

Sustainability

The global challenges facing the world require responsible leadership and systematic work. We want to be a positive force in society by enabling a more sustainable life in the kitchen. Our focus moving forward is to contribute, scientifically, to reducing the climate impact of our value chain, contribute to more circular flows of material and inspire more sustainable lives.



The year in figures

11% ↓

CO₂e of sales

0.85

ton CO₂e per
SEK m of sales

97%

timber from
certified sources

49%

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

140

leaders in intensive train-
ing focusing on strategy and
development

63%

of wood waste becomes
new products

12% ↓

kg VOC/100
lacquered details

263

suppliers approved
after risk assessment and
follow-up

88%

renewable
electricity and heating

19th

of slightly more than 500
companies in OpenCorpora-
tion's listing of more transpar-
ent, inclusive and accessible
companies.



Top five "Sustainable
companies" in annual ranking
of sustainability efforts by
OMX listed companies



Our CEO Jon Sintorn gave
Nobia's support to Global
Compact's Renewed Global
Cooperation.

Sustainability is a business-critical area for us and we regard it a wise business decision to base our climate activities on a scientific platform. That is why it feels entirely right to have established a climate target that has also been approved by the Science-Based Targets initiative.

Amanda Jackson, Head of Sustainability



Sustainability throughout the value chain

We work to contribute to a sustainable value chain with more circular material flows and lower climate impact. Illustrated below are the primary links in our value chain and how we work to contribute to a more sustainable development at every stage.



PRODUCT DEVELOPMENT

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



SOURCING

Through our responsible sourcing programme, we place demands, monitor and audit the work of our suppliers on social, environmental and ethical issues for the purpose of minimizing 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.



SALES

We have extensive experience in designing and drawing kitchens. We help the customer the entire way from inspiration to installation in order to promote a sustainable kitchen solution for both current and future needs.

**TRANSPORTATION**

Transportation to customers takes place through distributors, or alternately with our own vehicle fleet depending on the market. Through analysis of our flows, we work to optimise our transport solutions and reduce our climate impact.

**USE**

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

**WASTE AND RECYCLING**

We work to reduce our waste and increase our circular flow of materials. We also strive to encourage our customers to renovate, reuse and recycle their old kitchens.

New sustainability strategy

Sustainability is a central part of our business strategy and now we are launching our new sustainability strategy with the aim of creating positive change that extends well beyond our own operations. With conscious choices, the kitchen can be as modern today as it is sustainable for the next generation. Through our long experience and high ambitions, we want to assume leadership in key future issues.



1

Innovations for a sustainable lifestyle

The kitchen is a place where we spend a great deal of time, and where there is immense potential for thinking sustainably. As a leading kitchen supplier, we want to inspire and enable.

→ **Overall goal:** To design kitchen products that contribute to a more sustainable life in the kitchen and to adapt our offering of appliances to reduce customers' climate impact. *Read more on page 30.*



Read more about the UN Sustainable Development Goals on page 119. →



2

Circular materials and flows

Wood is the main component of our products. Metal and plastic materials are other key materials categories. We want to offer kitchen products and solutions that will function in the more circular economy of the future.

→ **Overall goal:** To increase the proportion of sustainable products and material to thereby enable cleaner and more circular flows of materials. *Read more on page 31.*



Read more about the UN Sustainable Development Goals on page 119. →



3

Reduced climate impact

Manufacturing, transportation and extraction of raw materials contribute to climate impact and we want to strive to limit greenhouse gas emissions in our value chain.

→ **Overall goal:** We have set a scientific climate target to reduce emissions from our own operations and in our value chain. In doing so, we want to contribute to keeping global warming well below 1.5°C, in line with the Paris Agreement. Read more on pages 32-33.



Read more about the UN Sustainable Development Goals on page 119. →



4

Promoting a sustainable culture

In order to strengthen sustainability topics throughout the value chain, tools and support are required for integration, as well as continuous skills development.

→ **Overall goal:** To strengthen skills in sustainability in our own operations and to work in our supplier chain, to strengthen our shared sustainability agenda. Read more on pages 34-36



Read more about the UN Sustainable Development Goals on page 119. →



Innovations for a sustainable lifestyle

Our kitchens last for years. This sets high demands for us to develop products that meet both needs of today and tomorrow. Sustainability is thus a central theme in our designs and product development.

Living sustainably should be easy. We want to inspire millions of people to live more sustainably in the kitchen. We want to do so by offering products, expertise and solutions that help economise on the earth's resources for cooking, food storage, washing up and recycling. As a support for our activities, we have developed and implemented a sustainability scorecard for products. In our product development process, the sustainability performance of new kitchen products is assessed on the basis of material, design and function. Our objective now is for all our new kitchen products to enable the customer to live more sustainably and thus have average or the highest points on our scorecard by 2025.

