XLLNC SUSTAINABILITY REPORT 2020

ABOUT THIS REPORT

This Sustainability Report uses the ESG framework to assess the company's sustainability performance. ESG stands for Environmental, Social and Governance, known as the three central factors in measuring the sustainability and ethical impact of a company. ESG factors, though non-financial, have a material impact on the long-term risk and financial performance of a company. Principally, companies that use ESG standards are more conscientious, less risky and are more likely to succeed in the long run.

This Sustainability Report describes the relevance of ESG in the industry that Xllnc is operating in, highlights the key material ESG themes, assesses Xllnc's performance on those themes, and provides an action plan that aims both at reducing or mitigating risks and identifying value creation opportunities (see approach on the right side of this page). The report is updated annually, to monitor progress and keep the company focussed on achieving its goal to become a more sustainable and future proof company over time.

The report is the result of an independent review by the international consulting firm MJ Hudson Spring, commissioned and approved by the board and management of Xllnc. Conclusions are based on public as well as proprietary information and analyses, gathered and provided by Xllnc staff, and several discussions between company management and MJ Hudson Spring.

OUR APPROACH

Investigate industry exposure
First, the relevance of ESG is assessed for the industry that the company is operating in, and a long-term vision for a sustainable industry is defined

Determine key impacts
Using Norvestor's ESG framework, key material themes are highlighted, taking a perspective on the full value chain that the company is operating in

Assess company performance
The company's performance on the identified key material themes is assessed, ranging from 'regulatory driven' to 'future proof' performance

Create action plan
Finally, opportunities are identified where ESG and value creation coincide, formulated in an action plan with short-term, mid-term and long-term objectives

JUDGEMENT

OPPORTUNTITY
Opportunity(s) to use ESG as a value lever in the industry, and for the company

RISK
Industry risk exposure within operations and the extended value chain

PERFORMANCE
Management of ESG risks and prioritisation of the key material issues

PROGRESS
Progress overview on short-term targets defined in the previous scan

Note : All judgements are, where possible, based on or backed by analyses and data. In cases involving across-category comparisons or result classification, judgements are not always based on objective analyses or data. These judgements are intersubjective in the sense that they are agreed between MJ Hudson Spring and management, and in line with the thinking of industry experts and leading NGOs.

CONTENT

EXECUTIVE SUMMARY

INDUSTRY EXPOSURE

- ESG issues in the IT hardware life-cycle management sector relate to data privacy & security, occupational health and safety, electronic waste and labour recruitment, retention and development. The improvement within life-cycle management can have a positive impact, by reducing electronic waste, increased product lifetimes and circularity of electronic hardware and components.

- Companies operating as complete hardware cycle managers can contribute to a more sustainable future by driving circular business models, including circular management of the systems, providing return services from customers at end-of-life and potentially extending life-cycles. Keeping the product loop closed, can significantly reduce the amount of electronic waste and otherwise avoid unregulated electrical hardware disposal and processing.

- Competitors in the market are increasing their sustainability focus, whereby ensuring supply chains are well managed, and the minimisation of environmental impacts related to logistics of hardware.

COMPANY PERFORMANCE

- Inherent to its business model, Xllnc is contributing to a circular economy by by managing IT hardware lifecycles. As part of service agreements, the company takes back old hardware at the end of its 'first life' and refurbishes hardware to provide it with a 'second life', there-by extending its useable life.

- The company has a positive impact on the climate and environment by reducing electronic waste and increasing product lifetimes and circularity of electronic hardware and components.

- The company has all relevant ESG related policies in place and manages health & safety risks well; an environmental risk assessment and follow-up procedures in are in place and regular internal audits are held.

MANAGEMENT OF KEY MATERIAL THEMES

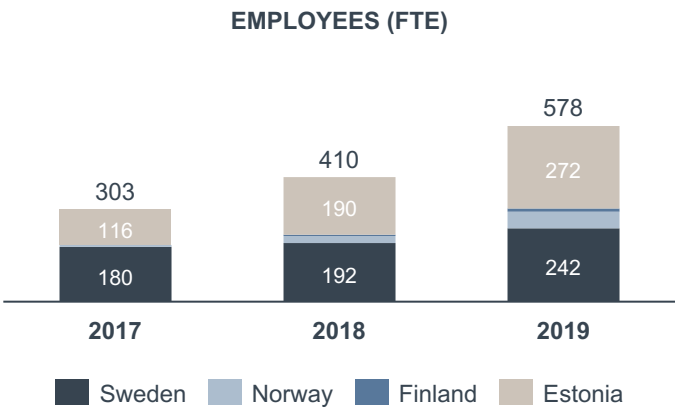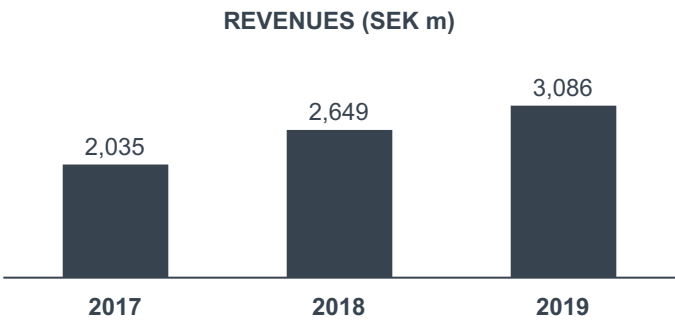|	
Product durability & circularity	Several initiatives to increase the product durability (e.g. repair techniques recommended by manufacturer) and quality (e.g. adjusted internal controls).
Electronic waste	The company achieves a 95% hardware recycling rate. Operational waste is registered and separated by a third party recycling company.
Recruitment, dev. & retention	Turnover in 2019 was 15.3%, mainly due to high turnover in Estonia. Employee satisfaction currently only measured in Estonia (81.8%).
Employee H&S	Operations in Estonia are organised in line with OHSAS 18001:2007, though the company is not certified. One minor incident occurred in 2019.
Data privacy and customer security	IT security procedures and privacy policy are in place. No data security & privacy incidents have occurred in 2019.
Integration of sust. principles	Group-wide ESG policy in place and is on the board agenda. Xllnc has identified climate related risks & opportunities within its work for ISO 14001.

2020 GOALS

- Quantify positive impact of operations (and monitor new KPIs if necessary)

- Investigate options to process all waste domestically

- Implement employee satisfaction surveys in all countries.

- Continue supporting local community, cooperation initiatives with educational institutions and offering employment for young people

- Monitor and update data security system & procedures if necessary

- Develop a company-wide RI&E document aimed at ESG issues
- Monitoring of compliance regarding conflict minerals (supply-chain mgmt.)

Source: Company data, MJ Hudson Spring assessment

COMPANY AT A GLANCE

- Xllnc provides IT life cycle management solutions and services, enabling large companies and institutions to manage their physical IT assets to maximize their use and improve quality and efficiency.

