

- I** Statement from our CEO
- II** Who we are
- III** Prologue
- IV** Our impact
- V** Human rights (Principles 1 & 2)
- VI** Labor rights (Principles 3–6)
- VII** Environment (Principles 7–9)
- VIII** Anti-corruption (Principle 10)
- IX** Contact

I STATEMENT FROM OUR CEO

Dear ladies and gentlemen,

You are about to read i500's first Communication on Progress to the UN Global Compact, which I joyfully and proudly present to you. Our from now on yearly published reports are aimed to inform you about our activities and efforts concerning the implementation of the UN Global Compact's ten principles.

As it is our first of this kind, this report not only displays the implementation of the ten principles during the year 2017, it also gives you a recent overview of concerned topics within our company. Furthermore, it informs you about future endeavours to foster the establishment of the ten principles in our development. With our unique business model, we are committed to enabling sustainable development together with our stakeholders and hold it crucial to transparently and effectively communicate on our activities. In this regard, we also hold us accountable to ensure that the following information is properly forwarded to our internal and external stakeholder groups.

We are convinced that our endeavour to advocate environmental responsibility and inclusion goes hand in hand with complying and advocating international human rights, labor rights, awareness for ecological matters and anti-corruption. Thus, I joyfully reaffirm our support for the UN Global Compact and our commitment to continuously advocate the ten principles internally and externally, in everything we do.



Paul Cvilak, Chief Executive Officer

II WHO WE ARE

Initiative 500 gAG

Chief Executive Officer: Paul Cvilak

Total group revenue (2017): 26.710.257 €

The Initiative 500 (i500) is a group of four companies which is specialized in creating employment opportunities for people with disabilities. Our subsidiaries operate in different fields of the IT-sector and share the vision of creating 500 workplaces for people with disabilities.

For this purpose, a majority of processes in each one of the four subsidiaries are designed in an accessible manner.

Together, we want to raise awareness for the topics of inclusion and environmental responsibility.

i500 is headquartered in Ettlingen, Germany and counts 338 employees in Austria, Germany, France and Switzerland. 43 % of current staff has an impairment.

AfB

Chief Executive Officers: Paul Cvilak, Daniel Büchle and Alexander Rau

Revenue (2017): 22.802.365 €

AfB is specialized in taking back discarded IT-hardware and certified data destruction.

Aiming to shield natural resources and to reduce emissions, acquired IT-hardware is refurbished, used for spare parts or recycled. Processes at AfB are designed to be carried out by people with and without disabilities side by side. The non-profit is furthermore a business partner for corporate responsibility matters and an on- and offline retailer of IT-hardware.

AfB is the group's powerhouse, employs around 97% of the i500 personnel and was responsible for more than 85% of group revenue (2017).

Headquartered in Düren and Ettlingen, Germany, the company employs 327 employees at 18 locations spread over Austria, Germany, France and Switzerland, of whom 45% have an impairment.

Mobiles Lernen

Chief Executive Officers: Paul Cvilak and Alexander Höger

Revenue (2017): 2.676.237 €

Mobiles Lernen is a non-profit company which supports teachers and school authorities in providing pupils with digital learning spaces. Cooperating schools enable their teachers to apply contemporary learning concepts and serve as role models for digitalization at school. A specialized team provides consultation and coordinates the insurance coverage and servicing of notebooks and tablets.

While devices are majorly funded by parents, the company also provides financial aid through a fund for economically less privileged families.

The company operates in Germany and is headquartered in Unna. It employs seven people.

Social Lease

Chief Executive Officer: Paul Cvilak

Revenue (2017): 1.281.655 €

From meeting necessary compliance and regulatory requirements, to servicing, up to the restitution of business devices, Social Lease is a specialized partner for any aspect of a leasing process.

Social Lease aims to bring full transparency and a charitable element to its leasing business.