More eco-labelled products. Nobia has extensive experience in working with eco-labelled products. Our Nordic Swan eco-labelled range remains in strong demand, particularly in the Nordic countries. In Sweden and Norway, 49% (47) of the sales value in 2020 came from Nordic Swan eco-labelled products. At the same time, we are continuing to develop our range and our target is for 90% of our new launches of doors and laminated worktops in the Nordic market to be eco-labelled by 2026.

Energy-efficient appliances. Refrigerators and freezers are on 24 hours a day, 365 days a year, which makes them one of the product groups in the home that consumes the most energy. Our goal is to offer the most energy efficient appliances, thereby reducing our customer's energy consumption and related climate impact, read more about our climate work on page 32.

Lifecycle perspective for better analysis. We see major value in measuring and analysing our products' environmental impact throughout their lifecycle. To this end, we entered a joint industry project during the year, aimed

at raising knowledge about the environmental impact of products and creating an industry-wide tool for producing Environmental Product Declarations (EPD). At Nobia, we will begin to develop EPDs for our own kitchen products, starting with the Nobia brand Marbodal.

Product safety. Safety and ergonomics are key in all our product development. Before a new product enters the production phase, tests are carried out both in-house and by accredited testing institutions in line with EU standards. In the UK, all our cabinets and doors are tested under the Furniture Industry Research Association (FIRA) furniture requirements.

Results 2020. The goal of our strategy for the 2017-2020 period, to develop and implement a sustainability scorecard for products, has now been met.

Comments: The product sustainability scorecard was successfully implemented in 2019-2020. The scorecard is now back in use after a brief hiatus due to the coronavirus pandemic.

Goal

- ▶ We will adjust our product portfolio of appliances to help reduce the customer's energy consumption and related climate impact in the kitchen by 2024 (base year 2019).
- ▶ 100% of our new kitchen products are to be designed to facilitate a more sustainable life in the kitchen by 2025.
- ▶ A minimum of 90% of our new doors and laminated worktops in the Nordic region are to be eco-labelled by 2026.

49%

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

2

Circular materials and flows

We continually review how we can optimise the use of materials and other resources. For us, it is important to contribute to sustainable forestry and seek collaboration through the value chain to promote circular flows of materials.

Long-lasting kitchens. We want our kitchens to be long-lasting. Accordingly, we only manufacture kitchens of high quality and with long guarantee periods. At the same time, our experience is that tastes change and for this reason, we want to enable our customers to upgrade and renew their kitchens without needing to replace their entire kitchen. In addition, we endeavour to ensure that the products we manufacture in our plants can be re-used and recycled into new products and materials.

Wood from sustainable forestry. Wood is the main material in our products. The majority of our suppliers of raw wood materials are located in Europe. To ensure legal compliance, we gather information on traceability for the wood we purchase. We achieved our strategic goals for 2020 for all of our purchased wood to come from sustainable sources and now we are going a step further to increase the share of wood from certified sources.

Recycled materials. Most of our incoming wood consists of board material, with an average of approximately 30% recycled wood in the form of 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. We constantly try to find new ways of increasing the proportion of recycled material in our wood products, but also to increase the amount of recycled materials in other input products, such as metal and plastic.

Our waste gains new life. We work to reduce the waste from our own production, a key factor in contributing to a more circular economy. We strive to ensure that our waste can be re-used as a new resource. During the year, 63% (64) of our waste wood went to new products. The slight decline on the preceding year was due to temporary restrictions on the operations in the UK, where the proportion of recycled wood waste is highest.

Broader offering of Nordic Swan eco-labelled products. Darker colours require a different form of surface treatment, which was previously impossible within the framework of

the Nordic Swan's criteria. Accordingly, during the year, we invested in new surface treatment equipment at our plant in Tidaholm, in Sweden, and the development of paint systems. A corresponding investment was made at our plant in Eggedal, in Norway. This new equipment now enables us to meet our customers' higher demand for darker colours, while the kitchens also meet the strict environmental and quality requirements.

Reduced packaging. As part of our central sourcing project, we are working on reducing the impact from packaging materials, primarily fossil fuel-based plastic materials. At our production plants in Nastola, in Finland, and Tidaholm, in Sweden, for example, we have switched to thinner plastic shrink wrap and stretch film, which reduces the total consumption of plastic in these plants by up to 40%.

Results 2020. The goal of our strategy for the 2017-2020 period of 100% of our wood being from sustainable sources has been achieved. In 2020, 97% (91) of Nobia's total timber and wood materials originates from a certified source. The remaining wood, 3%, came from sustainability audited and approved suppliers. Moreover, in the UK region at least 80% (70) of all timber and wood materials purchased was FSC® or PEFC™ certified sources, with full traceability all the way to the customer.

Goal

- ▶ 100% of our cabinets and doors in the UK region will be FSC® certified with full traceability to the customer by 2021.
- ▶ 100% of our knobs and handles in virgin plastic will be replaced by a more sustainable alternative by 2023.
- ▶ 99%¹⁾ or more of our wood-based materials will come from certified sources by 2025.
- ▶ We will initiate partnerships and collaboration with others to extend the lifetime of our materials and products and thereby enable a shift to a more circular economy.

