

01.05.2021 - 30.04.2022

# CSR REPORT

**At BoConcept, we want to be responsible  
and transparent in everything we do.**

It is deeply rooted in our culture and business conduct to take care of each other and our safety, of the environment and of the local and broader societies where we do business and have impact.

We are responsible in our CSR objectives, and we believe that we shall continue to run our business based on sound principles. Not only because it is the right thing to do – but also because sound business principles are the best foundation for our company, in both the short and long term.

**BoConcept**

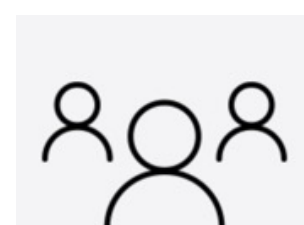
LIVE EKSTRAORDINÆR

# THE SUSTAINABLE WORLD OF BOCONCEPT

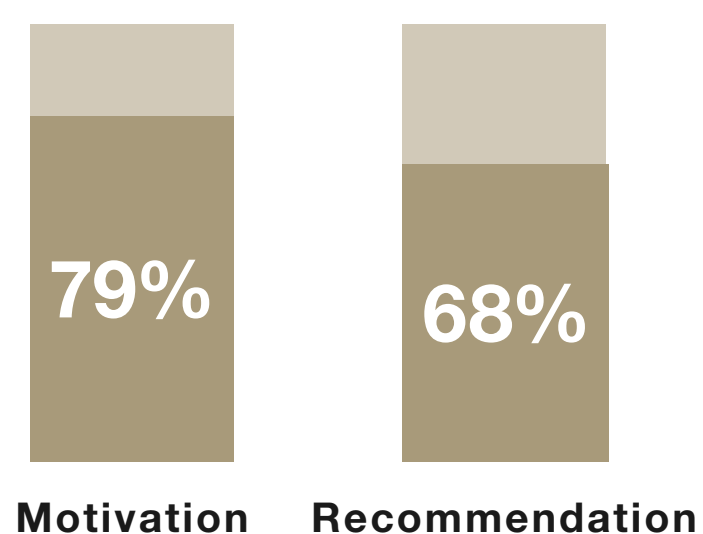
We must support the well-being of our employees, understand our customers, and ultimately improve our overall impact on the environment.



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.  
We welcome feedback on its contents.



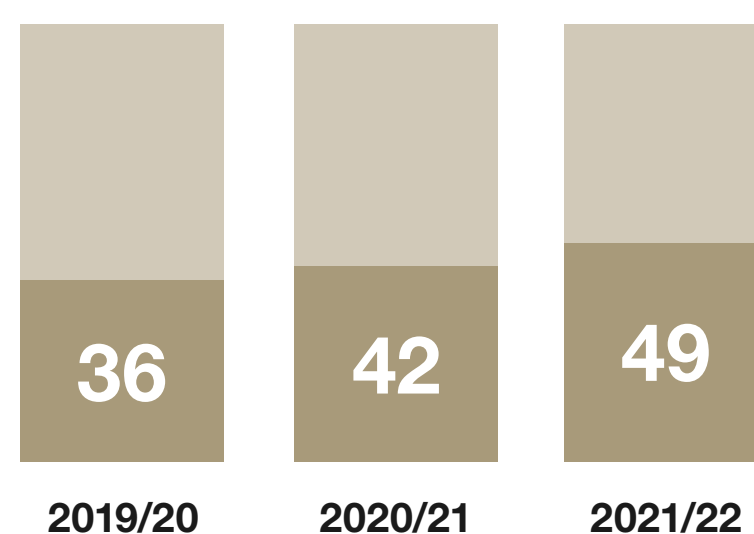
Our people



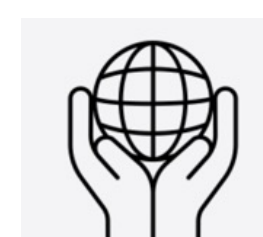
Employee satisfaction



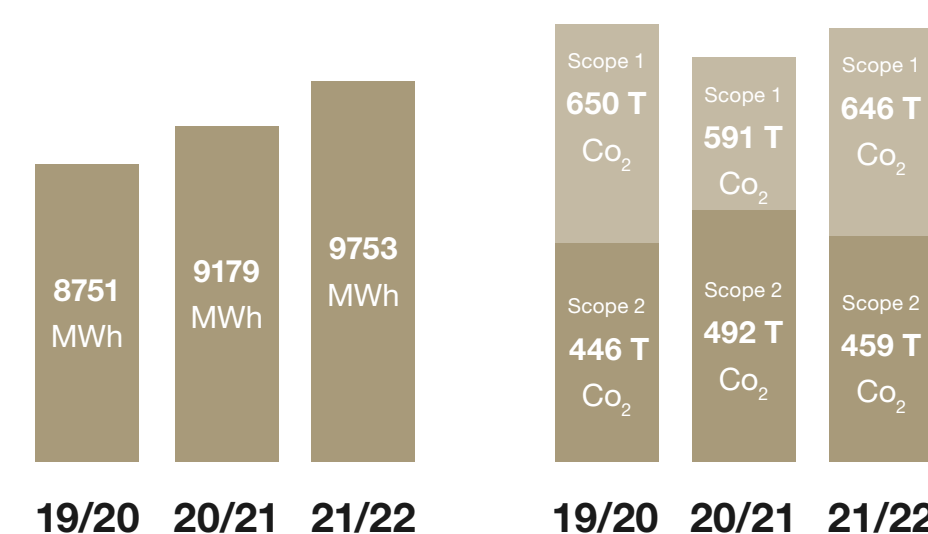
Our customers



Net Promoter Score (NPS) global development



Our environment



Energy and emissions

The increased energy consumption matches the growth of the company during the last 2 years and the impact of employees returning to the offices after the Corona lockdowns.

The CO<sub>2</sub>e footprint remains stable and in line with our base year 2019/20. The target is to reduce the absolute emissions by 25% by 2030

## COMPETENCIES AND AREAS OF BUSINESS

BoConcept A/S develops, manufactures, and sells furniture to franchisees (brand stores) and to furniture trade (studios). BoConcept is the sole owner of the brand.

In addition, BoConcept has several subsidiaries around the world, which are responsible for the sale and distribution of our products in the various markets.

The furniture sold within a BoConcept store comes from several suppliers, but can be classified into three larger groups:

- BoConcept's own production in Denmark
- European-sourced finished goods
- Asian-sourced finished goods

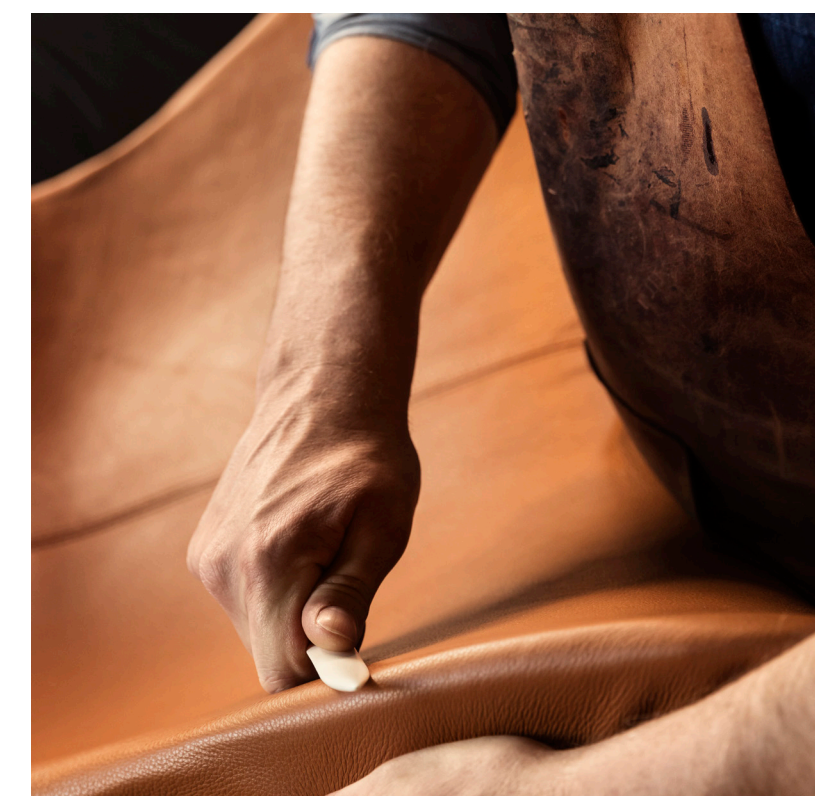
The make-to-stock products are kept in stock either in Denmark (Ølgod) or China (Shanghai), from where they are distributed, majority flat-packed, to the 60+ countries around the world where BoConcept stores and studios are located. The flat pack distribution allows an optimal use of the distribution network.

