

A graphic on the left side of the cover features a hand reaching up towards a cluster of 3D cubes. Most cubes are blue, but one cube in the center is orange and glowing with a bright light. The background is a dark blue with a subtle network of white lines and dots, suggesting a digital or technological theme.

# **ASBIS<sup>®</sup>**

**SUCCESS THROUGH FOCUS**

## **Consolidated Non-financial Report for 2019**

**ASBISc Enterprises Plc**

Limassol, Cyprus, 30<sup>th</sup> March 2020

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## Letter from the CEO

**At ASBIS we are committed to corporate social responsibility.**

Dear Stakeholders,

It is with a great pleasure that I present you with ASBIS third Consolidated Non-financial Report.

2019 has been a very successful year for ASBIS. Within the business area, we have strengthened our presence and competences, enhanced our product offering, among others by developing private labels and taking over new businesses as well as maintained a strong cash position. Thus ASBIS is prepared for future changes within the demanding IT distribution industry as well as potential turbulences on markets and economies.

At ASBIS we are committed to corporate social responsibility (CSR). We believe that accountable, transparent and responsible business behavior is the key to our sustainable growth. As a result, each year we do more and deliver on our promises.

We have made a sizeable progress over the past years. In 2018, we published our first Non-financial Report which encompassed data and actions undertaken in 2017 and 2016. In 2019, we presented our stakeholders with the second report, which among others showed a set of updated and formalized internal policies. These, incorporated our Code of Conduct, Whistleblowing Policy, Business Ethics Policy, encompassing a

comprehensive Anti-bribery and Anti-corruption Policy as well as HR Management Policy, emphasising the importance of diversity and team building in our Company.

The current Non-financial Report for 2019 goes a step further. The Board of Directors approved RBA's Code of Conduct as ASBIS Suppliers Code of Conduct (this internationally recognised document translates our internal values onto our business partners) as well and our 2020-22 CSR strategy which will be guiding our actions over the next years.

At ASBIS we are aware that operating in some 56 countries, we make an impact on both customers in these countries by providing them with high-quality solutions as well as on communities by holding local offices (in 26 countries) and employing personnel. We will continue to strive for our impact to be a positive one.

I would also like to underline that growth and development will not come at the cost of risk management, which will remain one of our priorities.

Siarhei Kostevitch

Chairman & CEO

## ■ KEY 2019 NON-FINANCIAL INDICATORS ■

**20,000** active customers  
in **56** countries



Subsidiaries in  
**26** countries



**1,594**  
employees  
on average



**21,000**  
products in the offering



**4 key regions**  
of operations



**2** distribution  
centers



**60%**  
transactions on-line



**190+**  
vendors



**4** private  
label brands



# About the Report

## ASBIS third Consolidated Non-financial Report.

This Non-financial Report has been prepared by ASBIS based on 2019 data for the whole Group. The report also encompasses comparable consolidated data for 2018.

As ASBIS' shares are listed on the Warsaw Stock Exchange in Poland, the Report has been created in accordance with the Polish Bill of Accounting (which implements the 2014/95/EU Directive into Polish law) requirements. The report has been prepared on the Group level, as on the consolidated level ASBIS meets the criteria of article 55.2b. Both in 2019 and in 2018 the Group employed more than 500 employees on average, its assets exceeded PLN 102m and turnover exceeded PLN 204m. Similar disclosure requirements are also mandatory in Cyprus, where ASBIS headquarters are located.

The Report is published together with the ASBIS Consolidated Financial Report for 2019 along with the Polish Ministry of Finance Bill on current and periodical reports. The Report is compliant with the requirement of the Polish Bill of Accounting listed in articles 49b points 2-8.

The Report has been prepared based on policies present in the Group as well as long-standing practices. ASBIS has used own methodology to prepare the Report, though the methodology has

been inspired by the internationally-recognised GRI Standards. The materiality assessments have not changed versus the previous Report, as no scale change materialized within ASBIS business model. Still, the Board of Directors confirmed that the the key stakeholder groups discussed in this Report have not altered versus the previous Report. As a result, the stakeholder survey has not been repeated.

While preparing the report the Board took into consideration the non-binding EU: (1) guidelines on non-financial reporting: methodology for reporting non-financial information (2017/C215/01) as well as the (2) guidelines on non-financial reporting: supplement on reporting climate-related information (2019/C209/01). The Report has been created with due diligence and care, yet it has not been audited by any external party.

**Transparency  
is important to us.**

# Business model

**ASBIS is one of the leading IT distributors in EMEA.**

## OVERVIEW

ASBISc Enterprises Plc is one of the leading distributors of Information Technology ("IT") products in Europe, Middle East and Africa ("EMEA") Emerging Markets: Central and Eastern Europe, the Baltic States, the Former Soviet Union, the Middle East and Africa, combining a broad geographical reach with a wide range of products distributed on a "one-stop-shop" basis.

Our main focus is on the following countries: Slovakia, Poland, Czech Republic, Romania, Croatia, Slovenia, Bulgaria, Serbia, Hungary, Middle East countries (i.e., United Arab Emirates, KSA, Qatar and other Gulf states), Russia, Belarus, Kazakhstan, Ukraine and Latvia.

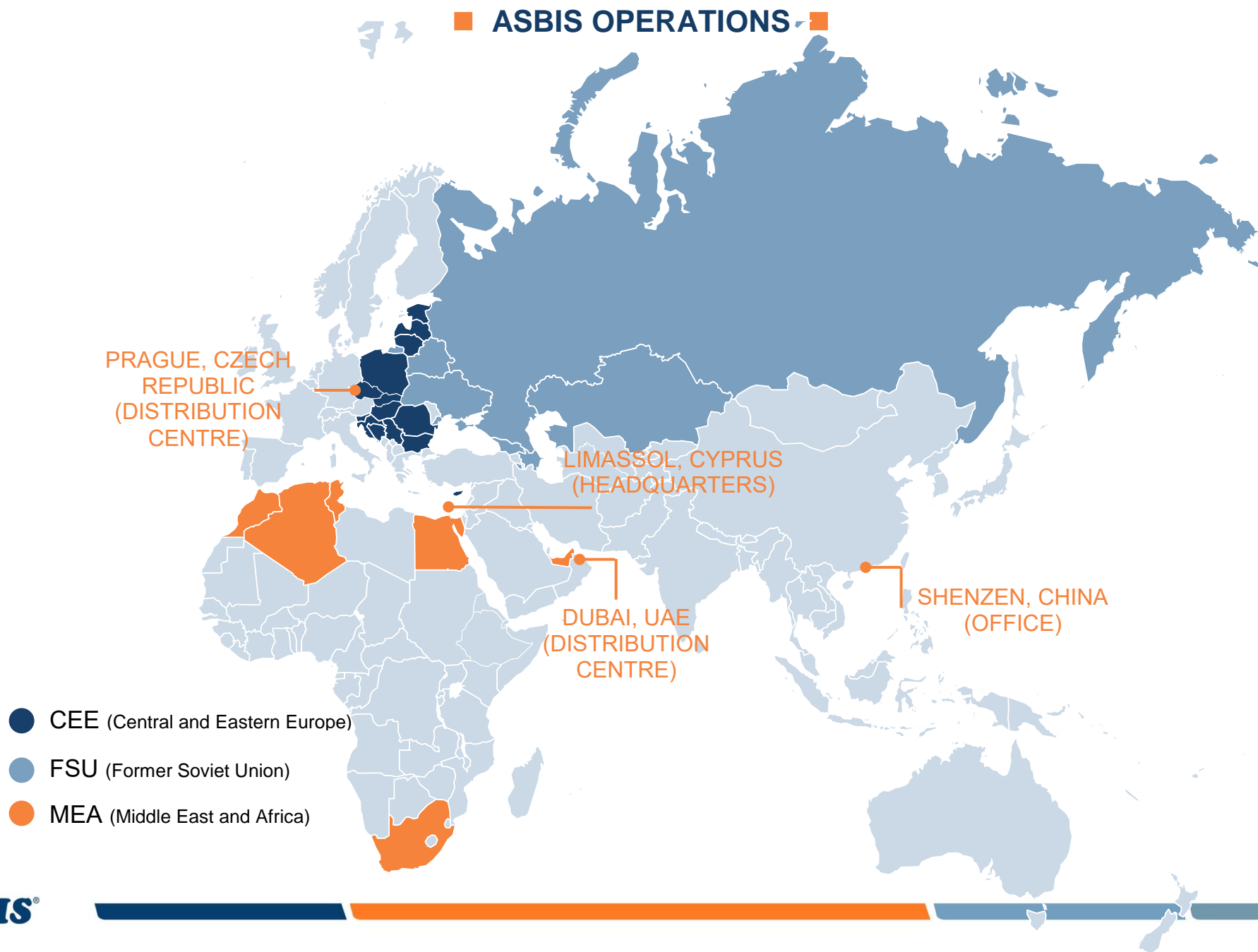
ASBIS distributes IT components (to assemblers, system integrators, local brands and retail), as well as A-branded finished products like desktop PCs, laptops, servers, and networking to SMB and retail customers. Our IT product portfolio encompasses a wide range of IT components, blocks and peripherals, and mobile IT systems. We currently purchase the majority of our products from leading international manufacturers, including Apple, Intel, Advanced Micro Devices ("AMD"), Seagate, Western Digital, Samsung, Microsoft, Toshiba,

Dell, Acer, Lenovo and Hitachi. In addition, an important part of our revenue is comprised of sales of IT products and mobile devices under our private labels, Prestigio, Canyon, Perenio and Atlantech.

ASBIS commenced business in 1990 in Belarus and in 1995 we incorporated our holding Company in Cyprus and moved our headquarters to Limassol. Our Cyprus headquarters support, through two master distribution centers (located in the Czech Republic and the United Arab Emirates), our network of 31 warehouses located in 26 countries. This network supplies products to the Group's in-country operations and directly to its customers in some 56 countries.

**ASBIS is a "one-stop shop" for its customers.**





## VISION:

Be the leading Value Add Distributor, OEM and Solutions Provider of IT, IoT, AI across CEE, FSU, MEA

## MISSION AND VISION

Mission and vision of ASBIS are the guidelines by which the Board of Directors looks at the Company and conducts business. These are communicated to employees and to external stakeholders.

## MISSION represented by focus areas:

- Develop and Market IT, IoT, AI solutions
- Gain expertise in consultative business
- Excel and leverage on Distribution
- Grow profitably Own Brands
- Manage risks and Zero regulatory issues



## ■ ASBIS 10 GUIDING PRINCIPLES ■



## **Broad geographic coverage combined with a strong local presence.**

### **VALUE CHAIN**

The value chain starts with the end-customer whose purchases ASBIS aims to forecast. We thus analyze market trends, evaluate potential demand and look for profit opportunities. Based on our analysis, we later on select products and products groups that will be distributed and sold. Product offering is adjusted according to market changes and profit it generates. Then the Company creates a strategy to develop certain product groups and customer demands. In 2019, we had c.420 ths active articles in our offer versus c.372 ths in 2018.

