



# Green Bond Framework

February 2020



## Background

### About momox

momox is Europe's leading re-commerce company and one of the top-selling digital companies with almost 20 million customers and more than 200 million articles purchased and sold over the course of momox's 15 years history. The company reported a turnover of EUR 246 million for 2019 and employs close to 1,700 people at six locations in Germany and Poland. It operates local websites and mobile apps in Germany, France, Austria, Belgium and the United Kingdom.

Through momox, the consumers can sell pre-owned books, DVDs/Blu-rays, CDs, games and fashion items quick and easy at a fixed price. The pre-owned products are then carefully checked, and repaired if need, before offered to customers online on medimops, momox-shop and ubup as well as external marketplaces such as eBay and Amazon.

### Sustainability contribution

momox's mission is to give used products a new life with a new owner, enabling a more sustainable way to shop. The re-sale of used items extends the life cycle of existing products, which reduces potential waste and resource consumption otherwise required to produce new goods. By having invested significant resources into technology and marketing efforts, the momox business model enables a more sustainable

society through the sharing economy and offers its customers an easy way to live more sustainable. The momox business model both has and will continue to play a significant role in making second hand increasingly popular amongst European households. Recent customer surveys demonstrate that besides price savings, sustainability is one of the top purchasing drivers. More specifically, 83<sup>(i)</sup> percent of momox' customers shop second hand fashion simply because it is better for the environment.

### Initiatives and goals

momox works targeted to reduce its ecological footprint and has specific goals for the business. The company goals are shaped around three main pillars, all of which are closely linked to the United Nations Sustainable Development Goals where Responsible Consumption and Production, Life on Land and Climate Action are the most important:

#### Responsible Consumption and Production – offering services that improve the utilisation of used goods

At the heart of momox's business lies the intent to improve utilisation of the resources and reduce waste through enabling a circular economy. E.g. an estimated USD 500bn of value is lost every year due to clothing being barely worn and rarely recycled.<sup>(ii)</sup>

## Facts



Traded **200 million used items** through momox, medimops, ubup and other channels



Saved **thousands of trees** through reuse of books



Saved **billions of liters** of water through reuse of books and fashion items



More than **65,000<sup>(iii)</sup> tonnes of CO<sub>2</sub>** saved annually

### Life on Land – conservation of natural resources

The sale and purchase of second hand goods reduces the need for production of new goods and thereby conserving natural resources. By trading second hand books, both waste of paper and the requirement to harvest trees can be minimized. The fashion industry equally has a significant environmental footprint; e.g. the production of one pair of jeans requires several thousand liters of water and various chemicals. Thanks to the circular economy, the lifetime of fashion, books and media items is prolonged and the initial resources that was required to produce the goods (e.g. cotton, trees etc.) are better utilised.

### Climate Action – strive to reduce emissions from own operations

momox has a goal to minimise its net ecological footprint and thus reduce its corporate emissions. momox is working both internally and together with its suppliers and has initiated initiatives such as using recycled materials as packaging and purchasing climate neutral transportation services for selected markets.

### **Environmental focus**

*“In addition to growing momox’s sustainable business model, the company has been focusing on reducing its ecological footprint throughout the organisation and has taken measures to reduce emissions. momox is continuously developing its*

*strategy to ensure that the whole organisation is taking environmentally enhancing measures and decisions.*

*The total savings from the sales of used items during 2019 equates to a net emission surplus of about 65,000<sup>(iii)</sup> tonnes CO<sub>2</sub>. To put this into perspective, according to World Bank’s CO<sub>2</sub> emissions per capita, this equates to the annual emissions made more than 10,000 Europeans annually.<sup>(iv)</sup>”*

Heiner Kroke, CEO

### **Verdane awarded Impact Investment of the Year**

*“The re-commerce sector will continue to grow, driven by sustainability, the sharing economy and upcycling trends as consumers look for businesses with sustainable business models. It’s an investment in a more resource-efficient future for the European consumer, and we are very proud to have our partnership with momox recognised in this way.”*

Staffan Mörndal,  
Chairman of the Board &  
Partner at Verdane

Verdane funds have invested in a number of businesses that help drive towards a more sustainable future, including Bemz, The Humble Co, JSB, Jupiter Bach and Polytech.

