

An aerial photograph of a river delta, showing a complex network of blue water channels and brown, sandy land. The water flows from the top left towards the bottom right, branching out into smaller channels. The land is characterized by its textured, eroded appearance.

# E I C H H O L T Z

ESG SUMMARY REPORT 2022





# A SHARP FOCUS ON ESG

Working to create a better, more sustainable future requires a long-term commitment from Eichholtz.

An honest commitment to constantly examine, refine, and improve our business practices at Eichholtz has led to considerable progress in the six priority areas of ESG (Environmental, Social and Governance) we set out in 2021. Building on Eichholtz's founding philosophy of delivering the finest quality furniture and lighting that will last a lifetime, means establishing achievable goals for ourselves, our supply chain and throughout the industry. In this summary document we outline our ESG areas of priority for both the short- to mid-term.

E I C H H O L T Z



# ATTAINABLE STANDARDS WILL CREATE LONG-TERM CHANGE

At the heart of Eichholtz is a long-held great spirit of entrepreneurship. That means taking every opportunity to challenge, evolve and innovate the way in which we operate. The key for us as a business is to constantly improve our best practices and create goals for ourselves. Those specific objectives should be measurable to set about change in the best way possible.

With ESG now fully incorporated into our recruitment and purchasing procedures we're also seeing great progress with the company's overall culture and much improved sustainable packaging.

Where we have influence, the key is to use it wisely. That means being able to impact on our supply chain and our own employees positively. With a team of over 150 people producing over 500 new products each year our scale

offers us the opportunity to advance the conversation around ESG throughout the industry while also providing a safe and productive environment for our employees, suppliers, and clients.

By being transparent as a business we're showing our commitment to the high ESG standards we've set for ourselves. Our wish is that by setting an example we're able to encourage others in the industry to do the same. We know that keeping sustainability high on a business agenda isn't an easy one – the entire industry is still learning and reforming – but we're committed and optimistic about the change we can all make.

“The key for us as a business is to constantly evolve our best practices and create achievable goals.”

**MICHIEL HERKEMIJ, CEO**



# STEPS IN OUR ESG JOURNEY

2019

- Established Eichholtz ESG roadmap 2019-2023
- Implemented code of conduct policy
- Implemented energy-saving methods, Energy Efficiency Directive audit on HQ, awarded EU energy label A



2020

- Increased implementation of LED lightbulbs and reduced cooling of server room at HQ
- Completed ESG Audit with MJ Hudson



2021

- Applied for SDE subsidy for solar roof
- Completed ESG Audit with MJ Hudson and defined KPIs



2022

- Installation of 5000m<sup>2</sup> of solar-panelled roof at HQ
- Increased electric vehicle charging stations at HQ
- Co2 measurement and reduction tool and LCA (life cycle assessment) software in place
- Started GPTW employee survey
- Joined AMFORI, BSCI and BEPI
- Finalised new packaging instructions per item category including use of sustainable packaging



2023

- Intention to replace all lighting in showrooms and warehousing operations with LEDs
- We will increase share of near-shored suppliers
- Expect to perform pilot programme with LCA assessment
- Share new T&Cs for purchasing, including requirements for monitoring, and improving working conditions
- Plan to on-board suppliers to BSCI
- We will improve waste separation at HQ

