

# Global Compact

UN Global Compact Communication On Progress

01.05.2017 – 30.04.2018

# Statement from the CEO

The desire to take responsibility for human beings, the environment and working circumstances is an important element of BoConcept's global brand.

In 2009, BoConcept joined the UN Global Compact and the BoConcept Corporate Social Responsibility policy is based on the 10 principles relating to human rights, employee rights, respect for the environment and a prohibition against corruption. It also ties in with the UN global goals for sustainable development.

The BoConcept CSR policy is divided into the following focus areas: safe and environmentally friendly production at our own production facility and at our sub-suppliers around the world and reduction in CO<sub>2</sub> emissions related to transportation and logistics.

The following pages contain an update on developments in our designated CSR focus areas in the 2017/2018 financial year.

On behalf of BoConcept, I thank you for the interest you are showing in our organisation and our good work in this field by reading this Global Compact report.

Anton van de Putte  
CEO





# About BoConcept

BoConcept is the brand name of Denmark's most global retail furniture chain with more than 250 sales units in more than 60 countries around the world.

## Passion at our core

Passion and persistence are what move the people behind the BoConcept brand, whether they are designing a wall unit, leading a team, or managing a store. Our common mission is to make modern design furniture available to the urban-minded customer.

## Our furniture and accessories

We offer customised, coordinated and affordable design furniture and accessories. Customised because our products can be fitted to the needs and dreams of our customers. Coordinated because we

take a holistic approach in the development and design of our collection. Design because we are a design company with our own designers. Affordable because we want to spoil our customers by giving them great value.

## THE BOCONCEPT VISION AND VALUES

Our vision and our core values guide us in everything we do at BoConcept. These statements are not just words on a page - they are acted out every day by BoConcept employees around the world.

### Our vision

To make BoConcept no. 1 brand within urban interiors.



**RESPECT**  
always show you care



**THINK SMARTER**  
always look for the better solution



**PLAY THE TEAM**  
always use your freedom responsibly



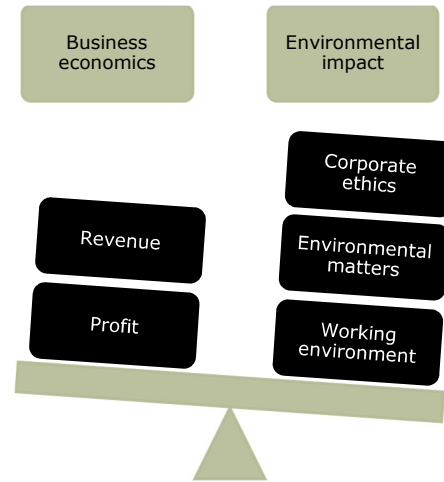
**LOVE CITY LIFE**  
always know what's going on

# CSR Vision and Policy

## CSR VISION

At BoConcept it is vital that our CSR policy strikes an obvious and healthy balance between environmental impact and business economics.

As an organisation, we wish to ensure that our conduct has the least possible adverse environmental impact; and at the same time we need to be pragmatic and understand that it is impossible to avoid such impact altogether.



## CSR POLICY

One of the core values at BoConcept is respect. We want to show respect for our customers by delivering great design and quality at the right price. But not at any price.

All BoConcept suppliers must follow the BoConcept Code of Conduct in order to ensure that all our products are manufactured in a way that respects the rights of their employees. Our headquarters are based in Denmark and we apply our Danish background in our expectations to our suppliers when it comes to quality, environment and work processes.

Over 60 years of experience and know-how provide invaluable benefits for our production facility in Denmark as well as in our close co-operation with our global suppliers. We have carefully selected suppliers that share our commitment to high quality. Together, we work to develop competencies and processes, and to implement initiatives that take responsibility for people and the environment.

# Communication on Progress

01.05.2017 – 30.04.2018

Due to BoConcept's social commitment and sense of responsibility, BoConcept has joined the UN's Global Compact in its attempt to build a more sustainable and inclusive global economy.

