

Alternate achieves sustainable and responsible organizational development by providing services that meet and exceed clients' expectations and deliver social value, contributing to sustainable development.

CORPORATE GOVERNANCE, QUALITY AND SUSTAINABILITY GUIDELINES

Our organizational sustainability management approach

The current document summarizes the governance, quality and sustainability policies and guidelines of Alternate Consulting and also serves as a code of conduct for us and our business partners.

The first draft of this document was created on the 26th June 2009 when our company was founded. The last revision was updated on the 30th August 2023. We review regularly on our strategic management team meetings and the yearly annual general management meeting the necessity of any updates, and also ad hoc internal or external stakeholder demands may lead to updates.

“Problems cannot be solved with the same mindset that created them”

- Albert Einstein -

30th August 2023, Budapest

Code of Conduct: Our governance, quality and sustainability values and principles

At Alternate Consulting, we are dedicated to empowering companies to transcend conventional business practices and embrace a sustainable future. Our mission is to be a leading force in translating corporate sustainability, fostering environmental stewardship, and in particular, driving positive social impact by encouraging companies to embrace initiatives that uplift communities, promote social justice, and foster equitable opportunities for all. Guided by an unwavering commitment to human rights, we work alongside companies to ensure fair labour practices, respect for human dignity, and ethical sourcing throughout their supply chains. We celebrate diversity as a driving force for innovation and progress. Our focus on diversity and inclusion empowers companies to build inclusive workplaces that harness the collective strength of a diverse workforce.

We specialize in guiding businesses towards a holistic approach that harmonizes economic development with social responsibility and environmental consciousness. We practice what we preach. Our own business operations are built on the principles of sustainability, diversity, and ethical conduct.

The founders, who are also currently the equal owners and managing directors of the company articulated and signed their commitment to the following values. Our employees and business partners (mainly suppliers) must commit themselves to these values as well.

Our vision is to achieve sustainable and responsible organizational development with our clients by providing services that meet and exceed clients' expectations and deliver social value, contributing to sustainable development impactfully.

Our mission is to provide tailor made solutions aligned with the standardization efforts of regulators and industrial initiatives, ensure high professionalism with a healthy mix of holistic view and pragmatic, practical solutions, enhance problem-solving via creativity, braveness, and critical thinking to change the mindset that caused the problems and challenges we aim to solve together.

Although we are a micro company with low direct and indirect impact, we still believe in contributing to the Sustainable Development goals sufficiently. We analysed our current and potential contribution and selected the following SDGs as drivers and motivation for our strategy development and performance revision.

Alternate's commitment and contribution to the Sustainable Development Goals

We are directly committed through our company values and operation and aim to serve by our services to:



Additionally through our consultancy and training&development services we aim to contribute to:



Additionally through our social mission and voluntary activities we aim to contribute to:



Our conscious, quality and value-oriented governance values and principles are the followings:

“A lack of transparency results in distrust and a deep sense of insecurity.” - Dalai Lama

- ❖ **Reflection and discussions:** regular internal and client meetings and discussions during our projects and services to ensure continuous reflection and high quality.
- ❖ **Stakeholder dialogue and engagement:** striving for mutual dialogue with our stakeholders to ensure common understanding, problem solving and cooperation (e.g., asking for client feedback, evaluating suppliers, assessment of event participants, research)
- ❖ **Business ethics:** striving for legal compliance and ethical business behaviour, integrity and ensuring credibility by this (e.g., anti-corruption, fair competition, cooperation instead of competition, transparency and accountability, legal compliance, taxation, political independence)
- ❖ **Consensus in decision-making:** preferring consensus in case of non-agreement or conflict, involving mediators if necessary
- ❖ **Direct and honest communication:** ensuring clarity in understanding, briefing and interpretation; we prefer direct communication and try to avoid agents
- ❖ **Credibility:** committed to universal environmental, social and ethical values integrated in our day-to-day work
- ❖ **Flexibility:** committed to clients' needs and resources, searching for a step-by-step organic growth process for development
- ❖ **Responsible Corporate Governance:** Alternate is a signatory of the Business Council for Sustainable Development Hungary's (BCSDH) "Recommendation for business leaders" and we conduct self-assessment on Bridge Hungary's "Trusted company" label
- ❖ **Grievance and whistleblowing:** through our continuous operation and availability, open mindset and striving for continuous improvement we ensure possibility for internal and external stakeholders to raise their concerns or nonconformities experienced directly to us on human rights, environmental issues, unethical business practices and other related matters. Due to our size a formal whistle-blowing system is not relevant, however our personal contact information is there to address any grievances. It is available on our website, our offers and project outputs. We are committed to non-retaliation against complainants.

