

Stockholm, January 2022

## Sustainability Performance Update

Truecore AB is a growing business partner of telecom operators. With our head office in Stockholm, Sweden, we operate on the global market. Our organisation is made up of telecom experts with long experience in the industry. Our services include everything from evaluating an operator's equipment requirements, and effective spare parts management and maintenance, to dismantling and selling entire networks. This is our public communication on our sustainability performance, which covers the calendar year 2021.

### Highlights in 2021

- Implementation of new strategy with a focus on sourcing a majority of purchases from nearby locations in northern Europe.
- Strategic partnership with social enterprise Samhall, employing people far from the labour market.
- Integration in our products and services of a comprehensive process for reducing environmental impact as well as monitoring fraud and human rights in the telecom sector.

## Environment

### Reducing the industry's environmental impact

As new mobile technology is developed and user expectations change, functional network equipment is being replaced by newer technology at an ever-increasing pace. In most cases, dismantled network equipment is scrapped although it is still fully functional. We think that this is an inefficient use of resources that brings costs both for operators and for society, and has a negative environmental impact. Truecore's business idea is to invest in this second-hand equipment for re-use in areas where mobile technology is underdeveloped. This prolongs the products' life, reduces the environmental impact within the ICT sector, gives more people access to the technology and reduces dismantling and scrapping costs for operators. The ICT sector has a long way to go to reduce the unnecessary scrapping of functional equipment. Based on our estimates, only approximately 2% of second-hand network equipment was being re-used in 2021. We believe that, through collaboration and focused efforts with our customers, it is possible to reach 20%. We work with a customer that has set a goal of 0 emission, 0 waste and 100% effort to 2030 and joint effort would enable us to reach our goals. To keep track of our contribution in reaching 20% re-use of second-hand equipment in the ICT sector, we measure how much equipment Truecore re-uses on a yearly basis. In 2021, Truecore re-used equipment to a total weight of 27156 kg. (2020 14245kg)

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In 2021, we continued to expand our product range which will further contribute to enhancing the reach of second hand ICT equipment in the market. In order to quantify the environmental benefits of Truecore’s services, Truecore collaborated with IVL Swedish Environmental Research Institute in 2016-2017 to calculate exactly how much the environmental impact (emissions) is reduced through the re-use of ICT components compared to scrapping and recycling. In total, it was found that Truecore contributed to approximately 1200 tonnes avoided CO2-emissions through its operations. (600 tonnes 2020) Truecore has a well-developed process for material sorting and recycling but is currently looking into to potential further improvements by implementing more homogeneous material flows (more detailed sorting according to material type) in order to facilitate for recycling companies in the next step of the value chain. During 2021, we further refined our sorting procedure to include material sort but also taking into account weight ratio in order to choose means of transport for final destination to minimise CO2 emissions.

**Reducing our own environmental impact**

At Truecore we constantly strive to minimize our environmental impact. We have a Travel and Company Car Policy and currently the company car fleet is 50% fossil free. As part of the environmental responsibility, it is also our standard procedure to maximize the volume of transports, i.e. to ship fewer deliveries with many components rather than ship many deliveries with a smaller number of components. Sometimes this means somewhat slower delivery processes, but also less environmental impact.

In 2018, we developed a Sustainable Procurement Policy to ensure a more sustainable procurement process. As a part of this we revised our shipment process by consolidating our shipments from China to Europe and changing the means of transportation from air cargo to train, in order to reduce CO2 emissions as well as costs. It is estimated that we have reduced annual CO2 emissions by 266 tonnes and costs by 50% compared to our previous shipment process.

In 2020 we strengthened our procurement process even further with the launch of our new strategy with a focus on sourcing a majority of purchases from nearby locations in northern Europe. In 2021 we started the implementation of this strategy, leading to increased sourcing from nearby locations in Europe up from 10% in 2020 to 60% in 2021. We estimate this to reduce our CO2 emissions from transport with approximately 50% annually.

