

NOBIA'S SUSTAINABILITY REPORT

For the first time, Nobia is presenting a sustainability report prepared in accordance with the Global Reporting Initiative (GRI). This report is an account of the economic, environmental and social impact of the operations and encompasses the entire Group.

The report has been adapted to GRI's G3 guidelines and is a Level C self-declaration. Read more about GRI on www.globalreporting.org.

The sustainability report has not been reviewed or audited by an external party.

The environmental data, measurements and key figures are reported per calendar year and are collated from all the Group's production units at least once a year. Environmental data from the supplier chain is not reported.

A materiality analysis was performed prior to the preparation of the sustainability report based on interviews with

key employees. This enabled the identification of risks, opportunities and priority areas for Nobia's continued sustainability activities.

Nobia's sustainability function is organisationally affiliated with the finance department and sustainability related results are reported to senior management.

SUSTAINABLE BUSINESS

Nobia has a fundamental responsibility for developing and maintaining sustainable business activities. Its sustainability work is based on and measured from the Group's economic, environmental and social impact. The overall focus is on profitability, lower impact on the environment and responsible enterprising.

Nobia's most important stakeholders are customers, employees, suppliers, partners and owners. A basic strength in the operations from a sustainability point of view is that production largely comprises wood, which is a renewable resource found in the natural ecocycle. Nobia endeavours to ensure that the products it sells and distributes are to meet both customer requirements and taking into account environmental aspects.

In general, Nobia's environmental impact is relatively small in terms of both products and manufacturing process. Nevertheless, the company strives to reduce its impact on

the environment by limiting its use of hazardous chemicals, economising on resources, introducing efficient heating systems and optimising transportation.

The company's product development, manufacturing and distribution mainly take place in Europe. Accordingly, Nobia has most of its operations in countries that, generally speaking, are advanced in such areas as business ethics, human rights and work conditions. In their work, Nobia's employees and partners are to comply with the ethical principles described in the company's Code of Conduct.

KEY EVENTS DURING 2012

- Nobia adopted a target for 2013 of reducing carbon emissions from transportation and heating by 1.5 per cent each, based on figures for 2012.
- A Group-wide intranet, available to all employees, was launched.
- To meet stricter requirements from the Nordic Ecolabel, products for Marbodal, Myresjökök, Norema and Sigdal underwent comprehensive reviews. One of the results was that chipboard used in doors and cabinets were replaced with boards in low-emitting material.
- The work sites in Darlington and Halifax in the UK received a merit award at the British Safety Council international safety awards in recognition for the organisation's commitment to health and safety.
- The Nobia share was included in the NASDAQ OMX GES Sustainability Sweden Index, which is a comparison index for the 40 best-rated Swedish listed companies in sustainability.

GOVERNANCE DOCUMENTS

In February 2013, the Nobia Board adopted an updated and enhanced Code of Conduct that applies to all employees in the Group. Nobia's partners, meaning its suppliers, franchise holders, retailers and consultants, are also expected to adhere to the principles of this Code of Conduct. The areas regulated by the Code include business principles, human rights, working conditions and environmental considerations.

The Code of Conduct will be made available on the Group-wide intranet, translated to seven languages, and implemented through training programmes that will include workshops for managers. To ensure compliance with the Code, an anonymous communication channel will be established where employees can report violations of laws and internal policies.

In addition to the Code of Conduct, there is an operational purchasing procedure, known as a supplier audit, that is followed by employees with purchasing responsibilities when entering into agreements with suppliers. Nobia also has other policies that govern specific areas of sustainability, for example a forest policy targets to suppliers of wood materials.

SUSTAINABLE BUSINESS

ECONOMIC RESPONSIBILITY

Nobia's operations create financial value for the company's stakeholders. The generated value is divided between the stakeholders and a certain portion is retained within the company for such purposes as investments in or the development of new kitchen solutions.

Through its operations, Nobia creates financial value for its stakeholders. The company's employees share in this value through their salaries and other benefits, suppliers are paid for purchases made, customers receive high-quality kitchen products, states and municipalities receive tax revenue and shareholders receive dividends and returns on their shares.

A certain portion of the generated value is retained within the company, and is used for investments in and the development of new products. Nobia's total value added, meaning net sales less costs for materials and services, amounted to SEK 3,605 million (3,750) in 2012.

