

# ISEC7

## Sustainability Report 2022

## PREAMBLE

ISEC7 Group AG and its EU subsidiaries ISEC7 GmbH and ISEC7 Software GmbH have committed themselves to publishing a sustainability report every two years, in which the current development of the company in the area of sustainability is publicly documented. This is done on the basis of the guidelines of the United Nations Global Compact (UNGC) and its Global Reporting Initiative for the preparation of sustainability reports (GRI) as well as ISO14001.

ISEC7 strives to play an exemplary role in becoming a sustainable company. This includes the goals of acting in a socially and environmentally conscious manner and achieving the best possible balance with economic aspects. The management intends to conduct business in a high quality and sustainable manner based on ethical principles and to promote fair competition. This includes compliance with applicable laws, the acceptance of anti-trust bans and restrictions on competition, and the recording and accounting of emissions. ISEC7 strives for continuous improvement, especially when it comes to avoiding or reducing emissions.

In addition to the social responsibility for compliance with the UNGC sustainability goals, the company management also sees economic advantages. Through the company's consistent focus on sustainability, requirements from supply chain laws should be fulfilled early on and upstream activities from customers should be climate-neutral and transferable according to standard market reporting methods. The resulting competitive advantages should significantly compensate for the costs of sustainability measures by the 2024 business year at the latest.

Gez. Dr. Marco Miklis, Chairman of the Supervisory Board

*Dr Marco Miklis*

Gez. Marco Gocht, Chairman of the Executive Board

*Marco Gocht*

ISEC7 Group, 12.05.2022

## CONTEXT OF THE BUSINESS

ISEC7 Group is a global provider of Digital Workplace & Managed Mobility software and services. ISEC7 is a pioneer in the mobilisation of enterprise and business processes and counts some of the world's largest companies and government organisations among its customers. ISEC7 does not do business with public companies in non-democratic countries, including in particular countries on the EU and US embargo lists, but also China and Russia.

ISEC7 continuously invests in the evaluation and further development of new technologies. The innovative solutions ISEC7 Sphere, ISEC7 Mobile Exchange Delegate, ISEC7 for SAP Solutions and the comprehensive portfolio for Endpoint Lifecycle Management are trend-setting in their field.

ISEC7 was founded in Germany in 2003 and has offices worldwide in the UK, USA, Australia and New Zealand.

### Legal structure, including group structure and ownership

ISEC7 Group AG, headquartered in Hamburg, Germany, is the sole owner of the operating national companies ISEC7 GmbH (Germany), ISEC7 Software GmbH (Germany), ISEC7 US Inc. (United States of America), ISEC7 UK Ltd. (United Kingdom), as well as ISEC7 Asia Pacific Pty Ltd. As of April 2022, the shareholders of ISEC7 Group AG are exclusively private individuals who are predominantly active in management functions in the ISEC7 Group.

### Organisation

The ISEC7 Group employs approx. 100 employees, of whom approx. 13% are female and 87% male. The recording of gender is binary, the status diverse is not yet recorded. All employment contracts are permanent, with all workers employed on individual contracts; there are no workers covered by collective agreements.

In the 2021 financial year, the number of employees grew by 6%. The organisational structure and ownership have not changed during this period.

### Supply chain of the organisation

The ISEC7 Group's main suppliers for its business activities are mainly software manufacturers and manufacturers of hardware for the digital workplace. These include in particular manufacturers of smartphones, tablets, notebooks and related equipment.

Due to the increasing importance of the Endpoint Lifecycle Management business area, the weighting of the main suppliers has changed in favour of hardware manufacturers and their distributors and will develop more strongly in this direction in the future.

## Corporate governance

The management is committed to further developing sustainable development at ISEC7 and to taking all necessary measures to achieve the established goals. In particular, the goals of the Paris Climate Conference and the UN Global Compact will be implemented.

Sustainable development was driven by the establishment of the Sustainability Working Group by employees of the ISEC7 Group. This working group is supported by the CFO of the company as a stakeholder. The external audit is carried out by Ecovadis.