**Employees**

**Health and safety**

Truecore consists of a small team of employees and a global network of contractors. In order to secure access to the right people with the right competence, Truecore needs to provide safe and good working conditions. Therefore we work pro-actively to minimise health and safety related incidents. This means that all office employees are provided with ergonomic furniture and that contractors working with ICT instalment is provided with all necessary protective equipment. All employees are insured, and injuries and occupational diseases are tracked in order to fulfil our non-incident ambition. In 2021, Truecore recorded no injuries or occupational diseases and no cases of drugs and alcohol at the workplace. Furthermore, the number of sick leave days for 2021 was 0.

| Type of incident                            | Base year (2016) | 2020 | 2021 |
|---|------------------|------|------|
| Injuries and occupational diseases          | 0                | 0    | 0    |
| Cases of drugs and alcohol at the workplace | 0                | 0    | 0    |
| Sick leave days (short-term)                | 0                | 0    | 0    |

All employees also have the flexibility to work from other locations than the office. The development of flexible work has also been further reinforced by the pandemic as we have focused on increased digitalisation and flexibility for employees.

**Diversity and professional development**

Truecore strives for a more diverse workplace and in 2021 the proportion of female employees was 33% (37,5% if also including the board of directors). As part of this effort Truecore also focus on ensuring good work and family balance, for example by abolishing fixed working hours; our employees can manage their own work schedule in a way that suits them. All Truecore employees receive at least 10 hours of formal training per year. The training focuses on a specific topic that is of high importance. Truecore also has a system of mentoring in place, where experienced colleagues are providing mentoring support to new colleagues.

**Advancing human rights**

Access to mobile communications is an important enabler of social and economic development, which in turn has a positive impact on human rights. Approximately 0,5 billion people around the world still lack access to mobile communication services. Many of these people are poor and live in underdeveloped regions, and are unable to cover the costs of mobile communications. Due to these limited financial capacities, most telecom operators choose not to invest in network infrastructure in those regions. By investing in second-hand equipment Truecore can provide mobile communication infrastructure at a greatly reduced cost. Whilst most telecom operators providing new equipment need to have an average revenue per user (ARPU) amounting to US\$15–20 to motivate investment in a specific area, Truecore’s business model allows for an ARPU of only US\$2. This makes it possible for us to provide necessary equipment in regions where most telecom operators would not invest, which are typically poor areas. Our aim is to expand these investments, thereby giving as many people as possible in those areas access to mobile communications.

| <b>Share of turnover from sales to developing countries</b> |                         |             |             |
|---|-------------------------|-------------|-------------|
| <b>Year</b>   | <b>Base year (2019)</b> | <b>2020</b> | <b>2021</b> |
| Incidents   | 50%                     | 55%         | 57%         |

**Business ethics and anti-corruption**

Although ICT services can increase transparency and thereby reduce corruption, companies involved in selling ICT infrastructure equipment are often exposed to various corruption risks. Truecore has zero tolerance of corruption and works actively to avoid any corrupt activities. For example, we never do business via third parties but always have direct contact with the customer in order to avoid exposure to corruption risks. In 2021 Truecore had no incidents of corruption in our own operations but we exposed an incident of corruption between a large corporation and a local operator in one of our markets. We reported the incident and a collaboration between the involved parties has now been initiated to actively combat corruption in the region. Truecore’s Code of Conduct reflect Truecore’s operational procedures to combat corruption and includes a description of the division of responsibility within the company regarding the implementation of and compliance with the Code of Conduct. A description of the due diligence of new business arrangements as well as for the process for ensuring ethical adherence for all existing business partners is an important part of the Code of Conduct.

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| Recorded corruption incidents |                  |      |      |
|-------------------------------|------------------|------|------|
| Year                          | Base year (2016) | 2020 | 2021 |
| Incidents                     | 0                | 0    | 0    |

**Supply chain responsibility**

Truecore has an ambition to ensure sustainability in the supply chain and manages this through a Code of Conduct for Suppliers (CoCfS). The CoCfS is in line with the Truecore Code of Conduct and outlines the minimum standards, in the areas of Business ethics, Human Rights, Labour Standards and Environment, that Truecore requires its suppliers to comply with when doing business with Truecore. The supplier Code of Conduct is applicable to all Truecore suppliers and will always be stipulated in agreements with sub-contractors. The CoCfS is based on the International Bill of Human Rights, the eight Core Conventions of the International Labour Organisation (ILO), the ten principles of the United Nations Global Compact and industry best practice. Social responsibility We at Truecore believe that our first priority should be to conduct business in a sustainable and responsible manner. However, we also believe that companies should support good causes if and when possible. During the year we continued to work together with our storage partner to make it possible for senior citizens to volunteer at the facility where our products are stored. During the year we also committed to a strategic partnership with social enterprise Samhall, employing people far from the labour market.

**Contact us**

We encourage all our stakeholders to contact us for further discussion on how we might develop our efforts in the sustainability area even further. We look forward to hear from you!

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