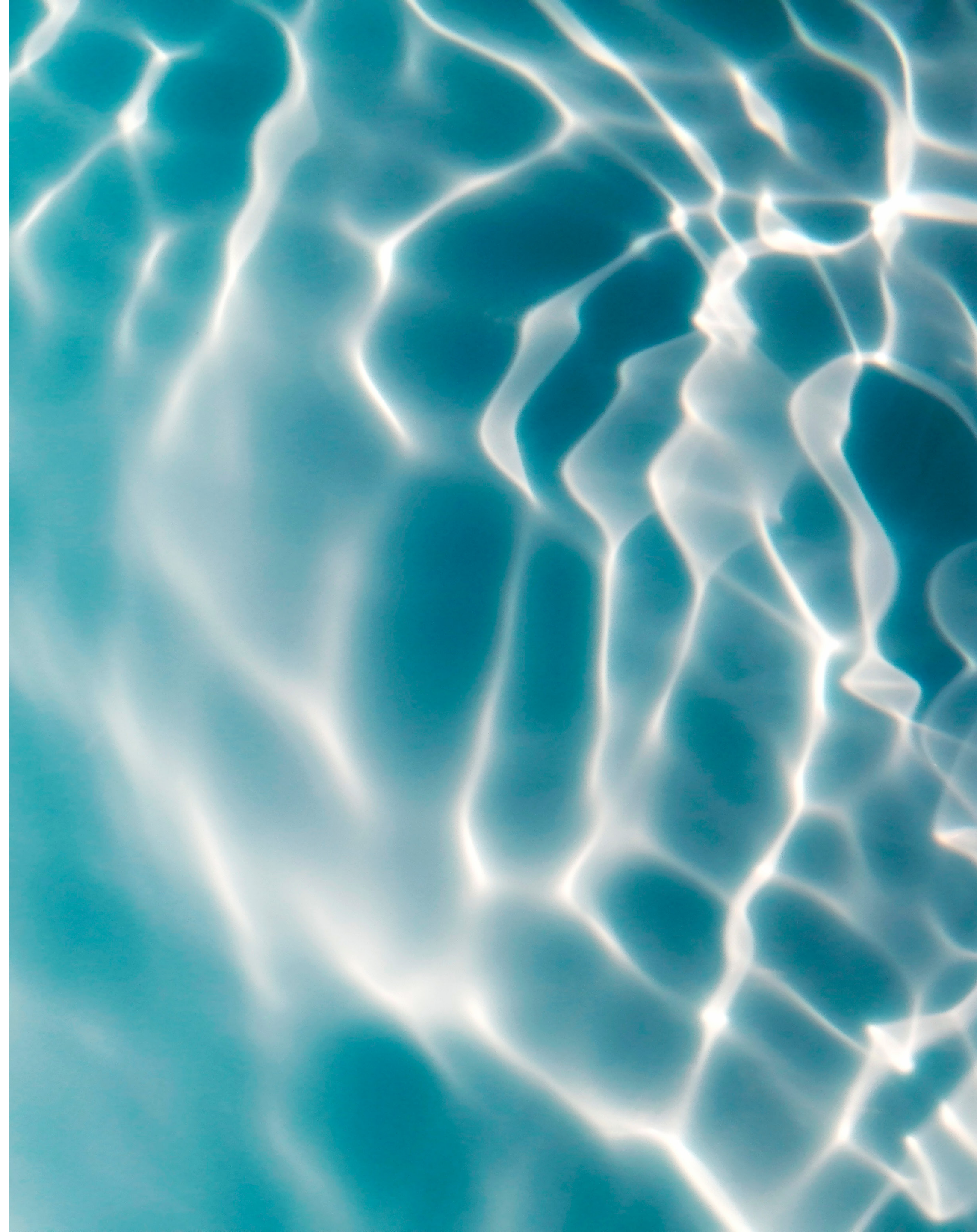




# MEASURING OUR ESG ACHIEVEMENTS ACROSS OUR SIX KEY PRIORITIES

By working with a framework of these six focal points, our senior management team has been able to establish and propel forward our ESG agenda. Promoting these aims throughout the business encourages progress and accountability and a deeper understanding and commitment to our ESG programme.

- Energy and carbon
- Employee health and safety
- Supply chain control and business ethics
- Fair labour practices (upstream)
- Product and packaging sustainability
- Product quality and control





# 2022 BY THE NUMBERS



933  
(TCO<sub>2</sub>-EQ)

CARBON FOOTPRINT <sup>1</sup>



46%

GENDER DIVERSITY  
AT EMPLOYEE LEVEL



2.4%

ABSENTEEISM <sup>2</sup>



7/7

KEY POLICIES  
IN PLACE <sup>3</sup>



69%

GPTW  
SURVEY



8.0  
(TCO<sub>2</sub>-EQ/€ M REVENUE)

CARBON FOOTPRINT <sup>1</sup>



33%

GENDER DIVERSITY AT  
SUPERVISORY BOARD LEVEL



0%

ACCIDENTS (LTIF) <sup>4</sup>



16%

EMPLOYEE  
TURNOVER <sup>5</sup>



21%

RENEWABLE ENERGY  
CONSUMPTION <sup>6</sup>

<sup>1</sup>. This calculation is non-exhaustive, and include gas/electricity consumption solely from HQ in the Netherlands, carbon emissions due to business air travel, and fuel consumption from Eichholtz's owned fleet | <sup>2</sup>. At HQ  
<sup>3</sup>. Eichholtz has the following policies in place: ESG policy, code of conduct, anti-corruption/bribery, whistleblowing, purchasing policy, and data protection and privacy. It plans to implement an annual employee survey by the end of 2022.  
<sup>4</sup>. LTIF is defined as the number of non-fatal accidents per million hours worked with >3 days of absence from work | <sup>5</sup>. At HQ | <sup>6</sup>. Non-exhaustive





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That means taking every opportunity to challenge, refine and innovate the way in which we operate.”

