



SUSTAINABILITY REPORT 2020



DIST IT

SUSTAINABILITY REPORT

SUSTAINABLE DEVELOPMENT

Sustainable development and Corporate Social Responsibility (CSR) are fundamental to DistIT's operations; in part due to demand from customers, employees, and other stakeholders, but also because CSR and sustainability issues create new business opportunities for us.

Everything we do affects our world in some way. We are responsible for our operations and for the impact we have on the environment and people. Our customers have high demands, and we know that these also include that we as a company take our responsibility seriously. We therefore pursue conscious sustainability.

We work purposefully to integrate sustainable development into our business and into our daily operations. This includes taking responsibility from an economic, environmental, and social perspective, such as striving for improved working conditions in the supplier factories, ethical issues, approaches to human rights, and environmental work. These issues are fundamental to all of DistIT's operations. The companies in DistIT Group shall be responsible business partners and operate a sustainable business based on business ethics, anti-corruption, human rights, working conditions, equality and diversity, and use of resources. The ambition is for all companies within the DistIT Group to adapt their operations to this policy wherever possible.

BUSINESS MODEL

DistIT acquires, owns, and develops niche distributors within IT, mobility, consumer electronics, networks, data communication and AV products, primarily in Europe. The companies within the DistIT Group deliver products and accessories in both the B2B and B2C markets.

With the Nordic and Baltic countries as the main markets, the companies within the DistIT Group shall offer the market's best product range in the niches in which the companies operate. Competitive prices, fast deliveries, and good service and support shall be the watchwords. Sales take place via physical and digital channels. Consumer electronics chains, discount stores, specialty retail, grocery stores, telecom, e-commerce, consultants, office department stores, integrators, and installers are examples of channels for reaching corporate customers and consumers. DistIT's offers within IT, mobility, consumer electronics, networks, data communications and AV products have structural growth from trends such as digitalisation, 5G, e-sports, electric vehicles, smart homes, smart cities and surveillance.

RESOURCES

- Own brand labels, well-known brands, relevant range and product portfolio.
- Suppliers, customer relations, employees, networks and collaborations.
- Invested capital, inventories.
- E-commerce, business tools, business processes, business development, system solutions.

WHAT WE DO

- We integrate ethics, the environment and social issues into our business.
- The customer's experience is most important to us. Meetings and dialogue, training and support, follow-up.
- We find and develop new trends in the market.
- We test and quality assure our products.

OUR OFFERS

- Professional employees - reliable business partner.
- Quality-assured products.
- Offices throughout the Nordic region - proximity to customers.
- Instructions for use in local languages .

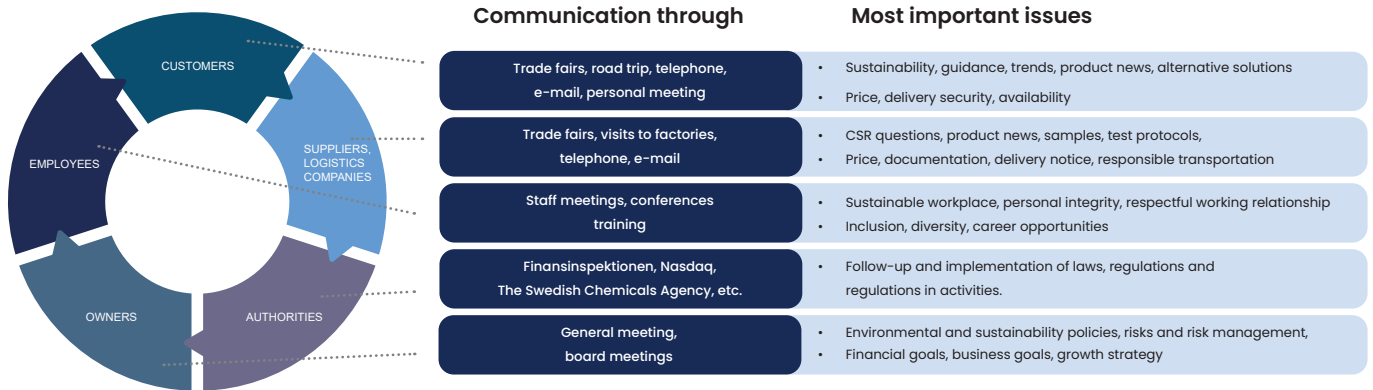
THE VALUE WE CREATE

- Customers: sustainable business and growth, profitability, increased competitiveness, new concepts and technical solutions.
- Society: Improved environment, improved work environment, more efficient solutions, faith in the future.
- Employees: sustainable working life, increased knowledge and skills, career opportunities.
- Owners/partners: long-term investments, create conditions for growth and profitability.



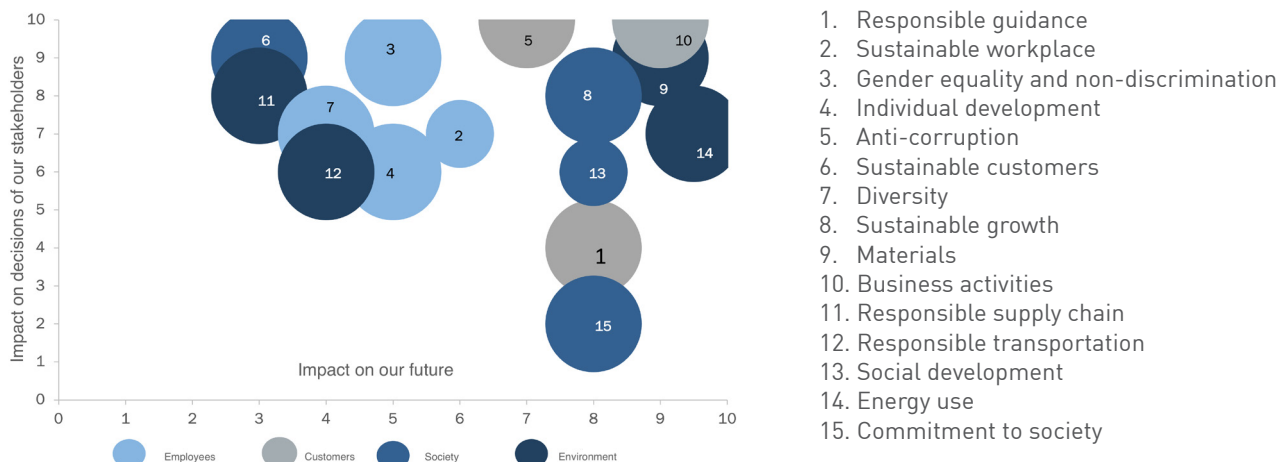
STAKEHOLDER DIALOGUE

We aim to be a responsible, honest and transparent company. We maintain an ongoing dialogue with our stakeholders in order to gain a better understanding of their expectations and to identify areas where there is room for improvement.



