

Sustainability Progress Report

Summer 2022



Controlant

Content

- 1.0** Introduction to the Report
 - 1.1** Our Values and Beliefs
 - 1.2** Hors d'oeuvres (Getting Started with CSR at Controlant)
- 2.0** Planet
- 3.0** People
 - 3.1** Community
- 4.0** Value (Profit/Governance)



1.0 Introduction to the Report

Sustainability has always been at the heart of everything we do at Controlant. Our core value proposition is to make the world's supply chains more sustainable, resilient, and integrated. In partnership with many of the world's biggest companies, we reduce waste in critical and valuable supply chains.

In the summer 2021, we took our first formal steps on our journey in sustainability and corporate social responsibility. With a structured approach to Corporate Social Responsibility and a clearly defined policy and roadmap, we have now started a formal process towards manifesting our vision and commitment towards a more sustainable future.

This progress report – Controlant's first sustainability report – marks the beginning of our journey to quantify and monitor our progress, ensuring that we deliver what we promised regarding sustainability and corporate social responsibility as our company grows.

As this is our first sustainability report, the scope of data and metrics we are able to report on is limited as we are in the process of compiling the relevant information from our internal and external stakeholders. In the coming years, we will mature our reporting and document on the use of relevant KPIs and metrics pertaining to the various ESG topics. In subsequent reports, we will employ third party specialists to review and verify our progress.

We are proud to note that sustainability has recently been chosen to be one of the key performance indicators (KPI's) of Controlant. This will call for all functions within the company to align around this topic, figure out how they can contribute positively to sustainability and monitor progress. The KPI's are reviewed regularly with set goals.

In this document, we will report on the key activities and milestones we have achieved from July 2021 to June 2022. One of the key steps to our progress is the formulation of the internal CSR team, and later introducing the CSR Policy and SDG workshops for employees during the company-wide staff meeting in February 2022.

1.1 Our Values and Beliefs

Our guiding principle is to positively impact the planet, people, and profit throughout our partnerships, innovation, and operation. This is stated in Controlant's vision: Unleashing the power of people and technology to deliver zero-waste supply chains for our partner and the planet. We want to positively impact all our stakeholders and take accountability for our impact on our planet and communities.

Controlant's Corporate Social Responsibility policy is designed to clarify the organization's objectives in how to ensure positive impact and full accountability in all three categories.



Planet: Zero-waste global supply chains

In the light of climate crisis, we have no other choice but to reduce our carbon footprint. We want to be ambitious in our actions and demand our stakeholders and future customers to do the same by leading by example through our operations. We want to be inspiring for the industry as a whole and strive towards becoming frontrunners in sustainability.

- ▶ Sustainable innovative solutions
- ▶ Climate change mitigation
- ▶ Positive environmental impact of Controlant's operations, solutions and supply chain

People: Diversity and Inclusion

We strive towards maximizing our effectiveness in zero-waste to ensure social impact and lasting positive change. This can be established through our passionate employees that work on

our solutions and serve our customers with diligence. Together we create a solid company culture based on a strong integrated value system. Part of it is systematic leadership training and equal opportunities for personal development and growth which allows us to continuously recruit and keep top talent to drive innovation and scale our company.

- ▶ Company Culture and values
- ▶ Health and safety
- ▶ Labor practices

Value: Long-term sustainable value creation

We believe that through our innovative technology we have a positive effect on the global supply chain, assisting our customers to deliver their products to their customers successfully. We take this responsibility seriously – that is why we continue to invest in our solution through education, various teams of top talent, risk management and internal quality control based on ethical and best practice. By nurturing sustainability in everything we do, we maintain circularity of value creation – to our business, our people and communities, and the planet.