The flat-packed products also allow an easier end of life process, as the majority of the products can be disassembled and therefore be disposed of more efficiently.

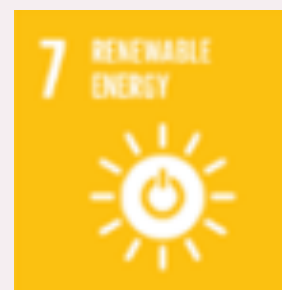
The freight towards the stores is partially handled by BoConcept and partially by partners, depending on the recipient. The shipping area and optimisation of space utilisation has always been a crucial factor for the flow within BoConcept. To support and optimise this flow, BoConcept is tightly integrated with its partners globally, allowing the financial and environmental utilisation to go hand in hand with the communication with the end customer.

A large part of the sales is made to order – meaning a purchase order from a customer is to be received before the product will be produced. Through this method, the order flow minimises the production waste, avoiding overproduction.

The majority of the collection is expected to have a long lifecycle span, reducing the risk of obsolete inventories. The main risk in the assortment, from a sustainability point of view, sits within the accessories range, where seasonality and trends change much faster than within furniture. To support this and try to reduce the waste, the Collection & Visuals team has been working on different models and solutions. To avoid waste of unsold accessories, BoConcept has started to sell discontinued accessories to both own and external outlet channels.



# OUR CHOSEN GOALS



**BoConcept's CSR strategy supports this SDG** because we regularly calculate and report on our GHG emissions, and we work purposefully to reduce emissions. We focus on optimising and reducing our energy consumptions, and on working towards converting consumptions to renewable and emission-reduced forms of energy. One of our focus points is the transportation and material consumptions associated with our business.

*Especially SDG targets 7.2 and 7.3 are addressed.*



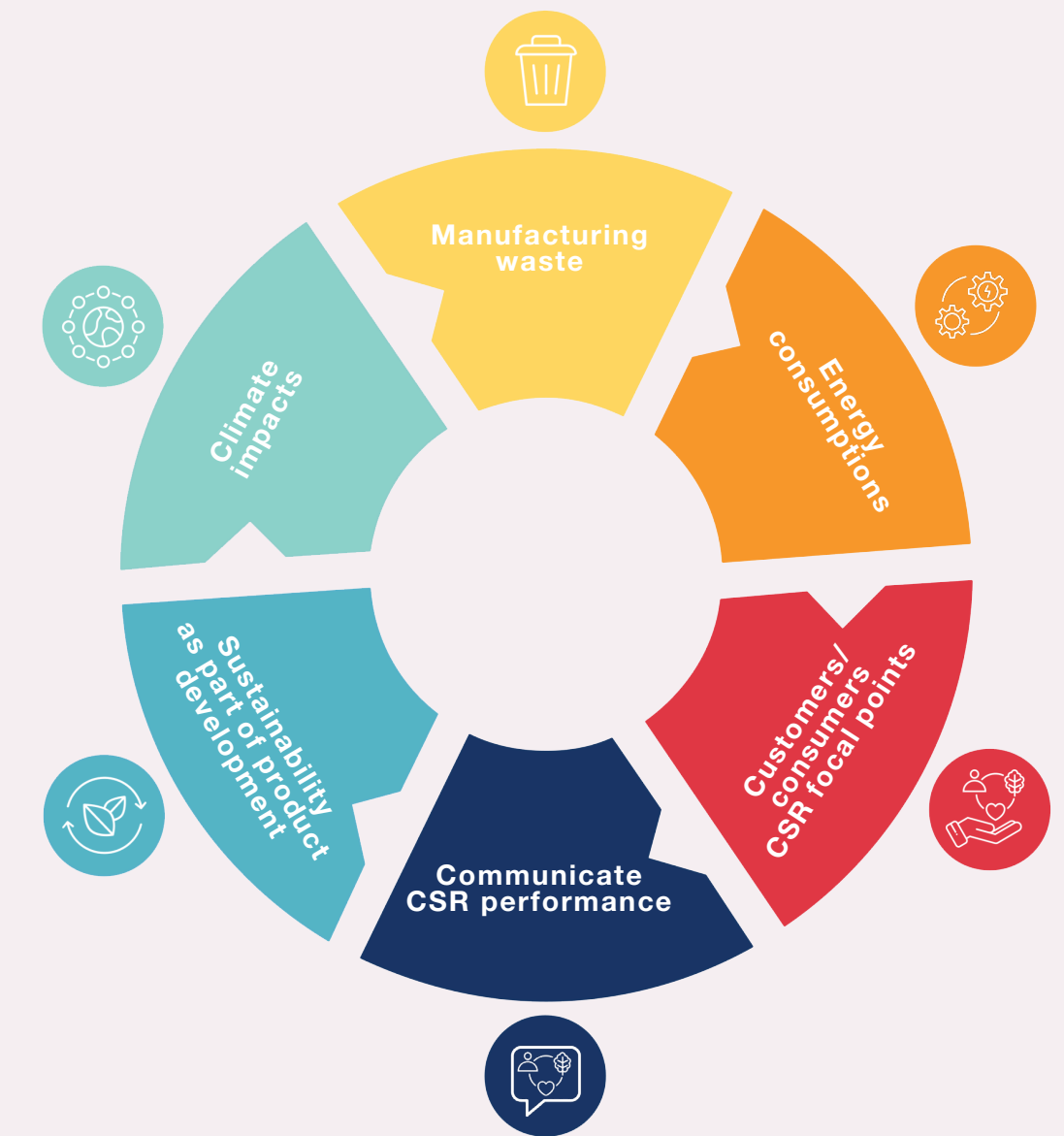
**BoConcept's CSR strategy supports this SDG** because we are aiming at finding methods for designing and manufacturing our products in a resource-efficient way. This includes designing products that can be disassembled in each material fraction at end-of-life, developing high-quality products that last for many years, with a focus on transportation optimisation, and that consume less energy during use.

*Especially SDG target 9.4 is addressed.*



**BoConcept's CSR strategy supports this SDG** because we continuously register our manufacturing waste, and optimisation actions are implemented on an ongoing basis. Waste fractions are sorted at the source, and disposals are done according to regulations and relevant practices. We are establishing a systematic focus on identifying consumers/customers CSR focal points. We have decided to publish an annual CSR report, as well as to establish a model for incorporating sustainability into product design and product development.

