Sustainability Report 2018

Ensuring our promises are more than just words.
“What gets measured gets managed”

Peter Drucker
Management theorist
Preface

In our 36-year history, we’ve always done business with a long-term perspective. We invest in lasting relationships with our employees, customers, suppliers and all our other stakeholders. Relationships from which all parties can benefit. This stability and mutual trust lowers costs, gives us extra pride in what we do and simply makes life more enjoyable and rewarding.

Another benefit of a long-term focus is that it forces us to look further ahead. If we want to safeguard the continuity of our business over the long run, we need to imagine what the world will look like in 25 years. Which means we need to monitor changes in technology, politics, the economic climate, legislation, social standards and the environment. This approach drives innovation and constant reevaluation of our strategy and performance.

Social and environmental issues are increasingly important, as growing numbers of individuals, companies, institutions and governments become genuinely concerned about the wellbeing of our planet and its inhabitants.

We believe that if everyone does their bit, we can effect a real change and ensure future generations can enjoy life on this planet in the same way that we have been privileged to do so.
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Introduction

Dataflex has always tried to do business the ‘right’ way. We respect all individuals equally. We are concerned about the wellbeing of everyone involved in the production of our products. And we try to minimize our impact on the environment, while working hard to safeguard the continuity of our company.

In recent years, we’ve also further professionalized our organization and structured our sustainability program so we can make better-informed decisions to ensure our efforts in this area are effective. Our sustainability program is divided into three impact categories:

- Environment
- Health and wellness
- Social responsibility

Our goal is to continuously improve our performance in all three categories. So we can both learn from others and be a source of inspiration.

We believe that being open and transparent are prerequisites of success. The commitments we make will be watched closely by our stakeholders, giving us an additional incentive to deliver on them. Everyone is invited to voice his or her opinion of the program, and contribute new ideas and insights.

This first Annual Sustainability Report is a key part of this openness. The three impact categories form the common thread running through this document, which discusses our 2018 sustainability goals and results, and plans for the coming years. But we begin with a quick review of the main environmental improvement initiatives we’ve taken in the past five years.
Environmental improvements 2013-2017

In the past five years, we’ve launched many initiatives at Dataflex to lower our impact on the environment. Many were small, some a little larger. The timeline below offers a selection:

2013
All office workplaces get energy-efficient double flat screen monitors, improving worker efficiency and drastically reducing our need to print documents.

2014
We purchase our first electric vehicle and install a charging station at HQ. Currently, 36% of Dataflex vehicles are hybrid or full electric. Diesel is being phased out.

We switch to green-only power.

2015
We renovate our offices. We install LED lighting and a hyper-efficient air conditioning unit, with heat exchanger to cool and heat our building.

We install a shredder that turns waste cardboard into protective filling material.

2016
All Styrofoam is banned from Dataflex packaging.

We move to only using environmentally-friendly cleaning agents to clean our offices.

2017
We move to only using natural gas whose CO₂ impact is compensated.
Goals 2018

Our main goal for 2018 was to install systems and structures that give us more insight into the environmental impact of our organization and products. Knowing and measuring the exact source of this impact will allow us to efficiently manage its reduction over the coming years:

Environment
- Conduct Life Cycle Assessment (LCA) for at least 50% of our standard product portfolio by the end of May. LCA is a method to determine the environmental impact of a product over its entire lifespan.
- Obtain ISO 14001 certification for a functional Environmental Management System (EMS) by end Q2.
- Publish LCA results in our ‘Ecosheets’ by end Q3.
- Start return program by end Q4, as a first step in the transition from a linear to a circular business model (see text box below).
- Reduce gas, water and electricity consumption at our HQ in Krimpen aan den IJssel in 2018 by 10% compared to 2017.

Health and wellness
- Install a prevention officer to enhance employee safety by end Q2.
- Extend and structure the Company Emergency Response Team (CERT) to improve employee safety by end Q4.
- Structure reporting on hazardous substances in our products by end Q4.

