

SEPIA GROUP

Sustainability Report

Communication on progress **2020**



The SEPIA group

For over a decade the SEPIA group has been specializing in marketing solutions on points of contact for major brands. All customer solutions start with a creative workplace for a positive and highly motivated team. Our know-how is translated into relevant advice and aims for true customer delight.

The managing partners started with a small company of thirty co-workers in 2002. In ten years' time, they built a business with 4 separate entities: SEPIA retail, SEPIA events, SEPIA digital and SEPIA products. The focus has always been on sustainable growth, based on a comfortable work-life balance for the employees.

In 2019 SEPIA products became Brands On and SEPIA retail, events and digital unified as SEPIA solutions. Bärbel Buyse steers SEPIA solutions into the future, whereas Guido Vandenabeele is CEO of Brands On.

SEPIA solutions provides a full range of marketing services and solutions to enhance brand visibility and brand experience on Point of Sales and Events. SEPIA solutions serves corporate brands in the BeNeLux.

Brands On is best known for parasols, sign solutions and different types of LED displays. Their clients are international retail brands, restaurants and cafes, and of course, hotels. Brands On includes a factory in South-Africa (Tradewinds), a sales office in South-Africa (Brands On Africa) and an engineering office in China (Wider Concept).





Corporate Social Responsibility

For SEPIA, the focus has always been on sustainable growth, based on a comfortable work-life balance for the employees. The Sustainable Development Goals of the UN Global Compact guide SEPIA on their challenging growth journey in a fast changing environment.

First of all, the most important asset to our business is people. The key to make our organization work is talent, know-how, as well as positive and solution driven teams. SEPIA ensures a healthy and safe work environment for all employees. The continuous growth of the company has led to international partnerships. Also in these work environments we watch over people's work conditions. The ETI base code is our guide in managing international transactions.

Furthermore Brands On has acquired a production facility in Cape Town, South-Africa. The same philosophy applies for this business entity. We try to have a positive impact on these people's lives and their community. We cannot tackle all challenges at once, that is why in this stage the emphasis is on education and health.

The second item, high on our priority list, is reducing CO2 emissions. In our business, a lot of movement takes place. Either goods are being shipped, or people are travelling. We take action in this regard: we try to optimize lead times and the overall process to get the best conditions for both clients and nature. In every element of our business transport is analyzed so much so it evolves into more environmentally friendly options.

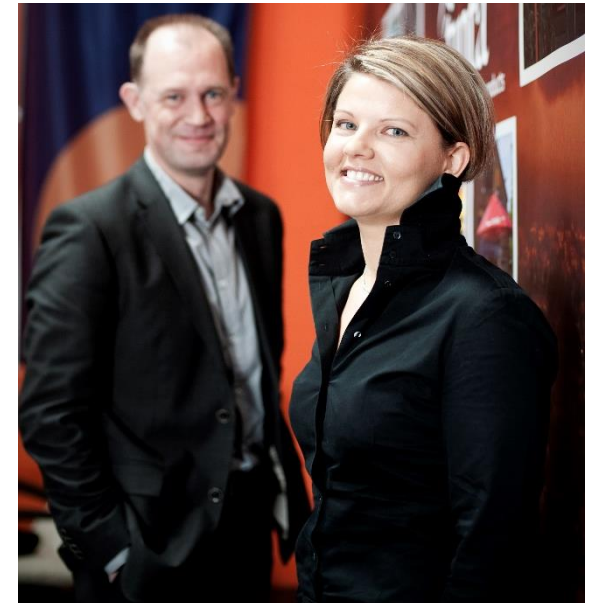
We pledge our commitment to the Sustainable Development Goals.

To our stakeholders: it's a promise.

To our employees: together we make it happen!

Bärbel Buyse

Guido Vandenabeele



Our sustainable strategy based on 5 directions and 13 SDG's



Sustainable growth

Nice place to work

Environment

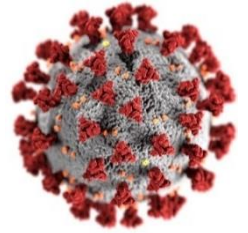
Partnership

Social commitment

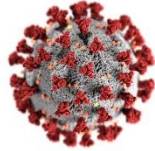


2020 Coronavirus

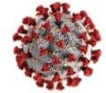
COVID-19 has an enormous social and economic impact on the world. The SEPIA group was and is greatly affected by COVID-19 as well. It feels a bit awkward talking about the impact of Corona on our business, knowing that the pandemic touched many lives and causes a lot of human suffering. However, reporting on the sustainable development of the group, we need to cover the influence by COVID on SEPIA and Brands On.