While setting the product offering, we co-operate with our suppliers. In 2019 the number of supplier increased from over 500 in 2018 to 1,069, due to development of our product offer. We have long-term relations with our suppliers based on mutual trust and understanding of mutual needs and constraints. Most of these are large international companies. We strive to provide our suppliers full visibility by reporting to them crucial information on a daily/weekly basis, including stock levels, sales-out reports by country, thus assisting them in monitoring customer demand and allowing them time to comprehend and react to specific market peculiarities, trends and dynamics. In 2019, a significant portion of our revenues was generated from ten biggest suppliers. However, we believe that we place no reliance on anyone of our suppliers since we carry for every product category a wide portfolio of brands. We choose new suppliers based on the market trend demands.

Placing an order depends on the supplier: it can be done via our supplier on-line system or email. We operate a system of centralized purchasing through our headquarters in Limassol, Cyprus, however we also possess a purchasing office in China. Country managers communicate expected sales levels and targets, analyzed by product lines and suppliers, to our product line managers who then identify purchasing requirements for the forthcoming three weeks and in turn forward this information to vice president of product marketing who verifies and, upon agreement, consolidates the information. Information is then presented to the management, holding weekly meetings to review and approve requirements.

Suppliers deliver goods to one of 2 our distribution centers (Prague and Dubai). The facility in Prague is responsible for distribution across whole Europe; Dubai serves our operations in the Middle East and Africa and certain Central Asian countries. Our facility center in Prague is leased (total area of 5,048m, of which warehouse is 4,473m<sup>2</sup>). The center in Dubai is owned and is a larger one (7,025m<sup>2</sup> of which warehouse occupies 6,475m<sup>2</sup>). We strive to keep our stock, including stock in transit, for our main product lines at a level of four weeks of sales revenues, and to cover four to five weeks of sales revenues for other product lines in order to ensure adequate supply, while reducing the length of time over which we hold our inventory at our warehouses.

## Experienced management team combined with local expertise.

Having purchased the goods, we act as a non-exclusive distributor. We are responsible for promoting, marketing, advertising, selling, and providing training and after-sales support for each supplier's products in the respective markets. A monitoring mechanism is established by the suppliers to ensure that minimum sales targets are met, pursuant to which we are responsible for providing our suppliers with various reports, including weekly inventory reports and monthly point of sales reports. The aim of ASBIS is to be one of the top distributors for every supplier to get most of the supplier's support.

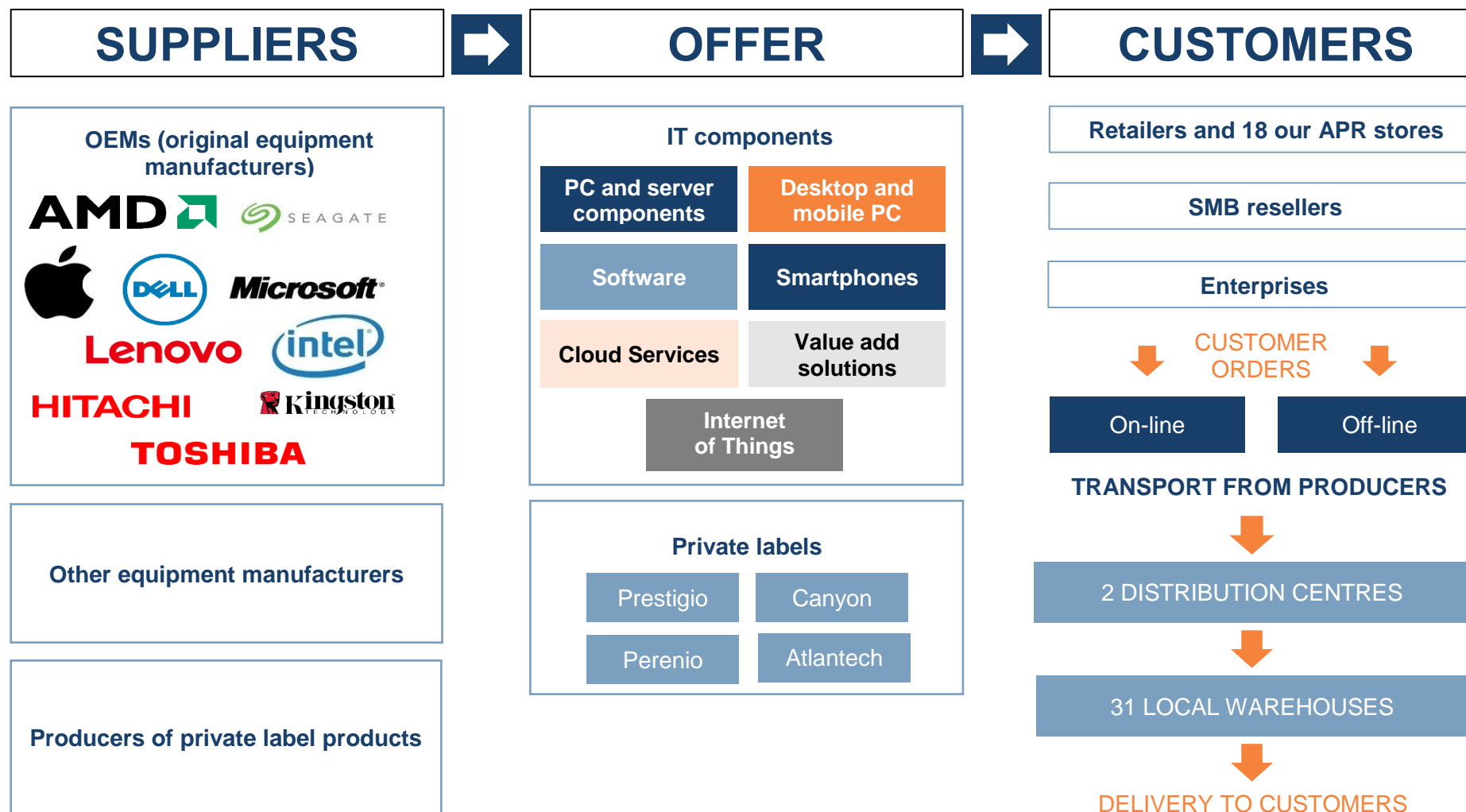
We order large volumes of products to benefit from economies of scale and resell these at competitive prices to our customers. We have no reliance on any single customer. Our biggest customer is only responsible for less than c. 3% of total revenues. Our active customers (20,000 in 2019 and 30,000 in 2018) can place orders via our IT platform which is called IT4Profit and by telephone call or email. In 2019 and 2018 c.60% of sales were conducted on-line, based on our IT4Profit platform. It allows not only electronic trading with customers but also data exchange between the parent company and its subsidiaries. In all regions we co-operate both with large enterprises and mid-size companies. In all regions we are looking for well-established companies with proven products and business models. Our clients are in vast majority corporates. These include a broad range of corporate clients: system integrators, resellers (including value added resellers, SMB resellers), retail companies,

PC assemblers, service centers and telecom companies.

Once a customer files the order, we have to deliver it. We operate through 31 local offices in 26 countries. Customer orders are mainly served through the supply of local offices, and in the event that local inventory levels are insufficient, additional inventory is drawn from one of the two distribution centers. Each local office operates its own logistics function and is responsible for direct shipments to its customers. Our headquarters monitor and assess the performance of each local logistics center by using a number of key performance indicators, including transit time of incoming shipments, order fulfilment, (such as pick, pack and ship time and the percentage of orders shipped to commitment by date and time), on-time delivery, transport, cost per kilogram shipped and cycle count performance. We know average time of delivering an order is important for our customers. In 2019 the average time of conducting and order decreased from 24 hours in 2018 to 17 hours due to optimization of logistics. Also, we run 18 (17 at the end of 2019) Apple Premium Reseller stores in 5 FSU countries, which provide us a direct exposure to our customers.

Lead time depends on supplier's stock location and way of delivery. It can vary from several days to 2-3 months. Same applies for own brands as well. Sale to the end customer is conducted by ASBIS' business partners and APR stores.

## ■ ASBIS VALUE CHAIN ■



ASBIS business can also be looked at from the perspective of six capitals that the Company possesses and processes in every day operations.

### What we put into the Company

#### Financing capital

equity, generated cash as well as bank loans and factoring arrangements.

#### Manufacturing capital

the production capacities of our suppliers and partners.

#### Intellectual capital

the brands and IPs that we possess.

#### Human capital

our employees working in subsidiaries in 26 countries, their know-how and engagement.

#### Social capital

strong reputation that ASBIS possesses among its customers and suppliers, our relations and impact on local societies.

#### Natural capital

natural resources that are used to manufacture products that we distribute.

### How we process capitals

daily operations, including taking decisions what to order and in what quantities

amendments and upgrades to product offering, discussions with suppliers

hiring and retaining of employees

creating financial statements, discussions with investors and banks, paying taxes and social charges

back-office maintenance

### What we give back

#### Financing capital

generation of cash flows that can be reinvested into the Company or paid out as dividends.

#### Manufacturing capital

supporting suppliers and the manufacturers they engage, supporting private label production in China.

#### Intellectual capital

development of possessed brands, especially private labels.

#### Human capital

development of employees, trainings, internal promotions, new opportunities.

#### Social capital

strengthening our relations with suppliers, customers and local societies.

#### Natural capital

recycling initiatives introduced.

## ASBIS believes in profitable growth.

### KEY FINANCIAL DATA

ASBIS has a history of profitable growth which is proven by strong 2019 numbers.

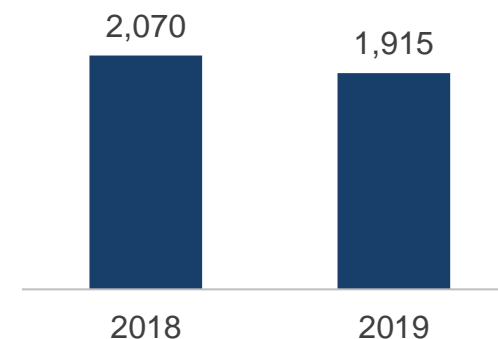
The Company has been able to achieve this, despite a vast international presence in the emerging markets of the EMEA region and some market turbulences in the past, due to:

- a well suited strategy, aimed at increasing profitable business,
- flexibility and ability to adjust to changing market conditions,
- strong and effective risk control,
- long-term relationships with suppliers,
- strong relationships with vendors.

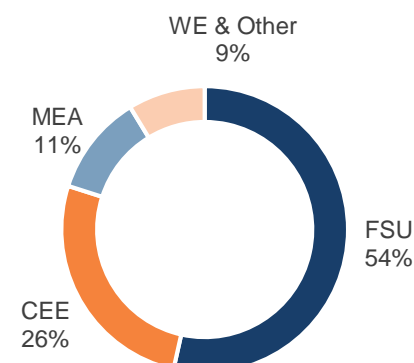
The largest region for ASBIS is the FSU (Former Soviet Union) exceeding half of our revenues in 2019 (and 2018), while the second is the CEE (Central and Eastern Europe). The third largest is the MEA (Middle East and Africa) region leaving the fourth place for Western Europe (WE).

The IT distribution business is characterized by relatively low margins. In 2019 our gross profit margin reached 5.4% (versus 4.7% in 2018), with the growth coming from a change in product mix (in 2018 we conducted large data centre projects with lower-than-average margins and experienced a temporary VGA cards demand growth). We try to maintain gross margins despite competitive environment by focusing on value added

### REVENUES (US\$ m)



### 2019 REVENUE SPLIT (US\$ m)





## We share our profits and pay dividends.

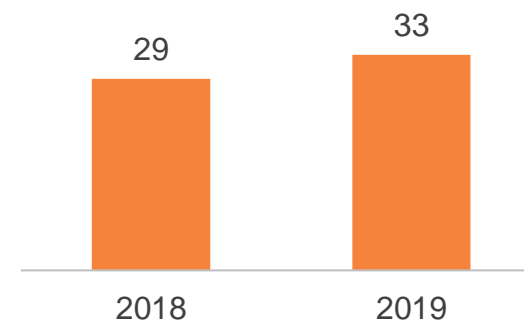
distribution and going into markets where we have a competitive advantage.