As hardware which is to be serviced or discarded is handed over to AfB, every single leasing contract creates new opportunities for people with disabilities. Taking this into consideration, Social Lease is strictly focusing on long-term partnerships with socially conscious clients.

Social Lease employs 4 people in France and Germany and is headquartered in Ettlingen, Germany.

Initiative 500 Service GmbH

Chief Executive Officer: Alexander Höger

The i500 has recently centralized the group's back office departments. Concerned departments are human resources, finance, accounting and procurement. The merged departments now make up the Initiative 500 Service GmbH.

The Initiative 500 Service GmbH is located at the i500 headquarter in Ettlingen, Germany.

III PROLOGUE

Initiative 500 has a semi-circular value chain and, with that, a strong social impact. New devices such as notebooks and tablets are used for digital education in Mobiles Lernen (translation: mobile learning), further business-devices are provided through Social Lease. At Mobiles Lernen, the devices are paid by the parents of the students on a monthly basis. This ensures that all students in a classroom receive the same devices, even if parents' incomes may differ.

Social Lease, on the other hand, provides corporates with exemplary leasing services within the Social Enterprise construct of the i500. All devices from Mobiles Lernen and Social Lease are given back to AfB after the first usage period.

Within the i500 group, AfB, the group's powerhouse, takes devices back, applies certified data destruction measures and refurbishes the devices for secondary usage.

The i500 initiative is part of a long and global value chain of IT-devices. Involved resources were globally sourced, devices were mostly assembled in Asia and finally shipped to Europe. Within the IT-sector, it is common to export used devices to non-European countries in Africa, Asia or South America. i500, however, has committed itself and thereby its companies to reduce the export of IT-devices and give citizens and corporates a specific degree of certainty about how their discarded devices are going to be used in the future.

Moreover, employing a workforce with a disability-share of 43%, i500 underlines its commitment towards creating 500 inclusive workplaces for people with disabilities.

The i500 is breaking ground, building bridges between the social and for-profit sector and increases its impact every single day.

IV OUR IMPACT



- Mobiles Lernen has enabled 2.000 students digital learning with notebooks.
- Social Lease has leased 800 IT devices, which will be handed over to AfB at the end of the runtime.

V HUMAN RIGHTS (PRINCIPLES 1 & 2)

Our internal guidelines and Code of Conduct reaffirm our commitment to respect and support the rights of our employees, the employees of our business partners, our customers as well as other stakeholders in our business context. We promote good practices, foster their implementation in our daily activities and regularly communicate our commitments, expectations and, for cases of breaches, unnegotiable consequences. We hold it self-evident to address the topics of social standards, working time, health, safety and interpersonal dealings in our internal guidelines. Appropriate education concerning these guidelines is ensured for all employees by our leadership, for our business partners this is ensured by our partner managers.

AfB's business model consists of taking back, erasing data and remarketing or recycling discarded IT-hardware. In 2017 more than 320.000 business-devices were handled, of which the majority was resold to end consumers. Compliance with human rights is covered by ensuring the enforcement of internal i500-guidelines and AfB-internal code of conduct along the value chain, according to our scope of influence. Our employees, customers and business partners are properly screened and educated to enforce these standards in on a day to day basis.

We have a standing commitment to enable and contribute to human-and labor rights conformity beyond our business model. With AfB we enforce this commitment through contributing to developments in ecodesign, supply chain management, waste management and other relevant fields and increase human rights conformity in the IT-sector in Europe and beyond.

VI LABOR RIGHTS (PRINCIPLES 3–6)

The value chain of (remarketed) IT-devices is a central topic at i500, which especially concerns AfB. While we can hardly influence human and labor rights conformity among the production of our supplied devices, we can fully take responsibility of whom we supply. In this regard, the latter, brokering in particular, was identified as a potential problem area. Thus, AfB's Code of Conduct approaches this matter in particular. Suppliers, as well as industrial purchasers, are to be screened based on ecological and legal standards. Audits particularly include a human and labor rights screening. As of today, 4 broker audits were conducted, focussing on industrial purchasers in Eastern Europe.