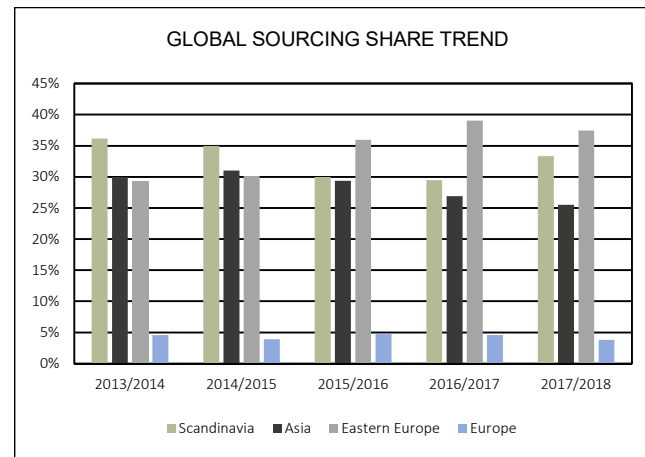
With this partnership BoConcept shows its support of the 10 principles of Global Compact with respect to human rights, labour, environment and anti-corruption.

The following pages contain an update on the areas that BoConcept has designated as its principal focus areas:

## SUPPLIERS

At BoConcept we have become more globally oriented as a growing share of our products is sourced from all over the world. We realise that we are able to exert some influence on our suppliers, and we believe it would be natural to take advantage of this to the extent possible.

At BoConcept, we believe that personal relationships, mutual respect, communication and determination are useful drivers for growth. With this in mind, we regularly discuss environmental and safety issues with our suppliers, and we have in the past encouraged our suppliers to abide by the 10 Global Compact principles, just as we endeavour to do so ourselves.



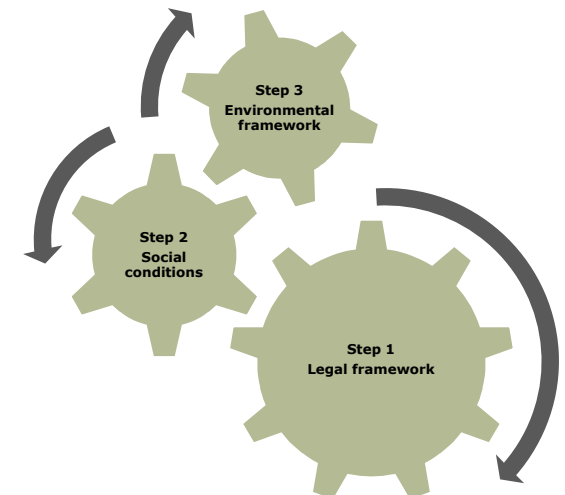
Ten years ago BoConcept launched the first edition of its Code of Conduct. The purpose of the BoConcept Code of Conduct is to ensure that BoConcept suppliers operate in accordance with internationally recognised standards on human rights, labour and environment. BoConcept adheres to the principles of this code and expects the same of its suppliers. The content is based on relevant ILO (International Labour Organisation) and UN conventions.

The aim of the BoConcept Code of Conduct is not to end our business with non-compliant suppliers but to help our suppliers improve their social and environmental standards. BoConcept is therefore willing to work with suppliers to achieve their compliance with this code. However, we will not conduct business with a supplier if compliance with the requirements of the code is deemed impossible. Nor will we conduct business with a supplier engaged in violations of fundamental human rights.

At BoConcept, we visit all our principal suppliers to ensure that these comply with the BoConcept Code of Conduct and that action plans are established to deal with the most important issues.

While adherence to the BoConcept Code of Conduct brings our suppliers up to a certain standard, it basically only sets out our minimum requirements. With this in mind, we work with a 'development wheel' that is used in our ongoing dialogue with suppliers.

The model below illustrates how we hold our suppliers to their CSR commitments, and it shows that it is an ongoing process.



