



VAN OS-  
SONNEVELT

COMMUNICATION ON PROGRES  
2014-2015

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This Communication on Progress is published on the websites of the United Nations Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org)) and Van Os-Sonnevelt bvba ([www.vanos.eu](http://www.vanos.eu)). The report reflects the progress the organization has made relating to the 10 principles of the United Nations Global Compact in the period 1 July 2014 to 31 June 2015, as part of its continuous effort to make business more sustainable along the triple bottom line people-planet-profit.

For a full overview of the Van Os-Sonnevelt sustainability program, please check our website [www.vanos.eu](http://www.vanos.eu). For a hard copy version of our sustainability reports, please send an e-mail to [info@vanos.be](mailto:info@vanos.be).

## 1. Introduction: Anticipating accelerated business



Most likely, 2015 will be remembered as the year of the uprooted and displaced. Seldom has the European dream of peace, unity and prosperity for all been put more to the test than when refugees from several conflict areas started knocking at Europe's doors, desperately seeking shelter from the violence and seeking ways to start a new life. Their harsh condition triggered a wave of spontaneous solidarity among European citizens. And it caused a wave of self-reflection too. Seeing helpless people drifting about in rubber boats made many of us realize how privileged they are, living and prospering in a safe surrounding with plenty of opportunities.

It is not often businesses take a leading role in facing humanitarian crises. In Belgium, they did. For a company with an outspoken social mission like Van Os-Sonnevelt, this was a hopeful sign an era that is in many respects often slightly discouraging. The efforts of governments and businesses in slowing down

global warming generate hardly any results. In many regions of the world, peaceful coexistence seems further away than ever before. Worldwide support for the Sustainable Development Goals is stagnating. Although the relevance of the Belgian economy on a worldwide scale is very limited, one may have noticed that the number of companies who actively support the United Nations Global Compact has decreased dramatically. It is probably a sign of the times: many economies face rough weather and this makes many companies narrow down their view.

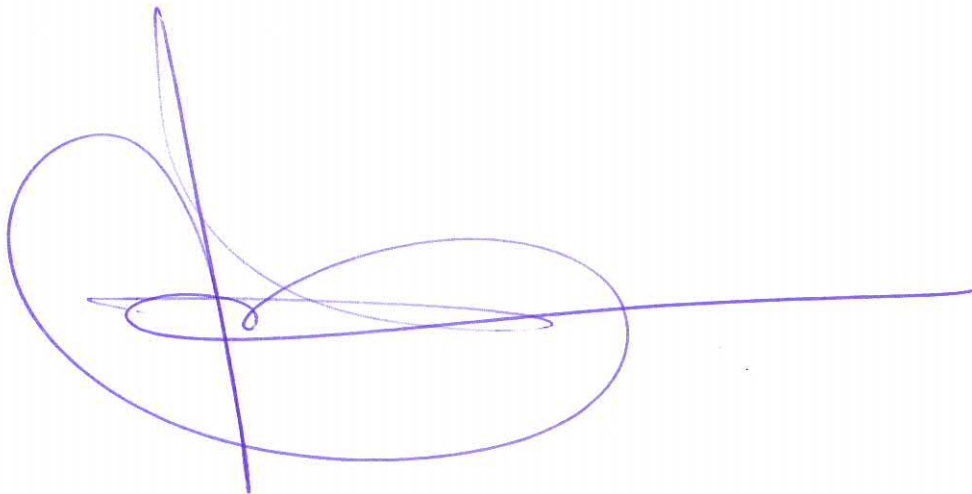
The new focus on *here* and *now* affects the exhibition industry. Companies are reluctant to venture out to new, unknown markets. Only hesitantly do they invest in trade shows to open up new markets or retain existing ones. Most national and international trade shows in Belgium see a decrease in number of exhibitors and number of sold square meters. To a certain extent, the turnover of Van Os-Sonnevelt follows the fluctuations of the industry it is serving. The sheer fact that we could, more or less, maintain volumes and profitability for the exercise 2014-2015 on the same level as for the period 2012-2013, is probably good news, - or at least absence of bad news.

Maintaining our market share did not come as a gift. It required considerable efforts from the entire organization and a strong focus on customer expectations and requirements. The difficult market situation urged us to cut away activities and actions that do not directly contribute to increased business.