The way we approach this matter gains additional relevance as first devices from the United Kingdom are sent to an AfB workshop. Although no i500-subsiary is obliged to report to the UK Modern Slavery Act, we aim to operate with a sufficient system which is regularly reviewed and refined.

On the other hand, i500 recognizes its responsibility to shield and retrieve resources used in the production of IT-devices. Inner makings of devices include components which are produced from rare earths and conflict minerals, the latter being minerals which are mined under inhumane conditions and used to finance ongoing wars. A precautionary approach to handle these resources is crucial, as further wastage of these minerals provokes further exploitation of people in concerned areas.

Therefore, we are committed to extending the usage of as many devices and components as possible before transferring them to a recycling plant. AfB specifically trains its employees in the comprehensive testing and refurbishment of IT devices.

In terms of recycling of mobile phones, we've selected a repeatedly certified partner in Belgium which operates plants with proven above-average high retrieval rates, Umicore.

Scheduled in autumn 2018, the i500 group is adding a dismantling plant to its assets, in Borchten, Germany. Operating an own dismantling plant is supposed to increase flexibility and therefor efficiency throughout the whole process of handling defective devices and recycling materials.

Working on the creation of 500 inclusive jobs, i500 is breaking down barriers and is raising awareness for diversity and inclusion among business clients and the public. At i500, empowering people with disabilities is seen as a great opportunity which benefits everyone involved, including our clients and customers. As of April 2018, we employ 150 with disabilities in a variety of departments, spanning from logistics, to customer support, to sales. We see our employees, both with and without impairments, as ambassadors for inclusion, regardless of being at work or at home. In order to provide a pleasant and productive working environment, our leadership body has received appropriate training and ensures a healthy, continuous awareness for colleagues with disabilities among their teams. The majority of internal work processes are accessibly designed, enabling people with and without an impairment to work together side by side. This also includes proper education on occupational safety and providing a safe workplace.

At i500, we want to provide all people among our staff equal opportunities. Our internal guidelines aim to eliminate discrimination based on ethnicity, gender, sex, age, religion, political views or impairment. Every single employee is held accountable through his or her respective leader. Equality is consciously lived on a day to day basis, also concerning hiring, salary and education programs. Internal social workers are consistently approachable for relevant matters.

Throughout the years 2015, 2016 and 2017, not a single discrimination-related complaint was reported.

VII ENVIRONMENT (7–9)

Most of our operations revolve around increasing the lifetime extensions of IT hardware, making i500 a company that actively contributes to the protection of natural resources. A study conducted by the Technical University of Berlin examined positive environmental impacts related to remarketing IT-hardware. The result: Using a remarketed IT-device instead of a new one can save up to 73.5 kilograms of CO₂-equivalents, 146 kilograms of metal-equivalents and 830 megajoules of energy.

We are aware of our potential impact and clearly position our services, especially those of AfB. Meaning: We act as advocates of remarketing and recycling IT by reaching out to end consumers, we foster connections with universities and students and we work on activating businesses in Europe to take action as well.

To mutually work towards a resource-efficient company, we foster a culture of sustainability awareness and feedback in which every single employee has the opportunity to give applicable change recommendations. AfB, being the group's largest company by far, has recently hired two process optimization managers who work towards less time- and resource-intensive processes, aiming to make the company more flexible and greener.

i500 is actively working on an environmental management system, starting with AfB as largest subsidiary. To speed up this process, AfB has recently hired an "Environmental Business Development Manager", who will introduce an environmental management system, guide the company through the ISO 14001 certification process and contribute to the development of climate-positive IT-services. Hiring an "Environmental Business Development Manager" is an integral part of the company's sustainability strategy 2020, whose primary goal is to make AfB a climate-positive company. In this context, most relevant topics include: Running solely on renewable energy and operating a more sustainable transport fleet.

