

EET ESG Report 2020



ESG impacts through the value chain

A substantial part of EET's business is to provide spare parts for electronic devices, thereby extending the lifespan of the devices themselves. By doing so, EET contributes to a more sustainable and environmentally friendly approach to the rapid growth in use of technology hardware. EET needs to closely monitor in particular:

- ▶ 1. the potential impact of the dual use of products for unethical purposes;
- ▶ 2. the conditions under which the products are produced; and
- ▶ 3. the potential impacts on end-user safety.

“ *Electronic waste represents an environmental impact through the value chain that must be managed through efficient stock management, clear supplier requirements and strict guidelines and processes for handling and disposal of electronic waste.*

“ The environmental impacts of production and the sourcing of raw materials are also important parts of EET’s footprint.

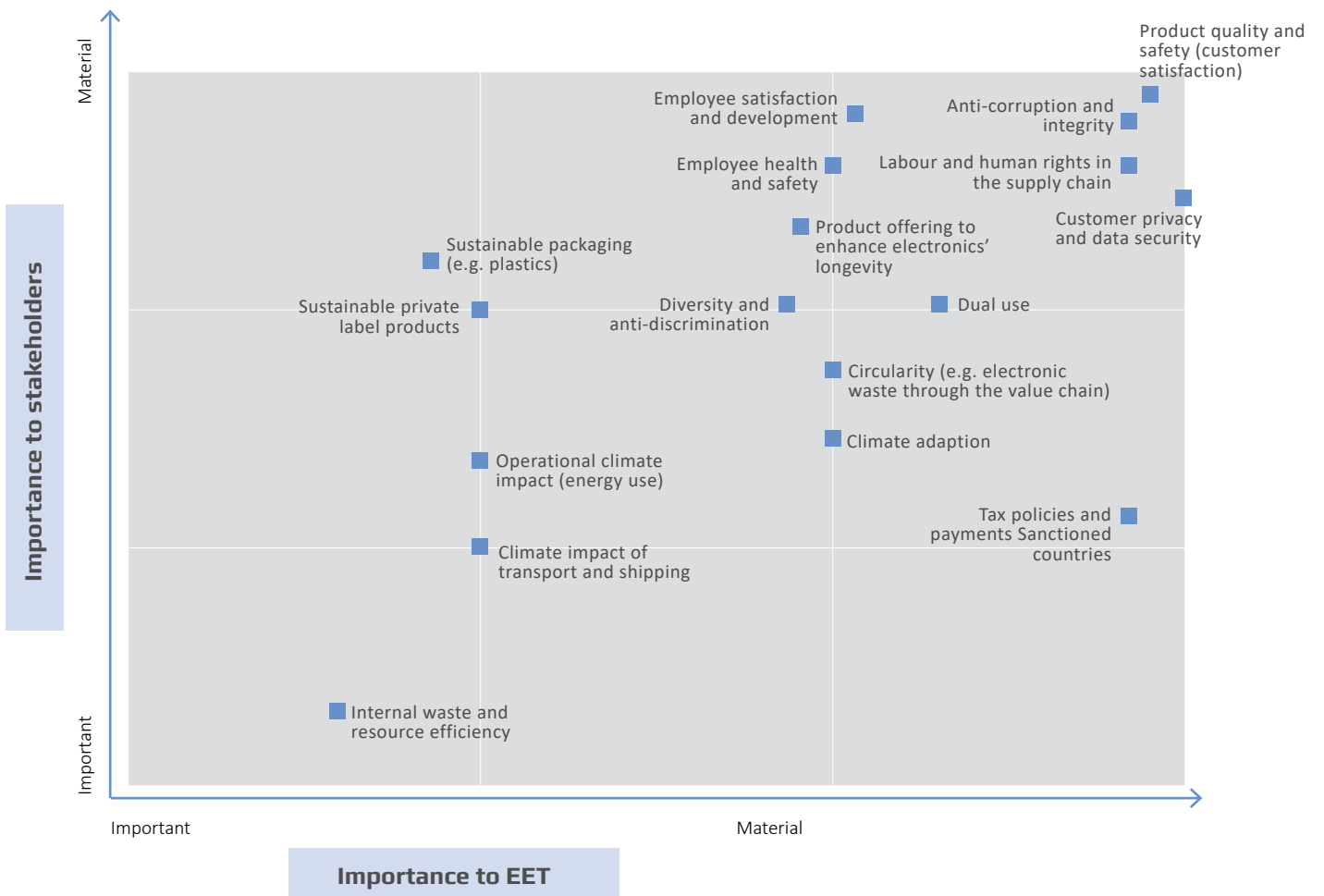


Raw Material Supply	Suppliers' Production of Electronic Parts	Marketing, Storage and Distribution	Customers - Re-sellers and End-use
<ul style="list-style-type: none"> ▶ Labour conditions and human rights 	<ul style="list-style-type: none"> ▶ Labour conditions and human rights 	<ul style="list-style-type: none"> ▶ Anti-corruption and integrity 	<ul style="list-style-type: none"> ▶ Product quality and safety (customer satisfaction)
<ul style="list-style-type: none"> ▶ Conflict minerals 	<ul style="list-style-type: none"> ▶ Sustainable packaging in the supply chain 	<ul style="list-style-type: none"> ▶ Employee health and safety 	<ul style="list-style-type: none"> ▶ Customer privacy
<ul style="list-style-type: none"> ▶ Sanctioned countries 		<ul style="list-style-type: none"> ▶ Employee satisfaction and development 	<ul style="list-style-type: none"> ▶ Dual use
		<ul style="list-style-type: none"> ▶ Diversity and anti-discrimination 	<ul style="list-style-type: none"> ▶ Sanctioned countries