- The Company's core solution is its hardware-as-a-service offering, monitoring and managing computers, tablets, phones, screens, printers and IT accessories through each step of their lifecycle from procurement and configuration, financing and end-of-life refurbishment.

- The operation in Estonia was acquired in Q4 2019 and is a leading recycler of electronic devices for mobile network operators, distributers and corporates. Their core business comprises of the value extraction from the electronic assets at end-of-life.

- The Company's headquarter is in Växjö (Sweden), with offices in Stockholm (Sweden) Sandefjord (Norway), Turku (Finland) and Tartu (Estonia).

REVENUES (SEK m)

	2017	2018	2019
	2,035	2,649	3,086

EMPLOYEES (FTE)

	2017	2018	2019
Total	303	410	578
Estonia	116	190	272
Sweden	180	192	242

■ Sweden ■ Norway ■ Finland ■ Estonia

Source: Company data, MJ Hudson Spring assessment

ESG IN OUR INDUSTRY

ESG IN TODAY'S INDUSTRY

- ESG issues in the IT hardware life-cycle management sector relate to product circularity, electronic waste, labour recruitment, retention and development, occupational H&S and data privacy & security.

- The improvement within life-cycle management can have a positive impact, by reducing electronic waste, avoiding otherwise unregulated disposal and processing, increased product lifetimes and circularity of electronic hardware and components. Furthermore, companies operating as complete hardware cycle managers are making a positive impact by driving circular business models, including circular management of the systems and providing return services from customers at end-of-life and potentially extending life-cycles.

- A potential risk in the future is a new regulation that raises the price of end-products.

- Competitors in the market (e.g. Atea, Advania) are increasing their sustainability focus, whereby ensuring supply chains are well managed, and the minimisation of environmental impacts related to the transport of hardware.

- Focusing on operations within the education sector can also create positive impacts on the learning outcomes of students, facilitated by educational electronic devices.

LONG-TERM VISION FOR A SUSTAINABLE INDUSTRY

- The IT industry is rapidly developing as cloud services and online IT solutions become increasingly important. As companies grow and become increasingly digital the necessity of hardware management becomes integral priority to ensure companies remain operational.

- Companies in this industry can contribute to a more sustainable future by reducing energy consumption and related carbon emissions, sourcing renewable energy to run data centres for service hosting. Maintaining a closed circularity loop, can help ease the requirement of raw materials for electronic goods and avoids there presence in waste. In addition, software automation and increased digital solutions can further increase operational efficiency and safety of operations and logistics.

- Active management of employee satisfaction is key to retain IT talent in the company, which is an ever important requirement for the industry.

- IT hardware management companies can ensure data security and privacy at all times by having the right measures in place and establishing partnerships with hardware providers that take ESG performance of the systems into account.

Source: Company data, MJ Hudson Spring assessment
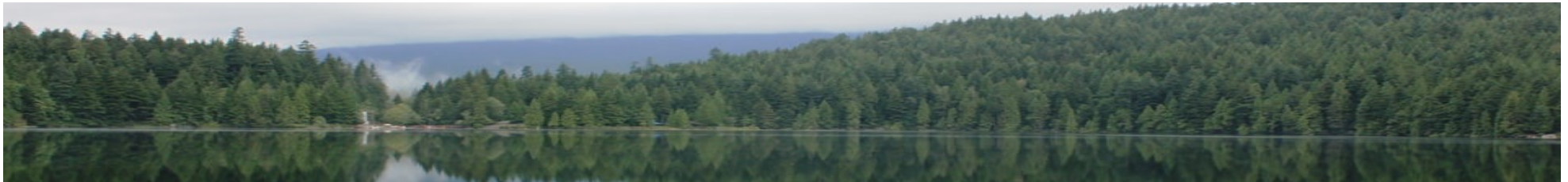
OVERVIEW OF KEY MATERIAL THEMES[1]

	UPSTREAM	OPERATIONS		DOWNSTREAM	
	Inputs	Platform dev. & support	Logistics	Client use	End-of-life
ENVIRONMENTAL					
IMPACT OF MATERIALS				E1	
ENERGY & CARBON EFFICIENCY					
ECOSYSTEM QUALITY					E2
SOCIAL					
FAIRNESS		S1			
HEALTH & SAFETY			S2		
COMMUNITY & SOCIETY					
GOVERNANCE					
BUSINESS INTEGRITY		G1			G1
TRANSPARENCY		G2			
SUPPLY CHAIN CONTROL					

E1 Product durability & circularity

E2 Electronic waste

S1 Recruitment, development & retention

S2 Employee health & safety

G1 Data security & customer privacy

G2 Integration of sustainability principles[2]

[1] The industry heatmap highlights the material ESG themes that are relevant to the company's industry across the value chain, it does not include company's performance on these themes;
[2] Good governance and ESG management is considered to be a basis requirement and therefore included in each company ESG scan
Source: SASB, MJ Hudson Spring assessment

TARGETED UN SUSTAINABLE DEVELOPMENT GOALS FOR XLLNC

KEY MATERIAL THEMES	SUSTAINABLE DEVELOPMENT GOAL		SELECTED TARGETS
E1 Product durability & circularity / **E2** Electronic waste[1]	**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**	Ensure sustainable consumption and production patterns	**12.4:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
S1 Recruitment, development & retention	**4 QUALITY EDUCATION**	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	**4.4:** Increase the number youths and adults who have relevant skills, including technical and vocational skills for employment, decent jobs and entrepreneurship
S2 Employee health & safety	**8 DECENT WORK AND ECONOMIC GROWTH**	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	**8.8:** Protect labour rights and promote safe and secure working environments for all workers
G1 Integration of sustainability principles	**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	**16.6:** Develop effective, accountable and transparent institutions at all levels **16.7:** Ensure responsive, inclusive, participatory and representative decision-making at all levels

[1] Electronic waste theme is internally focused. Xllnc's business proposition has a significant positive impact on electronic waste and can be considered integrated/future proof when considering external positive impact, but is yet to be quantified with appropriate KPIs yet to be set
See methodology on the next page
Source: UN Sustainable Development Goals, MJ Hudson Spring Assessment

METHODOLOGY UN SUSTAINABLE DEVELOPMENT GOALS

In 2015 the United Nations adopted 17 Sustainable Development Goals with 169 targets which is intended to be achieved by 2030.

The goals provides a shared blueprint for peace and prosperity for people and the planet.

These SDGs recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

The SDGs are increasingly being used by governments and organisation, both in marketing their sustainability efforts, as well as in demanding other organisation to show how they contribute to the goals.

Linking relevant Goals and targets to the company's key material themes

The company's key material themes are taken as a starting point.

If positive performance on the key material theme contributes to one of the SDGs, that specific SDG will be shown next to the theme.

Accompanying the 17 SDGs are 169 targets – and targets that are most relevant for the company are displayed.

Assessing the relevance of the SDGs to the countries of operation

The UN publish an annual Report (link), indicating countries' distance to the SDG targets. This information is used to assess the extent to which a company can contribute to the selected SDGs in its countries of operations.

