



ENVIRONMENTAL  
SOCIAL  
GOVERNANCE

REPORT  
2023



# Letter from

## OUR PRESIDENT AND CEO

One of my favorite places in the world is Point Lobos State Natural Reserve on the Pacific Coast. There, the ocean crashes against rocky cliffs, while mild waves roll peacefully into the cove where I often spot ospreys, cranes, and egrets. With the salty sea breeze and fresh cypress trees surrounding me, I enjoy watching sea otters feed and frolic in the surf.

Interestingly, sea otters tell a very affirming story – once close to extinction due to the fur trade, the sea otter population has bounced back after organizations and governments took action to protect the species.

The resurgence of sea otters proves that taking action can have a lasting impact. It proves that what we do matters.

The amazing biodiversity of our world never ceases to amaze me. There is joy and satisfaction in taking that extra step to protect our oceans, lands, air, wildlife, and fellow human beings. We all need to do our part, as individuals and in our professional lives.

Companies embrace ESG initiatives for many different reasons including pressure from consumers, pressure from the community, edicts from lawmakers, and penalizing regulations. For many of us, however, there is a strong personal commitment to making the world a better place today and for future generations.

When I started ALOM more than 26 years ago, my vision was to create a supply chain company that does right by everyone – employees, customers, suppliers, and the planet. As our thinking evolved over the years, this now includes ESG practice and process alignment among our supply chain partners and stakeholders.

Throughout millennia, human beings have inflicted unspeakable atrocities on themselves and others. It is about time that we shove such atrocities and human rights violations into history. At ALOM, our business values ensure that each person is respected, each child is cherished and educated, and each employee is treated right.

News from around the world makes it abundantly clear that humankind still has much to do. We at ALOM are dedicated to doing our part, every day – from the way we source, produce, and fulfill every order to the way we protect the rights and respect the diversity of every person.

In this report, I am proud to share the actions taken, results achieved, and future initiatives on our ESG roadmap. Our commitment is unwavering.

  
ALOM President and CEO  
Hannah Kain enjoying  
Point Lobos State Natural Reserve  
in Monterey Bay, California







## Corporate Overview

ALOM is a global supply chain management services and solutions provider serving as a partner to our Fortune 500 clients in the technology, automotive, medical/ life sciences, and other highly-regulated industries. Far more than a traditional 3PL, we provide socially and environmentally responsible supply chain product and service delivery programs for many of the world's best-known brands.

**ALOM was founded in June 1997 by Hannah Kain. Her vision was to create an environmentally and socially conscious supply chain partner offering flawless execution, technology leadership, flexibility, and true customer focus.**

# ESG Approach



**At ALOM, we believe in using the supply chain to help the world be a better place – for the environment and for every person, every supplier, and every company.**

**WE STRIVE TO BE the Customer of Choice, the Supplier of Choice, and the Employer of Choice.**



## Measurement

ALOM recognizes the importance of establishing robust frameworks and processes to effectively measure and evaluate our progress in the realm of Environmental, Social, and Governance (ESG) performance.



**“Accurate measurement and evaluation not only help us identify areas for continuous improvement, but also enable us to demonstrate our commitment to transparency and accountability to our stakeholders.”**

**KAVEH MORAGHEBI**

SR. DIRECTOR OF QUALITY AND SUSTAINABILITY

## ALOM Performance Metrics



### Environmental

By monitoring these metrics, we can assess the effectiveness of our sustainability initiatives and identify areas for further improvement.



### Social

Tracking these metrics helps ensure that we are living up to our commitment to social responsibility and fostering a diverse and inclusive work environment.



### Governance

By monitoring our governance metrics, we can evaluate the effectiveness of our internal controls and ensure that we are operating with integrity and transparency.



As a supply chain services provider,  
ALOM acknowledges its responsibility to  
**eliminate harmful CO<sub>2</sub> emissions  
contributing to climate change.**

# ENVIRONMENTAL



ALOM has engaged with EcoVadis, the world's largest provider of business sustainability ratings, to obtain a "scorecard" that evaluates environment, labor and human rights, ethics, and sustainable procurement.



ALOM has committed to adhering to the SBTi (Science Based Target) net zero standard framework for target setting in line with climate science consistent with limiting global temperature rise to 1.5°C.