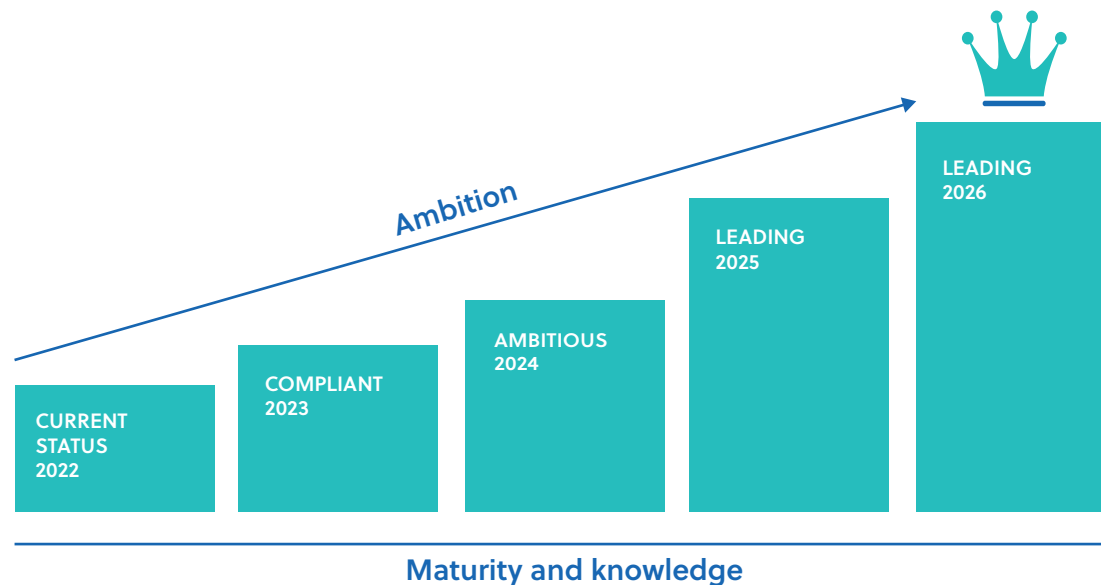
- ▶ Customer welfare, success and safety
- ▶ Positive economic impact
- ▶ Full compliance and best practice in business and governance

1.2 Hors d'oeuvres (Getting Started with CSR at Controlant)

Corporate Social Responsibility Journey

Controlant's business is intertwined with environmental, social and governance concerns in its effort to realize its vision of reducing waste in supply chains. We strive to maximize the effectiveness of our work in corporate social responsibility in ensuring social impact and lasting positive change. To achieve that, we are adopting a systematic, comprehensive approach.

Guided by the Corporate Social Responsibility Policy, this 5-year plan is put forward to expand on the various actions needed for the company to go from being compliant to ambitious, and then towards establishing Controlant as a thought leader in sustainability.



The scope of our CSR work in the coming 5 years is broken down into three main areas to operationalize our core objectives: The value, the conversation, and the metrics.

The value: Ensure that the work is value-based

It is imperative for us to conduct work that is driven by sustainability principles in its core. To establish how sustainability adds value to our work, we will work towards a common understanding between us and our partners to support the effort to achieve zero waste supply chains and reduce operational risks in the Controlant's ecosystem.

Key milestones:



First preliminary life cycle analysis (LCA) in Q1 2022 performed, highlighting general contribution and customer specific contribution in preparation for a full LCA

The conversation: Stakeholder interaction to push internalization of sustainability through communication

We believe that communication is vital to establish common understanding and promote participation in CSR within the Controlant ecosystem. We want to make sure that our stakeholders are active participants via open collaboration and knowledge sharing. This includes working with customers and suppliers on the subject matter, aligning Controlant's efforts with the UN Global Compact, to internally empower employees and championing the UN Sustainable Development Goals.

Key milestones:



Plan for the next 5 years approved by the executive team and communicated internally



CSR policy approved



UN SDG internal workshops



FESTA and UN Global Compact membership



Formal structure for community engagement implemented, including Collaboration Champions and Charity Champions

The metrics: Ensure that what matters is measured and used

An integral part of the work in the coming years will be establishing, internalizing, and maintaining the reporting of the selected metrics. To start developing understanding and vocabulary right away we will publish Controlant's first progress report (this report) where we shine light on our Environmental, Social and Governance (ESG) topics in our operations. The scope of the report will grow with increased understanding of Controlant's ecosystem. We will seek external validation of the metrics in Controlant's future progress reports.