MATERIALITY ANALYSIS

The materiality analysis is carried out to identify important sustainability issues, i.e. the areas that are particularly important to work with. The analysis helps to identify the issues that are most important in sustainability work in a structured way. Through this approach, we avoid that investments become event-driven or person-dependent. The result is sustainability work focused on what is important, based on business conditions and availability.



ENVIRONMENTAL RESPONSIBILITY

INTRODUCTION

DistIT's environmental impact is mainly through freight transportation, energy consumption, waste and packaging. The companies within the DistIT Group work actively to minimise the environmental impact in each area. The environmental impact is also taken into account when choosing passenger transportation and electricity suppliers.

OUR ENVIRONMENTAL POLICY

The DistIT Group strives to conduct its operations with as little environmental impact as possible. Both as companies and individuals, we all have a great responsibility for our common environment. Therefore, we are constantly working to improve our procedures within environment and quality.

Our goal is to:

- increase knowledge and raise awareness of environmental issues among all employees
- influence, set requirements on, and collaborate with other companies, suppliers, authorities and organisations
- see environmental improvement measures as investments
- constantly strive to streamline the use of resources within the Company

ENVIRONMENTAL ORGANISATION

As of 2008, our environmental issues are pursued by an environmental manager within DistIT. This increases coordination and integration in the operations and with our suppliers. Our environmental work includes projects and activities related to all operations in the Group and its subsidiaries. In order to achieve harmonisation and standardisation of our quality work in the long term, integration is in progress in connection with our business development.

ACTION PLAN

We have established an action plan based on our goal. The action plan includes the following:

- **Sorting of waste**
We sort our waste and submit paper for recycling.
- **Energy saving measures**
An established goal is to increase the use of computers and appropriate software to reduce the use of paper to distribute information to personnel, customers and suppliers. The company uses low-energy lamps in the fixtures where this is possible.
- **Environmentally adapted procurement**
An established goal is to always consider environmental aspects when purchasing products used in the operations; everything from vehicles and fuels to copy paper and pens. This has led to a transition to more environmentally friendly products. Compliance with the requirements is a must..

- **Environmental requirements on our products and services**

The products and services we market shall be made of materials that can be recycled, or are made of recycled materials, where possible. One of the company's goals is to remove products from the operations that are not manufactured in an environmentally friendly way, or that contain environmentally hazardous substances. We are affiliated with REPA, which is the business community's solution for producer responsibility of plastic, metal, paper/card and corrugated cardboard packaging. REPA's task is to offer all companies access to the nationwide recycling system for packaging. By joining REPA, we fulfil the requirements placed on us in the Swedish Packaging Ordinance (SFS 2006:1273). Reparegistret AB was previously a wholly owned subsidiary of Förpacknings- och Tidningsinsamlingen (FTI). Through the merger on 1 April 2013, the subsidiary ceased to exist and the producer companies that were affiliated with REPA thereby became affiliated and customers of FTI.

Electrical and electronic equipment may contain substances that are hazardous to health and the environment, such as mercury, cadmium and lead. They can pose a risk to human health and the environment, especially when handling waste. As such, there may be a risk that these substances will be released into nature and contaminate, among other things, the groundwater.

The RoHS (Restriction of Hazardous Substances) Directive aims to reduce the risks to human health and the environment by replacing mercury, cadmium, lead, hexavalent chromium and the flame retardants PBB (Polybrominated biphenyl) and PBDE (Polybrominated diphenyl ethers) in electrical and electronic equipment with less hazardous alternatives or with alternative technologies. The RoHS Directive limits the volume of these substances in electrical and electronic equipment.

Another purpose of the Directive is to improve the possibility of profitable and sustainable recycling of waste from such equipment.

We follow the WEEE (Waste Electrical and Electronic Equipment) Directives on electronic waste, and take our producer responsibility through our membership in the national waste management systems.

We are also a member of El-Kretsen, which is a business service company and has the task of fulfilling the producer responsibility in electrical and electronic products and batteries. The legislation that regulates producer responsibility and as such forms the basis for El-Kretsen's operations is, SFS 2005:209, 2005:210, and 2008:834. The supervisory authority for these, and which is responsible for compliance with the law, is the Swedish Environmental Protection Agency.

- **Environmental requirements on our suppliers**
One of the company's environmental goals is to influence our main suppliers to always consider environmental aspects in their production and operations.
- **Use of the best possible fuel and reduced fuel consumption**
One of the environmental goals set for the operations prescribes the best possible fuel and requirements for measures to reduce fuel consumption when it comes to the transportation of goods and products.
- **Environmental information for employees, customers and suppliers**
All employees in the operations shall have knowledge of the company's environmental goals. Our customers are informed about our ongoing environmental work through verbal and written communication. We have an ongoing dialogue with our suppliers about environmental improvement measures.

CORPORATE RESPONSIBILITY

INTRODUCTION

Within the DistIT Group, quality doesn't just mean that our products shall meet or exceed customers' expectations, it also means that production must take place under good conditions and that our customers shall be satisfied with us as a supplier. Taking responsibility for how people and the environment are affected by our operations is also an important prerequisite for all subsidiaries to grow with continued good profitability. How the DistIT Group works with corporate responsibility is described in the established Code of Conduct.

OUR CODE OF CONDUCT

Purpose

The purpose of the Code of Conduct is to create a common set of values to work according to, together with our suppliers.

DistIT AB (publ), is a Swedish Parent Company that acquires, owns, and develops niche distributors in IT, mobility, consumer electronics, networks, data communication and AV products, primarily in the Nordic and Baltic countries. The companies within the DistIT Group deliver products and accessories in both the B2B and B2C markets in the Nordic countries, the Baltics and the rest of Europe.

Our customers have high demands, and we know that these also include that we as a company take our responsibility seriously.