Aligning Performance Scale & SDG: 'Future Proof' with SDG targets for 2030

The SDGs pose targets for 2030, therefore, the future proof level in the performance scale has been aligned with the SDG targets.

By establishing an action plan for improving performance on the selected key material themes, and working towards a future proof performance over years to come, the company contributes positively achieving the goals.

Legend:
- Major challenges
- Significant challenges
- Challenges
- Achieved
- Not available
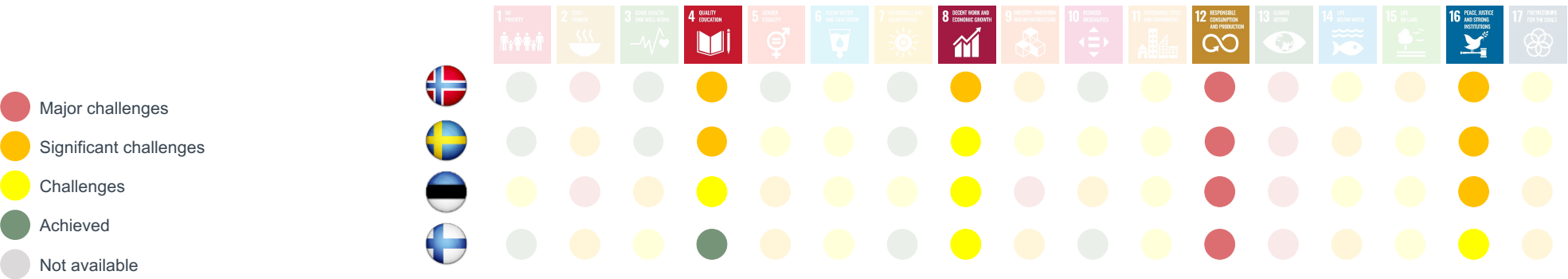
Note that SDG 4 Quality Education has already been achieved in Finland. For more information about the performance on the underlying indicators, please refer to the respective country page in the annual UN Sustainable Development Report 2019 (link). While the company's contributions in this theme are still relevant, the company can make a bigger contribution to the outlined SDGs that are still subject to challenges within the respective countries of operations.
Source: UN Sustainable Development Goals, MJ Hudson Spring Assessment

PERFORMANCE

E1

Product durability & circularity

INTEGRATED

Inherently to its business model, the company is contributing to a circle economy by taking back old hardware and reselling it. There are several processes in place to increase the product durability; repair techniques recommended by the manufacturer are used, preventative improvement activities according to complaint register, internal quality control, constant training of employees and regular updating of guides. The company also uses system and user profiling to better match products to users and to enhance the predictability of logistics requirements.

E2

Electronic waste[1]

INVOLVED

The company's business model allows for regulated decommissioning of IT hardware, and therefor aims to minimise the ecological impact resulting from elements contained within hardware components leeching out into environment. The company achieves a 95% hardware recycling rate. General operational waste is registered and separated by STEMA environmental services for regulated disposal.

S1

Recruitment, development & retention

COMMITTED

Xllnc's total turnover in 2019 was 15.3%, mainly due to a high turnover in Estonia (25%), where the employee base in the processing facility for testing refurbished products consists mostly of young people and students. The company does consider this a risk as they have a healthy flow of 'testers'. In Estonia, employee satisfaction is measured, with a 81.8% score in 2019 (4.91/6) . In Sweden, a dialogue system is used to monitor employee engagement, but the system needs redesigning due to changes in mgmt. Finland and Norway are implementing satisfaction surveys in 2020. The company aims to hire more account managers for municipal clients.

S2

Employee H&S

INVOLVED

Xllnc's warehouses have appointed H&S officers. Safety checks are conducted annually with a template for reporting hazards, sources and remediation steps. Operations in Estonia are organised in line with OHSAS 18001:2007, though the company is not certified. Furthermore, working conditions improved in Estonia last year; the working space was expanded with 2k m^3, ventilation, heating and humidity system improved, chairs and non-functional working equipment replaced, and stress management training was provided. One accident occurred in Sweden in 2019.

G1

Data privacy and customer security

INVOLVED

IT security systems, risk assessments and follow-up procedures in place. All countries are ISO 27001 certified. In Sweden, internal processes are aligned to ISO 27001 and 27002 standards, but no certifications in place. Xllnc was subject to one data security issue (phishing email) in 2019, which was followed up by updating protocols across the company.

G2

Integration of sustainability principles

INVOLVED

An environmental policy is in place, which maintains the company's commitment to reducing the environmental impact of operations, and of the industry as a whole. Xllnc has identified climate related risks (i.e. physical and transitional) and opportunities within its work for ISO 14001. All risks are allocated to a risk owner (e.g. department manager), who is responsible for mitigation together with his / her department. Leading regulations for non-discrimination, anti-corruption and equality are followed.

[1] Electronic waste theme is internally focused. Xllnc's business proposition has a significant positive impact on electronic waste and can be considered integrated/future proof when considering external positive impact, but is yet to be quantified with appropriate KPIs yet to be set
Source: Company data, MJ Hudson Spring assessment