*Especially SDG targets 12.2, 12.5, 12.6 and 12.8 are addressed.*



*'It is our CSR vision to position BoConcept as a company making continuous improvements in terms of societal responsibility and sustainability'*

# SUSTAINABILITY GOVERNANCE AND GOALS

During this first year of the CSR strategy implementation and the generation of our first annual CSR report, the CSR project organisation reporting directly to our executive management team has coordinated this activity.

The CSR project has been anchored around our supply chain organisation, with support from Finance, Marketing, People & Performance - as well as our Collection & Visuals departments.

During the 2022/2023 financial year, we will be focusing on getting the CSR follow-up processes moved into the organisation, making it a part of the BoConcept DNA.

As with many other cross-departmental processes, we are used to having local ownership and will seek to have individual process owners for the follow-up and reporting responsibilities.

In the coming years, this governance will grow and become a natural part of our reporting structure.

We will be elaborating on the progress and intentions within governance in next year's report.

## Creating a foundation in the CSR context

In the years to come, this page in our annual report will be compiled with more specific targets and results, but as we have not entered this year with other target settings than creating our scope 1 and 2 measures and establishing this report, we are not specifying anything further.

## GETTING STARTED

### OUR TARGETS 21/22

In 21/22 we aim to start our CSR journey, by creating the needed foundations and measures defined in our CSR strategy.

### OUR RESULTS IN 21/22

With this report, we have delivered on our first goal, by deeply incorporating CSR into the DNA of BoConcept, in line with our CSR strategy. As a company, we have developed and deployed an approach in year 1. This has been a tough journey, with many obstacles and grey areas to be defined.

### OUR FUTURE TARGETS

During the coming years, our CSR model, follow up and reporting structure will become more and more integrated in our DNA and culture.

Specific organisational responsibilities have to be assigned, and we will need to define quarterly and annual deliverables towards our targets and CSR report.

## CREATING FOUNDATIONS AND MEASURES

We aim to establish our baseline for the CSR report and our overall energy consumption and CO<sub>2</sub>e emissions. Internal agreement on KPIs and target settings.

We have succeeded in generating the first scope 1 and 2 measures and agreed on CO<sub>2</sub>e emissions reductions, following the ambitions of the Paris agreement.

We have worked with and defined how the sustainability approach should affect our future approach towards product development and set goals and KPIs for this process.

We have also decided on an external system supporting our basic calculations, ensuring transparent and uniform calculations on CO<sub>2</sub>e on our products produced in Denmark.

Following our vision of constantly improving within the CSR area, the year-on-year improvements we will introduce will gradually drive CSR and the sustainability agenda to the next levels within the company.

# OUR POLICIES

## Working environment

BoConcept works locally with occupational health and safety in the workplace and has appointed representatives for both its white-collar and blue-collar workers in Herning and Ølgod.

## Offending actions / harassment

At BoConcept, we strive towards a responsible working environment, where job satisfaction and openness

are prioritised. We expect a decent and constructive approach at the workplace, which is why all working relations are built on equal and respectful relationships among employees and leaders.

We have a responsibility for creating a safe, trustful, and motivating environment with equal opportunities for our employees, and we do not tolerate any kind of harassment in the workplace. BoConcept's Code of Conduct encourages all employees to speak up if they experience abusive behaviour of any kind.

## Remote working

Remote working is a flexible scheme, under which a part of the defined working hours may be performed from the employee's own home, if management assesses that there are duties which may efficiently be performed remotely.

## GDPR and the protection of personal data

At BoConcept, we strive to live up to the data protection levels and expectations required by our stakeholders, to ensure their rights to protect the personal data that we process.



We make sure that we always comply with the applicable data protection legislation. We inform the people whose data we process ('data subjects') of our data processing and the rights they have as subjects.

## Data ethics

It is the company's assessment that it does not have data that has not already been adequately handled via the GDPR legislation, which is why there is currently no assessment of the need for a data ethics policy.

## Employee development and training

At BoConcept, we believe that practical experience, combined with periods of professional training, provides a strong starting point for personal and professional growth.

## Safety

Employee safety and well-being is a top priority at BoConcept, and we aim for zero accidents in our factories and offices.



## OUR ACTIONS DURING 2021/22

### External consultants supporting the internal working environment organisation

As part of our ongoing focus on the working environment in our offices, warehouses, and production, we have invited external consultants again for an audit, to identify possible improvements and/or changes needed.

### Remote working

Following the COVID-19 pandemic, BoConcept implemented a remote working policy in August 2021. Depending on the scope of remote working, the company may - based on a specific assessment - make the necessary tools and equipment available. As an example, we provide the employee with an internet connection, a desk, and an ergonomic chair if they are working from home more than one day per week.

### Attractive and flexible canteen scheme

The canteens at our premises in Herning and Ølgod serve healthy, nutritious, and varied meals made from good raw ingredients. Employees can choose to register for a complete meal package or a more flexible one. This way, the employees do not pay for canteen meals on days when they work from home, and the canteens do not prepare too much food.

### Promoting equal opportunities

Flex job is a scheme offered to people with permanently reduced work capacity who are not able to work full time. We aim to build inclusive behaviours and ensure equal opportunities for all – regardless of work capacity.

### Free well-being treatments/services

In 2022 BoConcept gave its employees in Herning and Ølgod the possibility to book 45-minute well-being treatments/services from a professional therapist, paid by BoConcept. This initiative is offered to prevent and treat any work-related injuries, as well as promote general well-being.

### GDPR, security awareness training

In the 2021/2022 financial year, we continued to focus on the protection of personal data at BoConcept. In cooperation with PWC, GDPR and data security awareness training sessions were conducted in the spring of 2022. Each training session consisted of a number of online modules, which were forwarded by e-mail to each participant/employee.

### Working environment focus

In September 2021, BoConcept organised a seminar on psychological working environment for its representatives, managers, works committee members, as well as its People & Performance organisation. The main focus was on factors that are important in creating and maintaining a good psychological working environment, such as ensuring a responsible planning of the work/tasks to be performed, providing appropriate training in relation to new tasks, support in the work processes as well as possibility of influence on the tasks to be solved.

### Employee engagement survey

We strive to ensure that BoConcept is a motivating workplace and survey the motivation and satisfaction of all employees regularly. In March 2021, a focused survey (Pulse Check) was conducted, aimed at white-collar workers and the country organisations. The main focus was on the well-being of the employees during the COVID-19 pandemic, with the majority of employees working from home. In November 2021, another focused survey (Pulse Check) was performed with focus on belonging, cooperation, and immediate manager. The measured engagement among the employees is considered to be high and to compare well to external benchmarks.

### Implementation of Activity Based Workspace (ABW)

In connection with the renovation of the offices in Herning, BoConcept implemented Activity Based Workspace (ABW) in the summer of 2021. Implementing ABW creates the opportunity to work in different zones – The Library, The Focus Area, and the Collaboration/Project Room.

The main driver for this implementation was the recognition that the role of the office had changed.



# RESULTS ACHIEVED

## High response rate in employee engagement surveys

BoConcept has performed employee engagement surveys in September 2019, March 2021, and November 2021. In all three surveys, we received a very high response rate.

With 97% in March and 92% in November, the response rate was very satisfactory.

The outcome of the surveys in current year shows a consistent motivation in the company, and willingness to recommend BoConcept as an interesting company to work with. Action plans were made at both department/team and company level.

## Increased focus on ergonomics

At BoConcept, all workstations are now equipped with an ergonomic office chair, as well as a sit/stand desk.

Ergonomic keyboard, mouse, and other tools, such as Pilates balls, Steppie balance boards and desk bikes, are also available to our employees.