The high level of entropy in the Belgian exhibition industry affected some of our sustainability ambitions. The 2013 initiative to make the value chain we are in more sustainable by increasing awareness upstream, was put on hold, but will be reactivated in due course. A (formal) stakeholder convention was initially scheduled for the first quarter of 2015, but did not take place due to a number of impediments. Earlier efforts to involve difficult to employ individuals in our operations were double-crossed by slow business in general.

In spite of the difficult economic situation, Van Os-Sonnevelt has managed to stick to most of its social and ethical principles. Most of the progress we have made in the reporting period (July 2014 to 2015), may seem marginal to the uneducated eye. Every improvement, however, is deeply rooted in processes, procedures and instructions, making sure it has a lasting impact.

We remain confident that business will accelerate in due course, creating new opportunities for Van Os-Sonnevelt to engage in initiatives to endorse and advocate the 17 Sustainable Development Goals and the 10 principles of the United Nations Global Compact.

A handwritten signature in blue ink, consisting of a large, stylized 'G' followed by a horizontal line that extends to the right.

Gerard van Os

general manager

## 2. Working in a safe and sound environment

Creating an optimum working environment has been a priority for Van Os-Sonnevelt management since the very start of the company. A comfortable working place adds to the quality of the work that is being done and, indirectly, to both employee and customer satisfaction.

Issues relating to safety and security on the work floor are governed by European, Belgian and Flemish law relating to

Safety & Security issues on the work floor. All preventive and corrective measures that aim at increasing safety of operations are implemented and monitored through the ISO 9001 quality system, which has a specific chapter on managing professional risks and safeguarding employee health.

Over the last ten years, the number of occupational accidents at Van Os-Sonnevelt has been zero. Although the company takes some pride in this achievement, the quest to further increase safety, security and comfort is ongoing. In view of this ambition, a Global Prevention Plan 2015-2020 has been drawn up and activated. This plan covers all aspects of occupational hazards and risks, puts in place a comprehensive safety monitoring system and assigns responsibilities to individual employees in checking consistency of procedures and processes with the safety and security measures that are in force.

Part of the Global Prevention Plan is a full inventory of hazardous products - mainly detergents - that are being used in the company. For each product, a material safety data sheet has been drawn up and shared with all employees. The action will lead to a more judicious use of the products and an increased awareness of their environmental impact. At the same time, the search for eco-friendly alternatives to classic cleaning products continues. Over the last years, we managed to replace approximately half of the used cleaning products with eco-friendly, biodegradable alternatives without affecting the quality of the cleaning process.



Work-related accidents are at an all-time low. Yet we continue to invest in a safe and sound working environment.

### 3. Sharing with future professionals

Van Os-Sonnevelt management has a tradition of giving guest lectures and presentations for students in university colleges and high schools. Each year, several dozens of youngsters get a first insight in the world of live communication events, stand design and effective trade fair participation.

To these pro bono efforts another initiative has been added, commissioned by the Febelux.com, the Belgian association of live communication professionals. Through its subsidiary Expo-id, Van Os-Sonnevelt has developed a comprehensive training course for graduate and undergraduate students in marketing- and sales-oriented fields of study. The 8 hour course covers all aspects of effective trade fair participation and makes



Aspiring exporters familiarize with trade shows in Europe during a two-days course delivered by Expo-id in Davao City, The Philippines.

students familiar with best practices in live communication. It has a modular architecture and differentiated levels of difficulty, making it easy to integrate the course in a variety of programs.

The so-called Febelux Course is currently available in Dutch and French, with an English version due for the end of 2015. Although the promotion and diffusion are still in progress, five university colleges will use the course for the academic year 2015-2016.

As a further service to the Febelux.com assignment, Expo-id is often called upon to implement one or more modules of the course and team up with teachers and students for assignments on the exhibitions industry or trade show participation.

With the course and the supporting material, the Belgian exhibition industry now has powerful material to promote exhibitions as a powerful marketing and communication tool with future marketing and sales managers and business owners.

## 4. Fostering North-South exchange

Van Os-Sonnevelt management strongly believes that international trade between the southern hemisphere and the northern hemisphere adds to stability, economic development, peace and a stable income for local communities in the south. Many of the projects that are operated by the Expo-id division aim at opening up new (European) markets for companies in developing countries in the South. All companies are audited on sustainability and inclusiveness by the patron of the project.

