

# EET ESG Report 2019



## 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. In particular, EET needs to closely monitor:

- ▶ 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 presents 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 disposing of electronic waste.*”

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



**1) Raw material supply**

- ▶ Labour conditions and human rights

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- ▶ Conflict minerals

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- ▶ Sanctioned countries

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**2) Suppliers production of electronic parts**

- ▶ Labour conditions and human rights

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- ▶ Sustainable packaging in the supply chain

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**3) Marketing, Storage and Distribution**

- ▶ Anti-corruption and integrity

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- ▶ Employee health and safety

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- ▶ Employee satisfaction and development

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- ▶ Diversity and anti-discrimination

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- ▶ Product offering to enhance electronics’ longevity

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- ▶ Internal waste management

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- ▶ Operational climate impact

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- ▶ Sustainable packaging to customers

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- ▶ Tax policies and payments

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**4) Customers – Re-sellers and end-use**

- ▶ Product quality and safety (customer satisfaction)

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- ▶ Customer privacy

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- ▶ Dual use

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- ▶ Sanctioned countries

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- ▶ Climate impact of transport and shipping

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- ▶ Product offering to enhance end-use energy efficiency

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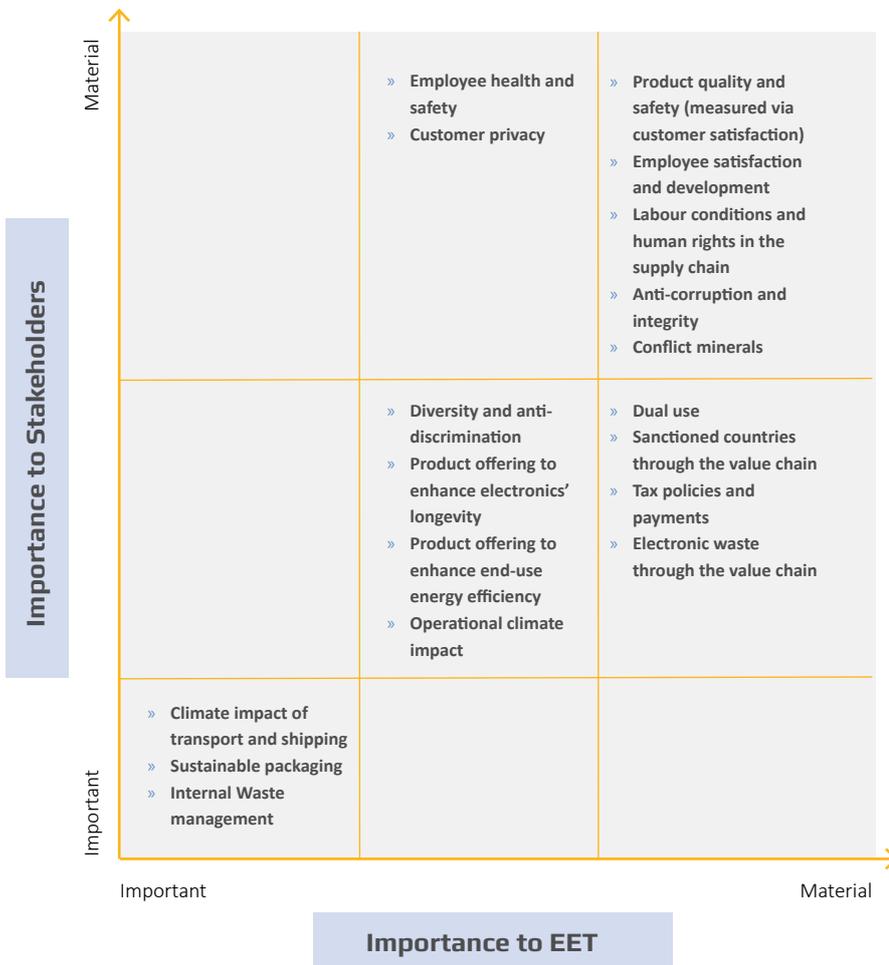
- ▶ Electronic waste (WEEE)

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## 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.**



The production of electronic parts and devices may, however, 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 UN Sustainable development Goal #12, "sustainable consumption and production patterns".  In particular with the management of natural resources, waste, increasing recycling and increasing transparency in supply chains.

## ESG performance 2018 and plan for 2019

### Area 1 Responsible Supply Chain

Efforts 2018	Performance	Ambitions 2019
<ul style="list-style-type: none"> <li>We have worked continuously to ensure that suppliers complied with EET Group's Supplier Code of Conduct by focusing on responsible supply chain management and ensuring high traceability of products.</li> </ul>	<ul style="list-style-type: none"> <li>Number of on site factory audits carried out: 16.</li> </ul>	<ul style="list-style-type: none"> <li>Update EET standard vendor contracts with requirements related to labour conditions and human rights as well as conflict minerals and dual-use products.</li> <li>80% of top vendors will have signed the new requirements.</li> <li>Review supplier risk assessment model and perform on-site audits where required. With the assistance of external specialists analyze the risk in our supply chain related to conflict minerals and dual-use products.</li> </ul>
<ul style="list-style-type: none"> <li>We have identified a few items where dual-use could be a potential risk. Established a process to identify and mitigate this risk which is primarily related to network and communication product groups.</li> </ul>	<ul style="list-style-type: none"> <li>6 EECN numbers registered.</li> </ul>	
<ul style="list-style-type: none"> <li>Our systems block any attempt to create a customer or a delivery address that are on the list of sanctioned countries.</li> </ul>		<ul style="list-style-type: none"> <li>Ensure that both countries and individual companies that are listed on a sanctioned list cannot be supplied by EET. We will include potential dual-use information in custom clearance code table.</li> </ul>