We thus need to balance our growth with gross margin development as well as with the growth of operating costs. The latter include among others selling and logistics costs as well as employee expenses. In 2019, our EBIT margin reached 1.7% compared to 1.4% in 2018. The growth resulted from the gross profit margin, as ASBIS retained its SG&A efficiency.

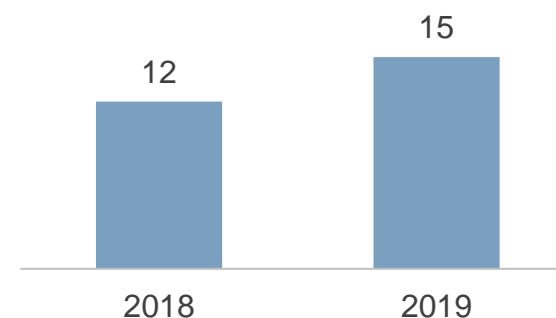
Due to the strong standing of the Company, ASBIS does not use equity financing and finances its growth via debt and factoring. Overall, in 2019 our net margin reached 0.8% (versus 0.6% in 2018).

ASBIS is also a dividend paying company. Our dividend policy is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. We paid out US\$ 5.55m in dividend from 2018 earnings (US\$ 2.8m in June 2019 and an interim dividend in December 2018). To share with shareholders during the successful 2019, in December 2019 ASBIS paid out an interim dividend of US\$ 0.06 per share which amounted to US\$ 3.33m of cash outlay. BoD proposed an additional US\$ 0.075 per share dividend to be paid out from 2019 earnings (US\$ 4.2m). The whole dividend payment would amount to US\$ 7.5m.

### EBIT (US\$ m)



### NET INCOME (US\$ m)



**We are proud to be rewarded by our stakeholders for our efforts.**

### KEY AWARDS AND ACHIEVEMENTS IN 2018-2019

ASBIS obtained many awards over the past years. We were distinguished by our business partners and independent rating agencies for the quality of

business that we run. Below we present selected awards from 2019 and comparable period.

Date	Award details	Date	Award details
January 2018	ASBIS received the prestigious "Strongest Enterprise Device Growth 2017 in Eastern Europe" award	April 2019	ASBIS Middle East received the Volume Distributor of the Year 2019 Award at 10 <sup>th</sup> Annual Partner Excellence Awards
February 2018	ASBIS was acknowledged as a "Consumer Tech Distributor of the Year" across the South East Europe during the 'EMEA Channel Academy	June 2019	ASBIS Slovakia gained Lenovo Best Distributor FY 2018/2019 Award for the largest product turnover
April 2018	ASBIS Bosnia and Herzegovina received award as Dell EMC Partner 2018, SEE Distributor of CSG	October 2019	ASBIS Middle East won the VAR ICT Champion Distributor Award at the 13 <sup>th</sup> VAR ICT Champions Awards
May 2018	ASBIS won two INTEL awards during INTEL Partner Connect Conference 2018 in Prague	October 2019	ASBIS named Enterprise Distributor of the Year by Seagate
September 2018	ASBIS was awarded with "Seagate Surveillance Growth FY18" during the annual Seagate Partner Conference	November 2019	ASBIS Middle East obtains Value Added Distributor of the Year Award in ConneXions 2019

## We have both a business and a CSR strategy

### STRATEGY

ASBIS possesses both a business strategy and a CSR strategy.

#### Business strategy

Our business strategy remains the same over the years. ASBIS intends to grow its business and increase its profitability, mainly by improving its operating efficiency in the distribution of IT components and by increasing sales of its private label products. This is to be achieved by:

- increasing sales and market share in the EMEA region;
- expanding to new emerging markets;
- developing its private label business;
- continuing to focus on leveraging its size and distribution capacity to achieve better commercial terms and optimize its product mix;
- enhancing operating efficiency and automated processes, including its on-line sales channels.

We will continue to implement the strategy as well as conduct any necessary tactical changes resulting from short- and medium-term changes on the IT distribution market.

### CSR Strategy

As we want to be committed to all our stakeholders we have also approved our first corporate social responsibility strategy. The strategy takes into account ASBIS' distribution oriented business model which places us in the centre between the largest hardware producers and corporate clients (large enterprises and SMEs).

The Company's CSR strategy has been created for the years 2020-22 during which ASBIS would like to focus on: innovation, improvement and integration.

We want to offer our customers the latest inventions and products that will not only support them in becoming more cloud-based but also products that will be environmentally friendly. We aim to further improve the efficiency of our operations, understanding of our environmental and climate footprint and recycling. On top, we plan to help our customers integrate even more with data possessed and harnessing its power. We aim to continue to provide an integrated and open workspace for all employees and prepare more initiatives so they can positively affect the environment.

## ■ ASBIS 2020-22 CSR STRATEGY ■



### Innovate

new products, new solutions, new ideas

We want to offer our customers new products that will be more environmental friendly. We will be introducing these once these are available from producers.

Our aim is to offer our customers new solutions that will enable them to work more efficiently and conveniently both at their offices, while travelling and from homes. We envisage workplaces to be supported by the pace of changing technology.

We plan to support new ideas within technology and have the industry innovation in our offer.



### Improve

more efficiency, more understanding, more recycling

We want to be more efficient in our operations so as to offer additional value for our customers and lower our environmental footprint.

Our aim is to obtain an in-depth understanding of our environmental and climate impact on each level of our value chain.

We plan to launch more recycling initiatives together with our suppliers and broaden our offer of refurbished products.



### Integrate

people with data, people with people, people with environment

We want to help our customers integrate more with data possessed. By providing them with the latest technology and solutions we support them in harnessing data, which is needed to run their businesses more efficiently.

Our aim is to continue to provide an open and supporting workplace for our employees. We will continue to work on diversity to shift the representation of different nationalities and genders on senior levels within the Group.

We plan to launch more actions among our employees to help them understand their and ASBIS environmental and climate impact and work towards its minimisation.

## UN SDGs

ASBIS new CSR strategy as well as every day operations support the United Nations

Sustainable Development Goals for 2015-2030.



1. We have subsidiaries in 26 countries and operate in some 56 countries, supporting stakeholders in those countries.
2. We offer our employees fair wages and permanent employment contracts.



1. We introduce innovative solutions into our portfolio and acquire new ideas.
2. We help our customers in emerging markets upgrade their IT infrastructure for more environmentally sound one.



1. We engage in waste reduction initiatives.
2. We support responsible consumption by our customers.

# Corporate governance

## Corporate governance matters for ASBIS.

ASBIS' shares are listed on the Warsaw Stock Exchange (WSE) in Poland, on the main market. We follow and comply with the rules that are prevailing on our main listing place, i.e. the Code of Best Practices of WSE (issued in 2016) which was approved by ASBIS' Board of Directors. Each year together with its annual report the Company files a statement of compliance. If any rules are not followed, these are communicated and explained (following the "comply or explain rule").

Although our listing takes place in Warsaw where civil law prevails, the corporate rules and corporate structure originate from Cyprus, where we are incorporated and where common law prevails. We thus operate based on publically available documents, which were filled with the Registrar of Companies in Cyprus. These are:

- Memorandum of Association – which contains fundamental conditions based on which we are allowed to operate,
- Articles of Association – which define the responsibilities of directors, the kind of business to be undertaken and ways in which shareholders can influence the Board of Directors.

The Company is governed by a Board of Directors (BoD) which consists of both executive directors (EDs) and non-executive directors (NEDs), all managed by the CEO (Chief Executive Officer). The aim of executive directors is to set the strategy of the Company and to manage the Company by supervising managers, assuring financing is available and managing risk. The role of non-executive directors is to supervise the way the executive directors perform their duties, to scrutinize the performance of BoD and constructively challenge its decisions.

The management of the business and the conduct of the affairs of the Company are vested in the directors. The Board of Directors should maintain a healthy system of internal controls in order to safeguard shareholders' investments and the Company's assets. The Directors may exercise all the powers of the Company to borrow money, and to charge or mortgage its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.



## One ASBIS share equals one vote.

The Board of Directors performs its work on a permanent basis. However, one third of directors should retire every year by rotation. We have six directors (four are executive and two non-executive). So, two (or more) directors need to retire and be re-elected every year.

The Board of Directors is appointed by the General Meeting of Shareholders which takes place at least annually. The annual general meeting approves the financial statements of the Company, distribution of profits (dividend) and discharges the Board of Directors members from their liabilities related to former year performance, elects directors in place of those retiring, appoints them and sets the remuneration of auditors. Other general meetings are extraordinary meetings taking place on special occasions.

An annual general meeting, and a meeting for the passing of a special resolution, shall be called by at least twenty one days' notice in writing, and all other meetings shall be called by at least fourteen days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. It shall specify the place, the day and the hour of meeting and in cases of special business, the general nature of that business. The Company's Articles of Association do not provide for general meetings to be held outside Cyprus.

The largest shareholder in the Company is its founder and the CEO, Siarhei Kostevitch. He controls the Company having effectively an almost 37% stake. The management is also a shareholder in ASBIS. Three remaining executive directors hold combined a c.2.2% stake. As of the day of publication of the Report, there is no fund above the 5% reporting hurdle. As a result, ASBIS has a sizeable free float of c.63%.

Each share confers the right to cast one vote. Each shareholder is entitled to attend the meeting, to address the meeting, and, if voting rights accrue to him or her, to exercise such voting rights. Shareholders may attend meetings in person or be represented by a proxy authorized in writing. No special rights attach to any specific shares and there are no different classes of shares.

**There are 4 executive  
and 2 non-executive directors  
at ASBIS.**

## ASBIS has both an Audit and a Remuneration Committee.

There is both an Audit Committee and a Remuneration Committee at ASBIS. The Audit Committee consists of the two NEDs and one executive director (the CFO of the Group) who is an attending member. The Audit Committee meets at least twice a year. The Audit Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It also meets the auditors and reviews reports from the auditors relating to accounts and internal control systems. The Audit Committee meets at least once a year with the auditors.

The Remuneration Committee encompasses the two NEDs and an executive director (the CEO) who is an attending member. It sets and reviews the scale and structure of the executive Directors' remuneration packages, including share options and terms of their service contracts. The remuneration and the terms and conditions of the non-executive Directors are determined by the Directors with due regard to the interests of the shareholders and the performance of the Group. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options and/or treasury shares to directors, managers and employees.