SEPIA retail, SEPIA digital, SEPIA events and Brands On are active in markets struck by the crisis: retail, events and HoReCa. Every company in the group had to take measures and restructure in order to keep our head above water. In these circumstances it is a challenge to keep the business afloat and be social responsible at the same time.



Needless to say, this crisis has an influence on our sustainable strategy. Reporting on the progress of our 5 directions, Sustainable growth, Nice place to work, Environment, Partnership and Social commitment, we will cover the impact of the pandemic on these subjects. Some of the report will be the same as previous COP, as for those topics we sail course as mapped out in the sustainable strategy. A short overview for 2020:



- **Sustainable Growth**
 - After the acquisition of Tradewinds, Brands On is aligning processes between headquarters and factory with respect for both corporate cultures.
 - COVID-19 has altered our growth path, but didn't affect our ambition.
- **Nice place to work**
 - Hybrid workspaces bring new challenges.
 - Upholding respect and dignity for the co-workers in times of restructure.
- **Environment, carbon neutrality**
 - The Corona regulations have a positive effect on carbon emissions.
 - New project for the factory; solar panels and waste-to-energy system.
- **Environment, sustainable wooden parasol**
 - No changes to report. We still believe our wooden parasol to be a sustainable product. With the energy project ahead it will become even more sustainable.
- **Partnership**
 - Still upholding the same principles and sailing the same course.
- **Social commitment**
 - The group stays with the same initiatives. Shanice Davids, one of the Born in Africa students, graduated.
 - Previous year we got involved with HORECACOMEBACK.
 - In South-Africa, Tradewinds installed several fixed trampolines on community playgrounds.
 - We are still in search for a good social project in China.

Sustainable growth

For SEPIA solutions and Brands On, sustainable growth is a goal. From the beginning on, the group has grown every year due to sales increase and acquisitions. However the growth has to be sustainable. For this we refer to the 5 P's: People, Prosperity, Peace, Partnership and Planet. In short, SEPIA and Brands On tries to add value with as less negative impact on the world as possible.

These are our actions to support this stand:

- We create a positive work environment for our people and our partners' staff.
- We develop sustainable products.
- Thanks to our care for products, their lifetime will be extended considerably.
- We engage in long-term partnerships.



Sustainable growth also means growing apart. In 2018, the owners decided to split up the company into two separate entities: one with a focus on services and one with a focus on products. Both entities have a different strategy and growth path. In 2019 Brands On ratified this split with a new name and said goodbye to the old name: SEPIA products.

Latest acquisition was in 2019. Brands On took over Tradewinds, the factory of wooden parasols in South-Africa. Previous year, a lot of effort went into **aligning two corporate cultures**, Tradewinds with Brands On and visa-versa.

Unfortunately the Corona pandemic will have an impact on our growth path. COVID-19 will have **flattened our growth curve** for the time being. Nevertheless it didn't flatten our ambition. We adjusted the visual accordingly. But the arrow still points upwards.



Nice place to work

A positive and creative workplace is our goal.

Our people are assets. We strongly believe that our know-how is an important added value for the customer. Therefore it is critical to maintain and protect this level of knowledge. It starts by sourcing the right colleagues, as well as training and coaching them. There is a continuous flow of training and coaching for all the co-workers on every level.

At SEPIA everyone gets the opportunity of personal development. We strive to have a customized growth path for every individual. An annual evaluation and periodic feedback meetings guide the co-worker in his personal development.

To empower people's commitment they are represented by several committees to enable a better workplace:

- "Health & Safety" committee.
This committee is presided by one of the managing partners and attended by operations managers, the HR manager and a safety advisor. The committee tackles H&S issues, incidents and accidents are discussed, measures are taken, suggestions from the idea box are dealt with and other H&S challenges are part of the agenda.
- "Fit & Healthy" committee takes initiatives to create a positive workplace. This committee focusses on healthy co-workers. Sports and fun is one of the topics but charity is one of their concerns as well.
- "Young minds" committee is a committee that represents the youngest employees of the company. They come up with fresh ideas and initiatives.

Creating a positive work environment for people became a whole new ballgame in 2020. *'Work has left the building.'* **Hybrid workspaces** were vastly implemented together with all their challenges. Most colleagues enjoy the flexibility that comes with working from home. However we need to pay attention to isolation, social alienation and other negative consequences. **Communication** is key in this transition.



Nice place to work

SEPIA treats all employees with respect and dignity, without any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin. We ensure a work environment free of bullying, intimidation, coercion, corporal punishment or harassment in any form including physical, psychological, sexual or verbal abuse.

SEPIA makes employment decisions including hiring, payment, benefits, advancement, termination and retirement based on ability, qualifications and achievements and not on any personal characteristics. We will demonstrate that women and men with similar ability, qualifications and achievements are afforded similar work opportunities, wages, benefits, contract terms, and facilities.