Key milestones



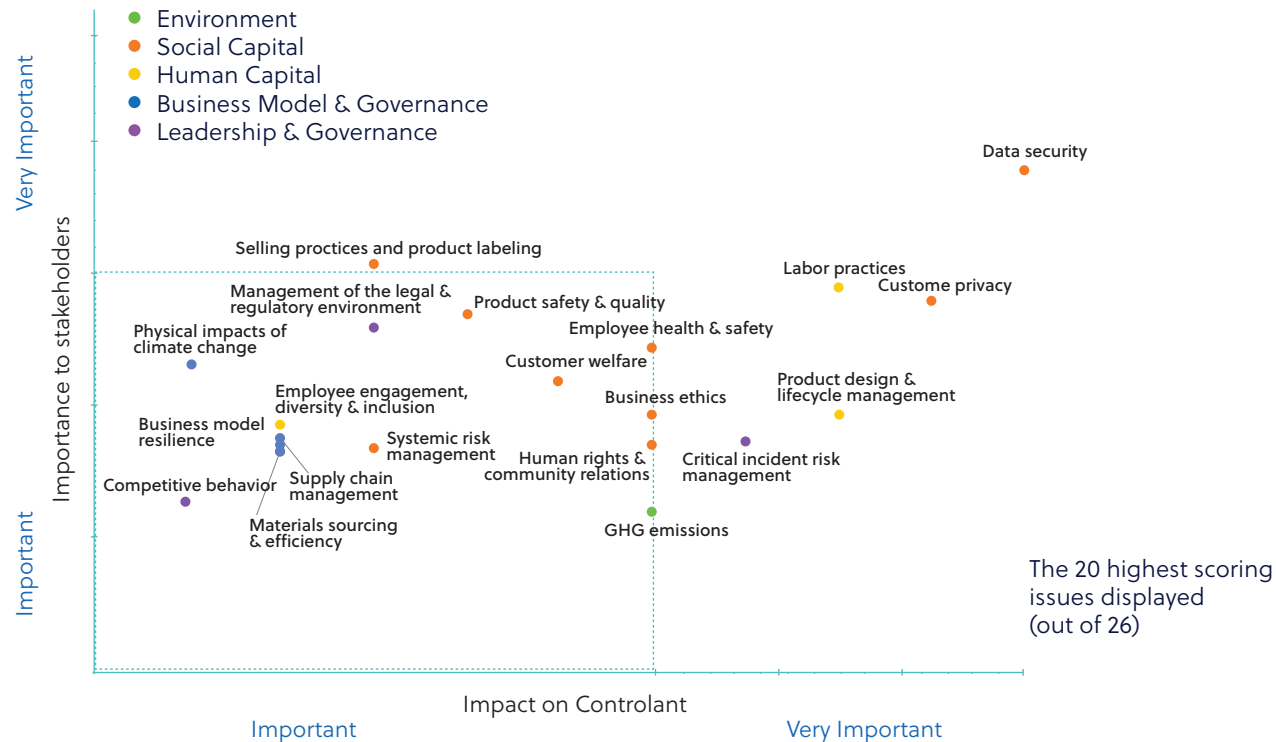
First progress report published in Q2 2022

Materiality Analysis

In the later part of 2021, we officially launched our work in CSR at Controlant. To begin this journey, we conducted a materiality analysis surveying our management/ executive level staff to identify and prioritize CSR issues for Controlant.

We interviewed 13 Controlant management/ executive level staff about 26 CSR issues retrieved from SASB Standards and asked them to rank the issues according to relevant importance to company objectives as well as from the perspective of 16 external stakeholder categories. The external stakeholder category scores were weighted according to their relative influence and importance to Controlant determined via scores assigned by the CSR team. The Controlant's CSR team also ranked the issues' relevant impact on Controlant to produce the following analysis.

Controlant Materiality Analysis results 2021



The 16 CSR issues included items under the categories of Environment, Social Capital, Human Capital, Business Model and Governance, and Leadership and Governance. The aggregate scores indicate these items as those regarded with the highest importance:

1. Data Security
2. Customer Privacy
3. Labor Practices
4. Product Design and Lifecycle Management
5. Critical Incident Risk Management

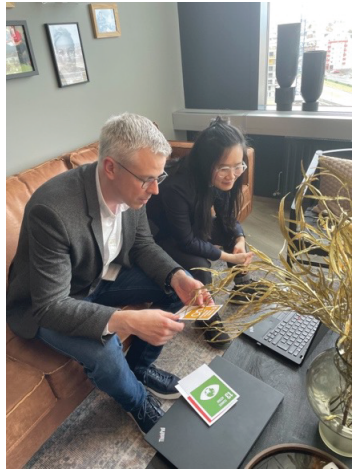
In the subsequent years, we will review and update this materiality analysis annually to monitor our CSR priorities. Based on the results of the materiality analyses, we will take relevant strategic actions.