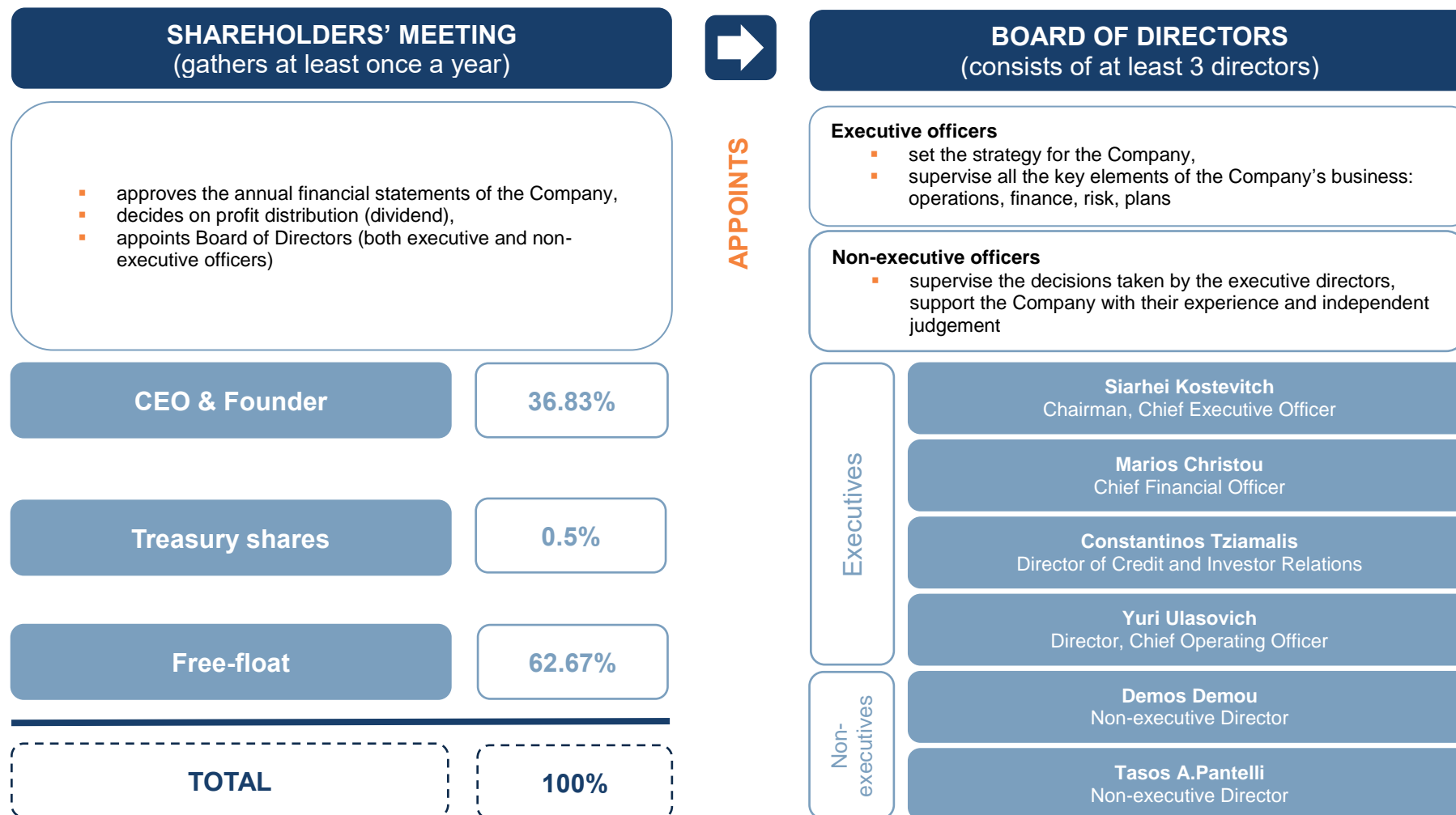
According to Articles of Association, remuneration of the directors will be determined in general meetings on the recommendation of the Remuneration Committee. Any director performing special or extraordinary services in the conduct of

the Company's business or in discharge of his duties as director, or who travels or resides abroad in discharge of his duties as director may be paid such extra remuneration as determined by the directors, upon recommendation by the Remuneration Committee. Executive Directors are also entitled to receive a bonus every quarter depending upon quarterly results. The bonus consists of a certain amount or percentage which is agreed and described in each Director's service agreements or contracts, as applicable, however, Directors only receive such a bonus to the extent profit meets certain pre-set budgetary figures.

**Audit Committee**  
deals with external auditors

**Remuneration Committee**  
assures a fair remuneration for the directors

## ■ CORPORATE GOVERNANCE ■



# Stakeholders

## All stakeholders are important to ASBIS.

All stakeholders are important to ASBIS, thus while preparing our third Non-financial Report the Board of Directors analysed and confirmed that the earlier identified stakeholder groups remained valid.

The stakeholder groups were selected for the purpose of the first Non-financial Report based on several criteria. First, based on whether they are external or internal to the Company. Secondly, we looked at their interest in the Company, whether they contact us regularly and what type of information they seek. Thirdly, we analyzed the impact they have on our Company. Fourthly, we analyzed what impact we have on them.

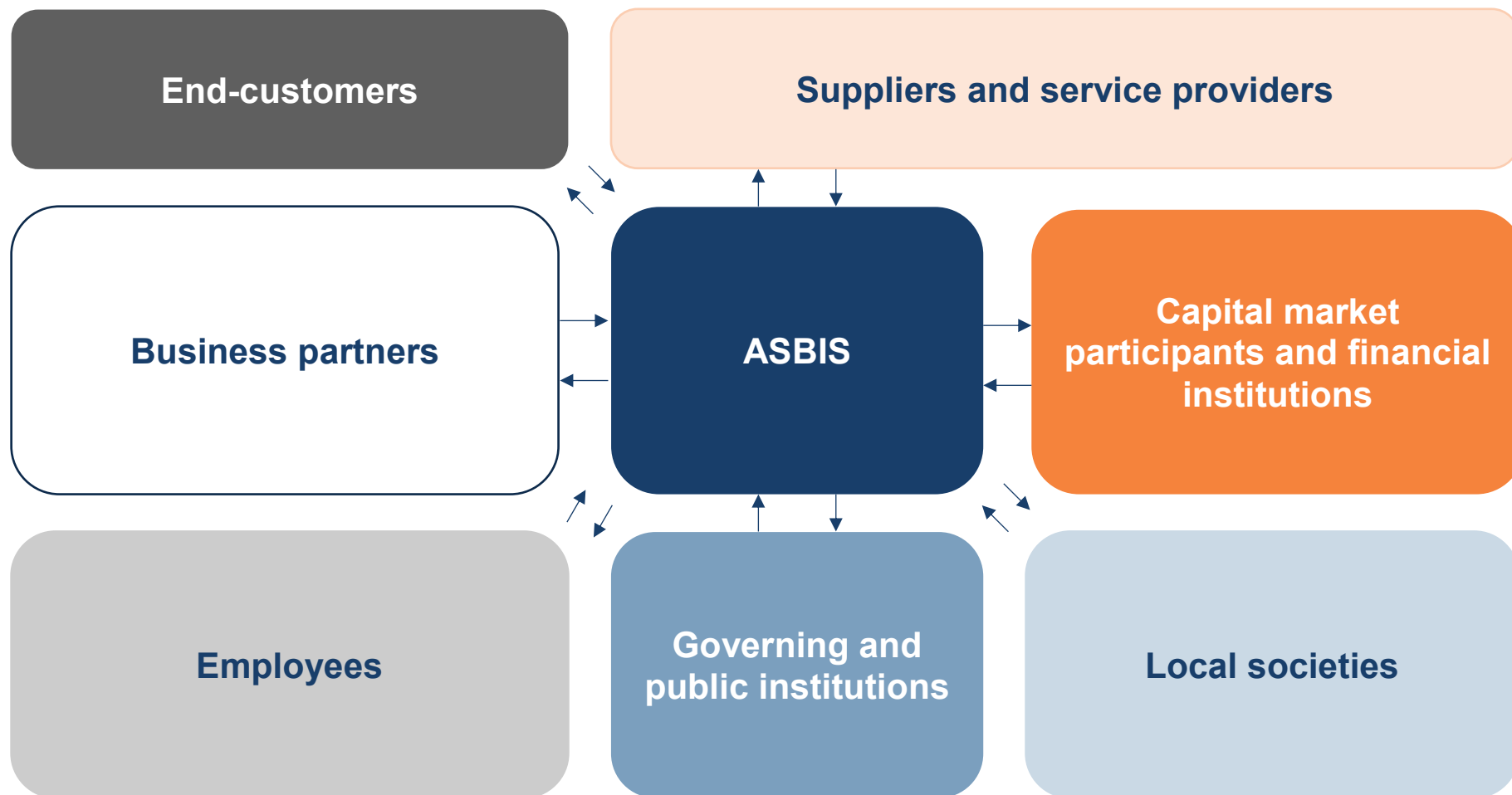
As a result, we have selected seven groups of stakeholders: capital market participants (analysts and investors) and financing institutions (banks, insurers, factoring companies), employees, local societies, end customers, suppliers and service providers, business partners as well as the governing and public institutions.

For each of the groups, we have identified the most important issues and ways of engagement as well as actions taken for this group. These are presented in the table below.

On top, in order to make sure that the Company understands the needs and expectations of its stakeholders, two years ago ASBIS conducted a stakeholder survey among selected groups. The results of this survey were of high importance to us. These have not only helped us in establishing material issues for the purpose of non-financial reporting but due to the stakeholders' answers we have formalized and codified our procedures and policies.