		<ul style="list-style-type: none"> ▶ Product offering to enhance electronics' longevity 	<ul style="list-style-type: none"> ▶ Climate impact of transport and shipping
		<ul style="list-style-type: none"> ▶ Internal waste management 	<ul style="list-style-type: none"> ▶ Product offering to enhance end-use energy efficiency
		<ul style="list-style-type: none"> ▶ Operational climate impact 	<ul style="list-style-type: none"> ▶ Electronic waste (WEEE)
		<ul style="list-style-type: none"> ▶ Sustainable packaging to customers 	
		<ul style="list-style-type: none"> ▶ Tax policies and payments 	

ESG risks and opportunities

Innovation in electronic devices moves quickly and it has become common to replace electronic devices frequently. These practices lead to a high amount of electronic waste that is neither being reused nor recycled.

EET serves a growing need among customers and end-users to maintain and update electronic devices. Positioning the business to meet this growing need is an opportunity at the core of the business model. However, the production of electronic parts and devices may involve negative environmental impacts or poor labour conditions, both of which must be avoided. Some products might also be used for unethical purposes or by people in countries that are under sanctions. Corruption and unethical conduct may be present in parts of the value chain, as EET deals with many suppliers and customers across the globe. EET has an opportunity to contribute to SDG 12, sustainable consumption and production patterns; in particular with the management of natural resources, waste, increasing recycling and increasing transparency in supply chains.



UN sustainable development goals

Key focus areas for EET Europarts



Achieve gender equality and empower women and girls.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Ensure sustainable consumption and production patterns.



Take urgent action to combat climate change and its impacts.



Promote just, peaceful and inclusive societies.

