

Sustainability Report 2021



Responsible and secure business

The fundamental point of departure for sustainability management at Sinch is to minimize the potential negative impacts of the business and benefit from the opportunities brought by sustainable business. Sinch's business model makes it possible for enterprises, organizations and individuals all over the world to communicate, swiftly and easily. Sinch creates value by generating long-term and profitable growth based on quality, economies of scale and innovations that make it easier for people and companies to meet. Sinch is committed to doing responsible and secure business while taking social and environmental responsibility in operations and in the value chain.



Our business and contribution to sustainable development

Our business

Sinch is a leading supplier of cloud-based communication services and digital customer interaction. We have more than 150 000 business customers worldwide and a growth strategy which is based on three pillars:

- We offer tools to deliver an enhanced digital customer experience
- We offer an industry-leading product portfolio for B2C communications
- We grow organically and through acquisitions

Sinch's cloud-based solutions enables businesses to communicate with their customers. We offer communication solutions in the following product categories:

- Messaging
- Voice and Video
- Email
- Applications
- Products for small and medium-sized businesses

Our contribution to sustainable development

Sinch aims to contribute to sustainable development. In 2021, we assessed which of the 17 UN Sustainable Development Goals (SDGs) where we believe that we have the greatest opportunity

to contribute. The assessment was based on how our solutions can contribute to sustainable development and how we conduct our business within our focus areas.

Sinch makes it easier for people and businesses to meet. We reach every mobile phone on the planet. Our innovative solutions have the opportunity to increase access to information and communication technology and they can enable companies to manage economic, social and environmental challenges that they are facing.



Responsible business

Sinch is committed to doing business responsibly. As a global market actor, it is imperative that we act ethically in everything we do and in the partnerships we enter into. We are continuously working to develop our processes to ensure responsible and ethical conduct across the entire value chain.



Social responsibility

Sinch's greatest and most important assets are our employees. Diversity is a key factor for us where all employees should have equal opportunities to grow and develop. The health and wellbeing of our employees is essential. We want to unleash the power in our people, for everyone to be the best they can be at Sinch.



Environmental responsibility

Sinch takes responsibility for our environmental impact, in which our innovative solutions make it possible for businesses to reach their customers with less impact on the environment. We have initiated a project to reduce emissions in our operations and in the value chain and intend to set climate targets to limit global warming in line with the 1.5 degree target.



Our sustainability management program in 2021

We are growing steadily and acquiring companies in various parts of the world. With higher expectations from our stakeholders and the rapid development of sustainability regulations, it is vital that we continue safeguarding responsible business. We further reinforced our sustainability management program in 2021. Actions included establishing a new role for global coordination of our sustainability strategy.

The work involving our focus areas was among the topics discussed at the executive management level during the year. Within each focus area, we continued filling roles and responsibilities,

developed processes and policies, and to a greater extent started measuring outcomes to be able to set targets linked to our sustainability work.

In addition to the already existing focus areas responsible business and social responsibility, environmental responsibility concerning the climate impact of the business has been added to our sustainability strategy during the year.

We will maintain our clear position that there is business benefit in being perceived as an ethical company by our customers, partners, employees and other stakeholders.



Governance and division of responsibility

Values

Sinch's core values describe how we work and imbue every aspect of the business. They are the foundation of our vision, "Simplifying life by bringing all people and businesses together", and are globally integrated in our people processes. We believe a vibrant company culture is a key prerequisite for success in a business that is growing rapidly, both organically and through acquisitions.



Dream big



Win together



Keep it simple



Make it happen

Board of directors

The board of directors has overall responsibility for the management of Sinch, which includes sustainability topics. The board is responsible for the corporate policies and governing documents as well as the sustainability report. At the end of each financial year, the board of directors performs a self-assessment of its work during the year.

CEO and executive management

The CEO is responsible for executing board decisions and strategies, supported by the management team. The management team ensures that designated individuals in the organization prepare decision input and perform analyses and monitoring. Sinch's General Counsel has operational responsibility for the sustainability program and reports to the CEO and the management team concerning ongoing activities, initiatives, monitoring and progress. The sustainability program is delegated to Sinch's sustainability coordinator and relevant functions in the organization for each focus area.

Code of Conduct and corporate governing documents

Sinch has various governing documents applicable to the Group, suppliers and partners. Our Code of Conduct applies to all employees, consultants and the board of directors. The Code of Conduct is accessible on our intranet and is appended to new employment contracts. We have equivalent Codes of Conduct for suppliers and partners that are appended to larger contracts and are accessible on the website. We also have a general travel policy. Our employee handbooks are tailored to each country in which Sinch operates, which helps us navigate our work environment regarding for example health and safety and anti-discrimination.

Global Compact

Sinch is a member of the UN Global Compact and supports the ten principles for responsible business with regard to human rights, labor, environment and anti-corruption. Our Code of Conduct is based on the ten principles and clarifies our position on these matters and the importance of sound business relationships. As a member of the UN Global Compact, we publish an annual Communication on Progress (CoP) that describes our work to implement the ten principles and how we are working to contribute to the UN sustainable development goals.

ISO 27001

During 2021, Sinch continued to certify additional parts of the business in accordance with the ISO 27001 information security management standard. Parts of Sinch's operations were certified in 2019 and the work is ongoing to include acquired companies and operations.