Our high-quality services values and principles:

“Teach people to fish rather than giving them a fish”

- ❖ **Committed to quality:** Delivering, achieving and maintaining an excellent level of quality that enhances our reputation with customers and upholds Alternate as a credible sustainability expertise stakeholder in the sustainability market
- ❖ **Prioritization:** ensuring continual quality improvement and promoting a culture of getting things right the first time
- ❖ **Continuous development:** our consultants are well trained, committed to self-development to ensure knowledge on current trends, tools and stakeholders and via soft skill development they ensure to become better partners for our clients
- ❖ **Simplicity:** always maintaining open and transparent relationships with our people, suppliers and customers and working with simple and easy-to-use systems and processes
- ❖ **Added value:** providing unique skills and expertise that fill gaps within our customers' organisations

Our sustainability values and principles:

“Live and let live”

- ❖ We like the WBCSD” definition of sustainability saying “Ensuring the well-being of all living people within the planetarian boundaries”
- ❖ Our activities are in line with the UN Global Compact 10 Principles and contribute to the UN Sustainable Development Goals
- ❖ We encourage **environmental consciousness**, minimizing the environmental impacts during our operation, services and professional activities:
 - responsible natural resource and water usage, sustainable raw materials
 - responsibility for air quality, emissions, effluents and chemical usage
 - low energy use and high energy efficiency, the use of renewable energy and adaption toward climate change beyond mitigation efforts
 - sustainable and responsible sourcing and supplier engagement
 - sustainable product and service development supporting sustainable production and consumption
 - biodiversity protection is a key principle in our philosophy.
- ❖ We are committed to the ILO principles on **human and labour rights, responsible employment**, high standards in health and safety during our operation and our services:
 - we fight against the destructive forms of child labour, modern slavery / forced labour or non-responsible employment (regarding working hours, overwork, fair salaries, unethical recruitment, discrimination etc.)
 - we encourage progressive employment forms, diversity management, equal opportunities and healthy teamwork, employee well-being at organization and provide fair living wage instead of legal minimum wage
 - we encourage high health and safety standards.

- ❖ We believe that **social inclusivity** and **community development** is a critical issue where we want to contribute through:
 - ❖ our own procurement decisions where we support micro companies, family-owned companies, social entrepreneurs, and NGOs
 - ❖ our donation and Pro Bono activities (also via our financial activities through our community bank)
 - ❖ our personal activities as representing directly or indirectly our company (e.g., charity ambassador, providing visibility to them etc.)
 - ❖ raising awareness and encouraging our clients to join social community programs and improve their social impact.

- ❖ We are committed and conscious about our potential risks and impacts throughout our own **value chain** and are committed to create value through our indirect impacts via our partners in the supply chain and our clients. Moreover, as sustainable challenges are way too complex for individual organizations, for us **stakeholder engagement, collaboration and networks** play a key role in our sustainability vision.

The compliance with these values lies in the responsibility of the appointed managing director(s). Ms Mandy Fertetics is responsible for Social Sustainability and Compliance/Business Ethics, while Ms Katalin Urban is responsible for Environmental Sustainability, Health and Safety and for monitoring sustainability risks. In case of non-compliance beyond verbal reprehension financial consequences may be appropriate regarding the scope of damage or risk. Non-compliances will be documented.

We ensure the accessibility of these values, policies, and requirements via our contractual document (attachment to contracts), publicly available document on our website and providing training for colleagues and suppliers.

