





# Our sustainability initiatives

The global challenges facing society require responsible leadership and systematic work. The business sector has an important role to play. That is why we are working actively to integrate sustainability in our daily work; we see it as a precondition for long-term profitable and responsible business. Our sustainability initiatives are based on the understanding that every link in the chain is important, from supplier to employee to customer.

# SUSTAINABLE VALUE CREATION

The core of our operations is our products – offering sustainable kitchens that people can – and want to – enjoy for a long time.

We want to create kitchens that are designed with people and the environment in mind, while they inspire and facilitate a healthier, more sustainable lifestyle in the kitchen. That is why creating value throughout the life cycle is central to our sustainability initiatives and the linchpin of our sustainability strategy.

Starting from our sustainability strategy, we work purposefully with material sustainability topics in various parts of the

value chain, from product development and selection of raw wood materials to programs for responsible sourcing and more climate-smart production.

We always strive to raise our ambition in our sustainability efforts, and during the year we took significant steps towards even more sustainable operations.

## A selection of the year's sustainability awards

- Top ranking in the “Walking the Talk” report from the Mistra Center for Sustainable Markets (Misum) at the Stockholm School of Economics, which reviewed the Large Cap companies in Nasdaq Stockholm
- Second place in the annual Sustainable Companies ranking of sustainability efforts by OMX listed companies
- The British Safety Council’s “Sword of Honour”, one of the most prestigious security awards in the UK, for our health and safety initiatives
- Three out of a possible three points for Nobia-UK on the WWF’s “Timber Scorecard”. The report assesses UK companies on their timber product sourcing policies and performance



## SUSTAINABILITY THROUGHOUT THE VALUE CHAIN

Our primary opportunities to have a positive impact on people and the environment concern choice of materials, how kitchens are manufactured and distributed, and how our kitchen solutions can promote a more sustainable lifestyle.



### PRODUCT DEVELOPMENT

We offer kitchens that last for years. This long-term perspective requires developing products that meet both needs of today and tomorrow. Sustainability is therefore a focus area in our product development.



### SOURCING

Through our responsible sourcing programme, we monitor, place demands on and audit the work of our suppliers on social, environmental and ethical issues for the purpose of reducing risk and promoting a more sustainable supply chain.



### MANUFACTURING

In manufacturing, we work systematically with health, safety, resource efficiency, the environment and the climate. The majority of our production facilities are also ISO certified.



### TRANSPORTATION

Transportation from our production facilities to customers takes place through distributors, or alternately with our own vehicle fleet depending on the market. Using studies and analyses of our transport flow, we work to find new and optimal solutions.

### SALES

We have long experience in designing kitchens, and we help the customer the entire way from inspiration to installation in order to promote a sustainable kitchen solution for both immediate and future needs.



### USE

With our kitchen solutions, we can help our customers to live more sustainably, for example, through a more sustainable choice of materials and by facilitating energy savings and, recycling, and reducing food waste.



### WASTE AND RECYCLING

Through systematic work and in individual projects, we strive to reduce our waste and increase our circular flow of materials. Waste wood from production is used as an energy source or for manufacturing new material.



# FOCUS ON SUSTAINABILITY INITIATIVES STRENGTHENS OUR BUSINESS

Sustainability is a natural component of our operations.

For us, sustainability initiatives mean striving for a balance among economic, social, environmental and climate-related issues. It is a balance that requires knowledge and understanding of how we affect, and are affected by, our business environment and our stakeholders. To analyse our most material topics, we start not only from our direct and indirect impact but also analyses of trends and the business environment, research and dialogue with our stakeholders. By understanding their expectations and wishes, we can strengthen our operations and our ability to satisfy immediate and future needs.

We have identified the following material topics: wood, the climate, circularity, resource efficiency, chemicals, eco-labelling, health and safety, human rights and responsible sourcing as well as equality and diversity. These topics are the foundation of our focus areas, our strategic planning and our practical work. With a clear focus, we can develop relevant products and offerings that strengthen our business.

## A GROUP-WIDE SUSTAINABILITY STRATEGY LEADS THE WAY

Our Group-wide sustainability strategy links our core operations with our ambitions to promote the UN Sustainable Development Goals. The strategy, which we have worked with since its adoption in 2017, is built on four focus areas concerning products, materials, climate and sourcing. These focus areas work together with our other strategic initiatives concerning resource efficiency and employees. Our goals in the respective areas of focus are continually monitored and must be met by 2020 at the latest. In 2019, the work on developing the Group's next sustainability strategy was initiated, which will be a further development of the leadership ambition in sustainability expressed in Nobia's business strategy.



SUSTAINABLE INNOVATIONS



TIMBER FROM SUSTAINABLE SOURCES



REDUCE CO<sub>2</sub> EMISSIONS



RESPONSIBLE SOURCING



RESOURCE EFFICIENCY



EMPLOYEE WELL-BEING



**47%**  
sales of Nordic Swan  
eco-labelled products in  
Sweden and Norway

## SUSTAINABLE INNOVATIONS

Under our brands, we offer kitchens that last for years. This long-term perspective requires remaining on the leading edge, developing products that meet the needs of both today and tomorrow. Sustainability is thus a central theme in our concept and product development.

### CENTRAL CONCEPT DEVELOPMENT AND DESIGN

During the year, we strengthened our procedure for design and product development, and created a new central function for concept development and design. With a clearer orientation on design, we want to strengthen our position as a leader in design and bring additional strength to our brands by developing products in keeping with our customers' wishes. Our goal is to further position our brands as the most preferable alternatives where kitchens and storage are concerned.

