

Sustainability report

This is the Group's report on non-financial (environmental, social and governance-related) information. The report has been prepared in accordance with the Annual Report Act's Sustainability Reporting Requirements. The Group defines sustainability in this context as the work on environmental issues, anti-corruption and bribery, employee and social matters, and human rights. For Boozt to work with sustainability means to positively contribute to society while minimizing any negative impact from the Group's own operations. It also includes communicating the Group's own expectations to fashion and cosmetics brands, whose products the Group sells on its sites, and the work done to ensure that brands and partners comply with applicable regulations and expectations from customers.

Boozt's priorities are related to risk management as well as seizing business opportunities. The risks that the Group considers to be of material importance are included in the Group's risk report on page 76. Specific risks assessed to prioritize sustainability issues, are identified and commented on below.

Reporting requirement

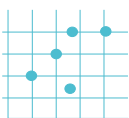
Comments



Business model

Boozt's business model consists of purchasing clothes, accessories and cosmetics from established brands and promoting and selling them to the wider public through its online and offline shops. Boozt is a main player in the mid- to premium segment in the Nordics and adds value through matching supply and demand in an innovative and consumer-friendly way.

As an online retailer, with no own production of garments, accessories, or cosmetics, many of the sustainability risks the Group's business faces are indirect and related to parts of the supply chain. While the Group has no immediate control over supply chain sustainability risks, it can take measures to assess suppliers' performance and minimize risks. Identified direct risks are mainly associated with the Group's operations in the fulfilment centre and as an employer.

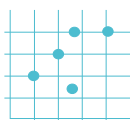


Identified risks and risk management

Through an analysis of its operations, the Group has identified four main risks related to sustainability: Occupational health and safety, Product quality risks, Environmental impacts of transportation and Corruption.

Risks related to working environment have been assessed and are managed through a systematic approach to occupational health and safety. Risk include physical risks, mainly in the handling of products and product returns in the fulfilment center, but also psychosocial risks, such as stress, in all parts of our business. All managers are made aware of their responsibility of preventing these risks. Fire safety is of highest priority, specifically in the fulfilment centre with respect to contingency planning. With modern techniques the Group has been able to implement comprehensive preventive safeguards to keep the risk of fires at an absolute minimum. In the automated retrieval system there's no oxygen, which decreases the risk of fires among the inventory goods kept in the system. All flammable goods, such as perfumes, are kept in a fireproof safety room designed with purpose to prevent potential fires to spread. Fire prevention is managed in a systematic way, with documented continuous safety rounds being performed.





Identified risks and risk management

The Group also identified product quality risks related to hazardous substances in products distributed by our brand partners posing a risk to the environment and human health, or not meeting ethical requirements of our customers. This risk is primarily managed through contractual agreements and requirements on the brand partners.

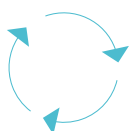
Animal welfare is really important for Boozt, and we are aware of the challenges the fashion sectors faces with regard to animal welfare and the ethical issues surrounding the well-being and treatment of animals. We have hence decided not to trade fur products and have been a fur-free retailer since 2016. Swedish and Danish animal rights organisations, Djurens Rätt and Anima list Boozt as a fur-free retailer.

A default risk associated to the e-commerce business model, and perhaps one of the biggest challenges the Group as well as other players in the market are facing from a sustainability perspective, is the challenge of addressing the environmental impact of transportation of goods. Boozt is humble to this challenge and we try to address the issues from different perspectives.

As one of the biggest e-commerce players in the Nordic market, we are an important partner for the logistic transporters. As a consequence we have an indirect possibility to impact our partners by encouraging and offering to be part of initiatives to decrease CO2 emissions, which we do while negotiating and developing services with our partners. Another perspective is the possibilities that comes with scale with respect to optimize filling capacity in the cars, which means that the trucks drive shorter distances. To limit this risk, the Group's operations work closely with transport partners to optimize internal and external flows in the supply chain, in order to minimize CO2 emissions and other local impacts.

There is an inherent risk that individuals, in our own operations or in the interaction with us, breach legal requirements and our ethical principles, related to anti-corruption and business ethics. We have risks related to the fact that we are now a listed company, and must prevent any sensitive information to be shared and used wrongfully. We also have risks related to our purchasing of goods from many different brands. We have policies and procedures in place addressing these risks in a systematic way.





Environment
Policies
Due-diligence
procedures
Results
Indicators

The Group has adopted a Group Policy regarding Environmental impact which sets the basic foundation for the Group's decision-making and procedures.

The main focus of the policy is the Group's own operations, in particular the fulfilment centre. The operations in the fulfilment centre are driven by energy efficient and modern technology which are supported by 100% renewable energy-sources, currently energy from hydropower, but with ongoing activities to partly replace external energy sources with self-produced solar energy from solar panels on the roof of the fulfilment centre. Thereby dependency on external energy will decrease, strengthening the Group's contingency planning in the case of a power/electricity outage.

Our logistic and fulfilment centre in Ängelholm, which is the largest building, with the highest energy consumption within our operations is a GreenBuilding certified facility. The certification requires that the energy consumption of the building is 25% lower than required in the regulations set by the Swedish National Board of Housing, which has been successfully managed since the fulfilment centre was taken into use. The target for energy consumption in the fulfilment centre has been set to maintain compliance with the GreenBuilding requirements.

