

THE BETTER EFFECT

THE KINNARPS AB GROUP'S SUSTAINABILITY REPORT 2020

Kinnarps / Drabert / MartinStoll / Materia / NC / Skandiform

GETTING BETTER – TOGETHER

The Kinnarps AB Group is one of Europe's leading suppliers of interior design solutions for offices, schools and healthcare facilities. We are a one-stop supplier and help our customers create sustainable, future-proof environments using our own brand portfolio, various services and complementary products. Our curiosity and interest in sustainable solutions mean that we are continually working to improve our climate impact, enhance well-being and create timeless environments. In this Sustainability Report we focus on six key areas in which we, in the Group, can work with our customers and suppliers to create the enduring solution that we call 'The Better Effect'.

CONTENTS

MESSAGE FROM THE CEO	4
THE FINANCIAL YEAR IN BRIEF	6
FOR THE GREATER GOOD	8
SUSTAINABILITY THE KINNARPS WAY	10
AN INVALUABLE VALUE CHAIN	18
WHICH ISSUES ARE IMPORTANT?	20
RAW MATERIALS AND RESOURCES	22
CLIMATE	28
PURE MATERIALS	34
SOCIAL RESPONSIBILITY	40
REUSE	46
ERGONOMICS	52
RISKS AND GOVERNANCE	58
THE BETTER EFFECT INDEX	60
AUDITOR'S STATEMENT	61

ABOUT THE REPORT

This Sustainability Report relates to the Kinnarps AB Group for the financial year 2020 (01/09/2019 - 31/08/2020). The previous report was published in November 2019.
We follow an annual reporting cycle.
This report has been prepared in accordance with the provisions of Chapter 6 of the Swedish Annual Accounts Act. The Board of Directors is responsible for the preparation of the report.



SUSTAINABILITY IS AND WILL FOREVER BE OUR HALLMARK

At Kinnarps, we create truly sustainable solutions. We have devoted ourselves to this every day since the business started in 1942. This involves focusing on creating real benefit, for our customers and for our planet.

Together with our customers, we want to create long-term sustainable solutions that are attractive, inspiring, and encourage creativity and efficiency. We want to help our customers choose the right interior design from the start, which is an investment that pays off in the long run, and creates resilient people and organisations. The Covid-19 pandemic has placed new demands on working environments and working methods. At Kinnarps, we have long used working environment analyses to help our customers identify and map out their needs, which enables us to create a customised and business adapted interior design solution. We design the solution to not only meet today's needs, but to be flexible enough for the changing needs of the future. We believe this will be important for many businesses from now on, as they rethink the way they will be working in the future.

We have surpassed our target for reducing CO_2 emissions.

We create products with long life cycles, which can be used for a long time. This generates real benefit for both our planet and our customers. With a product design that facilitates refurbishment and updating, we make it possible to extend the life of the products even further by simple means. By offering circular services and business models, we help our customers to ensure even longer life cycles and to utilise interior design as a resource even more effectively. We are now investing in the further development of our products and services, with one example being our ongoing pilot studies of rental concepts. It is important to keep in mind that circularity does not automatically equate to sustainability, since circular flows with short product life cycles merely fuel the rapid consumption of products and materials. This is why our initiatives focus on creating solutions and products that last a long time and are also circular. We place great emphasis on ensuring that our products are manufactured and delivered in a sustainable way.

With production in Sweden, we have control over the entire chain, and our production ethos is to make the best possible use of existing resources. Our logistics system is unique in the industry and is characterised by efficiency. For example, by wrapping our products in blankets instead of single-use boxes, we can load 50% more furniture than the industry average. Where others require three lorries, we can manage with two. What's more, we can rapidly install the products at the customer's premises, and avoid more than half a tonne of waste per lorry by using blankets that we also take away with us and reuse.

Our short-term sustainability targets were set to be achieved by 2020 and we are delighted to have exceeded several of our objectives. We have surpassed our target for reducing CO_2 emissions, and we have also significantly exceeded our targets for reducing energy consumption and solvent consumption. The ongoing pandemic has affected the market and led to a reduced production volume, which has had a knock-on effect on our emissions. However, thanks to our efforts and initiatives, we can state for the record that we would have achieved our targets, even if our production volume had been as expected in a non-pandemic situation. Our contribution to sustainable development is to create long-term sustainable solutions that benefit our customers, with the smallest possible environmental footprint, which is why we have set new ambitious targets for 2025.