### SUSTAINABLE CONCEPT KITCHENS

We want to meet changes in our business environment and customer needs regarding both design and function with our concept kitchens. We launched two concept kitchens with a sustainability focus in 2018. In the "Waste-Free" kitchen concept, we focused on recycled material and support for reduced food waste. This work has enabled us to develop more products with a focus on sustainability, and involved our customers in issues around sustainable consumption and food management. In our brand Bribus, we continued our work on developing a circular concept kitchen. During the year we have worked on, for example, choice of materials and developing a business model for the circular kitchen.

### EXTENSIVE EXPERIENCE WITH ECO-LABELLING

Nobia has extensive experience in working with eco-labelled products. Under our Marbodal brand, we were the first kitchen brand in Sweden with a Nordic Swan eco-labelled range — in 1996. Today, we offer Nordic Swan eco-labelled products, as well as products that meet eco-building standards such as the BRE Environmental Assessment Method (BREEAM) and Nordic Swan eco-labelled buildings. Furthermore, we offer products that meet local labelling standards in our various markets. During the year, we expanded our offering of Nordic Swan eco-labelled products and launched the Nordic Swan eco-labelled worktops. In Sweden and Norway, 47 per cent (45) of the sales value in 2019 came from Nordic Swan eco-labelled products.

Product safety is a linchpin in our work. Safety and ergonomics are taken into consideration in all our product development. Before a new product enters the production phase,

relevant tests are carried out both in-house and by accredited testing institutions in line with EU standards. In our product development process, we conduct systematic product risk assessments, known as Failure Mode and Effect Analysis (FMEA), for all new internally developed products. In Nobia UK, all our cabinets and doors are rigorously tested in line with the Furniture Industry Research Association (FIRA) furniture requirements. We are seeing tremendous — and continually increasing — market interest in sustainability certification and product labelling.

### SCORECARDS FOR NEW PRODUCTS

In our product development, we use a sustainability scorecard to assess materials, work on design and assess the sustainability performance of the product. The sustainability scorecard was implemented in 2018 and 2019 and to date has been used for two product launches. By assessing materials, working on design, evaluating suppliers and assessing the function of the products in the product development process, our products are put before a range of questions the responses to which allow us to reduce the environmental impact of products during their life cycle.

**TARGET 2020:** We have implemented a sustainability scorecard to evaluate the sustainability performance of our new kitchen products as regards choice of materials, design, and functionality.

**TARGET FULFILMENT:** The scorecard was used for product evaluation of all new products during the product launches for the year and has provided new perspectives on materials evaluation and design for circularity.

**UN GLOBAL COMPACT PRINCIPLES:** 1, 7, 8, 9

**UN SUSTAINABLE DEVELOPMENT GOALS:**



Read more about the Global Compact and Sustainable Development Goals on page 19.



## TIMBER FROM SUSTAINABLE SOURCES

Wood is the main component of our products. Wood is renewable, recyclable and durable. Being a sustainable choice requires that it comes from responsible forestry so that we can contribute to a sustainable forest.

### TIMBER FROM SUSTAINABLE SOURCES

Our strategic goal is for all purchased timber to come from sustainable sources. By that, we mean timber from forests that are certified for sustainable forestry, recycled wood and/or wood from suppliers audited and approved for sustainability. Timber and trade in timber are strictly regulated through the EU Timber Regulation. To ensure compliance, we gather information on traceability for the timber and wood materials we purchase. Nearly all our suppliers of timber and wood products are based in Europe.

All our suppliers of timber and wood products must comply with Nobia's policies and requirements regarding sustainable forestry. There must, for example, be information on the source: that it is not timber from intact natural forests, high conservation value forests, or plantations in tropical and sub-tropical regions; and that it is not timber from tropical trees except those that are certified.

In addition, we strive to increase the share of timber from certified forests. In 2019, 91 per cent (92) of the timber and wood products Nobia purchased came from certified sustainable sources. A smaller reduction from last year is due to larger

amount of total wood purchased. Moreover, in the UK region at least 70 per cent (70) of all timber and wood materials purchased was FSC® or PEFC™ certified, with full traceability all the way to the customer.

### WOOD – A PERFECT MATERIAL FOR RECYCLING

The largest part of our incoming wood consists of board material. Board material – chipboard, for example – often consists of both by-products and recycled material. This way, waste wood from sawmills and forestry as well as from worn-out furniture and wood products is upgraded into new material. Approximately 30 per cent of the material in our chipboard consists of recycled wood that meets the requirements in applicable directives and systems for inspection. Read more about how we work with our own waste wood from production on page 43.



As compensation for the energy supply of our operations in the UK, we helped preserved 353 000 m<sup>2</sup> of Peruvian rain forest in partnership with Cool Earth during the year.

**TARGET 2020:** 100 per cent wood from sustainable sources such as forests certified under acknowledged forest standards, recycled wood or wood from our suppliers who have been audited and approved for sustainability.

**TARGET FULFILMENT:** 91 per cent of Nobia's total timber and wood materials originates from a certified source, and the remaining 9 per cent comes from our audited and approved suppliers. Moreover, at least 70 per cent of all timber and wood materials purchased in the UK region was from FSC® or PEFC™ certified sources, with full traceability all the way to the customer.

**UN GLOBAL COMPACT PRINCIPLES:** 2, 7, 8, 9

**UN SUSTAINABLE DEVELOPMENT GOALS:**



Read more about the Global Compact and Sustainable Development Goals on page 19.

## Concept kitchens with a focus on circular solutions

In Bribus, our Dutch brand, we have been working since 2018 on a circular concept kitchen with a focus on extended service life as well as repairable and replaceable parts. The work is taking place with partners such as the Delft University of Technology.

