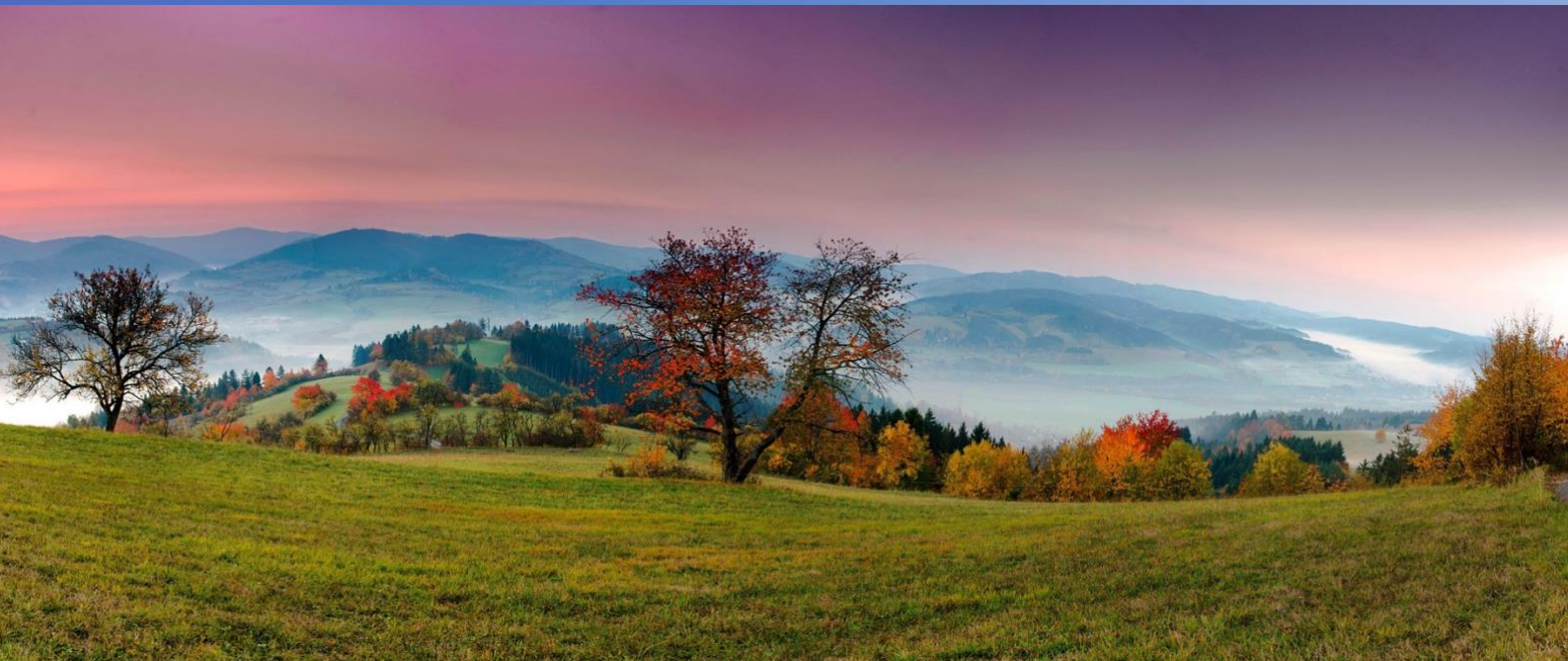


# Environmental, Social and Governance Report

THE FIRST EDITION 2023



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## ABOUT this report

The ESG report for the reporting year 2023 was prepared by SWISS Ltd. This is the first edition of such a report. The report discloses the achievements, principles, and initiatives regarding environmental, social, and governance matters SWISS and of ELKO Group.

SWISS Ltd. is setting 2023 as a base year for further improvement measurement, ESG initiative development and Greenhouse gas monitoring.

