

# Lammhults Design Group<sup>®</sup>



# Sustainability report

## 2020

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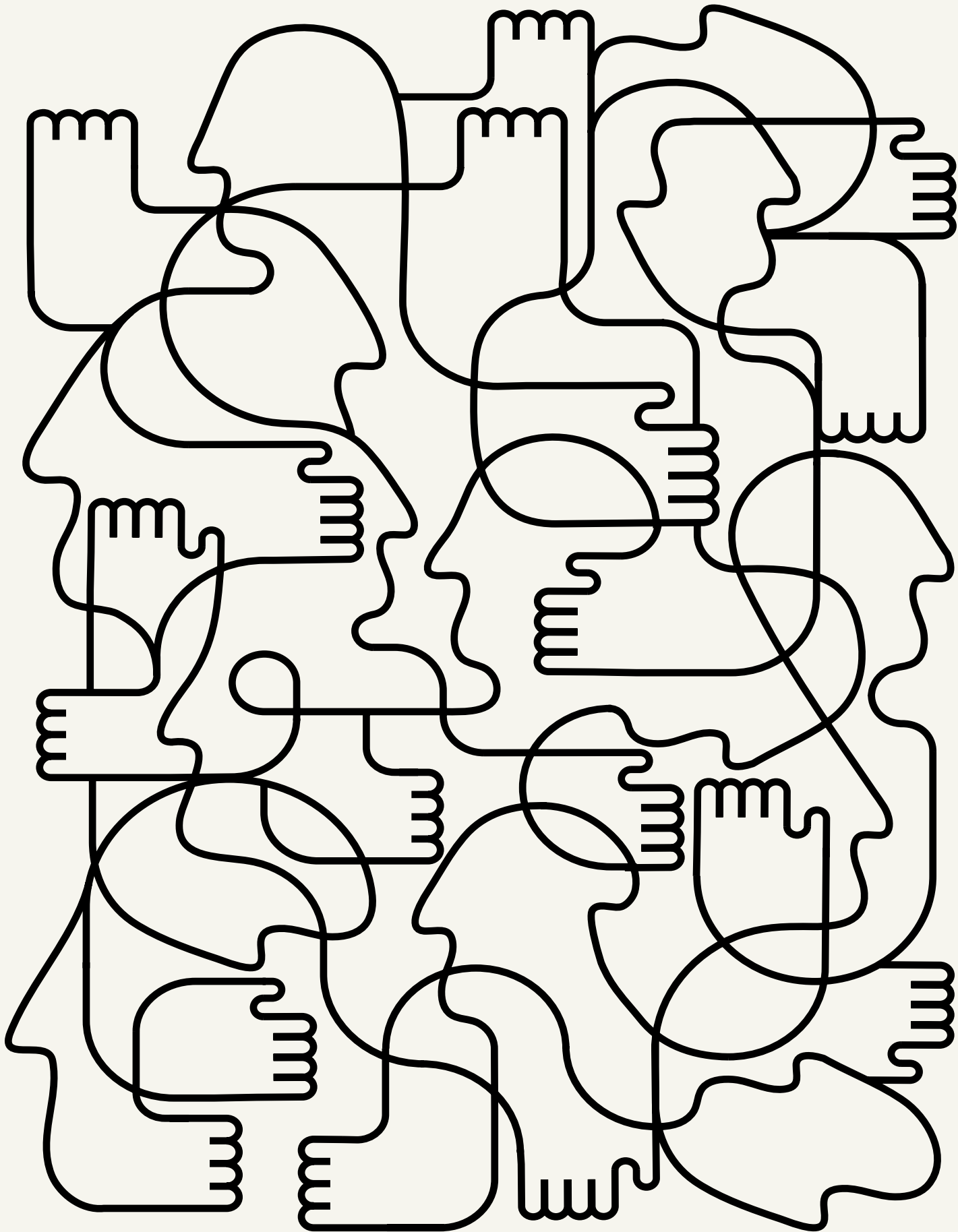
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# Sustainability management

Lammhults Design Group exercises active and long-term ownership with a focus on profitable growth in a group of furniture and interior design companies in northern Europe.

Through its strong financial position, the group shall be a stable partner for our customers and partners, create value for our owners and be an attractive employer, as well as interesting actor for new acquisitions.

The group's management of social and environmental sustainability is mainly governed by the codes of conduct and policies established by the board. Lammhults Design Group operates in accordance with the ten principles of the UN Global Compact and with the guiding standard ISO 26000 for social accountability and its principles of ethical conduct, respect for the rule of law, respect for international norms and expectations, respect and consideration of stakeholders' requirements and expectations, accountability, transparency, the precautionary principle and respect for human rights. This represents the foundation and shall permeate the entire organisation, the value chain and our products and services.