Our material sustainability topics

Our materiality analysis is the basis for our sustainability strategy and the focus areas that describe the environmental, social and governance topics that are material to our business. The sustainability topics are assessed based on their impacts on us as a company and on our stakeholders. We maintain a continuous dialogue with our stakeholders to identify their expectations as to which sustainability topics they consider important. We perform formalized stakeholder dialogues and perform annual employee surveys. In addition, we maintain ongoing communication with owners, directors, employees, investors, customers, suppliers and other stakeholders who have various expectations on Sinch.

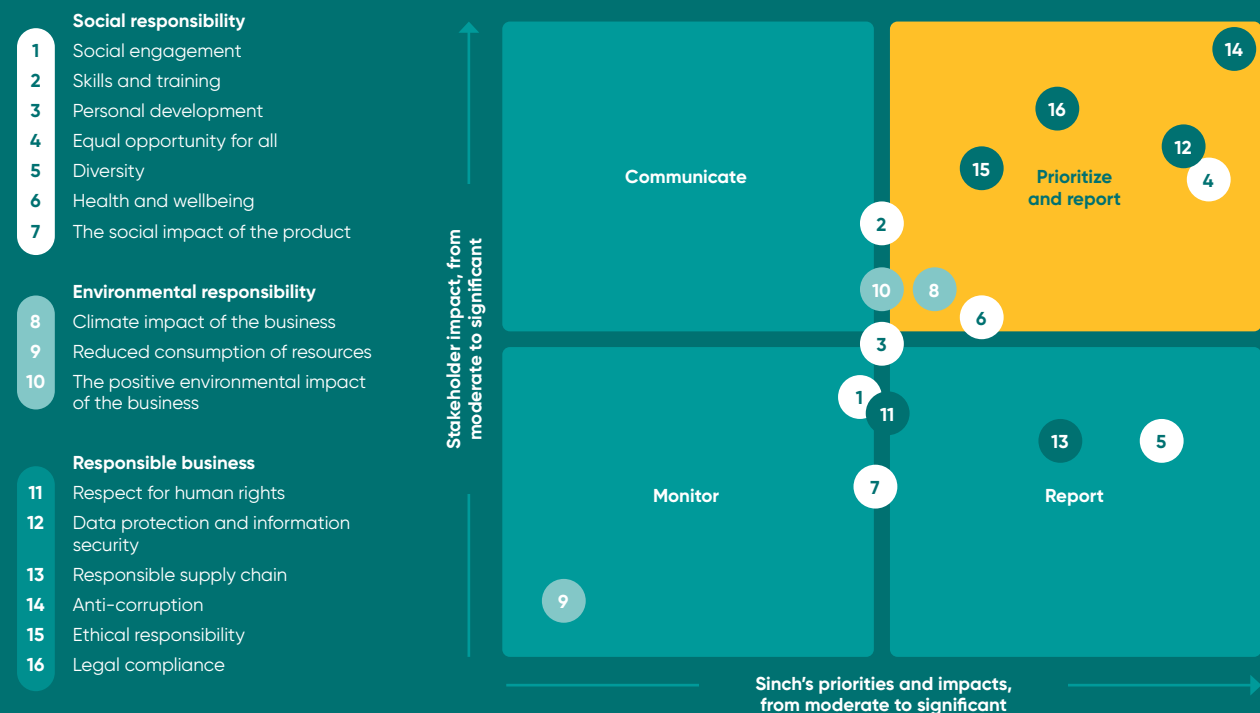
In 2021, we followed up the stakeholder dialogue that was held with employees, customers, suppliers and the Sinch management team in 2020. The results have been communicated internally to employees to further clarify our strategic priorities related to sustainability. We also engaged continuously with our

customers and investors during the year with increased focus on climate change, with regard to both reducing emissions and analyzing climate-related risks and opportunities.

In this year's review of the materiality analysis, we have taken into account stakeholder expectations, global and industry-specific sustainability trends and the rapidly accelerating regulatory development. The earlier assessment of our most material sustainability topics is largely unchanged. New for 2021 is that the climate impact of the business is included in the sustainability strategy as one of our focus areas.

We plan to update the materiality analysis in 2022 to account for the rapid development in the area of sustainability given our stakeholders' expectations on us, regulatory developments, and our ambition to promote sustainable business. We also plan to implement relevant standards for sustainability reporting.

Materiality analysis



Our sustainability strategy

Vision

"Simplifying life by bringing all people and businesses together."

Sustainability ambition

Sinch's sustainability ambition is to create value, ensure regulatory compliance and promote sustainable business. We want to take the next step in our sustainability work and plan to update our materiality analysis to further develop our ambition, set targets and measure how we contribute to sustainable development in our business, our value chain and the society.