The initial ESG report for SWISS Ltd. as part of ELKO Group calculations looked at SWISS Slovakia and his branches located in Bratislava, Banská Bystrica and Košice.

### *Reporting principles*

This report refers to Global Reporting Initiative (GRI) Standards, UN Sustainable Development Goals (SDGs), and the Nasdaq ESG Reporting Guide. ELKO Group is determined to continuously improve not only our ESG achievements and initiatives but also our reporting capacity.

The Framework for Scope 1, Scope 2 and Scope 3 emissions calculations were based on Greenhouse Gas Protocol; the emission factors for electricity are based on the Association of Issuing Bodies (AIB) 2022 for fuel and heating on Emission Factors for Greenhouse Gas Inventories 2022 (Environmental Protection Agency).

## Words from CEO of ELKO Group

We published our first ESG Report about a year ago. During the year, the world around us has been extremely turbulent, both economically and especially geopolitically, and given ELKO Group's geographical coverage, it has been an ultimate test to demonstrate resiliency and ability to navigate stormy waters. We are sincerely glad that our colleagues in Ukraine are well and the business has resumed full operations despite the war in the country and have humbly offered our help and assistance, where possible, to accommodate some of our colleagues and their families across ELKO Group.

While the first report was rather a testament to our awareness about ESG aspects in our company as such, we have gone a long way through the year while increasing our scope, in-depth understanding and targeted initiatives to improve across every aspect of ESG while continuing to face everyday challenges in the business.

This year we have **almost all ELKO Group companies covered** in the reporting scope, which has proved to be an internal challenge in terms of data gathering but has also highlighted market differences in terms of acceptance of ESG importance and industry readiness to provide necessary data across the supply chain. That has also provided us with qualitative insights for further development and necessary reporting improvements across our companies.

We have developed our own internal **scoring system for our vendors**, them being the largest environmental footprint generators in our industry, to make an awareness of our product portfolio sustainability, and we are satisfied to conclude that most of our revenue is being sourced via world-leading suppliers that have taken ESG matters at heart and are working hard to achieve their goals to reach climate neutrality. We have also created a **supplier code of conduct** to make sure that we are in perfect sync with our vendors regarding the aspects of conducting business that we perceive as critical for business sustainability.

An increasing number of vendors are starting to provide circular economy-related initiatives, which is a welcome development and we are excited to engage and pass those programs through our channel in the markets.

Geopolitical instability has significantly complicated the international trade environment and we have invested to greatly increase our compliance capabilities to make sure that we are able to fully comply with an ever-increasing number of requirements and restrictions.

Awareness certainly brings challenges with it, as we discovered in some of the data, for example, gender equality in the company's management, but we accept the current situation and pay increasing attention to issues highlighted so that we would improve the situation going forward.

I am certain that initiatives for the future emphasized in the report will help ELKO Group to become more environmentally friendly, socially responsible and better governed. The path towards sustainability is a marathon, not a sprint, and I am delighted to say that we are on the right track!"

**Svens Dinsdorfs**  
The CEO of ELKO Group

## 1. INTRODUCTION

The company SWISS Ltd. is a business and service organization that was founded in 2001 and today operates on the markets of the Czech Republic, Slovenia and Slovakia. Since 2016, we have been part of the multinational ELKO GROUP network. We are available to customers in five certified and authorized service centers in Bratislava, Banská Bystrica, Košice, Ostrava, Olomouc.

SWISS offer partners proven experience in providing authorized warranty and post-warranty service for selected brands in the professional quality required by manufacturers. We provide all types of service:

- **On-site:** on-site service at the customer's location.
- **Carry-in:** service connected with the delivery of the device to the service center, and the subsequent repair of the device is carried out directly in our authorized service center.
- **PUR:** "Pickup and Return" service - picking up the device by a courier company directly at the customer's place, and returning the device after repair via the same route to the customer.