Every materials flow has been charted step by step as part of the project. In partnership with suppliers and customers, we have looked at circular solutions concerning innovation in new business models. This includes choice of materials and kitchen use as well as product upgrades and replacement.

We now have a kitchen concept with a theoretically longer service life than the normal 20 years. The kitchen is easily customisable so that an entirely new kitchen is no longer necessary when tastes or circumstances change. Repairs are easier since the kitchen has not been glued together. All the parts are loose and click into place.

The circular kitchen has been developed in accordance with a modular “plug and play” principle. The designed details of the cabinets can be customised with a style package. This way, the design and appearance of the kitchen can easily be adapted to the user’s sometimes changing tastes. Replacing the entire kitchen is nearly never necessary.

Approximately 40 kitchens will be tested among customers in 2020.







## REDUCE CO<sub>2</sub> EMISSIONS

We are working steadily to reduce our direct emissions from production and transport; at the same time, we want our products to allow consumers to live more eco-friendly at home.

### RENEWABLE ENERGY

During the year, we took a further step towards renewable energy by switching all our own stores in all markets to renewable electricity. Some time ago, we switched all our production facilities to renewable electricity. Moreover, many of our production facilities are heated through energy reclamation of our own waste wood. In all, this means that 87 per cent (81) of our total electricity and heating needs come from renewable energy such as solar, wind, water and waste wood. At the same time, we want to increase this share. Over the coming year, we will install solar cells at our facility in Austria, thereby significantly reducing CO<sub>2</sub> emissions for energy in that country.

### REDUCED EMISSIONS

Our total CO<sub>2</sub> emissions have decreased in pace with switching to renewable electricity. Before the switch, our total emissions from electricity, heating and fuel for own transportation (Scope 1 and 2) was approximately 34,000 tonnes in 2016. Since then, our CO<sub>2</sub> emissions decreased to approximately 13,600 tonnes in 2019 – a total reduction of 60 per cent in four years and 25 per cent in 2019.

### CLIMATE IMPACT IN OUR VALUE CHAIN

We are now taking the next step and looking at other measures that will help us further decrease our direct CO<sub>2</sub> emissions going forward. During the year, we began work on surveying emissions in our value chain in order to broaden our insight into our indirect climate impact. Our kitchen fittings are largely based on renewable materials in the form of timber, and therefore have a limited climate impact. Other product groups, such as household appliances, have a greater climate impact, both in production and in use. The survey of our indirect climate impact will be an important basis for decisions in the work on our strategic climate initiatives going forward.

### OPTIMISATION OF TRANSPORTATION

Transportation from our production facilities to customers takes place through distributors, or alternately with our own vehicle fleet depending on the market. We work continually on optimising our

transportation fleet through better overview and planning, for the purpose of reducing costs as well as our impact on the climate and the environment.

Our freight deliveries using our own vehicles primarily take place in the markets in Denmark and the UK. To reduce the impact from this transportation, we upgraded our route planning tool for the Danish market during the year. It is estimated that the upgrade and automation reduced miles driven by 5–10 per cent.

### MORE CLIMATE-SMART MEETINGS AND TRAVEL

An initiative in increased opportunities for digital meetings was launched throughout the entire Group. This is how we want to promote a culture with more climate-smart, virtual and travel-free meetings.

During the year we also revised the Group's company car policy. The intent is to encourage employees to choose a more environmentally friendly car and to support the choice, for example, of electric cars. Renewable fuel is to be used where possible locally, and in Sweden it is now mandatory when choosing diesel vehicles to use diesel fuel that contains renewable raw materials and/or is eco-labelled in the Nordic region.

**TARGET 2020:** 100 per cent renewable electricity in all our production facilities on all markets.

**FULFILMENT:** 100 per cent renewable electricity in all production facilities is already achieved. During the year, 100 per cent renewable electricity was also introduced in all own stores.

**UN GLOBAL COMPACT PRINCIPLES:** 7, 8, 9

**UN SUSTAINABLE DEVELOPMENT GOALS:**



Read more about the Global Compact and Sustainable Development Goals on page 19.



## RESPONSIBLE SOURCING

A sustainable supply chain and good relations with our suppliers are crucial for offering attractive products to our customers. That is why we are continually working on requirements and creating transparent and efficient partnerships with responsible suppliers.

### PROGRAMME FOR RESPONSIBLE SOURCING

Centralised sourcing provides Nobia with the opportunity to apply a structured work method in terms of setting requirements, and monitoring and developing suppliers' work. Purchased materials and components are carefully specified and suppliers are risk assessed, inspected and evaluated in accordance with our guidelines on the environment, work environment, human rights, business ethics and quality.

Our programme for responsible sourcing covers risk analysis, review and evaluation and contains an anonymous channel for reporting violations of our Supplier Code of Conduct. Our Supplier Code of Conduct regulates and governs Nobia's supplier requirements concerning working conditions, human rights, business ethics and environmental considerations.

The programme covers approximately 300 suppliers, corresponding to 99 per cent of the total cost for direct materials. Since the supplier base is not constant, new suppliers need to be reviewed and old suppliers phased out. This means that our supplier programme for responsible sourcing is active throughout the year.

### AUDIT – A TOOL FOR DEVELOPMENT

Physical supplier audits are intended to identify, manage and ameliorate any deviations and to identify areas for improvement. During the audits, we can highlight positive examples and significant improvement work.

Deviations from audits during the year were primarily related to painting deliveries, with identified shortcomings in the use of personal protective equipment, first aid equipment maintenance, fire safety procedures and chemical storage and spill control.