Social responsibility
- Structure social reporting by end Q4.

Linear vs Circular

<table>
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<th>Linear business model:</th>
<th>Circular business model:</th>
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<td>Production, consumption, disposal.</td>
<td>No waste — after consumption, products and parts are reused multiple times. And once they’re ‘worn out’, the materials are simply recycled.</td>
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<td>This so-called ‘disposable society’ depletes natural resources and consumes too much energy.</td>
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Results 2018

We look back on 2018 with some pride. It was a good year for us financially and we were able to realize our sustainability goals. Our LCA calculations were admired by many experts for their depth and detail, as well as the broad number of products we assessed.

Environment

- LCA completed for 109 of our 204 standard catalogue articles (constituting 76% of our standard catalogue portfolio turnover) by the end of May.
- EMS implemented and audited, and ISO 14001 certificate obtained on 8 August.
- LCA results summarized in ‘Ecosheets’ that were launched in October at the Orgatec trade fair and on our website product pages. A new sustainability page on our website also provides background information on LCA.
- Return program launched at Orgatec in October (see text box).
- Gas, water and electricity consumption at our HQ over the past 4 years:

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<td>Gas (m³)</td>
<td>13 685</td>
<td>13 903</td>
<td>14 713</td>
<td>10 567</td>
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<tr>
<td>Water (m³)</td>
<td>183</td>
<td>321</td>
<td>302</td>
<td>213</td>
</tr>
<tr>
<td>Electricity (kWh)</td>
<td>154 023</td>
<td>157 648</td>
<td>140 799</td>
<td>141 532</td>
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Compared to 2017, gas consumption was down 28% and electricity consumption up 1%. These figures are partly due to optimizing our office heating system, which heats very efficiently using electricity but gas is still needed for very low temperatures and our warehouse. Another reason was the relatively warm weather in 2018. This lowered gas consumption, but a hot summer meant the air conditioning used more electricity. Water consumption decreased 30%, reflecting a successful water awareness program.
Health and wellness
- A trained prevention officer was introduced at the personnel meeting of 31 May.
- 2 people were added to the CERT. A team head was appointed and communication equipment acquired in November.
- Standard declarations were drafted for our compliance with Reach and RoHS, and made available on request in November. Suppliers have been informed of our more pro-active approach. We aim to verify and update these declarations annually.

Social responsibility
- Standard declarations were drafted for all major social issues and made available on request. These will also be verified and updated annually.

How our return program will shrink our footprint
Under our return program, participating customers agree to return a product to us when they no longer need it. We then ensure the materials are recycled as effectively as possible. The environmental gain, shown in our Ecosheets, varies per product but averages +/- 30%.

To better illustrate a product’s environmental impact, we ‘convert’ the impact into kilometers driven in an average car. On the right we see how the impact of our 58.122 Viewlite monitor arm shrinks as a result of the joint efforts of Dataflex and our customers.
What gets measured gets managed

The LCA results have given us invaluable insight into our environmental impact. This chapter summarizes our findings, which form the basis for our plans for 2019 and beyond.

Dataflex total impact

Instead of evaluating the consumption of gas, water and electricity separately, we can now look at the combined impact. The graph below shows how, of the three categories, the impact of gas is by far the largest (90% on average) and that of water negligible (0.4% in 2018). The combined impact of the three categories decreased 26% compared to 2017.

Impact of gas, water and electricity in kg. CO₂
For a more complete picture, we looked at Dataflex’s total impact in 2016 (results for 2017 and 2018 will be available soon). Of the total impact of all products sold (1463 tons of CO₂ equiv.), almost 92% was not produced by Dataflex directly. The bulk was caused by mining and refining the raw materials, and producing the parts. Of Dataflex’s direct impact, some 25% was caused by gas, water and electricity consumption, another 25% by commuter travel and about 50% by business travel.
Standardization
Another important lesson we learned is that nothing is straightforward in the world of LCA. There are many ways you can calculate your environmental impact. As a result, you generally can’t compare the numbers produced by different companies. For customers to be able to compare and choose different products based on their environmental impact, reliable standardized information is needed. Also providing an extra incentive for companies to lower the impact of their products.