AfB's remarketing efforts led to saving 9.800 CO₂-equivalents and 14.300 Megawatts of energy in the year 2017. These economies are majorly assigned to the fact that business clients (primary users of a device) and private clients (secondary users) share the ecological effects of producing one device through the substitution of a new device.

Number of devices treated by AfB

Year	Number of treated devices
2017	376.000
2016	317.000
2015	267.000

Conserved resources through AfB's business operations

Year	GHG Emissions (tons)	Metals (tons)	Power (MW)
2017	9.800	14.300	31.500
2016	8.300	12.100	26.700
2015	12.000	8.200	26.500

Source: Internal figures, based on a study conducted by the Technical University of Berlin, 2013.

In 2017, 14.300 tons of metal-equivalents were saved through the recycling or remarketing of IT devices. Concerned metals include silver, palladium and cobalt, furthermore, also conflict minerals such as gold and tantalum.

Since 2015, AfB has been partnering up with Telefónica Germany and NABU e.V. („Nature and Biodiversity Conservation Union Germany”) to offer the broad public a green, responsible way to dispose used phones. The “Handys für die Havel”-partnership (“mobile phones for the Havel-river”) stands out by donating to the renaturation of the Havel-river’s lower basin, which currently marks Europe’s largest river-related renaturation project. Collected devices are processed by AfB. Thus, this program also contributed to the creation of three inclusive jobs at AfB. This joint initiative saw a hugely increased number of collected phones last year. AfB particularly contributed to this increase by growing the number of mobile phone collections with business partners and schools. These kinds of programs are planned to be further developed and expanded.

Progression of “Handys für die Havel”

Year	Collected mobile phones	Proceeds (€)
2017	58.557	93.691
2016	37.146	59.433
2015	35.888	68.434

Source: <https://www.nabu.de/umwelt-und-ressourcen/aktionen-und-projekte/alte-handys-fuer-die-havel/index.html> by NABU e.V.

Rising prices for top-tier devices and growing public consciousness for sustainability issues foster an increasing demand for second-hand IT devices.

Remarketing IT devices shields natural resources, reduces emissions and saves energy in the long run. AfB, operating with the slogan “social & green IT”, positions itself clearly as advocate for sustainable usage of IT devices and a longer operating life. Through Mobiles Lernen, AfB shops and AfB’s JuMP program, we offer schools and the public to purchase “social and green” IT devices. In terms of private clients, we majorly sell to silver surfers and economical (young) adults who care about their environment. Furthermore, AfB offers business partners to conduct sales days at their locations. These sales days can be an effective measure to promote the corporate social responsibility aspect of an AfB -partnership and raise awareness of reused IT.

From a corporate point of view, business services of AfB and Social Lease provide large corporations with the opportunity to handle discarded hardware in an environmentally responsible manner. Environmental risks, illegal disposal and conveyance to conflict regions are reduced. Through i500’s specific knowledge and offer, corporations contribute directly to the diffusion of refurbished devices as a sustainable alternative.

VIII ANTI-CORRUPTION (PRINCIPLE 10)

The Code of Conduct of AfB, being the groups largest employer by far, explicitly encourages lawful actions and thus prohibits engaging in bribery and corruption in any form. We have a responsibility to our employees, our stakeholders and the local communities in which we do business to be ethical and lawful in our work. Suspected cases are to be reported to a responsible authority, resulting in immediate investigation of the case. Our leadership body is held accountable to be a role model for their employees and promote lawful practices. Our self-image follows a zero-tolerance policy which also includes the immediate inhibition of a business partner. Our sales agents receive specific training on the matter of bribery and corruption.

In 2017, no suspected cases of corruption were submitted.

IX CONTACT

Persons involved in this report:

- Alexander Kraemer
- Dominik Schäfer
- Daniel Büchle

Mail: cr@afb-group.eu

Phone: +49 7243 2000 197