Lammhults Design Group's products have a tradition of responsible and sustainable design and production. Our products' quality, long lifetime and design for circularity are a prerequisite for sustainable consumption. Our ambition is to be a pioneer and to comply with international norms and legal and market requirements. Business ethics, high morals and integrity are integral parts of Lammhults Design Group's operations and continuous aspirations for sustainable development. We take environmental, social and economic aspects into account when we create and offer products and services. We look at environmental, social and economic effects







Fora Form

and at reducing risks in our own organisation, our products and the value chain. At the same time, our product quality must always meet our customers' requirements and expectations. Sustainability work is well integrated into the companies' business processes and is part of the companies' management system. We wish to ensure a clear link between the strategic management of our companies and actual improvements for the economy, the environment, people and society. The direct responsibility for the environment, the working environment and ethics lies locally with each company.

All companies within the group in Sweden, Norway and Germany comply with the requirement to be certified according to the ISO 14001 environmental management system, with the exception of the most recently acquired company Morgana AB. The management systems within Lammhults Möbel and Abstracta are certified and approved according to ISO 9001, ISO 14001 and OHSAS 18001, where a transition to ISO 45001 will occur. Fora Form was already certified according to ISO 45001 in 2018.

Lammhults Design Group contributes to Agenda 2030 (the UN's global sustainable development goals), not only by influencing the furniture and interior design industry to become more environmentally and socially responsible, but also by being a good employer and local actor and finally by helping our customers become more sustainable by being a more responsible alternative. The group focuses on five of the 17 goals. A materiality analysis is the basis for current priorities and goal focus.



## Lammhults Design Group's sustainability vision

Our ambition is to be a pioneer and to comply with international norms and legal and market requirements. Business ethics, high morals and integrity are integral parts of Lammhults Design Group's operations and continuous aspirations for sustainable development. Our goal is to have CO<sup>2</sup> neutral production units by 2030 at the latest and to have full traceability for wood as a raw material. New products shall be designed for reuse, using materials that come from renewable raw materials or that can be reused or recycled into new products, thus forming the basis of a circular economy.



# Message from the CEO

## Sustainability 2020

### Circular design for sustainable growth

The transition to supporting a circular economy is a fundamental part of our sustainability strategy. The core of this is to design products with renewable, recyclable or recycled materials, to make the products repairable and to reduce waste of materials, energy and chemicals in production - quite simply, to design the products so that their lifespan increases.

We see good business opportunities in leading the transition with products and solutions for strict requirements. Leading a group where design has always been one of the watchwords and where innovation and entrepreneurship are cornerstones provides energy and confidence in the future. Not only is there room for creativity and innovation, but these are both prerequisites for a circular transition and for sustainable growth. They are also cornerstones of Lamshults Design Group and our development of products and services.

The increased awareness of the importance and impact of furniture leads to an even more thoughtful choice of furniture. This means that ever higher demands are placed on furniture for tomorrow's meeting and workplaces. Furniture must no longer only meet functional, quality and service life requirements. It shall also be upgradeable in order to prolong life and made with materials and components that can be reused to a greater extent. Furniture and interiors that, in addition to meeting circularity requirements, can also help create a good and creative working environment for our customers is an important driving force. We develop

furniture for good meetings, which in turn is an essential part of this transition. This is an urgent mission in which we see good opportunities for growth. Customers, employees and partners participate in the transition and value our core values.

The core of circular design is to design products with renewable, recyclable or recycled materials, to extend the products' lifetimes, to make the products repairable and to reduce waste of materials, energy and chemicals in production. With our roots in Småland, good housekeeping with resources forms part of our DNA. This applies in all areas. In order to limit the environmental impact of the company's car fleet, the only selectable cars are now a plug-in hybrid type or electric car. All aspects of our business shall be characterised by insight and consideration that continues to make us an attractive choice for our customers and employees, as well as for our planet.

In our work on sustainability, we act throughout the value chain, from supplier to customer. Our sustainability work is guided by ISO 26000, as well as the Global Compact's ten principles, which form a foundation. Our resources are prioritised from a risk and impact perspective.

The European Commission has chosen to prioritise a "Green deal for the EU", in which the transition to a circular economy is one of the foundations.

Our ambition is to remain part of the solution.

SOFIA SVENSSON  
PRESIDENT & CEO



# Overall sustainability goals

- ① To integrate Lammhults Design Group's core values and social and environmental principles into our group companies' activities.
- ② To reduce the environmental impact of our products and services.
- ③ To increase the proportion of sustainable wood raw materials in our products and to support sustainable forestry.
- ④ To work with socially and environmentally responsible suppliers



Lammhults Design Group's strategy for the coming years identifies five of the 17 global sustainable development goals where we can make the biggest difference. These are Goal 3 (Good Health and Well-being), Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), Goal 12 (Responsible Consumption and Production) and Goal 15 (Life on Land - Ecosystems and Biodiversity). We work according to the established sustainability goals and associated KPIs to achieve sustainable commercial and social development. Together with established codes of conduct and policy documents, these are used for governance and prioritisation of sustainability work in the companies.