Achievements and progress in 2021:

1. Founding of the Sustainability Working Group with the aim of carrying out the transformation to a sustainable company
2. Joining the United Nations Global Compact (UNGC)
3. Introduction of a code of conduct based on UNGC criteria
4. Introduction of an environmental management system in accordance with ISO 14001
5. Sustainability certification by Ecovadis, silver medal award
6. Balancing of emissions with the help of the KlimAktiv CO2 calculator and achievement of climate neutrality through compensation
7. Incentive system for the expansion of the vehicle fleet in favour of fully electric cars
8. Expansion and simplification of the "Company Bike" programme
9. Introduction of the ISEC7 Environmental Commitment for plastic-free and 100% recyclable packaging in shipping.
10. Switch to organic, regional and Fairtrade snacks, food and drinks at company events and office locations

## CORPORATE GOVERNANCE

By joining the UNGC, the Executive Board has expressed its commitment to sustainability. Both the Executive Board and the Supervisory Board will incorporate aspects of the UNGC sustainability criteria in their decision-making.

The Sustainability Committee develops concepts and draft resolutions for the Executive Board. Communication and decisions are transparent and can be viewed by all employees. Reporting is prepared by the Sustainability Committee and is finalised and approved by the Executive Board. The Supervisory Board checks the reporting for compliance with the sustainability goals.

The Executive Board is permanently represented in the Sustainability Committee by the CFO.

Continuous improvement in the area of the environment is ensured by ISO 14001 certification.

The reporting period for the first Sustainability Report 2022 initially refers to the 2021 financial year and will be prepared every two years in future.

The contact point for the report is the ISEC7 Sustainability Committee and its members. Available to employees via the direct contact of the participants and to external parties at [sustainability@isec7.com](mailto:sustainability@isec7.com).

The Executive Board of ISEC7 Group AG consists of the following members as at the reporting date:

- Marco Gocht, CEO / Chairman of the Board
- Roger Dost, CFO / Chief Financial Officer
- Michael Brandt, CSO / Chief Strategy Officer
- Guido Wilken, CDO / Chief Development Officer

The following members belonged to the Supervisory Board at the reporting date:

- Dr Marco Miklis, Chairman and Spokesperson / Focus on Strategy & Marketing
- Jörg Greshake, Member / Focus Sales
- Ed Sullivan, PhD, Member / Focus Finance

The managing directors of the national companies are

- ISEC7 GmbH: Roger Dost, Marco Gocht
- ISEC7 Inc: Michael Brandt
- ISEC7 UK Ltd: Karl Graves, Matthew Townend

- ISEC7 Asia Pacific Pty Ltd: Brian Harris
- ISEC7 Software GmbH: Guido Wilken, Matthias Hager, Marco Gocht, Roger Dost

Powers of attorney, responsibilities, control, consultation and nomination procedures are based on the bylaws and statutory regulations.

## PRACTICAL MEASURES

The UNGC Sustainable Development Goals are the central building block of the ISEC7 guidelines and voluntary commitments. These are implemented in corporate goals, work instructions, the management systems, particularly in accordance with ISO 14001, and the binding Code of Conduct, which is based on the UNGC's sustainability goals and best practice approaches.



ISEC7's sustainability strategy manifests itself in concrete prioritised fields of action, which are elaborated in the ISEC7 Sustainability Committee and are in line with ISEC7 management's goals regarding sustainable corporate governance.

As an IT company, the options for influencing sustainable production are severely limited and are therefore mainly oriented along the supply chain. The following priorities have been set:

1. Climate neutrality
2. Health and occupational safety of employees

3. Portfolio management in favour of sustainable products
4. Sustainable customer and supplier relationships

#### Climate neutrality

As a service company, ISEC7's CO<sub>2</sub> footprint is relatively small. In addition to the selection of green electricity providers for the office and vehicle fleet and the consistent prioritisation of climate-friendly products by the purchasing department, ISEC7 has set a milestone with the introduction of the ISEC7 environmental promise for the dispatch of parcels. For example, the "Device-as-a-Service" business unit uses completely plastic-free packaging, most of which is already recycled and 100% recyclable in waste paper.