Employees

At year-end 2012, 7,187 (7,430) people were employed in 13 countries, mainly in Europe. The terms of employment follow

national laws, regulations and collective agreements and are in line with Nobia's remuneration policy. Payroll expenses for 2012 amounted to SEK 2,351 million (2,489), while social security contributions and pension costs amounted to SEK 601 million (614).

Suppliers

The cost of goods sold and materials is Nobia's single largest type of cost, and includes purchases of raw materials such as wooden chipboard and also processed products such as appliances and cabinet interiors. In recent years, the purchasing function was centralised and in 2012 a sourcing organisation was formed based on category responsibilities. The percentage of purchasing from low-cost countries increased slightly and amounted to 13 per cent (10) for the year.

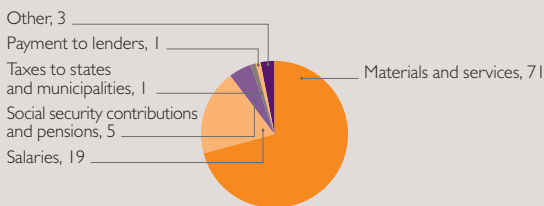
Society

Nobia contributes to the economic development of local communities in which the company conducts operations through salaries to the employees, payments to pension funds and social insurance, social security contributions and through taxes to the states in which the company operates. In 2012, Nobia paid income tax to various states in a total of SEK 155 million (82).

Shareholders

Capital from shareholders finances the capital base, which is used to create value. In return, shareholders can receive returns and dividends. No dividend was paid in 2012 for the 2011 financial year, but a dividend to shareholders totalling approximately SEK 84 million is proposed for 2012.

SPECIFICATION OF THE GROUP'S COSTS, %



Nobia's total value added in 2012 amounted to SEK 3,605 million (3,750). The Group's costs are distributed between the company's stakeholders as described above.

CARBON DISCLOSURE PROJECT

Nobia has been reporting to the Carbon Disclosure Project (CDP) since 2007. The CDP is an independent organisation and an initiative from investors and shareholders across the globe. More than 3,700 companies now report their greenhouse-gas emissions to the CDP and each year the participating countries are ranked according to the quality and completeness of their reporting and the activities implemented to combat climate change. The results of the 2011 reporting, which were presented in 2012, showed a general improvement among the reporting companies.

Nobia's ranking also increased, from 51 points in 2011 to 66 points in 2012. This means that the quality of the company's reporting is deemed to have improved and that the Group has reduced its environmental impact in terms of carbon emissions.

ENVIRONMENTAL RESPONSIBILITY

Nobia's environmental impact primarily arise in conjunction with manufacturing, surface treatment, assembly and kitchen transportation. Focus areas for environmental activities, which selected indicators are linked to, have been defined at Group-level, although the activities are integrated in the operations of each business unit.

Nobia's core operations consist of product development, manufacturing, transportation and sales of kitchens and accessories and it is from these activities that the Group's main environmental impact derives. The areas of Nobia's operations that have the most significant impact on the environment are manufacturing, surface treatment, assembly and transportation.

Environmental certification and guidelines

The Nobia Group's products are manufactured at 13 production facilities in seven countries, and all production units meet the environmental requirements stipulated in each country. Nobia's licensable-activities in Sweden are described in greater detail in the Financial Overview on page 29.

Nine of the production facilities have ISO 14001 environmental management systems certification, which means that every year, the plants' environmental impact is reviewed, new targets are established and specific action plans are produced. Of the plants that do not have ISO certification, two are in Austria, one is in Norway and one is a minor operation in Denmark.

Environmental work and focus areas

Environmental work at Nobia is delegated and integrated into the operations of each business and production unit. Targets, direction and priorities are determined at Group level. The units then translate these into their own environmental targets and activities based on the Group-wide directives.

A number of areas were identified at Group level as priority focus areas for environmental activities:

- Carbon emissions – transportation and heating of plants.
- Energy consumption – both electricity and heat consumption.
- Choice of materials – wood and chemicals.

- Surface treatment – use of water-based paints and emissions from solvents.
- Waste – recycling and reduction.
- Packaging – volumes and type of materials.

Greenhouse-gas emissions

Greenhouse gases are mainly emitted from heating and cooling premises and from transportation. To reduce both costs and the impact on the environment, modern systems for cooling, heat recycling as well as fan systems are continuously introduced.

