



UN Global Compact

COMMUNICATION ON PROGRESS 2022





UN Global Compact

COMMUNICATION ON PROGRESS

Content

Statement by the CEO and Chairman of the Board of Directors page **3**

Presentation of practical engagement and results:

Human Rights page **6**

Labor page **7**

Environment page **9**

Anti-Corruption page **11**

STATEMENT BY THE CEO AND CHAIRMAN OF THE BOARD OF DIRECTORS



Dear stakeholders of ALSO,

Corporate Governance is the indispensable basis of any long-term management. For us, this includes the commitment to environment and social topics. In recent years, however, the term “ESG” has become a real buzzword. We think it is wrong to lump together under this acronym three such important topics as environment, social and governance, which have little or nothing to do with each other.

Corporate Governance is regulated by law, there is no room for interpretation. Those who do not comply with it are liable to prosecution. The basic understanding of good Corporate Governance is uniform in the Western world, yet jurisprudence varies in each country. One example of this is the different understanding of the task of the board of directors, which in Switzerland, unlike in the Anglo-Saxon world, is not a supervisory board – and thus a controlling body – but whose task it is to actively manage the company. We adhere to the regulations of the country in which we are based. They cannot be interpreted as we see fit or exported, dubbed ‘best practice’.

As clear as the legal situation is in governance, as unclear it is in the areas of environment and social affairs. For years, we have been calling for the introduction of legal requirements for these topics as well. We are therefore pleased that the legislators in the EU and Switzerland are taking action. In 2023/24, a series of laws will come into force that focus on such important topics as responsibility along the supply chain or respect for human rights. Clear criteria and rules are also needed for the rapidly growing number of so-called ESG funds. Often, existing funds have simply been renamed to take advantage of the high demand for sustainable investments. Of course, there are serious providers in this market. Together with them, we welcome the fact that the Securities and Exchange Commission (SEC) has created an ESG task force to ensure transparency and clarity in the disclosure of ESG topics. The work of rating agencies should also be defined and controlled. They must work according to a binding standard that is transparent and accessible to all stakeholders. Unfortunately, their audits are often very superficial (tick the box) to negligent and do not do justice to the importance of the content. The skyrocketing number of questionnaires and lists of ever new agencies does lead to growing costs for processing – but it has not yet resulted in a single positive measure being planned, let alone implemented.

Regardless of ratings, funds and regulations, there have fortunately also been a number of positive developments in the last two years. Many companies are in the process of reducing their ecological footprint. The number of start-ups working on sustainability issues has increased by leaps and bounds. Genetically modified trees that break down a toxic by-product of photosynthesis so that more energy is available for growth, technologies for converting CO₂ into chemicals such as plastics and fuels, new software architectures that reduce the energy required for crypto-mining by 99.95% – it is impressive how many new ideas and business models are developing.

ALSO is continuously expanding its sustainable portfolio and commitment and has been doing so for over twelve years now. We have governance arrangements that go far beyond the legal requirements, for example the role of the Lead Director, which we introduced back in 2015. We are committed to the environment, for example by using geothermal energy as an energy source at our warehouse in Finland since 2016. And with Citizen Science projects in Belgium and Serbia, we have long been responding to society's interest in using digital technologies.

In 2022 we undertook a number of activities to further optimise sustainability performance:

The Annual General Meeting decided to establish an ESG Committee, which is mainly composed of external stakeholders under the leadership of a Board member. It supports and advises the Board of Directors in its efforts to further the sustainable development of the company. We succeeded in recruiting an international team of experts for the committee, representing the interests of vendors, resellers, investors, and employees. In addition, we were able to win a renowned expert on CSR as a permanent member.

For many years, we have screened all new vendors for their ESG performance. In 2022, we sent a questionnaire covering all relevant dimensions to the top 50 of our suppliers in order to systematically record their commitment to human rights and ecology as well as governance issues. The results are evaluated and actively followed up. The ALSO Supplier Code of Conduct is also being sent out step by step to our partners for them to sign.

We have taken a number of measures to reduce our CO₂ emissions. Our IoT solution "Workplace+" has been implemented in our own warehouses and offices to monitor and control energy consumption and emissions. We prepared a contract in Scandinavia with logistics provider BRING for intermodal transport, an environmentally friendly way of moving containers and trailers over long distances, and climate-neutral last-mile delivery. We have developed far-reaching measures to reduce our vehicle fleet. And we have done intensive groundwork to expand our portfolio in 2023 to include renewable energy products such as inverters, energy storage systems and EV chargers.

