

Global Compact by BoConcept

Communication on progress - 2010

May 2010

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Statement from the CEO

'Respect' is one of the BoConcept core values. The value takes its starting point in the way our employees' act, in addition to which it is based on the company's business base.

'Respect' covers all aspects of BoConcept from actions related to the global and local communities, employees and various stakeholders. In this context, it has been natural for us to focus on CSR in connection with our value-related work.

By using the Global Compact principles, we have established the framework for our future CSR. Further, we strive to prioritise our actions within this framework. It is our goal to base our CSR-work on the Global Compact principles, in addition to which we aim to improve our CSR-related work on an ongoing basis.

Suppliers and partners

BoConcept products are sold all around the world through a wide distribution network and franchisee-based stores. Bearing this in mind, BoConcept has proactively suggested and strongly recommends to its suppliers and business partners alike that they should live up to and participate in the 10 principles as outlined by the Global Compact initiative.

Viggo Mølholm
President & CEO

Background

During the past five to seven years, BoConcept has changed its strategy from being a furniture manufacturer to being a global furniture retailer that produces sources and markets furniture worldwide. With the globalisation of BoConcept in terms of sale, the choices we make and the choices that we do not make are analysed and discussed by our stakeholders.

The CSR-related work is often very complex, and since it is rather difficult to set specific goals, it is often easier to state the future direction of the different initiatives, which is the overall theme of this first 'Communication on progress' in connection with the UN's Global Compact.

In general, it seems that the environment has had its break-through, meaning that everybody has the 'right' to talk about environmental matters, which indicates that we are to see an increase in the demand for environmentally friendly products and services.

Even though the environment has been taken to a whole new level, it has not become easier to work with the various environmental consequences we experience as a global company. Our most important CSR-related issue at the moment is to establish a framework for our actions and to prioritise and transform our intentions into concrete measurable actions.

In order to indicate our intents, BoConcept has chosen to take part in the UN's Global Compact. This means, we are committing ourselves to making sure that we as well as our partners observe the 10 Global Compact (GC) principles.

One of the cornerstones of the CSR work is our Code of Conduct, which serves to ensure that we as-well as our suppliers observe the Global Compact principles.

BoConcept from 'cradle to grave'

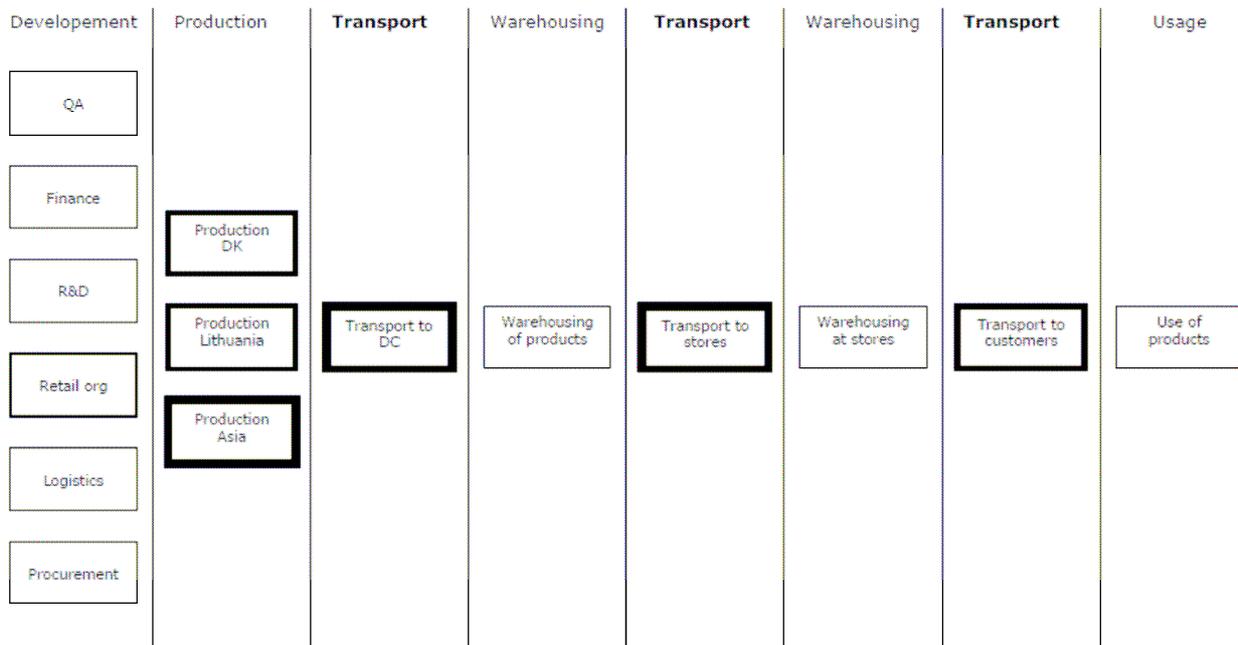
As a starting point, we will deal with the elements where we are convinced that our actions will make a big difference. This means that we will be focusing particularly on those of the 10 GC principles that deal with environmental matters.

