



VAN OS-
SONNEVELT

COMMUNICATION ON PROGRESS
2016-2017

Content

Preface	p. 3
1. Measurable commitments	p. 5
2. A sustainable sourcing strategy	p. 7
3. Comments on key indicators	p. 8
4. Key indicators	p. 10

This Communication on Progress is published on the websites of the United Nations Global Compact (www.unglobalcompact.org) and Van Os-Sonnevelt bvba (www.vanos.eu). The report reflects the progress the organization has made relating to the 10 principles of the United Nations Global Compact in the period 1 July 2016 to 31 June 2017, as part of its continuous effort to make business more sustainable along the triple bottom line people-planet-profit.

For a full overview of the Van Os-Sonnevelt sustainability program, please check our website www.vanos.eu. For a hard copy version of our sustainability reports, please send an e-mail to info@vanos.be.

PREFACE

In the wake of the presidential elections campaign in the United States, one particular concept has come to the foreground in civil society: post-truth. In November, post-truth was elected word of the year by Oxford Dictionaries. Although academics, politicians and opinion leaders may differ in their interpretation and appreciation of the concept, the title 'word of the year' shows one thing: the unneglectable influence of social media and its vox populi on people, politics, policies and principles. Much more than objective facts, emotions set the agenda and determine the context.

Initially, the post-truth concept strongly referred to politics. The term post-truth politics became popular during the Trump presidential campaign, but quickly expanded to other themes and areas of society. What is responsible, correct, ethically right, true is more than ever determined by what people believe it to be. In many cases, the public debate on important issues that are of interest to entire humanity, have further polarized into two opposed camps of believers and non-believers. *There is no global warming, biodiversity is not at risk, there is no plastics soup in the oceans, poverty is not issue...*



At the end of 2015, the Sustainable Development Goals were formally adapted by the United Nations General Assembly. The 2030 Agenda on Sustainable Development is ambitious in confronting the injustices of poverty, marginalization and discrimination, and it offers a more stable hold for companies who are determined to become more sustainable themselves.

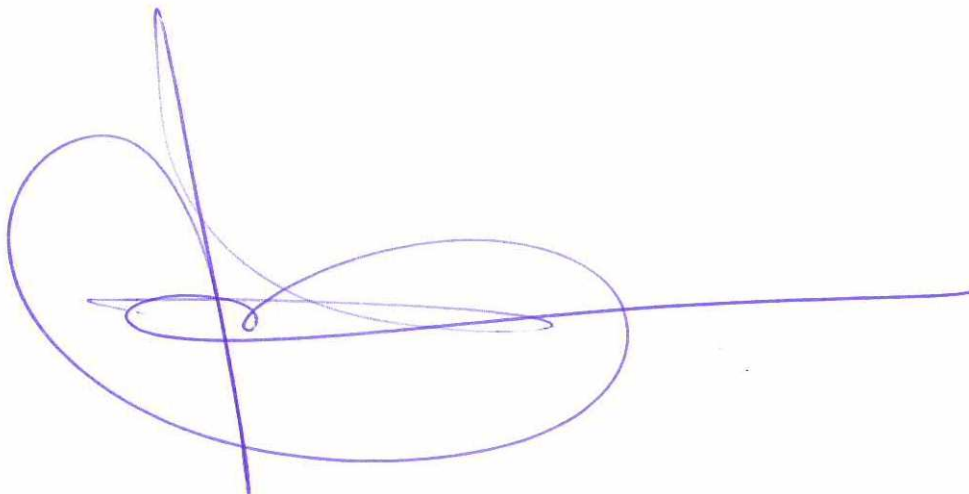
For a small organization like Van Os-Sonnevelt, the Sustainable Development Goals offered – and continues to offer – a new framework to focus ambitions and efforts. As a member of The Shift, the Belgian sustainability network, we were invited to link up with at least one, preferably more of the SDG's, and commit to specific, measurable improvements or results.

As many of our efforts are governed by our ISO 9001 Quality Management System and hence are embedded in procedures and daily routines, it is often a challenge to identify and implement measures that lead to significant progress on the triple bottom line. In a mere theoretical approach, one could design disruptive measures or even a paradigm shift that would lead to such progress. In practice, however, the current situation in the events business makes a piecemeal evolution much more advisable.