During 2017 the Group has enacted measures to minimize the environmental impact of the packaging material used to distribute products to consumers. During 2017 the composition of the material used in the plastic bags was improved, from being 50% recyclable to 80% recyclable. Plastic bags are the preferred packaging solutions as they are significantly smaller and lighter than cardboard packaging, thus resulting in less waste and less transportation weight. Plastic bags were in 2017 approximately 80% of all outbound packaging material and the Group has set a target to introduce bags constituted of 100% decomposable material during 2018.

With respect to recycling of waste, the recycling process of all packaging material from inbound deliveries has been significantly improved due to the investments made in efficient recycling systems in the warehouse. More than 82% of all waste has been recycled since the new fulfilment centre opened. Recycled materials consist mainly of paper, wood and plastic. We aim to improve this ratio; the target ratio is set at 85% for 2018.





Employees and social matters

Policies

Due-diligence procedures

Results

Indicators

The Group has adopted policies regarding HR and diversity for the Board of Directors as well as a Code of Conduct and an equality plan.

During 2017 Boozt employed a Talent Development Manager with the purpose to improve internal systems and initiate further activities for employee development. The purpose is also to expand and improve current activities such as employee development beyond regulatory requirements. In 2018 we will introduce an employee survey, to identify areas of improvement, both related to the physical and psychosocial working environmental as well as regarding employee career and personal development. The Group believes that its organization benefits from having employees with different cultural backgrounds and would like to continue to be an example of how this feature strengthens our company. The Group set a target to continue to keep current rate of foreign born employees around 50% (the level for 2017 was 52%). Safety in the Group's fulfilment centre and offices are a necessity, and we should always aim to not have any occupational injuries. During 2017, there was one occupational injury reported in the fulfilment centre, resulting in 14 working days lost.

We favour a sound life-work balance. We encourage parental leaves for both men and women and support combining part-time parental leave with part-time work.

We are a company for the many and want our contributions to gain as many as possible. Hence, we engage in matters that effect a lot of people. A disease unfortunately affecting many is cancer - almost everyone knows someone who has or has had cancer. That is why cancer-related initiatives are something we strive to be engaged in. Being one of the leading online retailers in the Nordics, we use our reach and size to support several charities and good causes within this field. For four years Boozt have been the only official partner of Danish TV2 and Knæk Cancer, the Danish cancer association. In 2017 we were able to raise over DKK 700,000 for cancer research, selling a special t-shirt designed for the occasion where SEK 100 out of the retail price of SEK 249 were donated to the organisation. We are also supporting Movember, an international movement against prostate cancer.





For 2017 Boozt.com and Mini A Ture joint forces to support Red Cross and their charity work around the globe. 4 rainwear sets were designed and produced by Mini A Ture exclusively for Boozt.com. Boozt.com has since spring promoted these sets in various online channels and donated SEK 100 for each set sold.



Human rights

Policies

Due-diligence procedures

Results

Indicators

The Group has policies to minimize and prevent risks related to human rights in the apparel manufacturing industry. Human Rights risks in the apparel and fashion industry have been documented over the years, and there has been an increased pressure on both brands and manufacturers to improve control of their supply chain through contractual agreements, changes in processes and audits of conditions in factories. As a retailer, Boozt wants to make sure that the Group does not sell products or goods produced by child labour or by labourer in poor working conditions. To minimize these risks, the Group adopted a Group Code of Conduct with the purpose to state and communicate minimum requirements for employees, contractors, suppliers, and others to live by.

During 2017, the Group started elaborating on how we best can support brands and other partners to have high standards with respect to corporate social responsibility. We know that many of the brands we work with are truly committed, and the Group believes that the best thing we can do, is to support their work. Since we work with more than 500 brands, we need to deal with the difference in resources that small, local brands have available in comparison to international apparel giants. We therefore want to find an innovative method to support and assess brands within that whole range. This work will continue and will be further developed during 2018. To develop relevant indicators will be a part of that work.





Counteracting
corruption and
bribery
Policies
Due-diligence
procedures
Results
Indicators

In February 2017 Boozt adopted an internal Code of Conduct and a set of policies to continue to guarantee that business is conducted ethically. These include an Anti-Corruption policy, an Insider policy and Procurement policy. The Anti-corruption policy outlines the Groups' position on preventing and prohibiting corruption and bribery in accordance with local legislation where the Group operates as well as significant international regulatory regimes and laws with extraterritorial reach such as the UK Bribery Act and the US Foreign Corrupt Practices Act. The Anti-corruption policy includes never-acceptable practices and monitoring activities to support the prevention of corruption, bribery and conflicts of interest.

Amongst the never accepted practices is the strict prohibition to accepting or offering purchase discounts, commissions, bonuses or kickbacks from our brands. The policies also detailed specific restrictions regarding private purchases by employees from our suppliers/brands for private use or consumption, at prices below market prices. Likewise, our Anti-Corruption policy establishes that our employees must not accept gifts or any other compensation there is a possibility that these may be perceived to improperly influence business decisions and lays out typical situations in which gifts from suppliers can be considered to be a mean to influence business decisions.

The Group's Whistleblower policy was adopted with the aim to encourage a transparent business environment where the Group operates profitably while maintaining good ethics. The Group is committed to deal with wrongdoing and believe that reporting wrongdoing is of great importance. A whistleblower channel supported by an external supplier is a tool to support such reporting. There haven't been any cases reported in the whistleblower channel during 2017.

During 2017 we have also conducted sample testing at our brands to verify the occurrence of gifts from brands to our buyers. There were no indications of such occurrences.