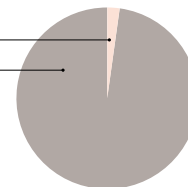
### PROGRAMS FOR RESPONSIBLE SOURCING

Significant suppliers	294
Sustainability-reviewed suppliers	279
Suppliers approved after review	246
Suppliers with audit requirements	33
Suppliers approved after audit	14
Suppliers not approved after audit (in current programmes)	6
Suppliers awaiting audit (in current programmes)	13

### SUPPLIERS BY GEOGRAPHICAL AREA

Asia, 7  
Europe, 287

Total: 294



**TARGET 2020:** We have ensured a new programme for suppliers that includes risk analysis, an audit programme, and a channel for reporting violations of our Code of Conduct for Suppliers. We intend to work further down the supplier chain.

**TARGET FULFILMENT:** The programme has been implemented, and of the 294 suppliers in the programme, 246 have been approved to date after review and an additional 14 have been approved after audit, a total of 88 per cent. The remainder are being processed.

**UN GLOBAL COMPACT PRINCIPLES:** 1, 2, 4, 5, 7, 8, 10

**UN SUSTAINABLE DEVELOPMENT GOALS:**



Read more about the Global Compact and Sustainable Development Goals on page 19.



## RESOURCE EFFICIENCY

Circular solutions and conserving nature’s resources benefit both the environment and the climate. That is why we continually review how we can optimise the use of materials and other resources so that we benefit fully from them.

### NEW FUNCTION FOR CONTINUAL IMPROVEMENT

During the year, we created a central function for Operational Excellence with the goal of improving work safety, quality, customer deliveries and cost efficiency. Using the Lean programme, we are building up the capacity to continually improve ownership in work teams and pursue improvement initiatives locally.

Other initiatives in the Operational Excellence function are being pursued in parallel, such as optimising materials utilisation by reducing our waste from sawing operations. Initiated last year, the saw waste project has to date made progress primarily in our smaller facilities, and we see opportunities for continuing to develop the process of reducing saw waste from production.

### FOCUS ON MORE WATER-BASED PAINTING

We invested in a new painting facility in our production plant in Norway during the year in order to paint all our MDF in water- and UV-based paints. We will thus be able to expand the Group’s eco-labelled offering by also offering Nordic Swan eco-labelled products in the Norwegian market.

Total VOC emissions decreased slightly during the year, from 316 tonnes to 298 tonnes. Emissions per lacquered detail also decreased from 5.0 to 4.9 kg VOC per 100 lacquered details. We expect results from the investment in the form of reduced total VOC emissions going forward.

### MINIMISING PLASTIC PACKAGING

In several of our production facilities, we are working actively on reducing impact from packaging materials, primarily plastic materials.

At our production plant in Nastola, Finland, for example, we have switched to thinner plastic shrink wrap and stretch film for kitchen products, which decreases the total consumption of plastic by up to 40 per cent. The change is part of a central sourcing project, and other production facilities are now trialling a thinner plastic stretch film for packaging in order to further reduce the use of plastic packaging throughout the Group.

### WASTE TURNED INTO NEW RESOURCES

Our waste consists primarily of waste wood from our production. We endeavour to reduce the generation of waste in all of our manufacturing, for example, through the saw waste project described above. At the same time, we endeavour to promote a more circular flow in which we create cycles of products and materials that are re-used. Over the last few years, we have increased the proportion of waste that goes to materials reclamation. In 2019, we also initiated new partnerships for re-use of waste wood. Currently, altogether 62 per cent (50) of our waste wood goes to new products in the form of materials recycling and re-use. Read more about our partnership for making new resources out of waste on page 43.

At our production facility in Ølgod, Denmark, we switched last year from burning of waste wood for heat to material recycling of waste wood. The switch has entailed more efficient energy use as well as a further increase in the amount of waste wood going to external material recycling.

### SYSTEMATIC WORK FOR INCREASED

**RESOURCE EFFICIENCY:** In our manufacturing we follow goal-driven Lean initiatives, which including systematic work on increasing resource efficiency, reducing energy consumption and use of raw materials, and reducing emissions and waste. At present, 62 per cent of our waste wood goes to producing new products and the rest to energy reclamation.