30th August 2023, Budapest



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I. MATERIAL ISSUES (last revision Q4 2022)

Alternate Consulting’s key employees were for 15 years its two owners who are senior consultants as well. As Alternate Consulting does not want to grow as an organization for an aim, we may stay a micro company. We mostly work with freelancers and contractors to deliver the capacity and knowledge our clients may need, but by market demand we may have a few permanent or interim employees as well. We do not own or rent an office but support flexible work arrangements, including home office, tele- and distance working. Taking into consideration our size, industry, and direct impact we identified the following material issues for ourselves via impact assessment.

Alternate – Materiality Matrix 2022 (SASB and GRI aligned)



We review our materiality assessment regularly and aim to conduct a double materiality assessment with stakeholder engagement in the future.

II. SIGNATORIES, COMMITMENTS AND MEMBERSHIPS

Alternate Consulting is committed to sustainable development. We follow the definition of the World Business Council for Sustainability which says "Creating a world that ensures the needs of all living people within the planetarian boundaries". On a more practical level we consider the following international or national standards as guidance in our operation and services:

- ❖ UN Sustainable Development Goals (committed)
- ❖ Business Council for Sustainable Development in Hungary – Recommendation for Business Leaders (official signatory)
- ❖ EU Diversity Charta (committed, aiming for official signatory)
- ❖ Global Reporting Initiative standards as guidance for governance and performance monitoring (we do not disclose public non-financial report yet due to our size)
- ❖ We also follow the PDCA logic of the relevant ISO management systems (14001, 45000, 50001, 26000, 20400) taking into account our material impacts (non-certified management)
- ❖ Hungarian Diversity Charter (HBLF) (committed)



❖ Our operation is in line with the "Vállalható üzleti szereplő" (Trusted company) label by Bridge Budapest in Hungary (self-declaration based on self-assessment, 86% as a result).

❖ As described above we are strongly committed to contributing to the Sustainable Development Goals and analysed thoroughly our current and potential impacts and opportunities. We selected nine SDGs in three different levels to align our strategy development and performance review:

Alternate's commitment and contribution to the Sustainable Development Goals

We are directly committed through our company values and operation and aim to serve by our services to:



Additionally through our consultancy and training&development services we aim to contribute to:



Additionally through our social mission and voluntary activities we aim to contribute to:



The three levels are not independent from each other and are not limited only to the indicated activities, they rather show the focus, main impact and aim of Alternate. As we address sub-targets of SDGs due to B Corp company impact assessment recommendation some SDGs are important on more than one level:

Corporate focus

- 5.5.** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- 8.5.** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- 8.4.** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
- 16.5.** Substantially reduce corruption and bribery in all their forms

Service focus

- 4.7.** By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development
- 10.3.** Ensure equal opportunity and reduce inequalities of outcome, including through eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions in this regard
- 12.6.** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
- 12.8.** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature
- 16.3.** Promote the rule of law at the national and international levels and ensure equal access to justice for all
- 17.17** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

Social mission focused

- 9.3.** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
- 10.2.** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
- 13.3.** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

III. SUSTAINABILITY PRINCIPLES

We have uncertified management systems in place for each sustainability topic through our holistic and impact-oriented approach. We PLAN our processes with the aim to lower our impacts and risks, we DO our daily work aligned with our goals, we CHECK regularly (review yearly our activities and impacts) and ACT for change if necessary (e.g. substitute supplier or office supply, etc.).

III.1. Environmental stewardship

Alternate Consulting continuously monitors and evaluates the environmental impacts of its activities and services and strives to improve them although our direct impact is very low. Due to this and our organization size we do not measure them quantitatively.

Our measurements are:

- ❖ Through our services, we strive to shape and develop the attitudes of our clients and business partners, as well as the wider society, in the area of **environmental protection and consciousness**. We provide services on GHG emissions reporting, and encourage actions towards **climate change mitigation, adaptation, circular economy, sustainable use of natural resources and biodiversity**.
- ❖ We develop plans to ensure our clients' and our own compliance with relevant environmental regulations and standards. We strive to stay up-to-date with changing laws and integrate them into our practices.
- ❖ We create and operate an **environmentally conscious** office operation during home-based and distance working (environmentally conscious planning and design for prevention of waste and other emissions, reduction of paper use, energy use, and material use, improvement of reuse and recycling, optimization of the environmental effects of transport and travel, avoiding or minimizing chemical cleaning materials, striving for green procurement).
- ❖ Application of **remote work** (home office, tele- and distance working) eliminates or decreases work-related travelling, and commuting.
- ❖ We encourage good environmental stewardship in how our employees manage their virtual offices, which includes **environmentally preferred products and practices** in employee virtual offices, such as eliminating paper use, recycling, energy efficiency. We share resources and good practices with employees about environmental stewardship and provide training for them.
- ❖ Our health and safety approach includes the safe disposal of e-waste, chemicals and other hazardous materials purchased for employee home offices.
- ❖ Reduction and improvement of the **environmental impacts of services and events** (environmentally conscious planning and design for prevention,

assessment of environmental effects during implementation and striving to reduce them, e.g., organizing events with a green perspective, eliminating paper use when performing services, defining environmental success indicators and goals when evaluating services, etc.)

- ❖ The following issues are not material or relevant for us relating to direct impact, however we raise awareness on them via our training or consultancy services: responsible chemical management, water quality, consumption & management, air quality, responsible mineral use, renewable energy, and animal welfare. We also recognize the importance of soil quality and noise emissions.
- ❖ Both of our senior consultants / managing directors are trained in ISO14001 and ISO50001 and are able to identify environmental impacts, risks and opportunities, review processes, regularly monitor KPIs and targets and analyse the collected data to identify trends and areas where further improvements are needed. Based on the findings from monitoring, we implement corrective actions to address any identified non-compliances, and by this improve the performance of organizations and conduct trainings.

By this we operate a non-certified **environmental management system**: identifying the environmental risks and impacts of our clients' and our own activities and processes, travelling, events and services, as well as monitoring and implementing corrective actions where needed.

We expect our clients to respect these values and targets as well.

III.2. Human and employee rights, responsible employment, health and safety, non-discrimination and equal opportunities

Alternate Consulting strives to respect the ILO international standards on human rights and employee rights both within the organization and through its business relationships and statements.

- ❖ We reject all forms of **human rights** violations:
 - ❖ child work
 - ❖ forced labour / modern slavery
 - ❖ restrictions of freedom of association or collective bargaining
 - ❖ harassment and
 - ❖ discrimination.
- ❖ We assess the **risks** in our operation and business relationships to avoid these risks and non-conformities.

- ❖ We apply responsible and ethical employment aspects, such as:
 - ❖ regulations for young workers
 - ❖ fair working hours
 - ❖ living wages and benefits
 - ❖ regular performance review
 - ❖ ethical recruiting equal opportunity.
- ❖ As a women-owned company, we advocate for **women's rights**, and raise awareness of the rights of minorities and indigenous peoples, land, forest and water rights and forced evictions.

We operate a non-certified **human and employee rights management system**. Through our policy and code of conduct we set expectations for employees, suppliers, and partners regarding human rights and working conditions. We implement training programs to raise awareness among employees and clients about human rights, diversity, inclusion, and fair treatment in the workplace, and we seek feedback from employees, suppliers, customers, and other stakeholders to understand their perspectives on human rights and working conditions within the company. We continuously review and enhance the human rights management system based on feedback, emerging best practices, and changes in regulations, and provide transparent information on the company's human rights performance and working conditions, both internally and externally, demonstrating accountability and progress towards goals.

We expect our clients to respect these values and targets as well.

We consider **health and safety** as a key aspect of our business continuity. For this:

- ❖ we put high standards of individual responsibility toward own health and safety
- ❖ comply with legal requirements and ensure regular health checks
- ❖ both of our managing directors are trained in ISO45001 and are able to identify and prevent health and safety risks during their own work and
- ❖ raise awareness of business partners on such risks.

By this we operate a non-certified **health and safety management system**: identifying the health and safety risks at the place of work, during travelling and professional services. When conducting on-site audits we participate in the health and safety, fire protection and emergency induction of our clients and wear personal protective equipment in an appropriate manner (provided by clients, but available also for both senior consultants). We are aware of the importance of workplace ergonomics, as well as the risk during machinery use and the importance of machinery usage, right

way of chemical handling procedures, emergency preparedness, incident and accident management, fire protection and further topics – although they are not relevant for Alternate as direct risks and impacts, only through our services in special cases. We implement programs that promote employee well-being, such as stress management trainings and health screenings. We foster a safety-first culture by promoting employee involvement, and open communication about safety concerns. Regularly review and update health and safety procedures based on feedback, new risks, emerging best practices, and changes in regulations.