¹⁾ Based on volume



Reduced climate impact

Climate change is a fact and powerful and rapid measures are needed to slow the negative consequences brought by higher global average temperatures. Naturally, we will take our responsibility to be involved in stopping this development and accordingly, we have chosen to set a scientific climate target.

Climate target in line with the Paris Agreement. During the year, we adopted a target of reducing our CO₂ emissions, within our own operations, by 72% by 2026, with 2016 as the base year. This target, which is in line with the ambitions contained in the Paris Agreement, was approved by the Science-Based Targets initiative (SBTi). The target comprises our emissions from electricity, own and purchased heat and our own transportation, that is, Scope 1 and 2.

To achieve our goals, we need to be even more efficient in our use of energy, increase our share of renewable energy, and promote more climate-smart own goods transportation and business travel using private vehicles. In addition, we have adopted two climate targets to reduce the climate impact in the value chain among our suppliers and our customers. These targets comprise emissions from manufacturing and use of appliances, and comprise the manufacturers themselves setting climate targets in line with the STBi guidelines and redirecting our offering to more energy-efficient appliances, read more about this on page 30.

From fossil to renewable. Measurement and follow-up are the basis for improvements. Energy efficiency and CO₂ intensity are measured and monitored quarterly in our Group-wide management system and our production units have improvement targets in line with our new strategy.

We have 100% renewable electricity in our production and in our own stores. We have also converted to more fossil-free and more effective heat. At the end of the year, 74% of Nobia's total generated heat in production and in stores was renewable, an increase of 69% from the preceding year.

In the UK, projects are in progress to convert parts of the heating using fossil gas to instead use waste wood, while we are investing in even more effective waste wood combustion. In Finland, we converted from fossil gas to bio-based gas for heat.

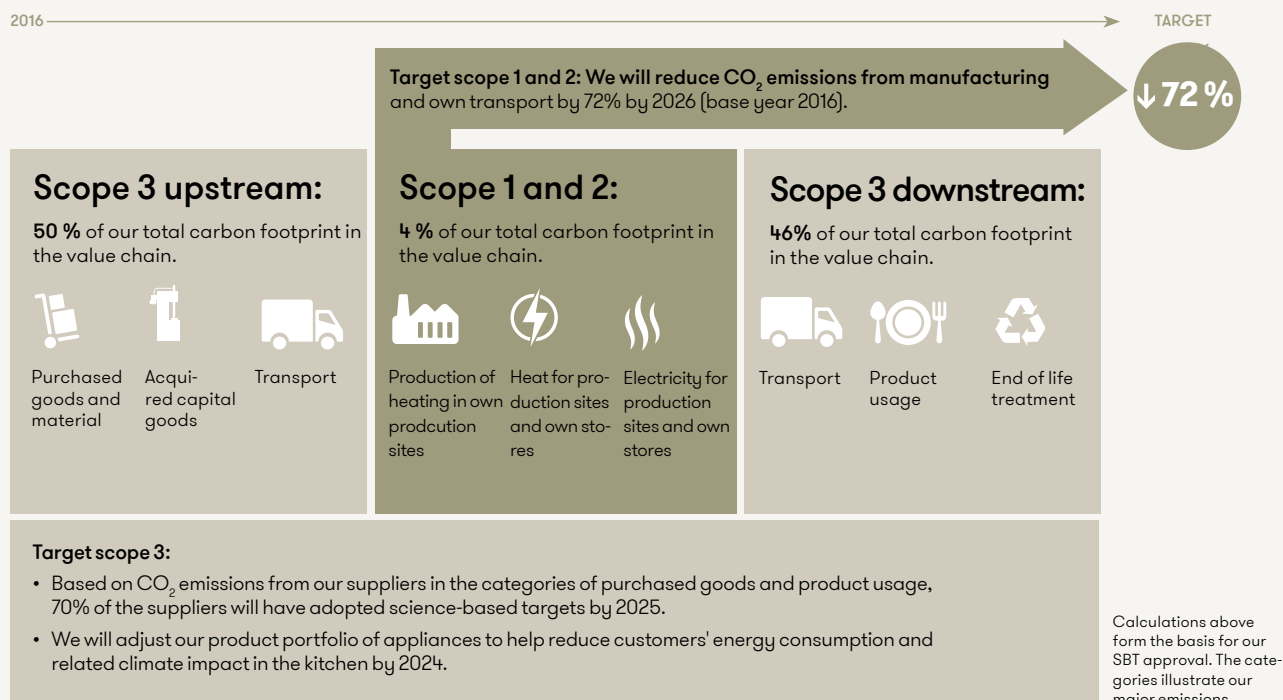
Emissions from electricity, heat and fuel for our own transportation, that is, Scope 1 and 2, amounted to approximately 10,900 tonnes, a decline from approximately 13,300 tonnes in the preceding year, which is partly attributable to the transition to renewable heat. We also see that the temporary restrictions to our operations during the pandemic contributed to a reduction of CO₂ emissions from, for example, our own transportation and travel in passenger cars.