MICHEL HERKEMIJ, CEO





# ENERGY AND CARBON

With energy consumption high on our agenda – principally the use of gas and electricity in the Eichholtz offices and warehouse – there are significant moves to reduce our footprint. Upstream production and logistics become a major focus for the year ahead.

## NET ZERO

As a company we've made significant gains in our ambitions to reach net zero in greenhouse gas emissions at our HQ which has been a key priority. The reduction in Scope 3 transport and manufacturing emissions is underway and succeeding along with exploring more energy-intensive upstream activities.

## ENERGY SAVINGS

Our performance in 2022 included installing 5000m<sup>2</sup> of solar paneling at our Eichholtz HQ saving 204MWh of grey electricity consumption. Eichholtz plans to switch the LED lighting throughout the entire showroom and warehouse. EV charging stations at HQ have increased from eight to 12 units. Research to enable Eichholtz to switch its transport fleet to electric vehicles is underway. An alliance with transport partners has resulted in a carbon reduction strategy. In addition, there is Smarttrackers' CO<sub>2</sub> measurement and reduction tool in place.

## EMISSIONS INSIGHTS EXPAND TO SCOPE 3

By Q4 2024 we aim to have more insight into our carbon footprint and better understand available resources to starting measuring Scope 3. Data collection is largely dependent on the cooperation of suppliers and access to sites so cooperation here is essential to align with the Science Based Targets initiative.





# EMPLOYEE HEALTH AND SAFETY

The growth of the business is a vital part of our intentions. Attracting and retaining talent is crucial so with that in mind, Eichholtz is dedicated to continuing to provide a well-managed environment for the health, safety, and well-being of all its employees which will lead to a greater appeal to and retention of personnel.

## A PRODUCTIVE PLACE TO WORK

Building on our objectives for the past year to ‘create a high-performing great place to work’, Eichholtz is engaged in providing employee satisfaction surveys, continually improving working conditions, and is now offering employee development with the inclusion of vocational training programmes.

## BOLSTERING OUR TEAM

Eichholtz is partnering with recruitment agencies to seek out and retain new talent. Our ESG team is growing and now includes a dedicated ESG officer, who reports directly to the CEO – the direct report being an indication of the high priority this area deserves.

## INTREGRATING ESG INTO OUR CORPORATE CULTURE

As part of the on-going commitment to ESG, we’ve noticed that our personnel and new hires – often younger members of the team – expect transparency, honesty, and highly value sustainability. That has encouraged us as a business to further address formulating long-term targets relating to health and safety as well as explore a working from home policy.

“Engaging our team in the conversations around ESG has been incredibly rewarding. Our employees are interested and are as keen as the leadership team to progress our commitment to work in a more sustainable way.”

RUBEN ALEBREGTSE, CFO





# SUPPLY CHAIN CONTROL AND BUSINESS ETHICS

With a broad network of suppliers across the globe, Eichholtz remains aware of the social and governance issues that long supply chains pose. We remain committed to keeping track of operations upstream and decreasing our footprint.

## **MAKING THE SUPPLY CHAIN MORE EFFICIENT**

With the lion-share of our suppliers based in SE Asia we're in the process of near-shoring elements of production by bringing some of it to Turkey, Romania, Italy and Poland to decrease our footprint. We've addressed local warehousing by opening a warehouse in the US while also investigating additional sourcing from Europe.

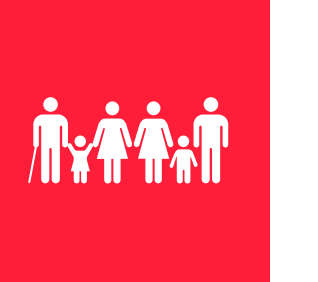
## **INCREASING SUPPLIER MONITORING**

With supplier monitoring an established priority for Eichholtz, despite COVID-19 proving an obstacle, we've been able to increase our monitoring visits. Of our 100 suppliers we aim to visit our key suppliers each year to check on progress. In addition, we hold a monthly Business review with Rivean Capital to present developments and discuss how to further advance our predefined aims. We will be adding a Development Director to our team to oversee these aspects of the business.