The diverse structure of customers requires the complexity of the services offered. We support the high standard of care provided by us by individually setting up logistics services for the distribution of service orders, application links, as well as customized customer support in the form of a Call-Desk, Help-Desk and Chat-Box.

SWISS Ltd. belong to companies whose goal is the path to growth, but without negative effects on the environment. We are actively working on the transformation of our services and technologies to build a sustainable society and achieve the goals of carbon neutrality in business with the support of the circular economy.

*Among the internal ELKO group policies there is a long-term support of the SDGs – Sustainable Development Goals. The ELKO group want to be one of Slovak leaders in responsible entrepreneurship, fully aware of its impact on the climate and environment. The report on the carbon footprint of the SWISS company is a proof of that*

### AIM AND STARTING POINT





The report outcomes should support SWISS Ltd. journey towards full compliance with the ESG criteria and the implementation of measures for gradual improvement of the emission balance and decrease of the carbon footprint towards net-zero.

## 2. UN sustainable development goals

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.



At ELKO Group we have acknowledged the importance of working towards helping to achieve these goals and have identified several areas where our operations and sustainability priorities align with the aforementioned SDGs.

			
<p>1. Health insurance to all our employees which also includes mental health coverage.</p> <p>2. Active promotion of healthy lifestyle by organizing internal events related to such promotion.</p> <p>3. Regular blood donation and vaccination drives at the work-place.</p>	<p>1. Provide fair wages and promote safe and secure working environments for all employees.</p> <p>2. Operations in 12 countries where we promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation.</p>	<p>1. Perpetually introducing newest solutions and products that can help to improve IT infrastructure.</p> <p>2. Introduce the newest technologies and solutions in our supply chain for a more sustainable and efficient group operations.</p>	<p>1. Starting to measure our carbon footprint and working on policy development to reduce it.</p> <p>2. Continuously improve our product portfolio by introducing eco-friendlier solutions.</p> <p>3. Introduce new services and improve operating methods to reduce waste generation.</p> <p>4. We play closely monitor the CSR activities of our suppliers, especially in the environmental department, thus helping our product portfolio to become more sustainable.</p>

## SWISS ENVIRONMENTAL PROJECT STEPS AND TIMEFRAME

Project start: Nov 2022  
Project report: Dec 2023

1. STAGE: November 2022 – March 2023 • Qualitative and quantitative questionnaire mediation
2. STAGE: April – Nov 2023 • Education of company employees
3. STAGE: November 2022 • Implementation of goals in the new environmental project of SWISS for the years 2023 - 2025 as part of certification and assessment for ISO 14.001:2015 standard.
4. STAGE: December - January 2024 • Evaluation of the environmental impact of the company in 2023, Carbon footprint calculation, proposal of measures and report preparation

## The company's environmental program 2023-2025 and the company's main long-term goals

**Commitment achieves carbon neutrality of SWISS Ltd. until 2030** at the latest, under constant conditions the use of tools and techniques in the field of environmental protection, effective use of natural resources and prevention of pollution with the minimization of negative impacts within the implemented activities companies.