Sinch's focus areas

Responsible business

- Anti-corruption
- Data protection and information security
- Ethical responsibility and legal compliance
- Responsible supply chain

Social responsibility

- Equal opportunity for all
- Diversity
- Health and wellbeing

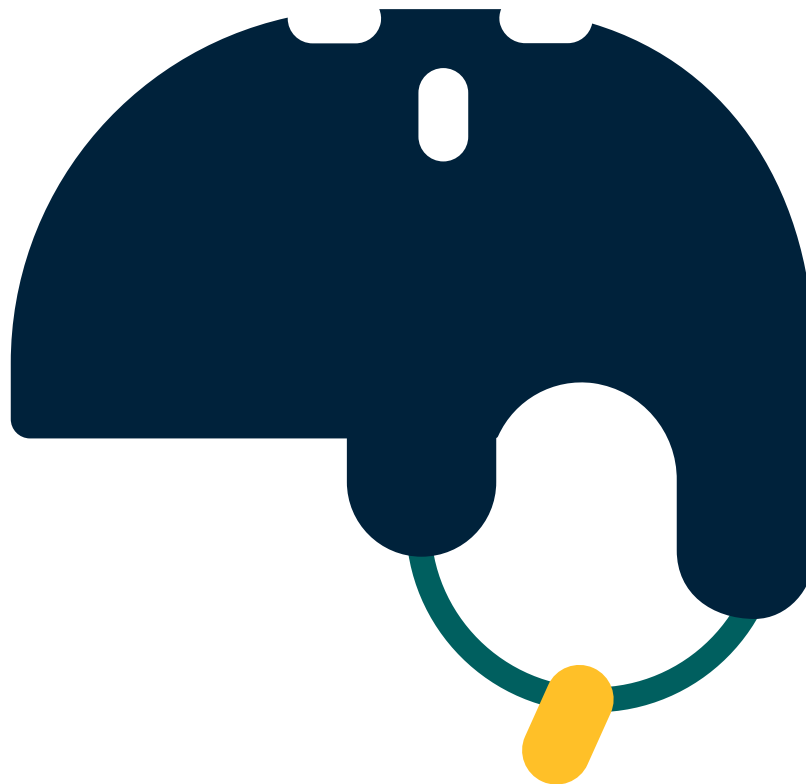
Environmental responsibility

- Climate impact of the business



The background is a solid yellow color. In the top left, there is a stylized hand in shades of orange and pink. In the top right, there is a stylized hand in shades of brown and teal. In the bottom left, there is a stylized hand in shades of brown. A large white circle is positioned in the center-left, containing the text 'Our focus areas'.

Our focus areas



Responsible business

Anti-corruption

As we do business all over the world, including in high-risk countries, preventing corruption is an increasingly important topic for us. Our Code of Conduct clarify that we have zero tolerance to all forms of corruption. The Code of Conduct applies to all employees and is appended to new employment contracts. We have equivalent Codes of Conduct for our suppliers and partners. We continue to clearly emphasize and communicate that all types of corruption, such as bribes or deals on non-market-based terms, are prohibited within our organization. We have established channels to report compliance cases, which are handled with confidentiality and assessed by our legal team. During 2021, no cases of corruption were reported.

An integrity due diligence is performed prior to business acquisitions and partnerships of a riskier nature. In this process, we carefully examine all acquisitions and potential partnerships. The purpose is to evaluate the reputation of the potential acquisition and any integrity risks that are not identified in a legal and financial due diligence.

During 2021, Sinch appointed a Head of Compliance who is responsible for developing a corporate compliance program, in which anti-corruption is an integrated component. Within the compliance program, we have implemented a corporate anti-corruption policy. We have also updated contract clauses to further reinforce compliance.

Over the next few years, Sinch aims to establish functions in central areas to further reinforce governance as regards anti-corruption. For example, we will develop processes for third-party screenings and risk assessments, as well as anti-corruption training and communication.

Data protection and information security

Data protection

Data protection is an important aspect in our industry, both from a legal perspective and for Sinch and its customers to build trust. Under direction of the group's Data Protection Officer, we are continuously developing our data protection program, which is based on our data protection policy. The program is divided into three main categories, which includes upholding the existing program, developing its maturity level and working with data protection within Sinch's operations.

We are strengthening our guidelines and processes on an ongoing basis. Given our expansion, our focus during the year was on processes related to integration of acquired companies and their products, as well as further strengthening the procurement process and supplier management. We have also developed trainings related to data protection using various learning methods depending on the target group.

To effectively manage data protection risks, we work according to three lines of defense as a method in most processes, for example linked to sales-related data protection queries, procurement and product development. The method has been implemented in collaboration between different functions within Sinch, facilitated by increased training initiatives.

We have a process for managing requests of disclosing data to public authorities and intergovernmental organizations. Our legal team carries out a test of legitimacy and necessity before the data is disclosed to the requesting party.

Information security

Information and IT security are crucial to our business. We have an IT management team that meets monthly to discuss information and IT security, current issues and areas of potential improvement. Sinch has an information security policy and certifies the business within the ISO 27001 information security standard. The ISO certification covers all Sinch services as well as the Operations, Engineering, Legal, HR and Support departments. We are working continuously to include acquired companies in our information security program and the ISO 27001 certification.

The Sinch security team was further reinforced during the year with competences in areas including security architecture, acquisitions and integration and risk management. We also strengthened our Security Operations Center, which continuously analyzes security nonconformances. Sinch performs weekly vulnerability scans of internal and external assets. The results of the

scans reveal any deficiencies in the system, which are evaluated internally in order to take effective action and minimize risks. Internal IT security analyses are performed quarterly to evaluate compliance with our information security policy.

Many of our employees are still working from home due to the pandemic. We have continued working with communication and ensured full coverage of our security system, regardless of where our employees are physically located. The system performs ongoing checks of irregular behavior and immediately detects any nonconformances.

Sinch's information security training program is developed on an ongoing basis to achieve the desired level of competence in the company. Some of the areas included in the training program are malware, phishing, social media conduct, and the importance of secure passwords and data processing. We run regular



campaigns related to social engineering to ensure that our employees are informed about methods and tactics that potential hackers might use.