**UN GLOBAL COMPACT PRINCIPLES:** 7, 8, 9

**UN SUSTAINABLE DEVELOPMENT GOALS:**



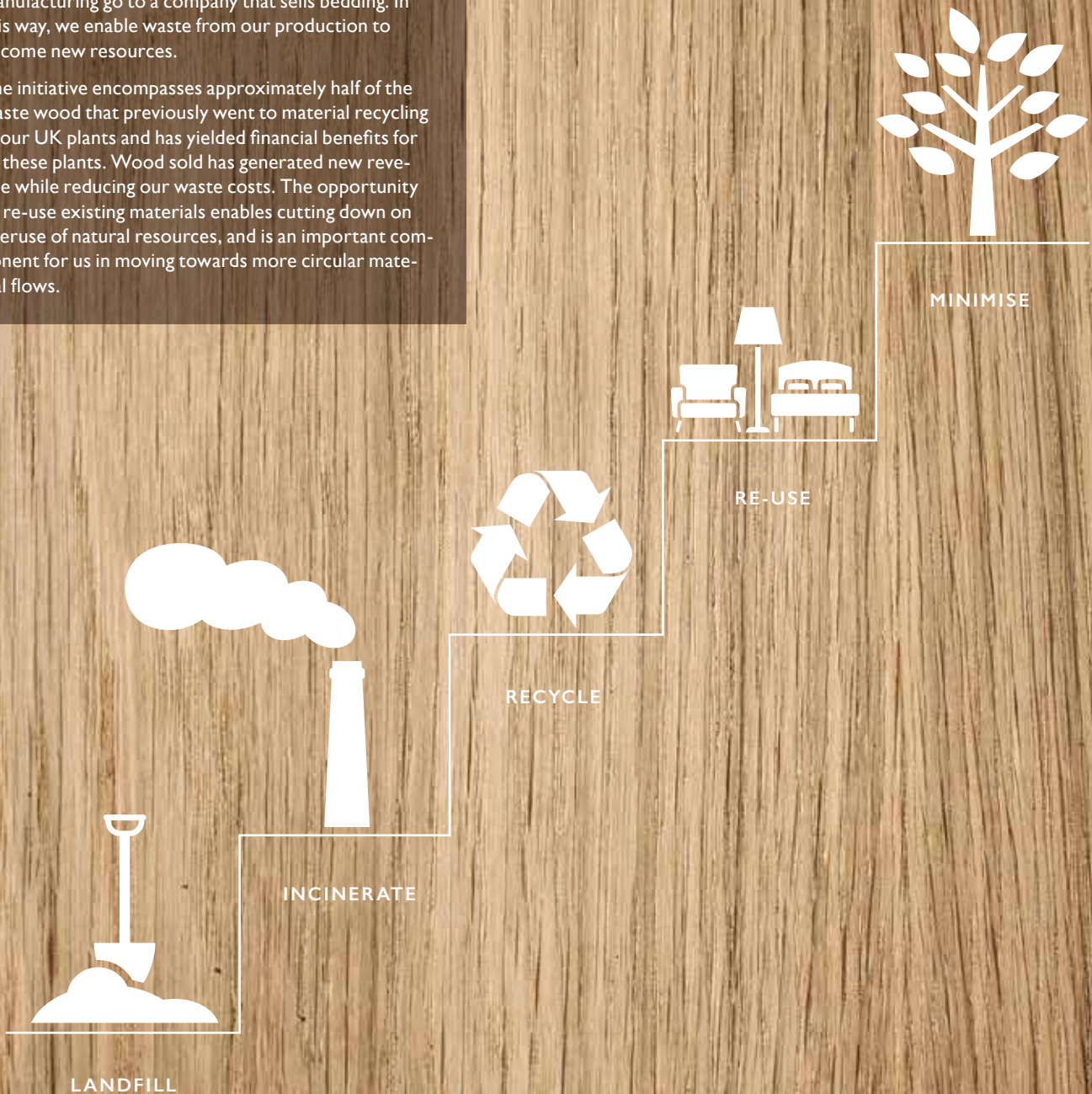
Read more about the Global Compact and Sustainable Development Goals on page 19.

## New use of our waste wood creates a win-win situation

We endeavour to minimise waste in every step of our production. For the waste that we do generate, we follow what is called the 'waste hierarchy'.

In Nobia UK, we took the step last year from recycling to re-using large amounts of our waste wood and initiated a partnership with other businesses including a local furniture company. Waste wood in the form of board material that previously went to materials reclamation can now be re-used in production of headboards and other furniture. We have also initiated an additional partnership in which wood chips from our manufacturing go to a company that sells bedding. In this way, we enable waste from our production to become new resources.

The initiative encompasses approximately half of the waste wood that previously went to material recycling at our UK plants and has yielded financial benefits for all these plants. Wood sold has generated new revenue while reducing our waste costs. The opportunity to re-use existing materials enables cutting down on overuse of natural resources, and is an important component for us in moving towards more circular material flows.





## EMPLOYEE WELL-BEING

Through our employees, we make a difference. Employees with high job satisfaction, who display commitment and all work towards the same goals and vision, are crucial for our success. By building a culture of inclusion, integrity and safety, we are creating a work environment in which both our employees and our operations can develop.

**COMMITMENT AND DEVELOPMENT ON THE JOB**  
Leadership is an important cornerstone in our business strategy; its purpose is to lead our operations and to motivate and involve all employees to work towards shared visions and goals that are set high. In many cases, employee commitment is a reflection of involved and competent managers, and we see a clear link between them in our employee survey. To provide all the managers in our organisation the opportunity to develop and strengthen their leadership, we conduct the Excellent Leadership programme in which managers are given the methods and tools to use in their daily management work. The programme has been implemented in all the countries where we operate, and to date covers 380 managers.

In our routine skills development, we are investing a greater amount in e-learning as a tool for producing customised courses more efficiently, for example, products and markets, that can be adapted to a service or region.

Employee surveys are conducted regularly to monitor issues concerning employee commitment, management and team efficiency. The surveys form the basis for creating active work around commitment and local action plans supporting our shared goals are worked out based on the results. This year's commitment index from the survey was 79 (78), with a response rate of 82 per cent (81). Furthermore, a more comprehensive survey was conducted in 2019 around the concept of organisational health, which provided insight into how Nobia performs as an organisation and measured our ability to achieve our goals. The results will be used to prioritise issues for further work in the Group.

### A PERMANENT LABOUR FORCE

Nobia's employees are primarily permanent. Only approximately 1.5 per cent of our employees are temporary; they are located in Sweden, the Netherlands and the UK. The workforce can be divided up into employees working in production and logistics, and those working in administration and sales. Nobia principally has employees in seven European countries; all of our employees are covered by collective agreements in each of these countries except the UK. Our employees are represented on the European Work Council (EWC), a European information and consultation council.

### EQUALITY AND DIVERSITY

We are convinced that the different perspectives that arise through focusing on equality and diversity promotes the ability to understand and act on both customers' and employees' needs. Diversity and equality can also strengthen Nobia's competitive advantages and support our objective of being a good citizen and an attractive employer.

Nobia's Code of Conduct maintains that no employee should be discriminated against due to age, ethnicity, social or national origin, skin colour, gender, sexual orientation, gender identity or expression, religion, political views or disability.