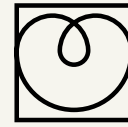
**Of the 169 targets that together make up AGENDA 2030, our strategy focuses on ten of these targets, which can be summarised in three points:**

- Products with high environmental performance and circular design
- Environmental- and climate-smart operations and suppliers
- Good working environment

**Agenda for a circular transition**

A central part of the sustainability agenda for all of Lammhults Design Group's subsidiaries is a transition to becoming more circular. The main aspects are:

- A timeless design
- Design for a long product life
- Design for demountability, reuse and repair, so as to extend the life of the product
- That components are based on renewable materials or recycled materials
- Design for resource efficiency and reducing waste, the use of chemicals and energy consumption in manufacturing



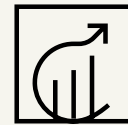
**3. Health and well-being**

Ensure healthy lives and promote well-being for everyone of all ages.



**5. Gender equality**

Achieve gender equality and the empowerment of all women and girls.



**8. Decent work and economic growth**

Promote lasting, inclusive and sustainable economic growth and full and productive employment with decent working conditions for all.



**12. Responsible consumption and production**

Ensure sustainable consumption and production patterns.



**15. Ecosystems and biodiversity**

Protect, restore and promote the sustainable use of land-based ecosystems and sustainable forests, combat desertification, halt and turn back soil degradation and halt the loss of biological diversity.

# Progress 2020

## **Products with high environmental performance and circular design**

At Ragnars, we work to weave sustainability thinking and circularity into product development to the greatest extent possible. During the year, the company, together with furniture architects, acted to increase the volume of renewable material in its products. In the products Coinz and Planks, for example, metal components have now been replaced with wood. This provides a number of environmental benefits, such as increasing recyclability and reducing weight, which in turn reduces the environmental impact of transport.

In line with Library Interiors being certified according to FSC last year, "Front Line" became the first product to be certified according to the same standard in 2020. As a continuation of this, work began during the year to also FSC certify the brand new product range "Lingo". FSC certification is a well-known standard and meets the increased demands of the company's public sector customers for products with high environmental performance.

Fora Form has been complying with the Norwegian Møbelfakta's sustainability label for some time and also provides environmental product declarations (EPDs). In 2020, a decision was made to certify all the company's products, both existing and future furniture, according to the Nordic Swan Ecolabel, which started with the conference chair "Fjäll" which is now Swan labelled. Work to certify a number of the company's other products has now also begun. The decision was based on the fact that a high environmental performance has become a growing requirement, especially in public procurement, and the Nordic Swan Ecolabel is a certification system that has taken the leadership in Norway.

For both Abstracta and Lammhults Möbel, interest in the renovation and reuse of furniture has become increasingly prominent among the companies' customers. Many procurements now require a certain proportion of the furniture volume of the projects to be recycled furniture. As a result, both companies have reorganised and are now offering services that meet the increased demand. During the year, Lammhults Möbel performed a reuse project for Lund University, in which furniture renovations have been carried out that have given about 150 existing chairs a new life. Abstracta introduced a completely new service in which it gives its customers the opportunity to return products that have come to the end of their useful life, which Abstracta then separates into components and reuses parts of these in new products.

## **Environmental- and climate-smart operations and suppliers**

The effects of last year's change from electric heating to heat

pumps and the installation of 230 square metres of solar cells became noticeable at Ragnars in 2020. Electricity consumption has been reduced by as much as 40% compared to 2019, while solar cells have generated 40,000 kWh for lighting and production. Through the move from Bodafors to Forserum, Morgana has switched to more space-efficient and modern premises, including geothermal heating and LED lighting.

Library Interior's Swedish and German units have already been certified according to the ISO 14001 standard and in 2020 the Danish units of this business area were also certified. This means that the Danish part of the business also gets an expanded structure through clear requirements and processes that will contribute to a higher environmental awareness.

Fora Form already has highly climate-friendly production. The heating of the factory is done with the aid of water heated by a bio-plant and all electricity comes from local waterfalls.

At Abstracta, an environmental initiative has taken place whereby employees are expected to choose climate-smart company cars, such as hybrid and electric cars. In connection with this, some ten charging stations have also been installed at the facility.

## **Good working environment**

At Library Interiors, a dedicated working environment group is already working continuously to improve conditions in the working environment. The group addresses issues relating to the employees safety, health and security. Due to the pandemic, the group's work in 2020 has been largely characterised by issues aimed at minimising the spread of infection among employees. Similarly, new types of health issues have arisen as a result of more employees working from home.

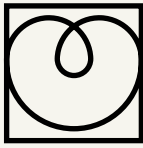
During the year, an increased focus on the working environment has taken place at Fora Form, where a project has been specifically initiated in corporate culture, tolerance and respect. A collaboration has also been initiated with the Norwegian organisation Mental Helse with the intention of annually marking a mental health day.

In 2020, Abstracta has undergone a major change in its offices, which have been transformed into an open-plan layout furnished with the company's products. The intention has been partly to show the products in their right environment, but above all to be able to benefit from the working environment improvements they bring to the employees.

The most important stakeholder groups are located in and around the group's value chains. This approach forms the basis for how stakeholders are primarily identified. They are shareholders, customers, employees, suppliers and partners, as well as society in the form of authorities, the educational system, the media and the local communities where operations are conducted. For the environmental aspects, the sustainable development goals have also been considered as stakeholders.