Long-term relationships with stakeholders, good working methods and a high level of business ethics and morale are important success factors for lasting growth and sustainability.

The DistIT Group's Code of Conduct is based on the UN declaration of human rights, the UN conventions on the rights of the child and against the discrimination of women, the ILO (International Labour Organization) conventions on labour law and human rights, the UN Global Compact, OECD guiding principles for multinational enterprises, BSCI code of conduct version 1/2014, and other relevant international human rights and labour law standards in force at any given time.

Visits to factories shall be carried out regularly by our personnel, but also by independent third parties. It is the supplier's responsibility to ensure the implementation of this Code of Conduct in its operations. Our suppliers are also obliged to ensure that all their suppliers, subcontractors, producers, and business partners who participate in the manufacture of goods and services for companies within the DistIT Group comply with this policy. In addition to DistIT's Code of Conduct, the supplier shall comply with national laws and regulations.

OUR REQUIREMENTS ON SUPPLIERS

1. Legal requirements

All suppliers shall conduct their operations in full compliance with applicable laws and regulations in the European Union, all countries where suppliers are operative, and all other applicable laws. Suppliers shall comply with all applicable international laws, rules and regulations on the conformity of trade in products and services, and their delivery.

2. Management system

The supplier shall define and implement a Corporate Social Responsibility (CSR) policy, including policies for child labour, forced labour, discrimination, misconduct, bribery and corruption, and complaint procedures. The CSR policy shall be communicated and made available to all employees.

The supplier is responsible for correct implementation and continuous improvement by taking corrective measures and carrying out a regular review of this Code of Conduct, as well as communicating the requirements of the Code of Conduct to all employees.

The supplier shall have procedures for identifying, understanding, and applying applicable laws and regulations, and the requirements in this Code of Conduct, and maintain documentation to ensure compliance with regulations.

The supplier shall have procedures for correcting any deficiencies or deviations identified in a timely manner through an audit, evaluation, inspection, investigation or review.

The supplier shall refrain from punishing, dismissing or discriminating against any employee for having provided information on compliance with this Code of Conduct.

3. Trust and collaboration

The supplier shall map the supply chain and make an assessment of where the risks of breach of any of the basic principles described in this document are found and take relevant measures to redress them. This assessment shall be updated continuously.

It is understandable that some shortcomings take time to address, as the underlying causes may be rooted in parts of the local community. We believe in collaboration and are willing to collaborate with our suppliers, authorities, trade unions, and industry organisations in order to find realistic solutions in each individual case.

4. Controls

Factory inspections, audits, and examinations of CSR compliance are conducted regularly.

To ensure compliance with this Code of Conduct, the supplier shall accept the right, including that of representatives from our group of companies and independent third parties, to, at any time, carry out unannounced visits to any of the factories producing goods for us.

5. Lack of compliance

We do not accept that our suppliers:

- present false information, verbally or in writing.
- offer or accept bribes, or commit other forms of corruption.
- do not address deviations within the agreed time frame without a reasonable explanation.
- or otherwise show that the Code of Conduct is not respected.

All the above points are sufficient grounds to terminate the business relationship with suppliers.

CONDITIONS IN WORKPLACES

1. Voluntary work

Suppliers may only utilise voluntary work. They may not engage in any form of human trafficking or use any form of forced labour, including slavery, imprisonment or other types of involuntary work. Involuntary work also includes the relocation, housing, recruitment, transfer of contracts, receipt or employment of persons through threats, violence, coercion, abduction, fraud or payments to a person who has control over other persons for the purpose of exploiting them.

All work must be voluntary and employees shall be free to leave work at any time or terminate their employment. Suppliers may not demand that employees submit their identification, passport, or other travel documentation or work permit as a condition of employment, or for any other reason. In addition, suppliers may not impose unreasonable restrictions on movement at the workplace or when employees arrive or leave the workplace.

Suppliers shall ensure that recruitment agencies used to recruit personnel comply with the provisions of this Code of Conduct, and even other applicable laws.

2. Avoidance of child labour

"Child" means any person who is under 15 years of age, or below the minimum age to complete the statutory education in any country, or below the minimum age for employment by law in any country, whichever is the older.

Suppliers may not use child labour. The use of legitimate apprenticeship programmes in workplaces, which comply with all laws and regulations, is supported.

Workers under 18 may not perform work that is likely to endanger the young workers' health, safety or work ethic.

Suppliers shall not require young workers to work overtime or perform night work.

Suppliers shall also comply with all other applicable laws and regulations on the employment of minors.

3. Right to organised representation

Employees shall have the full right to join a trade union, or organise themselves in other ways in order to negotiate collectively without the intervention of the employer.

The supplier may not discriminate against trade union representatives or prevent them from carrying out trade union work, or restrict their access to their members in the workplace.

In cases where unions are not allowed, or only state unions are available, the supplier should make it easier for workers to gather to discuss work-related problems and opportunities.

4. Non-discrimination

Suppliers shall not engage in or support discrimination based on race, colour, sex, language, religion, political opinion, caste, sexual orientation, or other characteristic features.

Employment, remuneration, benefits, promotion, etc. shall be based solely on relevant and objective criteria.

Measures shall be taken to protect employees from sexually intrusive, threatening, insulting, or exploitative behaviour, and from discrimination or termination of employment for unjustified reasons, e.g. marriage, pregnancy, parenthood or HIV status. All employees with the same experience and qualifications shall receive equal pay for equal work. Salaries shall reflect the level of education and skills.

5. Privacy

Physical or mental abuse, corporal punishment, or the threat of it, shall be prohibited. The same applies to sexual abuse and all forms of humiliation.

All disciplinary proceedings must be established in writing and shall be explained verbally to employees in clear and understandable terms.

Collection and maintenance of information from subcontractors, customers and employees shall be done with care to prevent unauthorised disclosure or damage. Personal information shall always be handled with respect for privacy.

The work environment shall offer satisfactory privacy. The solutions can vary, but examples can be cabinets for personal belongings and separate hygiene facilities for men and women. There shall also be a private area as a rest room that can be used by employees when needed.

6. Health and safety

The work environment shall be safe and promote good health with regard to industry standards and its associated dangers.

A clear set of regulations and rules must be established and complied with in relation to occupational health and safety, fire protection, and emergency preparedness. A management representative with responsibility for the health and safety of all employees shall be appointed. Procedures for detecting, avoiding, or managing any threats to the health and safety of all employees shall be established.