Reduction of transport-related emissions. Goods transportations are mainly conducted using external haulage companies, but also using our own vehicles, and comprise a significant share of our direct and indirect CO₂ emissions. Emissions from our own vehicles are included in our recently adopted scientific climate target and will be reduced as part of this.

During the year, we continued our work to reduce the impact of our goods transportation, including through route optimisation and new and cleaner vehicles. We have also procured the services of a new distributor for transportation in the Nordic region. The possibility of measuring, monitoring and reducing transportation-related CO₂ emissions was a key part of this work. We are also examining various solutions to replace some routes by rail instead of road. In 2021, we will, for example, initiate a shift from road to rail for deliveries

Science-based climate target in line with the Paris Agreement

contributing to limiting global warming to below 1.5 degrees.

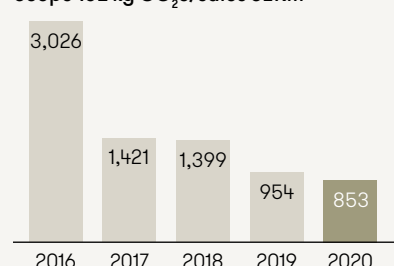


Continued reduction of climate emissions

Since 2016, we have more than halved our climate emissions from Scope 1 and 2 in relation to our net sales. A large share of this development is attributable to the conversion to renewable electricity, which was also our strategic goal by 2020.

During the year, we converted to renewable heat in our production in Finland. In this manner, we reduced the CO₂ emissions from heat by more than 900 tonnes. In addition, the temporary restrictions to our operations during the pandemic contributed to a reduction of CO₂ emissions from, for example, our own transportation and travel in passenger cars.

Scope 1&2 kg CO₂e/sales SEKm



of HTH kitchens from Denmark to Sweden, which will significantly reduce CO₂ emissions on these routes.

Survey of our indirect climate impact. In conjunction with the development of our new sustainability strategy, we have also made an in-depth study and surveyed our other indirect climate impact, that which is contained in Scope 3. The largest part of Nobia's total CO₂ emissions derives from our value chain in the form of the recovery and manufacture of direct materials and products, transportation to and from our plants, and the use of our products. For input materials and goods, we focused the survey on our largest flows, as wood, metal and appliances. The survey and calculations formed the basis of our scientific climate target.

The wood in our kitchen cabinets generate a relatively small impact, despite large volumes being handled. The largest impact is from appliances, both in their production and their use in the kitchen. Accordingly, we have established two strategic targets related to appliances. We will also continue to work with other materials and product groups as part of our efforts on circular materials and flows.

Risks of a changed climate. A changed climate entails risks, but also opportunities for our operations. During the year, we initiated the implementation of a climate risk analysis in accordance with the Task Force on Climate-related Financial Disclosures' (TCFD's) guidelines. The risk analysis work is a comprehensive process and we will continue to develop our analyses and reporting moving forward. Read more on page 58.

Results 2020 We have 100% renewable electricity in both production and in our own stores and we have adopted new, ambitious climate targets to advance our work.

Goal

- ▶ We will reduce CO₂ emissions from manufacturing and own transportations (Scope 1 and 2) by 72% by 2026 (base year 2016).
- ▶ 70% of our emissions from suppliers, based on CO₂ emissions, that are encompassed by purchased goods and services, as well as the use of sold goods, must have adopted scientifically based targets by 2025.



Promoting a sustainable culture: Sustainable corporate culture

Our culture is based on our core values: Care, Deliver & Inspire. This entails, for example, that we respect and trust each other, and that we strive to make sustainable choices in all that we do.

Conditions for commitment and development. We want to promote a culture of trust and openness, and one in which we are allowed to make mistakes and learn from them. Being accountable and keeping our promises - to customers, partners and each other - is pivotal to our success.

We are convinced that the different perspectives that arise through a focus on diversity, inclusion and equality promote our ability to better understand and to act on both customers' and employees' needs. For this reason, we aim to work on creating an inclusive corporate culture in all parts of our operations, where people can make use of their full potential.

Nobia has a Board of Directors with six ordinary members elected by the Annual General Meeting, of whom three are women and three men, as well as four employee representatives, of whom two are women and two men. In Group management, including the CEO, the division is two women and six men. Of Nobia's senior managers, 29% are women and 71% men.

Organisational health. During the year, we continued to work with the results of a comprehensive survey on so-called organisational health, which was conducted in 2019. The survey provided insight into how Nobia as an organisation performs and measured our ability to achieve our goals. The results were used, for example, as a basis for strategic priorities and projects, but also as a basis for ensuring that commitment and development permeate our organisation in the next few years. Upcoming initiatives include shared values and training in sustainability.