## SUPPLIERS

### STATUS ON DEVELOPMENTS 01.05.2017-30.04.2018

#### Own production

In the 2017/2018 financial year, our own production facility in Ølgod, Denmark has:

- invested in an upgrade of its extraction system, ensuring a more energy-friendly production
- replaced two main compressors, enabling the production to use surplus heat from the compressors to heat up the production facility in a more environmentally friendly way
- invested in a new automatic stacking machine, which has improved ergonomics for our employees and resulted in savings of 1 FTE
- invested in a stack separator for the edge processing, which has reduced the number of edge damages and lowered the use of lacquer
- introduced an electronic solution for workplace assessment, which ensures continuous focus on maintaining a safe workplace for our employees in their day-to-day work
- further increased focus on safety, and in April 2018 we exceeded 365 days without accidents with absence.

#### European suppliers

During the past 12 months, our largest European accessories supplier has:

- partnered with a third party company which will be assisting in ensuring that all sub-suppliers comply with the UN Global Compact principles at all times
- entered into various cooperative agreements involving donations to different NGOs
- increased its focus on printing and as a result reduced the paper and print consumption per employee by 30.89% compared to last year.

#### Our European rug supplier has:

- continued to focus on upgrading the safety equipment with its sub-suppliers
- continued to focus on improving social conditions with its sub-suppliers.

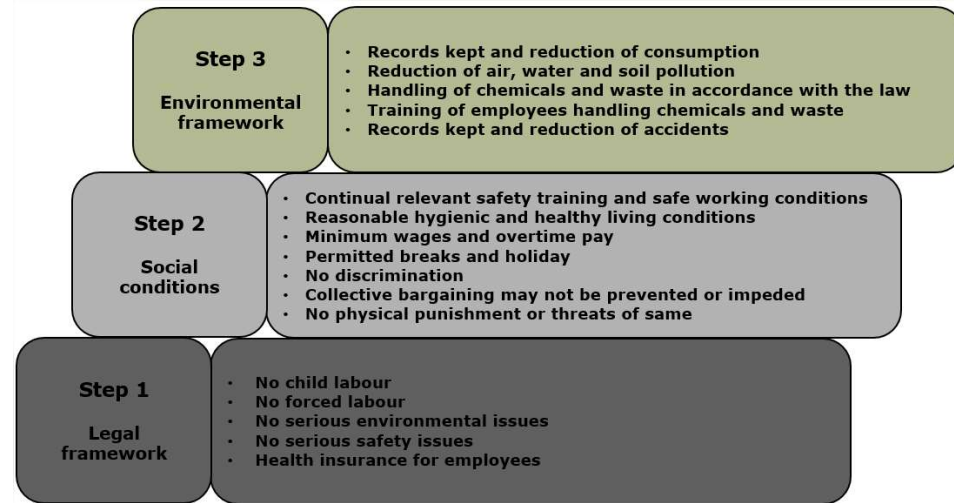
#### Asian suppliers

During the past 12 months, our strategic supplier of upholstered products in Asia has:

- invested in a new fabric cutting machine, serving to reduce labour-intensive work and through this improve ergonomics for its employees
- updated its ventilation system in the gluing workshop, which has ensured better and safer working conditions.

### STEPS TO BECOMING A BOCONCEPT SUPPLIER

The model below shows a number of parameters that BoConcept requires its suppliers to live up to. BoConcept will not begin collaborating with a company that fails to comply with **Step 1**.



**Step 2** states a number of the expectations BoConcept has to established suppliers. A BoConcept supplier should fulfil most of these expectations. In case there are any remaining issues, a written action plan will be drafted in consultation with the supplier, setting out practical steps for improvement.

**Step 3** comprises a number of expectations relating more to management and control issues, and a BoConcept supplier should be able to comply with these specifications. Once Steps 1 and 2 have been established, plans will be drawn up for implementation of Step 3.

Moreover, our suppliers of metal products have:

- invested heavily in dedusting equipment at their production facilities in order to ensure safer working conditions for their employees
- made further investments in updated safety equipment for their employees
- invested in improved lighting solutions to improve the working conditions for their employees.