#### Health and safety at work

The health of employees is particularly important to ISEC7. Workplaces are designed strictly according to ergonomic principles, and the ergonomic equipment of mobile workplaces (so-called home offices) is promoted. Motivation and subsidies for physical exercise are a matter of course and serve to maintain preventive health. The focus on ecological, regional and fair-trade products at company events and in the year-round internal catering creates employee satisfaction and reflects ISEC7's sustainability strategy.

#### Portfolio management

With the business field "Device-as-a-Service", ISEC7 promotes the sustainable use of modern digital workplaces. High-quality IT equipment deserves a second life, and so ISEC7 feeds used hardware to secondary markets after certified deletions have been carried out according to the highest standards. This significantly extends the life cycle of hardware and helps to use resources sparingly and as efficiently as possible.

#### Sustainable customer and supplier relationships

The sustainability and long-term nature of business relationships has been an essential part of ISEC7's philosophy since its foundation. Transparency and honesty have always been a success factor for low fluctuation and high customer satisfaction. ISEC7 will continue to adhere to and permanently improve this basic conviction of successful business activity and work on improved monitoring possibilities.

## STRATEGY

Digitisation and mobilisation of business processes are changing the world, enabling global communication in fractions of a second and offering even small companies opportunities in global cooperation.

Nothing will be the same tomorrow as our parents' generation got to know the world. The shift to a digital economy, the unstoppable advance of apps for smartphones and tablets, and ongoing digitalisation are changing our daily lives.

But with the advantages of the digital world also comes a great responsibility. The responsibility for peaceful coexistence and humanity, a responsible use of the available resources of our world as well as the trustful handling of the available data - your data and our data.

At ISEC7, we stand for clear rules, because our joint success is based on the trust of customers, partners and employees.

In the 2021 reporting period, we therefore introduced our Code of Conduct as a guideline for all employees of the ISEC7 Group. Specifically, the Code of Conduct addresses the management, executives and all our employees, customers and suppliers.

The Code of Conduct covers the areas of human rights, environment and climate, labour standards and corruption prevention. It is binding for all employees of ISEC7 and represents, on the one hand, our own claim to live up to the values and principles listed therein and, on the other hand, forms a basis for responsible cooperation in a spirit of partnership with our business partners.

ISEC7 joined the United Nations Global Compact in June 2021 and is committed to complying with the United Nations principles for sustainable and responsible corporate governance.

Furthermore, ISEC7 implements measures for the implementation and further development of the 17 United Nations Development Goals (SDGs) for sustainable corporate governance and also promotes these in cooperation with our customers, partners and suppliers.

ISEC7 Group CFO Roger Dost: *"We are proud to be among the first companies in Germany to commit to common United Nations standards for human rights, labour standards, environment and corruption prevention and to implement the 17 principles for sustainable development and corporate governance within ISEC7."*

Environmental, social and ethical performance - or sustainability - is now an essential factor for sustainable businesses. More and more companies, are improving their transparency and sustainability practices and publishing initiatives transparently to customers and business partners.

ISEC7 therefore uses ecovadis, the largest business rating portal with over 75,000 customers, for the ongoing external assessment of its sustainability strategy.

## HUMAN RIGHTS



ISEC7 is committed to respecting human rights and has therefore defined its commitment to Resolution 217 A (III) of the United Nations General Assembly in particular in the newly introduced Code of Conduct in 2021. The Code of Conduct further stipulates that ISEC7 reserves the right to refuse business relations with suppliers and customers if they are obviously deliberately violating international human rights. By signing the Code of Conduct, ISEC7 employees commit themselves to respecting human rights in accordance with the above-mentioned resolution.

ISEC7 Group has business locations in Germany, the USA, the UK, Australia and New Zealand. During the reporting period 2021, there were no incidents of violations of indigenous rights at any of ISEC7's business locations.

For an improved possibility of anonymous reporting of possible violations, ISEC7 intends to introduce a whistleblower portal.