Over the last years, Van Os-Sonnevelt had to review some of its ambitions regarding sustainable business, urged to do so by the economic situation in Belgium and the surrounding countries. Unfortunately, for the period this Communication on Progress refers to – July 2016 to June 2017 – the situation is none different: although some indicators are undeniably positive, the overall economic growth in Belgium remains below expectations. This negatively affects the entrepreneurial climate and the MICE industry as a whole, - and it limits the maneuvering margins for our company.

Notwithstanding the challenging phase our company is going through, we remain entirely committed to the United Nations Global Compact, its goals and ambitions, and the opportunities it creates for small businesses to connect with like-minded companies around the globe.

Londerzeel, December 13th 2017

A handwritten signature in blue ink, consisting of a large, stylized 'G' followed by a horizontal line extending to the right.

Gerard van Os

General manager

1. MEASURABLE COMMITMENTS

Being a member of the Belgian multi-stakeholder sustainability network The Shift, Van Os-Sonnevelt was invited in September 2016 to select a number of Sustainable Development Goals that are relevant to its business and formulate specific, measurable and time-based commitments for each of the selected goals. Although the commitments are dynamic and can be modified/tightened over time, we present them hereafter in their original form, as submitted and published on the website of The Shift:

SDG 11. Sustainable cities and communities

In the coming years, Van Os-Sonnevelt will continue to reduce the ecological impact of transport to and from venues and the warehouse. A variable transport fee has been created to discourage tailored deliveries and returns of small volumes and to encourage group deliveries and returns.

We aim at improving a number of ratios that relate to the transport efficiency with 1.5 percent per year over the next 5 years. These ratios include, but are not limited to kilometers/turnover, kilometers/EBITDA, total road tolls/turnover and total road tolls/EBITDA.



Furthermore, we commit to shift our transport fleet from Euro 2 and Euro 3 engines to Euro 6 or higher within a four year time frame.

SDG 8. Decent work & economic growth

Notwithstanding its dependency on biennial event cycles and large fluctuations in the event industry, Van Os-Sonnevelt remains true to the principle of full-time permanent contracts for its employees and collaborators.

Although we recognize the objective value of temporary labor and outsourcing in some industries and some business model, we aim at keeping all employees aboard, in spite of a decline in the number and size of exhibitions, by developing new, attractive service concepts for our target markets.

In comparison to the financial year 2015-2016, we want to realize a growth in turnover of 5 percent in the financial year 2017-2018.

SDG 12. Responsible consumption and production

After having joined the United Nations Global Compact in July 2010, Van Os-Sonnevelt started scrutinizing its suppliers in search of sustainable alternatives. The criteria used include, amongst others, the exclusion of child labor and forced labor in the entire value chain, a written and publicly accessible commitment of supplier regarding the reduction of non-renewable resources and materials, certification and/or generally accepted labels, proximity of the supplier.

Van Os-Sonnevelt commits to a further reduction of non-biodegradable detergents, used for cleaning the furniture and masking light damages, with five percent per year and replace them by biodegradable, ecofriendly alternatives.

SDG 4. Quality education

Over the last decade, Van Os-Sonnevelt has considerably contributed to the quality of education, both locally and in the southern hemisphere, sharing its competences and knowledge in the fields of exhibitions, marketing & communication, international trade and business management.

On a local level, Van Os-Sonnevelt is involved in curriculum development at university colleges, receives students for a guided tour and a presentation on marketing and live communication and provides guest lectures at a number of university colleges and schools.

Through its branch Expo-id, educational products are developed for (young) adults in Southern Asia and made available pro bono to the benefit of educational programs at schools and universities. In the next two years, Van Os-Sonnevelt commits to double the number of pro bono sharing projects and to develop new educational products.

For most of the commitments, the evolution is on schedule. However, some of the commitments depend on demand from other stakeholders. This is particularly the case for our commitment to Quality Education (SDG 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."). Educational activities in the southern hemisphere – both as a core assignment and as a spin-off of those assignments – depend on assignments by major patrons like CBI and EuropeAid. This, however, does not affect Van Os-Sonnevelt's strong beliefs that good education is the gateway to prosperity and dignity and that it adds to global welfare and peace. Hence, we continue our support to several initiatives that make education more accessible, more performant and more inclusive.