## Increased focus on psychological working environment

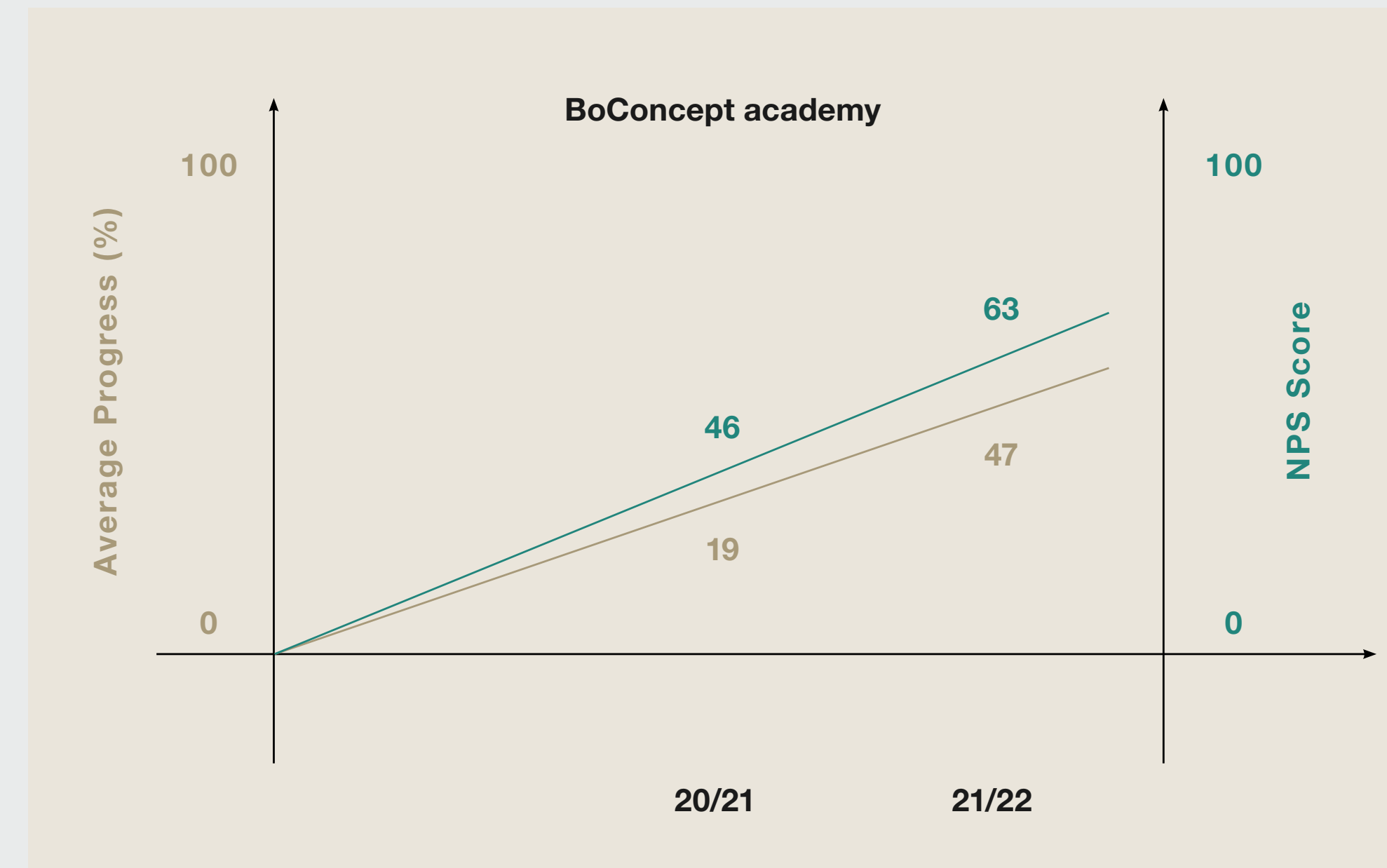
During the year, we continued focusing on becoming even better at handling working environment-related challenges via dialogue on e.g., employee engagement and job satisfaction. Our efforts during the year, including the completed seminar on psychological working environment, have given an increased knowledge on addressing and handling the psychological working environment.

## Voluntary leavers

Voluntary leavers (including both white-collar and blue-collar workers) LTM was at 14.13% at the end of March 2022, which is above our target of 8%. We believe that

	Unit	2021/22	2020/21	2019/20 (baseline)
Motivation 1)	% of positive reply	78	79	-
Recommendation 1)	% of positive reply	64	68	-
Voluntary leavers 1)	%	14,50	4,90	9,80
Lost time accidents 1)	LTA's per million workhours	10	15	10

Note 1) Figures include BoConcept A/S, BoConcept Holding A/S and Layout Holdco A/S only.



this development is attributable to the labour market trends following the COVID-19 pandemic, with people making career and job changes etc. In the previous financial year, the percentage was at 4.9.

## Increased awareness of GDPR and data security

The GDPR and data security awareness training sessions conducted in the spring of 2022 ensured an increased awareness among our employees and managers.

## BoConcept Academy

Through our Academy App we have created a huge focus on enhancing the partners' employees' individual

educational level during the past 2 years. Not only in our brand and products but also in other related areas such as values and code of conduct. Since the launch in 2019, a total of 789 educational sessions have been added to our academy. At the end of the financial year 2021/2022 the average number of completed sessions per user was 371.

## Lost Time Accidents (LTA)

In 2021, the number of lost time accidents was 10 per million working hours, which compared to the previous year was a decrease of 33%.



# RISK AND DUE DILIGENCE

## Risks

Risks within the employee area include unintentional developments or handlings of accidents, occupational health, and safety of employee satisfaction or of employee expertise.

## Due diligence

Our top management group is directly responsible for overseeing our performance within the employee area, and the topics are regularly on the agenda at management meetings.

BoConcept carries out statutory workplace assessments every three years, in cooperation with the working environment organisation. Given our high activity levels and all the changes sweeping our organisation and impacting our work lives, challenges are bound to emerge, which may lead to imbalances. All employees are under an obligation to inform immediate superiors or HR of any imbalances which need addressing.

All managers allocate time for regular – usually monthly – one-to-one meetings with their employees to discuss how things are going, and what to focus on. Furthermore, all employees have a more in-depth and forward-looking dialogue with their immediate superior each year, which focuses on the employee's development as a way of ensuring that both the employee and BoConcept can make the most of the employee's ambitions and potential.



# GENDER EQUALITY

## Board of Directors

As of year-end 2021/22, one out of four general assembly elected members of the Board of Directors of both Layout Holdco A/S and BoConcept Holding A/S is a woman, and one out of three general assembly elected members of the Board of Directors of BoConcept A/S is a woman.

All of the above is considered an equal gender distribution, according to section 99 b of the Danish Financial Statements Act, and hence no targets have been set.

## Other management levels

### A) Policy

At other management levels, it is company policy to ensure a gender distribution that reflects the Layout Holdco A/S group's organisation.

### B) Our actions during 2021/22

Activities for increasing the underrepresented gender include having both genders invited to job interviews, wherever possible, and we instruct recruiters to always present us for applicants of both genders when the applicants' qualifications are at equal levels. We regularly encourage current employees of both genders to apply for management positions within the company. We always keep our doors open to welcome managers and employees regardless of gender, age, ethnicity and religion, as promotions and hirings will always be based on our evaluations of actual professional and personal qualifications.

### C) Results achieved

As of year-end 2021/22, the underrepresented gender share is 38%\* at other management levels compared to 41%\* in the total group organisation. This compares to an underrepresented gender share at other management levels of 30%\* and 38%\* in the total group organisation in the previous year. We acknowledge that the female gender is currently underrepresented at other management levels, and we are working on achieving a more equal gender distribution.

