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 in 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 of STRAX's employees are educated in the company's Code of Conduct and informed of their personal responsibility to ensure that they act according to it.

#### Environmental risks in the transportation of goods

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.

By optimizing the transports, and prioritizing transports by sea or train over those by air, STRAX is working to lessen the company's impact on the environment.

## SUSTAINABILITY TARGETS

	Sustainability target	Results of 2017
<b>Supply chain</b>	<p>100% of suppliers are to comply with the requirements of STRAX's Supplier Code of Conduct regarding anti-corruption and bribery with no serious deviations.</p> <p>All suppliers in high-risk areas (currently South East Asia) are to participate in STRAX' supplier development program.</p> <p>STRAX aims to conduct inspections at all major suppliers at least once a year.</p>	<p>98% of suppliers complied with the requirements without serious deviations in 2017.</p> <p>At year-end 2017, 89% of all suppliers in high-risk areas had participated in STRAX's supplier development program.</p> <p>In 2017 a total of 27 inspections were conducted at major suppliers.</p>
<b>Business Ethics</b>	<p>100% of all employees should be educated on the topics of bribery and corruption by year 2020.</p>	<p>18% of all employees had been educated on the topic of bribery and corruption at year-end 2017 with 100% of employees in high-risk areas.</p>
<b>Social Conditions</b>	<p>The target is that both men and women will represent at least 40% of management positions by year 2020.</p> <p>The Group's ESI score should be at least 85% by year 2020.</p>	<p>The gender division in the entire Group is 42% women and 58% men. 29% of managers were women during 2017.</p> <p>The ESI score for Asia was 78% in 2017. STRAX is planning to survey employee satisfaction for the entire Group in 2018.</p>
<b>Carbon Management</b>	<p>Transportation by air should not exceed 70% by year 2020.</p> <p>Reduce emissions from business travel by prioritizing alternative technology options (video conference, virtual office use).</p>	<p>84% of transports were by air in 2017.</p> <p>In 2017 conference calls and video meetings increased by 300%, and travel by personal and company cars decreased accordingly.</p>
<b>Product responsibility</b>	<p>All suppliers shall recognize and align their supply chain policies in line with the Responsible Cobalt Initiative (RCI).</p> <p>All products shall meet internationally recognized safety and legal requirements for the markets they are sold into.</p>	<p>STRAX initiated an RCI initiative in 2017 with 97% of suppliers completing the self-assessment. STRAX will continue to measure and evolve the program in 2018.</p> <p>In 2017 all STRAX products complied with all local &amp; international regulatory safety standards.</p>

## AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

**To the general meeting of the shareholders  
in STRAX AB, corporate identity number  
555539-7709**

### Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2017 on pages 48-57 and that it is 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 different and substantially 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.

### Opinions

A statutory sustainability report has been prepared.

Stockholm May 21, 2018  
KPMG AB

**Mårten Asplund**  
*Authorized Public Accountant*