



Communication on Progress

May, 2016

tvilum

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Introduction

Tvilum is Europe's leading supplier of practical, environmentally friendly furniture, designed for you and your home. Tvilum is a Danish company that produces furniture, under maximum consideration to people and nature.

Tvilum supplies major retailers as well as medium size shops around the world with ready to assemble furniture. Our products are primarily made from chipboard or MDF, sourced from European suppliers using European timber. Surface is paperbased foil and lacquer also from European manufacturers. Hardware will have its origin primarily in Southeast Asia. A growing number of finished products are sourced from several locations under Tvilums strict CSR guidelines. Tvilum is owned by Revolution Capital Group (RCG), a private US based equity found.

Our Support

Tvilum supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, previously the Millennium Development Goals and in the future the Sustainable Development Goals. Tvilum will make a clear statement of this commitment to our stakeholders and the general public. We support public accountability and transparency, and we therefore commit to report our progress annually according to the Global Compact COP policy.

Policy

Our policy is to conduct all business activities in a responsible manner which ensures the health, safety and wellbeing of people, preservation of the environment and quality of product and services. Our ethical business practices are an integral part of our corporate culture.

May 2016

Andrew Long
Chief Executive Officer

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Through the Code of Conduct the minimum requirements are laid out for both own as well as suppliers' behavior. Tvilum Code of Conduct is based on the eight core conventions defined in the Fundamental Principles of Rights at Work, ILO declaration June 1998, the Rio Declaration on Sustainable Development 1992, The UN Johannesburg Summit on Sustainable Development and the Ten Principles of the UN Global Compact 2000.

Tvilum recognizes the fundamental principles of Human Rights, as defined by the "Universal Declaration of Human Rights" (United Nations 1948) and adheres to UN decisions regarding trade boycotts and embargoes.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

During 2015 Tvilum reduced the number of manufacturing sites in Denmark from 4 to 3. And the average number of employees during the year was 849 (converted into full time employees). As this report is written the youngest employee is 17 years old, and the oldest is 70 years old. The distribution of employees includes several nationalities of which 28 % are women. 28 % of the employees are white collar.

The personnel policy and the employees' handbook were updated in 2015, ensuring a renewed focus on the topics herein amongst the employees. Both publications inform employees of their rights and possibilities. Herein included, but not limited to:

- Equal opportunities and equal treatment
- Senior policy
- Safety

On the matter of equality an ongoing procedure evaluates the status on equal pay. Every year statistics of the pay level is presented to local union representatives and filed with the Danish employee association. When hiring new employees abroad the approach was changed in 2015, now instead of relying solely on a standard Tvilum contract, a local lawyer is consulted in order to make sure the contract lives fully up to local legal requirements. Making sure no employee is offered lesser terms than what is standard in the country in case.

A health insurance was offered for the first for time to all employees at Tvilum during 2015. And during 2016 the health and safety area will receive renewed focus as a health and safety manager is employed with effective start in August.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

At Tvilum we use energy to turn wood into furniture. Both resources that is critical for a sustainable environment.

Wood is a recyclable, biodegradable and renewable material and thus an environmentally desirable product - provided it comes from well managed forests. Tvilum are a member of PEFC and FSC. We consider them the major certification sources, for responsible managed forests.

Our major supplier of particleboards during 2015 utilizes post-consumer recycled wood for the production of new boards. Therefore in 2015 the particleboards received from here in 2015 contained an average of 75% recycled material.

The excess particleboard from production is naturally utilized as well – what isn't applied for energy utilization on site, is recycled at aforementioned supplier. Tvilum strive to be able to send as much waste as possible to recycling, through a long term effort the percentage of waste send for deposit in 2015 was as low as 0,5 %.

Reducing energy consumption is and has been an ongoing project. During 2014, an intense effort resulted in further 15.6 % reductions of the total energy usage. A third of this comes from regaining heat from our compressors. We have replaced some older machines with more energy efficient machines. We have isolated pipes and changed some heating from fuel oil to gas.

Recently the efforts in becoming more energy efficient were systematized when an energy management system was implemented; this energy management system was certified according to ISO 50001 at the end of 2015. We expect this means continuous improvement even when the easiest achievable efforts have been made. Targets are set for 2016: to reduce energy consumption with 10 %.

The use of chemicals has undergone a continuous development towards less hazardous chemicals. In 2015 a project was started to standardize the use of chemicals across the sites, reducing the overall number of chemicals applied.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Tvilum has a working policy for “anti-bribery, anti-corruption” which has been implemented and relevant decision makers have been trained as part of this.

Sourcing is the overall activity where corruption is a reoccurring risk. Sourcing of wood has been a focal point through several years for Tvilum. The threat of buying illegal harvested wood is ongoing, and the harvesting of illegal wood is an increasing problem for local societies and the environment in general. Material is often traded through many companies in the supply chain, crossing borders and regions while losing origin information. Tvilum has fully implemented the EU-Timber regulation, ensuring our wood material comes from legal sources. The risk of illegally logged wood and lack of traceable evidence, have resulted in avoiding some sources.

Wood is the number one material we use. Our preferred sources of wood materials are from PEFC or FSC certified sources. We believe this to be the safest mean to avoid controversial material. We have managed to change the majority of our supplies into coming from certified forests. Today all of our assortment volume is either PEFC or FSC certified. We encourage those of our suppliers that are not yet certified, to work for certification and to find sources of certified wood.