We expect our clients to respect these values and targets as well.

III.3. Diversity, equity and inclusion

We are committed to having a positive impact on society, especially by encouraging diversity and inclusion in our closer and wider society, by the followings:

- ❖ Building an **inclusive culture**, raising awareness and dilemmas during our meetings and professional work enables all stakeholders to raise questions or highlight any obstacles to equity or equal opportunity.
- ❖ We encourage a corporate culture where **diversity** is considered as a value-generating factor and any characteristics (sex, gender, sexual orientation, nationality, religion, race, family status, physical or mental status etc.) should not be an obstacle to feeling accepted, belonging, having career opportunities or work-life balance. This means flexibility, understanding, openness, assertiveness and problem-solving attitude for all parties to be able to harmonize individual, organizational and client demands and benefits.
- ❖ Both in our hiring process and selection of suppliers and subcontractors, we **reject any discrimination** related to gender, race, colour, age, religious affiliation, political opinion marital status, sexual orientation, educational background, or disability and we even strive for positive discrimination by favouring the socially disadvantaged groups present. Based on this, among alternatives of similar professional quality, we give priority to women, families, women after maternity leave, people with lower or without education, people with disabilities, minorities or other disadvantaged groups. We prefer social entrepreneurs to create positive impact.
- ❖ Should Alternate decide to grow, it will simultaneously develop its specific human resource procedures for recruitment, selection, employment, and internal promotion to ensure equal opportunities.
- ❖ Through our services, we strive to shape and develop the attitudes of our clients and business partners in the field of equal opportunities.
- ❖ We participate in research, events on diversity and inclusion to increase visibility and impact of the topic.

We expect our clients to respect our above-mentioned values and targets on human and labour rights, responsible employment, health and safety, non-discrimination and equal opportunities as well and encourage them to strive for a high level of diversity, equity and inclusion.

III.4. Community engagement and support

Alternate considers itself an important player in its wider (Earth, Europe, EU, Hungary) and narrower (Budapest, Budaörs, Győr) environment, and to this end, it participates in community development and support activities to the extent possible. Due to its size, it can provide limited financial support and has therefore committed itself to the following main forms of support:

- ❖ We offer NGOs a 40-70% discount on their own development projects and related collaborations
- ❖ We provide **pro bono services** for NGOs and social entrepreneurs
- ❖ We participate in **training and teaching** on a pro bono or reduced fee basis
- ❖ We provide thesis consultation and evaluation Pro Bono
- ❖ We participate free of charge in professional forums and are actively involved in general **awareness-raising**
- ❖ In our private lives, we strive for responsible lifestyles and consumption and ethical behaviour
- ❖ We hold our financial bank account at a community bank which enables us to participate in **community financing** via financial services and also community **donation**
- ❖ Enhancing reputation and visibility in public appearances, naming prominent organisations and initiatives in our statements as positive examples
- ❖ We participate in **research**
- ❖ We lead by example.

Alternate strives to educate and raise awareness of its clients and business partners, as well as the wider community, in the area of community development through its services.

III.5. Business Ethics

Alternate strives to act ethically in its business relationships, its operations and decision-making, i.e. to observe ethical standards and expectations that go beyond compliance with the law. To this end:

- ❖ We have defined the **core principles and values** that are mutually important to our managers in this area (compliance, reciprocity, honesty, trust, good faith, openness, fairness, consistency, respect of intellectual property anti-corruption, anti-discrimination)
- ❖ We uphold these values in our own operations and decision-making
- ❖ In our business relationships we make clear our expectations and promises to our partners. Project planning includes the management of mutual expectations, methods and conflicts of cooperation
- ❖ We maintain **data protection and data security** in our operations by using trustworthy free or licenced softwares, cloud services or platforms and internal processes.
- ❖ If we encounter unethical operational expectations or circumstances, we seek to eliminate them, and where appropriate, we use **whistle-blowing** and law enforcement to indirectly influence the way of operation.