## SWISS Sustainability activities in the last period:

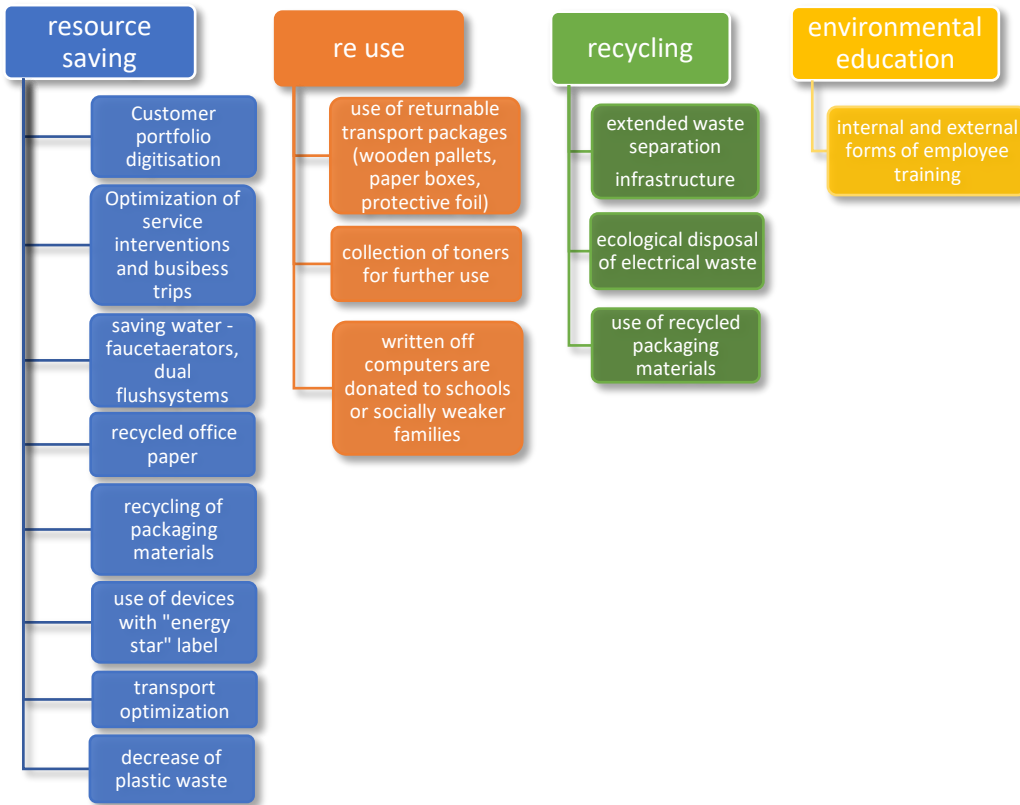
SWISS Ltd. applies the following innovation activities in line with the Sustainable Development Goals and support circular economy principles:

- Customer portfolio digitization (e-Invoice, e-service protocols, implementing paper less technology to communication and customer verification and signing)
- API connection to business partners with the aim of reducing paper administration
- Optimization of service interventions at the customer's location, optimized management by implementing new functionalities into the ISS service app.
- SWISS ISS mobile app
- Planning business trips with regard to reducing fuel consumption and CO2
- Optimizing the transportation of spare parts and equipment

- As a benefit, SWISS has been providing an employee benefit the MultiSport card. Using the MultiSport card, we support the mental and physical health of employees
- SWISS has been providing as an employee benefit with the possibility of saving in pension saving with the employer's contribution

Internal innovations (Operational Excellence) - optimization and increasing the efficiency of processes, replacing equipment with more ecological models, recycling campaign for employees, waste separation and recycling of packaging materials, etc.

In the area of support circular economy, the following principles were used in 2022/2023:



#### 4. GRI 300 EMISSIONS

Carbon footprint is the measure of impact of the company activities on the environment, and especially on climate change. Carbon footprint is an indirect indicator of energy consumption, use of products and services.