However, this does not mean that we will be focusing less on the other principles. Below is an overview of the areas we will have particular focus on the coming year.

BoConcept's environmental impact

BoConcept will have particular focus on the flow below.

Environmental impact in product lifecycle



The most significant impacts - **production and transport** - are illustrated above. Further, the energy consumption, which is included in the **sales process**, which is primarily electricity consumption in the more than 240 BoConcept Brand Stores worldwide.

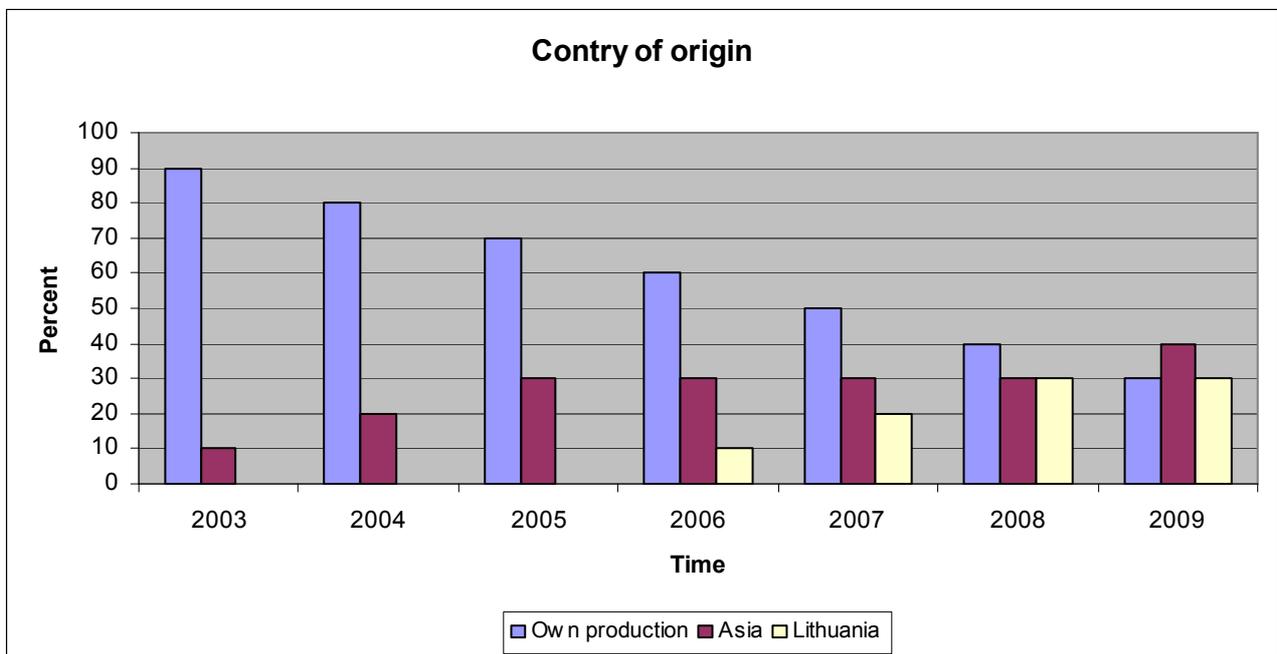
Products are included in this report, too, despite the fact that the environmental impact of these are less significant.

Production

Previously, most of the production fell under Danish/EU legislation and with Danish standards as basis, but with the move from own-production to sourcing in Asia, the BoConcept production set-up is now very different.

Production procedures and methods are very different, environmental matters are different and the culture/moral is very different from Danish standards.

When looking at the distribution of country of origin in terms of product portfolio, it is clear that approx. 25% of the products sold fall under Danish production legislation and control. With this distribution, it is clear that BoConcept to a lesser extend is able to relate to Danish/EU environmental legislation. Further, this means that the guarantee that our products are manufactured with respect for environment and acceptable working conditions is reduced unless we formulate and implement our own regulations in connection with the sourcing of products.



For the approx. 25% of the products that are manufactured in Denmark, we are definite that environmental legislation as well as the Health and Safety at Work Act are observed. Further, we have concrete and specific knowledge of the environmental impact of this part of the production, in addition to which we keep constituent lists of our products.