The work with health and safety shall be carried out in collaboration between management and employee representatives in order to achieve a long-term and safe workplace.

All employees shall receive regular and documented health and safety training. Such training must be repeated for new and relocated employees.

Employees shall have access to clean sanitary facilities and clean drinking water. If necessary, the supplier shall also ensure access to facilities for safe cooking. There shall be special protection and a safe working environment for vulnerable individuals, such as young or pregnant workers.

If necessary, effective personal protective equipment shall be provided to all employees free of charge.

The supplier shall register and document all accidents and injuries that affect the employees. In the event of an accident or injury, the supplier shall ensure the best possible protection for the employees, including the provision of compulsory insurance programmes. All employees shall have the right to leave the workplace without requesting permission in the event of immediate danger. The above shall also apply to seasonal workers, workers employed by subcontractors, and migrant workers.

The supplier shall ensure that adequate medical assistance, such as first aid, personnel trained in first aid, or access to a nurse or doctor, is available at the workplace.

If the supplier provides accommodation, it shall be clean, safe, adequately ventilated, and have access to clean sanitary facilities and clean drinking water. Drawings for fire safety and emergency evacuation in dormitories shall be of the same standard as in the work environment.

7. Remuneration

Workers shall be entitled to fair remuneration and legal benefits sufficient to provide them with a decent standard of living for themselves and their families. The salary level shall, as a minimum, comply with the salary in accordance with the laws on minimum wage, or approved industry standards based on collective negotiations, whichever is higher.

Overtime work shall be compensated at a premium rate, in accordance with national legislation, or at least 1.25 times the regular remuneration, whichever is higher.

Salaries, as well as the model for how and when the salary is to be paid, shall be agreed in writing before work begins. The contract shall be understandable to the employee.

Salaries shall be paid on time, regularly, and in a legal currency. The salary level shall reflect the employees' skills and education, and relate to regular working hours.

It is unacceptable to use payroll deductions as a disciplinary measure. Deductions will only be allowed under the conditions and to the extent prescribed by law, or determined by collective agreements.

8. Working hours

Suppliers shall ensure that workers are not obliged to work more than 48 regular hours per week. Applicable national laws, industrial standards, or collective agreements shall be interpreted within the ILO's international framework.

Exceptions from the aforementioned working hours per week are only permitted if these are in line with the exceptions specified by the ILO. In the case of exceptional work pressure, the maximum extra hours shall in each case be determined only after consultation with the organisations for employers and the workers concerned.

Overtime shall be voluntary and is intended to be exceptional, and may not involve a significantly higher probability of work risks.

Employees shall be granted the right to rest every work day, and the right to at least one day off every seven days, unless exceptions are defined in collective agreements. Public holidays shall be in accordance with national legislation or industrial standards.

9. Regular employment

Obligations to employees in accordance with international conventions and/or national legislation, and provisions on regular employment shall not be avoided by using short-term contracts (e.g. contract work, temporary work or day work), subcontractors, or other labour relations.

All employees have the right to their own copy of an employment contract, which must be written in a language they understand.

The duration and content of the apprenticeship programmes shall be clearly defined.

Suppliers shall give special consideration to employees who have children, and in particular seasonal workers and migrant workers with children who live far away from them, so that these workers can combine work with parenthood.

CONDITIONS OUTSIDE THE WORKPLACE

1. Use of resources and impact on the local community

The supplier shall assess its significant impact on the environment and the local community in order to take the necessary measures that minimise its negative effects on natural resources, the local community and the environment.

No form of environmental crime or reckless exploitation of resources is allowed in the local environment.

The environment in factories and workplaces may not be exploited or degraded by pollution. Hazardous chemicals and other harmful substances shall be handled carefully.

If a conflict exists with local communities over the use of land or other natural resources, the parties shall, through negotiations, secure individual and collective rights to land and other resources based on common custom or tradition, even where such rights have not been formally registered.

The production and extraction of raw materials for manufacturing shall not contribute to the destruction of the resource and income base of marginalised communities, for example by claiming large areas of land or other natural resources on which such communities depend.

2. Environmental legislation and regulations

Production may not contravene national and international environmental legislation or regulations. The requirements of the global treaty CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) shall be respected.

The required emission and discharge permits shall be obtained if necessary. Procedures and standards for waste management, for the handling and disposal of chemicals and other hazardous substances, as well as for air pollution and wastewater, shall be established in accordance with legislation.

Environmental aspects shall be taken into account throughout the production and distribution chain, from the production of raw materials to the sale of end-user products, and shall not be limited to the supplier's own operations and subcontractors. Local, regional, and global environmental issues shall be taken into account as far as possible.

3. Animal welfare

Animal welfare shall cover the entire supply chain in the manufacture of products of animal origin. The animals shall, as a minimum, be handled in accordance with current national legislation on animal welfare.

The animals shall be healthy, receive good care, and have a good living environment. Medical treatment shall be provided in case of illness and with a limiting and healthy use of antibiotics.

The five fundamental rights of animals adopted by FAWL (Farm Animal Welfare Council) are essential and animals shall, as a minimum, have the right to:

- Freedom from hunger or thirst.
- Freedom from discomfort.
- Freedom from pain, injury or illness.
- Freedom to express normal behaviour.
- Freedom from fear and distress.

In addition, all animals must be anaesthetised before slaughter.

ETHICAL BUSINESS PRACTICES

1. Bribery and corruption

The supplier shall establish and follow a policy against bribery and corruption in all its business operations.

Employees (including managers) may not directly or indirectly offer, promise, demand, or accept illegal and unlawful monetary gifts, or other forms of compensation, in order to gain commercial advantages or benefits, even if these are of a seemingly insignificant value. This also includes invitations, trips, or participation in events with suppliers or business contacts without the approval of the immediate manager.

The supplier shall show transparency and always be able to disclose the supply chain as far as possible. Misleading or false information is not accepted.

2. Intellectual property rights

Suppliers shall respect intellectual property rights and protect customers' information. Transfer of technology and knowledge shall be done in a way that protects intellectual property rights, and in accordance with the strictest requirements on information protection in accordance with applicable agreements.

The supplier shall implement both processes and procedures for detecting and avoiding forgeries and other infringements of intellectual property rights.