Discrimination issues are also an important focus area in our Code of Conduct training. Equality and diversity are an integral

**SYSTEMATIC WORK AND LOCAL GOALS AT ALL PRODUCTION FACILITIES:** The health and safety of our employees is our highest priority. Our goal is safe and healthy workplaces. We work systematically on health and safety in our manufacturing, which means that we investigate, assess risks, implement and monitor operations to prevent both ill health and workplace accidents. During the year, we reduced the number of workplace accidents by 33 per cent.

**UN GLOBAL COMPACT PRINCIPLES:**  
1, 2, 3, 6, 7, 10

**UN SUSTAINABLE DEVELOPMENT GOALS:**



Read more about the Global Compact and Sustainable Development Goals on page 19.

part of our recruitment process, succession planning and leadership development. We aim to work on creating an inclusive business culture in all parts of our operations, where people can make use of their full potential.

The Board of Directors comprises six people – three women and three men – and is therefore 50 per cent (44) women. In the management group including the CEO, the division between women and men is 8 per cent (9) and 92 per cent (91), respectively. Out of some 100 senior executives and senior managers, 24 per cent (24) are women and 76 per cent (76) men.

### THE CODE OF CONDUCT

A corporate culture that upholds integrity is a prerequisite for our reputation as a reliable business partner, and our ability to be an attractive and stimulating workplace.

Nobia's Code of Conduct is based on principles of environmental, social and economic sustainability. It indicates the minimum level of acceptable behaviour for all employees and partners. The Code is implemented through repeated workshops

and e-learning, as well as in daily work. All management groups have held workshops on the Code; to date, approximately 90 per cent of all employees have undergone the training. 30 cases (32) were reported in 2019, of which 4 (14) were via SpeakUp, our anonymous reporting channel for breaches of the Code. The reported cases and other issues relating to the principles in the Code of Conduct have been handled and reported to the Board's Audit Committee. Employees are encouraged to report any conduct that breaches the Code via internal channels, or anonymously through SpeakUp.

Anti-corruption and bribes are strictly controlled through the Code of Conduct. Nobia conducts annual self-evaluations, reviewed by external auditors, in all its business units. The evaluations include a large number of questions dealing with internal control. Some of these questions concern risks of corruption in the sales and sourcing organisations, for example, the giving and taking of bribes. In reviewing of the evaluations for 2019, nothing emerged that indicated any increased risk of corruption. Read more on page 105

## SAFE AND SECURE WORK ENVIRONMENT

### Systematic work

The safety of our employees is our highest priority. All units have systematic health and safety work in which every workplace accident is analysed, and measures are taken to prevent a similar accident from happening again. In addition, 7 of our 14 production facilities have work environment management systems that are third-party certified (OHSAS 18001). Safety is always highest on the agenda through daily monitoring of incidents and accidents. Both managers and employees are continually trained in health and safety.



### New scorecard

During the year, we worked actively on developing existing safety routines and implementing new ones in production. Routines for governance, escalation and follow-up, as well as practical tools for daily occupational health and safety work, have been reviewed and improved as needed. Our scorecard for production is an internal tool that covers several strategically important questions – workplace accidents, for example.



### Monitoring

Workplace accidents and activities to prevent them are monitored by senior management on a monthly basis using the scorecard. During the year, we successfully reduced the number of workplace accidents by 33 per cent. In 2019, 62 (92) workplace-related accidents occurred that resulted in at least eight hours of sick leave. This corresponded to 10.4 workplace accidents (15.2) per million hours worked. Most of the accidents were related to manual processing and lifting but resulted in no permanent injuries. This positive trend concerning reduced workplace accidents is considered to be a result of the new health and safety programme implemented in our production units.



# SUSTAINABILITY

Sustainability is an important component of our operations. The focus and direction of our sustainability efforts are determined by our impact, the possibilities available to us and demands from our surroundings.

## FRAMEWORK FOR SUSTAINABILITY TOPICS

Nobia's framework for sustainability topics includes internal and external guidelines and regulations, sustainability strategy, processes, data collection, monitoring and reporting. Read more about our internal and external guidelines and voluntary commitments on page 101.

During the year, we initiated the implementation of a management system for overall management of the Group's sustainability topics, such as stakeholder dialogues, materiality and risk analyses, data collection, etc. The sustainability management system is an internal tool for business governance that is used to help systematically monitor compliance with the strategy and the Group's objectives.

## OUR MAIN STAKEHOLDERS AND COMMUNICATION CHANNELS

Understanding the expectations of key stakeholders is crucial for being able to meet current and future customer needs. Nobia's stakeholders are identified based on the groups impacted by our operations and the groups that impact our operations. Various forms of stakeholder dialogues provide us with information about the economic, environmental and social issues that are priorities for our stakeholder groups.

**(A) Shareholders and investors:** Meetings, annual reports, interim reports, press releases, website, regular survey. **(B) Employee representatives:** European Works Council, regular survey. **(C) Civil society, professional associations and academia:** Meetings, surveys, rankings, regular survey. **(D) Customers:** Meetings, focus groups, social media, regular survey. **(E) Suppliers:** Ongoing dialogue in the purchase process, supplier risk assessment, audits, Speak Up (anonymous reporting channel), regular survey. **(F) Employees:** Continuous dialogue, meetings, employee surveys, training courses, appraisals, Speak Up, regular survey.

## PROCESS OF IDENTIFYING AND MANAGING MATERIAL TOPICS

Our process of defining material topics sets the relevant economic, environmental and social aspects that are to be prioritised in our work and to report on. We analyse our value chain from our existing list of material topics and

update the list based on new information from impact analyses, monitoring the business world, risks and opportunities identified and input from dialogue with our stakeholders.