Company ESG performance 2019 and plan for 2020

Area 1 Responsible and active Supply Chain Management



Efforts 2019	Performance	Ambitions 2020
<ul style="list-style-type: none"> •We have updated EET standard vendor contracts with requirements related to <u>labour conditions and human rights</u> as well as <u>conflict minerals and dual-use products</u>. •Intensify the dialogue with our Private Label products suppliers in China to use more environmentally friendly packaging and ink. •We have reviewed our supplier risk assessment model and performed <u>on-site audits</u> where required. With the assistance of external specialists we have analysed the risk in our supply chain related to <u>conflict minerals and dual-use products</u>. Based on the nature of the vendor, risk profile of vendor geography, and the amount of business we do with the vendor we have identified 383 (hereof 82 Private Label) vendors to receive a self-assessment questionnaire of which 34 (hereof 26 Private Label) will be physically audited if objective assessment criteria (such as international quality certifications) are not met. •Dialogues about environmentally improved packaging alternatives have been initiated with the largest manufacturers among our vendors. Results still to be seen. •We ensure that countries that are listed on a <u>sanctioned</u> list cannot be supplied by EET. We will include potential dual-use information in custom clearance code table. 	<ul style="list-style-type: none"> •We have updated our <u>vendor contracts</u> and 80% of our top vendors have signed the new requirements/ contract or already have a public CSR policy. A further 180 vendors have received the self assessment for signing. •35 vendors (overall) have so far replied to our <u>self-assessment</u> questionnaire. Almost all Private Label vendors (56) have received the questionnaire and 46 have replied. •<u>Sanctioned Countries</u> are blocked in our ERP and finance systems and dual-use information is noted on item card level. Relevant products have been updated and an improved process has been set up to ensure continuous update. 	<ul style="list-style-type: none"> •We will continue our work on <u>quality assurance</u> and vendor qualification. We aim to reach 95% of our overall top80 vendors both regarding roll out of new contracts as well as self assessments. •We will actively ask our Private Label vendors to provide <u>climate friendly alternatives</u> to standard products. •20 of our Private Label suppliers are scheduled to be audited •Keep internal list of <u>sanctioned countries</u> updated according to global developments.

Area 2

A trusted and ethical business partner and a great place to work



Efforts 2019	Performance	Ambitions 2020
<ul style="list-style-type: none"> EET's employees are the company's most important assets and we measure and actively work with the results in close dialogue with the employees to continuously improve <u>employee engagement</u>. Several KPI's are followed in this area. Employee <u>health and safety</u> is addressed in restated HR policies. We measure absenteeism due to illness. <u>Anti-corruption and integrity</u> are addressed in policies of Code of Conduct and Whistleblowing as well as mitigated via internal controls and external audits. We measure employees trust in EET taking action should incidents occur. EET will always comply with national and international <u>tax and trade legislation</u>. We follow implemented global tax compliance procedures in close cooperation with worldwide covering auditors <u>Diversity, fair treatment and anti-discrimination</u> is an integral part of HR policies. We regularly track gender distribution and employees' trust in fair treatment. 	<ul style="list-style-type: none"> We aimed to increase the overall <u>engagement score</u>, but we kept our score of 7.5 (eNPS 20), and increased the survey participation to 89% (up 1% from last year). The top drivers of the engagement survey (the ones above our own average of 7.5) were Goal setting , Organizational fit, Peer relationship, Meaningful work, Management support, Autonomy, Strategy, Work load, Freedom of opinions, Accomplishment, Environment and Recognition. <u>Workplace survey</u> conducted in the company's largest entity/geography (Denmark) – the findings were immediately priorities and addressed through action plans that have been completed. <u>Absenteeism</u> due to illness is unchanged at 2.5% All <u>internal policies</u> (CoC, Anti-corruption, Whistle-blower) have been translated (where necessary) and communicated to all employees who have actively accepted them (documented) Trust in EET taking action in case of serious misconduct score: 8.2 (0.1 down from last year). We have worked on a daily basis to maintain high level of <u>trust in fair treatment</u> and aim to increase the share of women in an effort to achieve more <u>diversity</u> via equal gender distribution. Our Diversity and fairness KPI's Share of women: 28% (2% up from last year). Share of women among managers: 15% Trust in fair treatment score: 8.8 (0.1 up from last year). 	<ul style="list-style-type: none"> As a supplement to the focus on engagement scores (which we aim to keep at current level or higher) we will follow the <u>development of the bottom drivers</u> (below our own average of 7.5 and below external benchmark) of engagement: personal Growth and Reward. We will conduct the <u>engagement survey only</u> once a year (as opposed to previously two) and thus provide more time to work thoroughly with the findings in each team.