3. Responsible use of minerals

The supplier shall exercise due diligence in accordance with the principles detailed in the "EU Regulation (EU) 2017/821" - establishing the supply chain's obligation on the import of tin, tantalum and tungsten, their ores and gold into the EU from conflict-affected and high-risk areas.

In addition, the supplier shall ensure that none of the delivered products contain metals or minerals that originate in or have been transported through conflict-affected and high-risk areas according to the definitions given below:

State of armed conflict

Armed conflict, widespread violence, or other risks that could harm people are described in international humanitarian law, which regulates the course of action of an armed conflict between warring parties. Armed conflict can take a variety of forms, such as a conflict of an international or non-international nature that may involve two or more states but which may also consist of wars of independence, rebellion, civil wars, and so on. Specific instructions on "states of armed conflict" are explained in the 1949 Geneva Convention, and include all cases of declared war or any other armed conflict that may arise between two or more parties. This applies even if the war is not recognised by any of the parties, and in all cases of partial or total occupation of a party's territory, as well as if the said occupation is not met by armed resistance. However, in accordance with the Protocol II (1977) addition to the 1949 Geneva Convention, the above does not apply to situations of internal disturbances and tensions, such as riots, isolated and sporadic acts of violence, and other similar acts.

Post-conflict war-affected areas

Post-conflict war-affected areas are areas with weak or non-existent state governance and security, together with extensive and systematic violations of international law, including human rights violations. Post-conflict war-affected areas are areas that witness the cessation of active hostilities and are in a fragile state, which means that the region or state has a weak ability to perform basic governance functions, and lacks the ability to develop mutually constructive relationships in society due to the previous state of conflict. Such areas are more vulnerable to internal or external shocks, such as economic crises or natural disasters. In such areas, i.e. areas witnessing weak or non-existent governance and security, economic players must be aware that there is either an institutional weakness or lack of governance, where widespread systematic violations of international law and human rights violations occur, and as such determine that the area is in conflict and a high-risk area. This is a condition for violations of international law that is crucial for post-conflict war-affected areas and areas that witness weak or non-existent governance and security. In the latter case, for example, the absence of a formal mining licence procedure would, for example, constitute evidence of a lack of governance.

Cessation of the state

Declaration of "cessation of the state" is a situation of extreme institutional weakness. "Cessation of the state" means a vacuum of state authority, a collapse of law and order, and the absence of institutions that can represent the state.

The supplier shall undertake that such metals only come from conflict-free smelters. The supplier shall communicate its own policy and expectations to its subcontractors, which reflect their commitment to the responsible use of minerals. Furthermore, suppliers should define appropriate objectives, regularly measure and assess the subcontractor's performance, and implement continuous improvements in the pursuit of "conflict-free" supply chains.

DIVERSITY AND GENDER EQUALITY POLICY

DistIT's gender equality work is characterised by respect for the individual and the individual's integrity.

This means that:

- women and men shall be treated equally as individuals in all contexts, and no one shall be questioned in their professional role because of their gender
- the employer and each individual employee, in both word and deed, work for an equal workplace where men and women have equal value
- we must actively work to ensure that both female and male expertise is represented in working groups, projects etc.
- women and men have equal pay for equal or equivalent work efforts
- our work environment shall be free from victimisation, including sexual harassment
- employees' different experiences and cultural differences are safeguarded
- women and men are given an equal right to development at work (with an appraisal as a basis)
- women and men are given the same opportunity to combine parenthood and work
- the workplace and its organisation, technology, and work content are adapted for both women and men

It is the responsibility of each employee to actively take part in the gender equality work in order for the work to be successful.

Managers at all levels shall clarify, further develop, and concretely implement the intentions of the gender equality policy.

As an employer, we distance ourselves from all forms of discrimination and harassment due to gender, functional disabilities, sexual orientation, ethnicity or religion.

WHISTLEBLOWER FUNCTION

DistIT's good brand and reputation are based on high integrity and good business practice. At DistIT we believe that transparency and good communication within the organisation lead to a good corporate culture.

The whistleblower function is about reporting illegal, or suspected illegal acts and violations of DistIT's Code of Conduct. We are keen to identify irregularities in our operations. Examples of irregularities include sexual harassment, fraud and corruption, discrimination, and violations of the environment and human rights.

All employees have rights and obligations to report irregularities related to corruption, abuse of position, fraud, financial crime, serious misconduct, or environmental crimes.

Information about the whistleblower function, how it works, and how employees can submit a report, shall be available on each subsidiary's website.

It shall be possible to report anonymously and/or confidentially. Complaints or reports of irregularities shall be sent to visselblasarfunktion@distit.se, where cases are dealt with promptly.

RISKS AND RISK MANAGEMENT

A company is the sum of its decisions. Many irresponsible decisions lead to higher risk, while many responsible decisions lead to lower risk. Low risk is characterised by a company taking economic, social, and environmental impact into account in all decisions. It is the Board of Directors and management that make the decisions in the company, but it is the stakeholders who decide whether the company should be allowed to remain or not. The company's stakeholders at low risk include satisfied customers, loyal employees, satisfied owners, satisfied financiers, committed suppliers, good relations with NGOs (Non-Governmental Organization) and positive media attention.

In order to meet the expectations of the market and customers, as well as the Group's own goals, the DistIT Group strives to constantly adapt its operations to increased demands for openness and sustainability considerations. Inability to conduct effective sustainability work can lead to lower cost efficiency and reduced customer confidence. The market position can be strengthened if the subsidiaries can better meet customers' demand for transparency, quality and human rights, as well as environmentally sound products. Increased cost efficiency can be achieved through reduced energy and material consumption in the operations. DistIT's opportunities to work for a more sustainable development are usually greatest through requirements on suppliers, training of personnel, and by informing customers. The Group's sustainability work is continuously developed in order to reduce climate impact, improve energy efficiency and transportation, secure social responsibility in the distribution chain, and improve the safety, health and well-being of personnel.

Subsidiaries within the Group have different operations in their area of responsibility, with different risks within environment, working environment, social conditions, human rights, and corruption. Each subsidiary identifies their risk areas and shall assess the risk for the work and workplaces that exist within each operation. Risks at the supplier level shall be dealt with in accordance with DistIT's Code of Conduct.