In conflicts with our business partners, we are governed by the law, however we seek to resolve conflicts ourselves and use a mediator to resolve the problem first, and then seek law enforcement.

- ❖ We strive to avoid conflicts of interest, we do not accept positions or assignments that do not sufficiently ensure our independence; where we decide on business acquisition of a competitor; we do not evaluate reports from clients in which we have participated, etc.
- ❖ We strive to set reasonable fees and adhere to payment terms.
- ❖ We disclose financial and non-financial information in accordance with applicable regulations.
- ❖ We encourage internal and external stakeholders to adhere high level of ethical behaviour, raise open dilemmas and challenges for common learning and understanding and encourage whistle-blowing and grievance.

III.6. Transparency and accountability

Alternate strives to operate in a transparent and accountable manner, whereby:

- ❖ Through our website and newsletter, corporate documents we provide our stakeholders with information about our core principles and services
- ❖ We also seek to **peer review**, understand views, address concerns in relation to projects and our operations

Since the level of corruption is significantly high in Hungary and is a fundamental feature of economic activity, Alternate considers it particularly important to be **accountable** in this regard and to strive to avoid and **eliminate all forms of corruption**. To this end:

- ❖ We maintain a legally **compliant accounting** and financial operation, in line with our economic development.
- ❖ In our development process, we encourage **anti-corruption behaviour** among our customers and partners, draw attention to the traps and phenomena involved and strive to eliminate them.
- ❖ We do not participate in corruption processes: we refuse to accept orders that are related to it, we do not accept gifts of high value (above 50 000 HUF/person) and we do not provide gifts of higher value to others (except in the context of pro bono services, which we make transparent).
- ❖ We enable whistle-blowing or grievance
- ❖ We operate a **transparent commission system** for business acquisition both within the organisation and with our collaborating partners (commission on business acquisition is 0-15% of the total project amount depending on the project and activity)
- ❖ We are not involved in the development of political parties and related political organisations
- ❖ Through our services, we seek to educate through trainings and **raise awareness** of our employees, clients and business partners, as well as the wider society, on anti-corruption and accountability.

III.7. Sustainable Sourcing Policy

At Alternate, we recognize the importance of sustainable practices in our procurement processes. We are committed to sourcing from suppliers who share our above-mentioned values and prioritize environmental and social responsibility. Our Sustainable Sourcing Principles are the following:

- ❖ We expect our suppliers to comply with all applicable environmental laws, regulations, and industry standards. They should promote efficient resource use, minimize waste generation, and consider measures to reduce their environmental footprint, including GHG emissions, air and water pollutants associated with their operations.
- ❖ Suppliers should adopt sustainable packaging practices, promote recycling and waste reduction, and explore opportunities for circular economy principles.
- ❖ Suppliers must respect fundamental human rights, provide fair and safe working conditions, and comply with local labour laws and international standards, including those related to child labour, forced labour, and discrimination.
- ❖ We encourage our suppliers to consider diversity and inclusion in their operations, as well as to participate in community engagement and support activities.
- ❖ We expect our suppliers to conduct their business with integrity, comply with anti-corruption laws, and maintain transparent business practices.
- ❖ The following issues are not material or relevant for us related the impact of suppliers, however we recognize their importance and raise awareness of: Wages and benefits, Working hours, Ethical recruiting, Freedom of association and collective bargaining, Women's Rights, Rights of minorities and indigenous peoples, Land, forest and water rights and forced eviction, Use of private or public security forces, Data protection and data security, Financial responsibility (Accurate Records), Disclosure of information, Fair competition and anti-trust, Conflicts of interest, Counterfeit parts, Intellectual property, Export controls and economic sanctions, Whistleblowing and protection against retaliation, GHG emissions reporting, Energy efficiency, Renewable energy, Decarbonisation, Responsible chemical management, Reuse and recycling, Animal welfare, Biodiversity, land use and deforestation, Soil quality, Noise emissions and similar standards towards own tier-1 suppliers.
- ❖ When requested, suppliers should provide information about their supply chain, including the origin of materials and components, to promote transparency and enable responsible sourcing decisions.
- ❖ We request suppliers to roll down sustainability requirements to their own suppliers and contractors, mitigate effectively ESG risks in the supply chain and improve sustainability performance throughout the whole value chain.
- ❖ In case of identified risks or due diligence, suppliers are required to provide evidence by request or cooperate in on-site audits to ensure compliance with ESG regulations or our sustainability requirements.