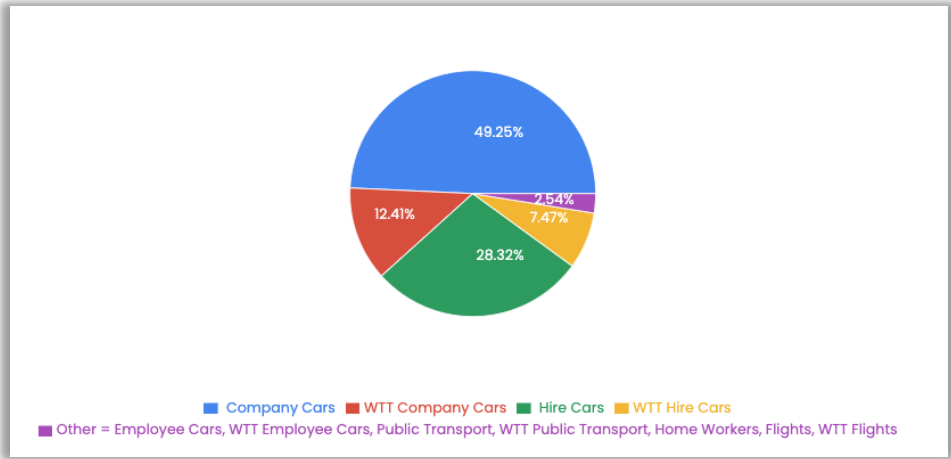
The final unit of the company carbon footprint is expressed as the so-called carbon dioxide equivalent CO<sub>2</sub>e. It reflects the impact of each of the six greenhouse gases (GHG) to which the Kyoto Protocol 8 applies (CO<sub>2</sub>, methane, nitrous oxide, HFC - hydrofluorocarbons (freons), SF<sub>6</sub>, PFC - perfluorocarbons (freons) according to their contribution to global climate change.

*Even though the carbon footprint calculation is voluntary for organizations, it is more than just a readout. It has an important strategic aspect and may act as a contribution to initiatives regarding the climate change, environment and economy, and also to the company reputation.*

GRI 305-1 Scope 1 - The 2023 report looks at emissions from SWISS owned and leased cars and includes the travel data for 2023. Emission factors for the fuel is based on the Emission Factors for Greenhouse Gas Inventories 2023 (Environmental Protection Agency).

Scope 1 Emissions for 2023:

**42.8 (tCO2e)**



Percentage Analysis result by Emissions Source

GRI 305-2 Scope 2 - Scope 2 emissions include the measurements from purchased or acquired electricity, steam, heat and cooling. The emission factors for electricity are based on Association of Issuing Bodies (AIB) 2022, for fuel and heating on Emission Factors for Green- house Gas Inventories 2022 (Environmental Protection Agency).

Scope 2 Emissions for 2023:

**9.63 (tCO2e)**

GRI 308 Supplier Code of Conduct.

Logistics Partners

Our main logistics partner is DPD, which covers almost 85% of our outbound and inbound logistics operations. DPD is the global parcel delivery company to have both its near and long-term GHG emissions reduction targets approved by the Science Based Targets initiative (SBTi). DPD intention is to achieve net-zero emissions by 2040 – ten years ahead of the requirement set out by the Paris Agreement – and our plan contributes to the agreement’s most ambitious scenario to limit the increase in global warming to 1.5°C above pre-industrial levels.

The CO2 emissions footprint for SWISS logistics operations in 2023 was approximately

**19.82 (tCO2e)**

DPD mainly invests in many carbon compensation programs and as a result, deliveries to the ELKO Group were almost carbon neutral.

SWISS total carbon footprint in 2023, included fuel, electricity, cars, transportation, flights, public transportation, refrigerants and home workers.

**Total = 72.25 (tCO2e)**

5. GRI 306-2 WASTE MANAGEMENT

SWISS and ELKO Group in all its offices outsources its waste management; the quality, environmental, occupational safety and energy management systems of the companies comply with the international ISO



standards. The waste management is organized into three separate pillars: general waste, recyclable waste (mainly regarding packaging in our warehouses) and electric and electronic waste. Electric and electronic waste management is done by SEWA which offers management of electric and electronic waste according to statutory provisions in the field of environment protection. SEWA is a member of the European Recycling Platform (ERP), which provides fulfillment of the legal obligations of manufacturers for electronics, packaging and batteries across Europe.

SWISS has introduced an initiative that allows to reuse packaging materials thus considerably reducing not only cardboard usage but also total waste generation.

#### GRI 301-1 PRODUCT AND PACKAGING MATERIALS

The main materials we use for packaging our products are cardboard boxes made from recycled material.