The review of suppliers with regard to the violation of human rights as well as the introduction of a mandatory Code of Conducts for the most important suppliers is planned for the 2022 financial year.

As part of an internal campaign, donations were made in 2021 by ISEC7 to charitable organisations selected by employees, which support human rights and social aid projects in various areas.

In detail, monetary donations have been received:

- UHURU e.V. - Together for children in Kenya
- German Children's Fund - DKHW
- Dunkelziffer e.V.
- Bunte Vielfalt Bargteheide Stadt und Land e.V.
- Caravan of Humanity
- Hinz&Kunzt - Hamburg street magazine
- Hamburg Donation Parliament

## ENVIRONMENT AND CLIMATE

The protection of the environment and climate protection are important concerns for ISEC7. ISEC7 is therefore pursuing the goal of taking on a role model within the IT industry in the areas of sustainability, climate protection and reduction of environmental impact beyond the requirements of the Paris Climate Agreement. The Code of Conduct introduced in the 2021 financial year therefore stipulates that ecological goals should be proactively pursued, even beyond legal obligations and regulations.

Through the Code of Conduct, all employees of ISEC7 are required to treat all natural resources (e.g. energy, water, land) used in the company with care. Waste should be reduced and responsibly disposed of or recycled.

The introduction of an environmental management system in the 2021 financial year in accordance with ISO 14001 is intended to ensure continuous improvement and compliance with ecological goals.

A responsible approach to the production and distribution of ISEC7's products and/or services is expected of its employees. Due to its business model as a service and software company, ISEC7's environmental impact is rather low compared to manufacturing companies. In the 2021 financial year, ISEC7 introduced the environmental promise for the shipment of hardware in the "Device-as-a-Service" business area. This environmental promise to customers provides for completely plastic-free packaging, using mostly already recycled materials and 100% recyclable materials in waste paper. The total volume of CO<sub>2</sub> equivalents of packaging material used in the 2021 financial year was 0.21t and was fully offset.

Furthermore, in the reporting year 2021, ISEC7 switched to an exclusive green electricity provider at its main location in Hamburg, so that the energy supply there is free of fossil and nuclear fuels. The electricity purchased is generated CO<sub>2</sub>-neutrally from renewable energies. CO<sub>2</sub> emissions that occur in the supply chain - e.g. during the construction of an eco-energy plant - are also neutralised by the green electricity provider via Gold Standard (VER) climate protection projects.

In the 2021 financial year, ISEC7's energy consumption at its main site in Hamburg was approximately 88,671kWh.

Water consumption at the main site in Hamburg amounted to 81m<sup>3</sup> in the 2021 financial year.

An important goal of ISEC7 is to improve energy efficiency and reduce energy consumption in order to minimise greenhouse gas emissions. ISEC7 strives for comprehensive climate neutrality and therefore monitors, documents and offsets energy consumption and greenhouse gas emissions in categories 1, 2 and, for the most part, 3. The aim is to gradually extend beyond its own system boundaries to include upstream and downstream activities in the carbon footprint.

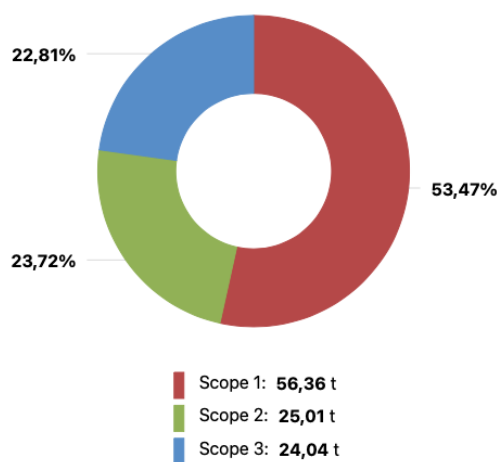
In the 2021 financial year, direct greenhouse gas emissions from category 1 amounted to 56.36t and indirect greenhouse gas emissions from category 2 amount to 25.01t. Category 3 greenhouse gas emissions were recorded at 24.04t.

ISEC7 has offset a total of 106t of greenhouse gas emissions for the G 2021 and is thus climate neutral according to the Paris Climate Agreement.