Diversity is part of ALSO's DNA. Having employees of different genders, ages, backgrounds, religions, etc. is an enrichment for our business and our corporate culture. In order to expand our commitment in the area of human rights, we have, among other things, started an active dialogue with our suppliers.

There is one more initiative that I would like to mention in this context: In the course of the past year, the cost of living rose noticeably in some countries. In November, the Management Board of ALSO Holding therefore decided to make a one-off compensation payment to eligible employees in the affected countries. To ensure that the payments reach exactly where they were most needed, we developed a progressive system linked to wage levels. In total, 2683 employees received payments. We are also very proud of all those who did not benefit directly from the programme but were happy to support their colleagues.

Neither greenwashing nor greenwashing will take us any further in realising our purpose, which is to improve the quality of life of all people through technology. We work on the realisation of this purpose every day. Our work is recognised internationally, both by external agencies such as Ecovadis or Sustainalytics and by sustainable finance companies such as Green Growth Futura. Their sustainability committee has carefully examined ALSO and selected it for a fund launched jointly with GLS Bank (even though the colour of our company is 'coloured' and not green).

ALSO reaffirms its support for the ten principles of the United Nations Global Compact and supports its efforts to promote sustainability, equality and human rights. This progress report demonstrates our commitment to integrating the Global Compact and its principles into our company's strategy, culture, and day-to-day operations.



► **Gustavo Möller-Hergt**

CEO and Chairman of the Board of Directors of ALSO Holding AG

HUMAN RIGHTS

PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights, and

PRINCIPLE 2

make sure that they are not complicit in human rights abuses.

Evaluation, strategies, and objectives

Respect for human rights is part of our self-perception as the ALSO Group.

We do not tolerate discrimination, racist remarks, or harassment in the work environment concerning age, disability, origin, gender, political stance, religion, ideology, or sexual orientation.

Pursuing relevant Sustainable Development Goals, which we identified in dialogue with stakeholders, is also part of our commitment as a company. In the area of human rights, relevant goals from our perspective are SDG 3, Good health and well-being; SDG 4, Quality education; SDG 8, Decent work and economic growth; and SDG 10, Reduced inequalities.

Data protection and information security, as well as the associated protection of personal rights, are integrated in our sustainability strategy. Our systems are regularly subject to external risk audits. Additionally, our shop systems work with multi-factor authentication (MFA). We treat sensitive data of employees, customers, partners, and competitors confidentially, adhering to the European data protection, the GDPR legislation, and the laws of the operating countries.

Ensuring humane working conditions and the prevention of occupational accidents or injuries are also part of this area.

Implementation

Every new employee gets a copy of the Code of Conduct when they start working. The first point listed in the code is "Human dignity and personal rights." In addition to

respect for dignity and rights, the code also includes equal opportunities for all employees.

On our website, we include the direct contact information of an independent, external ombudsman.

To manage risks related to human rights, we continuously collect information on the economic, political, and social situation in countries or regions where we are active or planning activities.

Safety regulations are adhered to at all locations in accordance with legal requirements. In areas with particular risks, such as warehouses, regular safety training is taking place on-site.

Courses on data protection and the GDPR are offered in the ALSO e-learning platform. In the ALSO Cloud Marketplace the auditing for DIN ISO 27001 was renewed and an additional auditing for DIN ISO27017 was carried out. In 2022, a total of 1674 employees participated in e-learning courses on health, human rights, and occupational safety. In warehouses, employees responsible for security receive full training on health and safety, which is also an element of human rights. Regarding data security, our information security team receives constant training from cutting-edge companies on safeguarding our customer's private data, also of importance in ensuring full respect for human rights.

All vendors we work with are sent a questionnaire prior to entering into a business relationship in order to gather as much information as possible about ethical standards and the sustainable sourcing process (including rare earths). The feedback, including a signed Code of Conduct, is reviewed by an international ESG team at ALSO and any issues that arise are discussed with the vendors.

The continuous monitoring and evaluation of human rights at our vendors was one explicit goal in the development of the questionnaire we started sending out in 2022. All vendors are required to complete an ESG self-assessment. This questionnaire covers topics such as human rights, forced or compulsory labor, child labor, general working conditions, wages and benefits, discrimination, freedom of association, collective bargaining, health and safety, business ethics and anti-corruption. Additionally, an international Supplier Code of Conduct was drawn up and sent to currently about 50 manufacturers for signing.