## ALOM Initiatives to Advance Sustainability, Support the Circular Economy, and Eliminate Landfill Disposal



**ALOM invested nearly \$200,000 in a returns management program** for a customer that manufactures wireless food service order devices and touchscreen pay terminals. When a product malfunctions or reaches end of life, it is returned to ALOM for replacement, repair, reconfiguration, or processed for responsible recycling.



ALOM consumes high volumes of corrugate packaging material. By installing a new high-efficiency electric compactor at its Indianapolis facility to replace a diesel-powered compactor, **we eliminated the need for burning 157 gallons of diesel/month** (saving \$9,000 per year in fuel cost) **and eliminated 19.13 metric tons annually in CO<sub>2</sub> emissions.**



In 2022, **we recycled 580 tons of corrugate**, which **saved 9,860 trees from being felled** and **eliminated 580 tons of CO<sub>2</sub> emissions** that would have been generated manufacturing this amount of cardboard from virgin trees.

ALOM was named a winner of the 2023 Top Supply Chain Projects Award by *Supply & Demand Chain Executive*. The company was recognized for its Road To Net Zero (RTNZ), the greenhouse gas (GHG) measurement and reporting structure put in place to verify progress in achieving net zero carbon neutrality by 2030.

Additionally, ALOM was named a finalist for the Manufacturing Leadership Council's 2023 Manufacturing Leadership Award in the Sustainability and The Circular Economy category for innovation and leadership establishing systems and tools to measure and report category 1-4 GHG emissions reduction across its supply chain operations.



# netzero

supply chain sustainability

In the face of mounting global climate challenges, ALOM took a bold step in March 2021, embarking on our NetZero Supply Chain Sustainability Initiative. With the invaluable support of our customers, employees, and other stakeholders, we pledged to attain a net-zero carbon footprint across our worldwide operations by 2030.



**“We believe our actions demonstrate to the broader industry how we can work together to win this fight for our future. Collectively, we can help move the needle in meeting the science-based goal of limiting global warming to 1.5°C.”**

**HANNAH KAIN**  
PRESIDENT AND CEO

**Building on ALOM’s long-term commitment to supply chain sustainability, the company has invested in reducing carbon emissions by:**



Nearsourcing its supply base



Optimizing freight transportation



Supporting aggressive recycling and reuse programs



Implementing energy-saving technology



Investing in select carbon offset programs such as reforestation



## **ALOM reduced freight transport by 30%**

We negotiated with a U.S. supplier to open distribution warehouses closer to ALOM fulfillment centers. **This action reduced freight transport mileage by 30%** and generated an overall sustainability benefit of lowering vehicle emissions (CO<sub>2</sub>) by 100.76 metric tons. In addition, ALOM reduced lead time to receive new inventory from more than 70 days to only two to three days.

## Reducing Upstream & Downstream GHG Emissions

**ALOM extends its environmental action and advocacy to benefit its customers and vendors,** tackling GHG emissions produced at different stages of a product's lifecycle. ALOM aims to manage and reduce upstream emissions, which occur during the production of goods or services, and downstream emissions, which occur once the product has been delivered to the end-user.

To address upstream emissions, ALOM partnered with a FinTech customer to annually report Category 1-4 emissions as defined by GHG Protocol, a joint venture between the World Resources Institute and the World Business Council for Sustainable Development. Along with collaborating on best practices, ALOM provides GHG data to its customer so it can monitor its sustainability progress.

To mitigate downstream emissions, ALOM collaborates with product lifecycle and sustainability experts including Evergreen IT Solutions to reuse and recycle electronic waste. In 2023, Evergreen recognized ALOM with their Sustainability Excellence Award for implementing an IT asset decommissioning and e-recycling program that properly disposed of over 71,000 lbs. of recyclable e-waste material in 2022.



## Employee Engagement in Sustainability

As ALOM employees' interest in sustainability has grown, we have made a concerted effort to incorporate sustainability and environmental stewardship into our employee training and development programs. This approach has helped build awareness and understanding of sustainability issues and equipped our employees with the skills and knowledge needed to contribute effectively to our sustainability objectives.



## Establishing Environmental Metrics

ALOM employs a rigorous measurement and monitoring process to effectively track and manage our environmental performance. Key performance indicators include energy consumption, greenhouse gas (GHG) emissions, water usage, and waste generation. By consistently monitoring these KPIs, we can identify areas for improvement and implement targeted initiatives to drive progress.

Accurate and reliable data is essential for effectively measuring and evaluating our ESG performance and progress.