Needless to say that working conditions have to be safe and healthy. Every year this is underlined in the renewal of our safety certificate.

As mentioned an annual evaluation and periodic feedback meetings are organized to guide the co-worker in his personal development. These feedback conversations work in two directions. The employer has the opportunity to have his say about the company and has to give a satisfaction rate.

During the past months the SEPIA group had to take measures and restructure in order to keep our head above water. In these circumstances it is a challenge to keep the business afloat and be social responsible at the same time. We began this chapter with: "treat all employees with respect and dignity". Also in times of crisis and restructuring, these are values to uphold.



Brands On has a factory in South-Africa, Tradewinds, employing more than 100 people. The South-African government imposed a lock-down closing the factory for several weeks. Workers were compensated by the Unemployment Insurance Fund (UIF) in the beginning, but soon the fund covered only part of their earnings. The first half of the lock-down, Tradewinds made sure the staff was compensated for the full amount. The second half, we also contributed extra, but with more caution not knowing when the imposed closure would end.



Environment, carbon neutrality

Transport is the largest emitter of all greenhouse gases, on a par with energy. This is why SEPIA tries to play a role in minimizing the impact of all transport that is unavoidably part of our business: goods are being shipped and people commute and travel.

Due to the Corona restrictions, the impact on the carbon emissions was enormous:

- Since February nobody from the group has taken a plane for a business travel. For Brands On **flights** were 35% of their carbon footprint. Due to the travel ban, there was a **reduction** of almost **80%** for this item.
- *Work has left the building.* 80% of the people work from home, having a gigantic reduction in fuel consumption. In the previous COP we indicated to promote the **home office**. It is safe to say that this is the new norm.
- The suspension of most events and stagnation of the business lead also to less transport in general.

Of course we also keep our program of actions:



- Promote commuting by bike: in the head office in Belgium
- Combining drops/transports through efficient planning and combining services in a one-stop shop.
- Container shipment instead of air freight

On the table for next year is the energy for our factory in South-Africa. The goal is to make this more carbon neutral. We would like to be independent from the grid. The solution would be a combination of solar panels and a **waste-to-energy system**, using waste wood from the production.



Environment, wooden sustainable parasol

The Life Cycle Assessment (LCA) studies consider the environmental impacts of materials over their entire life cycle, from extraction or harvest of raw materials through manufacturing, transportation, installation, use, maintenance and disposal or recycling. These studies consistently show that wood is better for the environment than steel or concrete in terms of embodied energy, air and water pollution, and greenhouse gas emissions. The wood industry reduces waste in similar ways by optimizing sawmill operations and by using wood chips and sawdust to produce paper and composite products, or as fuel for clean bio-energy.

Wooden products typically have less embodied energy, are responsible for lower air and water pollution, and have a lighter carbon footprint than other commonly used building materials.

SEPIA believes their wooden parasols to be sustainable products: long life cycle, cleaner production process in comparison with metal parasols and high quality standards.

Some arguments that vouch for this thesis:



- We focus on **a long life cycle of this wooden product**. SEPIA products has a maintenance and service department especially for parasols with a view to prolonging the life span of their products. Broken or damaged parts can be replaced. When a customer changes his logo, a new canvas can be provided on the existing frame.
- We use eucalyptus karri hardwood for the classic parasol. This timber originates from **well-managed plantations** in South-Africa that are checked by SEPIA on a regular basis. Well-managed plantations in the right places help conserve biodiversity, protect natural forests and meet human needs while contributing to sustainable economic growth and local livelihoods. Plantations should not replace natural forests or other important natural ecosystems but rather be focused on degraded land, while safeguarding the rights of indigenous peoples and local communities. Plantations should also maintain ecosystem integrity, protect and enhance high conservation values, be developed through effective stakeholder involvement processes and contribute to economic growth and employment.
- In the production process for the wooden parasol, there is waste of timber. We focus, together with our supplier, to find alternative solutions for this waste.
 - The wood pulp from production is used to heat the kiln where the timber is dried.
 - Finger jointing is used to recover some of the planks which otherwise couldn't be used
 - Cut-offs can be used in other products such as pavement signs
- Timber has to dry before it can be processed. This drying process is energy consuming. Our supplier has an **eco-friendly kiln**. This kiln was specifically designed to reduce the usual 28-day process to a 9-11 days cycle.

Partnerships, working together

SEPIA aims to be more than just a supplier. Instead, we build partnerships with our customers. We are committed to co-creating and thinking along with our clients to implement their marketing strategies in the best possible way. Not only is this approach of Total Cost of Ownership budget friendly, it is also sustainable.