All employees receive safety training in the countries as part of the onboarding process. In addition, the ALSO e-learning platform offers health and safety courses on the following topics: General safety instruction, training for fire safety assistants, use of driving equipment (picking vehicles, forklifts), load securing. More advanced training is provided depending on country-specific requirements. It is mandatory for all employees to participate in Health and Safety trainings, including knowledge checks on an annual basis. Information regarding health and safety is available in offices/warehouses and is to be adhered to by employees and visitors at all times. ALSO offers hybrid working arrangements with an alternation of home office and present times and flexible working hours for those employees whose job permits this.

All employees have access to clean drinking water and can at least get snacks if needed. Company-wide, there is an offering of a half-hour online yoga class twice a week.

Additionally, we encourage employees to participate in initiatives by local health service providers and organize courses on the prevention of health problems where possible. Two excellent examples are the “Jobrad” (job bike) initiative in Germany, in which ALSO subsidizes the use of a bike for employee commuting; and the yearly “Company run” in which employees from the German offices cycle, run, walk or swim as part of a competition.

Results

There were no reports to the independent ombudsman or the internal ESG office during the reporting period. To the best of our knowledge, we are not aware of any significant actual or potential negative impacts regarding human rights or work practices in our supply chain in the reporting year.

LABOR

ALSO supports the core labor standards of the International Labor Organization (ILO). The four basic principles:

PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,

PRINCIPLE 4

the elimination of all forms of forced and compulsory labor,

PRINCIPLE 5

the effective abolition of child labor, and

PRINCIPLE 6

the elimination of discrimination in respect of employment and occupation.

Evaluation, strategies, and objectives

ALSO pays attention to the observance of labor standards in all its operating sites. We don't tolerate either forced or child labor. Furthermore, ALSO does not tolerate any

discrimination in employment or occupation. Fairness and equality regarding the remuneration of men and women are a matter of course for us. Employment-related decisions are based exclusively on criteria such as performance and potential. ALSO lives diversity without limiting the term to equality between men and women. We promote and include diversity also in matters of age, ethnic origin, religious affiliation and sexual orientation.

Inclusion refers to efforts that encourage individuals to be authentic and feel comfortable sharing their perspectives. The goal is to promote respect, engagement, and understanding of our differences.

We do not employ people below the legally permissible threshold. The only exception is apprentices in Germany and Switzerland, for whom the legal requirements for underage apprentices are met.

The commitment against child labor is also part of the questionnaire sent to our vendors.

Implementation

As far as freedom of association is concerned, we comply with all rules applicable at the local level. Employee

representatives are also consulted on certain measures beyond the legal requirements for occupational health and safety. In addition, employee representatives are informed of all occupational accidents.

In the period under review, employees at the main operating sites spent an average of 35.5 hours per year on training and educational events. One focus was on digital training, which allows achieving the learning objective with fewer learning hours due to a higher degree of individualization. We offer a wide range of management courses and subsidize additional training programs and certifications. Furthermore, we enable the trainings of the work councils.

For us and our stakeholders, diversity and inclusion are crucial. We promote diversity and inclusion initiatives internally and encourage our employees to advocate and engage in them. For employees with mobile disabilities we are taking all measures needed to give them autonomous access to appropriate work- and recreation space.

There are various initiatives to promote diversity and inclusion, at our largest site in Soest as well as at other sites. As an example, we would like to mention a specific program from Switzerland that focuses on the (re-) integration in the job market in logistics. Choosing the right career and finding an apprenticeship can sometimes be difficult. ALSO supports them by offering internships. In 2022, six interns took advantage of this offer. With us, they can find out about the career of a logistics specialist and have the opportunity to help out in a range of departments.

Salaries in our company are based on and linked to job descriptions. There are fixed salary corridors and pay scales that are identical for men and women. Diversity covers more than gender. It is about a wide range of different factors such as religion, ethnicity, age, disability, personality profile, and sexual orientation. We take account of these factors in the recruitment and development of employees at all levels of the company, for example. This is why we have a wide variety of nationalities, age groups, professions, and personalities at ALSO. In 2022, the ratio of women in Group Management is 20 percent, in the Extended Group Management 26 percent.

If an employee, customer, business partner or other stakeholder feels discriminated against, they can turn to the ombudsman at any time. Any cases of discrimination are thoroughly investigated and reported to the Executive Committee and the Board of Directors. If necessary, disciplinary actions will be taken.

Our labor and human rights policies prohibit employing children or very young workers, except for pre-vocational internships and apprenticeships.

Employees are encouraged to report human rights issues to the relevant HR staff or client managers. Our Code of Conduct prohibits child labor, and we inquire manufacturers explicitly about this before starting a project.