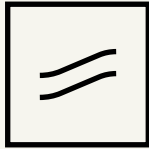


Photographer Mårten Ryner



3

Health and well-being



5

Gender equality



8

Decent work and economic growth



12

Responsible consumption and production



15

Ecosystems and biodiversity

# Stakeholder dialogue and materiality analysis

The most important stakeholder groups are located in and around our value chains. This approach forms the basis for how we primarily identify stakeholders. The stakeholders are shareholders, customers, employees, suppliers and partners, as well as society in the form of authorities, the educational system, the media and the local communities where our operations are conducted. For the environmental aspects, the sustainable development goals have also been considered as stakeholders.

## Our relationship with important stakeholders

### Investors and owners

As a listed group, the requirements and expectations are high for transparency and accurate and clear information. Owners and investors expect long-term value growth. Our design group creates profitable and sustainable growth through strong and well-positioned brands with an interesting portfolio of products and innovative solutions that are at the forefront. In this context, sustainability is both a hygiene factor and a differentiating factor. Profitability is a prerequisite for continued investment in new products and stronger international marketing. Group management regularly holds meetings with investors and stakeholders on the capital market. Lammhults Design Group has been part of Nasdaq Nordic's ESG portal for sustainability data since 2019.

### Employees

Among employees, the importance of continuing to develop work organisation, internal career paths and working environments is emphasised. Employee interviews shall be conducted annually and are a method for structured dialogue and improvement work. The group has a vision of zero accidents. Incident reporting and follow-up of occupational accidents is done at both company level and group level. Employee surveys are carried out every two years in each company. The surveys provide good evidence and insights into improvement measures that are followed up at company and group level. Lammhults Design Group values ethics, diversity and equality. We want our staff to reflect our surroundings and our customers.

### Customers

Public authorities and organisations are important end customers. In public procurement especially, very strict requirements are defined for the environment, function, longevity, safety and ethics. Procurement models that meet the extensive requirements for quality, the environment and social responsibility according to Möbelfakta or the Nordic Swan Ecolabel are standard. Products and solutions for a circular economy are prerequisites for a sustainable society and thus also business practice. Customers' requirements for material selection, renewable raw materials, components based on recycled materials and demountability for repair, replacement or recycling are all factors that continue to grow in





Photographer Linus Morales

importance. Fact-based environmental performance based on life cycle analyses is also increasing in importance.

Large library projects set strict environmental requirements. The Library Interiors business area delivers customer-unique solutions that meet these demands on the global market. One initiative in public procurement in Sweden is the "Green List", which sets strict environmental requirements. The requirements correspond to the Nordic Swan Ecolabels criteria. During the year, the "Green List" has, as planned, introduced circularity criteria in its updated requirements. Working with demanding customers drives positive and sustainable development. The companies are in close dialogue with dealers, regulatory agencies and end customers. Important meeting places include trade fairs, exhibition areas and production facilities. Not least the factory visits and also visits to the supply chain provide the opportunity for deeper relationships and the mutual exchange is important. Satisfied customer surveys are conducted regularly. These surveys are a natural part of the quality work for satisfied customers.

### Agenda 2030

The global sustainable development goals and Agenda 2030 represent a global, national and local driving force for sustainable development. As part of the materiality analysis, the group has

identified five of the 17 Agenda 2030 goals that are of the greatest importance to the group and where we can have the most influence.

#### The five goals are:

- Health and well-being (Goal 3)
- Gender equality (Goal 5)
- Decent work and economic growth (Goal 8)
- Responsible consumption and production (Goal 12)
- Life on Land - Ecosystems and biodiversity (Goal 15)

#### Suppliers

The Group has production and warehouse centres in Sweden, Norway, Denmark and Germany. Local suppliers within each country are used to a great extent, as reported under the results section. The suppliers supply materials, components, semi-finished products, services or finished items. Competence, quality, delivery time and cost, as well as ethical, social and environmental aspects, are the main criteria for the choice of supplier. Möbelfakta's requirements for social responsibility at the supplier level are extensive and also require that systematic work on mapping, risk analysis and follow-up is established. These procedures are regularly reviewed through external audits. For some of the companies, there are suppliers in risk countries according to the classification by Amfori/ BSCI. These countries are China, Romania and Turkey. The total share of purchasing in these countries amounted to 3% in 2020. The group's suppliers in risk countries are regularly monitored through external or internal inspections.

#### Anti-corruption and human rights

The group has zero tolerance for corruption, discrimination and other anomalies. A whistleblower function has been established. Risk analysis for violations of the code of conduct relating to bribery and for violations of laws and regulations has already been performed for the companies in the group. The risk analysis also includes the risk of improper gifts or other actions that are made for personal gain or for the benefit of some other party and not for the good of the company. Risk analysis for violations of human rights, freedom of association, child labour and forced labour is part of the systematic risk analysis.

For the group's companies with their own production in the Nordic region and with 99% of their supplier base within Europe, where rights and freedom of association are protected by law, no major risk is considered to be present.

#### Schools and education institutions

Several of the group's companies have established collaborations with schools and education institutions for study visits, internships and degree projects. The collaborations are of great value and affect our business activities and future development. There are many good examples of the importance of networks for both recruitment and the development of products and services.