## 6. GRI 403 HEALTH & SAFETY

In order to provide safe working conditions for all ELKO Group employees, we have developed a health and safety management system for our office as well as warehouse employees, which complies with labor protection laws. During employees' first week of employment, all employees are introduced to job safety and fire safety instructions. Furthermore, annually, we hold safety training and all employees are required to sign a confirmation that they have gone through trainings. Fire safety systems are checked and maintained by a certified external company on a monthly basis, and a representative of the State Fire and Rescue Service checks all of fire safety systems annually. Additionally, at our warehouses, work environment risk assessment is performed regularly and we provide accident insurance for our employees.

## 7. GRI 404 TRAINING, EDUCATION AND SOCIAL PROGRAMS

### *Work Management Improvement Program*

In 2022 our HR department offered several interesting and useful education programs to the employees. The programs were targeted towards the improvement of every day work task management, increased productivity and improved efficiency. Please see short descriptions of some of the programs below.

### *Career Management*

Several short modules with the spotlight on the main pillars of career advancement. The course included such topics as healthy working relationships, how to ask uncomfortable questions such as a raise, the best ways to change jobs etc.

### *Time Management*

Like the previous course, the following also consists of several short module training sessions. The importance of concentration, goal setting, scheduling and prioritization are looked at this course as well as the fundamentals of time management and how to overcome its challenges.

### *Effective Communication*

Mainly looks at the topic of effective communication between colleagues; focuses on the improvement of communication skills by looking at the subject matter of uncomfortable discussions, peaceful communication, emotion management and meeting leadership.

## 8. GRI 400 RESPECT OF HUMAN RIGHTS

As SWISS and ELKO group we recognize the importance of preserving human rights in our value chain. We believe in the right to self-determination, liberty, due process of law, freedom of movement, thought, religion, assembly and association.

The policy of labor practice sets forth minimum standards for working time and working conditions and provides for observance of all of the core standards of the International Labor Organization including other applicable Conventions.

The policy provides a pledge by the Company to observe these standards and to require its contractors, subcontractors and suppliers to observe these standards. It also establishes ELKO Group’s general responsibilities concerning human rights, health management, work safety, career management, employees’ rights etc. Many of the previously mentioned areas are also covered in our supplier code of conduct.

### 9. GRI 405-1 Diversity & Equal Opportunity

SWISS is continuously working on creating a supporting as well as an open workplace that is not only inclusive but also cultivates diversity. As a part of international group with offices in 12 countries, our work environment inheres different nationalities, cultures and religions well as in everyday work situations.



### 10. GRI 406 Freedom from Discrimination

At SWISS, we value all employees and job candidates as unique individuals, and we welcome the variety of experiences they bring to our company. As such, we have a strict non-discrimination policy established within our hiring process as well as everyday work situations. We believe everyone should be treated equally regardless of race, sex, gender identification, sexual orientation, national origin, native language, religion, age, disability, marital status, citizenship, genetic information, pregnancy, or any other characteristic protected by law.

### 11. GRI 2-9 General Governance

We continuously strengthen our governance by establishing and sharpening policies and guidelines for Trust to be a highly trusted company. SWISS Ltd., operating under the legal structure of a limited liability company, approaches the management of its activities with the goal of achieving transparency, legal certainty, and efficiency. This is achieved through approved articles of association, regular general meetings, and the active participation of two executive managers.

The articles of association serve as the fundamental legal framework defining the rights, obligations, and relationships among various stakeholders. SWISS Ltd. has established and approved articles of association, serving as a key document in creating and managing its legal commitments.

The managerial structure of SWISS Ltd. includes two executive managers entrusted with the management and representation of the company. Their roles and responsibilities are clearly defined in accordance with the approved articles of association and the interests of the shareholders. Alongside the overall management, SWISS Ltd. has appointed a Chief Financial Officer (CFO) to oversee financial matters. The CFO is responsible for managing the company’s financial strategy, budgeting, and reporting, ensuring that financial decisions align with the company’s objectives and contribute to its long-term financial health.