To ensure the quality of our data, we have implemented the following processes:



We have established standardized methods for collecting ESG data across our operations, ensuring consistency and comparability in our performance metrics.



We have implemented processes for verifying and validating our ESG data including regular audits, cross-referencing with external sources, and engaging third-party experts to assess accuracy and reliability.



We conduct periodic analysis of our ESG data to identify trends, patterns, and areas for improvement. We also prepare internal and external reports on our ESG performance, which inform our decision-making processes.



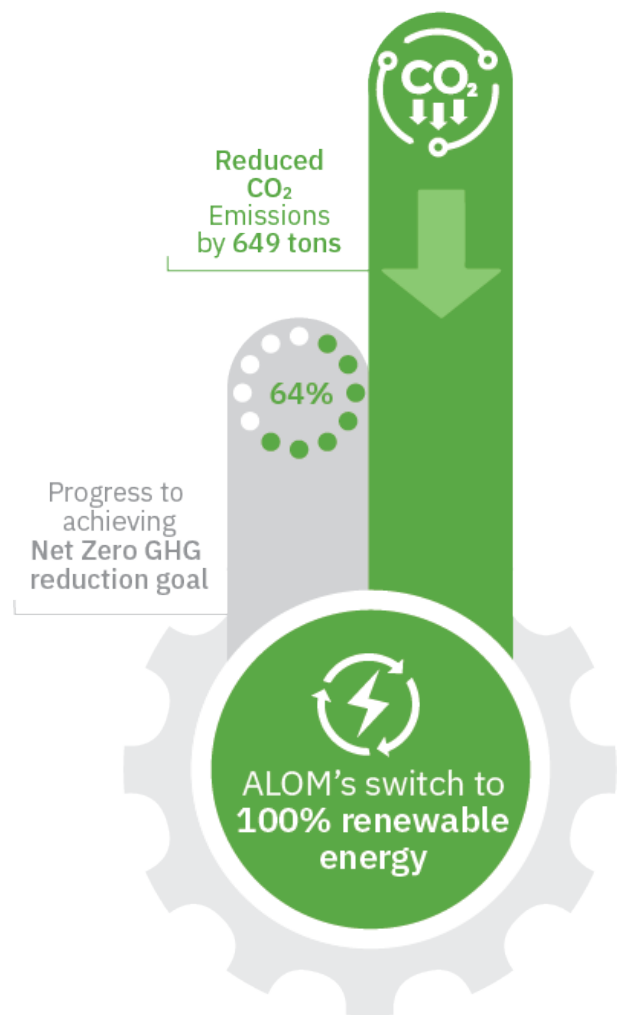
We have set ambitious, achievable targets and progress benchmarks to reach carbon neutrality by 2030. By setting clear objectives, we can ensure that our initiatives align with our business strategy and deliver lasting impact.



**ISO 14064-1** certification provides a trusted and transparent framework to measure and report category 1-4 greenhouse gas emissions. ISO 14064-1 is an important benchmark because it specifies principles and requirements for the design, development, management, reporting, and verification of an organization's GHG inventory, eliminating subjectivity in adherence.



In 2022 ALOM was accepted as an official Green Power Partner of the U.S. Environmental Protection Agency (EPA). The initiative encourages organizations to use renewable energy sources such as solar, wind, geothermal, biogas, and certain forms of biomass and hydropower to reduce the environmental impacts associated with conventional electricity use. As a Green Power Partner, ALOM has demonstrated an exceptional level of green power use and pledges to increase green power usage that meets or exceeds EPA's usage requirements.



ALOM's switch to 100% renewable energy eliminated the consumption of 1.5 million kWh of carbon-emitting power across its North American supply chain production and fulfillment centers and reduced CO<sub>2</sub> emissions by 649 tons compared to fossil powered electricity generation (64% of goal).



## Greening the Supply Chain

As members of the Sustainable Purchasing Leadership Council, ALOM's procurement team ensures that operational equipment, purchasing processes, and customer materials not only meet but exceed rigorous sustainability standards.

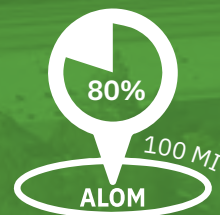
Our account teams undertake a thorough sustainability review when onboarding each new customer program. This extensive evaluation process identifies areas such as packaging, order routing, inventory management, supply base audit, and returns processing that result in significant positive sustainability impacts. We regularly communicate our sustainability requirements to our suppliers.