ROBERT PETERSSON
CEO KINNARPS AB

THE YEAR IN BRIEF

2020 was, to say the least, a challenging year for most of us – in many different ways. Not least in terms of job situations and working environments. But the year was also a time of extensive work and striving towards greener times – through climate-smart decisions, innovations and investments. All for a slightly better planet.

A NEW SHIFT TO RENEWABLE DIESEL

Kinnarps' delivery concept has switched fuel to diesel with the highest available level of renewable content, which reduces CO_2 emissions by 85% compared with fossil diesel. This means that we will be reducing our emissions by almost 2,000 tonnes per year, or approx. 358 times around the world by car.



THE ART OF CREATING A NEW, SUSTAINABLE FAUX LEATHER

This year, 'Joy' faux leather was added to the Kinnarps Colour Studio range. It has been developed to meet the stringent cleaning requirements in e.g. the healthcare sector, without damaging the actual material. This faux leather is not only easy to keep clean with a simple water and soap solution, but also one of the few faux leathers on the market that does not require drying after disinfection. Joy carries the Oeko-Tex® ecolabel, and is completely free from biocides and antimicrobials.

ONE LIGHT LORRY = NO HEAVY EMISSIONS

Kinnarps has invested in a light lorry that runs on gas and replaces a 3.5 tonne diesel lorry. This will result in a 50% reduction in fossil CO_2 emissions. Gas-powered freight vehicles are also especially good for the environment, as they emit significantly less eco-hazardous particles, which also makes them particularly suitable for urban distribution. The investment in the gas vehicle is simply another step towards meeting customer requirements and making our furniture transportation even more climate efficient.

EMISSIONS OF CARBON DIOXIDE	-47%
CERTIFIED WOOD RAW MATERIAL	96%
SOLVENT CONSUMPTION	-57%



SUSTAINABLE SOFA DESIGNED BY NC NORDIC CARE

Dahlia is a family of embracing sofas and easy chairs with a wonderful homely feel. They combine all the necessary features for maintaining good hygiene, including rubber weave, removable and washable fabric, and a gap between the seat and back to avoid dirt and bacteria collecting. Sustainability has been front and centre during the development of Dahlia, and the range has been designed to be circular at all stages, since this furniture is easy to reuse, reupholster and repair. The range also carries the Möbelfakta label and is FSC® certified.

ISO 45001-CERTIFIED WORKING ENVIRONMENT

Kinnarps has a long tradition of active involvement in working environment issues, and in 2020 we started our journey to obtain working environment certification for the production units in Kinnarp, Jönköping and Skillingaryd in accordance with ISO 45001. We are doing everything in our power to improve our working environment, increase our attractiveness as an employer and become an even better business.

THE MODEL FOR A LONGER LIFESPAN

In the past year, we have piloted a new circular rental model for our customers in Sweden – with the aim of helping them customise their working environment to their existing and future needs. This model provides customers with a sustainable and flexible solution when they need it most. At the end of the rental period, we take the products back again and make sure that they are reused, which not only ensures our customers' changing requirements are met, but also contributes to a considerably longer lifespan for our products.



RECYCLING AT ITS BEST

In autumn 2020, we launched the Tinnef table from Skandiform, in association with designer Charlotte von der Lancken. The table has an underframe in ash or oak, with a top made of 100% recycled plastic bottles. Each tabletop then has its own unique pattern made with discarded plastic waste in a beautiful new guise.



FOR THE GREATER GOOD

At Kinnarps, we view sustainability from a holistic perspective. Indeed, we always have, ever since the business started in 1942. This involves using resources in an efficient and environmentally smart way, promoting well-being, and helping our customers to do the same. It's about offering products that can be updated and reused.
As well as delivering sustainably, and creating well thought-out, flexible and multifunctional interior design solutions that are made to last.
But, above all, it is about sustainable people and organisations. That's where it all starts and ends.

For us, it is simply a lifelong commitment, based on curiosity, a long-term approach, and an indefatigable desire to do it differently and do it right, and to prepare the ground for a slightly better tomorrow.

SUSTAINABILITY THE KINNARPS WAY

DO IT RIGHT AND DO IT DIFFERENTLY
Through our workplace analyses – Next Office, Next Education and Next Care – we ensure that our customers receive a customised interior design solution that is sustainable in the long term and right from day one. Not least by involving them early in the process. The analyses also help customers to optimise their premises, saving both space and energy costs. In addition to this, we also help to make an inventory of their existing interior design in order to see which parts of the interior can be reused, renovated or updated.