We have  
**7**  
stakeholder groups

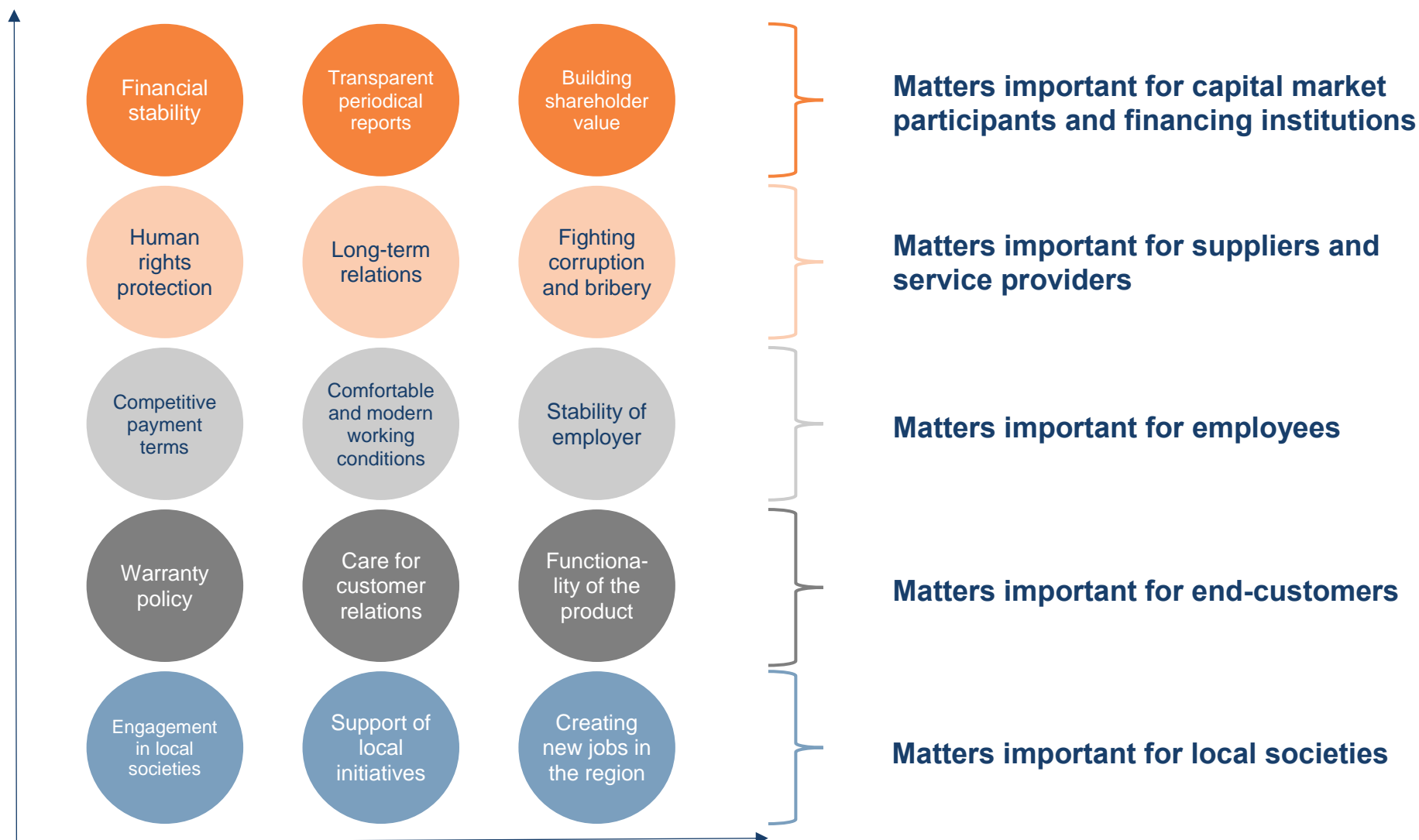
## ■ ASBIS STAKEHOLDERS ■



	Capital market participants and financial institutions	Suppliers and service providers	End-customers	Business partners	Employees	Governing and public institutions	Local societies
Who are they?	This is a varied group of stakeholders. Capital market participants include: analyst issuing recommendations for ASBIS, institutional investors (mutual funds and pension funds, Polish and international ones) and individual investors. Financial institutions include insurers, banks as well as factoring companies.	Suppliers are companies from which we source goods that we resell later. We co-operate with suppliers who produce for us our private label products as well as with suppliers from which we obtain third party goods, e.g. OEM (original equipment manufacturers). Service providers include logistics operators that transport the goods from our distribution centers to our customers.	People who ultimately use the products that we are selling, both our private labels as well as the third party hardware and software. Also, people coming directly into our Apple Premium Reseller stores are also our end-customers.	Business partners other than our suppliers are vendors/ resellers to whom we sell our goods, large retail networks to which we also deliver our products as well as enterprises.	These are a diverse group, as ASBIS' operations are conducted in 4 regions of the EMEA markets. On top, the Group's employees have different functions, ranging from administration and finance, to logistics and management, marketing and sales.	The governing bodies and public institutions are an important stakeholder of ASBIS. These include not only institutions based in Cyprus, where the headquarters are located, but in each of the countries present and especially in Poland (in Warsaw), where ASBIS' shares are listed.	Local societies for ASBIS are located in Cyprus, i.e. where the Company's headquarters are situated. We treat families of our employees as our local stakeholders.
Why are they important to us?	Shareholders (investors) are the owners of our Company. Analysts issue reports and value our Company, while financing institutions support our development by financing part of our undertakings and insuring our receivables.	Suppliers are an important part of our value chain. From our suppliers we can obtain products that we later sell and resell which are key to our business and can constitute our competitive advantage. Service providers deliver the products to business partners and end-customers.	Foreseeing and meeting the needs and wishes of end-customers is key to ASBIS business model and well-being.	Thanks to business partners ASBIS can exist. These are the entities to which we sell goods and products.	The Group's employees are the most important internal stakeholders. ASBIS operates mostly thanks to them.	ASBIS is a transparent Company, abiding the laws in each of the countries of operations. Proper relations with all institutions in all countries are key to ASBIS' well-being.	People working and living close to Limassol and on Cyprus as well as their families.
How do we engage?	Building the Company's value is a priority to the Board of Directors and is a key factor while deciding on taking on new projects. The Board of Directors is focused on transparency in its relations with the stakeholders. Each quarter ASBIS prepares a comprehensive financial report together with management's analysis. There is a meeting in Warsaw (place of listing) after each quarterly numbers publication, during which top executives present key developments and the Company's outlook for the next quarters. ASBIS also participates in investors' conferences, where one-on-one and group meetings are held. The Board of Directors is responsive to the needs of shareholders, e.g. ASBIS introduced a policy of reporting monthly sales data via a current report. Top executives also provide all necessary information to financing institutions and conduct one-on-one meetings.	ASBIS focuses on long-term relations with its suppliers, based on mutual trust, respect and understanding of one another's needs and constraints. Seeing that fighting bribery and corruption as well as HR policies are important, we have formalized them on the Group level.	End-customer satisfaction is of high importance to ASBIS. We focus our actions so that we deliver the best possible products for the best possible price. Thus, we focus on the quality of products and minimization of warranties. Should these materialize, we aim for the warranty process to be as smooth as possible (we have an influence on this in case of our private labels). We believe that by selling better quality products we protect the environment as we limit electronic waste.	The Group maintains long-term relationships with all key vendors, resellers and retail networks in all the regions of its operations.	ASBIS' management team is focused on providing best possible conditions to its employees. The managers run an open dialog, monitor the performance regularly and give constructive feedback. We also offer development possibilities and market remuneration supplemented by perks.	The Company pays all due taxes and social payments and provides all necessary reports describing its operations. This second non-financial report is an example of ASBIS' transparent and outgoing approach.	ASBIS is an important employer in the Limassol region in Cyprus. Families of our employees benefit from the stable employment and good working conditions that we provide. Each year ASBIS also donates money to charities, supporting orphanages and sponsoring the Cyprus football team.
What matters are the most important for them?	Building shareholder value, transparent periodical reports, financial stability, detailed presentations, proper risk management (inventory, FX, credit), increase in revenue and earnings, fighting corruption and bribery, stability of the management and regular meetings with the management.	Fighting corruption and bribery, long-term relations, human rights protection, fair treatment of employees, transparency of contracting process, environmental protection measures, timely payments, transparent criteria of suppliers' assessment, waste management procedures.	Functionality of the product, care for customer relations, warranty policy for the product, quality of the product, price to quality ratio, price, durability and design of the product.	Long-term relations, timely payments, transparent assessment criteria, favourable co-operation terms.	Stability of employer, comfortable and modern working conditions, competitive payment terms, training and development opportunities, additional perks and benefits, safety of working conditions, transparent career path, protection of human rights along the supply chain.	Abiding all laws, paying all due taxes, increasing employment, paying salaries and social security on time, safe working conditions.	Creating new jobs in the region, support of local initiatives, engagement in local societies, being an important employer in the region, conducting investment in the region impact on the environment.



## ■ ASBIS STAKEHOLDER SURVEY ■



# Policies related to social and employee matters

## We are honest

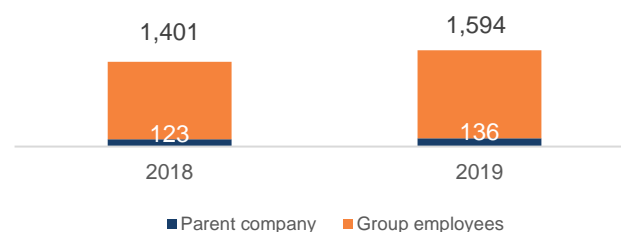
What we say is true and forthcoming. We are open and transparent in our communications with each other, our partners and customers.

We recognize that our employees are our most important stakeholders. We care both for the employee as well as for broader social issues.

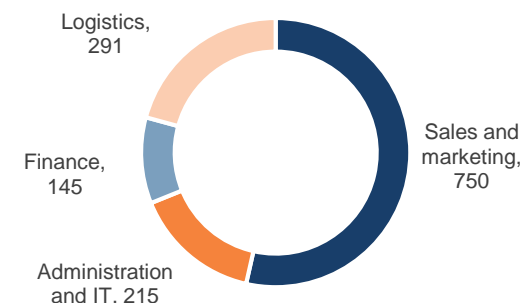
## EMPLOYEE MATTERS

We believe that the success of our Company depends on our employees, their know-how, engagement, flexibility and ability to cope with everyday situations and delivery of ASBIS strategy. We want to be a valued and attractive employer on all the markets we operate on via our subsidiaries. It is a challenge as ASBIS operates in some 56 countries and had subsidiaries and employees in 26 of them at the end of 2019. Countries we operate fall in different regions with different cultures and religions. Only some 9% of our employees work for the parent company, with the balance working for subsidiaries. In 2019, we employed on average 1,594 people, up 14% YoY.

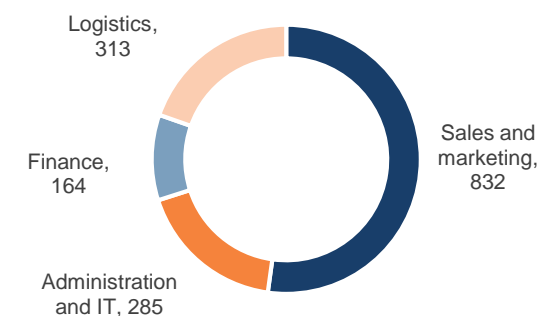
## AVERAGE NUMBER OF EMPLOYEES



## 2018 EMPLOYEES BY FUNCTIONS



## 2019 EMPLOYEES BY FUNCTIONS

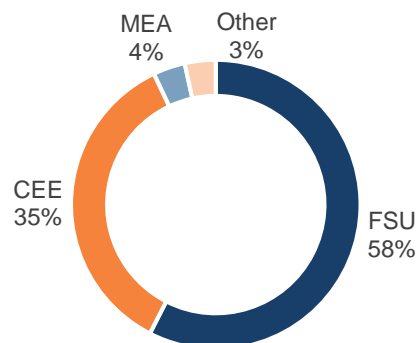


## We are diverse in terms of nationalities, gender and age

The most common form of employment at ASBIS is a permanent position. This type of employment applied to some 97% of employees in 2019 and 2018.

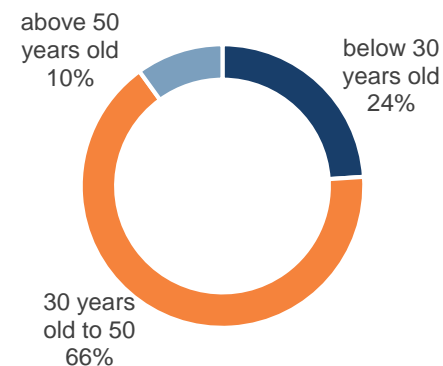
Having subsidiaries in 26 countries, we are a diverse Company. More than 50% of our employees are employed in the FSU. The second largest region based on employment is the CEE region, which employed some 35% of average number of employees in 2019.

### 2019 AVERAGE EMPLOYEES BY REGIONS



ASBIS employees are diverse in terms of age. In 2019 some 66% of our employees were between 30 to 50 years old, while around 24% are below 30 years old. On top, some 35% of our employees in 2019 were women.

### 2019 AVERAGE EMPLOYEES BY AGE



In 2019 we hired on average 710 people, the majority also in the FSU region. Also, 552 people left ASBIS in 2019.

The reason why we have been successful in hiring and retaining employees is that we have a comprehensive HR Management Policy at the Group level to standardize processes related to Human Resources. Our HR Management Policy encompasses six key topics: hiring, team building, motivation, leadership, diversity and anti-mobbing. On top, it also addresses employer branding actions.