Digital transition with high level of commitment. During the year, we launched our new KitchNet intranet that provides our employees with faster and better access to information and facilitate communications with colleagues. KitchNet is an example of how communication from Nobia's central functions to employees was intensified, based on feedback in prior years that this was lacking.

2020 was a challenging year due to the global coronavirus pandemic, during which our employees and leaders demonstrated extensive commitment and willingness to learn through their ability to adjust. Due to a rapid launch of Microsoft Teams and a Group-wide training package for employees and managers in effective virtual work and management, our employees were able to continue to be productive and engaged, and share in skills development initiatives.

A unique learning initiative related to Nobia's business and strategy was conducted under the heading of "Learn Together". Weekly webinars on such themes as sustainability, design and sourcing were held virtually and recorded, which enabled all employees to listen in and put questions to Nobia's experts.

Continuous skills development. Leadership is a priority area, in which we continued during the year to implement our Group-wide leadership programme, Excellent Leader, in which managers receive methods and tools to use in their daily leadership. The number of programmes was reduced during the year as a result of the coronavirus pandemic, but since these programmes were already partly conducted virtually from their launch, so the adjustment was not too significant. As of 2020, approximately 400 managers were

encompassed by the various Excellent Leader programmes, which have now been supplemented by videos in all languages for quicker and more accessible leadership development.

As part of continuous skills development, the initiative in e-learning as a form of instruction was intensified during the year, in which we transformed the introduction for new employees and traditional classroom training courses.

Managers' meeting with focus on strategy and development. At the beginning of 2020, Nobia's Top Management Meeting (TMM) was held over two intensive days, with a focus on the roll-out of the new strategy, interaction and learning. The participants were 140 of Nobia's managers and specialists in decision-making positions from all countries and units. Over these two days, the participants had the opportunity to learn from colleagues and external specialists, including such areas as topics related to the new strategy and Nobia's future challenges: Sustainability, Workforce of the Future, Future of the Construction Industry, Future of Retail, Digitalisation.

Our Code of Conduct. A corporate culture that upholds integrity is a prerequisite for our reputation and our ability to be an attractive and stimulating workplace. Our 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. Employees are encouraged to report any conduct that breaches the Code via internal channels, or anonymously through our reporting channel, SpeakUp. During the year, 33 cases (30) were reported, of which 8 (4) via SpeakUp. The reported cases have been handled and reported to the Board's Audit Committee. Read more about how we work in accordance with the Code on page 55.

A permanent labour force. Nobia's workforce can be divided up into employees working in production and logistics, and those working in administration and sales. Nobia mainly has permanent employees. Only approximately 1% are temporary; they are located in Sweden, the Netherlands and the UK. 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.

A safe and healthy workplace. General demands on work conditions are described in Nobia's Code of Conduct and local work environment policies. Overall work environmental responsibility rests with the CEO, who then delegates responsibility to the line managers in accordance with procedures in each respective country. All employees have a personal responsibility to contribute to a safe workplace, to act in a safe manner and to react to deficiencies and risky behaviour. Both managers and employees are continually trained in health and safety. The safety of employees is our highest priority, and we have a vision of zero work-related injuries and accidents. Occupational health care is offered to all employees at all units, but varies in scope between different countries. In addition, activities to promote health are

conducted at most units, such as exercise, massage, help to stop smoking, etc.

Systematic and preventive work. All production units have local management systems that encompass all of the employees with more detailed health and safety procedures. The management systems are based on OHSAS 18001 or ISO 45000, of which five out of 14 production facilities are third-party certified and two others are pending updated certification, read more on page 118.

The local management systems comprise a framework to promote continuous improvements and include physical and psycho-social health, as well as safety. The management systems also provide guidance in compliance with legislation and requirements, as well as processes for working proactively to minimise the risk of occupational accidents and ill health by assessing and preventing risks.

Risk assessments are conducted at least annually at all units, with the employees who carry out the assessments receiving continuous training to ensure high quality. For example, in the UK, we trained managers and supervisors in risk assessments and involved employees in identifying and minimising risks. As a result of this, we have seen a significant reduction in serious accidents, a large cut in high-level risks and a considerable decrease in insurance premiums for employer liability.

The risk assessments are analysed and updated regularly in all units and always after an incident has occurred. Central and local safety committees, comprising local managers, engineers and safety officers, meet regularly to review the results of safety checks and incidents. These committees are also usually included in the implementation of risk assessments.

Monitoring and action. Safety is always highest on the agenda through daily monitoring of incidents and accidents, and is followed by investigation and action when applicable. Every workplace accident is analysed to enable measures to be taken so that a similar accident never happens again. Workplace accidents and activities to prevent them are monitored by senior management on a monthly basis using our scorecard for production. This scorecard is an internal tool that covers several strategically important questions, such as workplace accidents. In Denmark, a comprehensive analysis of heavy lifting was conducted with the aim of significantly reducing the scope of heavy lifting for plant employees and drivers at Nobia.