WELL-BEING – WE'VE GOT YOUR BACK
In our product development, we collaborate with ergonomists who are experts on our physical and psychological needs.

This enables us to create adaptable products that enhance people's well-being, and minimise sick leave and occupational injuries. One example of this is the Capella office chair, which has been developed with a completely unique seat that provides well-balanced micro-movements and promotes active sitting. Another good example is the Rocca stool, with a playful design that encourages movement, as a means of increasing well-being and improving energy levels.

REUSE AGAIN AND AGAIN
We always start with circularity when designing our products. Because we believe it should be easy to upgrade and replace parts to prolong the lifespan of the furniture. Everything to enable our customers to renew their interior design and create attractive working environments, without great inconvenience or environmental impact. For example, we have 26 product series in our range with removable upholstery, which makes it easy to reupholster these products in a cost-effective way, without unnecessary transportation.

PRODUCTS THAT CAN TAKE HARD KNOCKS
Our products are tested for compliance with strict quality requirements in our own accredited Test & Verification Centre, to guarantee high quality and product safety. Kinnarps' height-adjustable desks, for example, are tested three times more than the industry standard (15,000 cycles instead of 5,000 cycles) to guarantee their longevity. This means that our customers receive products that last longer, which also reduces their investment costs over time and significantly reduces their climate footprint.

ENVIRONMENTALLY FRIENDLY AND FAIR
All our factories are located in Sweden, and therefore have high requirements regarding environmental considerations and working environment.

We also make social responsibility a requirement in the supplier chain, via our Supplier Code of Conduct, which mandates an on-site risk assessment and monitoring to verify socially acceptable conditions.

In our production, we also deal with waste materials in various climate-smart ways. For example, some of our factories are heated with wood waste from their own production. In addition, we have developed the innovative Re:fill material, which consists of leftover fabric from our production in Skillingaryd and recycled PET bottles.

BLANKETS THAT MAKE A DIFFERENCE
At Kinnarps and Drabert, we use blankets as packaging material instead of single-use boxes. The blankets are then taken back to be reused for the next delivery. This saves on waste management and approx. 270kg of packaging per shipped lorry container.

The blankets also mean that we can fit 50% more furniture in our lorries, compared to other companies in the industry. This is just as positive for the climate as it is popular with our customers, as it means fewer and faster deliveries.

THE CUSTOMER FIRST
We have extremely high environmental requirements for both our products and associated materials. This results in great security and safety for our customers. As all our furniture is tested according to a series of different certifications and ecolabel systems. For example, it does not contain any unnecessary or harmful chemicals. This ensures both wholesome working environments and better indoor air quality.

NUMBER OF ECOLABELLED PRODUCTS

236
MÖBELFAKTA CERTIFICATES

129
RANGES WITH FSC® LABELLED PRODUCTS

13
NF ENVIRONNEMENT

13
NF OFFICE EXCELLENCE CERTIFÉ

22
GEPRÜFTE SICHERHEIT

10
QUALITY OFFICE

OUR SUSTAINABILITY STRATEGY AND LONG-TERM SUSTAINABILITY GOALS

Kinnarps' sustainability strategy is based on our overall plan and vision, which involves creating inspiring and effective interior design solutions – to contribute to prosperity and well-being.

We have evaluated our activities against the UN's 17 Global Goals and identified the ones that we have the greatest opportunity – directly or indirectly – to influence. And then linked them to our most prioritised areas.

	2030 GOALS	GLOBAL GOALS
RAW MATERIALS AND RESOURCES	Our goal is for all raw materials in our products to be traceable and from responsible sources. All wood raw material should be FSC® certified or recycled. Materials should be used in an even more resource-efficient manner.	**9, 15**
CLIMATE	Our aim is to become climate neutral. We are working continuously to improve energy efficiency in all our operations, and using more energy from renewable sources.	**7, 13**
PURE MATERIALS	Our goal is to create healthier working environments, with fewer chemicals, and free from materials classified as harmful to health or the environment.	**12**
SOCIAL RESPONSIBILITY	Our goal is to have verified good working conditions throughout our entire value chain, contributing to social development on the sites where we and our partners operate.	**8, 10**
REUSE	Our goal is for all our products to be designed for a long lifespan, and for our interior design solutions to be part of a circular flow that prolongs the life of products and materials. We are using more recycled materials in our products and finding innovative ways of using the leftover material from our operations.	**12**
ERGONOMICS	Our goal is to create working environments that promote health and well-being for everyone in them. Holistic ergonomics is central to our interior solutions, and our products are inclusive and individually adaptable.	**3, 4**

SUSTAINABILITY IS PART OF OUR DNA

It all began with a young couple's dream of a small carpentry factory almost 80 years ago. Today, we are one of Europe's leading suppliers of interior design solutions for offices, schools and healthcare facilities.