### D) Risk and due diligence

We have management focus on ensuring that our policy intentions are applied within this area, and as such the topic is frequently on management meeting agendas. We regularly communicate and evaluate on our development, which helps us mitigate the risk of not living up to our policy as referenced above.



\*Gender distributions include data only for the group enterprises Layout Holdco A/S, BoConcept Holding A/S and BoConcept A/S

# OUR POLICIES

## **Environmental policy**

We want to minimise our environmental impacts by using good planning and design methods. Compliance with all applicable laws, regulations and mutual agreements will always be the foundation for our behaviour. Focusing on reducing our energy and resource consumptions shall be one of our priorities.

We want to show environmental considerations, by being aware of our influence on the environment, by preventing pollutions and other negative impacts, and by measuring and reporting on relevant environmental parameters.

## **Climate change policy**

We will strive towards an energy-efficient and climate-friendly use of energy. We will work on reducing our energy consumption, converting it to more climate-friendly energy types. Further, we will contribute to increasing employees' and other relevant stakeholders' knowledge of climate change.

## **Internal investment request policy**

We want our organisation to be aware of the CSR impacts of potential investments. To create this awareness, we have initiated a CSR impact area on our investment requests, ensuring awareness from the initial thought, throughout the process.

## **Chemicals**

As a franchisor, we want our suppliers to be on top of the latest legislation and rules on chemicals and other substances imported to the EU. To ensure that they stay compliant, we ask all our primary suppliers to sign a REACH declaration, committing them to take ownership and responsibility within this particular area.





## OUR ACTIONS DURING 2021/22

### Supporting the change from diesel/gasoline to electrical cars

As a general change, the company car policy has been updated supporting the use of electrical cars. To support the general electrification of the carpool, BoConcept has ordered electrical chargers for the use of employees who either drives an electrical company car, or for employees driving their own electrical car. In this way, we ensure that the renewable energy purchased for our locations in Denmark is also used for the purpose of charging electrical cars.

### Changing diesel and gas trucks to electrical

An investment in changing our current diesel and gas trucks to electrical trucks has been approved. During 2022/23 we will gradually be changing the existing gas trucks to electrical, and through this improve the working environment for our employees and reduce emissions.

### Reduction in business travel activity

In the years prior to the COVID-19 pandemic, BoConcept started reducing the overall business travel activity. During the pandemic, business travel activity was almost non-existent. After the reopening of the majority of our markets, we strive to keep the miles travelled at a minimum, utilising technical tools available for as many meetings and communication as possible.

### Investment requests with focus on CSR impact

Sustainability actions have become a part of our investments. Going forward, each investment request will have a special section on CSR. Here the applicant must address the impact of the investment within the CSR area.

### Target setting for development of the BoConcept assortment in a sustainable context

Throughout the year, the sustainability context has been a top-of-mind dialogue within our product development team.

How do we measure progress and under what circumstances do we measure? Which elements are the true sustainability factors to turn to get started on the process within our assortment? Many of our products already hold great stories to be shared, but the overall measure on the success is to be established.

### Implement FSC™ certification

In recent years, we have investigated the possibilities of a full FSC certification of our entire supply chain. In 2022, we will initiate a gradual implementation of the FSC certification on selected products.

It is our goal that 80% of all wooden products in a BoConcept store are FSC certified by the end of 2025.



### Implementation of tool to be used for calculating our CO<sub>2</sub>e footprint on individual products

As a part of our CSR journey, an important aspect is to get a clear picture of the assortment and new introductions.

There are many ways of embracing this process, but in order to simplify the approach and align with other companies in the furniture business we have decided to move forward with Danish based company Maalbar, specialising in creating Co<sub>2</sub>(e) footprints within the furniture industry.

### Reducing heat consumption in our production by boxing larger machinery

During the past two years, we have made several investments in our production reducing noise, waste and energy consumed. Several of our larger machines have been boxed in closed cells, where we ensure most of these projects have a very high return on investment just looking at the reduced heating needed in the production.

## OUR RESULTS DURING 2021/22

### FSC

In April 2022, the initial audit performed by the Perferred by Nature organisation has resulted in an approval of the well-documented processes created in BoConcept. As a result, we have obtained a preliminary certificate, enabling us to operate and sell FSC certified products as soon as our inventories have been “turned” and a documented clean flow is ready.

### Significant reduction in heat consumption in our production

By boxing just two of our large machines, we have succeeded in reducing the volume of hot air sucked out of the production facility equivalent to **230,000 kWh/ per year**.

### CSR impact added to internal investment requests

During the first year we must learn from this initiative to evaluate the quantification of the investments made.

### Implementation of Mallbar in progress

In order to take the first steps in measuring the CO<sub>2</sub>(e) footprint on the product from our own production, we have initiated the planning process.

By implementing this tool, we can set tangible targets for the CO<sub>2</sub>(e) footprint on products from our own production. We have initiated the planning process.

### Green electricity and reduced energy consumptions

We have renewed our agreements with our supplier, securing another year of green electricity for our office, production and warehouses in Denmark.

### Green KPIs

To monitor the development of our assortment, an agreement on green KPIs was established at the end of this financial year. Our focus during the coming years:

- By 1 January 2023, specific targets for all design development project to be defined
- Starting Summer 2024, all new textiles introduced must be OEKO-TEX certified or similar
- All chrome parts to be discontinued by the end of 2024
- Polystyrene to be gradually discontinued in the packaging in parts of our assortment.



## OUR RESULTS DURING 2021/22

### Energy and emissions

We generally strive towards an overall reduction in the CO<sub>2</sub> emissions created within our scope 1 and 2. With the agreed CSR strategy, we have committed to the SBTi target setting for SMEs well below 2 degrees. With an anchor in our 2020 results, this gives us a target of 25% absolute reduction towards 2030.

With this action and target, we have made this ambition not only measurable but also highly ambitious.

During this start-up year of the CSR reporting, we have been focusing on getting the baseline in place. During the coming years we will closely monitor and evaluate on the development through reduction initiatives and the reporting structure to be implemented.

It is our overall expectation to be able to further develop and improve our performance within the environmental area.

	Unit	2021/22	2020/21	2019/20 (baseline)
Energy consumption	MWh	9753	9179	8751
CO <sub>2</sub> e emissions, Scope 1	Metric tons CO <sub>2</sub> e	646	591	650
CO <sub>2</sub> e emissions, Scope 2	Metric tons CO <sub>2</sub> e market-based (location-based)	459 (806)	492 (772)	446 (776)
Water consumption 1)	m <sup>3</sup>	1861	1924	2362

Note 1) Figures include BoConcept A/S, BoConcept Holding A/S and Layout Holdco A/S only.

# RISK AND DUE DILIGENCE

## Risk

Due to having only limited consumption data measurement procedures in place we might limit our ability to make fully documented optimization decisions, we might risk unintentional development of energy consumption, CO<sub>2</sub> emission, consumption of materials, consumption of recycled materials, waste amounts or materials footprint.