### Area 2 Responsible Business Operations: People and Integrity

Efforts 2018	Performance	Ambitions 2019
<ul style="list-style-type: none"> <li>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 employee engagement. Several KPI's are followed in this area.</li> </ul>	<ul style="list-style-type: none"> <li>Survey participation: 88%</li> <li>Overall engagement: 7.5</li> <li>Overall eNPS: 20.</li> </ul>	<ul style="list-style-type: none"> <li>To continue to measure employee engagement and to actively work with the results in close dialogue with the employees. We aim for an overall engagement score of 7.8 and an eNPS of 24.</li> </ul>
<ul style="list-style-type: none"> <li>Employee health and safety is addressed in restated HR policies. We measure absenteeism due to illness.</li> </ul>	<ul style="list-style-type: none"> <li>Absenteeism due to illness: 2.5%.</li> </ul>	<ul style="list-style-type: none"> <li>HR policies on health and safety will be reviewed and surveyed on an ongoing basis to continuously improved work place conditions, health and safety of our employees.</li> </ul>
<ul style="list-style-type: none"> <li>Anti-corruption and integrity 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 taking action should incidents occur.</li> </ul>	<ul style="list-style-type: none"> <li>Trust in EET taking action in case of ethics breach score: 8.3</li> </ul>	<ul style="list-style-type: none"> <li>Anti-corruption and integrity Policies and their implementation are reviewed and surveyed on an ongoing basis.</li> </ul>
<ul style="list-style-type: none"> <li>EET Will always comply with national and international tax and trade legislation. Implemented global tax compliance procedures in close cooperation with worldwide covering auditors.</li> </ul>		<ul style="list-style-type: none"> <li>Tax policy and payments are kept updated and adhered to as determined by global and local legislation in each country where we operate.</li> </ul>
<ul style="list-style-type: none"> <li>Diversity and anti-discrimination is an integral part of HR policies. We regularly track gender distribution and employees' trust in fair treatment.</li> </ul>	<ul style="list-style-type: none"> <li>Share of women: 26%</li> <li>Trust in fair treatment score: 8.7.</li> </ul>	<ul style="list-style-type: none"> <li>Work on a daily basis to maintain high level of trust in fair treatment and aim to increase the share of women in an effort to achieve more diversity via equal gender distribution.</li> </ul>

**Area 3 Responsible Business Operations: Environmental Impacts**

Efforts 2018	Performance	Ambitions 2019
<ul style="list-style-type: none"> <li>▶ We have worked continuously to improve EET’s energy efficiency and reduce environmental impact. Continued efforts to reduce waste and energy consumption through meticulous waste separation of scrapped products and use of compactors to reduce the environmental impact of disposals. Our robotized warehouse solution, AutoStore, has decreased our power consumption.</li> </ul>	<ul style="list-style-type: none"> <li>▶ No indicators reported.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continue current procedures to reduce waste, energy consumption, excessive transportation and packaging and ensure compliance with legislation. Extend these procedures to all warehouses in the countries where we operate.</li> </ul>
<ul style="list-style-type: none"> <li>▶ We have worked to reduce the climate impact of transport and shipping focusing on combined shipment solutions which have optimized the total transport solutions.</li> </ul>		
<ul style="list-style-type: none"> <li>▶ We have reduced the use of packaging materials and we only use recycled material while still doing product safe distribution. Further a targeted effort was made to reduce plastics in packaging of particularly our Private Label product range.</li> </ul>		<ul style="list-style-type: none"> <li>▶ Intensify the dialogue with our Private Label products suppliers in China to use more environmentally friendly packaging and ink.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Supporting sustainable environmental footprint we have added products like charging stations and cables for electric vehicles. Also we offer a range of refurbished products.</li> </ul>		<ul style="list-style-type: none"> <li>▶ Increase sales of refurbished products by 20% and add more climate friendly products as appropriate.</li> <li>▶ Increase focus on “smart home” products as they often facilitate improved energy efficiency at end user. Ensure our customers have a possibility to select an energy efficient solution.</li> </ul>
		<ul style="list-style-type: none"> <li>▶ Define KPI’s and measure environmental impact of efforts from these procedures.</li> </ul>

**Area 4 Responsibility Towards Customers and Consumers**

Efforts 2018	Performance	Ambitions 2019
<ul style="list-style-type: none"> <li>▶ We have worked continuously to ensure a high level of customer satisfaction and provide safe and functional products to the end-consumers and regularly measures on Net Promoter Score (NPS).</li> </ul>	<ul style="list-style-type: none"> <li>▶ Overall cNPS score: 22.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continuously measure customer satisfaction (cNPS). Maintain or increase the cNPS score while doubling the participation rate.</li> </ul>
<ul style="list-style-type: none"> <li>▶ As part of an overall effort related to data security, we have implemented a level of customer data privacy to ensure compliance with the EU General Data Protection Regulation (GDPR). We hold a tier 4 data-center certification.</li> </ul>		<ul style="list-style-type: none"> <li>▶ Ensure GDPR compliance.</li> </ul>