***momox is supporting the United Nations Sustainability Development Goals and is focusing on the following goals in particular:***





# Green Bond Framework

The green bond framework falls natural with momox's and the main owner Verdane's focus on sustainability and environmental impact. This framework allows momox to further sharpen its sustainability and environmental focus going forward and thus achieving an even greater positive impact. The principles outlined herein is in accordance with The Green Bond Principles 2018 and its four core components, further outlined in this Green Bond Framework. momox is mindful about the broader ongoing developments and will look to follow these where and when feasible.

momox worked together with ABG Sundal Collier to develop this framework and has commissioned CICERO, an independent party, to provide a second opinion on the Green Bond Framework.

## 1. Use of proceeds

The bond will be issued in momox Holding GmbH, which has the sole purpose to own the shares in the operating company, momox GmbH. The net proceeds from the bond financing will be used to finance 100% of the shares in momox GmbH through;

- i) acquisition of additional 29.5% of the shares from Acton Capital;
- ii) refinance existing debt in momox Holding GmbH which relates to part financing of Verdane's current 55% of the shares in momox GmbH; and
- iii) shareholder distribution to minority investors to secure equal treatment for the residual 15.5% shares in momox Holding GmbH

The green bond issue will have first priority pledge in 100% of the shares in momox GmbH. Verdane, the majority owner of 84.5% (following closing), will continue to support and drive environmental enhancements by strengthening the negative CO<sub>2</sub> footprint from momox's operations. The negative CO<sub>2</sub> footprint is enabled through the nature of momox business model; a circular economy. The momox shares are therefore identified as an eligible asset under the Green Bond Principles as outlined in this green bond framework.

## 2. Project evaluation and selection

The management of momox together with the board of directors and the main owner Verdane, will ensure that the company continue to develop and enhance it's eligibility as a green asset under the Green Bond Principles by driving operations to further reducing momox's CO<sub>2</sub> footprint. Please see environmental footprint section for targets and on-going initiatives.

## 3. Management of proceeds

The net proceeds from the green bond issue will be transferred to an designated escrow account under the administration of Nordic Trustee. The proceeds will be released when 100% the of the momox shares are fully pledged and all existing debt is refinanced.

## 4. Reporting

momox recognises the importance of environmental transparency and will report important and sustainable KPIs in the Annual Reports. Please see the environmental footprint section for selected KPIs.

## A circular economy<sup>(v,vi)</sup>

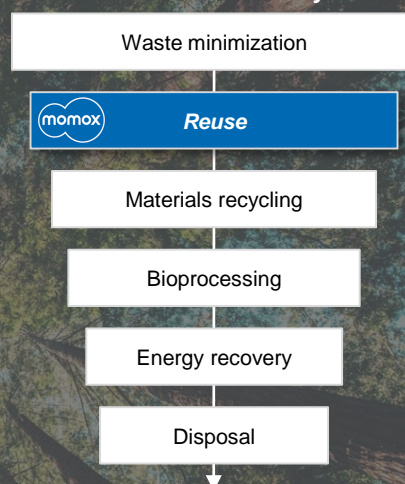
In a circular economy the value of products and materials is maintained for as long as possible; waste and resource use are minimised, and resources are kept within the economy when a product has reached the end of its life, to be used again and again to create further value.

In contrast to the 'take-make-waste' linear model, a circular economy is regenerative by design and aims to gradually decouple growth from the consumption of finite resources. It is clear that the linear model is not sustainable in the long run, many natural resources are finite and we must find environmentally and economically viable way of using them. It is also in the economic

interest of businesses to make the best possible use of their resources.

A cornerstone in the circular economy is the waste hierarchy. It is a waste management model that grades different ways of both handling and minimising waste and thus retaining resources for as long as possible within the economy. The ultimate goal is to minimise loss of resources by retaining the values through various forms in the circular economy. Higher value is achieved by moving waste up the hierarchy. momox operates at second stages where produces are reused, and are directly preventing the next stages of the hierarchy by giving previously owned items a new home.

### The waste hierarchy



# momox – environmental footprint (I/III)

*The Green Bond Principles explicitly recognise several broad categories of eligibility for green bond financing. The business model of momox supports several of these categories, e.g. climate change mitigation and natural resource conservation through enabling a circular economy for consumers. Furthermore, momox has set forth three specific pillars to improve its corporate environmental footprint further. momox is eligible as a green investment as outlined herein and the green bond financing will have pledge in 100% of the shares.*

## 1. Circular economy savings

In a circular economy, the value of products and materials is maintained for as long as possible; waste and resource use are minimised, and resources are kept within the economy until a product has reached the end of its life. Through the circular economy, the environmental footprint of global consumption is significantly reduced both as emissions are minimised and scarce resources are conserved.

momox is actively acquiring used products from consumers and selling them through both own and third party platforms. The consumers owning products are offered an easy and convenient way to sell and thus extend the life span of the products whilst realising the value of the products. By significantly reducing the selling barriers, momox is increasing the share of used articles available to the market as well as preventing products to become unnecessary waste or remain of non-value to the customers. In the rare cases where the products are not deemed suitable for reuse, momox will hand over the products to recycling companies and thus prevent that the products are directly disposed. In

2019 alone, customers bought more than 30 million second hand items via momox, significantly conserving resources and mitigating pollution from production.