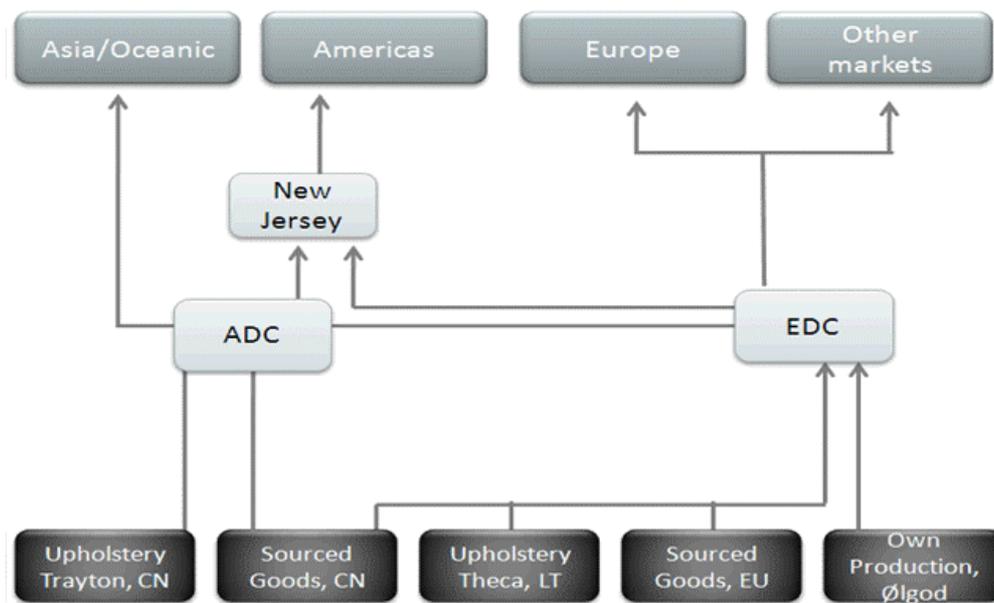
The remaining 75% of the products are sourced elsewhere e.g. in Asia and Eastern Europe. In its sourcing strategy, BoConcept has decided to enter into close cooperation with a few, selected suppliers. This way, we optimise our supplier relations and gain larger influence with most suppliers in relation to environmental matters.

Goals

The coming year, BoConcept A/S will be focusing on the five most important suppliers in terms of environmental and working environmental matters. The idea is to establish action plans for improvements and to ensure the establishment of new routines/standards with these companies/suppliers.

Transportation

As a multinational company with sales units in 52 countries worldwide, the logistical infrastructure is very important for BoConcept in terms of transportation of products from supplier to distribution centres, from distribution centres to stores and from stores to customers.



Even though BoConcept primarily strives to use transportation by sea, as this is the cheapest and the most environmentally friendly solution, we expect that our largest environmental impact is related to transportation.

Therefore, it is necessary to clarify the extent of the transportation-related environmental impact. In our experience, it is very complicated to clarify this completely and therefore we need to limit the extent of the clarification. In this context we will be collaborating together with relevant carriers.

Goals

The coming year, BoConcept A/S will be clarifying the environmental impact of the transportation-related activities.

Once the clarification is in place, next step will be to focus on areas where a reduction of the environmental impact is appropriate. This will all be clarified in the coming year.

Sales

With more than 240 BoConcept Brand Stores that all use a large number of lights in order to ensure that the furniture is displayed in the best possible way, the electricity consumption naturally constitutes a large environmental impact.

A store uses approx. 220W per 10 m², which corresponds to an average annual electricity consumption of 90,000 kWh. Looking at the entire chain, the annual electricity consumption is approx. 23,100,000 kWh.



Goals

BoConcept strives to clarify the annual electricity consumption in an average BoConcept Brand Store. Based on this calculation, we strive to define specific goals for a reduction in the electricity consumption.

Products

As mentioned before, the daily use of our furniture does not constitute a significant environmental impact. However, we use different chemicals in the production of our furniture, and if these chemicals are not subject to control, this may have a negative effect on the environment.

At BoConcept, we are convinced that we have a good overview of the materials used for the products, but as mentioned before, if chemicals/materials used in the production are not subject to control, this may have a negative effect on the environment.

In order to avoid these situations, it is necessary to initiate a process serving to clarify whether any of the chemicals/materials are black-listed.

Goals

BoConcept strives to clarify if any of the chemicals/materials used in our products are black-listed by DEPA or the EU. If any of the chemicals/materials used are black-listed we will be working hard to stop the use of these in our products.

BoConcepts Global Compact in essence

Global Compact Principles		Actions
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.	BoConcept supports the international declared human rights. We do not discriminate against any person, regardless of race, sex, colour or religion. Being a global organisation, BoConcept has employees with many different cultural backgrounds. One of BoConcept's core values is 'Respect'. In this context the value covers respect for other people and their rights.
Labour standards	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.	BoConcept knows that people makes the difference! Therefore all employees are encouraged to bring up their ideas to improve workflow, work environment or ideas to improve other parts of BoConcept business. In the BoConcept Code of conduct it is stated that all suppliers must ensure that basic human rights and basic labour standards are implemented.
Environment	Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.	As can be read on the preceding pages, BoConcept has prepared a specific plan for the clarification and reduction of the environmental impacts our chain and our products. This plan covers production, transportation, sales and the use of our products.
Anti-corruption	Businesses should work against all forms of corruption, including extortion and bribery.	At BoConcept we do not accept any form of corruption. We do not use bribe or extortion in any way. Further anti-corruption is an integrated part of our Code of Conduct, which we ask our suppliers to confirm in writing.