Over the next years, the information security team will focus on ensuring that all acquired companies are included in the security program and prepared for inclusion in the ISO 27001 certification. Ongoing development is also continuing, with focus on automation and standardization.

Ethical responsibility and legal compliance

It is important to us that business is conducted in a proper manner. We aim to be trustworthy and we shall deliver the services our customers expect to receive. An ethical compass is part of our company culture and we promote fair competition. We have a target that all employees should sign our Code of Conduct. By the end of 2021, 94 percent of the employees had signed the Code of Conduct.

In general, we have increased focus on regulatory compliance within Sinch. We are working according to the laws and regulations that apply in every country in which we operate. We have legal advisers who cover all countries where we do business and an internal legal department at the head office in Sweden that assesses legal risks and monitors compliance.

During 2021, we strengthened the process for reporting and investigations of compliance concerns. All reported cases are handled in strict confidentiality. Each case is analyzed in order for us to be able to take appropriate action. As a company active in acquisitions, it is important that the companies Sinch acquires are included in our processes and procedures related to ethics and compliance. We further developed the integration process in these areas in 2021.

Long-term, we are working to reinforce the whistleblower function with an independent compliance reporting solution, allocate additional resources for investigations and train our employees. We also aim to implement tools for internal sanction screening to facilitate more comprehensive analysis of sanction risks related to our business.

Human rights in business transactions

Protecting human rights is important to us. In some of the countries where we operate, there can be human rights risks related to the suppliers and customers we work with. It is a challenge to control every aspect of this, which we manage by carefully evaluating our customers, suppliers and partners. Our Code of Conduct clarifies that Sinch must not be involved in activities that constitute violations of human rights.

Sinch has strengthened the conditions for working more systematically with human rights in our business and value chain through developed processes and enhanced competence within compliance and sustainability. Sinch has issued a Modern Slavery Statement, which is available on our website. We are committed to preventing all forms of slavery and human trafficking in our own business and in our value chain. Although Sinch recognizes that the risk for modern slavery in the business is low, we work continuously to minimize potential risks that may arise.

Sinch is a member of the UN Global Compact and supports the ten principles, which includes human rights. In the coming year, we plan to perform a risk assessment to identify and manage risks related to human rights in our business and value chain. The risk assessment will be based on the UN Guiding Principles on Business and Human Rights (UNGPR).

There were no confirmed violations of human rights in 2021.

Responsible supply chain

We have a supply chain that extends across the globe. Our main suppliers are telecom companies operating in each country. Although it is challenging to have control throughout the entire supply chain in each country, we communicate continuously with our suppliers through face-to-face meetings and by email and phone.

We strengthened our procurement function during the year and improved how we evaluate and select which suppliers to engage with. Various functions within Sinch are working closely together to reinforce our processes in relation to suppliers. Sinch has also introduced a procurement policy and has continued to implement clearer guidelines for applying our Supplier Code of Conduct. Larger suppliers must accept the Supplier Code of Conduct unless they can present another governing document to verify compliance, such as their own Code of Conduct.

Sinch uses the rating system EcoVadis, which evaluates companies' sustainability performance within own operations and the value chain. EcoVadis evaluates sustainability performance within environment, labor and human rights, ethics, and sustainable procurement. This year, we achieved Silver, which is the same result as last year. In the coming years, we plan to further develop our supplier assessment process based on relevant sustainability criteria.

Social responsibility

Equal opportunity for all

Our values are an integral part of how we work and how we view our employees. Sinch is committed to providing everyone with equal opportunities to develop. All employees have goals and personal development plans that they pursue with the support of their line managers and the company. Working for Sinch means meeting people that dream big and win together. We want to unleash the power in our people, for everyone to be the best they can be. We continued our digital "Sinch Boosts" training initiatives in 2021 in areas covering for example better feedback and methods for objectives and key results.

In order to remain as leaders in our industry, we are working actively to retain employees and being an attractive employer. We value and reward deep expertise and have developed a recruitment process designed to attract the right talents to Sinch.

We are continuously improving our operational recruitment process to ensure a structured, data-driven and unbiased assessment process. This is improving the quality and contributing to a recruitment process that is both fair and professionally executed. We reinforced our Talent Acquisition Team during the year and improved our data-driven tools to ensure an even more professional recruitment process.

Career development opportunities and encouragement of internal mobility are key components to retaining skills within the

company. We therefore advertise all available jobs internally and have a policy to interview all internal applicants and give them a chance to advance within the company. About 17 (18) percent of vacant positions were filled through internal recruitment during 2021.

We work in a male-dominated industry and are working hard in a goal-oriented manner to bring more women into the business. Of the people who started working for Sinch during the year, 34 (40) percent were women. The percentage is just below our target for 2021 aiming for at least 35 percent of new employees to be women.

Employee turnover was 20 percent in 2021 compared to 8.5 percent the year before. The increase was driven mainly by our globalization as some regions generally have higher employee turnover rate, as well as higher mobility and competition for talents in the industry.

We are continuously developing our processes to ensure that our employees thrive at Sinch. During the year, we developed our process for performance development, which will be introduced in 2022 as a further step in ensuring that our employees want to continue to develop together with us.