## **DOCUMENTING SUPPLIER AUDITS**

Eichholtz has now joined AMFORI BSCI and BEPI to formally monitor and audit suppliers and urge them to comply with our supplier codes of conduct as set out by the Ethical Trading Initiative (ETI) Base Code. We have had positive results from the first round of invitations.





# FAIR LABOUR PRACTICES

With many of the Eichholtz suppliers located around the world, we as a business feel that by applying the BSCI standard and having joined AMFORI and BEPI we are better placed to advise our suppliers to adopt the same transparent fair labour practices as set out in the EU.

## ENHANCED TRANSPARENCY OF SUPPLIERS' LABOUR

In 2023 we'll be exploring warehousing in Asia to increase local visibility of suppliers, implementing ISO 9001 certified suppliers, and research EU based suppliers, as ways of improving our monitoring of labour practices.

## LABOUR AS PART OF PURCHASING AGREEMENTS AND

### SUPPLIER ASSESSMENT

Encouraging our suppliers to adopt higher standards of labour practices to align with those of EU and USA is a priority for Eichholtz and one we feel is critical as part of our purchasing process. Updated contracts and supplier/vendor assessments are essential.

## FAIR LABOUR PRACTICES

We've seen increased engagement with suppliers on their BSCI scoring with the aim of reaching 80% by 2024. This is in part due to active stewardship through training opportunities and offering advice and support.





# PRODUCT AND PACKAGING SUSTAINABILITY

Finding authentic green solutions is part of our active strategy at Eichholtz. By working with packaging consultants to improve our packaging recyclability we're also looking to reduce our environmental impact with the use of FSC certified wood, more energy efficient products and the way in which products and packaging are disposed.

## CIRCULARITY AND SUSTAINABLE MATERIALS

We've planned a pilot scheme to separate plastics and Styrofoam into clear plastics for re-use and Styrofoam granulate. This is in addition to a local initiative with Oscar Circular to improve waste separation. Additionally, we're researching Global Recycle Standard (GRS) for our materials for products and packaging and working on more sustainable materials and fabrication methods. Certified wood, covered by FSC and EUTR, is now used in the fabrication of Eichholtz furniture. We're also researching the use of recycled materials and fabrics in our product line with a view to developing a circular collection. Eichholtz will start highlighting to customers partially circular items in the collection.

## DEVELOPING SUSTAINABLE PACKAGING

With investment in time, effort and capital devoted to improving our packaging means exploring the possibility of working with paper honeycomb instead of bubble wrap as a sustainable packaging alternative. This will require extensive revisions and therefore poses various obstacles which will force us to innovate to reach these targets.

## LED LIGHTING ALTERNATIVES

By gradually transforming our lighting products to incorporating LEDs has demonstrated clearly that by shifting one's mindset we are able to implement the use of new materials and innovate our products. This fresh perspective means that sustainability doesn't have to come at the cost of quality or design, instead indicating that ESG and value creation work in tandem.





# PRODUCT QUALITY AND CONTROL

While we're pleased that no notable product safety issues have been reported nor product recalls, we're always working to improve safety for the end-user. Ensuring and maintaining product quality is crucial for the future of the business.

## DOCUMENTING CUSTOMER SATISFACTION

Despite there being no safety issues for the past 30 years Eichholtz remains committed to improvement overall. We are measuring customer satisfaction scores and plan to put in place a quality management system with achievable KPIs set out.

## MANAGING COMPLAINTS AND QUALITY ISSUES

As with any business there is always some returned stock which for Eichholtz is minimal. By implementing pre-shipment production checks, physical sample checks upon arrival and certification and production according to CE/UL standards we can keep our issues nominal. Many of our components and products can be reused and recycled. We're also able to transparently resell damaged goods.

## IMPROVING PRODUCT QUALITY

High quality products mean better sustainability. From this year we are monitoring product returns in detail to understand more clearly areas of required improvement. Poor quality finishes, poor handling within the supply chain are causes. By obtaining relevant certifications and set quality and safety targets we will be able to deliver higher quality, longer-lasting products that have less environmental impact in the long-term.

“We're making strides with recycling and reuse across many of our components and products.”

MICHIEL HERKEMIJ, CEO



# CONTACT DETAILS

FOR FURTHER INFORMATION OR ANY QUESTIONS CONCERNING  
THE EICHHOLTZ ESG POLICY PLEASE GET IN TOUCH WITH OUR TEAM

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