PERFORMANCE SCALE OF KEY MATERIAL THEMES

	REGULATORY DRIVEN	INVOLVED	COMMITTED	INTEGRATED	FUTURE PROOF
E1 Product durability & circularity	• Insight into the durability following refurbishment of products • Product life conform to market standards	• Initiatives to increase durability of certain products or to decrease recycle / re-use rate (when IT-as-a-service is used) • Circularity considerations taken into account during supplier selection (e.g. transparency of manufacturers on sourcing conditions)	• Lifecycle assessment of products conducted • Action plan formed on increasing product durability when refurbishing products	• Tangible progress made on lowering recycle / re-use rate of IT products leased by Xllnc • Leading industrial peer for integration of circularity concept and increasing product lifetime	• Actively involved in closing the loop; the product positively contributes to a circular economy • Positive (quantified) impact on climate and environment (e.g. reduction of material waste, CO_2 emissions)
E2 Electronic waste[1]	• Assessment and registration of electronic waste streams	• Conduct LCA of waste materials • Insight into downstream processes waste management services of scrapped electronic components	• Downstream scrapped waste is processed domestically (avoiding the outsourcing to other regions)	• Leading industry peer for disassembly and end-of-life processes • Value extraction and scrap waste is processed according to best practices • Explore opportunities to retrieve electronic waste from countries where waste handling is less regulated	• The service contributes to positively to a circular economy
S1 Recruitment, development & retention	• Informal monitoring of employee satisfaction • Register and deliver basic required trainings • Monitoring and insight in turnover • Absenteeism rate registration	• Formal employee satisfaction survey, along with target and action plan • Analysis of causes of employee turnover • Additional training opportunities • Identification of work-related absenteeism and mitigation strategy	• Improved employee satisfaction score due to implemented measures • Implementation of initiatives to recruit and maintain labour force • Formal annual training and development program in place • Visible reduction of absenteeism rates	• Company achieve accreditation for employee satisfaction • Lowest employee turnover rate of peer group • Best in class training & dev't program • Absenteeism rate below national and industrial averages	• Employee satisfaction is above set target for several consecutive years • Absenteeism rate 50% below national and industrial averages
S2 Employee health & safety	• Accident rate registration, monitoring and identification of causes • Sites comply to fire and emergency response and chemical safety regulations	• H&S management system (e.g. ISO 45001) and safety audit in place • RI&E up to date and sound follow up	• H&S management system (e.g. ISO 45001) and safety audit in place (e.g. VCA) • Action plan to reduce accident rate and targets are set with innovative strategies implemented	• Best in class management system for hazard exposure • Accident rate 50% below national and industrial averages	• Maintaining a zero accident rate annually • Industry example regarding H&S management
G1 Data privacy & security	• Market conform data security measures (e.g. GDPR) • GDPR compliance, registration and monitoring of incidents - formulation of policy	• Assess practices and operations to minimize risk of privacy breaches	• Annual monitoring and updating of data security system & procedures • Policy for alignment with industry standards for privacy and security	• Data/privacy security system (e.g. ISO 27001) in place; certification in place for all web portals • Regular data security tests, use of ethical hackers • Champion of peer group for privacy and security implementation	• Innovative data security system integrated in business, example role regarding data security
G2 Integration of sustainability principles	• ESG statement on website • Market conform membership and standard ESG issues covered (e.g. safety)	• ESG policy in place • Exploring relevant ESG-related memberships	• Annual monitoring and updating of ESG policy • ESG action plan in place • ESG-related membership	• ESG policy actively communicated to stakeholders • Tangible progress is made and reported to management and board level • The company's ESG measures are leading amongst industry and peers	• Initiator/frontrunner of sustainability initiatives, push ESG standards in industry

* Electronic waste theme is internally focused. Xllnc's business proposition has a significant positive impact on electronic waste and can be considered integrated/future proof when considering external positive impact, but is yet to be quantified with appropriate KPI is yet to be set

Performance level scale places a company's relative performance in addressing key material ESG themes, and provides an indicative roadmap towards reaching the next performance level. In the majority of cases, is not feasible to be in the future-proof state today. The scale outlines the requirements to reach the future-proof state which is aligned with goals and targets to be achieved by 2030 as set out in the UN Sustainable Development Goals.
Source: MJ Hudson Spring assessment

ACTION PLAN

|	**2020** SHORT-TERM	**2025** MID-TERM	**2030** LONG-TERM
E1 Product durability & circularity	• Monitor established KPIs (as indicated in KPI overview on next page) • Quantify positive impact of operations (e.g. by conducting an LCA study)	• The service positively contributes to a circular economy	• Positive (quantified) impact on climate and environment (e.g. reduction of material waste, CO_2 emissions) • The service positively contributes to a circular economy
E2 Electronic waste	• Investigate options to process all waste domestically	• Leading industry peer for end-of-life processes • Explore opportunities to retrieve electronic waste from countries where waste handling is less regulated	• The service contributes to positively to a global circular economy
S1 Recruitment, development & retention	• Implement employee satisfaction surveys in Norway and Finland; update survey in Sweden • Launch Study Lab in Estonia to support learning and training of employees	• Lowest employee turnover rate of peer group • Best in class training & development program • Absenteeism rate below national and industrial averages	• Employee satisfaction is above set target for several consecutive years • Absenteeism rate 50% below national and industrial averages
S2 Employee H&S	• Continue supporting local community, cooperation initiatives with educational institutions and offering employment for young people	• Best in class management system for hazard exposure • Accident rate 50% below national and industrial averages	• Maintaining a zero accident rate annually • Industry example regarding H&S management
G1 Data privacy and customer security	• Monitor and update IT security management systems & procedures group wide	• Regular data security tests, use of ethical hackers • Champion of peer group for privacy and security implementation	• Innovative data security system integrated in business, example role regarding data security
G2 Integration of sustainability principles	• Develop a company-wide Risk Inventory & Evaluation document aimed at ESG issues • Monitoring of compliance regarding conflict minerals in supply chain	• The company's ESG measures are leading amongst industry and peers	• Innovative ESG policy and active management to push ESG standards in industry • Initiator/frontrunner of sustainability initiatives, push ESG standards in industry

Source: Company, MJ Hudson Spring assessment

KPI OVERVIEW

THEME		METRIC	2019	Δ '18-'19	TARGET	COMMENTS
	Electricity consumption	GWh	0.6	(0.0)	-	Electricity in Sweden and Finland only monitored from 2020 onwards.
		MWh / SEK m rev.	0.2	(0.1)	-	-
	Gas consumption	GWh	0.2	(0.0)	-	Used in Estonia for heating, other countries use district heating or electricity.
		MWh / SEK m rev.	0.1	(0.0)	-	-
	Energy consumption	GWh	0.8	(0.0)	-	-
		MWh / SEK m rev.	0.3	(0.1)	-	-
		Renewables share	50%	31%	-	In 2019, Estonia switched to 15% renewable electricity. Norway and Sweden use 100% renewable electricity. Finland 53%.
	CO_2 footprint (scope I & II)	tCO2e	290	(156)	-	Decrease due to Estonia's switch to 15% renewable electricity
		tCO2e / SEK m rev.	0.1	(0.1)	-	-
	Company average absenteeism	Average rate	3.5%	0.2%	-	-
		Short-term rate	2.7%	(0.8%)	-	-
		Long-term rate	0.8%	(0.1%)	-	-
(S2)	Accident rate	# Accidents / 1,000 FTE	1.7	(3.1)	-	A single minor non-work related accident occurred in 2019
(E1)	Product durability & circularity	# of repaired products	-	-	-	
		# of rescued products[1]	-	-	-	
		# of re-deployed products	-	-	-	To be monitored from 2020 onwards
		# components harvested	-	-	-	
		Green zone lease extension (# months)	-	-	-	
(S1)	Employee engagement	Satisfaction score	81.8%	2.6%	-	Based on employee satisfaction score in Estonia; Sweden, Finland & Norway are implementing satisfaction surveys in 2020
		Turnover rate	15.3%	(4.0%)	-	
	Diversity	Female employees	26%	1%	-	
(G1)	Data security	# Data security incidents	0	0	-	
(G2)	Supply chain	Compliance on conflict minerals in SC	-	-	-	To be monitored from 2020 onwards

[1] Products intended for scrap, but rebuilt for longer use
Source: MJ Hudson Spring analysis, Company data

