

Stockholm, May 2015

## 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 Truecore's our first public communication on our sustainability performance, which covers the calendar year 2014. We are proud to take this step and look forward to feedback and further discussions with our stakeholders.

### Our sustainability performance

#### Reducing the industry's environmental impact

Mobile network technology is under constant development. As new technology is developed and user demands 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 instead invests in this second-hand equipment for re-use. This prolongs the products' life and reduces the environmental impact within the ICT sector, while at the same enabling telecom operators to decrease dismantling and scrapping costs.

The ICT sector has a long way to go to reduce the unnecessary scrapping of functional equipment. Based on our estimates, only 2% of second-hand network equipment was being re-used in 2014. We believe that, through collaboration and focused joint efforts, it is possible to reach 20%.

In order to reach this target there need to be structural changes within the ICT sector as a whole, and individual actors need to lead by example. Truecore is committed to being one of those companies. To keep track of our contribution in reaching 20% re-use of second-hand equipment, we will measure how much equipment Truecore re-uses on a yearly basis. In 2014, which is the base year of these measurements, Truecore re-used equipment to a total weight of 4,000 tonnes. Our ambition is to reach 10,000 tonnes per year by 2017.

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## Taking care of our employees

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.

| Type of incident                                | 2014 |
|-------------------------------------------------|------|
| Injuries and occupational diseases <sup>1</sup> | 0    |
| Drugs and alcohol at the workplace              | 0    |

The tracking of these incidents will continue and be communicated on an annual basis. The target is to maintain zero incidents.

## 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. For example, mobile communications can boost local businesses, promote financial inclusion and advance access to essential services and freedom of expression.

More than 2 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)<sup>2</sup> 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.

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<sup>1</sup> An injury is defined as a non-fatal or fatal injury arising out of or in the course of work. Occupational disease is defined as a reported disease arising from the work situation (such as stress).

<sup>2</sup> Average revenue per user (sometimes known as average revenue per unit), usually abbreviated to ARPU, is a measure used primarily by consumer communications and networking companies, defined as the total revenue divided by the number of subscribers.

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| Units sold to areas equivalent or below US\$2 ARPU |      |      |
|----------------------------------------------------|------|------|
| <b>Year</b>                                        | 2013 | 2014 |
| <b>Sold units</b>                                  | 300  | 425  |

The target for 2015 is 700 units. This target will be revised and updated on a yearly basis.

### Doing responsible business

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.

| Recorded corruption incidents |      |      |
|-------------------------------|------|------|
| <b>Year</b>                   | 2013 | 2014 |
| <b>Incidents</b>              | 0    | 0    |

### 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. In 2014, Truecore chose to make a financial donation to Save the Children. Together with our storage partner we are also making it possible for senior citizens to volunteer at the facility where our products are stored.

### 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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