An ISO norm for LCA calculations already exists, but is very broad because it has to apply to all possible products and services. The ISO norm therefore recommends Product Category Rules (PCRs) — agreements amongst companies within an industry that add detail for specific product categories. Once these norms are in place, external companies can audit and certify the validity of companies’ calculations.

Recycling
Recycling removes the need to mine or refine new materials, and bringing old materials back onto the market also saves a huge amount of energy. When products are returned to us, we guarantee the proper recycling of the materials wherever possible. However, in the Netherlands, for example, if a customer just throws them away, some 90% of all metals are recycled anyway. Moreover, it’s also almost impossible to get the plastic in our products recycled, as the quantities returned are too low to interest processing companies. As a result, we can’t guarantee the recycling of any plastics in our products.

So the only real way to lower the impact of our products is do something about the impact of the used materials. By making the products and/or parts last longer and using fewer materials or materials with a lower impact.
Plans for 2019 and beyond

Our newly-gained insights let us efficiently plan steps to lower our environmental impact. So the focus of our sustainability program will remain on the environment, though we will take steps to improve the program’s balance, using ‘Level’ (a sustainability standard for the furniture industry) as a guideline.

Environment

- Launch 15 Environmental Product Declarations (EPDs), verified by an independent third party, by the end of January. An EPD is a much more elaborate and detailed version of an Ecosheet. These will follow industry-specific PCRs (see Standardization) to enable industry-wide comparability and independent review.
- Extend LCAs to include the products of our three largest suppliers not currently calculated.
- Start compensating CO₂ emissions by end Q1 2019. Our ultimate goal is to reduce our impact to zero, but meanwhile compensation will help reduce the effects of our impact.
- Implement Design for the Environment (DfE) before end Q2 2019. DfE will help us design a new generation of truly circular products that retain real value after their first life — because they’re either undamaged or easy to fix, so that it makes financial sense to salvage parts or refurbish products for a second life.
- Close a recycling agreement for at least 15% of all orders over 50 monitor arms in 2019.
- Lower our total gas, water and electricity consumption impact in 2019 by 10% compared with 2018. More careful usage of heating and lighting will be key to achieving this goal.
- Phase out diesel and petrol company vehicles by the end of 2025.
Health and wellness

- Install a Health, Wealth and Happiness (HWH) team by the end of January 2019. This small team of Dataflex employees will initiate all kinds of social and environmental programs for colleagues to take part in. This way, we hope to increase involvement and creativity. The team will be given time, resources and more importantly, total freedom to initiate whatever they want, as long as it benefits the community or environment.
- Raise employee involvement by increasing personnel meetings, at which everyone is encouraged to voice their opinions and ideas, to 4 per year, starting in January.

Social responsibility

- Introduce ‘Level’. This furniture industry standard functions as an umbrella for many different theories and models that help organizations set and realize sustainability goals. Though certification is not our goal for 2019, we’ll use the standard to help us find more balance between the social, health and wellness, and environmental aspects of our sustainability plans. Adaptation and implementation of Level will grow throughout 2019.
- Publish standardized declarations and ISO certificates on our website, for even greater openness and transparency, before end Q2 2019.
Conclusion

At Dataflex, we believe transition towards a circular model is the future. As natural resources get scarcer, prices will rise. Governments will have to actively promote circularity to meet climate goals. Greater environmental awareness of consumers and companies will increase demand.

Our efforts to further improve the social aspects of our business will help maintain our long-term relationships. A high level of trust, as well as being used to dealing with one another as individuals and organizations, significantly lowers legal, training, switching and other costs.

In short, we believe our plans for people and planet will naturally safeguard the continuity of Dataflex for a very long time.
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