During the year, we succeeded in further reducing the number of workplace accidents. In 2020, 54 (62) workplace-related accidents occurred that resulted in at least eight hours of sick leave. This corresponded to 9.2 (10.4) workplace accidents per million hours worked. Most of the accidents were related to manual processing and lifting but resulted in no permanent injuries. No accidents with serious consequences took place during the year.

Goal

- By 2023, training, support and/or tools to further enable a more sustainable culture will be integrated in the operations and will be available for our employees in all markets.



Promoting a sustainable culture: Responsible sourcing

Responsible supplier chains protect vulnerable employees and reduce environmental and financial risks. Through our programme for responsible sourcing, we will work to contribute to sustainable development in our value chain.

Programme for responsible sourcing. To manage risks in our supplier chain, we have a programme that covers risk analysis, review and evaluation and contains an anonymous channel for reporting violations of our Supplier Code of Conduct. The Code of Conduct regulates and governs Nobia's supplier requirements concerning working conditions, human rights, business ethics and environmental considerations. Compliance with the Code of Conduct is a requirement in our risk assessment of suppliers.

Identified risk is a basis for monitoring. Of our suppliers of direct material, 99% are from Europe and the remainder from Asia. Global supplier chains can involve labour-related risks, such as modern forced labour. Nobia works actively to prevent all forms of modern slavery and we report our work and results annually in accordance with the so-called Modern Slavery Statement.

Nobia's risk assessment programme and follow-up cover approximately 300 significant suppliers, corresponding to 99% of our total cost for direct materials. The programme builds on such parameters as country of production, production process, product type and materials, as well as the supplier's preparedness, for example, in the form of applicable management system. Based on these factors risk is weighed against preparedness and we assess the risk of violations of legal frameworks and Nobia's Supplier Code of Conduct. The risk assessment is the basis for decisions on audits at the supplier.

Audit is a tool for development. Physical supplier audits are intended to verify, manage and ameliorate any deviations and to identify areas for improvement. For example, a decision on an audit may be the result of a supplier not having a certified management system, combined with a high-risk production process. During the year, we conducted no

physical audits due to coronavirus pandemic. All outstanding audits have been rescheduled to 2021 and we plan to commence these in the summer. At the end of the year, 92% of all suppliers in the programme were approved, while the remainder were awaiting a new or updated audit. Read more on page 119.

Exercising influence further up the supplier chain. Our responsible sourcing programme is a prerequisite for us in conducting risk analysis and risk prevention in our supplier chain in a quality-assured manner. In order to promote the reduction of sustainability risks even further up the supply chain in accordance with the objective in our new sustainability strategy, we ask our suppliers to also communicate to their relevant subcontractors. At the end of 2020, 67% of our suppliers in the programme responded that they are willing to share information about their supplier chain, which we interpret as a good prerequisite for the continued management of risks and impact.

Results 2020. The goal of the 2017-2020 strategy was to implement a new programme for supplier monitoring, which has now been met. At the end of the year, 92% of the suppliers were approved, while the remainder were awaiting a new or updated audit. Through the programme, we now also have an opportunity to go even further upstream the supplier chain in the cases where risks are considered to be high.

Goal

- ▶ We will continue to secure and develop processes for a responsible supplier chain. By 2023, we will, wherever possible, have reached further upstream in our supplier chain to identify suppliers regarded as higher risk, to promote human rights, good work conditions and environmental consideration.

Sustainability data

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 stakeholders.

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 103 and 119.

At Group level, there is 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 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.

Shareholders and investors: Meetings, annual reports, interim reports, press releases, website, regular survey. **Employee representatives:** European Works Council, regular survey. **Civil society, professional associations and academia:** Meetings, surveys and rankings, regular survey. **Customers:** Meetings, focus groups, social media, regular survey. **Suppliers:** Ongoing dialogue in the purchase process, supplier risk assessment, audits, Speak Up (anonymous reporting channel), regular survey. **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 based on our existing list of material topics and update it 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, which also lays the foundation for our new 2021–2026 sustainability strategy, did not lead to any material changes. However, based on the topics and their strategic importance to our operations, we have decided to further develop the topics so that they generate maximum value.

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, Darlington, Dewsbury, Dinxperlo, Freistadt, Halifax, Morley, Tidaholm, Wels, Ølgod
ISO 14001	Bjerringbro, Darlington, Dewsbury, Dinxperlo, Farsö, Freistadt, Grays, Halifax, Morley, Nastola, Tidaholm, Wels, Ølgod
ISO 50001	Darlington, Dewsbury, Halifax, Morley
OHSAS 18001	Darlington, Dewsbury, Halifax, Morley
ISO 45001	Bjerringbro ¹ , Ølgod ¹ , Nastola
ISO 14001, ongoing	Eggedal

¹) Bjerringbro and Ølgod are awaiting approval of, for example, a new assembly line related to heavy lifting before ISO 45001 certification can be approved.