Our supplier of plastic products has:

- moved its sales and R&D departments into new and more modern offices, which has ensured improved working conditions for its employees and resulted in a better workflow
- opened a new staff canteen and raised the meals subsidy
- invested in more ergonomic lifting equipment for its warehouse employees.

Our supplier of wooden products has:

- divided its production facility into several separate production areas - each with their own extraction system - to further improve working conditions

### GOALS AND FOCUS FOR THE COMING YEAR

Our goal for the 2018/2019 financial year is to continue our Global Compact and CSR-related follow-up meetings with all our category A suppliers, which account for 80% of our annual buying volume.

Moreover, as part of our future strategy we will tighten our requirements for CSR and CSR-related activities in the selection of new suppliers. This way, we emphasise the importance and prioritisation of the constant focus on CSR activities in the BoConcept supplier portfolio.

## TRANSPORTATION

As an international company, both with regard to retail and supply chain, transportation and logistics are key aspects of our business. Buying and selling at the right prices is of vital importance to BoConcept. However, it is just as important to maintain a high quality standard and ensure reliable delivery.

BoConcept has its own production facility in Denmark, but otherwise also purchases goods from the Far East and Europe. In order for this to be successful, a strict and precise management of logistics and suppliers is required.

For many years, BoConcept has operated with only one weekly departure to our BoConcept stores in order to ensure direct deliveries and through this reduce both costs and environmental impact. In recent years, the tendency has been to have many weekly deliveries. However, so far we have been able to maintain our present delivery set-up.

### STATUS ON DEVELOPMENTS 01.05.2017-30.04.2018

#### Sea transport

During the past 12 months, there has been no change in the BoConcept sea transport set-up. The shipping lines used by

BoConcept all have a strong focus on reductions in CO<sub>2</sub> emissions from their vessels. Reductions in 2017 was around 5% - mainly due to bigger vessels and increased focus on technological advancements.

#### Air transport

The airlines used by BoConcept have a strong focus on minimisation of fuel consumption through initiatives such as development of new aircraft types, more efficient aircraft engines and a general optimisation of flight routes.

In 2017, BoConcept reduced the air-transported volume by 3% due to improved control within our supply chain.

#### Road transport

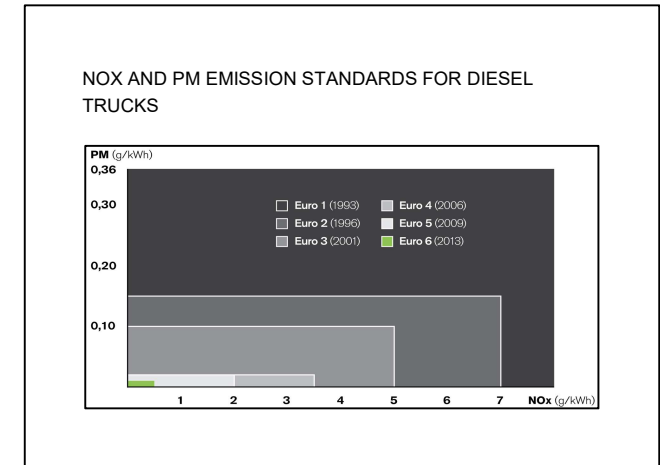
As for the European road transport, we constantly encourage our carriers/transport operators to minimise their environmental impact.

When selecting carriers for our European transport corridors, the use of the best truck engine type/highest Euro norm (norms 5-6) is an important parameter.

Our carriers' use of the different truck engine types/Euro norms directly affects the CO<sub>2</sub> emission levels. Due to changes in carrier mix and volume in different transport corridors, we were able to

improve the use of the less polluting truck engine types (Euro norm 5-6) from 2016 to 2017. This means that in 2017, the share of Euro norm 5-6 truck engine types improved from 82.6% to 85.7%. The use of the more polluting engine types (e.g. Euro norm trucks 3) was reduced significantly.

