



**Sustainability report 2022**

## CEO statement

For Dancover 2022 was a year of constant disruption caused by the aftermath of Corona, uncertain supply chains, the war in Ukraine, the energy crisis and inflation in the world market. All in all, a demanding year with major challenges on several fronts, yet with joint efforts together with our employees, we have succeeded in increasing our turnover once again.

In this report for 2022, you will find information about the initiatives we have launched and about the results we have achieved. We are committed to the UN Global Compact and to working with the UN Sustainable Development Goals. (SDG's) and we are continuously working on different initiatives as we strive to adapt sustainably to the market and the outside world.

We work with sustainability both externally, as our tree planting initiatives, but also in our office and warehouses, where we seek to optimize our work environment and create bigger awareness and consciousness about sustainability and CO2e emissions. We take action where it has impact and we want to be ambitious but at the same time realistic, which we have managed well throughout 2022.

Hellebæk, May 2023



Henrik Boserup / Xin Zhuo  
CEO CFO

## About Dancover

Established in 2003, Dancover A/S is the leading European supplier of a wide selection of products and equipment for event, party, garden-life, incl. party tents, gazeboes, greenhouses, and various storage solutions, for both private customers and professionals.

We have combined our many years of experience and knowledge, with highly specialized and dedicated product development. For many years, this strong combination has made Dancover the natural choice for thousands of happy customers all over Europe. As the leading supplier within many product categories, we set the standard in high quality, price, and service.

Dancover's head office, as well as warehouse, are located in Denmark. We see ourselves as an international company and meet our clients personally, in both language and service experience. With well over 60 dedicated employees, you can always expect a great personal experience when buying from us. Our main suppliers are located in the far east, and across the European supplier landscape.

As we have gained momentum and experience as an international e-shop, we have launched many of our own, registered brands. We are proud to have brands such as FleXtents®, CosyLifeStyle®, ProShed® and Modularo® among many others. These popular brands include a large selection of quality products within most of our main categories such as Garden, Storage & Covering, Event and Party.

In our value chain, we operate from design & development to sourcing & production, as well as sales and customer service. It can be illustrated as follows:



## Sustainability Strategy

As we acknowledge Dancover's impact on both the environment and the climate, it is essential for us to continuously work on a variety of sustainable initiatives. Our sustainability work is a transformational journey and not a process done overnight, however, we seek to do a little better every day.

We wish to keep our focus on heightening green awareness throughout our value chain, for our suppliers, our customers, and employees. This will be done through various focus areas.

These areas range from a continued focus on developing sustainable and recyclable materials for our products to implementing a Supplier Code of Conduct, planting trees when our customers place an order, as well as implementing sustainable processes and mindsets in general throughout the company.

We will keep our employees involved and informed in our sustainable initiatives by continuously sharing our progress through internal newsletters and by getting them involved in the projects.

For our customers, we see a future in offering them products that are produced with a focus on sustainable materials, as well as products that support self-sufficiency at home for a greener lifestyle.

With our sustainability work, we wish to contribute to the very important and necessary work of reducing CO<sub>2</sub>e emissions, as well as keeping a good and safe working environment in the company.



As part of our commitment to sustainable and responsible business practices, we have aligned our strategies and operations with the Ten Principles of the United Nations Global Compact since 2022. We are committed to respecting human and labour rights, safeguarding the environment, and working against corruption in all its forms.


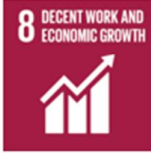


The UN Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment, and anti-corruption and to take action in support of UN goals and issues embodied in the Sustainable Development Goals (SDGs).

Each year, we are required to fill out a comprehensive questionnaire, the so-called *Communication on Progress*, which showcase how we work and what we have established in relation to the Ten Principles.

### UN Sustainable Development Goals

Our selected UN Sustainable Development Goal (SDG) targets to focus on:

SDG Target	Description of target	Contribution
	<b>15</b> <i>Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests and halt biodiversity loss</i>	Each time you place an order with Dancover, we plant a Mangrove tree. We do this to help restore the forests and to help protect the land and the population. Mangroves or “miracle trees” are incredible for storing carbon – they store up to four times as much carbon as other tropical forests.
	<b>12.5 / 12.8</b> <i>Substantially reduce waste generation. Promote universal understanding of sustainable lifestyles</i>	Expand our waste sorting scheme so more waste are sent to be reused. Increase sustainable awareness throughout our operations.
	<b>8.8</b> <i>Protect labour rights and promote safe and secure working environments for all employees.</i>	Encourage to a good and healthy work environment at the Dancover head office and warehouse as well at at our suppliers.
	<b>5.5.</b> <i>Achieve gender equality and empower all women</i>	Focus on female leadership to be seated in the board of directors.