ANNEX I: ESG DATA AND INFORMATION

PRODUCT CIRCULARITY - POSITIVE IMPACT
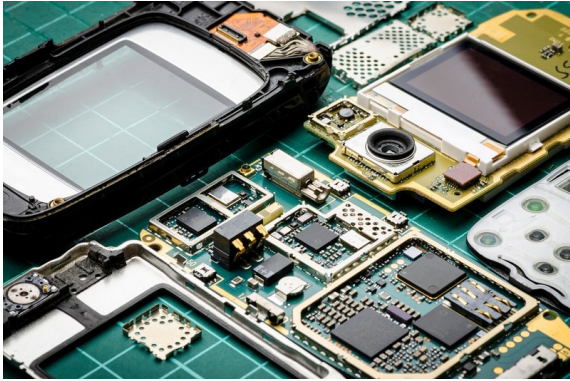
BUSINESS MODEL

Inherent to its business model, Xllnc is contributing to a circular economy by overseeing and managing IT hardware's lifecycles. By buying, repairing, refurbishment and reselling used IT hardware the lifetime are extended. Xllnc does sell new equipment but actively encourages customers to send back their used equipment so they can give it a second life. The company has a positive impact on the climate and environment by inherently enhancing life-cycles and reducing electronic waste, avoiding unregulated disposal and processing, increasing product lifetimes and circularity of electronic hardware and components

FOCUS AREAS

Measuring the positive impact of contributing to the circular economy is not regulated or streamlined yet. Therefore the company focuses on four areas, relevant for an IT supplier:

- Use of scarce resources - It is essential that each manufactured laptop is given its maximum life capability and that new unnecessary production and impact of recourse usage is avoided.

- CO_2 impact of manufacturing & scrapping - Re-use is considered to be 20 times more efficient in climate and resource saving perspectives

- CO_2 impact of product usage - Best practice target is to buy and utilize energy optimization and to use and procure renewable energy sources

- Landfill and E-waste - E-waste is harmful if not properly disposed and on the other side profitable and energy efficient for metal harvesting and urban mining if sorted and managed properly.

Source: Company data, MJ Hudson Spring assessment

PRODUCT CIRCULARITY - POSITIVE IMPACT

TOTAL LIFECYCLE IMPACT OF ONE WOKRPLACE (KG CO_2e)

	Laptop	Mobile	Dockingstation + screen	Actual footprint workplace	Target footprint workplace
Total	660	80	155	895	671
Disposal / logistics	60			90	225
Usage	220		125	250	250
Manufacturing	380			555	196

-25%

- Disposal / logistics
- Usage
- Manufacturing
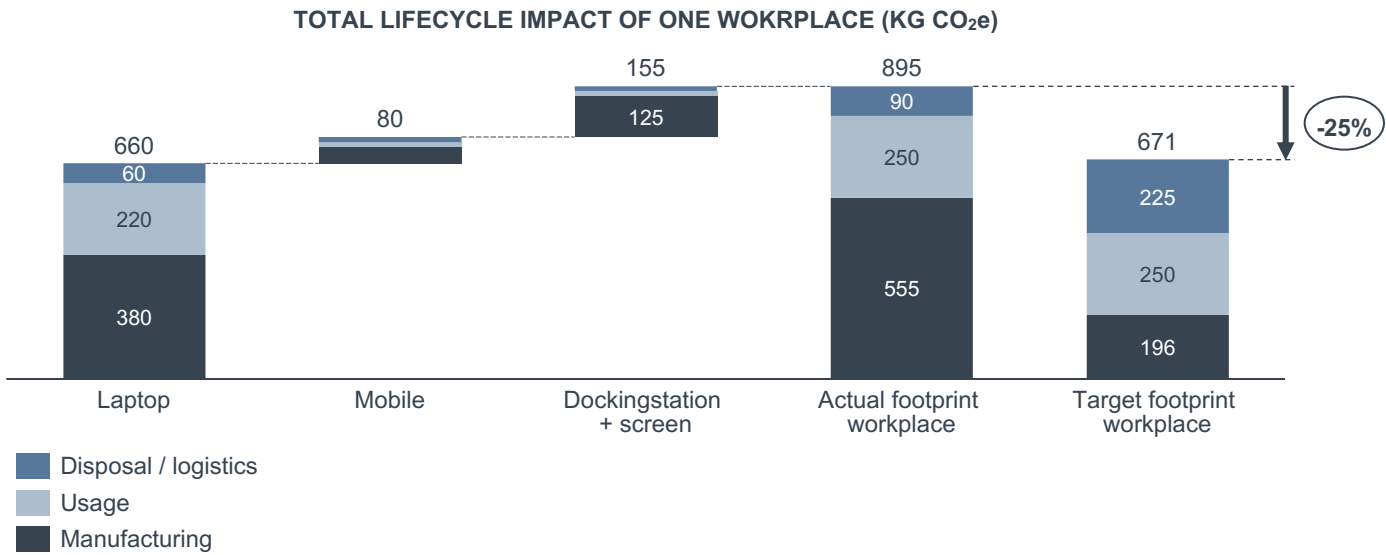
CURRENT WORLDWIDE STATUS E-WASTE

70%
of worlds hazardous landfill is E-waste

2%
of worlds landfill is E-waste

20%
of all E-waste worldwide is properly collected & recycled

OBSERVATIONS

- The average carbon footprint of one workplace, including a laptop, a mobile phone, a docking station and a screen, can potentially be reduced by 25% if refurbished one or two times.

- If product usage can be extended with one or two lifecycles to a total lifetime of 8.5 years, it is assumed the fleet emissions will be increased by ~150% and manufacturing carbon footprint can be reduced by 65% per workplace, resulting in a total reduction of 25% per workplace.

- It is assumed the average usage of a workplace is three years. The UN-university claims a laptop should be used and managed for up to 8.5 years, in order to properly utilise the climate effect on manufacturing.

WASTE STREAMS

	SWEDEN	NORWAY	FINLAND
Corrugated paper	60	27	3.0
Burnable waste	48	21	2.4
Wood (unpainted)	4	2	0.2
LDPE	2	1	0.1
Total (tonnes)	**113**	**51**	5.7