Nobia's mainly transports raw materials and finished kitchen products by truck. Also, travel by employees emits greenhouse gases. About 5 per cent (5) of Nobia's total

expenses are attributable to transportation, making it an important item for optimising resources and for working on recycling the Group's environmental impact.

Surveys and analyses of transportation flows are conducted in close co-operation with forwarding agents, as well as by engaging external expertise to identify financial environmental advantages. A vital factor of this work on reducing greenhouse-gas emissions is optimising loading so that transportation can carry as many rigid and flat-pack products as possible without causing damage. Another focus area is high quality and delivery reliability, since faultless deliveries are positive from both an environmental point of view and for Nobia's customers.

ENVIRONMENTAL KPI'S

Greenhouse-gas emissions, thousands of tonnes CO ₂		2010	2011	2012 ²⁾
Nordic region	Transportation	11.2	10.1	11.6
	Heating	32.4	31.8	32.6
Continental Europe region	Transportation	4.5	4.8	7.5
	Heating	10.7	9.1	6.4
UK region	Transportation	9.3	7.1	11.6
	Heating	8.8	7.9	7.2
Energy consumption, GWh		Type of energy		
Nordic region	Electricity	42.5	42.6	42.2
	Energy	50.8	41.8	46.5
Continental Europe region	Electricity	12.3	11.7	21.3
	Energy	21.7	16.3	19.5
UK region	Electricity	16.1	15.3	14.7
	Energy	41.5	34.3	22.7
Materials, thousands of tonnes		Type		
Wood and wood products	Wood, chipboard, MDF	238.0	218.6	196.3
FSC-certified wood and wood products	Wood, chipboard, MDF	69.0	71.8	60.4
Emissions of solvents to air, tonnes		Type		
Nordic region	Volatile organic compounds	189.6	168.4	164.5
Continental Europe region	Volatile organic compounds	40.0	42.3	39.9
UK region	Volatile organic compounds	5.7 ¹⁾	–	–

1) In 2010, Nobia discontinued surface finishings of kitchen products in the UK

2) For 2012 the warehouse unit in Arras, France is included.

ECO-LABELLED PRODUCTS

Several of Nobia's Nordic brands and products are Nordic eco-labelled. Marbodal's, Myresjökök's, Norema's and Sigdal's products are all controlled by the Nordic ecolabelling scheme and contain a minimum of harmful chemicals. Assessments are made based on a lifecycle analysis, with each the environmental impact of each product group analysed based on, for example, energy use, water consumption, chemicals and waste.

Today, a total of 75 per cent of door models manufactured at the production

plant in Tidaholm are ecolabelled, as are 100 per cent of the white cabinets.

One of the Ecolabel criteria is the use of water-based and UV paints. Water-based paints not only radically reduce emissions of solvents but also improve the work environment and result in an odourless environment. Furthermore, such quality aspects as colour fastness and scratch resistance are often better with water-based paints than with solvent-based ones.



In 2012, Nobia adopted a Group-wide target of reducing carbon emissions from transportation and heating by 1.5 per cent each during 2013, based on figures for 2012.

Energy consumption

Electricity and energy consumption is another priority area in environmental activities. Electricity and energy are primarily used to operate production equipment, ventilation, fans, lighting and the heating and cooling of premises. Electricity and energy consumption account for about 1 per cent (1) of Nobia's total costs.

Part of the efforts to reduce electricity and energy consumption is to train and involve employees in economising on resources. Other measures that have been conducted are replacing outdated equipment with new, which uses less electricity, and equipping fans with frequency controls and heat recovery systems.

Materials

Wooden materials and components are key elements of Nobia's products and the single largest purchasing category, accounting for about 18 per cent (17) of the Group's total costs. Nobia's suppliers of wood and wooden products are mainly in Europe, but also

in Asia. All timber suppliers are informed about the Group's forest policy and must sign a timber declaration that includes requirements on the following matters:

- Compliance with forestry legislation.
- Known origin and details of source.
- Not illegally harvested timber.
- Not wood from intact natural forests or high conservation values.
- Not forest material from protected areas.
- Not timber from plantations in tropical and sub-tropical regions.
- Not valuable tropical types of trees, except for those certified by the Forest Stewardship Council (FSC).

The FSC promotes responsible forest management and ensures that the harvesting of wood and non-wood products do not impact forests' biodiversity, productivity or ecological processes. Nobia is striving to increase its share of FSC-certified wooden material, which during the year amounted to approximately 31 per cent.