Our material topics are prioritised based on the impact they have on Nobia's business, the impact they have on the environment and people, and how important they are to our primary stakeholders. The materiality analysis is updated and validated every year by the central sustainability function in consultation with other parts of Group management. This year's review did not lead to any material changes. However, the process of analysing and calculating our climate footprint resulted in changes to the scope of some of the topics to include a larger part of the value chain.

Identifying sustainability risks is part of the materiality process and is coordinated with the Group's risk process. Read more about the identification and management of sustainability-related risks on pages 52-58. These material topics form the basis of what we measure, monitor and report on in this report, and what forms the basis of our sustainability strategy and our targets.

## GOVERNANCE, ORGANISATION AND MONITORING

Fulfilment of these targets and compliance with the both the sustainability strategy and the Group's sustainability framework are systematically monitored from 2020 through our new sustainability management system. This system is an internal tool for business governance.

Sustainability is integrated throughout the operations and our commitment have been implemented in frameworks and processes. A central sustainability function is in place at Group level, responsible for strategic sustainability activities. The President receives monthly sustainability reports. Sustainability topics are also a regular recurring item on the Board's agenda. Each production unit has employees whose main work duties involve environmental and sustainability issues. The product development and sourcing units have specialist functions that drive efforts with, for example, product safety, eco-labelling and supplier audits.

Sustainability-related procedures and processes, for example, in product development, sourcing, marketing as well as managing product label-

## MATERIAL TOPICS, GOVERNANCE AND MONITORING

The table below describes how our material topics are managed from framework to results.

Material topic	Boundary	Stakeholder example	Framework	Work method	Monitoring and results
Timber from sustainable sources	Suppliers	A, C, D	Policy for sustainable forestry; Code of Conduct for Suppliers, Sustainability strategy	System with requirements and monitoring for responsible sourcing of wood materials, SAF <sup>1</sup> , NSAR <sup>2</sup>	Refer to page 38
Reduced climate impact	Suppliers, own production, transportation, customer use	A, B, D, E, F	Environment & climate policy; Sustainability strategy	Central scorecard for production, ISO 14001 <sup>3</sup> , ISO 5001 <sup>4</sup> , Sustainability system <sup>5</sup>	Refer to page 40
Circular solutions and resource efficiency	Product development, suppliers, own production, customer use	A, D, E	Environment & climate policy; Sustainability strategy	Sustainability scorecard for products, ISO 14001 <sup>3</sup> , Sustainability system <sup>5</sup> , LEAN system	Refer to page 37, 39, 42, 43
Chemicals and emissions of solvents	Own production, suppliers	A, D, E, F	Environment & climate policy; Sustainability strategy	ISO 14001 <sup>3</sup> , Sustainability system <sup>5</sup> , Sustainability scorecard for products	Refer to page 42
Eco-labelled products, product information and safety	Own production, sales, customer use	D	Environment & climate policy; Sustainability strategy	Sustainability scorecard for products, ISO 14001 <sup>3</sup> , FMEA <sup>6</sup>	Refer to page 25, 37
Health and safety	Own production	A, B, D, E, F	Code of Conduct	OHSAS 18001 <sup>7</sup> , Systematic health and safety activities in production	Refer to page 44, 45
Respect for human rights	Own operations, suppliers	A, D, F	Code of Conduct; Supplier Code of Conduct; Modern Slavery policy; Sustainability strategy	SAF <sup>1</sup> , NSAR <sup>2</sup> , Speak Up	Refer to page 41, 44, 45
Responsible sourcing	Suppliers	A, B, C, D	Supplier Code of Conduct; Modern Slavery policy; environment & climate policy, Sustainability strategy	SAF <sup>1</sup> , NSAR <sup>2</sup> , Speak Up	Refer to page 41
Equality and diversity	Own operations	C, F	Code of Conduct	Speak Up, Recruitment process, Succession planning, Manager development	Refer to page 44, 45

1) Digital platform for sustainability audits of suppliers 2) Audit system for suppliers 3) Certified environmental management system for production facilities

4) Certified energy management systems for production facilities 5) Group-wide sustainability management system 6) Failure Mode and Effect Analysis, systematic product risk assessment

7) Certified management system for work environment for production facilities

ling and certification, are integrated into the systems and processes of each function. For instance, the product development process carries out systematic product risk assessments and compliance with environmental legislation takes place within the frame work of the local environmental management systems.

During the year, Nobia had no product safety incidents that led to insurance cases or legal proceedings. No business unit within Nobia Group was sentenced or paid fines for environmental crimes or has reported any deviation related to labeling of products.

#### STRATEGIC MEMBERSHIPS AND PARTNER PROJECTS:

- Besmå, Innovation cluster together with the Swedish Energy Agency and TMF
- BSI (British Standards Institute)
- Cooperation with TU Delft on circular solutions
- SIS (Swedish Standard Institute) Furniture Standardisation Committee
- SVN (Social Venture Network) Sweden
- Swerea IVF circular pilot project
- TMF (Swedish Federation of Wood and Furniture Industry) Sustainability Group
- TMF (Swedish Federation of Wood and Furniture Industry) Technical Committee
- Västa Götaland Network, quality and environment skills exchange

#### CERTIFIED MANAGEMENT SYSTEMS

Our production facilities hold management system certification in quality, environment, energy and occupational health and safety. Among our market companies, Nobia Svenska Kök has ISO quality and environmental certification.