IV. SELECTION OF SUPPLIERS AND SERVICES

IV.1. Evaluation and selection of suppliers and subcontractors

Alternate aims to extend its sustainability policy and principles to its suppliers also by defining and examining different criteria for the selection. It strives for long-term partnerships.

When selecting suppliers or subcontractors, it accepts pre-qualifications from other organisations, such as product labels, awards, and preliminary assessments, which it considers credible.

On this basis, Alternate has committed itself to the following measures:

- ❖ In the case of a new order or requirement, we will endeavour to invite tenders from several suppliers/subcontractors,
- ❖ if we do not have a well-established partner available in this area,
- ❖ if the order exceeds HUF 1 000 000.
- ❖ In the case of tendering, we aim to invite at least three bids and to evaluate them transparently. Feedback is provided to tenderers on request, on a non-binding basis, and evaluations are not made publicly available.

As a general principle, sustainability criteria will be assessed as described above and detailed below:

IV.2. Checking and testing materials and services before selection and ordering

1. In the case of the product or service we are looking for, we first check whether there is an available version of it in the market that has been assessed by others for its sustainability or a sub-criterion of its sustainability. We will take into account information on available assessments, awards, e.g. eco-label, other product labels, Fair Trade Certification, sustainability criterias on products and services and also on the vendors (family-friendly workplace, ESG rated, auditor certification, etc.).
2. In the case of tendering, selection of a new partner, we will evaluate the company providing the product/service and the product in parallel, approximately according to the following template. Depending on the industry, product type, business situation, urgency, etc., we may deviate from these and document the reasons for doing so (e.g. for small purchases of less than HUF 50 000, etc.). We primarily use publicly available self-reported material, other public material, self-reported information to assess the criteria. Where appropriate, information from contacts will also be taken into account, but to a limited extent.

Our key evaluation criteria are as follows:

- ❖ Compliance with above-mentioned environmental, social and business ethics aspects and potential social and environmental impact of the suppliers;
- ❖ Price meeting expectations and transparent pricing criteria;
- ❖ Adequate reference work and reference(s) by previous costumers on the cooperation with the supplier/subcontractor;
- ❖ Offer quality, speed, responsiveness, communication style, thoroughness;
- ❖ Sympathy, sense of trust.

IV.3. In-process and final product inspection of materials and services

We seek to carry out inspection of the in-process and final product of the goods and services ordered through the following process:

- ❖ Clarification of expectations, milestones, checking points as clearly as possible before contracting (even setting targets, indicators).
- ❖ Detailed contracting
- ❖ Continuous communication, testing (where possible), taking milestones seriously
- ❖ Evaluation of the final product according to pre-established criteria, analysis of the justification for deviations.

V. QUALITY POLICY

V.1. Interpretation and consideration of customer needs

Alternate is committed to understanding its customers' needs and meeting them with the highest quality and efficiency. In order to do so:

- ❖ We conduct ad hoc research and dialogue with our past, present or potential customers (e.g. questionnaires, face-to-face meetings, etc.)
- ❖ To improve the efficiency and effectiveness of the offer, we seek to understand as fully as possible the needs of our customers before making an offer, and we seek personal consultation. To this end, we endeavour as far as possible to discuss all relevant issues with the customers prior to making an offer to ensure high-level delivery (motivation, business case, resource availability, evaluation factors, success factors, authority levels, decision-making, key stakeholders, etc.):
- ❖ At the pre-contracting stage, we try to establish mutual expectations (quality, sustainability of the project and definition of objectives and principles of

cooperation) through a face-to-face meeting, and we try to prepare reminders and minutes (e-mail, MS Word or other format).