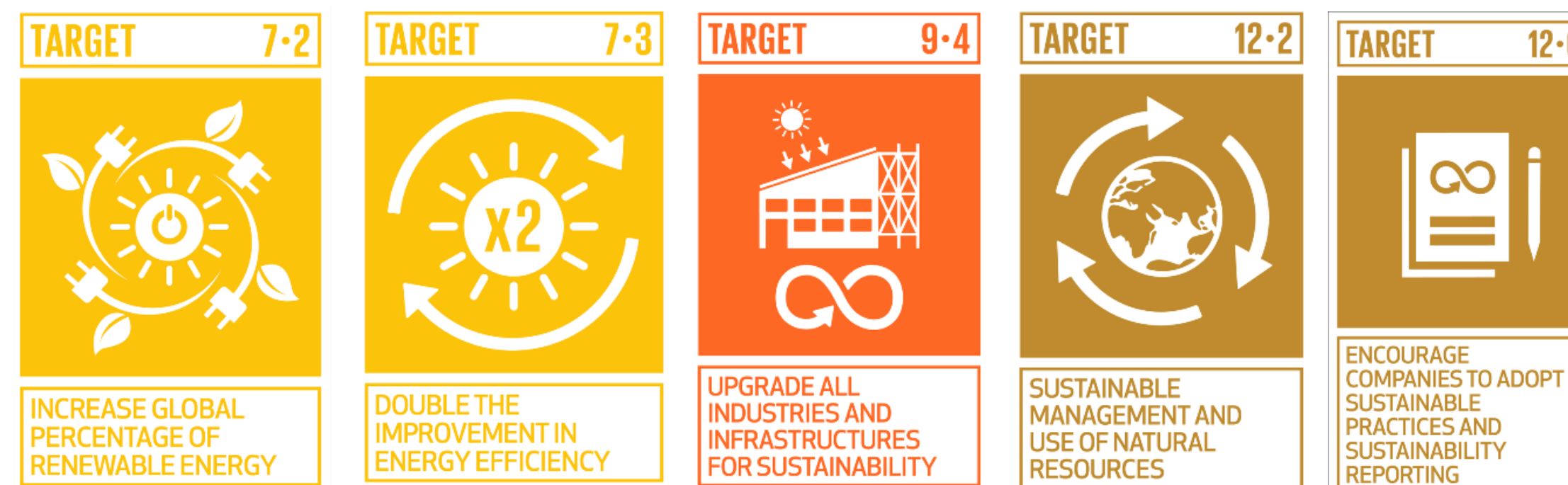
## Due diligence

Our top management group is directly responsible for overseeing our performances within the environmental and climate change areas, and the topics are regularly on the agenda at management meetings.

We manage our environmental and climate change risks by applying systematic governance and management procedures around our planning, design and follow-up methods, and we ensure compliance with all applicable laws, regulations, our own policies and mutual agreements by always having this as the foundation for our code of conduct and overall management approach.

Mandatory REACH declarations commit our primary suppliers to take ownership and responsibility within this particular area.

When it comes to investments, our mandatory CSR evaluation scheme contributes to ensuring awareness from the initial thought and throughout the investment process.



*‘We manage our environmental and climate change risks by applying systematic governance and management procedures around our planning, design and follow-up methods areas’*

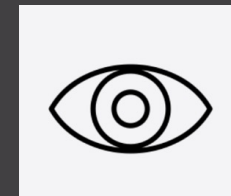
## OUR POLICIES



### Human and labour rights

BoConcept supports the international declared human rights. We do not discriminate against any person, regardless of race, sex, colour or religion. BoConcept knows that people make the difference! All employees are encouraged to bring up their ideas to improve workflow, work environment or other parts of the BoConcept business. The BoConcept Code of Conduct states that all suppliers must ensure that basic human rights and basic labour standards are implemented.

Further, we have communicated to our present suppliers that we have enrolled in the UN Global Compact program, and that we expect them to run their companies applying the same 10 principles that we apply.



### Anti-corruption

The purpose of the Code of Conduct is to ensure that BoConcept A/S suppliers operate in accordance with local, national and internationally recognised standards on human rights, labour, harvesting and the environment. BoConcept A/S adheres to the principles of this code and expects the same of its suppliers. The content is based on relevant ILO (International Labour Organisation, [www.ilo.org](http://www.ilo.org)) and UN conventions ([www.un.org](http://www.un.org)).

BoConcept demands that all vendors and manufacturers must follow their national laws in every conceivable situation. However, if the demands in this Code of Conduct represent a higher standard than the local legislation and other local regulations in the country in question prescribe, the conditions in this Code of Conduct will take precedence.



### Quality

It is our aim to introduce products that continue to improve/reduce number of customer claims received. The latest additions to our assortment should always perform better than discontinued models. At the same time, we aim to continuously reduce the amount of virgin/oil-based packaging materials and the waste created by our products.



## OUR ACTIONS DURING 2021/22

- ✔ **Minimize our use of polystyrene**  
In 2021, we started investigating how we can minimise the use of polystyrene in our packaging material and shift to, for example, FSC certified cardboard.
- ✔ **Responsible production**  
During the reporting period, BoConcept has further expanded the cooperation with one of its European upholstery suppliers. The supplier has started to conduct product life cycle assessments of selected designs made from different materials.
- ✔ **Supplier base**  
In the 2021/2022 financial year, our supplier base has invested in various new production equipment and focus within:
  - Wastewater management systems and dedusting equipment
  - Reuse of packaging materials
  - Pallets made from recycled materials
  - Reduction of plastic to ensure improved working conditions for the employees.
  - General recycling
  - Alternative materials for packaging
  - Reduce production waste and use of prints
- ✔ **Anti-corruption**  
All suppliers – both high- and low-risk – are monitored by KPI and audit structure, which focuses on developments in the areas relating to human rights, labour, environment, and anti-corruption. If a supplier fails to meet the international legislation, a detailed action plan will be prepared, and follow-up on this action plan will be a fixed part of the agenda for the corporation and audit meetings with the supplier in question.



# OUR ACTIONS DURING 2021/22

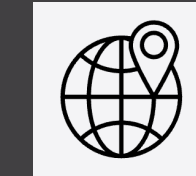


## Quality

Our continuous focus on quality has paid off during the past years, as we see a steady decrease in our box claim rate.

With our global footprint, spanning 65 countries, delivering a low-quality product and receiving a claim is so much more than an end-consumer experience broken. It also means having to transport the individual box through huge distances, making the CO<sub>2</sub> footprint of a claim, for example in Australia, which is extremely expensive from an environmental point of view.

With the current development and the strong internal focus, we continue to reduce the number of claims received year-on-year. Besides the financial aspect, the actual impact on reduced transport (often express deliveries are needed), employee stress and just delivering an overall bad experience enables this specific area to be a part of our CSR report. Our ongoing goal is to continue to introduce products outperforming the existing assortment, and thus maintain the reduction in claims received.



## Local sourcing

At BoConcept, we want to build a supplier footprint with a much closer proximity to our main markets, through which we aim to reduce unnecessary freight and handling. By doing this, we also reduce our risk of negative social impacts.

This is a long process that will be an ongoing task as we keep expanding our store network. With presence in 65+ markets, local sourcing becomes more and more imperative as part of our CSR intentions. We are also tapping into the global trend of supporting local production, as we see an increasing tendency towards this request from our partner network. We will, in the coming year, start to produce sofas in Mexico. During the start-up, the production will be supporting USA, but as the implementation progresses, the aim is to support the North and South American markets.

## RESULTS ACHIEVED

### Local sourcing

During 2021, we have successfully moved the production of shells for one of our most popular dining chairs to Europe. Through this, we ensure a much smoother flow, reducing the sea freight needed.

An important part of improving lead-times and reducing transportation has been to improve our supplier footprint within the upholstery areas. Here we have, in the later part of the financial year, approved the first production from our new Mexican sofa supplier. During the coming year we will gradually be moving products to this supplier, enabling the North American markets and parts of the LATAM region to utilise this proximity.

The tabletop introduced this year for the Hauge table does not have any polystyrene in the box.

The increase in sale in the APAC region supports the growth in the ASIAN sourcing as a large part of the group revenue is coming from make to order sofa production. With our local Shanghai based upholstery production we have a shorter time to market via the proximity in the local region. We continue to develop and invest in our Danish facility to maintain a local European production.