*Mangrove trees can absorb and store up to four times as much carbon in their root systems as mature tropical rainforests, according to a 2011 study in Nature Geoscience, making them a hugely valuable natural resource and key to combatting climate change. <https://asc-aqua.org/learn-about-seafood-farming/mangroves/>*

## Risks & Opportunities

Dancover is facing several risks and opportunities, which are listed in the table below. The risks and opportunities have been categorized in accordance with the recommendation of the TCFD framework (Task Force on Climate-related Financial Disclosures).

### TCFD risk assessment

Type of risk	Sub-category	Description of risk	Materiality level	Time horizon	Describe current mitigation activities
Transitional	Policy & legal	Increased regulations and new policies on carbon emission taxation and climate related fees on packaging etc.	Low	Medium	Decrease CO2e emissions by investing in sustainable products.
Physical		Climate related natural catastrophes can be a threat to our supply chain	Low	Long	Dancover's HQ and warehouse are in DK with limited natural disasters.  Dual suppliers and/or near sourcing to secure stock in relation to suppliers.
Transitional	Market	Change in customer preferences to more sustainable products	Medium	Medium	Research and development of sustainable materials and products to meet the demand of the market and the customers.

Type of opportunity	Sub-category	Description of opportunity	Materiality level	Time horizon	Describe current mitigation activities
Market demands	Products / Market	Increased interest and demand from customers for sustainable materials and products	Medium	Medium	Research and development of sustainable materials and products to meet the demand of the market and the customers.
Lowering own consumption, increase reuse, implementation of "green initiatives"	Resources	Increased focus on minimizing CO2e emissions and compensation	High	Long	Various initiatives: increase waste sorting scheme so more can be reused, limited usage of petrol and diesel company cars, planting trees to help absorb emissions and increase biodiversity.

## Environment

We are very proud of our project Tents4Trees. Every time a customer places an order with us, we plant a tree. Originally, we started the concept by planting a tree for every tent sold, but in 2022 we changed this to planting a tree for every order placed. By changing that, we have increased the number of trees planted significantly, which was our intention with the change. In 2021 we planted 26.124 trees. In 2022 we increased this to planting 70.393 trees in a year – so a very big increase. Our 2024 goal was 65.000 a year, so we have more than reached this goal ahead of time.



Continuously we seek to optimize our products and product portfolio, and we have been in the process of finding and developing environmentally friendly alternatives to our existing range of products. There is a demand in the market for these types of products, but it can be a challenge to keep the cost at a reasonable price so that our customers are willing to pay, and so the products don't get too expensive. We will benefit from these eco-friendly products further along too if companies will be required to pay a fee according to their emissions.



During the big optimization at our warehouse, we have also optimized some of our processes – including some where we are now operating digitally instead of using printouts. This has lowered the use of paper and printing.

At our webshop, in external newsletters and on our social media platforms, we have increased our focus and awareness on products linked to self-sufficiency & sustainability in relation to growing your own vegetable and produce. - Both at home, but also in i.e., school gardens. We do this, both as we see a demand in the market for these products, but also because we want to encourage our customers to a greener lifestyle.

At our head office, we make an effort not to have any food waste from our office lunch. Everyone enrolled in our lunch scheme is able to bring home leftovers, if any. If there is any small amount of food left after this, one of our employees brings this home to her hens. Any leftover ryebread is being made into rye bread chips by one of our colleagues for the benefit of everyone at the office. This way, we have lowered our food waste to an absolute minimum.

Packaging is an inevitable and important part of shipping products from one place to another without damaging them. This is continuously a priority and focus area for us as we, from time-to-time experience challenges in this area. Improvement and strengthening of our packaging help us reduce the number of claims on products being damaged during transport. With future upcoming regulations and fees for packaging, it can be necessary to optimize our packaging further.

Waste is a valuable resource. When waste is sorted for recycling and reuse, it becomes secondary raw materials that can replace virgin raw materials in the production of new goods - for the benefit of the climate, the environment, and the CO2 accounts. We have an increased focus on expanding our waste sorting scheme to increase the amount that is sent for reuse. We will follow our reuse/recycling percentage, which has been added to our sustainable key metrics in this report.