Since the start in 1942, we have had a passion for sustainability and a vision that everything can be done a little better.

Using resources sparingly and creating long-term solutions are part of our DNA and the core of our business. We are constantly curious, and continue to develop sustainable and successful interior design solutions that enable organisations and people to thrive. The Kinnarps Group currently comprises six production units, all located in Sweden, and has a brand portfolio of seven brands. The Group is a family-owned business, and the values that have been embedded in the company from the outset are still a major part of our heart and soul.

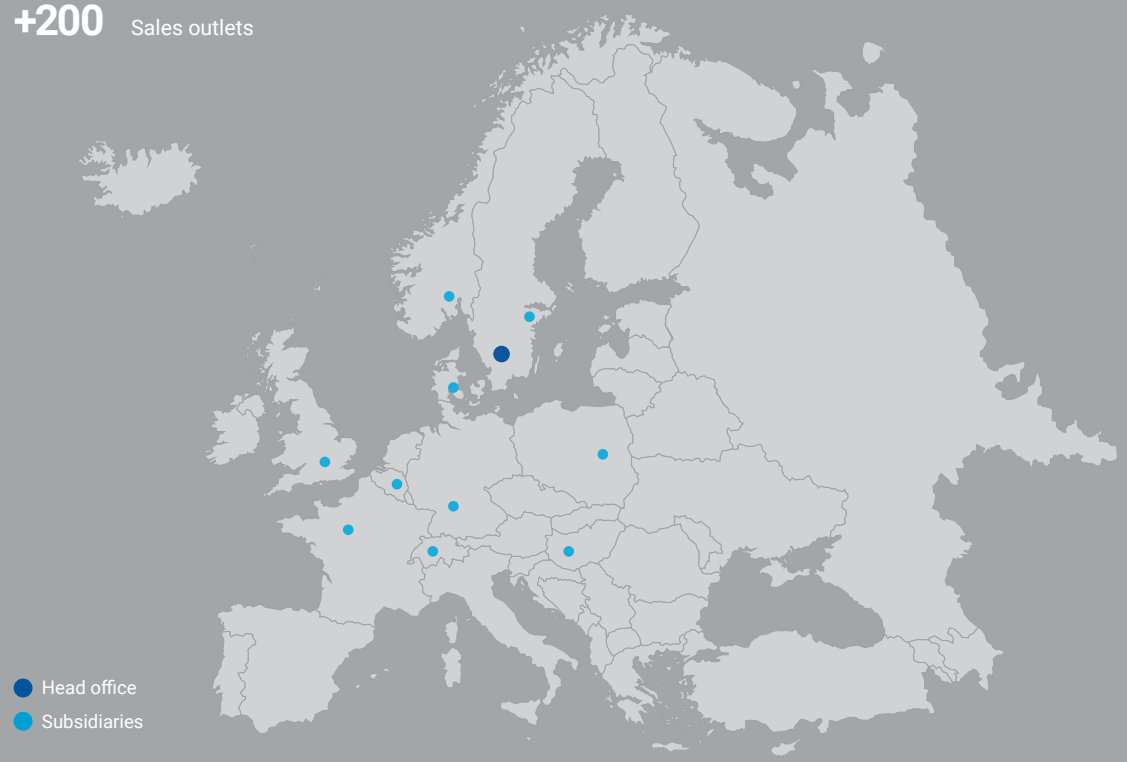


BRANDS

Kinnarps
MATERIA
skandiform
MARTINSTOLL
NC
drabert
mbt

MARKETS

+40 Countries
+200 Sales outlets



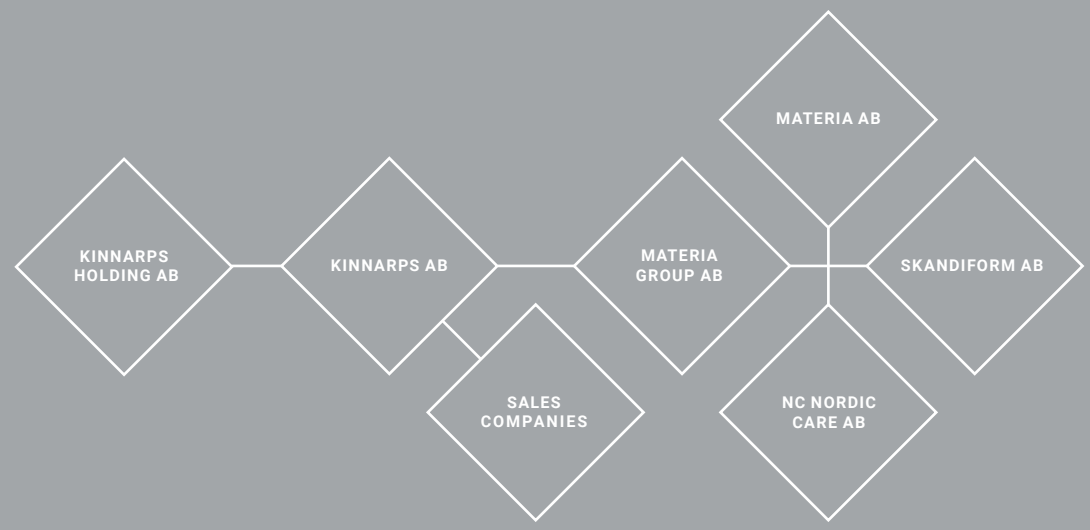
TURNOVER

330
million €

EMPLOYEES

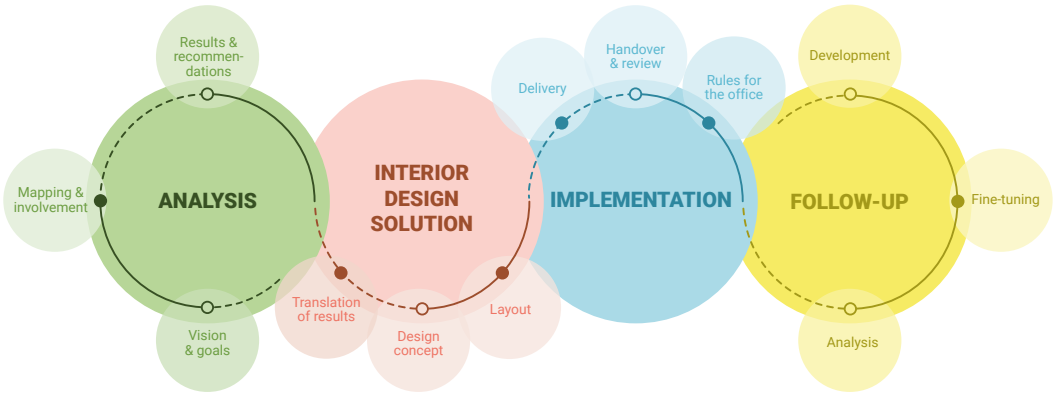
1889
people

THE KINNARPS AB GROUP COMPANY STRUCTURE



MAPPED NEEDS SHOW THE WAY

The greatest sustainability impact is achieved by purchasing the right interior design solution from the start. To be able to do this, it is important to analyse and map out your needs, and create an activity-based and flexible solution that lasts over time.



Over the years, we have helped many customers to design value-creating transformations of their physical environment. We do this through our analyses Next Office®, Next Education® and Next Care®, which help to create activity-based and sustainable environments.

The strength of our analyses is that they are based on the unique organisation's vision and goals, and simplify the involvement and inclusion of staff and other stakeholders. We have learned the importance of involving everyone early on in the process, in order to be able to map out existing and future needs, and to identify challenges and opportunities. Throughout the analysis process, we help our customers to understand and compile a report that forms the basis of the interior design solution.

We are convinced that advice on changes in interior design solutions and working methods needs to be based on data – not guesswork.



BASING THE INTERIOR DESIGN SOLUTION ON MAPPED OUT NEEDS ENSURES A LONG-TERM INVESTMENT THAT YIELDS DIVIDENDS AND EFFECTS ON MULTIPLE LEVELS:

Including and involving all stakeholders creates participation and the environments will also be better suited to the intended activities, which increases well-being and efficiency. The right functions in the right place, as well as variation in the environment, create the conditions for movement and good ergonomics.