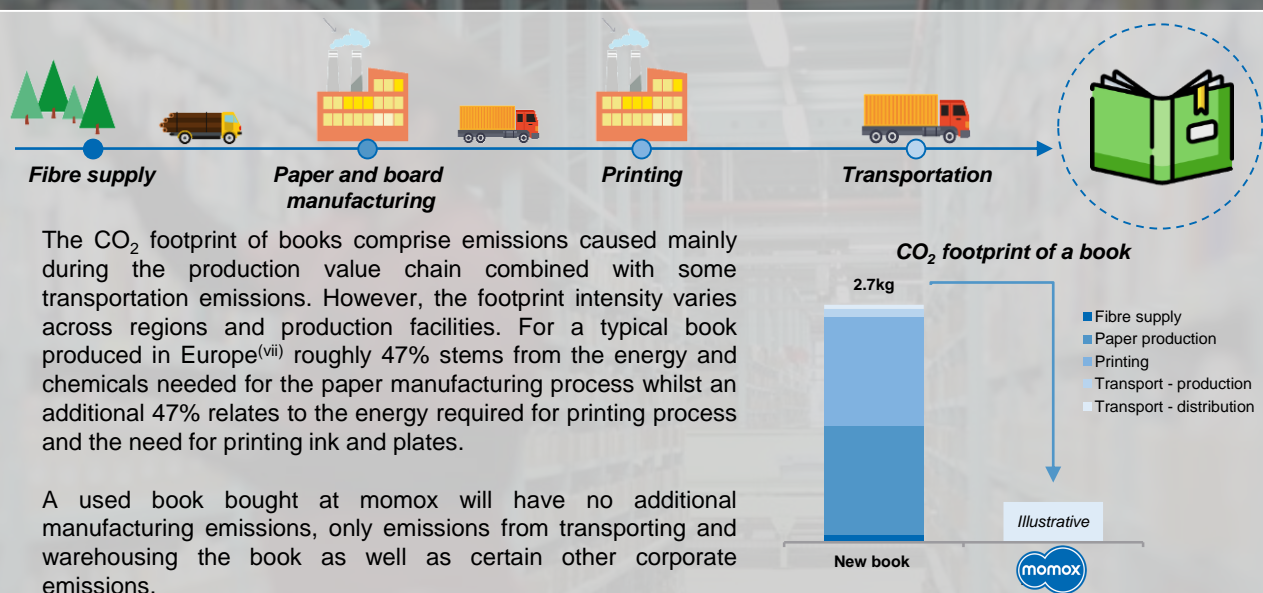
### Books

Pollution from producing books mainly originates from paper manufacturing and printing. Logistics typically contributes to 3-5% of the CO<sub>2</sub> emissions<sup>(vii)</sup>. The majority of the pollution is caused by the carbon intensity of the power grid supplying the paper mill and printing facility. In a typical western country a 200 paged paperback book has a production footprint of 2.7 kg of CO<sub>2</sub><sup>(vii)</sup>. If a book is resold the main emissions are related to logistics.

### Fashion

Fashion items have a high variation in terms of the environmental footprint, depending on the product type, materials used, and origination. A typical jeans emit approx. 9kg CO<sub>2</sub><sup>(ix)</sup>, however, if a fashion item is resold, the main emissions are related to delivery and returns of those goods.

## The carbon footprint of a book<sup>(viii)</sup>





# momox – environmental footprint (II/III)

## 2. momox environmental footprint

The environmental footprint of momox is mainly related to logistics from moving goods in between the warehouses and electricity consumption. For 2019, total emissions amounted to roughly 2,000 tonnes of CO<sub>2</sub>, of which more than 90% are from energy use.

When including the savings from reusing items and subtracting the emissions from momox activities, momox estimates that it had a net negative footprint for 2019 of about 65,000 tonnes of CO<sub>2</sub>.

## 3. momox corporate initiatives

In addition to momox's sustainable business model, the company has effectively been working to reduce its ecological footprint throughout the organisation. Successful initiatives to reduce emissions during 2019 will continue with concrete actions planned for 2020 and onwards.