### 12. GRI 418 Data Privacy (including GDPR)

SWISS as a part of ELKO Group has always approached data privacy very strongly; we have zero tolerance toward non-compliance with associated data privacy and security guidelines, and we have developed respective measures to do so. ELKO Group has developed procedures that protect the personal information of individuals and employed a GDPR officer to oversee the compliance of the procedures. We also have assigned Data guardians in each department, who have passed the respective course on data privacy, providing a deeper knowledge of the issue. In order to monitor the competence and training of our Data guardians, ELKO has developed 2 level GDPR e-learning courses; the completion rate is around 90%.

## 13. GRI 205 ANTI-CORRUPTION AND BRIBERY

Code of Conduct ELKO Group has a long-established employee Code of Conduct; it includes such measures as the employer-employee relationship, which protects the business and informs the employees of the company's expectations. It serves as a central guide and reference for employees to support day-to-day decision-making. Furthermore, ELKO Group has clearly defined organization's mission, values and principles, which links them with standards of professional conduct.

### *Anti-Corruption and Bribery measures*

To tackle the possible risks regarding corruption and bribery, SWISS and ELKO has adopted an anti-bribery and corruption procedure, which defines the mandatory anti-bribery and corruption requirements SWISS/ELKO employees must comply with. Furthermore, it clearly describes the procedure for reporting actual or suspected wrongdoing and following liabilities in case a breach has been detected. ELKO Group has a definite and unequivocal stance against bribery and corruption and the subsequent negative economic and social effects such actions can provoke.

## 14. GRI 2-24 RISK MANAGEMENT

### *Risk management framework*

In the current business environment, business risks are a more prevalent issue than ever. To ensure that we can effectively manage them and remain a stable and accountable partner to all stakeholders, in the second half of 2022, we have audited our risks and developed the ELKO Risk Management Framework, where we have mapped all identifiable risks in a matrix based on two dimensions that we have evaluated for each of the risks – its likelihood and potential impact. For each of the risks, we have a risk owner who is responsible for monitoring and managing it, and for each of the risks we have clearly laid out and put in place a risk management strategy. Each quarter the risk matrix is reviewed and main risks to keep an eye on and manage for the quarter are selected by the Management team. Once a year we review the Framework and risks included in it to make sure it is up-to-date with the current situation.



### *Credit risk*

Credit risks arise from credit exposure to outstanding trade receivables. The Company has implemented procedures and control mechanisms to manage credit risks. Credit risk is partly minimized through credit-risk insurance, but mainly the risk is minimized by internally developed conservative credit-monitoring policies. Individual risk limits are set based on internal or external ratings in accordance with the credit policy. The utilization of credit limits is regularly monitored.

### *IT Security*

In ELKO Group continually concern themselves with data security on two fronts, customer data theft and corporate data theft. ELKO Group run annual security audits identifying possible vulnerabilities and, based on results, decides on actions. Some of the IT Security improvement initiatives please see below:

- Regular certification of the company for Information Security Management Systems ISO/IEC 27000:2018
- Revision and improvement of physical security systems, giving priority attention to the timely detection of problems and their timely elimination.
- Review and improvement of physical security systems processes. Development and implementation of multi-factor authorization.
- Anti-virus migration to a more modern EDR (Endpoint Detection and Response) solution with the possibility of in-depth incident investigation.
- Review and improvement of IT Security processes.

### *Reputation Risk*

Reputation risk is covered by Group's Crisis Management Policy which aims to ensure consistency in the approach of handling communication across SWISS company. The Policy defines crisis situations as well as the principles for crisis management. Furthermore, it illustrates reactions and communication flowchart which helps to set a proper course communication between SWISS departments in case of a crisis.

