

vidaXL sustainability approach

How we manage sustainability in our business



Introduction

Our approach to sustainability

We're aware our world is changing rapidly, and that climate change is no longer a distant concern. In order to ensure a better life for future generations we must look after the environment and develop a long-term perspective. We're optimistic about the future. We believe that protecting our planet and living affordably can go hand in hand. For us, building a successful business means making responsible decisions every day. As we grow as a business, we take more and more responsibility for the environmental footprint our operations leave across our supply chains.

Sustainability must become an integral part of our business processes. We believe that there is true value in sustainable and green initiatives. Improving sustainability doesn't only result in reducing harmful effects on the environment, but it also results in significant cost savings in the long run. We've identified different focus areas to help us minimize our environmental footprint.

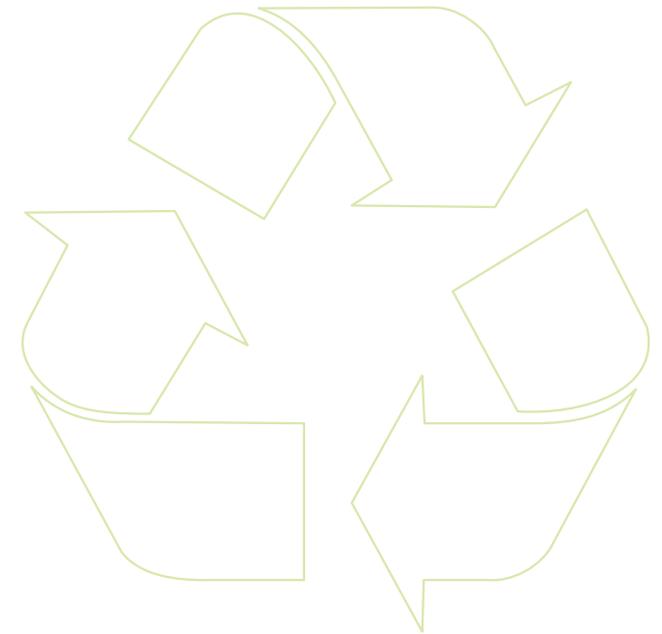


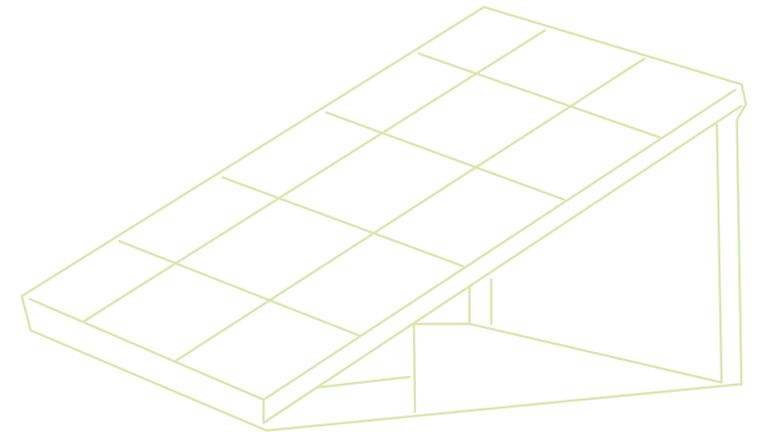
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Energy

Our first focus area is energy. We strive to minimize energy related emissions by reducing energy demand and by transitioning to renewable energy sources. We reduce our energy demand through optimization and efficiency. Our current distribution centre is run in a very efficient and energy saving manner. The distribution centres and offices are fitted with LED lights and sensors to automatically turn lights on and off as needed. Our current building has been developed according to the BREEAM 'very good' standard. BREEAM is the world's leading sustainability assessment method and rating system for buildings. We're striving for the same goal for our second building. We're committed to expand the development

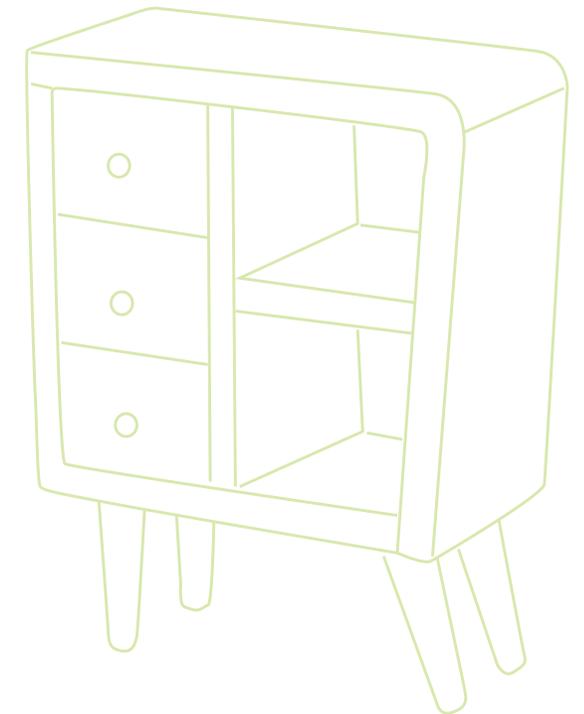
of our sustainable initiatives and take them to the next level. Our aim is to transition to renewable energy sources and reduce our carbon emissions even further. Before the end of 2020 we plan to have utilised 200.000 m² of rooftop surface with solar panels. A total of 70.000 solar panels will produce 19.125.000 kWh green energy yearly. These solar panels not only reduce our energy costs, they also significantly reduce our carbon footprint. Furthermore, Energy Efficiency Audit (EED) is applicable to our company. By proactively collecting information on our energy consumption, possibilities for future energy savings will be identified. This will help us increase our energy efficiency even more throughout our complete energy chain.