### Key implemented initiatives

- I. Utilising recycled materials for parcel packaging, i.e. cardboard boxes and plastic sleeves made out of 80% recycled materials
- II. More sustainable pack-to-stock bags with 40% recycling rate for stored fashion items
- III. Improved waste management at headquarter in Berlin
- IV. Incentivise employees to use public transport by offering subsidised public transport rates
- V. Hire energy-efficient trucks (Euro 6 compliant) for transport between warehouses

### Corporate initiatives planned for 2020 and onwards

momox's three main pillars to reduce the corporate footprint going forward:

- I. Target to reduce corporate CO<sub>2</sub> emissions from electricity consumption by 40% by:
  - Change lighting to LED lightbulbs in warehouses and the headquarter in Berlin
  - Complete transition to green energy providers
- II. Material and waste savings at warehouses
  - Switching to recycled paper for all order relevant information in millions of customer orders
  - Switching to recycled materials for cardboard boxes for books and media category
- III. Becoming a more eco-friendly office
  - Implementation of short-term actions, e.g.

automatic heating controllers, local seasonal fruits, biodegradable cleaning supplies, eco-friendly employee goodies

- Encourage employees to act more sustainable, e.g. encouraging to use public transport and bikes to get to work, awareness of low energy use within the office, informational events about sustainability

## 4. Owner governance – Verdane focused on sustainability as a key pillar of growth platform

*“One of our long-standing core values at Verdane is ‘we respect people and the planet.’ This is reflected not only in our internal culture, but also our investment evaluation and selection process, and the ways in which we work together with management to build better businesses after investing. As long-term investors in growth companies, we view sustainability alignment as a strong indicator of future growth potential. momox is a great example of this, where we see a strong commercial case supported by sustainability megatrends related to resource-use efficiency.”*

*Bjarne Lie,  
Managing Partner at Verdane*

## Sustainability in clothes<sup>(ii)</sup>




The textiles industry is a significant sector in the global economy, providing employment for hundreds of millions around the world. However, significant amounts of non-renewable resources are consumed in order to produce items that are often only utilised for a short time. The total greenhouse gas emissions from textiles production amounts to 1.2 billion tonnes annually, which is more than those of all international flights and maritime shipping combined. The production of cotton also consumes significant amounts of water, and despite accounting for 2.5% of agricultural land globally, the production accounts for as much as 16% of all pesticides used. Furthermore hazardous substances are used in the clothes which affects both the health of textile workers and wearers, and ultimately they escape into the environment.

Used fashion items bought through momox will contribute with limited additional emissions, will increase the utilisation of already produced goods and will reduce the demand for producing new items.

# momox – environmental footprint (III/III)

## 5. Impact reporting

momox is actively tracking and measuring its ecological footprint and will continue to do so through the lifetime of this financing. Certain performance indicators, as outlined below, will be reported to investors annually through the annual report or a separate sustainability report.

Category	Key Performance Indicators (KPIs)	
<b>Circular economy savings</b> 	<ul style="list-style-type: none"> <li>• # books and media items circulated</li> <li>• # fashion items circulated</li> <li>• CO<sub>2</sub> emissions saved through enabling a circular economy</li> </ul>	
<b>Energy efficiency</b> 	<ul style="list-style-type: none"> <li>• Electricity consumption</li> <li>• Transportation efficiency</li> <li>• New and other implementations</li> </ul>	
<b>Waste management</b> 	<ul style="list-style-type: none"> <li>• Recycling of waste</li> <li>• % of recycled materials used in packaging</li> </ul>	

## Key sources & information

Note	Publication
(i)	momox - Second Hand Fashion Report 2019 <a href="#">link</a>
(ii)	The Ellen MacArthur Foundation - A new textiles economy <a href="#">link</a>
(iii)	momox internal calculations <i>internal</i>
(iv)	World bank - Carbon Dioxide Information Analysis Center <a href="#">link</a>
(v)	The Ellen MacArthur Foundation - A circular economy <a href="#">link</a>
(vi)	European Commission - Circular Economy Package <a href="#">link</a>
(vii)	VTT - Carbon footprint of a hardback book <a href="#">link</a>
(viii)	Journal of Industrial Ecology - Carbon footprint assessment of a book <a href="#">link</a>
(ix)	Mistra fashion future - Environmental assessment of Swedish fashion consumption <a href="#">link</a>



***We give your used products a new home***  
*Easier – Cheaper - More secure*  
*momox Mission Statement*



***Make a difference***

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