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. The table on page 119 lists the topics that we focus on, where in the value chain we work, primary stakeholders, and the tools and controls for these topics. The table also presents the topics that we employ to contribute to the UN Sustainable Development Goals and how we meet the principles of the Global Compact.

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 50–58.

Governance, organisation and monitoring

Sustainability is integrated throughout the operations and our commitment have been implemented in frameworks and processes. Fulfilment of these targets and compliance with both the sustainability strategy and the Group's sustainability framework are systematically monitored through our new sustainability management system. This system is an internal tool for business governance.

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 managing product labelling 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 framework 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 in Nobia was convicted of environmental crimes or reported deviations related to labelling of products.

Strategic memberships and partner projects:

- BSI (British Standards Institute)
- CIK (Circular Kitchen project)
- Cooperation with TU Delft on circular solutions
- IVL Swedish Environmental Research Institute
- Möbelfakta's criteria council
- Science-Based Target initiative
- SIS (Swedish Standard Institute) Furniture Standardisation Committee
- TMF (Swedish Federation of Wood and Furniture Industry) Sustainability Group
- TMF (Swedish Federation of Wood and Furniture Industry) Technical Committee
- UN Global Compact
- Västa Götaland Network, quality and environment skills exchange

Material topics, governance and monitoring

	Innovations for a sustainable lifestyle	Circular materials and flows		Reduced climate impact	Promoting a sustainable culture	
Areas	Choice of material, environmental labelling, life-cycle analysis	Resource consumption, chemicals, packaging, waste management	Certified wood, recycled wood	Energy consumption, transportation, materials and products	Health and safety, human rights, labour rights, equality, diversity, anti-corruption	Environment, human rights, labour rights and anti-corruption
Boundary	Product development, suppliers, own production, sales, customer use	Product development, suppliers, own production, customer use	Suppliers	Suppliers, own production, transportation, customer use	Own operations	Suppliers
Principal stakeholders	Shareholders and investors, customers, suppliers, employees	Shareholders and investors, customers, suppliers	Shareholders and Investors, civil society, professional associations and academia, customers	Shareholders and investors, employee representatives, customers, suppliers, employees	Shareholders and investors, employee representatives, customers, suppliers, employees	Shareholders and investors, employee representatives, civil society, professional associations and academia, customers
Internal frameworks ¹	Environment & climate policy; Sustainability strategy	Environment & climate policy; Sustainability strategy	Environment & climate policy; Policy for sustainable forestry; Code of Conduct for Suppliers, Sustainability strategy	Environment & climate policy; Sustainability strategy	Code of Conduct, Modern Slavery policy, Sustainability strategy	Supplier Code of Conduct; Modern Slavery policy; environment & climate policy, Sustainability strategy
Work method	Sustainability scorecard for products, Sustainability management system ⁶ , FMEA ⁸	Sustainability scorecard for products, Sustainability system ³ , LEAN system, ISO 14001 ²	System with requirements and monitoring for responsible sourcing of wood materials, SAF ⁴ , NSAR ⁵	Central scorecard for production, Sustainability system ³ , ISO 14001 ² , ISO 50001 ⁶	Central scorecard for production, Systematic health and safety activities in production, SpeakUp, HR processes, OHSAS 18001 and ISO 45001 ⁷	SAF ² , NSAR ³ , Speak Up
Contribution to the UN Sustainable Development Goals:	8.4 Improve resource efficiency in consumption and production. 12.8 Promote universal understanding of sustainable lifestyles	8.4 Improve resource efficiency in consumption and production 12.5 Substantially reduce waste generation 15.2 Promote implementation of sustainable forestry 17.17 Encourage effective partnerships		13.1 Strengthen resilience and adaptive capacity to climate-related disasters.	8.8 Protect labour rights and promote safe working environments for all 12.8 Promote universal understanding of sustainable lifestyles 17.6 Revitalize the global partnership for sustainable development	
UN Global Compact principles ⁹	1, 7, 8, 9	2, 7, 8, 9		7, 8, 9	1, 2, 3, 6, 7, 10	
Goals, monitoring and results	Refer to pages 30, 31	Refer to pages 30, 31	Refer to page 31	Refer to pages 32, 33	Refer to pages 34, 35, 57	Refer to page 36

1) For external frameworks, see page 103. 2) Certified environmental management system for production plants. 3) Group-wide sustainability management system. 4) Digital platform for sustainability audits of suppliers. 5) Supplier audit system. 6) Certified energy management systems for production facilities 7) Failure Mode and Effect Analysis, systematic product risk assessment 8) Certified management system for work environment for production facilities 9) Principles of the UN Global Compact human rights (principles 1-2), labour (principles 3, 4, 5, 6), environment (principles 7, 8, 9) and anti-corruption (principle 10).

Programs for responsible sourcing, number

	2019	2020
Significant suppliers	294	287
Sustainability-reviewed suppliers	279	285
Suppliers approved after review	246	257
Suppliers with audit requirements	33	28
Suppliers approved after audit	14	6
Suppliers not approved after audit (in current programmes)	6	0
Suppliers awaiting audit (in current programmes)	13	22

The information in the table shows the status of Nobia's supplier programme at the end of each year. No audits were performed in 2020. Read more on page 36.