ESTONIA

Paper & cardboard packaging	15.914
Plastic packaging	530
Wood packaging	2.987
Mixed packaging	23.122
Ferrous metals from equipments	0
Mixed waste from equipments	25.549
Plastic waste from equipments	6.335
Wires, electronic equipment waste	1.738
Li-ion battery	2.077
Discarded IT & communication equip.	33.585
Mixed municipal waste	3.095
Total (tonnes)	**114.932**
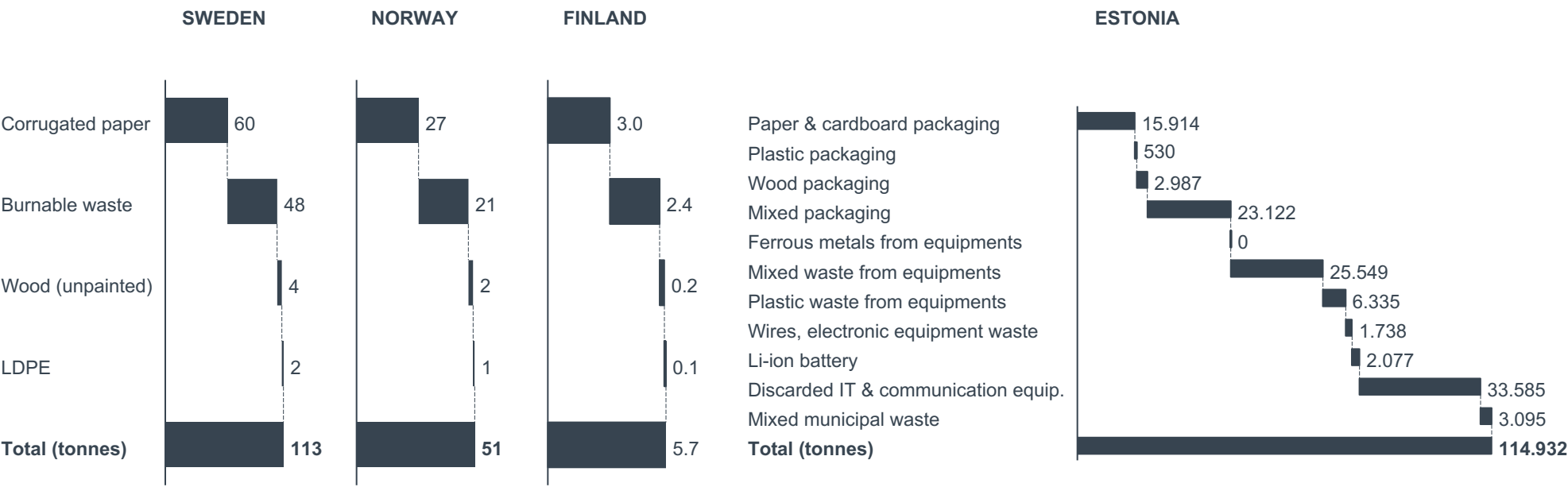
OBSERVATIONS

- Waste are pressed and sent to Stema, a third party recycling company. Stema monitors waste streams in a customer portal, and provides reports including information on waste treatment and CO2e savings. Waste streams are significantly higher in Estonia.
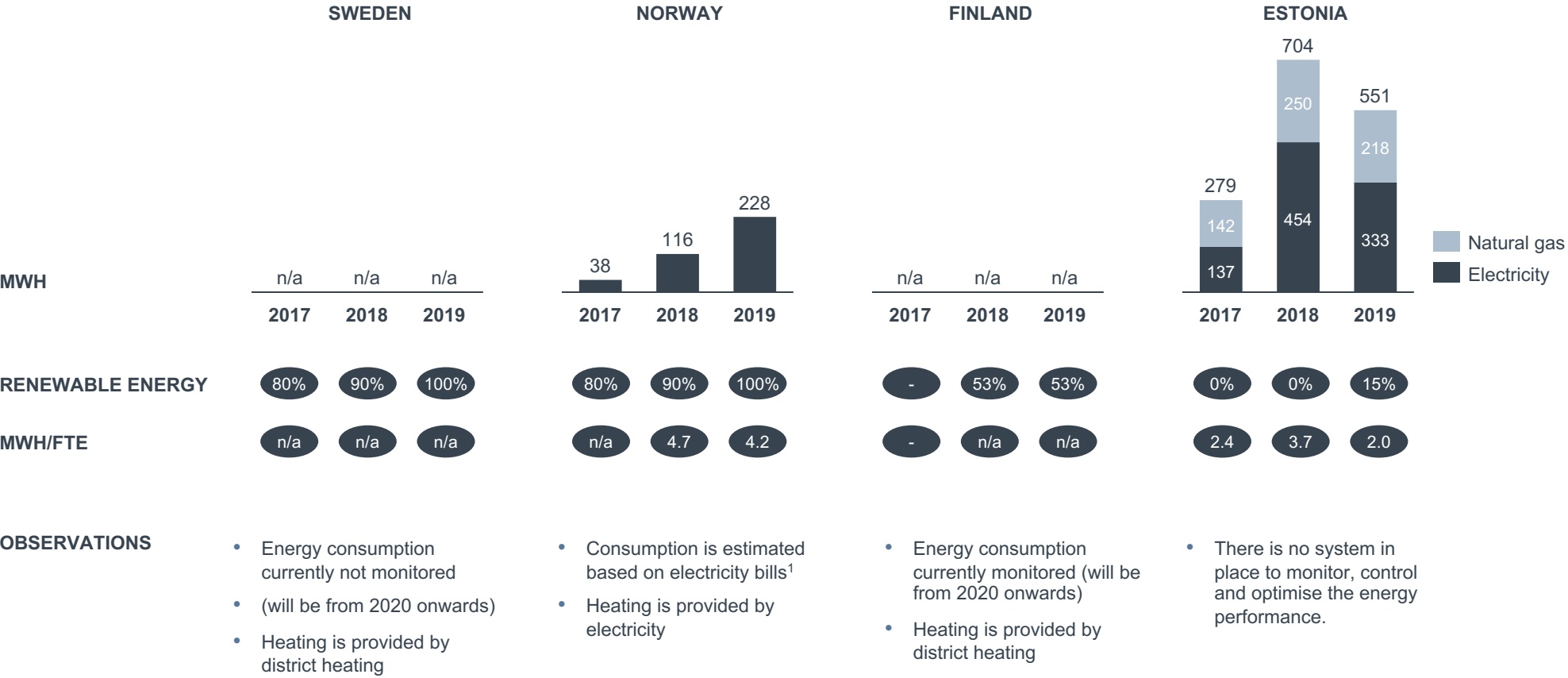
- In Estonia, waste recycling companies are supported with excellent and transparent reuse practices by the company. All waste handling procedures have been audited by ISO 14001 auditors. A document with internal waste management guidelines is available, including the handling of waste from batteries.

- In Estonia, devices are sorted and stripped into spare reusable parts. Waste recycling companies are supported by the company's in-house processes of sorting, data clearing and remarketing expertise. Reuse value is tracked and reported on product level, instead of industry standards' in-bulk or by-weight approach. All remaining waste is classified as scrap and sent to refineries that extract the precious metals.