# Materiality analysis

Our focus is to create value by prioritising what is important and essential to our stakeholders. The transition to a circular economy is one of the cornerstones. International work is underway to develop a new ISO standard for the concept Circular Economy with the aim of establishing common definitions and terms, as well as consistent measurements.

Work within industry associations and within EU working groups on green procurement of furniture has resulted in several reports on and analyses of the requirements and priorities that have the greatest impact on the environment and the climate, as well as on what criteria apply for furniture.

The group's companies are members of industry associations in the countries where we have production. In Sweden, the Swedish Federation of Wood and Furniture Industry - Trä- och Möbelföretagen (TMF) performs extensive work on environmental and sustainability issues.

Möbelfakta is an established and updated reference and labelling system for furniture that sets strict requirements for function, longevity, environmental considerations and social responsibility. The environment-related requirements reflect strict external requirements that are updated regularly and the technical requirements are based on international product standards (CEN and ISO) and social responsibility is based on the UN Global Compact directive.

Lamhults Design Group has supported the UN Global Compact since 2014 in the work on human rights, working conditions and the environment and against corruption that is crucial for sustainable development.

**The results of our materiality analysis point to three areas that are focused on during the strategy period and that relate to the identified global sustainable development goals.**

- Products with high environmental performance and circular design
- Environmental- and climate-smart operations and suppliers
- Good working environment

## Created and distributed financial value, SEK million

	2020	2019	2018	2017	2016
<b>Created financial value - Income</b>	818,3	1 064,0	964,5	929,8	794,3
Operating expenses, most of which are to our suppliers	568,0	714,5	632,4	618,9	517,2
Salaries and benefits to our employees	206,1	224,1	232,4	211,6	187,7
Payments to our financiers, net	2,6	5,5	2,2	3,0	2,8
Social security contributions to the public sector	42,7	48,3	45,0	52,0	41,5
Payments to the public sector in the form of taxes	10,0	16,6	12,7	10,8	9,4
<b>Total distributed financial value</b>	<b>829,4</b>	<b>1 009,0</b>	<b>924,8</b>	<b>896,3</b>	<b>758,6</b>
<b>Net financial value</b>	<b>-11,1</b>	<b>55,0</b>	<b>39,7</b>	<b>33,5</b>	<b>35,7</b>
Dividend to shareholders	0,0	0,0	16,9	16,9	16,9
Retained in the business	-11,1	55,0	22,8	16,6	18,8





Abstracta

**Materiality analysis for  
Lammhults Design Group with  
cross-reference to Agenda 2030**



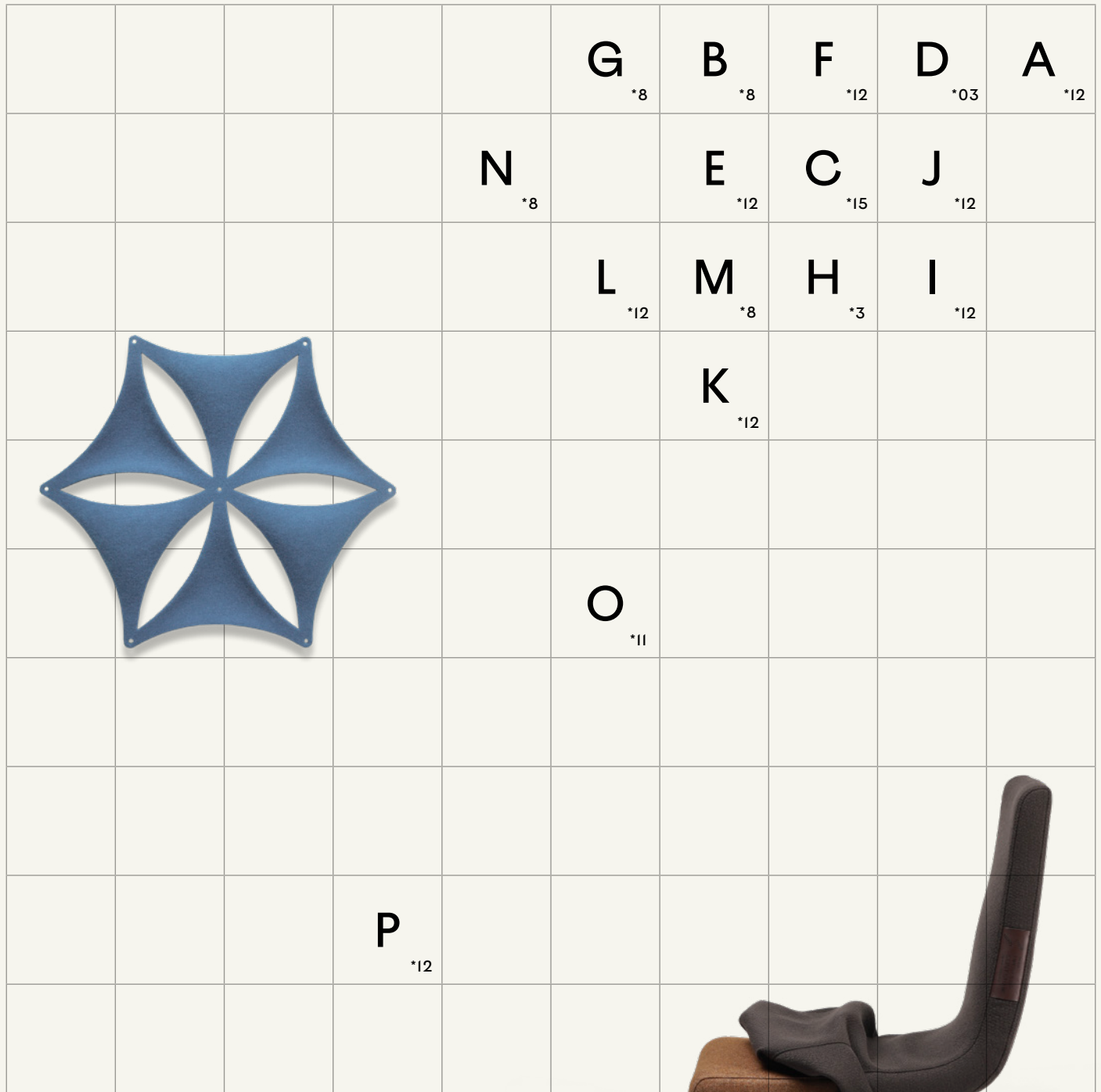
Code	Aspect
A	Product life, quality and function
B	Supplier base that honours the code of conduct (social and environmental responsibility)
C	Traceability of wood raw materials from sustainable forestry (FSC or equivalent)
D	Non-toxic environment and non-toxic products, phasing out of classified chemicals (CLP Regulation, Hazard classes)
E	Good choice of materials (renewable, recycled material, eco-friendly processes)
F	Circular product solutions (demountability/replacement/spare parts, reuse,...)
G	Waste is primarily a resource (recycling)
H	Solvent-free manufacturing processes