### Targets for reduction of polystyrene and the first results

Not only have we succeeded in delivering the first products packed with FSC certified cardboard only. This is the first step for the NPD process to focus on minimising the use in the coming years' assortment.

### Anti-corruption

During the year, we saw no incidents of non-compliance with the anti-corruption policy applying to all BoConcept employees and we expect similar developments in the future.

### Human and labour rights

During the year, we saw no major incidents of breaches on our principles on human rights and labour rights.

Sourcing split – Scandinavia, Eastern EU, ASIA, Europe

		Unit	2021/22	2020/21	2019/20 (baseline)
Sourcing split	Purchase value split in to regions in %	Scandinavia	17	20	26
		EU	4	4	4
		Eastern EU	44	43	40
		ASIA	35	33	30

Note 1) Figures include BoConcept A/S, BoConcept Holding A/S and Layout Holdco A/S only.





# RESULTS ACHIEVED

## Quality

During the past year, we managed once again to reduce our overall claim rate.

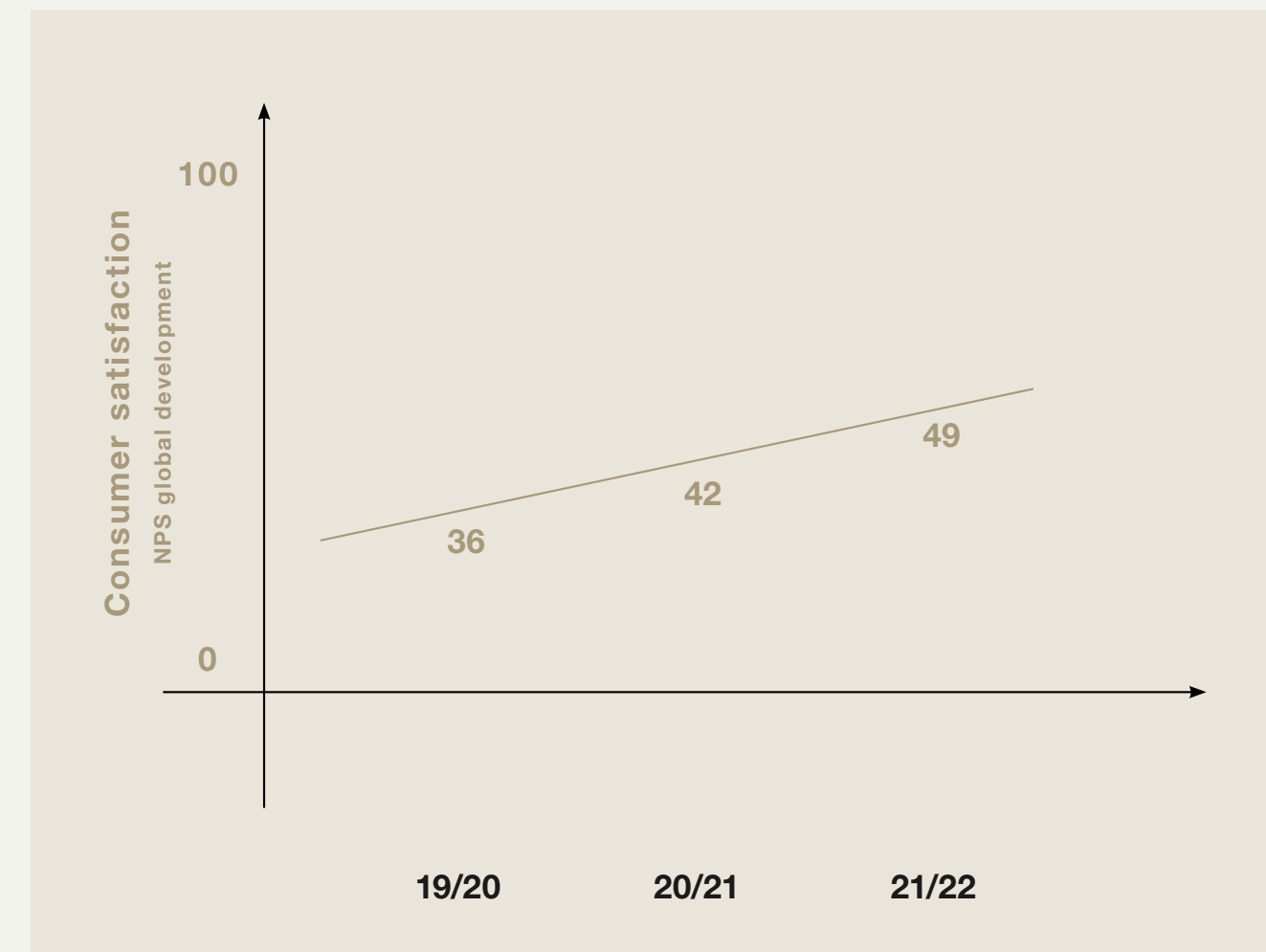
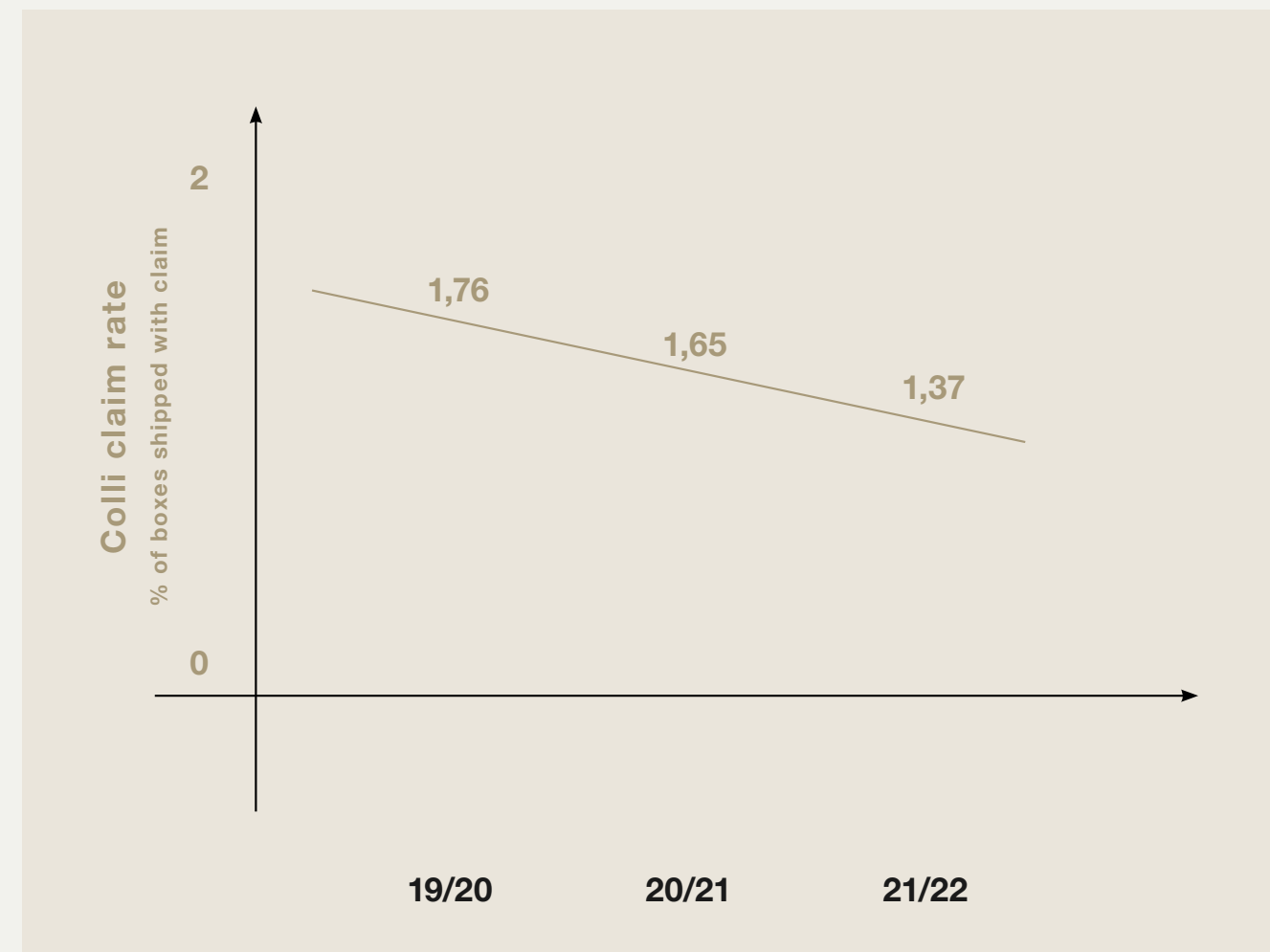
Through the persistent work of our quality team and product managers, we have ensured a significant reduction in the revisits and spare parts sent to customers. It is crucial for the overall performance of the company to continue to deliver an improved quality, both regarding customer experience and reductions in consumed materials and waste.