## Ergebnis

Ergebnis	CO <sub>2</sub> e [t]	CO <sub>2</sub> e [%]
<b>Scope 1:</b> Direkte Emissionen	56,36	53.47
<b>Scope 2:</b> Indirekte Emissionen aus bereitgestellter Energie	25,01	23.72
<b>Scope 3:</b> Weitere indirekte Emissionen	24,04	22.81
<b>Gesamte Emissionen</b>	<b>105,41</b>	<b>100.00</b>
Zusätzliche Treibhausgaswirkung durch Flugreisen	1,87	

## Verteilung der THG-Emissionen in Scopes: CO<sub>2</sub>e [t]



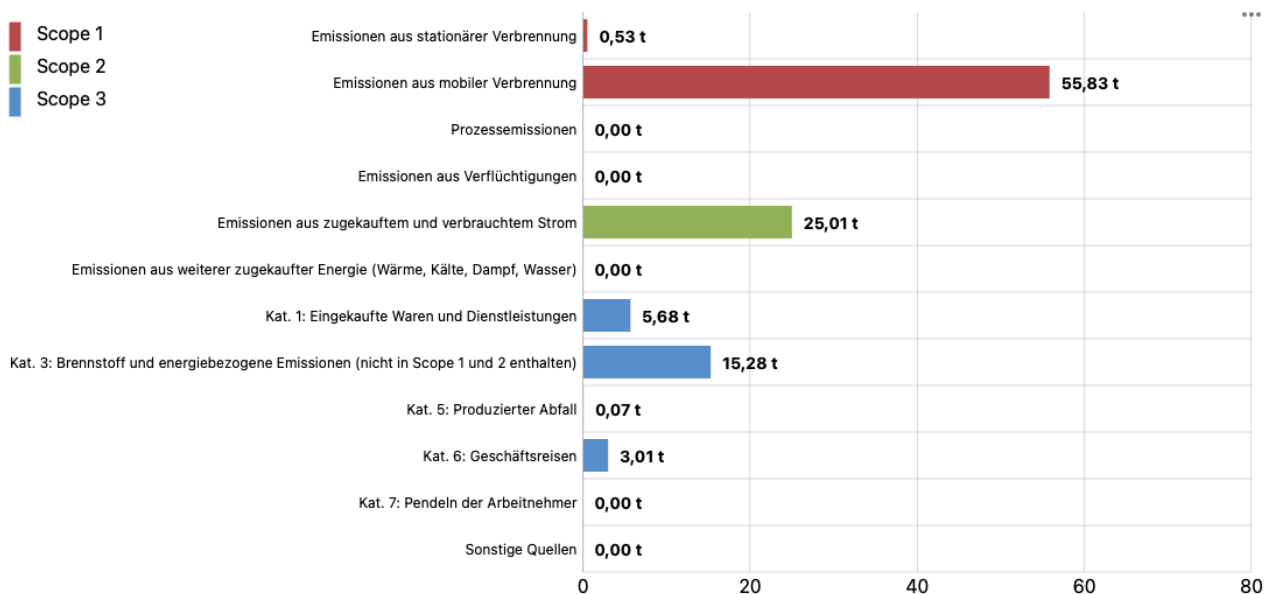
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- **Scope 1:** Direkte THG-Emissionen aus der Verbrennung von fossilen Brenn- und Treibstoffen stationär und mobil sowie Prozessemissionen und Verflüchtigungen von Kühl- & Kältemitteln.
- **Scope 2:** Indirekte THG-Emissionen aus der Erzeugung von zugekauftem Strom, Wärme oder Dampf.
- **Scope 3:** Andere indirekte THG-Emissionen entlang der Wertschöpfungskette (Bspw. Rohstoffgewinnung, eingekaufte Waren, Logistik, Mobilität der Mitarbeiter, Nutzung der verkauften Produkte etc.).

Der Corporate Carbon Footprint für ISEC7 GmbH für das Jahr 2021 beläuft sich auf 105,41 t CO<sub>2</sub>e.