SUSTAINABILITY WORK IN 2020

INTRODUCTION

DistIT's vision is for growth to be profitable, green and sustainable. In our sustainability policy, we describe the issues we want to work with in order to achieve our vision. Overall responsibility for our sustainability work lies with our CEO. The CEO is responsible to the Board of Directors for ensuring that our working methods are in line with our vision of growth. Operational sustainability work is conducted by the respective CEO of the subsidiaries and is coordinated centrally by the responsible person.

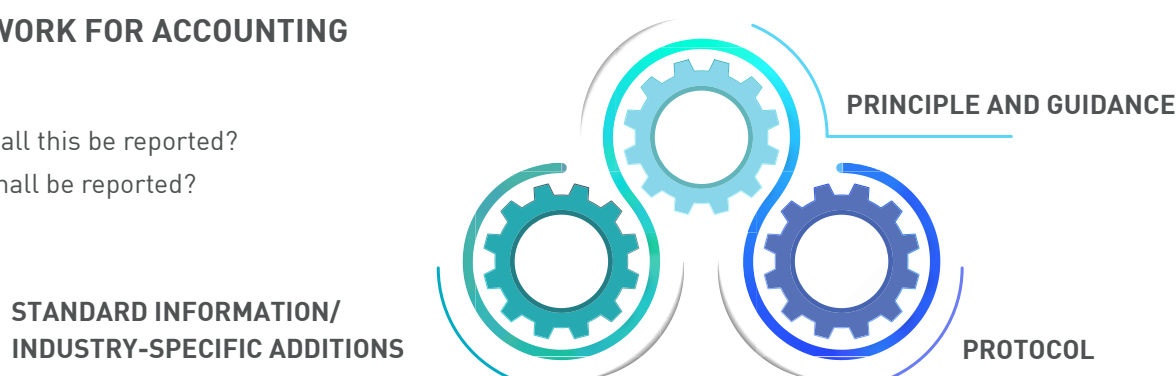
SUSTAINABILITY WORK

The work with implementing the policy, procedure descriptions, and follow-ups at each subsidiary began as early as 2015. In the development of procedures and follow-up models, consideration was given to the respective subsidiaries' corporate culture and business models. The Board of Directors also appointed a coordinator who, together with the management of each subsidiary, began implementing the policy and developing procedures and follow-up models for each subsidiary.

The report has been reviewed in part by the auditors who review the Group's annual report, but not reviewed by third parties as management deemed that the added value of such an audit, although valuable to the organisation and its stakeholders, cannot immediately be considered to outweigh the additional cost of such an audit. On the other hand, it is the Group management's long-term ambition that the Group's sustainability reports shall also be reviewed by an independent third party.

FRAMEWORK FOR ACCOUNTING

- ◆ How shall this be reported?
- ◆ What shall be reported?



DISTIT'S FOCUS AREAS

1. Product and supplier responsibility

Our customers expect our products to be sustainable in all respects. Therefore, it is important for us that our suppliers take environmental aspects into account when manufacturing, respect social conditions and human rights, refrain from corruption and bribery, and ensure that none of the delivered products contain metals or minerals that originate in or have been transported through conflict-affected and high-risk areas. As a result of our ambitious sustainability work, we have been recognised by international customers, such as ATEA, as a leading supplier of IT products.

The Group adopted a new code of conduct in 2019, which, in addition to the UN declaration of human rights, the UN conventions on the rights of the child and against the discrimination of women, and the ILO (International Labour Organization) conventions on labour law and human rights, is also based on the UN Global Compact, the OECD guiding principles for multinational enterprises, the BSCI code of conduct, and other relevant international standards on human rights and labour law.

In accordance with our Code of Conduct, visits to factories shall be carried out regularly by our personnel, but also by independent third parties. It is the supplier's responsibility to ensure the implementation of this Code of Conduct in its operations. Our suppliers are also obliged to ensure that all their suppliers, subcontractors, producers and business partners who participate in the manufacture of goods and services for companies within the DistIT Group comply with this policy. In addition to DistIT's Code of Conduct, the supplier shall comply with national laws and regulations.

Goals 2020

The Group's new goal for the subsidiaries in 2020 was continued work with the approval of suppliers for compliance with the Code of Conduct. The goal was for 95% of suppliers of own brand labels (OBL) to each subsidiary shall be approved during 2020. These suppliers accounted for approximately 97% of the total imports of own brand labels within the Group in 2020. Monitoring of these suppliers would continue, and the result would be presented in connection with the annual report 2020. Furthermore, visits to factories would be carried out regularly by our personnel, or by independent third parties, to inform, inspect and guide the suppliers.

During the year, management, employees and business partners of companies in the Group would also be informed about the effects of carbon dioxide, and proposals on how to reduce emissions further would be developed.

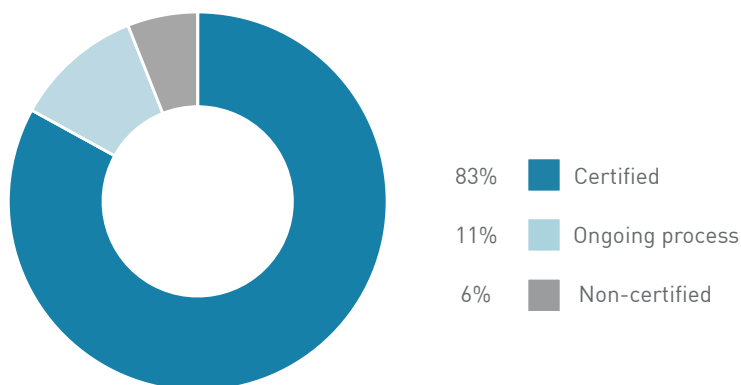
Companies within the Group would, during 2020, begin an investigation into the companies' opportunities for possible membership with BSCI or Sedex/SMETA. Furthermore, the possibility of adapting the Group's sustainability report to the UN Development Programme (UNDP) would be investigated.

Status and results 2020

In November 2018, the Board of Directors announced that Aurora and SweDeltaco would merge in order to, among other things, generate synergy effects in the procurement of own brand labels. In 2020, the new organisation has halved the number of suppliers of own brand labels (OBL) in order to increase control and improve sustainability work together with suppliers.

Our survey during the year encompassed a total of 71 suppliers. These suppliers accounted for just over 97% of the total imports of own brand labels within the Group in 2020. Of these suppliers, 59, or 83%, are certified suppliers, eight, or 11%, have started the certification, and only four, or 6%, had no certification or lacked plans to begin such a process.