2. A SUSTAINABLE SOURCING STRATEGY

2.1. Investment goods

In previous reports, we voiced concerns about the uncomfortable situation Van Os-Sonnevelt is in: for our most important investment goods – branded design furniture from leading manufacturers – we depend on a number of companies that, in spite of their reputation worldwide, do not have a clear sustainability strategy. This situation has changed significantly in the course of 2016: an increasing number of existing suppliers have done efforts - and documented them – to offer more sustainable products, while a number of new designers and manufacturers have successfully launched innovative, durable collections that appeal to the tastes of international customers.

All of the products that have been added to the rental program in 2016 and 2017, are more compliant with the environmental, labor and social welfare criteria we maintain. Some of the products in high demand, are based on typical upscaled re-use material like scaffolding wood.

Although cradle-to-cradle is still in a highly experimental phase for the design furniture industry, we are confident that the combination of clever design and our typical approach to 'recombined' furniture, will lead to even more sustainable solutions in the very near future.

2.2. Consumables and auxiliary materials

Most of the consumables in the core processes at Van Os-Sonnevelt are used to make the furniture used by one customer fit again to be rented out to the next customer. Every step in this process is documented in detailed instructions, aimed at optimizing the process. All instructions and the activities they refer to, are analyzed on a yearly basis and audited by external assessors every two years.

An ongoing rationalization and optimization of the way individual pieces of furniture are packed before shipping allowed to further reduce the consumption of protective plastic sheet during the last year. Customers now specify whether or not they want the furniture individually packed or, preferably, delivered without protective sheet.

We are closely monitoring recent developments in the field of packaging technologies and biodegradable resins and foils. We hope to be able, in the next few years, to source more sustainable packaging foils that are compatible with the current technical equipment for automated packaging.

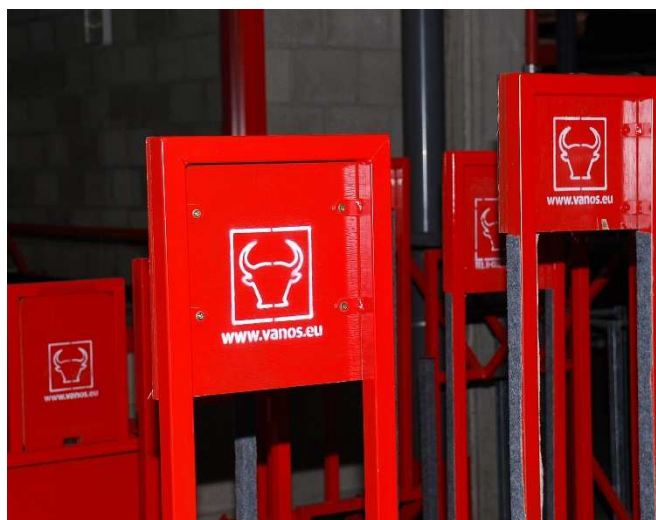
In its processes, Van Os-Sonnevelt also uses a number of detergents and cleaning products to clean, recondition or touch-up the furniture after every use. A number of

eco-friendly products – especially degreasers and general purpose cleansers – were successfully tested in 2016 and implemented in 2017.

3. COMMENTS ON KEY INDICATORS

3.1. General activity level

Activities at Van Os-Sonnevelt are determined by a biennial cycle: typically the last quarters of odd years and the first quarters of even years are busier than the last quarters of even years and the first quarters of odd years. For the period July 2016-June 2017 this report refers to, this translates in a significant drop in gross margin and EBITDA in comparison to the July 2015-June 2016 exercise. Compared to the July 2014-June 2015 period, however, we see an increase in gross margin of nearly 3.5 percent. This is slightly better than the overall economic growth in Belgium, – our main market.



At the moment, the first signs of an economic revival are being monitored, but it takes time for economic growth to translate into a higher level of activity for the events industry. After the financial crisis of 2007-2008, the events industry managed to hold its position for several years, but it equally seems to run a few years behind when the economy gains momentum again. We are, however, confident that significant growth is within reach. For that reason, we did considerable investments in the furniture program – up 218% compared to the 2014-2015 period.

3.2. Employment

Van Os-Sonnevelt managed to maintain its approximately 16 FTE. Compared to previous years, however, the use of temporary labor was much lower. Moreover, for longer periods we had to recur to the Belgian system of economic unemployment for several months in a row: in one month under this regime, employees work one week and stay at home three weeks ; the active week is paid by the employer, the inactive weeks are compensated by the National Social Security Office.