There are several initiatives we are working on, including carbon-neutral shipments, and increasing our spareparts range to prolong the lifespan of our products.



## **Social**

We recognize the importance of having an inclusive and diverse workplace where all colleagues feel a sense of belonging. As our sales and customer service covers the whole of Europe, it has always been a natural part of the identity of our company to have a diverse workforce in terms of nationalities. The cultural differences, the difference in opinions, knowledge, and perspectives, give our team the best prerequisite to help our customers in the best possible way and contribute to an inclusive atmosphere in our workplace.

In our Employee Handbook, we have recently implemented a D&I (Diversity & Inclusion) policy, which **EQUALITY** also includes a section on LGTB+. We do not tolerate discrimination based on religion, race, colour, gender, disability, age, nationality, sexual orientation, or political views, and we believe that all employees have the right to be in an accepting, open and inclusive work environment.

Our restrooms at the head office have, as most placed, up until recently, been divided into male and female gender. However, we decided to make gender-neutral toilets at Dancover as we wish to embrace diversity further. A small step, with a big meaning.

We treat each other with respect, and we are committed to being an employer with proper terms of employment and working conditions. Our informal and humorous tone in the company encourages an open dialogue and an innovative atmosphere.

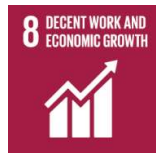
In 2022 we relocated our HQ office to new and modern facilities, and our warehouse has undergone a major transformation process to optimize the overall workspace and work environment in general.

In 2023 we will transition to organic fruit and milk, as well as organic coffee at the office and warehouses.  
– Better for the employees and better for the environment.

## **Governance**

Sustainability is fundamental for creating a competitive edge, enabling business growth, and generating value for our business and customers, as well as for all of our stakeholders.

We support and respect internationally recognized human rights as formulated in the UN Human Rights Declaration. At Dancover, we do not accept any form of bribery, corruption, or participation in money laundering. We do not accept child labour, forced labour or any form of human trafficking.



We collaborate closely with our suppliers and have implemented a Supplier Code of Conduct with all our suppliers. The Supplier Code of Conduct reinforces our ethical way of working and how we relate to subjects such as child labour, non-discrimination, health & safety, as well as protection of the environment and anti-corruption. The primary purpose of this is to ensure all workers involved in making our products have fair and decent working conditions and that sustainability is taken into consideration.

Through regular surveys among our employees, we look into the work environment – both physically and mentally, to continuously work to optimize our surroundings, both at our head office and at our warehouses.



The board of Directors at Dancover currently consist of all male members, but we plan to change this by 2023 so that two women will join the board. As we consider Dancover to be a diverse workplace, we wish to be reflected also on the board by having greater gender diversity in the future. Our overall gender balance in the company is 51% female/49 % male.

We will investigate further about different climate compensation options as well as look into investing in rainforests or other initiatives for the benefit of the earth.

#### What we did – Focus of 2022

- ❖ Increase in trees planted in our project with Eden Reforestation
- ❖ R&D of environmentally friendly materials
- ❖ Research for carbon neutral shipments
- ❖ Implementation of Supplier Code of conduct
- ❖ Decrease in prints at the warehouse
- ❖ Elimination of several petrol & diesel company cars
- ❖ Focus on products for self-sufficiency & sustainability at home
- ❖ Minimize food waste at employee lunch scheme
- ❖ Donations to a variety of charity organizations
- ❖ Overall optimization of warehouse spaces & benefits for warehouse employees
- ❖ HQ relocation to new and modern officespace
- ❖ Support the UN Global Compact
- ❖ Improvement of packaging to reduce resend of packages

#### What we will do - Focus for 2023

- ❖ Continue our Tens4Trees project
- ❖ Environmentally friendly supplement to our existing product mix
- ❖ Implement carbon neutral shipment option
- ❖ Establish a Diversity & Inclusion policy
- ❖ Donations to charities and rainforest conversation
- ❖ Focus on increasing our products lifespan. (i.e. improvement of packaging + increase in Spareparts.)
- ❖ Research different ways to climate compensate
- ❖ Transition to organic fruit and milk at head office and warehouse
- ❖ Expansion of waste sorting scheme
- ❖ Gender neutral toilets at HQ