- A waste permit issued by the Estonian Environmental Board is in place for the two processing facilities, allowing the company to receive waste and recycle it into usable spare parts. Furthermore, a cross border waste transport permit is in place, allowing the company to transport electronic waste to Estonia from Sweden, Finland and Norway; a critical success factor for its electronic waste recycling business. The Estonian Environmental Inspectorate has visited the Kullustiku facility in April 2019 and has not found any breaches.
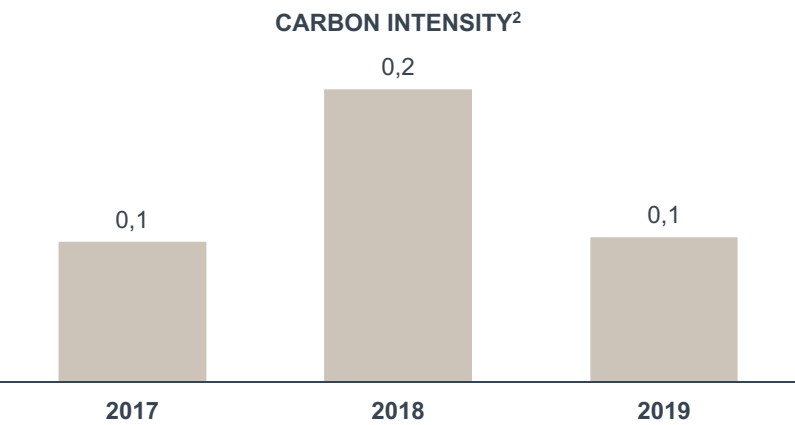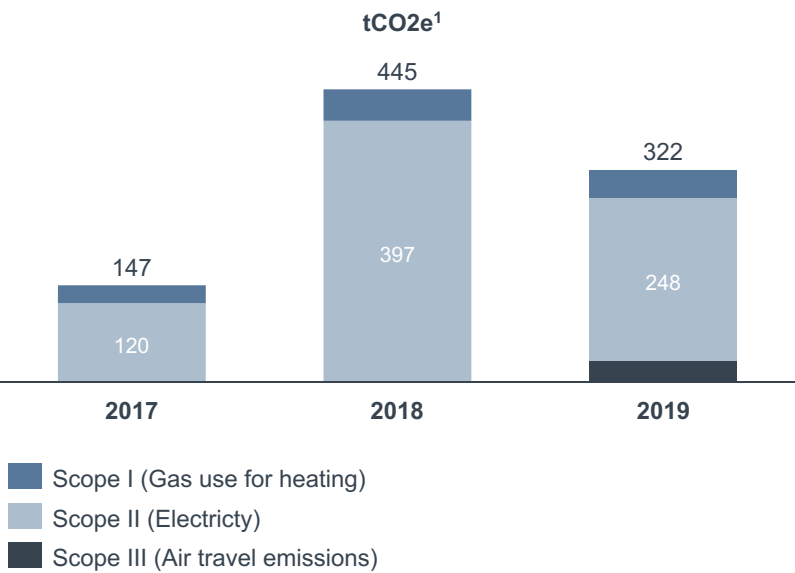
Source: Company data, MJ Hudson Spring analysis

ENERGY

| | SWEDEN | | | NORWAY | | | FINLAND | | | ESTONIA | | |

MWH

	SWEDEN 2017	2018	2019	NORWAY 2017	2018	2019	FINLAND 2017	2018	2019	ESTONIA 2017	2018	2019
	n/a	n/a	n/a	38	116	228	n/a	n/a	n/a	279	704	551

ESTONIA — Natural gas: 142 (2017), 250 (2018), 218 (2019); Electricity: 137 (2017), 454 (2018), 333 (2019)

Legend: ▇ Natural gas ▇ Electricity

RENEWABLE ENERGY

	2017	2018	2019		2017	2018	2019		2017	2018	2019		2017	2018	2019
	80%	90%	100%		80%	90%	100%		-	53%	53%		0%	0%	15%

MWH/FTE

	2017	2018	2019		2017	2018	2019		2017	2018	2019		2017	2018	2019
	n/a	n/a	n/a		n/a	4.7	4.2		-	n/a	n/a		2.4	3.7	2.0

OBSERVATIONS

SWEDEN
- Energy consumption currently not monitored
- (will be from 2020 onwards)
- Heating is provided by district heating

NORWAY
- Consumption is estimated based on electricity bills[1]
- Heating is provided by electricity

FINLAND
- Energy consumption currently monitored (will be from 2020 onwards)
- Heating is provided by district heating

ESTONIA
- There is no system in place to monitor, control and optimise the energy performance.

[1] Assuming 0.80 NOK / kWh; Billed electricity costs: 2017 30k NOK, 2018 93k NOK, 2019 182k NOK
Source: Company data, Statista, MJ Hudson Spring assessment

CARBON FOOTPRINT

tCO2e[1]

445

147

322

397

120

248

2017 **2018** **2019**

■ Scope I (Gas use for heating)
■ Scope II (Electricty)
■ Scope III (Air travel emissions)

CARBON INTENSITY[2]

0,2

0,1

0,1

2017 **2018** **2019**

OBSERVATIONS

- Electricity is the major source contributing to the footprint. Electricity consumption in Sweden and Finland are currently not monitored, this will be done from 2020 onwards.

- Electricity in Norway and Sweden are 100% renewable. In 2019, Estonia switched to a supplier which incorporates 15% renewable sourced energy into their electricity supply, saving 43 t CO2-eq. Switching to 100% renewable electricity would save another 248 t CO2-eq.

- Flights are measured from 2019 onwards.

[1] As defined by the internationally accepted corporate accounting and reporting standard: The Greenhouse Gas Protocol; The carbon footprint includes the GHG emissions CO_2, and is expressed in equivalent tonnes of carbon dioxide (tCO2e);
[2] Carbon intensity is expressed as Scope I + II emissions (tCO₂e) / Revenue (SEK m)
Source: Greenhouse Gas Protocol, CO2emissiefactoren.nl, Company data, MJ Hudson Spring analysis

SOCIAL PARAMETERS

ROLE IN SOCIETY

- The company's employees participate in mentoring projects, where they meet, help and support refugee children in Sweden.

- They donate digital tools to international schools in countries such as Tibet, to contribute to other countries' digital development.

- In Estonia, there are several initiatives in place; collected funds were donated to animal shelter, utilised coffee grounds were collected and used for heating of an orphanage house, computers were donated to kids from unsecured families and a mechatronics competition was sponsored.
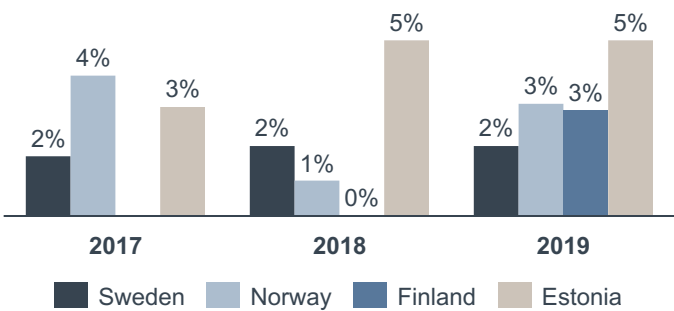
FAIRNESS

- Workers are free to join or form a union or association and to engage in collective bargaining.

- The renumeration at Xllnc is above industry standard.

- Female representation is (26%), which is around the national average (29%).

- In Estonia, employee satisfaction is measured, with a 81.8% (4.91/6) score in 2019. In Sweden, a dialogue system is used to monitor employee engagement, but the system needs redesigning due to changes in mgmt. Finland and Norway are implementing satisfaction surveys in 2020.

- In Estonia, necessary training is arranged by HR. Individual trainings are evaluated during bi-annual performance appraisals.