Deforestation

Deforestation is a significant environmental concern while demand for timber products is rapidly increasing in the developed world. We believe that businesses should acknowledge their responsibility and implement necessary measures to combat deforestation. To achieve this goal, we strive to use as little resources as possible to produce our products and source products made of recycled wood. Another measure is strictly following The European Union Timber Regulation (EUTR), which prohibits the sale of illegally harvested timber on the EU market. Our suppliers are contractually obliged to disclose confidential information about their wood sources to us. This forms the basis of our risk assessment and supply chain audits. We give preference to suppliers who can

demonstrate that their products originate from sustainably-managed forests. Suppliers can prove this by showing that they comply with forest management certification schemes such as the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC). Our purpose on the long run is that all wood used in our products should be recycled or come from forests which are verified as responsibly managed. We believe that doing business in a responsible manner and actively encouraging certification schemes in developing countries like Vietnam and India, will contribute to positive change.

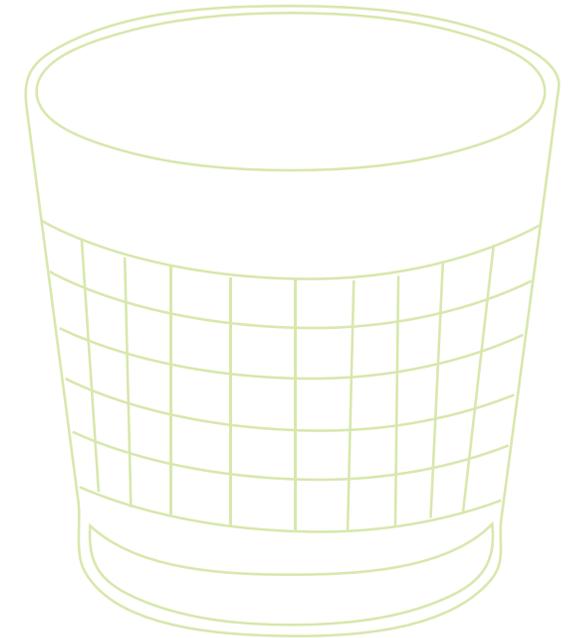


Waste

Reducing waste is crucial to minimize our environmental footprint. We continuously strive to reduce the amount of waste we produce. This not only happens in our buildings by saving energy and water through technology, but also through reusing and recycling products. In addition, we're looking for opportunities to avoid the use of hazardous materials.

We strive to reduce waste by maximizing the use of environmentally friendly waste processing methods such as recycling. We have a so-called 'spare parts stock'. This stock consists of product parts returned by customers. These parts are not damaged, or are repaired if they are, which means they are ready for use again. Whenever a customer needs a specific product part, we always check if we have spare part in stock and if that can be sent instead of a whole new product.

Furthermore, we strictly follow the disposal obligations according to regulations on Waste Electrical and Electronic Equipment (WEEE). To comply with these regulations, we finance take-back systems, waste treatment and recycling operations. We take responsibility for collecting and processing waste resulting from our products at the end of their life. Besides that, in France we comply to eco-tax on new furniture. The handling of household furniture has been entrusted to Eco-mobilier. Based on the same model as the contribution for WEEE, the tax is used to organize the collection, recycling and recovery of household furniture.



Transportation

Another focus area is product transportation. In order to reduce our transport emission, we not only look at our transport efficiency, but also at using more fuel-efficient vehicles and alternative fuels. One of the most effective ways is to move more goods with less fuel through smart packaging and fill rate optimization. We make sure our packaging is 100 percent fitted, so that we don't send air to our customers. Our aim is to always use the maximum space available and/or weight allowed.

Our inbound logistics, which for 99 percent is being executed via sea and rail routes, has a fill rate of 95 percent. Our outbound transportation is done via road and has a fill rate of 95 percent, this in contrast to the market average of 45 percent.

Our return transport has a fill rate of 60 percent. In addition, we're looking into alternatives to fossil fuels. Our current trucks drive on AdBlue diesel, which is an environmental solution to reduce harmful emissions. In the future we're considering switching to more sustainable alternatives such as LNG and electrical trucks.

Another factor that can contribute in reducing fuel use and carbon emission is driver behaviour on the road. We train our drivers on efficient driving techniques. Also, over the past few years a substantial shift has taken place from business travel to virtual meetings via video, web and phone. Regular information sessions and trainings are being held via virtual meetings.