SUSTAINABLE  
PURCHASING  
LEADERSHIP  
COUNCIL



ALOM was able to **reduce freight transport related GHG emissions by 30%** through supplier nearsourcing



**80% of ALOM's suppliers are located within a 100-mile radius of an ALOM facility**

## Nearsourcing

Nearsourcing is the practice of sourcing goods and services from suppliers located in close proximity to the end consumer, the manufacturing site, or the distribution/fulfillment center. Nearsourcing reduces transportation-related emissions in the supply chain.

Nearsourcing is a core component of ALOM's net zero strategy. By minimizing transportation distances and supporting economic growth in the regions we operate, we can foster close-knit relationships with our suppliers. This ensures rapid response times, streamlined communication, and the ability to quickly address any challenges that may arise.





At ALOM, we firmly believe our people are our greatest asset and the very foundation of our success. Our diverse and talented group of individuals brings

**an unparalleled wealth of knowledge, skills, and innovative thinking to the table.**

# SOCIAL

## Workforce Engagement

ALOM understands every employee offers a unique perspective, skill set, and life experience and believes every employee has the potential to make a meaningful contribution to our shared success.

From the very beginning, the company has operated under the belief that a supportive, inclusive workplace culture is the key to unlocking the full potential and collective performance of our team.

This belief drives everything we do, from our commitment to ongoing employee development to our focus on empowering our team to take ownership of their work and make a positive impact in their roles.

## Learning & Development

Our development program equips our employees with the tools they need to develop new skills and reach their full potential. The cornerstone of our approach is ALOM University, an innovative, progressive online learning management resource with fully customized content for every job role within our organization.

ALOM's commitment to next generation leadership development is at the heart of our organization's growth and success. Recognizing the transformative power of effective and inspiring leadership, we've dedicated more resources than ever before to nurture and cultivate the skills and abilities of our team members.



## Enhancing Employee Well-Being

In today's fast-paced and demanding work environment, it is crucial to prioritize employee well-being, particularly mental health. We understand the impact of mental health on overall productivity and performance, and we support our employees in maintaining a healthy work-life balance.

### Employee Well-Being Initiatives



#### **Flexible work arrangements**

When possible, we offer flexible work arrangements such as remote work options and flexible working hours to help our employees manage their personal and professional responsibilities more effectively.



#### **Mental health resources**

We provide access to mental health resources such as counseling services, stress management workshops, and mental health awareness campaigns to help our employees manage stress and maintain their well-being.



#### **Encouraging work-life balance**

By providing flexible work schedules, encouraging time off, and cultivating a supportive work culture, we promote the well-being and happiness of our employees, ultimately leading to greater success and engagement.

## Focus on Workplace Safety

Safe workplaces are a critical component of ALOM's values. By fostering a secure and healthy work environment, we not only protect employees from potential hazards and harm but also contribute to their overall well-being and job satisfaction. This, in turn, leads to increased productivity, lower turnover rates, and high levels of customer satisfaction.

ALOM received Heffernan Insurance Brokers' 2023 Excellence in Safety and Risk Management award in recognition for our "Best of the Best" workplace and employee safety record.



**"Though competition for top talent persists across the supply chain industry, ALOM's diverse workforce and inclusive culture are differentiators that allow us to attract skilled talent and ensure operational excellence."**

**ROSANA CERNA**

SR. DIRECTOR OF PEOPLE

## Our DEI Commitment and Focus

ALOM's commitment to diversity, equity, and inclusion (DEI) is deeply rooted in our company's values and culture. At ALOM, we believe embracing DEI is not only the right thing to do but also a key driver of our success as a supply chain company. Our leadership team is committed to promoting DEI and is held accountable for fostering an inclusive culture and driving progress in this area.



### Recruitment and Hiring

We prioritize attracting a diverse pool of candidates and ensuring that our hiring process is free from bias, allowing us to select the best possible talent for our organization.