It is sustainable because it guarantees job security. This intensifies our relationship with our staff and suppliers and allows us to implement the most efficient flow. This will eliminate waste in the process. In short, better for People and Planet.

In a global perspective, we have several international partners. Our suppliers are active in countries such as China and South-Africa. All productions of our partners are socially compliant. They have been audited by third parties for SMETA 4 pillar and SGP. Furthermore, we visit our partners on a regular basis. We will never conduct business with production units we haven't checked ourselves.

Brands On is also an ECOVADIS member with a gold rating. A score of **74/100** includes Brands On among the top 1% performers evaluated by EcoVadis.



74/100
99th
percentile ⓘ

More than 50% of our purchase amount is with suppliers who have been working with us for more than 10 years

Ethics is key to conducting fair business practices and to make the partnerships work. Legislation is the starting point, but laws are supplemented with values and standards to determine what is "right" or "wrong". SEPIA complies with the applicable local laws and regulations. We will never use unethical or illegal business practices. We will operate transparently. SEPIA and their supply chain will not engage in illegal cooperation with competitors including bid rigging, price fixing, market allocations or any other prohibited conduct that limits free and fair competition.

Our employees put the business goals above their personal gain or personal business.

Our ethics report 2019-2021 show **no conflicts on anti-corruption and anti-bribery** dealing in our markets.



Social Commitment

The SEPIA group has companies active in several parts of the world. Through our actions we want to be committed and contribute to these regions.



In Belgium we support the Foundation against Cancer. As this terrible disease also infiltrated the ranks of the SEPIA group, we keep this project close to the heart.

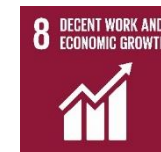
Every two year we participate in the **Relay for Life**.

We even have a booth at the event. All funds raised from Relay For Life go to the Foundation against Cancer. This money is used to support scientific research, provide social care to people affected by cancer, along with their families, and to promote prevention and healthier lifestyles.

Furthermore throughout the year, there are several initiatives by the co-workers to raise money for the battle against cancer.

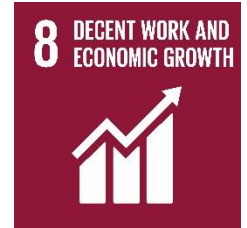


At the local market, Brands On made a contribution to the HoReCa. We supported **HORECA COMEBACK**, becoming a partner of this initiative. Furthermore, Brands On put up a webshop to sell to other markets. Doing sales and promotions on this webshop, Brands On gave discount in the form of a coupon for the buyer's favorite bar or restaurant. This was for the Belgian (HORECACOMEBACK) and the Dutch market (HELP DE HORECA)



Social Commitment

In South-Africa our focus is the development of the younger generation through education and work. The initiatives Brands On has chosen are Born in Africa and the YES program.



BORN IN AFRICA

Education is one of the fundamental rights of all children. Therefore, **Born in Africa** is committed to the long-term educational development of underprivileged children in South Africa. A solid education provides solutions for these children, equipping them to get out of hopeless situations—often dominated by poverty, abuse, and unemployment. Only when these children are given the opportunity to obtain a decent education, will they have any hope of entering the labour market.

The SEPIA-group supports 5 students from this program throughout their studies. At the end of last year, **Shanice Davids** graduated with an Honours degree in Management Accounting. She started a three-year articles at an accounting firm situated in Stellenbosch. The firm was one of her top choices when applying for a training contract. After the three-year articles Shanice will be acknowledged as a Chartered Global Management Accountant.

Tradewinds and Brands On Africa employed **16 youngsters** of the **YES program** in 2019-2020.

Who gave you your first chance? A 'first chance' is often all it takes to unleash the potential of a young person. YES focuses on previously disadvantaged youth between the ages 18 and 35 by providing work experience for one year, giving young people a chance to demonstrate their abilities, establish their work ethic and prove their worth. The end result of the work experience is a CV, a reference letter, credibility and an empowered young person who has access to a digital platform to gain future work.

For season 2020-21, a new group of youngsters will be sourced with the YES program. The 16 youngsters will be employed throughout the whole process; workers, seamstresses and admin.



Social Commitment

South-African somersault.

Tradewinds installed 3 **trampolines** on community playgrounds in the Cape area. One in Paarl, one next to a hospital for children with hearing disabilities and one in the vicinity of several schools in Somerset-West.

Tradewinds is not specialized in products like a trampoline. However we are equipped to make them, which results in an opportunity of giving something to the community, bringing joy and laughter to children.

Development of the young generation is important for SEPIA. Supporting Born in Africa and the YES program, fits into this objective. However, playing and outdoor exercises are as important to development as well. Hence the idea of the trampolines.



For China we still need to find a suitable project. This was the goal for 2020, but we didn't succeed yet. It is still our intention, though.