We continue to see a reduction within our claims – the continuous improvement in quality reduces the number of claims to be shipped and customers to have a second visit. For the customer, the convenience in the low claim rate is a security, but in a larger scale, we are also minimising the amount of fast-track deliveries, courier shipments, and deliveries with extremely low utilisation per miles driven during the last mile delivery.

BoConcept continuously strives to understand and exceed end-consumers expectations.

With a transparent CSR strategy our ambition is to improve consumer loyalty and satisfaction measured through NPS score tracking.

It is our overall expectation to be able to further develop and improve our performances within the supplier, customer and society area.



# RISK AND DUE DILIGENCE

## Risk

Our risk within this area include involvement in corruption cases, breach of employee rules, problems with payment of tax, problems with collaboration with trade unions, collaborations with dubious suppliers, poor handling of whistle-blower cases, quality issues, breaches on human rights etc.



## Due diligence

Our top management group is directly responsible for overseeing our performances within this main area, and topics are regularly on the agenda at management meetings.

Our reporting and control processes reduce our risk of collaborating with suppliers not fulfilling our minimum requirements. Through the continuous follow up and visits from our sourcing organisation we ensure that our supplier base live up to the Code of Conduct applied guidelines.

The Code of Conduct approach, together with our whistle-blower possibilities, also ensure that we internally are compliant and have easy access to anonymous reporting.

Via daily follow up with our partners on the daily challenges and potential improvements on our products, we ensure that we stay proactive and in sync with our current assortment. These insights, together with a strong focus in the NPD process, ensure an ongoing improvement in the general quality levels.

<b>TARGET</b> 12-5	<b>TARGET</b> 12-6	<b>TARGET</b> 12-8
		
<b>SUBSTANTIALLY REDUCE WASTE GENERATION</b>	<b>ENCOURAGE COMPANIES TO ADOPT SUSTAINABLE PRACTICES AND SUSTAINABILITY REPORTING</b>	<b>PROMOTE UNIVERSAL UNDERSTANDING OF SUSTAINABLE LIFESTYLES</b>

*‘Our top management group is directly responsible for overseeing our performances within this main area’*

# REPORTING PRINCIPLES

It is of great importance to BoConcept that all data is complete and as accurate as possible. The below reporting principles have been applied when collecting, handling and calculating our performances.

KPI figures	Unit	Reporting principles
EMPLOYEES		
Lost time accidents	Number of accidents per 1,000,000 work hours	<p><u>Content in numerator:</u> A lost time accident is recorded if it occurs during work hours and if it causes more than one day of absence after the accident day. Accidents are considered work related if circumstances in the work environment caused or contributed to the accident. Travel to or from work is not included.</p> <p><u>Content in denominator:</u> The total number of worked hours in the group.</p>
Voluntary leavers	%	Counted as employees leaving BoConcept as a result of the employee's own decision. Disclosed as number of leavers (numerator) compared to the year's average number of FTEs (denominator). Includes both white-collar and blue-collar workers.
Employee satisfaction  (motivation and recommendation)	%	We measure the job satisfaction and engagement of our employees on an ongoing basis via employee surveys.  Disclosed as received positive replies (numerator) compared to total number of received replies
Average Progress	%	(Total number of apps * total number of users) divided by (total number of completed apps * total number of users) *100
NPS Score	NPS score	Net Promoter Score, NPS: Our market research metric based on regular surveys asking consumers to rate the likelihood that they would recommend BoConcept. Consumers are divided into "promoters" who provide ratings of 9 or 10, "passives" who provide ratings of 7 or 8, and "detractors" providing ratings of 1-6. Difference in percent between promoters and detractors equal the net score.
Women at other management levels	%	<p>A management position is defined as an employee with a managing responsibility for other employees.</p> <p><u>Content in numerator:</u> Total number of women in the Executive Board and women in management positions below the Executive Board.</p> <p><u>Content in denominator:</u> Total number of persons (men and women) in management positions. All persons are counted as FTEs.</p>

# REPORTING PRINCIPLES

...continued.

KPI figures	Unit	Reporting principles
ENVIRONMENT		
CO2e emissions, scope 1 and scope 2	Metric tons CO2e	<p>Emissions are calculated and reported in accordance with the Greenhouse Gas (GHG) Protocol.</p> <p>Scope 1 and 2 emission conversion factors: A. electricity: We use site-specific or actual local CO2e conversion factors where available, and if not available latest published country-specific factors from International Energy Agency are used. B. Liquid and gaseous fuels: We use latest published GHG conversion factors from DEFRA. C. District heating: We use site-specific or actual local CO2e conversion factors where available, and if not available we estimate emissions based on emission levels in the specific country.</p> <p>Scope 2 emissions are reported in both market-based, and location-based figures.</p>
Energy consumption	MWh	Our own energy consumption comes from our use of natural gas, gasoline, diesel, LPG, electricity and district heating. Reported consumptions are based on meter readings and invoices. Calculation of energy contents are based on latest published DEFRA statistics.
Water consumption	m3	<p>Includes the consumption of water intake from own sources and from public or other external water utilities. Any collected rainwater and other sources of surface water is not included.</p> <p>Consumption data are based on meter readings or purchase documents.</p>
SUPPLIERS, CUSTOMERS AND SOCIETY		
Consumer satisfaction	NPS score	Net Promoter Score, NPS: Our market research metric based on regular surveys asking consumers to rate the likelihood that they would recommend BoConcept. Consumers are divided into "promoters" who provide ratings of 9 or 10, "passives" who provide ratings of 7 or 8, and "detractors" providing ratings of 1-6. Difference in percent between promoters and detractors equal the net score.
Sourcing split	%	Cost value of sourced goods per region (numerator) compared to total cost value (denominator)
Colli claims	%	Number of boxes (counted as collis) with claims (numerator) compared to total number of shipped collis (denominator).

# WE VALUE YOUR FEEDBACK

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

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Kind regards,  
BoConcept

## **Role and scope of the CSR report**

This CSR report is an integral part of the management review of the Layout Holdco A/S annual report 2021/22. The information and data stated in the CSR report cover the period from 1 May 2021 to 30 April 2022. The content of this CSR report covers the entire group, and a complete list of group companies can be found in the annual report 2021/22 on page 45.