### Inclusive Work Environment

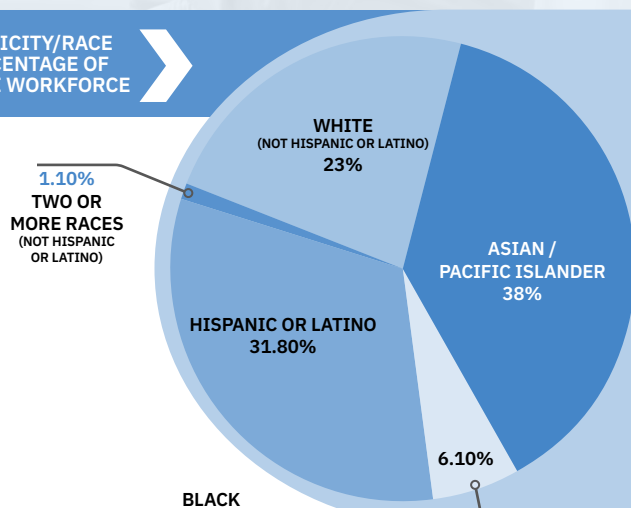
We strive to create a work environment that supports and values the unique experiences and perspectives of each employee, fostering a sense of belonging and promoting collaboration.



### Cultural Sensitivity Training

We provide cultural sensitivity training to all employees to raise awareness of unconscious biases and to promote understanding and respect for different cultures, beliefs, and practices.

#### ETHNICITY/RACE PERCENTAGE OF ENTIRE WORKFORCE



#### GENDER % FOR ENTIRE WORKFORCE

Female **56%** | Male **44%**

#### GENDER % FOR EXECUTIVE TEAM

Female **34%** | Male **66%**

#### GENDER % FOR MANAGEMENT

Female **41%** | Male **59%**

#### % OF PEOPLE PROMOTED/ ADVANCED IN 2022

**29%**

#### % OF PEOPLE PROMOTED/ ADVANCED SINCE JOINING ALOM

**39%**



#### NUMBER OF COUNTRIES AND LANGUAGES REPRESENTED IN WORKFORCE\*:

**20** COUNTRIES | **14** LANGUAGES



\*Estimated

Both ALOM and our employees have been recognized nationally for our DEI efforts. In 2022, **Holly Tran**, Director of Account Management, and **Taylor Houser**, Account Manager, were honored with the Women in Supply Chain Award by *Supply & Demand Chain Executive*. The Award recognizes female supply chain leaders and executives whose accomplishments, mentorship, and examples set a foundation for industry achievement and innovation across all levels of the supply chain.



ALOM Account Manager Madison Houser and Production Manager Martin Roberts II attended the EmployIndy Mayor's Celebration of Diversity in Leadership Awards where ALOM was a finalist in the Excellence in Workforce Diversity category.



## Prioritizing Supplier Relationships

At ALOM, we understand the crucial role our suppliers play in forging lasting relationships and delivering unparalleled customer satisfaction. We recognize that our success is inextricably linked to their achievements. We treat our suppliers with fairness, ensure timely payments, and engage in close collaboration, so mutual growth and success can thrive.

## Sustainable Procurement Program

ALOM is currently developing a sustainable procurement training program, with the primary goal of equipping our buyers with the knowledge and skills needed to make environmentally and socially responsible decisions. But our vision doesn't end there; we're also expanding this training to our suppliers.

## Supplier Diversity

ALOM's supplier diversity program supports the procurement of supplies from a diverse array of businesses including minority-owned, women-owned, veteran-owned, LGBTQ+-owned, and SBA-defined small business suppliers.

Our unwavering commitment to supplier diversity is more than just a corporate value; it's a catalyst for positive change that resonates throughout our communities. Moreover, we enthusiastically engage with local and regional diverse supplier organizations. Each year, we strive to elevate our diversity spending, fostering a more inclusive, collaborative, and creative business.

In 2023, WBEC-Pacific recognized ALOM's supplier diversity program with its "Done Deals" award for the number of new WBE suppliers with whom ALOM signed work agreements and for its total spend during the prior year.



## Sustainable Supplier Partners

ALOM uses sustainable packaging that protects both customer orders and the environment.

Through ALOM's innovative partnership with our supplier Pregis, we have proven that something as simple as bubble wrap can make a meaningful impact on the world. By using the Pregis Blue Film product, we surpass traditional bubble wrap in both function and environmental responsibility.

This protective film is made from a minimum of 50% recycled content, and unlike traditional bubble wrap that typically ends up in landfills or – worse – in the ocean, it is 100% recyclable.

When ALOM purchases Blue Film, Pregis donates a portion of the proceeds per pallet sold to Uzima, a charitable organization that provides water filters to people in need around the world.