Sektor	CO <sub>2</sub> e [t]	CO <sub>2</sub> e [%]
<b>Büro &amp; Verwaltung</b>	<b>29,10</b>	<b>27.61</b>
> Wärme	0,62	0.59
> Strom	28,48	27.02
> Kälte- und Klimaanlage	---	0.00
<b>Mobilität</b>	<b>70,55</b>	<b>66.93</b>
> Fuhrpark	67,54	64.08
> Geschäftsfahrten	0,81	0.77
> Geschäftsflüge	2,20	2.09
<b>Einkauf</b>	<b>0,21</b>	<b>0.20</b>
> Verpackung	0,21	0.20
<b>EDV</b>	<b>5,47</b>	<b>5.19</b>
> EDV-Dienste	---	0.00
> Hardware	5,47	5.19
<b>Abfall</b>	<b>0,07</b>	<b>0.07</b>
> Abfall	0,07	0.07
<b>Sonstiges</b>	<b>---</b>	<b>0.00</b>

Sektor	CO <sub>2</sub> e [t]
<b>Klima-Invest</b>	<b>-106,00</b>
> Klimaschutzzertifikate	-106,00
- atmosfair Zertifikat für kompensierte Treibhausgase Zukauf und Stilllegung von Zertifikaten aus Klimaschutzprojekten	-106,00



ISEC7 is continuously investing in the transformation to a climate-neutral and sustainable company. In addition to funding a sustainability committee with 10 members, the focus is consistently on sustainable suppliers and offsetting is carried out where emissions cannot yet be avoided. Expenses for certifications (ISO 14001, Ecovadis) and memberships (United Nations Global Compact) are important prerequisites for the transformation process.

At the main site in Hamburg, 320kg of waste was generated in office operations in the 2021 financial year. Broken down, there were 188kg of residual waste and 132kg of cardboard/paper. Of the residual waste, 26% was plastic waste, a total of 31 kg.

ISEC7 has taken numerous internal measures to reduce its environmental impact during the reporting year. First of all, the emission output was balanced. In addition to the complete switch to a green electricity provider and the use of 100% recyclable materials for all shipping and packaging materials, the company also switched to sustainable snacks and drinks for customers and employees and created financial incentives for the use of an electric car as a company car. In addition, all employees are offered the use of a modern company bicycle.

The review of suppliers with regard to ecological criteria and the introduction of a mandatory Code of Conducts for suppliers is planned for the 2022 financial year.

ISEC7 follows a set of principles to achieve its environmental objectives and improve the carbon footprint of upstream and downstream activities. The following principles have therefore been introduced with the 2021 financial year:

### **Climate First**

If there are several options to choose from, we prefer climate-friendly processes.

### **Bike & Public Transportation First**

It is possible for all employees to obtain a company bicycle. Train travel is possible for all employees and this is preferable to car and air travel. Air travel for which an alternative travel option exists must be justified.

### **Videoconferencing First**

We avoid unnecessary travel when video chat or telephone conference are alternatively possible and sensible.

### **Organic First & Vegan Choice**

When purchasing food, we prefer organic, regional and fair trade products. At company events for employees or business partners, a selection of vegetarian or vegan products should always be offered in the catering.

### **Fix First**

We prefer repair to the purchase of new objects if this is possible as an alternative.

## WORKING STANDARDS

ISEC7 places particular emphasis on team spirit, constructive cooperation and equal opportunities. All employees want to do an excellent job and therefore constantly question existing solutions and develop new and creative ideas for the benefit of the customers. ISEC7 promotes this constructive teamwork. The requirements of customers and supporting possibilities of suppliers are decisive for the work and further development. A key success factor is based on the diversity of the employees - and that is what makes all employees proud.

The Code of Conduct introduced in the 2021 financial year stipulates that any form of discrimination at ISEC7 is prohibited as a matter of principle. Pay, promotions and new hires are always free of discrimination.