## Sustainable key metrics

Sustainable key metrics				
<b>Scope 1 (Ton of Co2e)</b>		<b>2022</b>	<b>2021</b>	
Scope 1		115,12	11,93	
<b>Scope 2 (Ton of Co2e) Location-based</b>		<b>2022</b>	<b>2021</b>	
Scope 2 - Location-based		39,94	28,18	
<b>Scope 2 (Ton of Co2e) Market-based</b>		<b>2022</b>	<b>2021</b>	
Scope 2 - Market-based		116,07	84,33	
<b>Scope 3 (Ton of Co2e)</b>		<b>2022</b>	<b>2021</b>	
Scope 3		59.233,53	3,07	
<b>Environmentally, Social &amp; Governance metrics</b>		<b>Target 2025</b>	<b>2022</b>	<b>2021</b>
Tents4Trees project (planted per year)		90.000	70.393	26.124
Employee diversity (% women)		51	51	-
Management diversity (% women)		33	33	33
Board diversity (% women)		40	0	0
Employee turnover		30	58,1	31
Full time employees		-	61	-
Sickness absence - Salaried employees		3	4,8	-
Sickness absence - Hourly paid employees		3	7,14	-
Lost time injury rate		0	0	0
Whistleblower reports		0	0	0
Waste reuse/recycling efficiency (%)		70	61,99	-

The coverage period is from 01.01.22 to 31.12.22. Entities included is our headoffice and warehouses in Denmark. Further to this, electricity use in our Spain office is included in Scope 2.

There have been a natural increase in Scope 1 and 2 as we have relocated to a new and bigger head office, and more employees came back to work at the office after working from home due to corona.

For 2022 reporting we have expanded our Scope 3 to include more information than in the 2021 report. In the last report we accounted for our business travel and water consumption. In this report we have increased our reporting to also include upstream and downstream transport as well as purchased goods. It is a very comprehensive and complex work to establish exact emissions on purchased goods. In this report we have based our purchased goods (material) data on the HS codes under which the goods have been imported. This gives us a rough estimate on emissions, but not an exact picture. We will work on developing data to increase the accuracy of our calculations going forth. Our employee turnover is extraordinarily high due to a major turnaround and optimization at our warehouses, as well as the seasonal employees.

## Accounting practice

KPI	Accounting practice	Comments
Scope 1 emissions	All direct GHG emissions from operations in Denmark, incl. fuel for company car, LPG gas for gastrucks and natural gas for heating at the headoffice. <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022</a>	A natural increase in usage of natural gas compared to last year, as we relocated to an office space with this heating type
Scope 2 emissions	Indirect GHG emissions from purchased electricity and heating at the headoffice and warehouse and Spain office. <a href="https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results_1_1.pdf">https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results_1_1.pdf</a>	A natural increase in usage electricity compared to last year, as we relocated to a new and bigger offices space, and more employees came to work in the office instead of at home. Also incl. our Spain office, which was not included in 2021 report
Scope 3 emissions	Travel by car, air travel, water supply: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022</a> Upstream transport: Kuehne+Nagel emissions report for Dancover (WTW) Downstream transport: Emissions reports from GLS & Dachser (WTW) Purchased goods: <a href="http://www.klimakompasset.dk">www.klimakompasset.dk</a>	<b>Water supply</b> at HQ not included, as data is unavailable. A restatement of 2021 water usage has been made due to updated calculation methods. <b>Upstream transport:</b> We have data for app. 75% of incoming goods, remaining 25% not included. <b>Downstream transport:</b> We have emission data for app.60 %. <b>Purchased goods:</b> data is subject to high uncertainty as we have used HS codes to determine materials, so a rough estimate on emissions
<b>Environmentally, Social &amp; Governance</b>		
Tents4Trees	We have a counter that counts every time an order has been placed in our shop, which then equals the amount of trees we plant	Several times a year, we purchase a number of trees according to the number of orders placed in our shop
Board diversity	Amount of female board members/total number of board members	
Management diversity	Amount of female managers/total amount of managers	At DK headoffice and warehouses
Employee diversity	Amount of female employees/total amount of employees	At DK headoffice and warehouses
Employee turnover	Total number employee resignations within the reporting period/total number of employees within the reporting period (separated in hourly paid employees and salaried employees)	At DK headoffice and warehouses  Our employee turnover is extraordinarily high due to a major turnaround and optimization at our warehouses, as well as seasonal employees
Lost time injury	Number of employees leading to a loss of at least one day of work/number of available working days	DK headoffice and warehouses
Sickness absence	Days with sickness absence/number of work days	DK headoffice and warehouses
Waste reuse/recycling efficiency	Waste sent to reuse/total amount of waste (kg)	DK headoffice and warehouses