Sustainability data

	Unit	2018	2019	2020
Direct economic value generated and distributed				
Net sales	SEK m	13,209	13,930	12,741
Operating expenses	SEK m	8,823	8,955	8,633
Employee wages and benefits	SEK m	2,544	2,750	2,769
Social security contributions and pensions	SEK m	591	593	588
Taxes to state and municipality	SEK m	233	229	100
Interest to lenders	SEK m	4	17	24
Dividends to shareholders	SEK m	1,180	675	0
Economic value retained	SEK m	-166	711	627
Materials				
Wood consumption	thous. of m ³	417	429	374
Energy consumption				
Total energy consumption	GWh	195	183	169
Non-renewable fuel	GWh	51	52	41
Renewable fuel	GWh	53	21	21
Electricity and heating purchased	GWh	101	110	107
Heating sold	GWh	11	0	0
Energy intensity, electricity and heating	kWh/cabinet	27	25	27
Significant air emissions				
Scope 1	thous. of tonnes CO ₂ e	13.2	12.6	10.2
Scope 2, market-based	thous. of tonnes CO ₂ e	5.3	0.7	0.6
Scope 3 ¹	thous. of tonnes CO ₂ e	19.2	18.1	15.3
Biogenic emissions	thous. of tonnes CO ₂ e	19.1	8.0	6.9
Scope 2, local-based	thous. of tonnes CO ₂ e	15.2	16.8	13.6
CO ₂ intensity, electricity and heating	kg CO ₂ e/cabinet	0.9	0.8	0.7
CO ₂ intensity, transportation	kg CO ₂ e/cabinet	4.3	3.5	3.5
VOC ²	tonnes	316	298	262
VOC intensity per lacquered details	kg VOC/100 details	5.0	4.9	4.3
Waste				
Total waste (excl. hazardous waste)	thous. of tonnes	41.0	44.9	44.1
Waste for reuse	thous. of tonnes	n.a.	0.3	0.7
Waste for recycling	thous. of tonnes	20.7	28.3	27.6
Waste for incineration	thous. of tonnes	19.8	15.9	15.5
Waste for landfill	thous. of tonnes	0.5	0.3	0.3
Hazardous waste	tonnes	0.6	0.5	0.7
Employees				
Number of employees				
Women	number	1,629	1,643	1,626
Men	number	4,452	4,466	4,275
Administration, sales	number	3,069	3,132	3,042
Production, logistics	number	3,012	2,977	2,859
Workplace-related accidents ^{3,4}	number	92	62	54
Commitment index ⁵		78	79	-
Suppliers				
Approved suppliers ⁶	per cent	n.a.	88	92

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

2) Volatile organic compounds

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

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

5) No employee survey was conducted during 2020

6) The number of suppliers in our supplier programme for risk assessment and evaluation that have been approved; the remainder are awaiting audit

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 2020 calendar year. The sustainability report has not been subject to review or audit by an external party other than based on statutory requirements.

Boundary

The report encompasses the entire Group. Specific boundaries for each material topic are presented on page 119. The content of the Sustainability Report and the sustainability topics presented summarise the sustainability initiatives of the past year and are based on a materiality analysis. Environmental data is based on operations in our production facilities and own stores.

Changes to the report

Data for the heating of own stores in the UK were adjusted since they are no longer limited by the threshold value that previously applied to official reporting; consumption and emissions therefore increased for Scope 1. During the year, we refined our internal reporting of emissions from our own transportations, which resulted in a certain update of data for Scope 1. Biogenic emissions were corrected and emissions of methane and nitrous oxide are now included in Scope 1 and the remaining emissions are reported separately. Market-based electricity was calculated on residual mix. All adjustments were made for all reported years, meaning 2018-2020. Minor corrections of waste data were also made for earlier years.

Calculations

Calculations of carbon emissions from energy consumption and transportation were based on the guidelines of the Greenhouse Gas Protocol and encompasses CO₂e, which means a full greenhouse gas impact. Conversion factors for energy consumption and carbon emissions are based on data from the Swedish Environmental Protection Agency and Swedenergy. 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 2020.

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 Annual General Meeting of Nobia AB [publ], Corp. Reg. No. 556528-2752

Engagement and responsibility

The Board of Directors is responsible for the sustainability report for 2020 on pages 24-36, 50-58 and 118-121, and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination was 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.

Opinions

A sustainability report has been prepared.

Stockholm, 6 April 2021
Deloitte AB

Daniel de Paula
Authorised Public Accountant

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¹ Our tool for supplier assessment comprises several parameters, meaning that it is currently not possible to specify the environmental or social grounds on which reviews and audits are based. For example, a decision to conduct an audit may be the result of the supplier having no certified management system, in combination with a high risk production process.