- ❖ During the implementation of project deliverables and services, we strive to continuously monitor, interpret and take into account the needs of our customers, we seek follow-up and request ex-post evaluation of our work.
- ❖ At the same time, it is important to bear in mind that the role of the consultant is to stimulate and support development and change, which often involves tension and conflict, and therefore our responsibility is also to shape customer needs, which does not always make the evaluation clear. We strive for continuous reflectivity, dialogue and win-win conflict resolution, using mediators when necessary.
- ❖ We reject orders that do not serve real development, but are based on lies, half-truths, deception, projects that do more harm than good, greenwashing. To this end, we refuse to be approached by arms manufacturing and trading companies, tobacco companies and financial institutions operating with usury. We also refuse to produce sustainability reports without metrics, specific deliverables and targets, and we seek to be as specific as possible in all engagements in order to define project objectives and obtain commitment from senior management.

We request our clients to evaluate our project verbally based on the following areas parallel to our self-assessment:

- ❖ professionalism, knowledge and expertise
- ❖ effectiveness
- ❖ quality of output
- ❖ cooperation (project management, communication)
- ❖ problem solving and conflict management, flexibility and consideration of individual needs
- ❖ key strengths and areas of improvement
- ❖ impact.

We strive for formal recommendations that highlight the strengths of our cooperation and the existence of providing them is evidence on the quality and cooperation.

V.2. Implementation of services

In the implementation of its services, Alternate has a dual purpose. On the one hand, to satisfy the customer/client needs as much as possible, as previously defined, and on the other hand, to maximise the success of the service or project. If the two objectives can only be achieved at the expense of each other, it is the duty of the consultant to identify the optimal trade-offs and to suggest the appropriate steps to be taken.

- ❖ During the implementation of the services, we stick to the process and working method presented in the offer, unless aspects arise during the implementation that require a change. In all cases, this will be agreed with the client or cooperating partner.
- ❖ We stick to the recommended price in all cases and do not apply hidden costs. Exceptions to this may be made if new aspects and requirements arise during the execution of the service which require a change in the basic working method. If such considerations arise, we will immediately discuss them with the client and, in cooperation with our partner, provide options to assist the client in his/her decision. However, we can only undertake to meet new requirements and perform tasks not mentioned in the offer or contract conclusion phase for an additional commission fee, which we will agree with the client or cooperation partner by preparing a new offer.
- ❖ In providing our services, we always strive to take into account and apply the latest national and international examples to maximise the success of your project.
- ❖ If we feel that the work process is going off track, we will immediately inform the client or cooperation partner.

V.3. Improving services of unsatisfactory quality

If, despite all intentions, the client is not satisfied with the quality of the service, the below described procedures should be followed:

- ❖ If possible, a personal consultation should be held to identify the points where quality problems have arisen. The primary objective of the discussion should be to remedy the deficiencies and quality problems, but where relevant to the process, it may be necessary to identify the root causes. If the parties consider it appropriate, a mediator may be used to negotiate the issues in dispute.
- ❖ The methods in which the deficiency or quality problem can be corrected and the one that is appropriate for both parties should be identified.
- ❖ A common understanding should be reached on the timetable, responsibilities and division of work for carrying out the improvement.

- ❖ Once the deficiency has been corrected and the quality of service has been improved, Alternate will determine how to avoid a similar problem occurring in the future. The necessary steps will be incorporated into its operational procedures.

V.4. Handling customer complaints and other notifications

The handling of customer complaints is the responsibility of the project manager. To improve the quality of services and processes:

- ❖ all customer complaints and other notifications are investigated jointly by the two managers; and
- ❖ jointly determine the options for resolving the complaint, suggesting the most appropriate solution for both the customer and the success of the project and the formal agreement between the parties.

An accurate understanding of the customer's complaint or report is essential to the success of the process. To this end, personal discussion should be sought.

If the resolution of the complaint implies a modification of an existing workflow, it should be applied to subsequent and ongoing projects as well.

In order to address the interest concerns of the project manager, the other manager or further staff or an external professional may be involved as a mediator in the grievance process. In case of non-agreement preferred third-party involvement as a mediator, „critical friend attitude”, legal mediation should be used as a last resort.