Code	Aspect
I	Reduced climate impact (CO <sup>2</sup> footprint) and energy efficient production units
J	Furniture-labelled products (Möbelfakta, Nordic Swan Ecolabel, EU Ecolabel)
K	Environmentally friendly transport
L	A good working environment that is safe, secure and equal
M	Skills development and development opportunities
N	Innovation work and entrepreneurship
O	Local commitment
P	Water consumption

HIGH

\* Cross-reference global goals - Agenda 2030

Importance for Lammhults Design Group's business strategy



LOW

Weighting of aspects by stakeholders

HIGH



# Lammhults Design Group's sustainability strategy and goals 2020-2025



## Health and well-being

### SDG target - Goal 3

#### **Target 3.9 - Reduce the number of illnesses and deaths from harmful chemicals and pollutants**

By 2030, significantly reduce the number of deaths and illnesses caused by harmful chemicals, as well as pollution and contamination of air, water and ground.

### Lammhults Design Group's Goal

Non-toxic products  
Solvent-free manufacturing 2030  
Increased healthy attendance  
Satisfied employees  
Satisfied customers

### Activity

Phase out classified chemical substances (\*)  
Phase out organic solvents  
Action plans

### KPI

Number and quantity of classified chemicals (hazard classes)  
VOC emissions \*\* (kg/year)  
Sick leave (%)  
NMI and staff turnover  
NKI



## Gender equality

### SDG target - Goal 5

#### **Target 5.1 - Eradicate discrimination against women and girls**

Abolish all forms of discrimination against all women and girls everywhere.

#### **Target 5.5 - Ensure full participation of women in leadership and decision-making**

Ensure women full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

### Target 5.C - Create laws and action plans for gender equality

Adopt and strengthen well-founded policies and enforceable legislation to promote gender equality and increase the empowerment of all women and girls at all levels.

### Lammhults Design Group's Goal

Equal employees, work teams and management groups

### Activity

A new and updated code of conduct has been in force since 2018. It also clarifies what applies regarding equal treatment, gender equality and diversity.  
Plans for competence development, career development and recruitment shall exist in each company.

### KPI

Gender balance collective employees  
Gender balance salaried staff  
Gender balance management groups  
Gender balance board



## Decent work and economic growth

### SDG target - Goal 8

#### **Target 8.2 - Promote economic productivity through diversification, technological innovation and upgrading**

Achieve higher economic productivity through diversification, technological upgrading and innovation, including by focusing on sectors with high value added and high work intensity.

#### **Target 8.4 - Improve resource efficiency in consumption and production**

By 2030, progressively improve global resource efficiency in consumption and production and strive to break the link between economic growth and environmental degradation, in line with the ten-year framework for sustainable consumption and production, with developed countries leading the way.

### Lammhults Design Group's Goal

Safe workplaces.  
Vision of zero accidents.  
Competitive supplier base that supports sustainable responsibility, environmentally and socially.

### Activity

Learning through active incident reporting and risk analyses.  
Prioritise supplier collaboration with selected suppliers.  
Prioritise suppliers who work systematically on environmental improvements. Suppliers shall honour and comply with the code of conduct. Primarily work with suppliers in the local region.