HEALTH & SAFETY

- An H&S risk evaluation in Estonia is carried out annually by an external advisor; the assessment is followed by an improvement action plan.

- Norway, Sweden and Finland all perform an annual 'H&S round', and quarterly internal audits are conducted to assess H&S requirements. All complaints from employees are handled (e.g. regarding lightning, chairs, fall risks, risks with trucks). When incidents are reported, a short- and long-term solution is proposed.

- In Estonia, the main risks include risks of explosion of devices and risk of electric shocks. In the warehouses, there are also risks related to goods falling from shelves or forklifts.

- In Estonia, environmental risk assessments and follow-up procedures are in place. In addition, regular internal audits are held, actions for improvements are set for which legislative regulations are taken into account.

- The company has a designated working environment specialist and working environment representatives. It also has a working environment council in place.

- All accidents are reported. In 2019, one minor non-work related accident was reported in Sweden.

ABSENTEEISM RATE

Legend: Sweden, Norway, Finland, Estonia

ACCIDENT RATE[1]

Legend: Sweden, Norway, Finland, Estonia
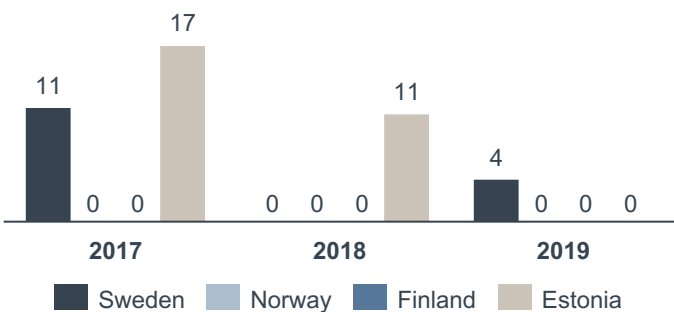
[1] # accidents / 1,000 FTE
Source: Company data, MJ Hudson Spring analysis

DATA SECURITY PROCESSES

- Xllnc employs a security and privacy policy. It's scope covers data from its own operations and that of its clients and customers. Xllnc appears to abide to GDPR regulations and is ISO 27001:2018 certified for all of its locations.

- The company's risk register has been recently updated its protocols. Xllnc has a antivirus software installed on every unit. Office IT-partner can also discover harmful programs and hacker attacks if spread to their servers. The company will soon invest in Microsoft's safety-mail program where email is scanned before being received and sent

- They implement specific privacy policies with clients and customers which are catalogued and documented, general terms of the agreements state that customers data following delivery or hardware is out of the scope of liability for the company. In practical terms, the company also hosts its pedagogical software on cloud services such as Google apps for education (GAFE) or MS office 365. This allows a greater scope for accessibility, while teacher and student information are within the GDPR scope of the cloud services.

- They have used an external agency to ensure future work already complies with GDPR directives from the start. LIN performs external 15 RSA (IT risk and vulnerability assessments) annually and there have been no incidents of data breaches.

- Estonia has a privacy policy for the B2B online market in place. The company also has an employee manual for personal data processing available, which was last updated in August 2018.

- There is a documented data clearing process. Data is cleared using the factory reset function on the device, or by using certified third-party software. Each data clearing operation is manually tested for success. Devices for which data clearing failed are being recycled, not sold.

0
Data security incidents
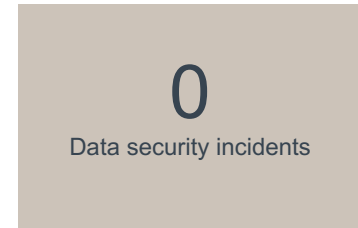
OBSERVATIONS

- One minor incident occurred in 2018 in Sweden: the company was exposed to a phishing email attack, disguised as an email from a client. The company took appropriate action to secure data and delete the compromised account. No signs of any data that has been compromised. They have subsequently handed the matter to local authorities responsible for cyber crime.

Source: Company data, MJ Hudson Spring analysis

GOVERNANCE TOPICS

ESG policies, certificates and targets	• The company has all relevant ESG related policies in place. All sites have a compliance system in place that reviews operations on adherence to requirements and compliance to regulations. Xllnc indicates all sites are complaint with all relevant local environmental and social laws and regulations. • The company indicates environmental permits are not required and relevant, although Xllnc has environmental policy statements in place.
ESG engagement & responsibility of mgmt. board	• ESG topics are regularly discussed during board meetings. ESG metrics are included to the yearly goals and monitored on a regular basis.
Risk inventory and evaluation (RI&E) aimed at ESG	• In Estonia, environmental risk assessments and follow-up procedures are in place. In addition, regular internal audits are held, actions for improvements are set for which legislative regulations are taken into account. • Norway, Sweden and Finland all perform an annual 'H&S round'. All complaints from employees are handled (e.g. regarding lightning, chairs, fall risks, risks with trucks). When incidents are reported, a short- and long-term solution is proposed.
Quality of management systems	• All countries are ISO 9001 certified and have procedures in place to monitor and manage customer complaints. • Quality control in Estonia is assured by different quality checks, specialists analyse and report the data monthly. A Return Merchandise Authorization (RMA) process has been implemented for all outbound sales customers: return data is analysed on a monthly basis and actions are listed. • Norway, Sweden and Finland ensure quality by purchasing products form recognised manufacturers and with implemented procedures and controls.
Process that ensures supplier ESG compliance	• Xllnc is a member of Amfori BSCI, which provides practical tools and monitoring process to improve the social standing of supply chains. • The company only engages with logistics providers that are ISO 14001 certified. Other supplier criteria are financial and reputational status. • Norway, Finland and Sweden are working on getting all suppliers to sign the CoC (incl. ILO standards). • No sites have had any ESG related issues regarding suppliers or ethical trade.
Transparency and reporting	• Customer reports upon request are regularly prepared. • The company have reported on their internal operations and indirect positive impact

Source: Company data, MJ Hudson Spring analysis

CERTIFICATIONS AND MEMBERSHIPS

	SWEDEN	NORWAY	FINLAND	ESTONIA	TOPIC	SCOPE	COMMENT
ISO 14001:2015	⊘	⊘	⊘	⊘	Environmental management	Environmental	• Valid until 2021 in Sweden, Norway and Finland, and until 2022 in Estonia
ISO 9001:2015	⊘	⊘	⊘	⊘	Quality management	Governance	• Valid until 2021 in Sweden, Norway and Finland, and until 2022 in Estonia
ISO 27001	⊘	⊘	⊘	⊘	Quality management	Governance	• Valid until 2021 in Sweden, Norway and Finland, and until 2022 in Estonia
BSCI	⊘	⊘	⊘		Sustainability	Supply chain	• Industrial membership focused on improving the social aspects of global supply chains
WEEE Compliance				⊘	Waste electrical & electronic equipment directive	Environment	• Estonian environmental agency last checked compliance in Q2 2019

Source: Company data, MJ Hudson Spring assessment