## We promote diversity

We recognize that each of us is different and that each person deserves respect. We promote diversity in opinions and in workforce. We employ people of various nationalities, cultures, religions, ages and gender.

## Hire the best



The aim of the hiring process is to find the right candidates to fill in for our vacancies and to identify and attract people who will be building the Company with us. The recruitment process is oriented on: (1) judging the candidates based on their competences, (2) assuring objectivity of assessment, also by using IT tools, (3) giving equal opportunities to candidates regardless of their gender, social or marital status, age or disabilities, and (4) respecting their rights and relevant laws.

While filling in a position we resort to internal and external recruitment. We search for employees from within ASBIS to allow them to develop as well as advertise the opening outside. If possible, we prioritize internal promotions versus external to promote long-term commitments. While searching for new talents we rely on our Employer Branding initiatives. To increase the transparency and objectivity of the hiring process each candidate has at least two meetings with ASBIS managers with different levels of seniority, before a decision is taken.

## Build a team



We understand that we are stronger as a team. To build and maintain our team we need to focus on: proper onboarding of our new hires, motivation of our employees and building leaders that will shape the future of ASBIS. We want our new hires to feel welcomed and needed the moment they cross the doors of ASBIS offices. We believe this is a key to retaining them.

It is our aim to acknowledge all employees with our Mission and Vision, corporate culture as well as to help them identify new roles and responsibilities. We aim to ensure that our employees are equipped with relevant tools and resources to perform their tasks and that their adaptation is effective and comfortable. The welcome package for each of our new employees includes a: welcome letter, employment contract, information form, details of the Company's structure, job description, documents that need to be filled in, a handbook with corporate policies and a list of trainings to be performed. Our policies are aimed to shorten the time it takes an employee to become an effective member of our team.

## We are team players

Every employee is important to us. We recognize that together we can achieve more. We foster our team spirit.



## Keep them motivated

We believe that the best way to motivate employees is to: offer a transparent career path, fair and transparent remuneration as well as development and training opportunities. Career paths depend on the place of start and area where they are originated. Employees are informed about their potential career path the moment they start work. Remuneration brackets are set for each position. Employees are motivated by bonuses based on their achievements. In order to make sure that we pay market salaries, we try to keep up-to-date with the latest developments on the markets where we hold subsidiaries and we do our research in job portals.

Motivation is also linked with a fair assessment. We run an assessment model which for each level of our hierarchy focuses on hard criteria (effectiveness measured by KPIs) and soft criteria (like behavior, environment and empowerment). We also want the salaries to include not only a fixed but also a variable component, to align the remuneration of employees with the performance of the whole Company. The variable part of the remuneration relates to profitability bonus and/or

commission and management bonus. We have an in-house grading system.

The Company provides access for all employees to its IT platform and managers can assign to their subordinates certain tasks or the employees log their tasks on a quarterly basis. From the results of their tasks, managers can check the employees' progress and if these are visible, the managers can grant a bonus on a quarterly basis. This allows employees to work effectively and obtain constructive feedback.

We understand that salaries is just one part of job satisfaction. We want our employees to have an open line of communication with their managers. The aim is not only to pass a constructive feedback down the line but also for employees to be able to speak openly to their managers and communicate issues or inefficiencies and give their feedback. The Company organizes meetings with the management team on a quarterly basis in order to discuss issues and new developments with all the general managers of the Group. We also offer perks like: health insurance, Provident Fund in certain countries, Christmas gifts, gatherings for Christmas and in some cases discount card for some restaurants and products sold.



## Develop leaders

To build leaders we need to develop our employees, as we believe that trainings are the key to ASBIS well-being and long-term development. Talent identification is important for us as it helps us to seek and develop leaders, making sure that we have enough talents in the organization to support its future growth. Thus, we develop both of activities to improve all skills. We develop and promote knowledge sharing which is effective in developing skills. We have a trainings plan and matrix in place which indicates what trainings should be undertaken depending on the seniority of the person. We aim to create a team of effective managers.

ASBIS ensures that the employees have the required skills and knowledge to undertake their tasks. Our HR department is responsible for arranging trainings for employees as per the request of managers or directors. Trainings depend on the department, employees' performance and new market trends and are fully covered by ASBIS (even if these require travelling abroad). We see value in financing international trainings and certificates as this improves the

performance of our employees and makes the Company more prepared for market changes.



## Promote diversity

Diversity is important for us as it is embedded in our everyday operations. We aim to have a balanced approach in terms of age and gender. We recognize that each employee is unique and has own characteristics and we wish to present all of them with development opportunities. We want ASBIS to be an inclusive workplace where people of all ages, religions, origins will find a common place to work and develop for the benefit of all ASBIS stakeholders and to have equal opportunities.

We encourage diversity in opinions. We believe that exchange of ideas brings our Company forward. We build teams of all nationalities and ages as we wish to use the knowledge of our experienced employees and the energy and fresh ideas from the younger generations. It is our aim to have a balanced gender approach for each position which is to be filled. If balance is not possible, we will still aim to have at least one representative of each gender. We build a workplace which is full of mutual respect between employees and friendly atmosphere.



Each year we  
donate money for  
charity



## Prohibit mobbing

It is our priority for ASBIS to be a place free from any discrimination, mobbing and illegal actions. We are strongly against employees abusing their positions and acting illegally, unfairly and not in a dignified manner. This includes any forms of harassment including proliferation of materials on employees and their personal data. We only allow a constructive feedback. We do not tolerate sexual harassment, any other forms of harassment. We say no to aggressive behaviors. We encourage our employees to report any such violations and we assure them anonymity and legal assistance.

Finally, we would like to underline that ASBIS considers bullying policy unacceptable and it is not tolerated under any circumstances. Although we have not faced such situations to date, it is clear to us that any employee who will be found in violation of the policy will be disciplined.

## SOCIAL MATTERS

Social issues are also important for us thus we act in two ways. Firstly, we recognize that our social impact stretches to the families of our employees. We offer gifts to kids of our employees (until these reach 18 years old) especially in the Christmas season. We also offer our employees opportunities to act in frames of corporate volunteering actions (e.g. some of them are blood donors).

Our second way of acting is supporting people in need. We support various charities and non-profit organizations, sponsor teams and promote sports. In addition, we support individuals in need. For example, in 2019 we sponsored a sport event focused on people with disabilities and bought a specialized carrying car for them.

Overall, we take a decentralized approach to community engagement and investment allowing our subsidiaries to conduct actions they believe are proper and needed. Annual donations reached US\$ 100,000 in 2019 versus some US\$ 60,000 in 2018.

## Policies related to human rights

### We are trustworthy

Our word is good. We keep our commitments to each other and to our stakeholders. We do the right thing without compromise.

### We use good judgment

We think before we act. We use our purpose, values and ethical guideline as decision filters to guide our behavior.

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

Our Human Rights & Labor Policy sets forth ASBIS' global standards regarding The Code of Labour Practices. This 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 Organisation 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 ASBIS' general responsibilities concerning human rights, health management, work safety, career management, employees' rights etc.

We take our social responsibilities seriously. We are committed to advancing human rights through our policies and business activities, and work hard to help ensure that the people who make our products are treated fairly and with respect. Our Employment Standards and Global Supplier Standards cover company-owned operations as well as our supplier partners. These policies

describe the workplace practices and ethical behavior we require for all workers such as: (1) prohibiting child and forced labor, (2) ensuring nondiscrimination and equal opportunity, (3) supporting a harassment-free and violence-free workplace, (4) prohibiting retaliation or any form of physical or mental disciplinary practices, (5) respecting workers' right to freedom of association, (6) ensuring compliance with laws governing working hours and wages and (7) promoting environmental protection, health and safety.

On top, our policy also addresses health management and work safety conditions. Maintaining and promoting the health, motivation and performance of employees will secure the Company's competitiveness in the long-term. Work safety is our priority. Employees are to be in a safe environment, protected from hazards of the job.

## Select business partners carefully

Choose those who share our values and high standards for legal and ethical business practices. Don't let anyone damage our reputation and our brand by acting illegally or unethically in ASBIS's name.

So far, we have not had any incidents related to human rights abuses. However, our policies say that in case of any future incidents the HR department or the line manager should inform the BoD and they should take action depending on the situation. In case of serious situations, dismissal of the employee as per the employment law could be an option. The procedure of termination is described in the employment contracts.

Our Whistleblowing Policy (in place since 2006, updated in 2019) allows employees to anonymously raise concerns about possible wrongdoing to the BoD. Concerns must be reported in writing. They can be delivered either to one of the Executive Directors or via a publically available email on the webpage. The policy is thus aimed not only at employees but also at ASBIS partners, contractors and consultants. It is ASBIS intention to treat all reports seriously and assure appropriate investigation of each reported manner.

The policy foresees that in case of a report, a Whistleblowing Committee will be called. It will consist of: two Executive Directors, Head of Legal Department and Head of HR Department. All whistleblower reports will be dealt with in strict confidentiality. The Whistleblowing Committee will process the report and decide whether or not to start an enquiry in connection to the matter. The whistleblower will be notified of this decision and reasons on which it is based. Findings of the Whistleblowing Committee will be presented to the

Executive Directors of ASBIS so that they decide on further actions. Personal data processed will be dealt in accordance with ASBIS Privacy Policy.

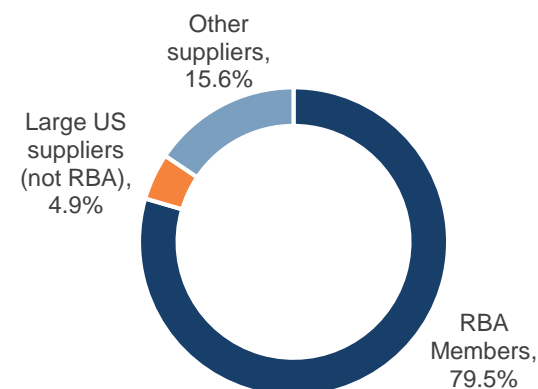
ASBIS also has a Code of Conduct which sets forth general guidance on how to carry out daily activities in accordance with our purpose and values, as well as in compliance with the applicable legal requirements and ASBIS's policies, standards and ethical principles. The Code includes 10 guiding principles (presented at the beginning of this Report) which are straightforward points written in an easy to comprehend language and simple to follow for all employees. The Code of Conduct also encompasses ethical guidelines which are to support employees in making the right choices. The Code applies to everyone at ASBIS worldwide. It promotes an honest and ethical conduct, a safe working environment and compliance with all governmental directives, laws, rules and regulations.

## ASBIS adopted RBA's Code of Conduct as a Supplier Code of Conduct

Delivering on its promises ASBIS' BoD approved also a Supplier Code of Conduct. Contrary to tailor made internal documents and policies, ASBIS decided to claim compliance with RBA's Code of Conduct in terms of its requirements towards suppliers. Responsible Business Alliance (formerly Electronic Industry Citizenship Coalition, EICC) is an industry coalition committed to creating shared value for businesses, workers and communities. The alliance is open to companies that manufacture or contract the manufacture of electronic goods or a product in which electronics are essential to the primary functionality of the product, or supply materials used in the electronics of those goods. The RBA is comprised of more than 140 electronics, retail, auto and toy companies. Selected members include: AMD, Alphabet, Amazon, Apple, Cisco, Citrix, Dell, Facebook, Fujitsu, HP, IBM, Intel, Lenovo, Logitech, Microsoft, Phillips, Seagate, 3M, Xerox.