The environmental impact of the different engine types appears from the illustration below.



Further, a large share of our carriers uses the following initiatives to reduce their environmental impact:

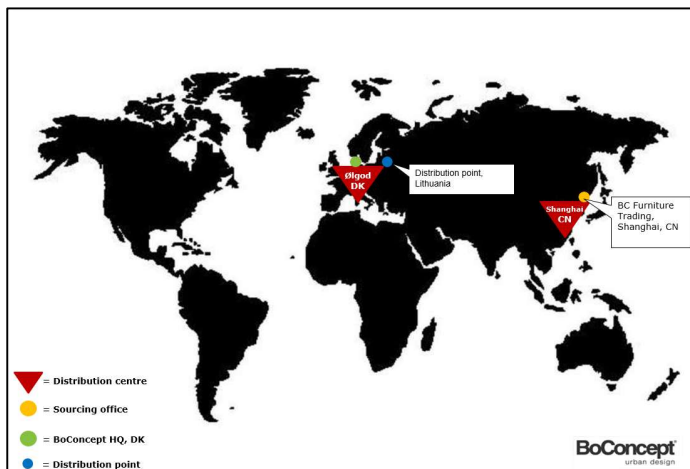
- Tyre pressure monitoring
- Idle-running reductions (truck engines)
- Transport reports on each truck/driver
- Further training of drivers
- Driver bonus schemes (based on the use of diesel per km)

### GOALS AND FOCUS FOR THE COMING YEAR

For the 2018/2019 financial year it is our goal that the share of Euro norm 5-6 truck engine types represents min. 86%.

Further, our focus for the coming financial year is to ensure continuous distribution set-up improvements, in addition to which we strive to minimise the impact of our distribution set-up on the environment as far as possible.

### THE BOCONCEPT WAREHOUSE AND DISTRIBUTION SET-UP



#### BoConcept has two distribution centres:

- Ølgod, Denmark
- Shanghai, China

#### One distribution point:

- Lithuania

#### One sourcing office:

- Shanghai, China



THE UN GLOBAL COMPACT PRINCIPLES		BOCONCEPT'S ACTIONS:
<b>HUMAN RIGHTS:</b>	<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p><b>Principle 2:</b> make sure that they are not complicit in human rights abuses.</p>	<p>BoConcept supports the international declared human rights.</p> <p>We do not discriminate against any person, regardless of race, sex, colour or religion.</p> <p>Being a global organisation, BoConcept has employees with many different cultural backgrounds. It is vital to BoConcept to maintain this.</p>
<b>LABOUR:</b>	<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p><b>Principle 4:</b> the elimination of all forms of forced and compulsory labour;</p> <p><b>Principle 5:</b> the effective abolition of child labour; and</p> <p><b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.</p>	<p>One of BoConcept's core values is 'Respect'. In this context the value covers respect for other people and their rights.</p> <p>BoConcept knows that people make the difference! Therefore, all employees are encouraged to bring up their ideas to improve workflow, work environment or ideas to improve other parts of the BoConcept business.</p> <p>The BoConcept Code of Conduct states that all suppliers must ensure that basic human rights and basic labour standards are implemented.</p> <p>Further, we have communicated to our present suppliers that we have enrolled in the UN Global Compact program and that we expect they will run their companies applying the same 10 principles as we do.</p>
<b>ENVIRONMENT:</b>	<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;</p> <p><b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and</p> <p><b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.</p>	<p>As can be read on the preceding pages, BoConcept has prepared a specific plan for the clarification and reduction of the environmental impacts of our chain and our products.</p> <p>This plan covers sub-suppliers/production and transportation. At BoConcept, we will continue our work to improve the accuracy of the data.</p>
<b>ANTI-CORRUPTION:</b>	<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>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.</p>

## WE VALUE YOUR FEEDBACK

If you have any questions, comments or proposals relating to this report, please feel free to contact the designated contact person:

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