### KPI

Incident reporting  
Work accidents  
Sick leave days due to accidents  
Systematic supplier assessments and development collaborations with selected suppliers.  
Percentage of suppliers that are ISO 14001 certified (80% of purchase volume)  
Percentage of local suppliers (%)  
Number of suppliers in risk countries (BSCI/Amfori) and percentage of purchasing  
Percentage in risk countries with audits performed



## Responsible consumption and production

### SDG target - Goal 12

#### **Target 12.2 - Sustainable management and use of natural resources**

By 2030, achieve sustainable management and efficient use of natural resources.

#### **Target 12.4 - responsible management of chemicals and waste**

By 2022, achieve the environmentally sound management of chemicals and all types of waste throughout their lifecycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.

#### **Target 12.5 - Significantly reduce the quantity of waste**

By 2030, significantly reduce the quantity of waste through measures to prevent, reduce, reuse and recycle waste.

### Lammhults Design Group's Goal

Products designed for circular furniture flows  
Energy efficient facilities  
Fossil-free production units by 2030  
Climate-smart suppliers  
Waste is a resource for other products  
Eco-labelled furniture  
Environmentally friendly transport

### Activity

Design and redesign for circularity  
Systematic work on energy efficiency (EKL implemented)  
Reduce CO<sup>2</sup> through origin-labelled electricity and heating without fossil fuels, as well as transition to electric cars etc.  
Supplier chain with long-term action plans  
Materials and process development  
Maximise recycling through reuse, material recycling, reducing waste for incineration  
All volume products shall be Möbelfakta or Ecolabel  
At least Euro 6 for all long-distance transport by 2021

### KPI

Weighted Circular Material Index (TBD) volume products  
Energy consumption (standardised in relation to net sales)  
CO<sup>2</sup> emissions  
Reduced CO<sup>2</sup> footprint significant suppliers  
Waste for landfill (kg)  
Waste for recycling and incineration respectively (quantity and percentage of total)  
Eco-labelled furniture (Möbelfakta, Nordic Swan Ecolabel, EU ecolabel)  
Percentage of EURO 6 among freight forwarders



## Ecosystems and biodiversity

### SDG target - Goal 15

#### **Target 15.2 - Promote sustainable forestry, halt deforestation and restore depleted forests**

By 2022, promote the implementation of sustainable use of all types of forests, halt deforestation, restore depleted forests and greatly increase afforestation and reforestation worldwide.

### Lammhults Design Group's Goal

All wood raw materials from sustainable forestry

### Activity

Requirement for and follow-up of traceability

### KPI

Percentage of wood raw material with documented traceability (FSC or equivalent)

\* Classified chemical substances are chemicals that are hazard classified according to the CLP Regulation

\*\* VOC, Volatile Organic Compound (normally organic solvents) - contained in solvent-based varnishes and glue.





Abstracta

## Resultat

### The environment

CO<sup>2</sup> emissions from electricity and heat by the group's companies in 2020 was on par with the emissions in 2019. Overall, renewable sources account for 85% of the group's total energy needs in terms of electricity and heat.

The group's total energy consumption (electricity and heat) decreased by 19% compared to the previous year for comparable units, which is a result of reduced sales and thus reduced energy consumption. The energy for heat is not corrected for a normal year.

The production unit in Norway and three out of four plants in Sweden are heated with bio-based district heating. Electricity use in Sweden, Norway, Denmark and Germany is mainly based on electricity from renewable sources (hydropower and wind power).

To be able to label furniture Möbelfakta or Nordic Swan Ecolabel, it is a requirement that wood and wood-based material is traceable

and comes from legal forestry (FSC or PEFC certified or equivalent).

Most of the volume products are Nordic Swan Ecolabel and Möbelfakta approved. Lammhults Möbel shows 95% traceability of wood raw material. The number of Möbelfakta approved products has increased during the year and now totals 169 products. The total number of products approved according to the Nordic Swan Ecolabel now stands at 19. Work continues to achieve additional eco-labels such as Nordic Swan Ecolabel and Möbelfakta in 2021.

Varnishing operations are performed at three of the group's production facilities: Morgana, Lammhults Möbel and Ragnars. Morgana has previously reduced solvent emissions by investing in UV-cured varnish. Lammhults Möbel uses a small amount of solvent-based varnish for tables with a high requirement for surface resistance. The metal colouring at Lammhults Möbel is done with completely solvent-free powder coating. Total solvent emissions for 2020 amounted to 4.4 tonnes. In total, this gives a reduction from the previous year of 41%.

Material recycling is the predominant method of waste management, which is important for a sustainable society. Of total waste, material recycling amounted to 83% during the year. Long-term work is also ongoing in the product development departments that will create the conditions for even greater demountability and separability, which supports circular material use.

Water is an eco-cycle resource. The group's water consumption is very limited. The production units use water primarily for sanitation and household purposes such as dishwashing and beverages.

Not all transporters can submit an emissions report. Our freight forwarders can regularly report on where they stand in the transition to more environmentally friendly engines (Euro classes). Some of the major freight operators now have 100% Euro 6 engines, which is currently the highest environmental rating. The transition to Euro 6 is now going quickly for others and most estimate that they will reach 100% in 2021.