Emissions of solvents to air

Reducing the use of solvents is a core element of Nobia's environmental aims and is a guideline applicable to the entire Group. Solvents are primarily used in surface treatment and cleaning painting facilities. Part of

reducing the consumption of solvents is to replace them with water-based and UV-tempered paint and to reduce the number of changes of production equipment to lower the number of cleaning instances and enhance productivity. The percentage of water-based and UV-tempered paint during the year totalled approximately 48 per cent.

Waste

Timber pallets, corrugated board, shrink-wrap and plastic tape are the main components of the packaging material used by Nobia. About 90 per cent of this packaging material is recyclable. A certain amount of waste is produced from the manufacture of products, primarily in the form of timber pallets, and plastic packaging and corrugated board from materials received. This waste is sent for recycling or combustion. Other types of waste include paint, oil and residue from cleaning which are sorted for combustion or for land-fills. For 2012, the amount of wood waste totalled about 20 thousands of tonnes. The amount of waste excluding wood waste was about 7 thousands of tonnes, of which about 43 per cent went to external recycling, about 45 per cent to land-fills and combustion and about 12 per cent comprised hazardous waste.

SUSTAINABLE BUSINESS

SOCIAL RESPONSIBILITY

Nobia endeavours to create a safe and stimulating work environment for its employees. The Group has joint ethical principles and standardised guidelines for such issues as employee performance appraisals and supplier evaluations.

Nobia's development and success is heavily dependent on its employees' performance and ability to face changes. The company's responsibility encompasses the work environment for employees and a general, responsible business behaviour.

Joint processes

As part of the development toward a uniform Nobia, a joint process for performance evaluations and reviews was implemented in 2011. This process aims to break down and delegate business goals throughout the entire organisation, monitor and evaluate them, for example via employee appraisals, and identify individual development plans. The introduction of the process has commenced for salaried employees, but was also established for other employees during 2012.

The work on co-ordinating the Group's other internal processes continued during the year. A review of Nobia's various reward and remuneration systems was performed and joint policies and processes were introduced for travel, company cars and remuneration, for example.

Skills development

Many of the Group's brands offer their own skills development training to employees to familiarise them with products, sales, design, drawing systems and language skills. These training courses are supplied by the company's own training centres, including the Magnet Training Academy in the UK, Hygena Training Academy in France and HTH Training Academy in Denmark.

A number of Group-wide initiatives were also taken in the area of skills development. For example, interactive language courses were launched for all employees in 2011, and the number of participants increased in 2012.

Talent management

Nobia endeavours wherever possible to apply internal recruitment and promotion from within the company. The identification and development of internal talent is key to the Group's continued success. The Group has a centrally controlled talent-management processes in which about 400 managers were assessed with the objective of identifying leadership potential, development requirements and future succession solutions.

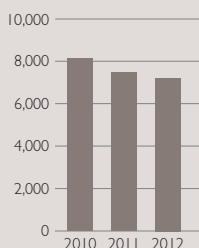
Leadership development

A Group-wide leadership programme was arranged for the sixth time during the year. An element of this training programme was Group management selecting a number of real business challenges faced by Nobia. These challenges formed the basis of projects that were run within the framework of the programme. The participants were divided into groups, were given several months to work on the assignment and then presented their results to management. The leadership programme spanned over nine months and included financial analysis, market and management skills.

Safe workplace

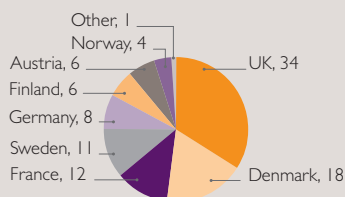
Nobia works according to a vision of zero accidents in the workplace and work-related injuries. Preventive activities are taken to minimise the risk of accidents, injuries and sickness absence. Worksites are regularly inspected to ensure a safe work environment and that the necessary equipment is available. The number of workplace-related accidents during the year amounted to 125.

NUMBER OF EMPLOYEES



The number of employees at year-end 2012 amounted to 7,187 (7,430). The lower number of employees in recent years is mainly due to cost-savings measures in all regions, as part of adapting the operations to the prevailing economic climate.

EMPLOYEES, GEOGRAPHIC DISTRIBUTION, %



Nobia has employees in 13 countries. Most employees work in the UK. Other countries where Nobia has many employees are Denmark, France and Sweden. A total of 69 per cent of the workforce are men.