ALOM  
diversity  
spend in  
2022  
reached  
**24.7%**



## ALOM Diversity Partners





# GOVERNANCE

At ALOM, we adhere to the most rigorous professional and ethical business management standards, ensuring that our collaborations with suppliers, customers, and community partners are grounded in integrity and respect. As we navigate the ever-evolving business, financial, and regulatory landscape, we proudly demonstrate transparency, accountability, and ethical governance.

## Social Governance

As a responsible supply chain company, ALOM understands the critical importance of operating ethically and upholding human rights throughout our business activities.

It's an unfortunate reality that slavery, forced labor, child labor, and human trafficking continue to be endemic issues around the globe. We believe all individuals involved in our supply chain, from ALOM employees to the workers across our entire global supply base, deserve to be treated with dignity, respect, and fairness.

ALOM understands this requires a proactive and ongoing effort to identify potential risks and fully address any issues that we confront. We actively work with our suppliers and customers to eliminate human rights violations in supply chain operations. We have zero tolerance for human rights violations in our supply chain, and we vigilantly monitor that everyone upstream and downstream adhere to this zero-tolerance policy.

## Code of Conduct

ALOM takes ethical, responsible business practices seriously. Our values serve as a compass for every member of our team, while our Code of Conduct clearly outlines our standards and behavior policies. By having clear standards with senior management adhering to and enforcing these standards, we ensure that everyone understands the importance of operating with integrity. At all levels in the organization and in all steps of our supply chain, our people are expected to adhere to our Code of Conduct, making ethical decisions and embodying our core values in every aspect of their work.



Zero-tolerance policy  
toward modern slavery  
in our operations and  
supply chain



Fair wages and safe and  
healthy working conditions  
for all workers involved in  
our supply chain



Uphold and support the  
right of workers to join  
trade unions and engage in  
collective bargaining

## Data privacy and protection

Advanced technology has become the backbone of the supply chain industry, enabling businesses to seamlessly manage complex logistics and deliver goods and services to customers around the world.

ALOM's cutting-edge IT network and robust infrastructure are designed to securely manage high volumes of global supply chain orders and e-commerce transactions, ensuring that every aspect of the process runs smoothly and efficiently.

In a world where cyber criminals and nefarious hacker organizations increasingly target supply chains, ALOM has implemented proactive measures to safeguard not only our own valuable data but also that of our customers and their end users.



### CONTROLS

We have established controls to track change management and risk management. These controls help us to effectively evaluate, prepare for, and navigate changes in our operational environment.



### COMPLIANCE

We have external verification and validation that our governance (policies, control, operations) program is effective. ALOM is a SOC 2, Type II certified company. We adhere to strict information security policies and procedures that encompass the security, availability, processing, integrity, and confidentiality of customer data.



### PROCESS AND PROCEDURE

ALOM documents and outlines specific steps that are required when performing certain activities and tasks such as implementing new code, executing a change on a system, accepting new data streams, and incident response.

We continuously achieve world-class quality levels that reach Six Sigma standards.





## Principles Guiding ALOM's Financial Governance

TRANSPARENCY



INTEGRITY



ACCOUNTABILITY



## Financial Governance

ALOM has established a comprehensive set of policies, procedures, and controls to ensure that our financial practices align with applicable laws, regulations, and industry best practices. These measures not only safeguard our company's assets and financial stability, but also play a crucial role in promoting ethical conduct and fostering a culture of accountability.

In addition to the financial reviews we conduct in both Asia, North America, and Europe, we also adhere to "Know Your Customer" controls and reporting, which are required by banks worldwide.

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**Our stringent financial governance ensures utmost trust and reliability, fuels sustainable growth, and fortifies our financial future.**

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Moreover, ALOM has outlined clear lines of responsibility and accountability for financial management within our organization.

Our senior management team is responsible for setting our financial strategy and overseeing its implementation, while our finance group is responsible for day-to-day financial operations and ensuring compliance with applicable laws and regulations.

We conduct regular internal audits to assess the effectiveness of our financial controls and identify areas for improvement. In addition, our financial statements are subject to full annual external audits by an independent, reputable accounting firm, which helps to ensure the accuracy and reliability of our financial reporting.

# RESPECTING PEOPLE AND OUR PLANET

Our dedication to running a business that upholds the highest environmental, social, and governance standards permeates every decision. Our impact on the environment and the quality of people's lives is significant. We truly have an opportunity to stand for what's right and make a difference.



REPORT  
2023

ENVIRONMENTAL SOCIAL GOVERNANCE



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