In addition to the Expo-id operations, we now actively support the Belgolux Sri Lanka Business Council. This bilateral organization has as a main mission to promote commercial and cultural exchange between Belgium and Luxemburg, and the Republic of Sri Lanka. The Belgolux Sri Lanka Business Council is a not for profit organization that organizes several activities to bring together Belgian businessmen and Sri Lankan representatives to explore business opportunities, discuss entrepreneurial climate and exchange experiences.



A delegation of the Belgolux Sri Lankan Business Council visits the National Pavilion of Sri Lanka at Seafood Expo Global.

Furthermore, the Belgolux Sri Lanka Business Council has a prominent cultural mission, actively promoting cultural exchange between Sri Lanka and Belgium by means of exhibitions and special events of individual artists. The business council strongly believes that cultural exchange leads to a better understanding of each other and this, in turn, to increased business between Sri Lankan, Belgian and Luxembourg business communities.

General manager Gerard van Os has taken up presidency of the business council in 2014, and is designing a new growth path for the organization, aiming at more members, more activities and more intensive exchange through the network.

## 5. Performance Indicators

Below are some performance indicators relating to the profitability of Van Os-Sonnevelt's activity, its impact on employment, its contribution to welfare and individual development, the use of non-renewable resources and the production of waste.

Although all indicators have been thoroughly calculated and independently audited, they need to be approached with a certain reluctance. The indicators should be understood and interpreted in their interdependence ; in a small organization, secondary events can have a considerable impact on performance indicators presented hereunder. Full financial details are available in the annual report submitted to the National Bank of Belgium.

	<i>2014-2015</i>	<i>2013-2014</i>	<i>2012-2013</i>	<i>2011-2012</i>	<i>2010-2011</i>	<i>2009-2010</i>
Gross margin	941,989 €	1,048,327	1,113,107	1,185,045	1,088,298	1.321.822
EBITDA	153,587 €	170,304	187,990	255,386	165,803	275,842
Investments	76,914 €	7,994	108,812	430,498	215,758	92,373
Wages & salaries	796,514 €	809,951 <sup>1</sup>	858,913	857,754	900,967	1,021,902
Employer contributions RSZ-Social Security	165,735 €	188,496	198,361	196,038	203,275	234,651
Employer contributions Group Insurance Plan	18,549 €	19,830	17,563	16,992	19,097	24,954
Employer contributions Hospital Insurance	3,285 €	3,224	3,151	3,278	4,148	4,094
FTE	15.10 FTE	16 <sup>2</sup>	16.10	17.50	18.20	22.30
Vocational training hours	70 hours		117.50	172.55	239	165
Absenteeism	8.91 %	10.04	2.00	2.58	4.6	4
Electricity	35,537 kWh	35,065	44,350	46,965	61,848	73,292
Water	145.00 m <sup>3</sup>	151.00	177.00	187.00	130.85	245.30
Gasoline	23,462 liter	29,000	28,000	34,600	30,000	32,000
Gas	27,875 m <sup>3</sup>	24,274	45,005	35,790	(36,800) <sup>3</sup>	38,226
Residual waste	/ <sup>4</sup>	/	/	(2,187)	2,865	3,795
Wood waste	0 kg	0	840	1,020	3,540	12,440 <sup>5</sup>
Packaging waste	1,200 kg	1,140	1,540	660	720	1,000

### Critical Notes:

- gross margin & EBITDA: Van Os-Sonnevelt does not manage to outgrow the industry it is serving. The exhibitions industry in Belgium and Luxemburg shrank with an estimated 15% in the reference period. The cancellation of several large trade shows affected the turn-over and the gross margin.

- investments: Despite the difficult conditions for both the exhibitions industry and Van Os-Sonnevelt, we decided to gradually increase the investment level and anticipate a boost of live communication events in the years to come.

<sup>1</sup> Including temporary labor

<sup>2</sup> Including temporary labor

<sup>3</sup> No exact data for Q4 of 2010 due to switch of supplier for gas.

<sup>4</sup> New waste processor after company take-over in June 2012 ; does not yet have weighing system on trucks.

<sup>5</sup> Including liquidation fixed assets of Van Os-Sonnevelt bv.

- employment & absenteeism: Despite a decrease in rental activities in the period July 2014-June 2015, we managed to uphold employment more or less as in the previous period, only reducing the use of temporary labor. In Belgium, the average absenteeism in the private sector was 5.12 %. The high percentage at Van Os-Sonnevelt is due to the long-term absence (over the entire period) of one employee from the Sonos division. Separate absenteeism rates are 2.10% for Van Os-Sonnevelt and 8.91% for Sonos.