Focus on UN Sustainable Development Goals

In the beginning of 2022, we held three internal SDG workshops open to all employees in Controlant to introduce the United Nation Sustainable Development Goals and brainstorm about ways to work towards these goals - as individuals and for Controlant as a company.

We also launched a company-wide SDG Awareness Campaign, where information on individual SDG was posted and the goals introduced. Through a special slack channel, we created an internal platform for Controlant employees, where they are invited to comment on and discuss relevant actions and ideas with the goals. Below you can find a picture of Mr. Ballot Box, as well as Controlant's employees working on the SDGs.





240 employees voted, and the following SDGs were chosen as those with the highest priority that Controlant should focus on:

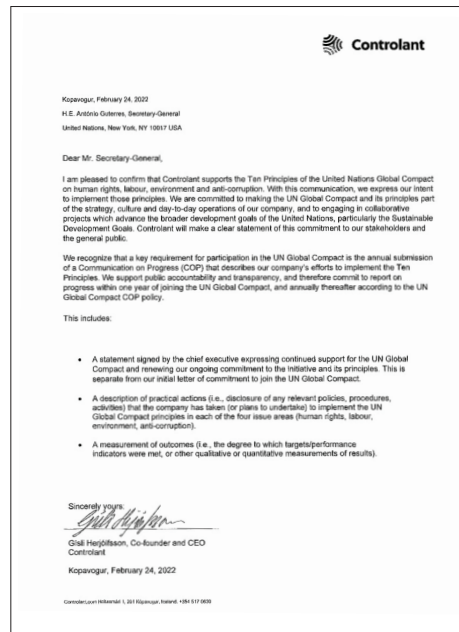


Following the vote, we conducted another round of workshops open to all Controlant employees, of which 60 employees participated to brainstorm on relevant actions we can take together for the chosen SDGs. The notes from that work will be utilized in the work going forward.

Membership with UN Global Compact and FESTA

► UN Global Compact

Controlant became a part of the United Nation's Global Compact in the beginning of 2022, marking our commitment to align Controlant's strategies and operations with universal principles on human rights, labor, environment and anti-corruption, and to take concrete action in advancing these goals.



► FESTA

FESTA is the Center for Social Responsibility and Sustainability in Iceland, a non-profit organization with over 150 members. Controlant became a member of FESTA in the beginning of 2022 to contribute to a network of companies and institutions in Iceland taking part in activities and knowledge sharing to further our collective commitment to sustainability.

2.0 Planet

Key milestones

✓ Environmental Policy

A cross functional team worked in collaboration with the executive team to draft an Environmental Policy which was signed into effect in Q2 2022. The policy notes that Controlant is committed to reducing environmental impact and continually improving environmental performance as an integral part of the company's strategy and operations with regular review.

✓ Preliminary LCA

In Q2 2022, we finished compiling and analyzing data for a preliminary version of the Life Cycle Analysis for Controlant's solution. The goal of the Preliminary LCA is to assess what data and information from suppliers we already have, and what we need to further investigate and consolidate when we complete our Full LCA. The LCA is important for us to inform product design and development, as well as streamlining our operational processes and choice of suppliers and materials to minimize Controlant's carbon footprint.

We were able to use real data from the Pfizer Covid project in 2021 as well as other CHaaS customers to perform the calculations and analyses based on CO2 emission.

Our Trajectory

► Track and Reduce Scope 1 & 2 CO2 Emissions

In the coming year, we will initiate tracking and monitoring systems for us to understand our Scope 1 & 2 emissions more closely. We aim to select the relevant partners, tools and metrics to help us analyze our footprint to target emissions reduction throughout the company.

► Making Controlant's Solutions More Sustainable

With the Preliminary LCA completed, we are excited to continue this journey to complete our Full LCA, with more precise data and data/information from our external suppliers and stakeholders. Over time, we aim to make use of our capabilities to track, trace, and reduce our products' negative environmental impact.