OBL SUPPLIERS DELTACO/AURORA



SUPPLIERS OF OWN BRAND LABELS

Deltaco	2016	Top 10	80%
	2017	Top 25	75%
	2018	Top 40	68%
Aurora	2016	Top 10	90%
	2017	Top 25	90%
	2018	Top 40	78%
Deltaco/ Aurora	2019	Top 40	77.5%
	2020	Top 40	88%

Septon	2018	No suppliers for OBL
	2019	One new supplier for OBL
	2020	No suppliers for OBL
Sominis	2018	No suppliers for OBL
	2019	No suppliers for OBL
	2020	No suppliers for OBL

Due to Covid-19, our own personnel were unable to visit any of our suppliers' factories in 2020. Instead, one of Asia's leading inspection companies was hired, which is a member of IFIA (International Federation of Inspection Agencies), accredited by Sedex (Supplier Ethical Data Exchange), holding ISO9001:2015 certificates, and certified by UKAS and Moody. In 2020, more than 200 inspections were carried out.

Inquiries into a possible membership with BSCI or Sedex/SMETA began during the year. DistIT has been in contact with BSCI and Sedex to find out the differences between the different organisations, but also to investigate whether we could certify our companies and what is required of us as an organisation. Unfortunately, the situation with Covid-19 has affected this process, but a decision will be made in 2021.

New goal for 2021

The DistIT Group's new goal for the subsidiaries in 2021 is continued work with the approval of suppliers for compliance with the Code of Conduct. The goal is to ensure that the 50 largest suppliers of own brand labels (OBL) to each subsidiary shall be certified during 2021. As a result, at least 95% of all own brand labels within the Group will be traded by approved suppliers. Monitoring of these suppliers will continue on an ongoing basis, and the results will be presented in conjunction with the annual report for 2021. We will also continue with regular visits to factories, with the help of our inspection company, to inform, inspect and guide our suppliers in accordance with our Code of Conduct. Furthermore, during 2021 we will also continue to replace those suppliers who do not meet our requirements regarding CSR, or in cases where we have too low turnover to justify having them as a business partner.

Inquiries into the subsidiaries' prospects for a possible membership or certification with BSCI or Sedex/SMETA will continue in 2021. The ambition is to be able to present the results of the inquiries to DistIT's Board of Directors in the autumn of 2021 in order to get the Board's decision on the certification of the companies.

DistIT will hold a workshop for the management team on sustainability in the spring of 2021, in order to clarify future ambitions within CSR.

2. Environmental responsibility

Within the area of environment, the subsidiaries comply with the environmental laws that apply in the countries where the companies operate. The subsidiaries shall also streamline energy consumption, sort paper and cardboard for recycling, and reduce CO₂ emissions through coordinated transportation. As of 2019, the subsidiaries have arranged sorting and recycling of all waste in offices. The sorting includes metal, plastic, glass, electronics, lighting, cardboard, paper and food waste.

In 2019, DistIT became a member of FSC. FSC stands for Forest Stewardship Council and is an independent, international member organisation that works for environmentally friendly, socially responsible, and economically viable use of the world's forests, through its FSC certification system. Certified companies follow FSC's rules (standards) for forestry and traceability. Those who follow the rules may label their packaging with the FSC brand. The FSC label allows consumers and companies to choose wood products that come from responsible forestry, i.e. forestry that considers people and the environment. The forest gives us clean water and fresh air, and helps to slow down global warming. It provides food, medicine, and important natural resources, such as timber and paper. Responsible forestry ensures that the forest can also provide these benefits in the long term. Those who participate in the FSC voluntarily want to contribute to this. In 2020, the DistIT Group began to switch to FSC packaging by redesigning a number of selected

packagings, including all products and upcoming new items within the STREETZ brand, but we have not yet started on a large scale with converting packaging within other brands due to the situation with Covid-19. The ambition is to be able to continue the work with the remaining own brand labels (OBL) in 2021.

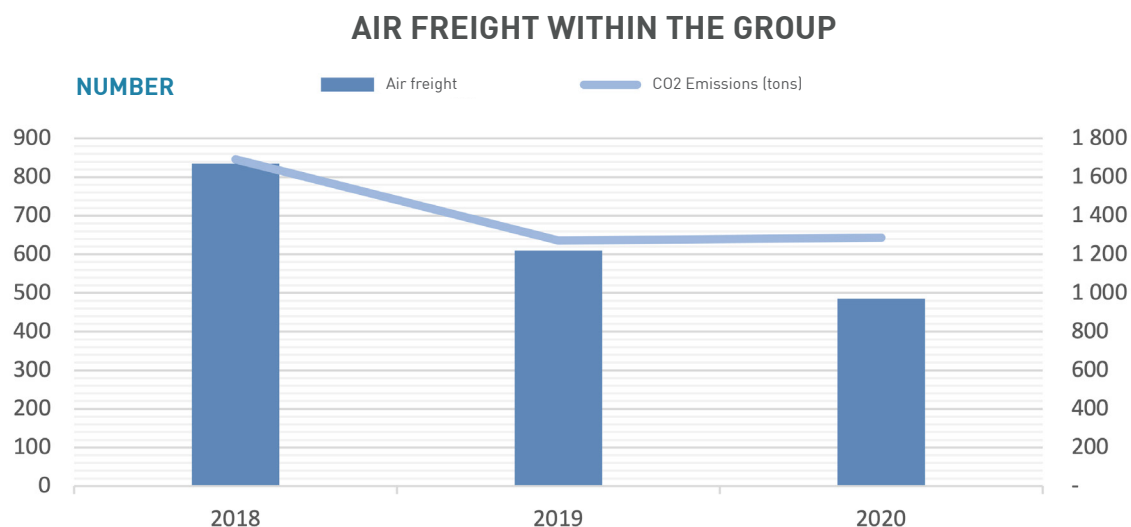
In 2020, all subsidiaries within the Group switched to digital meetings due to Covid-19. This has resulted in greatly reduced car and air travel. We see a very positive environmental impact in this respect, and our ambition is to be able to continue this approach even when the pandemic caused by Covid-19 is over.

All new company cars that were introduced in 2020 were either electric or plug-in hybrids. DistIT's goal for 2021 is to continue with the same policy.