- renewable energy: In the reference period, Van Os-Sonnevelt produced 60,000 kW of renewable electricity with the solar power system on the warehouse roof, of which 40,240 kW was injected into the electrical power grid of the area.

- non-renewable energy: The dissuasive transport policy - customers who require separate or express transports pay more, customers who allow grouped transports pay less -developed in 2013 has only partially improved the ratio of turn-over/gasoline consumption. Usually, a decrease of activity leads to an increase of the relative share of gasoline used, but we managed to turn this tendency and obtain the efficiency levels of the busy period 2009-2010. The increased consumption of natural gas in the reference period is currently being investigated, as it cannot be explained by meteorological factors.

## **6. Four challenges at the horizon**

In the near future, Van Os-Sonnevelt will step up efforts to increase sustainability in its business. Some of these efforts have been initiated at an earlier stage, but were put on hold for several reasons. Previous experiences have revealed a certain complexity in implementing these measures. Hence, we present them as challenges:

### **1) Increasing awareness upstream**

Van Os-Sonnevelt sources its rental furniture with well-established foreign companies with international brands. Only few of these companies have an elaborate corporate social responsibility program that includes or is inspired by the ten principles of the United Nations Global Compact. Some may have an environmental policy for production, others may sponsor a humanitarian initiative, but none works on the triple bottom line at this moment.

Previous attempts to engage in a dialogue with suppliers were not very successful. It looks as if sustainability is not yet a vital issue for design furniture manufacturers, whereas the brand and the name of the designer are. Since Van Os-Sonnevelt is not a key customer, it is often difficult to exchange points of view, discuss sustainability aspects or even obtain the information we are after.

We will develop a two-pronged approach to increasing sustainability upstream in the value chain: communicating more intensively about our core values to increase sustainability awareness ; and monitoring the market for manufacturers that adopt sustainability as a core value.

### **2) increasing employee involvement**

Although employee loyalty to the company is high and Van Os-Sonnevelt has several means to inform individual employees, the involvement in developing a sustainability strategy is somewhat low. There is hardly any bottom-up input to increase the company's performance on the triple bottom line People-Planet-Profit.

In the near future, we will increase efforts to share and discuss CSR-issues with all employees and to give them a stronger voice in setting the course. In a first step, we will use existing tools and channels to communicate more intensively and evaluate whether it significantly increases employee involvement.

In a first phase, we will make current CSR-issues and in-company measures planned or taken a topic of the quarterly meetings with the entire team. Further, from 2016 onwards, a monthly infographic will address each of the Sustainable Development Goals, explaining how the company deals with the goal and how it can be addressed by individual employees.

### **3) setting up a stakeholder dialogue**

In general, Van Os-Sonnevelt is perceived as a company that takes its citizen's role seriously and continuously tries to decrease its ecological footprint. This perception, of course, leaves many aspects of our CSR policy uncovered, especially those relating to ethics, inclusion of vulnerable individuals, north-south-relationship, transparency, fair labour and fair trade.

Although we have close, informal contacts with many of them, the input of stakeholders has been completely absent in determining sustainability goals, designing a CSR strategy or identifying priorities. To a certain extent, our efforts have been solipsistic, cut off from what our customer aspires and expects.

A stakeholder conference will allow us to have a better view on what people we work with want, on what they expect from us and on opportunities to make progress together. As the starting point for an enriching stakeholder dialogue, both formal and informal, a stakeholder convention is likely to increase interest dramatically and lead to a lasting exchange of ideas and insights.

### **4) selecting new powerful performance indicators**

When reporting on sustainability, Van Os-Sonnevelt has used a number of parameters and indicators to share the company's performance with a broad audience. Although these indicators are relevant and reliable, they do not account fully for the complexity of the business we are in. The high service levels Van Os-Sonnevelt offers to its customers have a direct impact on the number of transports and use of fuel, the use of packaging plastics, the use of detergents and hazardous products.

Although our quality system strives at constantly reducing the use of non-renewable resources and the ecological impact of our activities, we seem to have reached levels that make it difficult to make further progress without affecting the quality. In reporting on progress, there are some particular challenges in adequately explaining how the company's use of non-renewable resources relates to several other indicators.