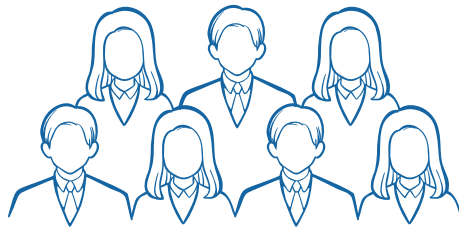
► Sustainable Product: Unlocking Controlant's Capabilities to Reduce Scope 3 Emissions for Our Customers

Controlant's potential to unleash zero-waste supply chains relies on collaborative efforts with our customers. Our solutions can help our customers track and reduce their scope 3 emissions, especially in transportation and distribution of their products, and reducing wasted product in their supply chains.

3.0 People

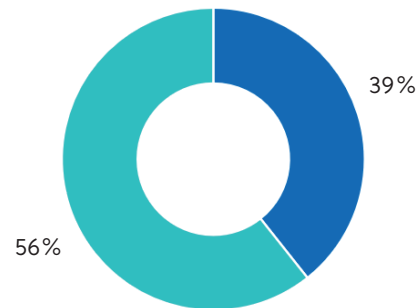
People Metrics

Controlant's total headcount YTD is 367 employees.



Average age is 36 years, ranging from 17-72 years.
We have 36 different nationalities in our six different locations, Iceland, USA, Poland and Netherlands.

■ Female - 151
■ Male - 216



36+
Nationalities based in
11+
countries

Key milestones

✓ Culture and Work-Life balance for Controlant's employees

Work-life balance is important to us. Our company culture is built around it in order to create the best possible work environment for our employees. The foundation is our values, our North star, that guides us and unites us in how we approach each other, our customers and our projects. As well as upholding flexible working hours and remote work when applicable to help with keeping a balanced lifestyle.

Creativity: We believe in fostering creativity and innovation

Transparency: We believe in transparency in our work and with our customers

Excellence: We believe in high quality and setting the standard for excellence

Fun: We believe in making work enjoyable; it keeps us coming back

✓ Diversity and Inclusion Policy

The Diversity and Inclusion Policy was signed into effect in Q2 2022. The purpose of the policy is to outline Controlant's principles regarding equality, diversity, and inclusion as well as equal opportunity and equal pay.

Team Controlant is composed of a variety of cultural, geographical, professional, and personal backgrounds. That is what makes us who we are, and we champion diversity in our culture. Controlant is committed to creating a culture of inclusion where our people feel safe, supported, and included. Team Controlant has many different languages in its arsenal, and to ensure inclusion English is the language that we use in all our activities and communications.

✓ Equal Pay Certification (Jafnlaunavottun)

Opportunities, advancement, and remuneration should be equal, fair, and transparent. Controlant is committed to ensuring equal opportunity throughout the employee life cycle. In Q2 2022, we implemented the equal pay management system into Controlant management system, to be able to perform an equal pay analysis at regular intervals among other things. The equal pay management system is compliant with ÍST 85 Equal wage management standard. BSI conducted an audit in June which we passed.

✓ Health and Safety Policy

In Q2 2022, we implemented the Health and Safety Policy to ensure consumer and patient safety and minimize waste in the global supply chain.

Controlant's mission is to improve product quality and safety in the supply chain, as well as reduce cold chain waste by 90%. Controlant understands that the management of health and safety in the workplace contributes to the overall performance of the business. Controlant also recognizes that successful health and safety management is dependent on the active commitment and participation of every employee. Controlant, therefore, encourages all employees to contribute and participate in maintaining a safe work environment and promoting health in the workplace.

Our Trajectory

- ▶ Continues Learning and Development for Controlant's People Leaders and employees
- ▶ 7 habits, leadership training
- ▶ Ekko training, anti-harassment and bullying training
- ▶ Regular physical and mental health checks

2.3 Community

Key milestones

✓ Collaboration Champions Committee established in Q4 2021.

Conversation on partnership and collaboration activities has formally started through a committee that focuses on ambitious goals of Controlant in this category.

✓ Partnership with University of Reykjavík (HR) established

This includes initiating the conversation around internship programs, summer employment and research projects for Bachelor and Masters students in various subjects.

✓ External visits to Controlant to strengthen our brand and our local communities

Recent successful trial was welcoming VertoNET - Women in Tech organization, as well as HR students from Technis through "Vísindaferð" in our Head Quarters in Kópavogur. Future endeavors include attracting future talent through external visits to Controlant, as well as participating in local events and initiatives.