Area 3

Minimise environmental impacts through the value chain



Efforts 2019	Performance	Ambitions 2020
<ul style="list-style-type: none"> • We have worked to improve the circularity and end-of-life management of our products through improving stock profiles. Our active marketing efforts, however, are limited by our engagement to OEM producers. • We have added more climate friendly and energy efficient products mainly within the smart home category. • We have initiated work to <u>map our carbon footprint / GHG (greenhouse gas) emissions</u> through the implementation of CEMAsys (a cloud based reporting tool). We will report on: <ul style="list-style-type: none"> • scope 1 (company cars impact), • scope 2 (electricity, district heating and cooling as well as focus on share of purchased energy covered by guarantees of origin) and • scope 3 (upstream indirect impact related to cyclability and packaging of products as well as end-of-life management of goods sold, and climate impact generated from our business travel) We have issued a <u>TCFD report</u> on climate related targets, strategies, risks and mitigations • We have revisited our risk <u>materiality assessment</u> including a particular update on climate adaptation. Scenarios addressed were warehouse flood risk, supply chain disruption due to the direct and indirect effects of climate changes, international legislation of supply chain liability for product life cycle and changes in customer buying behaviour. • We actively contribute to a nationwide effort to pay for the <u>recycling of electronics</u> (in Denmark where our distribution centre is located) • Our <u>outbound packaging</u> of recycled corrugated cardboard is 100% FSC certified. Also we use 100% FSC filling material (no plastics). We only buy packaging materials from trusted and certified vendors. • We perform well implemented process of <u>waste segregation</u> (e.g. glass, metal, electric waste, batteries). • We have worked with our transporters to get <u>climate impact</u> reporting. 	<ul style="list-style-type: none"> • Refurb sales have decreased by 48% mainly in the area of servers. • Our smart home product sales have increased by 35%, mainly in the areas of monitoring cameras, vacuum cleaner robots and thermostats. • We have reduced <u>energy consumption</u> and improved indoor light quality by introducing LED lighting at our main distribution facility. Also lighting above the AutoStore area (1500-1600 sqm) is now sensor activated. The investment was 160k DKK and savings estimated are 100k DKK p.a. (1½ year payback time on investment). • We have reduced our <u>energy consumption</u> related to running IT servers by 80% through reducing number of servers, change to energy efficient servers, and cooling them down. • Our <u>GHG emissions</u> have been measured for our activities in Denmark (where not otherwise indicated): <ul style="list-style-type: none"> • Scope 1 emissions: 121 tCO2e (company cars). • Scope 2 emissions: 351 tCO2e (electricity and district heating. Nordic locations). • Scope 3 emissions: 55.350 tCO2e (goods transportation) and 51 tCO2e (air travel) and 53 tCO2e (waste). 	<ul style="list-style-type: none"> • We will work with our OEM vendors to e.g. reuse end-of-lease products – results will be limited however in 2020. • We will continuously work with our transportation partners on the <u>climate impact</u> of transport and shipping. We expect them to provide carbon footprint data related to our activities. • We will introduce new packaging compressors, which will significantly reduce the number of annual waste pickups from 40-50 to 6-8 times a year. This will reduce transportation and thereby <u>carbon emissions</u>. • We will introduce a plastic waste compressor to <u>improve recyclability</u> of this type of waste. • We will extend the procedures followed in our main distribution centre in Denmark related to <u>reduction of waste, energy consumption, transportation and packaging optimisation</u> to our warehouses in UK, Spain and France. • We will be able to guaranty targets by the end of 2020.

Area 4

Responsibility towards customers and consumers



Efforts 2019	Performance	Ambitions 2020
<ul style="list-style-type: none"> • We have succeeded in increasing the already high level of <u>customer satisfaction</u> (measured as cNPS). Our strategy update work involved extensive customer interviews by 3rd party. Results included a wealth of details on why our customers like to work with us • We have initiated work on a Product information Management (PIM) structure that will provide customers with improved product information. • Related to our overall efforts on improving <u>data security</u>, we have moved additional servers and applications to a new host centre • We have also implemented an external WAF (web application firewall) with a highly regarded provider. It is a filter that protects against HTTP application attacks. 	<ul style="list-style-type: none"> • Overall cNPS score 27 (up from 22 last year). • Participation rate unchanged from last year as we decided not to make efforts to increase number/frequency of surveys. • 1.2 million products have been migrated to the new PIM system incl. data enrichment from trusted partners. 	<ul style="list-style-type: none"> • Maintain or increase the <u>customer satisfaction</u> (cNPS) score and again consider whether we want to increase participation rate. This will be achieved through working with customer segmentation and differentiated processes and/or offering. • Increase level of product related data in PIM and upgrade data presentation on customer facing IT platforms incl. web, email and data integrations. • Update our IT Policy, IT Security Policy and our IT Disaster & Recovery Policy.