4,090

Number of employees including consultants (FTE) as of 31 December 2021

63

countries (43)

80+

languages spoken (70+)

Diversity

Diversity and inclusion are key factors for us and our various skills and experiences make us successful. Our diversity ambition strives for equality based on skills and our objective is to bring the right skills on board regardless of gender, sexual orientation, ethnicity or disability.

We are a workplace characterized by great diversity with employees in more than 60 countries, and together we speak more than 80 different languages. This means we can often talk to our customers in their native language, which is an advantage in our work and adds value to our customer relationships. Our corporate language is English and employees are not required to speak the local language where they are based.

In 2021, we have continued to develop our diversity plan as the company continues to grow. The plan aims to further clarify our level of ambition and define targets. We are also reviewing our people processes to involve the business and strengthen skills in the organization concerning these topics. We carried out two

workshops during the year with the management team to ensure that we are prioritizing and working with diversity at the highest level in the organization. The internal communication has also been reinforced and clarified, for example through our intranet.

An inclusive culture where everyone feels like they belong is a key element in Sinch culture and success. We made it possible in 2021 for our employees to choose their preferred gender identity in our HR system.

At the end of the year, Sinch had 4,090 (1,778) employees including consultants. The significant increase is mainly due to acquisitions. Gender distribution and employees per region are reported based on employees excluding consultants (FTE) as of 31 December 2021. At the end of the year, group management consisted of 11 (12) members, including one (two) woman. The board of directors was composed of six (five) directors, including three (two) women.

Gender distribution, Employees

	2021	2020
Women	30%	24.5%
Men	69%	75.5%
Non-binary*	< 1%	-
Non-specified*	< 1%	-

*A new gender identity category introduced in 2021.

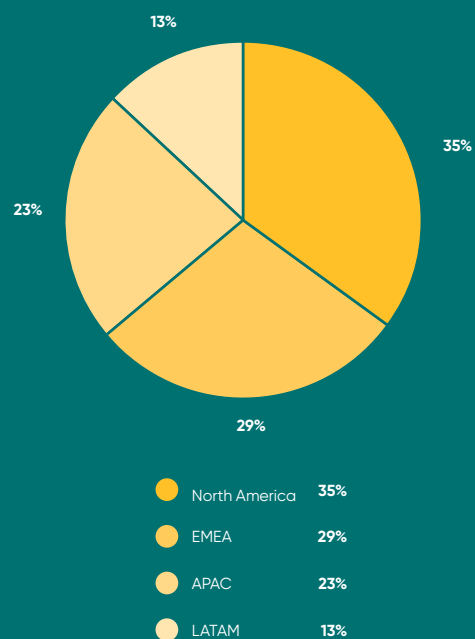
Gender distribution, Group management

	2021	2020
Women	9%	17%
Men	91%	83%

Gender distribution, Board of directors

	2021	2020
Women	50%	40%
Men	50%	60%

Employees per region:





Health and wellbeing

We promote work-life balance as the wellbeing of our employees benefits the individual, the company and its development. The pandemic continued to have an impact on how we work in 2021, where our focus was on ensuring the health and safety of our employees and their families. A key task in this effort is to support employees working from home with everything from providing practical tools to professional mental health support.

We are working to prevent absenteeism by identifying early signs if an employee is feeling unwell. We have established processes for providing support and offering counseling as needed. For example, we offer our employees in Sweden fitness and wellness benefits, medical insurance, flu shots and other health-promoting activities, such as time for exercise during working hours. Absenteeism in 2021 was again below one percent of annual working hours, corresponding to 0.76 percent based on employee data excluding recently acquired companies.

We regularly review our employees' work environment and are working on designing modern offices and methods based on future needs. During the third quarter of 2021, we have launched a concept for Ways of Working at Sinch to meet the needs of our employees. The concept is divided into three models:

- *Sincher@Office* - for people working mainly from a Sinch office
- *Hybrid Sincher* - for people working from home and the office
- *Sincher@Home* - for people mainly working from home or remote

Employees and their line managers choose the model jointly, taking into account both the employee's preferences and the demands of the role.

Employee survey

Each year, we conduct employee surveys, usually twice a year, that measure employee perceived engagement on a scale from one to ten. This year's employee survey resulted in a Net Promoter Score (NPS) of 8.4 (8.5). Given our expansion, the comprehensive onboarding work of our new employees and the challenges of the continued pandemic, we score high on the questions measured in the employee survey. Nevertheless, we are always working to ensure a good work environment for all Sinch employees.

8.4

Net Promoter score (NPS) (8.5)

#notocyberhate

Social engagement is a way for us to contribute to making the world a better place both locally and globally, preferably through initiatives that are related to our business. In line with last year's initiative Text for Humanity, the work for mental health online has continued. We participated in the #notocyberhate initiative launched by the Swedish Prince Couple's Foundation. #Notocyberhate is aimed at raising awareness of the harmful impact of cyber bullying and actively rejecting cyber hate. Sinch has participated in the initiative as a partner along with Facebook, Ingager, Fotografiska Stockholm and the Swedish Elite Football. The results of the partnership include a digital installation on cyber hate at Fotografiska Stockholm. Using the chatbot Virtual Buddy, created by Chatlayer by Sinch, young people and adults can get suggestions and concrete exercises to help us improve the online environment we all find ourselves in daily. More than 700 kids tested Virtual Buddy in 2021 through the initiative. We are all affected by what happens online, therefore we want to use our technology to promote positive change and counteract cyber hate.