The management and all employees of ISEC7 are obliged to refrain from any form of discrimination:

- for racist reasons
- because of ethnic origin
- because of religion or belief
- because of gender
- because of sexual identity
- because of marital status
- because of pregnancy
- because of a disability
- because of physical characteristics
- because of age

In the reporting year 2021, no cases of discrimination came to light and no penalties or fines were imposed due to violations of the anti-discrimination guidelines at ISEC7.

At ISEC7, all workers are employed under individual contracts. There are no workers covered by collective agreements. There is no works council. All employment contracts are open-ended. Individual salary negotiations take place on an annual basis.

The health of its employees is particularly important to ISEC7. For this reason, attention is paid to enabling a good work-life balance for all employees, among other things through measures such as flexitime. At the beginning of the Corona pandemic, ISEC7 switched to home office workplaces at an early stage, even before official orders. The introduction of support for sports training is planned for the 2022 financial year.

At ISEC7, all minimum notification deadlines of operational changes were met in the reporting year 2021.

ISEC7 strictly rejects child labour or forced labour without exception and also expects this from all business partners. In the Code of Conduct introduced in the 2021 financial year, it was therefore stipulated that school-age children and generally persons younger than 15 may not be employed even if the legal requirements of the supplier's respective country would allow this. Forced labour, slave labour or work comparable in this way may not be used. The legal minimum wage requirements and the ILO requirements must be complied with.

The review of suppliers with regard to the use of forced labour or child labour as well as the introduction of a mandatory Code of Conducts for suppliers is planned for the 2022 financial year.

In the reporting year 2021, women accounted for 14.0% of ISEC7's total workforce in Germany and 14.3% in management positions. As the assessment of salary at ISEC7 is gender-independent, women and men in comparable positions and with comparable performance receive an identical salary.

The retention rate after parental leave is 100% regardless of gender.

In addition to purely operational topics, professional development takes place in particular in the areas of data protection, security and sustainability. The introduction of an even more comprehensive further training system is planned for the 2022 financial year.

ISEC7 is explicitly committed to complying with the export control laws and sanctions lists of the United Nations, United States, European Union, United Kingdom, Australia and New Zealand. In the reporting year 2021, there was a rejection of customers who, according to US sanctions lists, were related to the annexation of Crimea. ISEC7 rejected business relationships with such companies as a matter of principle, rather than relying on the common practice of many competitors to merely have customers confirm that the products and services offered are not used in connection with the annexation of Crimea.

## **CORRUPTION PREVENTION**

ISEC7 is committed to complying with the UN Convention against Corruption.

ISEC7 employees do not solicit or accept personal benefits from customers or suppliers that could influence or affect one's conduct with respect to one's work for the company.

If gifts are offered by third parties, they may only be accepted if they are common practice and can be recognised as a courtesy or favour. In the case of gifts whose value exceeds the customary amount, the compliance officer or the management must be informed. If this is not possible, these gifts are to be rejected as a matter of principle.

Gifts on the part of ISEC7 may also only be offered within the scope customary for the business relationship and to a materially reasonable extent. The person receiving the gift must not be able to associate it with any obligation that would influence his or her business decisions.

ISEC7 donates to various non-profit organisations and in principle not to political parties or individuals. Donations to organisations whose objectives contradict the corporate philosophy

and the Code of Conduct or damage the reputation are also excluded as a matter of principle. The allocation of donations is always transparent.

ISEC7 does not tolerate any form of corruption and bribery, regardless of whether this damages the company's assets or the assets of third parties. ISEC7 has control mechanisms in place to prevent bribery, theft, embezzlement, fraud, tax evasion or money laundering.

Payment transactions and expense claims are always checked at ISEC7 by a designated specialist department.

ISEC7 employees are prohibited from accepting or giving favours of any kind (cash, travel, gifts, etc.) that are linked to an undue advantage (contract award, project award, etc.).

ISEC7's business partners are also required to avoid conflicts of interest that pose a risk of corruption.

In the reporting year 2021, no incidents of corruption became known and no penalties or fines were imposed due to violations of the anti-corruption guidelines at ISEC7. In the 2022 financial year, the introduction of a whistleblower portal is planned to ensure anonymous transmission of information regarding possible violations.