Conversely, many of our clients expect us to conduct human rights due diligence in our operations, address relevant findings with plans for corrective action, and carry out examinations to prevent recurrences.

Our Labor and Human Rights Policy prohibits forced labor in all its forms and instructs employees to report human rights concerns to the appropriate parties. Our Code of Conduct prohibits the use of forced and compulsory labor, and we ask manufacturers about this before entering into a business relationship and send them our Supplier Code of Conduct to sign. In addition, we annually record the progress made by our manufacturers in the areas of E, S and G via a questionnaire.

Compliance with human rights is a mandatory element in ALSO's contracts with manufacturers and suppliers and is also taken into account when deciding whether ALSO should supply to a particular country at all.

If there is a suspicion of a violation of human rights, anyone can contact the ombudsman at any time.

Each of our acquisitions is actively screened for human rights compliance before contracts are signed.

Results

There were no reports to the independent ombudsman or the internal ESG office during the reporting period.

ENVIRONMENT

PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges,

PRINCIPLE 8

undertake initiatives to promote environmental responsibility, and

PRINCIPLE 9

encourage the development and diffusion of environmentally friendly technologies.

Evaluation, strategies, and objectives

For us, responsible corporate governance means growing profitably and ethically, while improving life quality through technology. This topic covers environmental issues such as lowering CO₂ emissions, reducing energy consumption, and avoiding waste. Along with social issues such as protecting data and teaching digital literacy across generations.

Within our field of action, we have defined four activities that together constitute our sustainability strategy LESS.

Lower: The goal is to reduce our carbon footprint by reducing energy consumption and heating costs, switching to electricity from sustainable energy sources, and targeted waste management.

Enhance: To promote the conscious use of resources within the company and to further reduce our ecological footprint, we are expanding our sustainability management system. To this end, we set up a system that first identifies all areas relevant to ALSO in an analysis (materialities) and then underpins them with a monitoring and reporting system.

Secure: Cybersecurity is one of the biggest challenges of increasing digitalization. It is as much about the security of data traffic via the cloud as it is about protecting the privacy of individuals. Our cybersecurity platform aims at contributing to data security in industrial and individual contexts. This includes the responsible handling of data based on the DSGVO. The security of the business (risk management and compliance) concerning sustainable corporate development and the resulting security for employees and customers are also relevant components.

Sustain: We actively contribute to making skills and knowledge accessible through digital technologies to civil society, especially children and young people. To this end, we are involved in local initiatives in our national companies.

Implementation

Environmental compliance is relevant for all ALSO companies. Our direct and most significant environmental impacts arise from energy and material consumption, waste generation, and shipping activities. In addition, we contribute to indirect impacts through the transportation, purchasing, and distribution of products. Our legal department is responsible for environmental compliance.

ALSO engaged in three major projects in 2022 regarding its sustainability performance: the Annual General Meeting decided to establish a Sustainability Committee, mainly external stakeholders under the lead of a Board Member, to advice and support the Board of Directors in its efforts to further the sustainable development of the company. We are delighted to report that we have been able to form a body that consists of an international team of experts covering all major external stakeholders: shareholders, vendors, and resellers. On top of that we were able to convince a renowned expert for CSR to contribute as a permanent member.

The second project was starting the active dialogue with our vendors to further advance our responsibility along the supply chain and the improvement of our reporting quality. We developed a Supplier Code of Conduct which is being sent out in waves to our vendors to sign, alongside a questionnaire which explores all relevant ESG dimensions. The results are actively tracked and analyzed. Where necessary, we then start the dialogue with our partners to discuss and improve performance.

For sustainability to get the traction it needs, it has to become part of the business model. This is why in our third project we developed a calculator enabling companies to measure the energy consumption, CO₂-emission, and cost of their Data Centers, turning sustainability into a business case. We have engaged with four of our biggest vendors to roll out the project in 2023 into all of our European markets.

Part of the sustainable business model is also the inclusion of renewable energy products in the portfolio. Negotiations with a vendor to distribute solar inverters, energy storage systems and EV chargers were brought to contract maturity in 2022, and from 2023 the products will initially be distributed in selected ALSO core countries.

Most of the material consumption takes place in our warehouses. As a wholesaler, we require a considerable amount of materials for shipping; since we do not produce ourselves, we do not generally procure raw materials.

The opportunities for using recycled materials limit to the shipping process since our Supply business model places us in the middle of the value chain, i.e. we receive packaged goods from our suppliers.