Many of RBA's members are ASBIS' suppliers. ASBIS' position in the value chain of IT distribution minimises its human rights risks as out of 17 largest suppliers (that are responsible for some 84% of ASBIS revenues), 16 are large US companies and 1 is an important European player. On top, 13 out of those companies are RBA members, many are also NASDAQ-listed.

## 2019 REVENUES BY SUPPLIERS



The RBA Code of Conduct (version 6.0 from 2018) is a comprehensive one, covering five crucial topics: labour, health, environment, ethics and management systems. The Labour part focuses on commitment to upholding the human rights of workers. All workers (whether permanent or temporary) should be free to choose their employment, while child labour should not be used at any stage of manufacturing. On top, a workweek should not be more than 60 working hours, while wages and benefits should be paid in line with local laws, especially regarding minimal wages. The Code underlines a strict commitment to humane treatment of workers, non-discrimination and freedom of association.

## **RBA's Code of Conduct will be a guidance for ASBIS suppliers in all key areas of their operations**

The Health and Safety part recognises that in addition to minimising the incidence of work-related injury and illness, a safe and health work environment enhances the quality of products and services. The Code thus concentrates on occupational safety, emergency preparedness, and minimisation of occupational injury and illness. That is to be achieved, among others by industrial hygiene and elimination of potential hazard, control of physically demanding work and machine safeguarding. Emphasis is also put on sanitation, food and housing, as workers are to be provided with access to clean toilets and potable water. Health and safety communication should be carried out, among others in the form of trainings.

The third part of the Code recognises that environmental responsibility is integral to producing world class products. As such, all required permits should be obtained and kept, while reporting requirements should be followed. On top, pollution is to be prevented, among others by reducing resource usage, minimisation of hazardous substances, solid waste and air emissions. Companies are to manage water and energy consumption, with the latter being aimed at GHG emissions reduction.

The Ethics section underlines that to achieve success, companies need to uphold to the highest ethical standards. Business integrity among others means no to bribery and corruption which give an improper advantage. All information should be properly disclosed while intellectual property rights respected. On top of fair business, advertising and competition, companies are to protect each persons' privacy and identity of whistleblowers.

The fifth part of RBA Code concentrates on management systems. Compliant companies should have systems in place that will assure compliance with applicable laws and conformance with the Code on top of risk identification and mitigation. Companies claiming compliance with the Code should have corporate social and environmental policies in place and senior executives assigned to those topics to show their accountability and responsibility. Companies should have written targets with objectives of improvement, conduct periodic self-evaluation as well as keep documentation and proper records.

## Policies related to environmental and climate impact

### We are responsible

We accept the consequences of our actions. We admit our mistakes and quickly correct them. We feel responsible for the environment and want to grow sustainably.

We feel responsible for the environment and climate and we think and reflect on ways how we affect it and how we could lower our impact. In doing so, we look internally and outside of ASBIS.

#### INTERNAL EFFICIENCY

We aim to monitor and minimize our environmental impact by looking into the Company's operations. We use led lighting to lower electricity consumption. We try to minimize the usage of paper by applying electronic invoices as much as possible.

To improve efficiency we resort to third parties and outsourcing. We limit the usage of own vehicles and car fleet. In 2019, overall we had 60 corporate cars (up from 49 in 2018), which are governed by our Corporate Car Policy. These are available only to senior executives with limits put on the value of car, while employees pay for fuel. Goods from suppliers are sent by them to our distribution centres. We use logistics operators to deliver goods from our distribution centres to customers. It is ASBIS aim to reduce the usage of diesel/ petrol cars and move towards hybrids.

We also have a Travel Policy which defines "DO's" and "DON'Ts" for employees who travel for business trips and conferences. Taking

environment into account, when possible we tend to use technology to save time on traveling to different countries and lower our environmental and climate impact.

We have not had any administrative, civil or legal cases related to environment and climate within the stated horizon. There also have not been any malfunctions relating to any of our distribution centres that would have any negative impact on the environment and climate.

#### EXTERNAL EFFICIENCY

We realise that the second level of our environmental impact is an indirect one and results from the products that we distribute and sell. All our products are safe for our customers and end-customers. The Company makes sure that the producers of goods distributed by ASBIS do not use improper chemicals or hazardous materials. We obtain the necessary certificates such as CE (Conformité Européenne) and RoHS (Restrictions of Hazardous Substances). We have our own QA&QC (Quality Assurance and Quality Control) team (5 people) in our Chinese office that conduct all the required and necessary tests.



## We stick to the Law and our policies

But that's the minimum. We make an effort to live up to our values and ethical principles as well.

It is in our best interest to distribute products which are durable and meet the expectations of end-customers. This limits customer complaints and reduces the number and cost of warranties. When products become defective within the manufacturer's warranty period due to a production or material defect, ASBIS may choose, at its own discretion, to deliver refurbished or new products, to repair the products or to issue a credit note. Warranties are especially important for ASBIS in case of private labels, as we are then ultimately responsible for the repair.

We recognize that electronic waste is harmful for the environment and we try to recycle or dispose of it in a proper way. According to current regulations, especially WEEE Directive (Waste Electrical and Electronic Equipment) electronic waste disposal has to be paid by the company which enters the product on the market. In ASBIS case these are our subsidiaries, which are registered in local organizations. They latter deal with the matter. We do provide scrap operations, it is done by specialized companies.

We host battery recycling points in our offices where employees can bring used up batteries to be recycled. Recycling is performed by specialized organizations in agreement with the government. We also conduct standard recycling of waste in offices. We take part in recycling initiatives, like "Plastic caps for the Future", where caps are sold for recycling with the profits donated to charities.

We have certain teams of professionals who dismantle products to be discarded (mostly PC tablets and smartphones) by separating elements of the products in categories depending from their manufacturing origin, i.e. the plastic parts are put separated to the PCBA which consists of electronic semiconductors and each material is processed by the appropriate specialized company.

Also, one of our revenue streams originates from the sale of refurbished electronic products. Through this operation, electronic products that could have been disposed at the expense of the environment are brought back to use.

**CE** is a certification mark that indicates conformity with health, safety and environmental protection within the EU.

**RoHS** is an EU Directive which restricts the use of six hazardous materials in the manufacture of electronic and electrical equipment.

**WEEE Directive** sets collection, recycling and recovery targets for all types of electrical goods.





## Policies against bribery and corruption

### Never compromise on integrity

Turn down business if you can't do it legally and ethically. Don't let pressure to succeed make you do things you know are legally and ethically wrong. We speak up for what is right. We report misconduct immediately when we see it.

At ASBIS we are against bribery and corruption, as these are illegal activities. We believe it is against the law to offer, promise, give, request, agree, receive or accept bribes and we penalize such a behavior. We consider corruption an obstacle to economic and social development around the world, as we think it has a negative impact on sustainable development and exposed communities. We understand that any such actions if undertaken by our employees could negatively affect the Company's reputation.

We have our Business Ethics Policy which among others incorporates an Anti-bribery and Anti-corruption Policy. The latter explains to employees that there can be two forms of bribery and corruption, an active and a passive one. An active one in which a person is one who offers, gives or promises to give a financial or other advantage to another individual in exchange for improperly performing a relevant function or activity. A passive one covers the offence of being bribed, which is defined as requesting, accepting or agreeing to accept such an advantage, in exchange for improperly performing such a function or activity. Both constitute a criminal offence and are not accepted by ASBIS.

The Anti-bribery and Anti-corruption Policy also explains our employees that bribery and corruption

can be conducted for the benefit of a Company and for the benefit of a person. It can be tangible and intangible in nature. Tangibility means that the benefit can be measured in cash (monetary) and it can be represented by e.g. presents, contracts, sizeable discounts for goods and services. Intangibility means that the benefit from the bribery can take the form of e.g. a promotion, lower amount of work, hiring a friend or relative.

To make the matters of bribery and corruption more understandable to our employees, our Anti-bribery and Anti-corruption Policy encompasses examples of most prevalent forms of these offences and indicates that breaches of laws can not only result in sizeable ASBIS reputation loss but also in unlimited fines and imprisonment for individuals.

The Anti-bribery and Anti-corruption Policy is a comprehensive one. It outlines ASBIS policy in relation to sponsoring, donations and memberships, specifies allowed practices in relation to gifts and hospitality and allowed behavior in during interactions with business partners and suppliers.

## Just say no

It's not only OK to refuse to follow directions that you know are illegal or unethical, it's required. No ASBIS Manager has the authority to make you violate the law, our Code, policies or ethical principles.

On top, it also specifies how to report compliance violations, how an investigative procedure looks like as well as disciplinary consequences of non-compliant conduct.

Our Business Ethics Policy also encompasses conflicts of interest. A conflict can take the form of a business relationship with, or an interest in, a competitor or customer of ASBIS, or participation in sideline activities that prevent employees from being able to fulfill their responsibilities at ASBIS. It is important that all employees recognize and avoid conflicts of interest, or even the appearance of a conflict of interest, as they conduct their professional activities. Employees must inform their supervisor of any personal interest they could possibly have in connection with the execution of their professional duties.

Also, since November 2016, we have a formal policy in place which regulates hiring of family member at ASBIS. In the case of intention of hiring family members in any of the legal entities of the Group, the following must apply:

- family members of 1<sup>st</sup>, 2<sup>nd</sup> degree and spouse or spouse equivalent may not be employed in the same department unless approved by the company's Board of Directors majority vote,
- a supervisor or manager may not be the direct or second level supervisor of a relative.

Prevention of any illegal activities is crucial for ASBIS. It is also part of our Vision. As a result, our Business Ethics Code also addresses such important topics like fraud, anti-money laundering, anti-competitive behaviours, among many others.

**We possess a comprehensive Business Ethics Policy that we apply every day.**

# Risk management

## Risk management is of high importance to ASBIS.

Performance in the IT distribution business depends on a sizeable number of external factors, which are not under the Company's management control and on internal risk factors. Due to relatively low margins, risk management is of high importance to the Board of Directors.

The Company's Board of Directors is responsible for its internal control system and its effectiveness. The Company carries out annual reviews of its strategy, development, results and plans. Based on conclusions drawn from that review, a detailed budgeting process is performed including all functional areas of the Company, with the participation of the medium and top-level management. During the course of the year, the Board of Directors analyzes the current financial results, product portfolio development, market position and compares them with the budget, using the management reporting system.

The risks that ASBIS faces can be looked at from the perspective of risks being strategic (affecting the whole company), tactical (affecting real business decisions) and operational ones (influencing the day to day performance). These are shown in the table on the right. We can also distinguish financial and non-financial risks.

The key financial risks (please note this is not a full list) include: macroeconomic and political risk in the countries present, FX risk, credit risk and inventory obsolescence risk.

The key non-financial risks include (please note this is not a full list): risk related to employees, risk related to human rights violation, risk related to environmental and climate impact as well as risk related to bribery and corruption.

We describe the risks as well as our counteractive measures below.