Navgurukul – Empowering women in India

Another project we engaged in during 2021 is Navgurukul in India. Founded in 2016, Navgurukul runs a fully funded software engineering skills program through a one-year residential course for young women from underprivileged families. The program guarantees jobs for the young women, who are often the first in their families to have an opportunity for higher technical education.

At the end of the program, students are awarded a Certificate in Software Programming, which is issued by the Directorate General of Training (DGT), Government of India.

The initiative with Navgurukul will be rolled out in 2022. In partnership with the Government of India, we will be building a school where 100 women will be provided fully financed education during the year.





Environmental responsibility

Climate impact of the business

Climate change is one of the greatest challenges of our time. Our stakeholders and the rapid regulatory changes have led to higher expectations for reducing emissions in line with the Paris Agreement and managing climate-related risks and opportunities in the value chain. We want to take responsibility for our environmental impact and we therefore included the climate impact of the business as an additional focus area in our sustainability strategy in 2021.

We are an expansive high-growth company with numerous acquisitions and multinational operations that are working to minimize the negative environmental impact of the business. We also see that our products and services have the potential to contribute to sustainable development through cloud and virtual communications.

Our Code of Conduct states our principles for mitigating the environmental impact of the business through actions including improving energy efficiency, recycling hardware and other recyclables, and developing innovative solutions. As a complement to the Code of Conduct, we also have a travel policy that ensures that we evaluate whether business travel is necessary and, when it is, which modes of transport should be used. We consider business travel a prerequisite for our continued expansion and development of our company, but we are trying to the greatest extent possible to conduct digital meetings instead of traveling to reduce our impact on the environment.

Emissions

In order to gain an overall understanding of our environmental impact, we initiated a project aimed at measuring and reporting our emissions according to the Greenhouse Gas Protocol in 2021. One step in this effort is that we reported our emissions to CDP for the first time with regard to our offices in the US, UK and Sweden. We continued during the year by measuring emissions

by the Sinch Group related to our vehicle fleet and energy consumption in our premises, excluding the recently acquired companies MessageMedia, MessengerPeople, Inteliquent and Pathwire. We have also started to identify our material emissions in the value chain related to business travel and purchased goods and services related to data center and cloud services provided by our suppliers.

Energy consumption – Sinch measures energy consumption in our own premises and includes the sources of energy relevant to each location. In 2021, the total energy consumption at Sinch premises was approximately 1,573 kWh, of which approximately 90 percent corresponded to measured consumption. For premises where data on measured consumption is missing, the consumption has been estimated based on the premises' average annual consumption, or consumption for similar types of premises. Emissions for the period corresponded to approximately 492 tCO₂e.

Vehicle fleet – At year-end, Sinch had approximately 40 leased and owned cars in the vehicle fleet. Electric and hybrid cars make up approximately 9 percent of the total. Emissions are based on the quantity of fuel consumed and, for cars where this data is unavailable, mileage driven. Emissions in 2021 amounted to approximately 177 tCO₂e, including the lease agreements that expired during the year.

Business travel – Due to the ongoing pandemic, the number of business trips remained low. Business travel originating from headquarters in 2021 equaled approximately 56.5 tCO₂e, which is almost 77 percent lower than corresponding emissions in 2019. We are working towards reporting travel-related emissions for remaining parts of the business.



The result of this year's emission inventory is the first step towards measuring our emissions at Group level. We plan to further expand this effort in 2022. We will integrate acquired companies in the reporting and take more measures to account for our emissions in the value chain. During the year, we engaged with some of our larger suppliers of data center and cloud services, which are a key component to deliver our products and services. We aim to report these emissions and other material emissions in the value chain during next year. Together, this will be the basis for setting climate targets and action plans to reduce our emissions in line with the 1.5 degree target.

CO₂ emissions¹⁾

Scope	tCO ₂ e
Scope 1	177
Scope 2 ²⁾	492
Scope 3	56.5

1) Sources for emission factors: Scope 1 - EPA; Scope 2 - supplier specific where available, IEA, EPA, AIB; Scope 3 - EPA, DEFRA

2) Market based approach, location based method equals to 507 tCO₂e

Reporting according to the EU Taxonomy

Sinch has evaluated the business to identify to what extent we are covered by the economic activities described in the Taxonomy Regulation ("Taxonomy") and the delegated act on *Climate change mitigation* and *Climate change adaptation*.¹⁾ To identify relevant economic activities, certain assumptions have been deemed necessary to perform the assessment. The assessment has been based on if the definition of each economic activity and its technical screening criteria have been deemed applicable to our business that generates exter-

nal turnover. Based on an assessment of the economic activities in the delegated act, the following activities in the Information and communication sector were identified as relevant for Sinch:

- Data processing, hosting and related activities
- Data-driven solutions for GHG emissions reduction
- Computer programming, consultancy and related activities

Currently, the definitions of the economic activities and their technical screening criteria have not been deemed applicable for us. Hence, zero percent of the turnover is related to eligible economic activities, of which zero percent of the operating and capital expenditures are related to the criteria necessary to be eligible. Other expenditures related to measures to reduce emissions or purchases of products and services related to eligible economic activities have not yet been assessed given that it is the first year that the regulation is applied.

Although we are currently not covered by the Taxonomy, we value the positive impact that mobile communication can contribute with to reduce emissions. We are monitoring the development of the Taxonomy and will re-evaluate the extent to which we are covered when new interpretations of the regulation emerges, and when additional activities and environmental objectives are adopted that may be relevant to our business.