We currently track the use of paper, cardboard, plastics, and pallets. We continuously record and optimize material and substance flows, promote recycling and proper disposal, and avoid waste. Through consistent and efficient waste separation, we keep a high amount of recyclable packaging components in the storage locations, minimizing non-recyclable waste throughout the Group. In addition, we are implementing a more developed system for the separation of materials. In all reporting countries, most of the waste is managed by a third party. It is part of the legal framework to ensure waste management according to the local legal obligations.

We continue to focus on improving data and systematically increasing the percentage of sites that report. In addition, we measure data quality by the accuracy, completeness, and timeliness of transmission.

We reduce our carbon footprint by limiting or reducing energy consumption (including heating, electricity, and cooling consumption) and switching to electricity from sustainable energy sources where possible. Energy consumption within the organization comes primarily from purchased sources. We monitor the sources from which we obtain our electricity and strive to increase the proportion of sustainable electricity, considering their economic viability.

An example of measures to optimize energy consumption is the installation of building insulation to reduce heat loss.

Since our Group spreads across 29 countries, employee travel was very high before 2020. This contributed significantly to the company's CO₂ emissions. We

reduce these emissions by keeping business travel to a minimum, using climate-neutral options such as rail travel, and increasingly switch to virtual meetings. Even after the end of the pandemic, remote working remains an option for employees with an appropriate workplace, which will keep the emissions caused by commuting on a low level.

We continue improving the range and quality of collected data and increasing the percentage of reporting sites.

Reducing energy consumption and emissions remains our highest priority in the area of environmental commitment. The majority of the greenhouse gas emissions we generate are caused by direct energy consumption in our operations. Given the nature of our business, Scope 3 emissions are far more significant than Scope 1 and 2 emissions combined. We commission third parties to transport goods.

In Germany, the largest of our countries, we have a system in place to record all business trips, which is also used to determine the emissions generated. In the other countries, these are recorded and controlled through individual processes. A measure in Germany, whereby employees are now granted a mobility allowance instead of a company car as before, is intended to contribute to the use of alternative means of transport and reduce the emissions caused by the company.

Webinstore, a fully owned subsidiary of ALSO Germany, specialises in refurbishing and recycling used equipment and thus contributes to the development of the circular economy in IT.

Our commitment to digital platforms and the Cloud also serves the goal of reducing emissions by reducing business travel and overnight stays. We are aware that digitalization is not per se the more sustainable way to work – servers also need energy. That's why we pay special attention to using energy-efficient data centers and sourcing energy from renewable sources whenever possible.

Our constant work is internationally recognized both by external agencies like Ecovadis or Sustainalytics as well as by Sustainable Finance companies like Green Growth Futura. Their independent Sustainability Committee carefully vetted and selected ALSO to be included in its B.A.U.M. Fair Future Fonds, which they established together with GLS bank.

Results

For detailed reporting on ALSO's ecological commitment and its results, please refer to the company's Sustainability Report. It is freely accessible via this [link](#) on the ALSO website.

ANTI-CORRUPTION

PRINCIPLE 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Evaluation, strategies, and objectives

All operating sites participate in the legally required compliance risk analysis. Information from whistleblowers is also followed up and examined with the help of internal audits or external service providers.

All employees have access to the compliance documents, which include a separate anti-corruption guideline, as well as to the training provided as part of the compliance management program. These documents are available in the local languages of all ALSO companies. Completion is actively monitored and employees who have missed the training or not successfully finished it, are being notified and actively supported in successfully finishing the training.

In addition to the Code of Conduct or antitrust law, the compliance courses also cover the topic of anti-corruption. They are specifically geared to ALSO's business needs and are regularly updated. The uniform Group-wide basic training for all new employees joining ALSO is compulsory for all employees except for logistics and temporary staff and should be completed within four weeks of entry.

Further mandatory training courses, which have a refreshing and in-depth character, complement the basic training. While attending these courses, the e-learning platform allows the review of past learning materials. Follow-up training is also carried out at regular intervals and actively monitored.

Additionally, group executives must submit a declaration of commitment every quarter, reminding them of their existing compliance obligations and informing them on potential compliance-relevant issues from the previous quarter.

Moreover, all new vendors are screened using social criteria. ESG-compliant behavior is part of all contracts signed with them. A CSR self-assessment is required to be filled out by them. This questionnaire includes the topics of human rights, forced or compulsory labor, child labor, general working conditions, wages and benefits, discrimination, freedom of association, collective bargaining, health and safety, business ethics and anti-corruption.

Results

There were no cases of corruption.

Further information:
www.also.com

Contact:

www.also.com

Mail: beate.flamm@also.com

Editor:

ALSO Holding AG

Meierhofstrasse 5

CH 6032 Emmen