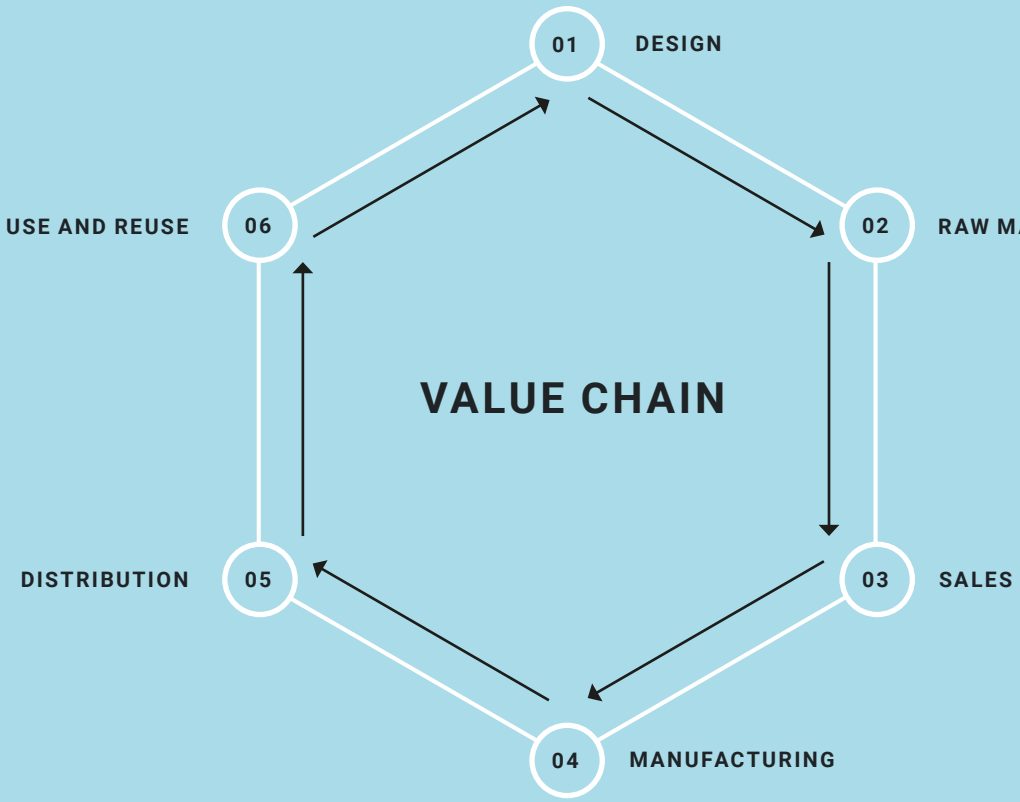
With the right type of environments – flexible enough to be adapted to both short-term and long-term requirements – a future-proof interior design solution is created. This is further enhanced by high-quality, timeless furniture that can be updated when necessary.

All of this makes for a sustainable and long-term investment, since an interior design solution based on mapped out needs leads to an efficient use of the available space, reduced risk of accidents and sick leave, and a stronger brand, which facilitates both recruitment and retention of staff.

AN INVALUABLE VALUE CHAIN

The purpose of the Kinnarps AB Group's business model and value chain is to understand and fulfil companies' and organisations' needs for interior design solutions with associated services.





01 DESIGN
When we design and develop products, we set high standards for function and quality. We work hard to take all factors affecting sustainability into account as early as possible in the development process, such as pure materials, as little waste as possible and an optimised use of resources. In product development, we also aim to be able to reuse parts and modules of products, in order to streamline production and procurement.

02 RAW MATERIALS
When purchasing raw materials, components and finished products, it is important to us that they come from sustainable sources and are produced under good social conditions. We therefore set high standards for both our suppliers and the products supplied. The Kinnarps AB Group has a common Code of Conduct covering social responsibility, which we also follow up through on-site risk assessments and audits at our suppliers' production facilities.

03 SALES
We help our customers to analyse both their existing and future needs, in order to create activity-based environments that promote health and efficiency. A business adapted interior design solution furnished with flexible and multifunctional products is a long-term investment that can be affordably modified as needs evolve.

Making the right purchase from the start is an important part of reducing your environmental impact. We are a one-stop supplier and help our customers to implement their interior design solution with the help of products from the Group and our partners.

04 MANUFACTURING
When we manufacture our products, it is important to us to avoid eco-hazardous and harmful substances.

We do this not only to ensure a good working environment in our six manufacturing units, but also to improve the working environment of our customers, reduce hazardous substances in our products and facilitate the recycling of materials. We are continuously working to improve our use of resources by optimising the consumption of materials, reducing waste and utilising leftover materials.

05 DISTRIBUTION
We have our own logistics system that delivers products from our Kinnarps, Drabert and MartinStoll brands. When we pack our products, we use blankets and cardboard sheets that we take away with us for reuse. This means that we save packaging and can significantly increase the loading capacity of our lorries. Our lorries also run on a biodiesel mixture to further reduce our climate impact.