Respect for the individual

Nobia promotes diversity and equal opportunities. No employees, customer or other business contact should be discriminated against on the grounds of age, ethnicity, social origin, nationality, skin colour, gender, sexual orientation, religion, political opinion, disability or for any other reason.

Human rights

Nobia supports the UN Universal Declaration of Human Rights, which forms the basis of relationships with employees, partners and others who come into contact with the company. Nobia does not accept child labour, forced labour or discrimination, be it within its own organisation or from business partners.

Supplier chain

Suppliers are checked and evaluated in accordance with the Group's guidelines on environment, work-environment conditions, and social and ethical issues. All suppliers must follow laws, requirements and the UN Universal Declaration of Human Rights.

A supplier evaluation template called Nobia Supplier Assessment Record (NSAR) is used that contains a built-in point system, with a low point score leading to corrective action or a business relationship never being established. The NSAR contains questions on quality and environmental management systems, products, social and ethical issues and health and safety matters. If a supplier does not comply with laws and established requirements or Nobia's Code of Conduct, the partnership is discontinued or not even established.

Auditing new suppliers and those that are deemed to entail a high risk are prioritised in this work. Nobia's supplier audits in 2012 and 2013 focused on Asia and 15 suppliers were audited in 2012. Nobia has a total of about 800 suppliers, of which the vast majority are based in Europe and about 6 per cent are in Asia.

THE HUNGER PROJECT

Nobia has supported the Hunger Project since 2006. The Hunger Project is a non-profit, global organisation that aims to end hunger and poverty. The Hunger Project invests in people, mainly through education, so that they can find solutions to their challenges through their own efforts, and establish sustainable development in their local community.

The organisation has about 330 employees, the majority in countries in which development projects are conducted, and has more than 385,000 local volunteers who reach out to 20 million people.

The project's activities are based on local priorities at grass roots level and therefore vary between different parts of the world. However, the same vision – to

end hunger and poverty – is followed everywhere, as is the work approach that focuses on social mobilisation, equality and local democracy.

The Hunger Project conducts change projects in 12 countries in Africa, Central and South America, as well as in India and Bangladesh.

Nobia's annual donations can, for example, lead to about 500 people being supported in breaking out of poverty to self-reliance.



HUNGER
PROJEKTET

SUSTAINABLE BUSINESS

SUMMARY

Nobia follows GRI's Sustainability Reporting Guidelines and, by its own assessment, meets the Level C criteria. For information about GRI's guidelines, visit www.globalreporting.org. For the GRI index, refer to www.nobia.com under About Nobia and Running sustainable business.

GRI indicators	Economic Performance Indicators, SEK m	2011	2012 ¹⁾
ECI	Net sales	13,114	12,343
ECI	Operating expenses (materials and services)	9,364	8,737
ECI	Payroll expense	3,103	2,952
ECI	Taxes to states and municipalities	82	155
ECI	Payment to lenders	83	93
ECI	Paid dividends to shareholders	–	–
ECI	Retained in operations	482	406

GRI indicators	Environmental Performance Indicators	2011	2012 ¹⁾
EN1	Use of materials: Wood, thousands of tonnes	219	196
EN1	Use of materials: Packaging materials, kg/cabinet	1.4	1.4
EN2	Recyclable packaging materials, %	89	90
EN3	Energy consumption: Electricity consumption, kWh/cabinet	9.0	10.1
EN3	Energy consumption: Heating, kWh/cabinet	12.0	11.5
EN16	Greenhouse-gas emissions from transportation, kg/cabinet	2.8	4.0
EN16	Greenhouse-gas emissions from heating and manufacturing, kg/cabinet	6.3	6.0
EN20	VOC emissions, kg/100 lacquered front	6.2	5.1
EN22	Waste (excluding wood waste), kg/cabinet	0.9	0.9
EN22	Wood waste, thousands of tonnes	21	20

GRI indicators	Social Performance Indicators	2011	2012 ¹⁾
LAI	Employees, average number	7,475	7,355
LAI	Women, %	32	31
LA7	Work-related accidents in production facilities, number	137	125
HR2	Audited suppliers and subcontractors, number	5	15

1) For 2012, the environmental indicators were affected by the inclusion of the warehouse unit in Arras, France.