✓ Framadagar and Icelandic Innovation Week

In Q1 2022 we successful participation in Framadagar, an annual event where companies and institutions come together to empower young people and showcase Icelandic labor market and what it has to offer. Framadagar has been held for over twenty year where young people and students have the opportunity to get to know successful companis and strenghten their network.

In Q1 2022, we participated in Icelandic Innovation Week (IIW) in Gróska. This is where the outside world had the chance to get to know Controlant – the culture, the people and the history of the company through a fire chat called "Overnight Success takes 15 Years". IIW is a young festival that celebrates innovation in all its forms throughout a whole week that takes place in different venues all over the city of Reykjavík.

✓ **Community Champions Committee established in Q4 2021.**

Charitable activities have been formalized through a committee that consists of rotating members. This way we keep our employees engaged and in charge of focused actions.

✓ **Donation to Píeta Samtökin**

Mental health is important to us and Controlant actively contributes by conducting annual health checks on employees, and in Q4 2021 donated part of the Charitable Donation Budget to Píeta Samtökin which provides first aid, accessible services, support and treatment for those at risk of suicide and bridge applicable resources if needed. Additionally, the organization works on promoting knowledge and understanding of psychological pain and suicide and is leading in Iceland when it comes to suicide prevention in Iceland.

✓ **Controlant for Ukraine initiatives**

In the light of recent events, Controlant's employees initiated help through three initiatives supporting those affected by the war in Ukraine:

- Together for Ukraine – Controlant's employees raised 740,000 ISK for the Red Cross crisis appeal for Ukraine. Controlant is matching the donation, in total donating 1.4 million ISK to the Red Cross.
- Our Team in Poland is doing an excellent job assisting people arriving in Wroclaw from Ukraine. Controlant has donated supplies for 400,000 ISK that the team in Poland has distributed to the people in need.
- Controlant is free of charge monitoring Rocephin (a critical antibiotic) shipments into Ukraine. The medicine is used for the treatment of broad spectrum of infections.



Our Trajectory

► 5 million ISK Budgeted for Charitable Donations

We have allocated a total budget of 5 million ISK for charitable donations this year, 2022. This amount will be reviewed yearly, and we hope to contribute more as our company grows.

► Community Engagement Policy to be published

Controlant aims to positively impact our communities and be a responsible global citizen. This policy is designed to clarify the organization's objectives in charitable giving, community engagement and our partnerships with non-profit organizations and universities. We commit to 5 focus areas for our community engagement activities, including advancing education, strengthening the start-up environment, promoting diversity and inclusion, safeguarding mental health, and collaborating with universities.

► Track KPIs Related to Community Engagement Efforts

Moving forward, we will track and monitor KPIs for community efforts we have engaged in across the 5 focus areas, including metrics related to volunteering, donations, community programs, and other efforts.



3.1 Value (Profit/ Governance)

Value Over Profit

Controlant has always put Corporate Social Responsibility at heart and strives to bring value on impact to our customers in allowing greater transparency over their supply chains.

During this phase of rapid growth, the company has continued to place the focus on investing in growth in order to deliver even greater impact to our customers over time in our mission to unleash zero-waste supply chains.

Corporate governance

The company operates in accordance with the Icelandic act on public limited companies, no. 2/1995, and the articles of association of the company. The board of directors of the Company consists of five members, elected by shareholders, two female and three males, which is in compliance with the applicable gender equality laws.

The board of directors has implemented procedural rules, dated 31 August 2021. The procedural rules are in accordance with the act on public limited companies and specifies the role and duties of the directors, meeting procedures, confidentiality, ineligibility and conflict of interest. The rules are prepared with consideration of the guidelines on corporate governance published by the Iceland Chamber of Commerce, Nasdaq Iceland and SA – Business Iceland.

The company has implemented a management system adhering to the standard and requirements set out in ISO 9001. Furthermore, the company has implemented an IT security framework under the frame of ISO 27001.

The company operates in accordance with the policies and procedures implement under the ISO framework, amongst other code of conduct that addresses ethical standards applied by the company, including anti-bribery and corruption principles and anti-money laundering principles. The company operates in compliance with the principles of GDPR, as implemented into Icelandic laws and regulations.

CSR and Relevant Policies

The following policies are available by request:

- CSR Policy
- Environmental Policy
- Diversity and Inclusion Policy
- Health and Safety Policy