06 USE AND REUSE
For us, it is important to design products that last a long time. We therefore place great emphasis on high quality, and the ability to update or refurbish, in order to additionally prolong the life cycle of a product, for example with machine washable upholstery or new parts. Being able to use something again and again over a long period of time is important for reducing your environmental impact. When a product's life cycle comes to an end, it is also important to be able to separate the materials for recycling and a potential new life. This is something we consider the whole time we design and develop our products.

WHICH ISSUES ARE IMPORTANT?

STAKEHOLDER DIALOGUE

Which issues are important to the people who influence or are influenced by our operations? Knowing this is essential to enable us to pursue our sustainability work effectively, and we therefore maintain a regular dialogue with our stakeholders. This is done by methods including interviews, focus groups, surveys, and ongoing meetings in our daily operations.

THE KEY STAKEHOLDERS WE HAVE IDENTIFIED

Customers / Regulators / Owners / Employees / Suppliers / Authorities / Lenders / Society / Retailers

MATERIALITY ANALYSIS

Which sustainability issues are most relevant to our operations? On the basis of the stakeholder dialogue, we carry out a materiality analysis, which is revised annually. The analysis not only identifies the areas in which Kinnarps' stakeholders have the highest expectations, but also those of major importance to our business strategy.

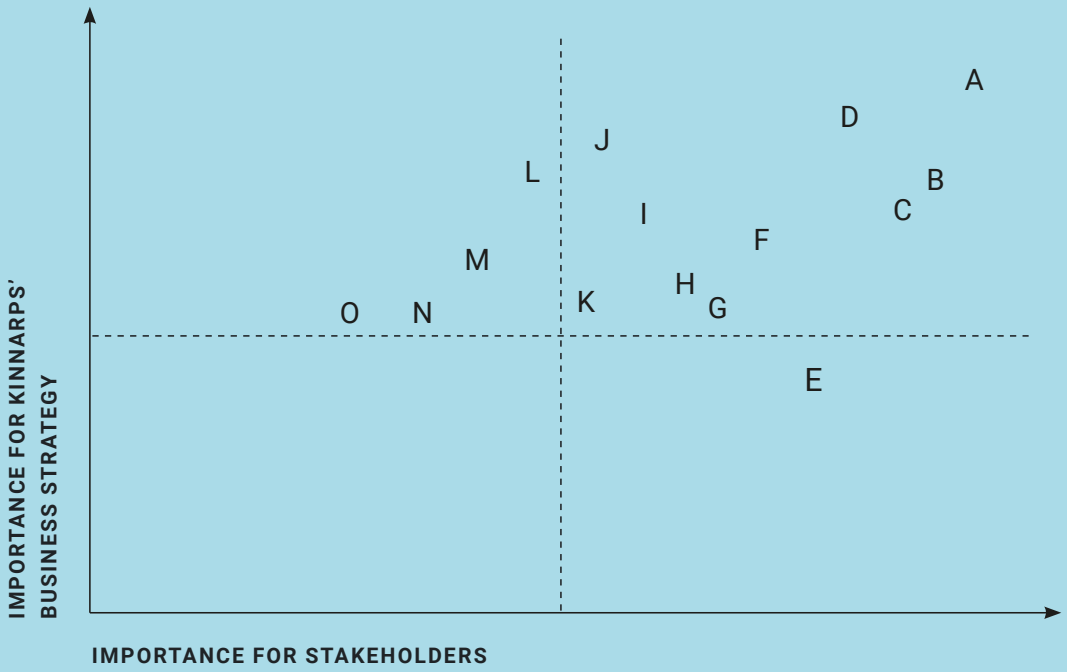
These are the areas we prioritise in our sustainability work and report on.

More and more people want to make sustainable choices, so we have to make it easier for them to choose. For this reason, we also clarify our sustainability work via six crucial areas, which also give us a holistic view of the sustainability impact of our products.

This affects everything from global waste mountains and the state of our forests to the working conditions of the people employed in the various stages of production.

READ MORE ABOUT OUR KEY ISSUES

RAW MATERIALS AND RESOURCES	26
CLIMATE	32
PURE MATERIALS	38
SOCIAL RESPONSIBILITY	44
REUSE	50
ERGONOMICS	56



A Product and service quality
B Pure materials and chemicals
C Social responsibility
D Transport and resource efficiency
E Product labelling
F Reuse
G Climate
H Waste and emissions
I Transparency
J Ergonomics and health
K Responsible wood raw materials
L Working environment
M Long-term and responsible business
N Skills and development opportunities
O Local involvement

RAW MATERIALS AND RESOURCES

Conserving natural resources is crucial. It is also an important part of Kinnarps' identity and a prerequisite for all sustainable operations. In other words, we take responsibility all the way from choosing the right raw materials to finding the right manufacturing procedure — for the sake of our planet.