Another environmental goal for 2020 was for all companies within the Group to report their annual air freights and to try to reduce them by at least 20% per year. During the year, the number of air freights decreased by just over 20%, while CO₂ emissions measured in tonnes (1000 kg) were approximately the same as in 2019. A contributing reason why we failed to reduce our emissions was that the pandemic, due to Covid-19, caused delays in regular sea freight from Asia.

Deliveries of goods from the subsidiaries' warehouses are carried out by haulage firms. PostNord and Bring account for over 80% of all transportation at present. PostNord has an expressed environmental goal to reduce the Group's CO₂ emissions in absolute tonnage by 40% between 2009 and 2020. PostNord also collaborates with municipalities and other players in various environmental projects, such as the green route and electric roads for heavy transport. Bring's overall environmental goal is to use only renewable energy for its vehicles by 2025. Bring also collaborates with other companies to develop new electric trucks for fossil-free package distribution in the city centres of the Nordic markets. Read more about PostNord's and Bring's environmental work at www.postnord.se and www.bring.se

The figure below shows the number of air freights and CO₂ emissions in tonnes for the DistIT Group during the years 2018 to 2020.



3. Employee responsibility (Whistleblower function)

In 2017, DistIT decided to create a whistleblower function within the Group. Information on the whistleblower function, how it works, and how employees can make a report, is available on each subsidiary's website.

Charlotte Hansson, board member of DistIT, was responsible for receiving and promptly processing incoming cases during the year.

DistIT's whistleblower service can be used by the Company's employees or other stakeholders/interfaces to report a concern or suspicion that something is not in line with our internal Code of Conduct, and conditions that may affect the company and employees negatively.

No cases have, however, been reported for the 2020 operations.

4. Societal support

In 2016, DistIT's Board of Directors adopted a programme for support to society, in the form of financial support to organisations that help vulnerable people in the world. The financial support in 2020 will correspond to 0.005 percentage points of the Group's total annual revenue.

DistIT's Board of Directors has approved DistIT's CEO's proposal to make a donation to the City Missions in Sweden. This year's donation amounts to SEK 125 000.

The city missions in Sweden are independent organisations but cooperate under the National Association of Sweden's City Missions. The purpose of the National Association is to promote a joint dialogue, opinion formation, and development for the various local City Missions. City Missions is an idea-driven organisation that works to create a more humane society for all by working with social care, education, and work integration; something that the City Missions have done since 1853 to help those who are worst off in society.

5. Other non-financial conditions relevant to operations

GDPR

On 25 May 2018, the Personal Data Act was replaced by the General Data Protection Regulation (GDPR). The regulation applies as law in all EU member states. Since 2017, DistIT has worked actively to adapt to this new regulation. The Board of Directors has appointed a working group to carry out this work and implement any necessary new processes.

As a first step, the subsidiaries mapped existing processes in order to identify where personal data is handled and what privacy risks exist. The mapping also included own IT systems and how personal data is stored or transferred to other systems, parties, and to countries outside the EU area. Subsequently, the subsidiaries, with the help of experts and lawyers, have prepared and produced the necessary documentation and procedures for handling personal data in accordance with the current regulation.

In 2019, the subsidiaries' own procedures were harmonised and common policies for the DistIT Group were established. All policies are common to the subsidiaries, except for the IT policy, which can be adapted to local conditions as long as the adaptation does not contravene the current regulation.

DistIT's policies are written in English, which is also the company language and has interpretive precedence. In order to facilitate implementation, the policies were also translated into Swedish, Norwegian, Finnish, Danish and Lithuanian. The task of the subsidiaries is to translate the necessary policy into any additional languages in order to respond to the regulation.

The responsibility for the subsidiaries' handling of personal data in accordance with the regulation lies with DistIT's CFO. In the subsidiaries, the Head of IT is responsible for any adaptation of the IT policy, and to ensure that the policies are implemented.

Furthermore, a new emergency preparedness plan for the DistIT Group has been adopted. The emergency preparedness plan applies to all companies and employees within the Group. The emergency preparedness plan defines the framework for when and how to act if a crime or an attempt to breach data security occurs in the DistIT Group.

Beneficial Owner

The Act on beneficial owner (Act (2017:631)) entered into force on 1 August 2017, and the registration obligation arose with entry into force of the act, a notification under chapter 2 no later than six (6) months after the entry into force. The act, by demanding increased transparency and registration of beneficial owners in legal entities, as well as trusts and similar legal structures, aims to prevent legal entities or structures from being used for money laundering or terrorist financing. In accordance with the act, DistIT has reported all its principals.

Market Abuse Regulation (MAR)

In 2016, the Swedish Parliament decided on new rules on the Market Abuse Regulation (MAR). The new rules primarily involved a changed reporting obligation for people in senior positions and related parties to Finansinspektionen (FI) and the company, a new definition of insider information, and new rules for preparing insider lists. In accordance with the regulation, DistIT has established instructions and procedures for the identification, management, and documentation of inside information within the organisation. DistIT uses Strictlog, which is a MAR system consisting of a digital logbook, created to ensure compliance with the rules in the handling of, for example, insider lists and relatives of PDMR (Person Discharging Managerial Responsibilities). If a press release contains inside information, a reference to MAR shall be included. DistIT issued a total of 16 press releases in 2020. Of these, six press releases were deemed to contain information that constitutes inside information.

THE AUDITOR'S REMARKS WITH REGARD THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of DistIT AB, corporate identity number 556116-4384.

Duties and division of responsibilities

The Board of Directors is responsible for the sustainability report for the financial year 2020, and for preparing it in accordance with the Swedish Annual Accounts Act.

Focus and scope of the review

Our review has taken place in accordance with FAR's recommendation RevR 12 Auditor's remark on the statutory sustainability report. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with a sufficient basis for our statement.

Statement

A sustainability report has been prepared.

Stockholm, 30 March 2021
Grant Thornton Sweden AB

Daniel Forsgren
Chartered Accountant

The logo consists of the text "DIST IT" in a dark blue, sans-serif font. The word "IT" is positioned to the right of "DIST". A white right-pointing triangle is placed behind the "IT", partially overlapping the letters and extending to the right edge of the frame.

DIST IT

DistIT AB (publ)

Glasfibergatan | 125 45 Älvsjö, Sweden | +46 8 555 76 200