The Information and communication sector has the potential to contribute to the sustainable transition of other sectors. We will continue to work with our ongoing initiatives to reduce our environmental impact, as well as evaluate how we can further contribute to sustainable development through our products and services.

1) Assessment based on information per 31 December 2021.

Risks

Material sustainability risks and risk management

Our most material sustainability risks are presented below.

Responsible business	
Anti-corruption	
<p>Corruption and bribery</p> <p>As Sinch conducts business globally, there is a risk that we unintentionally could become involved in corrupt business arrangements. There are certain aspects of our global operations that can affect the level of risk, for example countries with increased risk levels. We assess the risk of corruption to be relatively low for the great majority of our business.</p>	<p>Description of risk management</p> <p>We have zero tolerance for bribery and corruption, as stated in our Code of Conduct and anti-corruption policy. We regularly communicate the importance of ethical business to all employees.</p> <p>We hired a Head of Compliance during the year who is responsible for our anti-corruption program and we have adopted an anti-corruption policy that supplements our Code of Conduct.</p> <p>Over the next few years, we will continue implementing measures to improve assessment and management of risks in our business.</p> <p>Prior to acquiring a new company or entering into particularly risky contracts and partnerships, an integrity due diligence is performed, which is aimed at detecting concerns including the incidence of corrupt conduct.</p>
Data protection	
<p>Processing of personal data</p> <p>We have a responsibility to process personal data in accordance with applicable regulations and contractual conditions. Potential non-compliance or occurrences of data breaches can affect how Sinch is perceived. This can lead to customer losses and financial consequences due to fines, liability claims and criminal law sanctions against the company or responsible persons within the company.</p>	<p>Description of risk management</p> <p>We assess, identify and continuously mitigate risks within the privacy program and risk management, which is embedded in the daily operations.</p> <p>Risk management is divided into preventive and reactive protective measures. Preventive measures include personal data management prior to entering into supplier contracts and monitoring of the same, as well as access management of various roles. Reactive measures in cases of suspected data breaches follow documented guidelines and processes, where we take additional action as needed.</p> <p>We have a process for handling requests from authorities for disclosure of data, so that legal assessment can be made of the legality of the request and obligations in accordance with applicable law.</p>
Information security	
<p>Management of cyber attacks</p> <p>Cyber attacks are occurring worldwide and there is generally a high risk of inadequate information security in most businesses and the trend is accelerating. Sinch is a company whose business transmits information digitally, which makes it crucial to identify and manage information security risks.</p>	<p>Description of risk management</p> <p>Sinch has stepped up its efforts related to information security risks and works according to our ISO 27001 management system, which is the basis of our security maturity program.</p> <p>In 2021, we included threat modeling and further developed the system architecture, with regard to information security. We have also reinforced our team with experts in security architecture, acquisition and integration of companies and risk management.</p>

Ethical responsibility and legal compliance

Compliance with the Code of Conduct

We operate on a global market and there is a risk of noncompliance with our ethical values and guidelines, particularly due to lack of knowledge. There is also a risk that we will not successfully comply with all laws and regulations applicable to us in our business, especially considering our growth.

Respect for human rights

We currently have employees, customers and suppliers in some countries identified as high-risk countries for violations of human rights. This can generally constitute a risk for our business. There is also a risk that our products and services could be used for purposes that are incompatible with fundamental human rights.

Description of risk management

All employees must read and sign our Code of Conduct, which is available on our intranet. We regularly communicate the importance of ethical business conduct to all employees.

We engage in constant dialogue about how we do business and we evaluate the risk of noncompliance with our Code of Conduct in the companies we acquire. We also have a Code of Conduct for suppliers and partners and, where applicable, assess their capacity to comply.

In addition to the Code of Conduct, we are implementing measures to strengthen our capacity to manage risks associated with regulatory compliance in several key areas.

Description of risk management

Our Code of Conduct is based on the ten principles of the UN Global Compact, which include human rights. All employees are required to comply with the Code of Conduct. We also have Codes of Conduct applicable to suppliers and partners that cover matters including human rights.

Prior to acquisition of new companies and in connection with particularly risky contracts and partnerships, we carry out integrity due diligence that is aimed at detecting actions and conduct by our counterparties and stakeholders that can be considered violations of human rights.

We plan to perform a specific risk analysis to ensure that Sinch does not cause, contribute to, or could be linked to violations of human rights.

Responsible supply chain

Noncompliance in the supply chain

Our suppliers are located all over the world and it is challenging to have control over the entire supply chain. There is a risk of deficient business ethics and that suppliers will fail to comply with agreed guidelines. Our initial assessment is that risks in the supply chain are relatively low.

Description of risk management

Our larger suppliers are required to accept our Supplier Code of Conduct. If a supplier chooses not to accept the Code of Conduct, the contract will not be made unless the supplier can show another governing document to verify compliance, such as their own Code of Conduct.

In our contracts, we ensure that the signing party assumes responsibility for its subcontractors and that credit checks are carried out when a financial risk exists.

We expanded our procurement function during the year to improve how we evaluate and select suppliers. We also maintain close dialog with internal parties related to identified risk areas to reinforce our processes in relation to suppliers.

Social responsibility

Equal opportunity for all

Loss or lack of qualified competence

The risk of losing key competence within the company or being unable to attract key competence to the company is considered a risk to our business and continued development going forward.