Standard	Unit
ISO 9001	Bjerringbro, Ølgod, Dinxperlo, Darlington, Dewsbury, Halifax, Morley, Tidaholm, Freistadt, Wels
ISO 14001	Bjerringbro, Farsö, Ølgod, Nastola, Darlington, Dewsbury, Grays, Halifax, Morley, Tidaholm, Freistadt, Wels
ISO 50001	Darlington, Dewsbury, Grays, Halifax, Morley
OHSAS 18001	Bjerringbro, Ølgod, Nastola, Darlington, Dewsbury, Halifax, Morley
ISO 14001, in progress	Dinxperlo, Eggedal

#### SUSTAINABILITY DATA

	Unit	2017	2018	2019
<b>Direct economic value generated and distributed</b>				
Net sales	SEK m	12,744	13,209	13,930
Operating costs	SEK m	8,362	8,823	8,955
Employee wages and benefits	SEK m	2,382	2,544	2,750
Social security contributions and pensions	SEK m	530	591	593
Taxes to state and municipality	SEK m	256	233	229
Interest to lenders	SEK m	2	4	17
Dividend to shareholders	SEK m	505	1,180	675
Economic value retained	SEK m	707	-166	711

#### Materials

Wood consumption	thousands of m <sup>3</sup>	419	417	429
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#### Energy consumption

Total energy consumption	GWh	202	194	181
Non-renewable fuel	GWh	51	50	50
Renewable fuel <sup>1</sup>	GWh	77	53	21
Electricity and heating purchased	GWh	97	101	110
Heating sold	GWh	23	11	0
Energy intensity, electricity and heating	kWh/cabinet	32	29	25

#### Significant air emissions

Scope 1	thousands of tonnes CO <sub>2</sub> e	12.9	12.9	13.0
Scope 2, market-based	thousands of tonnes CO <sub>2</sub> e	6.4	5.3	0.6
Scope 3 <sup>2</sup>	thousands of tonnes CO <sub>2</sub> e	20.0	19.2	18.1
Biogenic emissions	thousands of tonnes CO <sub>2</sub> e	0.7	0.4	0.1
Scope 2, local-based	thousands of tonnes CO <sub>2</sub> e	18.7	15.2	16.8
CO <sub>2</sub> intensity, electricity and heating	kg CO <sub>2</sub> e/cabinet	1.7	1.5	0.8

	Unit	2017	2018	2019
CO <sub>2</sub> intensity, transport	kg CO <sub>2</sub> e/cabinet	4.5	4.5	4.4
VOC <sup>3</sup>	tonnes	252	316	298
VOC intensity per lacquered details	kg VOC/100 details	4.0	5.0	4.9

#### Waste

Total waste (excl. hazardous waste)	thousands of tonnes	35.4	41.0	43.2
Waste for reuse	thousands of tonnes	n.a.	n.a.	2.3
Waste for recycling <sup>4</sup>	thousands of tonnes	2.6	20.7	25.9
Waste for incineration	thousands of tonnes	32.3	19.8	17.0
Waste for landfill	thousands of tonnes	0.5	0.5	0.3
Hazardous waste	thousands of tonnes	0.5	0.6	0.5

#### Employees

<i>Number of employees</i>				
Women	number	1,717	1,629	1,643
Men	number	4,370	4,452	4,466
Administration, sales	number	3,159	3,069	3,132
Production, logistics	number	2,928	3,012	2,977
Type of injury and rates of injury <sup>5,6</sup>	number	75	92	62
Commitment index		77	78	79

#### Suppliers

Supplier audits	number	20	13	20
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1) In 2018, we made changes at the production plant in Ølgod, Denmark, from own wood combustion to renewable and more energy effective district heating, meaning that the amount of renewable fuel declined from 2018 to 2019.

2) Includes purchased transport of goods and business travel by air.

3) Volatile organic compounds

4) The increase in wood recycling related to the heating changes in Ølgod.

5) Workplace accidents with at least eight hours' sickness absence

6) Data from our production plant in the Netherlands is not included in the total for 2018

#### ABOUT THIS REPORT

##### Report premises

This sustainability report has been prepared in accordance with the Core level of the GRI Standards. The sustainability report encompasses all principles of the UN Global Compact and describes the sustainability topics of interest to Nobia's stakeholders. Nobia has published GRI-based sustainability reports since 2012. This report refers to the 2019 calendar year. The sustainability report has not been subject to review or audit by an external party other than based on statutory requirements.

##### Scope

The report encompasses the entire Group. Specific boundaries for each material topic are presented on page 114. The content of the Sustainability Report and the sustainability topics presented summarise the sustainability initiatives of the past year and are based on an internal materiality analysis. Environmental data is based on operations in our production units and own stores.

##### Changes to the report

Data from our own stores is also included in the scope of the report from this year. Environmental data in the form of electricity and heating from own stores is included for all years for comparison. Corrections were made in emissions from own transportation for 2017 and 2018 as a result of improving monitoring and data quality.

##### Calculations

Calculations of carbon emissions from energy consumption and transportation were based on the guidelines of the Greenhouse Gas Protocol. Conversion factors for energy consumption and carbon emissions are based on data from the Swedish Environmental Protection Agency and Sweden-ergy. Calculations on internal sustainability data are based on actual data from meters and invoices as far as possible. Information for electricity, heating, business travel and goods transport is based on supplier-specific information. For further information and data on climate calculations, refer to Nobia's CDP Climate Investor Response 2019.

The contact person for information in the Sustainability Report is Amanda Jackson, Head of Sustainability, e-mail: amanda.jackson@nobias.com



## AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Nobia AB (publ), corporate identity number 556528-2752.

### Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2019 on pages 32–45, 52–58 and 114–116 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Stockholm April 3, 2020  
Deloitte AB

Daniel de Paula  
Authorized Public Accountant

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