Although this system of temporary unemployment has the obvious benefit of securing an income for our employees in periods of low activity, it poses a considerable burden on the company's administration and it negatively affects team morale.

We are confident that the event industry in Belgium and Luxemburg will revive in the next few months and that, as a result, we will no longer have to recur to the system of economic unemployment in the next reference period.

3.3. Absenteeism

With a total number of 16.4 FTE, the absenteeism indicator is highly susceptible to individual employees' behavior. This has been the case in 2013-2014 and 2014-2015, where one persons absence made the absenteeism percentage rise to 8.91 and 10.04 percent respectively. For the fiscal year 2016-2017 the level of absenteeism hovers around 5%. Although this number is no longer alarming – and once again highly determined by the absence of one person over a longer period – we are aware that work-life-balance may become an issue in the busier periods of the year.

Considerable investments have been made in the automation of processes, especially in the planning department. Although the new software has not yet been fully rolled out, we are confident that the new tools will lead to a faster treatment of orders and reduce the number of over-hours in the planning department.

3.4. Environmental indicators

Most of the indicators that refer to the consumption of energy and the production of non-recyclable waste show a positive evolution. However, most of the positive results are due to the relatively slow business in the reference period and to a much lesser extent to structural measures.

Reducing waste and using resources in the most effective way were key principles of the ISO 9001 quality system that has been adopted in 1994, and they continue to trigger a number of ad hoc measures with a small positive impact on our ecological footprint.



One of the challenges the company is facing, is that the current consumption of water and fossil fuels does not justify a disruptive shift towards new technologies: any progress we can make in the years to come, will be generated by broadly adopted technological innovations, e.g. the replacement of depreciated vehicle with new ones with a higher EuroCAP efficiency score.

3.5. Residual waste

Until 2013, the residual waste was collected and processed by a service company that charged per kilogram of waste. It then amounted to slightly above two tons per year.

As the waste collector discontinued its services in the Londerzeel area, we had to contract a new provider. This new provider does not have a weighing system on its collection trucks, hence we can no longer communicate precise amounts. However, taking into account that over the last two years, we shifted from a collection every fortnight to a collection every three weeks, we have good reasons to assume that we reduced residual waste from 2.18 tons in 2013 to under 1.5 tons to date.

Belgium, and more precisely the region of Flanders, is one of the worldwide front runners in recycling waste. Currently, our company, like any household, recycles paper and cardboard, glass, wood, plastics, metals, batteries and organic garden waste. Notwithstanding the good results, we continue to raise awareness within the team on the subject of waste reduction.

4. KEY INDICATORS

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Gross margin	974,798 €	1,028,579	941,989	1,048,327	1,113,107	1,185,045	1,088,298	1.321.822
EBITDA	73,984 €	74,353	153,587	170,304	87,990	55,386	65,803	75,842
Investments	168,243 €	178,780	76,914	7,994	108,812	430,498	215,758	92,373
Wages & salaries	769,562 €	887,355	796,514	809,951	858,913	857,754	900,967	1,021,902
Employer contributions RSZ-Social Security	158,681 €	181,060	165,735	188,496	98,361	96,038	203,275	234,651
Employer contributions Group Insurance Plan	21,531 €	20,447	18,549	19,830	7,563	6,992	19,097	24,954
Employer contributions Hospital Insurance	3,322 €	3,330	3,285	3,224	3,151	3,278	4,148	4,094
FTE	16.40 FTE	16.60	15.10	16	16.10	17.50	18.20	22.30
Vocational training hours	78 hours		70	95	117.50	172.55	239	165
Absenteeism	5.01 %	4.6	8.91	10.04	.00	.58	.6	

4. KEY INDICATORS (cont.)

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Electricity	33,854 kWh	36,279	35,537	35,065	44,350	46,965	61,848	73,292
Water	157.00 m³	159.00	145.00	151.00	77.00	87.00	30.85	45.30
Gasoline	23,201 liter	27,698	23,462	29,000	28,000	34,600	30,000	32,000
Gas	25,542 m³	25,478	27,875	24,274	45,005	35,790	(36,800)	38,226
Residual waste	/	/	/	/		2,187	2,865	3,795
Wood waste	0 kg	0	0	0	840	1,020	3,540	12,440
Packaging waste	900 kg	920	1,200	1,140	1,540	660	720	1,000