Description of risk management

We apply a recruitment model that ensures that our competence maintain a high standard. We train our managers and employees to have frequent and meaningful meetings, where clarity about expectations, feedback and coaching is included, in order to drive engagement. We measure employees' engagement through employee surveys and take necessary measures to retain our employees.

Diversity

Discrimination against employees

Even though we have an explicit policy of zero tolerance of discrimination and are striving for an equal workplace, there can be historical structures and behaviors embedded in our industry that can take time to change. Discriminating against people on the basis of gender, age, national origin, religion, sexual orientation, etc., is illegal. Shortcomings in that regard can result in a poorer workplace environment, difficulty recruiting and retaining employees, liability claims and reputational damage.

Description of risk management

We have zero tolerance for discrimination on any grounds and strive for a culture characterized by diversity and inclusion. This is clearly expressed in our Code of Conduct, which is communicated to all employees.

Counteracting discrimination and increasing inclusion is part of the manager's role and responsibility. In our HR processes, we work to attract, recruit and retain employees to ensure that no one is excluded on the basis of for example gender, sexual orientation or ethnicity. Through salary reviews and performance reviews, we identify any unfair differences between genders. We continuously develop our diversity plan to work more strategically with diversity in pace with our rapid growth. In our employee surveys, we follow up and take action on feedback regarding diversity, inclusion and belonging.

Health and wellbeing

Inadequate working conditions

Our employees are our greatest and most important asset. We do business in an industry that is constantly changing. Given our rapid growth, organically and through acquisitions, there is a risk to our employees' health and wellbeing if we fail to maintain a sound work environment.

Description of risk management

We are working actively to create work-life balance. We have processes for identifying when our employees are feeling unwell, which includes working with an external party that offers counseling. The goal is to identify signs of for example burnout at an early stage and, in doing so, prevent long-term absenteeism.

We also continuously evaluate and act upon the results of our employee surveys and performance reviews to determine how we can further improve the work environment and employee wellbeing.

Environmental responsibility

Climate impact of the business

Climate-related risks

Global greenhouse gas emissions must be drastically reduced. Physical climate risks such as extreme weather events can cause damage to vital infrastructure in the value chain. This can lead to higher maintenance costs and loss of revenue if we are unable to deliver our products and services to our customers. Transition risks related to increased regulation and political initiatives can also entail higher costs as a result of, for example, carbon emissions pricing.

Investors and customers have higher expectations on us to reduce emissions and analyze climate-related risks and opportunities in the business. Current and potential employees also expect us to work actively as a company with the climate issue if we are to be considered an attractive employer.

Description of risk management

We established a role in 2021 to coordinate our sustainability program, which includes leading the effort to measure and mitigate our climate impact. We monitor regulatory developments and the rapid development of standards in the countries in which we operate.

Our Code of Conduct governs how we should reduce our environmental impact in operations and the value chain. We also have a travel policy that takes environmental impact into consideration and requires assessment of whether travel is necessary.

We will develop processes in the coming years to identify and manage climate-related risks and opportunities in the value chain based on the framework Taskforce on Climate-related Financial Disclosure (TCFD).

Said and done in 2021 and focus forward

Sustainability program and strategy

What did we say ahead of 2021?	What did we do during the year?	What is our focus forward?
<ul style="list-style-type: none"> - We will continue to work with our focus areas and include acquired companies in the sustainability program - We aim to clearly communicate our sustainability program to our employees and how they can contribute - We will assess whether to develop simple training materials about the sustainability program in connection with onboarding of new hires 	<ul style="list-style-type: none"> - We appointed a role who coordinates our global sustainability program - We communicated our priorities internally and prepared a plan for further developing communication related to the sustainability program 	<ul style="list-style-type: none"> - We will update our materiality analysis to consider increased expectations and the rapid regulatory development - Based on the updated materiality analysis, we will more clearly communicate how we are working with sustainability, both internally and externally

Responsible business

What did we say ahead of 2021?	What did we do during the year?	What is our focus forward?
<ul style="list-style-type: none"> - We will implement ISO 27001 across all operations, including acquired companies - We will remain committed to doing responsible and secure business and taking responsibility in the value chain 	<ul style="list-style-type: none"> - We included acquired companies in our security program and are preparing them for ISO certification - We further developed governance in our focus areas with new roles, responsibilities and policies 	<ul style="list-style-type: none"> - We will ensure that acquired companies are included in the security program and in the ISO 27001 certification - We will develop processes and systems for identifying and managing risks in our business and the value chain

Social responsibility

What did we say ahead of 2021?	What did we do during the year?	What is our focus forward?
<ul style="list-style-type: none"> - We will remain a fair employer as we grow 	<ul style="list-style-type: none"> - We continued to develop our diversity plan and have developed the performance development process - We launched three models for Ways of Working at Sinch 	<ul style="list-style-type: none"> - We will continue to raise our level of ambition and further develop our diversity strategy and targets - We will launch our performance development process

Environmental responsibility

What did we say ahead of 2021?	What did we do during the year?	What is our focus forward?
<ul style="list-style-type: none"> - We will initiate a project to improve energy efficiency 	<ul style="list-style-type: none"> - We began to measure energy consumption in our premises and to report our emissions according to the Greenhouse Gas Protocol 	<ul style="list-style-type: none"> - Will set climate targets and action plans to reduce our emissions in line with the 1.5 degrees target