### Strategic risks

risk of taking the wrong strategy, choosing of wrong products or countries to grow in

### Tactical risks

market and FX risk, credit risk, IT risk, liquidity risk

### Operational risks

delays in obtaining products from suppliers, delays in sending products to customers, inability to obtain employees to fill in vacancies

Selected financial risks	Description	Counteracting
Political and macroeconomic risk	<p>Due to operations run in four regions of the emerging markets, we are exposed both to political and macroeconomic risks in those countries. Our presence ranges from WE, to CEE as far as to MEA and FSU countries. Throughout the years of operation, the Company has from time to time suffered from specific in-country problems, emanating from the deterioration of specific countries' financial situation, due to a number of issues including but not limited to political instability. However, there are many uncertainties about the world economy following turmoil in different countries, the volatility of currencies and fragility of demand in many markets. Additionally, from time to time, unpredictable situations may happen in selected markets. A recent example is the trade war between USA and China.</p>	<p>ASBIS needs to keep in mind that different in-country problems might arise at any time and affect our operations. Despite the fact that we have improved our procedures, we cannot be certain that all risks are mitigated. We believe that the Company is much more flexible and better prepared to weather any obstacles that may arise due to the worldwide financial environment.</p>
Foreign exchange risk	<p>The Company's reporting currency is the U.S. dollar. In 2019 approximately 50% of our revenues were denominated in U.S. dollars, while the balance is denominated in Euro, Ruble, UAH, KZT and other currencies, certain of which are linked to the Euro. Our trade payable balances are principally (about 80%) denominated in U.S. dollars. In addition, approximately half of our operating expenses are denominated in U.S. dollars and the other half in Euro or other currencies, certain of which are linked to the Euro. As a result, reported results are affected by movements in exchange rates, particularly in the exchange rate of the U.S. dollar against the Euro and other currencies of the countries in which we operate, including the Russian Ruble, the Ukrainian Hryvnia, the Czech Koruna, the Polish Zloty, the Croatian Kuna, the Kazakhstani Tenge and the Hungarian Forint. In particular, a strengthening of the U.S. dollar against the Euro and other currencies of the countries in which we operate may result in a decrease in revenues and gross profit, as reported in U.S. dollars, and foreign exchange loss relating to trade receivables and payables, which would have a negative impact on our operating and net profit despite a positive impact on our operating expenses. On the other hand, a devaluation of the U.S. dollar against the Euro and other currencies of the countries in which we operate may have a positive impact on our revenues and gross profit, as reported in U.S. dollars, which would have a positive impact on operating and net profit despite a negative impact on our operating expenses. In addition, foreign exchange fluctuation between the U.S. dollar and the Euro or other currencies of the countries in which we operate may result in translation gains or losses affecting foreign exchange reserve. Furthermore, a major devaluation or depreciation of any such currencies may result in a disruption in the international currency markets and may limit the ability to transfer or to convert such currencies into U.S. dollars and other currencies.</p>	<p>Despite all efforts of the Company, there can be no assurance that fluctuations in the exchange rates of the Euro and/or other currencies of the countries in which we operate against the U.S. dollar will not have a material adverse effect on our business, financial condition and results of operations. Therefore, careful observation of the currency environment remains a crucial factor for our success.</p>
Credit risk	<p>The Company buys components and finished products from its suppliers on its own account and resells them to its customers. The Company extends credit to some of its customers at terms ranging from 21 to 90 days or, in a few cases, to 120 days. The Company's payment obligations towards its suppliers under such agreements are separate and distinct from its customers' obligations to pay for their purchases, except in limited cases where the Company's arrangements with its suppliers require the Company to resell to certain resellers or distributors. Thus, the Company is liable to pay its suppliers regardless of whether its customers pay for their respective purchases. As the Company's profit margin is relatively low compared to the total price of the products sold, in the event where the Company is not able to recover payments from its customers, it is exposed to financial liquidity risk. The Company has in place credit insurance which covers such an eventuality for the majority of its revenue.</p>	<p>Despite all efforts to secure our revenues, certain countries remained non-insured (Ukraine and Belarus) therefore is very important for us to ensure that we find other sources of securities which help us minimizing our credit risk. The Board of Directors decided to enhance risk management procedures. These do not guarantee that all issues will be avoided, however, granted the Company with confidence that is in a position to weather any possible major credit issue that may arise.</p>

Inventory obsolescence and price erosion	The Company is often required to buy components and finished products according to forecasted requirements and orders of its customers and in anticipation of market demand. The market for IT finished products and components is characterized by rapid changes in technology and short product shelf life, and, consequently, inventory may rapidly become obsolete. Due to the fast pace of technological changes, the industry may sometimes face a shortage or, at other times, an oversupply of IT products. As the Company increases the scope of its business and, in particular, of inventory management for its customers, there is an increasing need to hold inventory to serve as a buffer in anticipation of the actual needs of the Company's customers. This increases the risk of inventory becoming devalued or obsolete and could affect the Company's profits either because prices for obsolete products tend to decline quickly, or as a result of the need to make provisions or even write-offs. In an oversupply situation, other distributors may elect to proceed with price reductions in order to dispose of their existing inventories, forcing the Company to lower its prices to stay competitive.	The Company's ability to manage its inventory and protect its business against price erosion is critical to its success. A number of the Company's most significant contracts with its major suppliers contain advantageous contract terms that protect the Company against exposure to price fluctuations, defective products and stock obsolescence.
Selected non-financial risks	Description	Counteracting
Risk related to social and employee matters	The biggest risks that we see in relation to social and employee matters are linked to retaining employees (especially key employees) and our ability to hire new qualified personnel in all countries of operations. Our business depends upon the contribution of a number of our executive directors, key senior management and personnel. There can be no certainty that their services will continue to be available to us. We have in the past experienced and may in the future continue to experience difficulty in identifying expert personnel in our areas of activity, and particularly in the areas of information technology and sales and marketing, in the countries in which we operate. On average in 2019 only c.9% of our employees were employed in the parent company with the remaining portion outside of our Cyprus headquarters. If we are not successful in retaining or attracting highly qualified personnel in key management positions, this could have a material adverse effect upon our business, operating results and financial condition.	ASBIS is focused on providing its employees best possible conditions. We aim for our employees to have a transparent career path and a fair constructive assessment. We make sure their remuneration is fair and offer additional perks and trainings. We have a global HR Management Policy to standardize the approach within the whole Group.
Risk related to human rights	The risk is related to ASBIS as well as to our value chain. In terms of ASBIS, there is a risk, yet limited in our opinion, that the basic rights of our employees will be violated. Despite a selection of employees, we cannot guarantee that all employees will be fairly treated and that no mobbing and no discrimination will take place. There is also some risk within our value chain. Some of the products that we source come from countries like. China, Thailand, and Taiwan. We cannot guarantee that all the rights of those employees are respected.	In terms of ASBIS employees, we counteract this risk by introducing formal policies that define the values and the ethical aspects of our operations. In terms of our value chain, we try to mitigate the risk by purchasing third party software and hardware from international companies and producers, for which corporate social responsibility and value chain control are important. We have a Human Rights & Labour Policy. We have also approved RBA's Code of Conduct as Code of Conduct for ASBIS' suppliers.
Risk related to our environment and climate impact	We see elements of our environment and climate impact which could generate risk. One is our direct involvement. The risk is related to fuel and electricity consumption by our offices and our employees as well as to the logistics side of our business (with goods being delivered to us from producers and later being dispatched to customers). The other, indirect impact and risk related to environment comes from the customers using the products that we have sold them. If these products are of poor quality and require sizeable number of repairs they can either be thrown away quickly (harming the environment) or customers may need to relate to warranties (which generate increased need for logistics). We also see transition and physical risks. In terms of transition risks that arise from the transition to a low-carbon and climate-resilient economy we may face the following risks: policy and legal risks (there may be laws or policies put in place that may require more environmentally cautious approach to raw materials and land use), technology risks (changes in technology used to produce IT equipment) – these both may lead to growing prices in terms of IT equipment and solutions. We may also face market risk with consumers	We minimize the risk of our direct environment impact by being cost cautious and aiming to use less resources (water, gas, electricity). We counteract the external environment risk (which we had partially faced in the past) by focusing on high quality of products offered. This is especially true in case of our private label products. We will be taking actions to minimize the impact both of transition and physical risks. We will monitor the trends and introduce the latest hardware for our customers. We will also keep elasticity in terms of product sourcing. Our two distribution centres are located in different areas – Prague (Europe) and Dubai (Middle-East) while our

	switching to more energy efficient appliances or making more savvy purchases to limit their own impact on environment. We may also face reputational risks with difficulties in attracting customers, business partners and employees if we do not take strong enough actions against climate changes. In terms of physical risks resulting from climate changes we may face both acute and chronic risks. Acute physical risks may arise from weather-related events in the form of floods, fires or droughts that may damage factories in certain regions, cause factories to limit or temporary stop their production or disrupt our supply chain in other ways. These may result in temporary limitations in our offer or rising prices of hardware and components. Chronic physical risks i.e. risks that may result from long-term changes in the climate, may also affect ASBIS. Growing temperatures worldwide may cause the need for more temperature-resilient hardware and appliances, may also result in more hardware malfunctions that may increase warranty claims.	HQs is in Limassol (Cyprus) which should limit the acute physical risks impact.
Risk related to bribery and corruption	We see risks related to bribery and corruption as we operate in a B2B environment (business to business) in some 56 countries worldwide in four different regions with diverging cultures. As contracts signed both with suppliers and with customers are of sizeable value, we cannot exclude such a risk. The key element of that risk is reputation risk that ASBIS would have to face, if such actions were undertaken by our employees.	We emphasize the importance of ethics in our relations with both suppliers and customers. We co-operate with international companies and thus believe that this risk is limited. We have in place our Business Ethics Code, which among others includes an Anti-bribery and Anti-corruption Policy.

## Non-financial indicators

Non-financial indicators presented in this Report have been selected based on their importance to stakeholders and the Board of Directors and with the aim to present the Group in a more comprehensive manner. The table below summarizes all the non-financial indicators included in the Report. On top, it clarifies the way these indicators were calculated and points to the place in the Report where these can be found.

Non-financial indicator	Description	Page number
Active customers	Customers that have made at least one purchase during the year.	4, 11
Countries with subsidiaries	Number of countries in which ASBIS established local subsidiaries	3, 4, 6
Countries of operations	Number of countries, to which goods and products are delivered.	4, 6, 28
Regions of operations	Number of regions summing up culturally similar countries	4,7,13
Active articles	Number of stock keeping units in our portfolio	10
Products in offering	Number of product types irrespective of their characteristics, eg. not taking into account their colour or type.	4,11
Number of private labels	Number of own brands under which OEM products are sold	4
Average time of conducting an order	Time from the moment order is received to the moment when the sales invoice is issued and goods are shipped to the customer.	10
Suppliers	Companies from which we source goods and products.	10
Transactions on-line	Percentage of transactions that are conducted by our customers on-line	4, 11
Distribution centres	Number of distribution centres leased and owned together with their floorspace	4, 6, 10
Average number of employees	Average number of employees in the year by functions, regions and age	4, 14, 28, 29
Hiring and leaving	Average number of new employees in the period, average number of leaving employees in the period	29
Donations	Value of donations given to charities and value of events sponsored.	33
Corporate cars	Number of corporate cars – owned, leased or used based on a different agreement.	38



Signatures:

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Siarhei Kostevitch  
Chairman, Chief Executive Officer  
Member of the Board of Directors

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Marios Christou  
Chief Financial Officer  
Member of the Board of Directors

.....

Constantinos Tziamalis  
Director of Credit and Investor Relations  
Member of the Board of Directors

.....

Yuri Ulasovich  
Director  
Member of the Board of Directors