### Employees

The average number of employees of the entire group in 2020 was 352, of whom 46% were women and 54% men. Staff turnover due to resignation amounted to 6% and is lower than the previous year (7%).

The proportion of permanent employees is 99%. 91% work full-time, with 82% of women and 98% of men working full-time.

Total sick leave decreased from the previous year to 4.3% (4.7%) of which short-term sick leave amounted to the same proportion as last year at 1.6%.

Incidents and accidents at work are monitored and reported by all companies. During the year, there were 26 incidents and 9



accidents at work, resulting in a total of 5 lost working days. A zero vision applies to occupational accidents, which is why the focus on analysis of risks and incidents is a priority.

Lammhults Möbel and Abstracta have management systems that are certified for working environment according to OHSAS 18001. A transition to the new ISO 45001 will take place. Fora Form has been certified according to ISO 45001 since 2018. Employee surveys are carried out regularly and have taken place during the year. Key areas are working conditions, health, environment and motivation. These are done by company and they are also followed up at group level. Employee interviews are an established annual routine. During the year, 72% of all employees had employee interviews (77% of salaried staff and 64% of collective agreement employees).

#### Average number of employees by region

	Women	Men	Total
Sweden	74	131	205
Norway	29	23	52
Denmark	34	14	48
Germany	7	17	24
Other countries	13	10	23
<b>Total</b>	<b>157</b>	<b>195</b>	<b>352</b>

#### Form of employment

	Women	Men	Total
Permanent employees	159	188	347
Fixed-term employees/ hired/ staffing	4	1	5
<b>Total</b>	<b>163</b>	<b>189</b>	<b>352</b>
Full-time	134	185	319
Part-time	29	4	33
<b>Total</b>	<b>163</b>	<b>189</b>	<b>352</b>
Percentage	46%	54%	

#### Staff turnover in number per age group

	Started	Left	of which self termination	of which company termination	of which retired
< 30 years	6	6	3	3	0
31-50 years	17	40	12	28	0
> 50 years	3	22	4	11	7
<b>Total</b>	<b>26</b>	<b>68</b>	<b>19</b>	<b>42</b>	<b>7</b>

#### Age distribution

	Women	Men	Total
< 30 years, salaried	11	5	16
<30 years, workers	4	13	17
30-50 years, salaried	61	53	114
30-50 years, workers	19	39	58
>50 years, salaried	41	45	86
> 50 years, workers	19	42	61

#### Sick leave Sweden, Denmark, Norway and Germany

	Totalt
Sick leave < 14 days	1,6%
Sick leave > 14 days	2,8%
<b>Total</b>	<b>4,3%</b>

## Suppliers

Supplier collaboration to achieve better results both financially and environmentally is a topic that is growing in importance and that will contribute to increased circular material handling.

A total of 131 suppliers accounted for 80% of the value of input materials and components in 2020. This is a reduction of three suppliers from the previous year. A consolidation is in progress. However, a large part of external purchasing relates to unique components for specific products. In many cases, it is tool-dependent manufacturing, which is why the work intensity is generally not very high, which allows for local production. For the group as a whole, local suppliers, i.e. national ones, accounted for 55% of the purchasing value in 2020.

Of the group's external purchasing of materials and components, suppliers in the Nordic region accounted for 71%, the rest of Western Europe accounted for 13% and Eastern Europe for 15%, while purchases in Asia (China) are finished. The number of suppliers classified as being in risk countries in Amfori BSCI's list of risk countries as of January 2021 decreased from 3 in 2019 to 2 in 2020. These supplier countries together account for less than 3% of purchasing.

This work is part of the follow-up programme that is part of the working method for social and environmental responsibility. There is a special procedure in which the CEO of each company must approve new suppliers.

## Percentage of purchasing from different countries

	<b>Per cent</b>
Sweden	54%
Other Nordic	16%
Rest of Western Europe	13%
China, Turkey, Asia	2%
Other Eastern Europe	15%
Asia	0%
Rest of the world	0%
Total number of suppliers	1 106
Number of suppliers representing 80% of purchased value	131

## Auditor's statement on the statutory sustainability report

To the Annual General Meeting of Lammhults Design Group AB (publ) corporate registration number 556541-2094

## Assignment and distribution of responsibility

It is the board that is responsible for the sustainability report for 2020 on pages 62-81 and for ensuring that it is prepared in accordance with the Annual Reports Act.

## The direction and scope of the investigation

Our investigation has been performed according to FAR's recommendation RevR 12 Auditor's statement on the statutory sustainability report. This means that our investigation of the sustainability report has a different approach from and a much smaller scope than an audit in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. We believe that this investigation provides us with a sufficient basis for our statement.

## Statement

A sustainability report has been prepared.

Malmö, 31 March 2021

Deloitte AB

Richard Peters

Authorised Public Accountant



Fora Form

Serving a global clientele, Lammhults Design Group's business concept is to create positive experiences through modern interiors. Consumer insight, innovation, design management, sustainability and strong brands are the foundations on which the Group's operations are based. We develop products with several of the market's foremost designers.

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