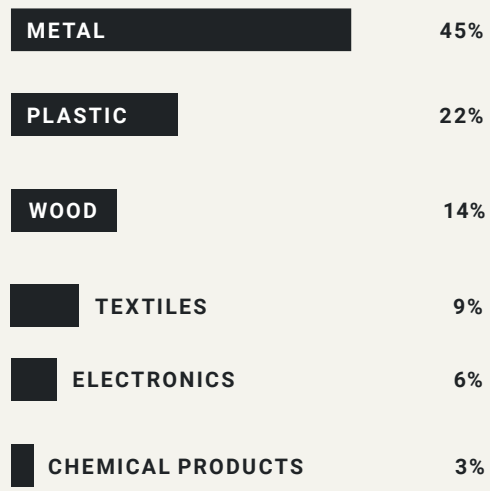
EFFECT BETTER RESOURCE MANAGEMENT / BETTER CLIMATE / BETTER FINANCES

DEFINITION

Which materials we use in our products, and how they are manufactured, has a huge significance for our environmental impact. It is also important that we use these materials efficiently and minimise waste, in order to reduce the consumption of natural resources.

THESE MATERIALS ARE USED IN OUR PRODUCTION

THE CHART SHOWS THE PROPORTION OF PURCHASED MATERIAL BASED ON THE PURCHASE VALUE.



CHALLENGE

LONG AND COMPLEX SUPPLY CHAINS

The extraction of raw materials and the manufacturing of materials are part of a complex global context.

For us as an individual operator, it is a huge challenge to trace the origin of raw materials, such as oil, plastic, ore and metal, and verify under which conditions they were produced. It is much easier for us to influence our direct suppliers. Longer supply chains are more complicated to trace, since we do not have the financial relationship with the suppliers, which also means that we have less ability to influence them. For the same reason, it is a challenge for us to influence the efficiency of material use in the supplier chain.

Wood is unique in that there are good traceability certifications, and for this reason we have set particularly high targets in this area. But the availability of certified wood is not sufficient, especially when we also want to make high-quality products.

STRATEGY

MATERIAL REQUIREMENTS AND RESOURCE EFFICIENCY

MATERIAL REQUIREMENTS All of our suppliers must sign up to our Code of Conduct, and accept and comply with its requirements relating to social conditions and environmental considerations in production. We insist that all articles purchased must meet material requirements based on the criteria in the applicable ecolabels and also cover certain production criteria.

We also obtain information about the country of manufacture and have procedures for checking the origin of all wood raw material. We do not accept wood from forests with high conservation values, areas which have been converted from natural forest into plantations, or forests where there are ongoing social conflicts. Our units in Kinnarp, Skillingaryd, Tranås and Vinslöv have FSC® Chain of Custody traceability certification, which makes it possible to trace wood at every stage in the supplier chain. FSC labelling is a guarantee that the raw material comes from environmentally-adapted, socially responsible and financially viable forestry.

We are also working to ensure that the industry raises awareness of and demand for FSC-certified wood among consumers and producers, with the aim of increasing availability. We are also involved in the development of new materials, through initiatives such as the “Forest Fabrics” research project, which aims to use forest raw materials to develop and manufacture textiles made from paper yarn.

RESOURCE EFFICIENCY We continuously work to make more efficient use of our production resources, and to reduce waste by means of developed processes and purchasing.

For example, we have made major investments to increase the utilisation rate of textiles with more precise cutting. We also use a method for applying veneers, known as planking, which minimises waste.

In addition to this, we have also invested in a new level laser for our factory in Jönköping, which reduces sheet metal waste by 15 percentage points.

THE MATERIALS WE USE MOST

WOOD We only use certified wood or wood the origin of which we have checked with regard to tree species and source country. Our assortment includes more than 129 different ranges with FSC® labelled products. The resource use of veneer is optimised by planking the material.

TEXTILES We offer durable natural materials, such as wool from from Norway and New Zealand, but also work with synthetic materials, including Xtreme made of recycled polyester. 78% of the fabrics in our assortment have Oeko-Tex® or EU Ecolabel certification, which means that they have been made with consideration for the environment and health.

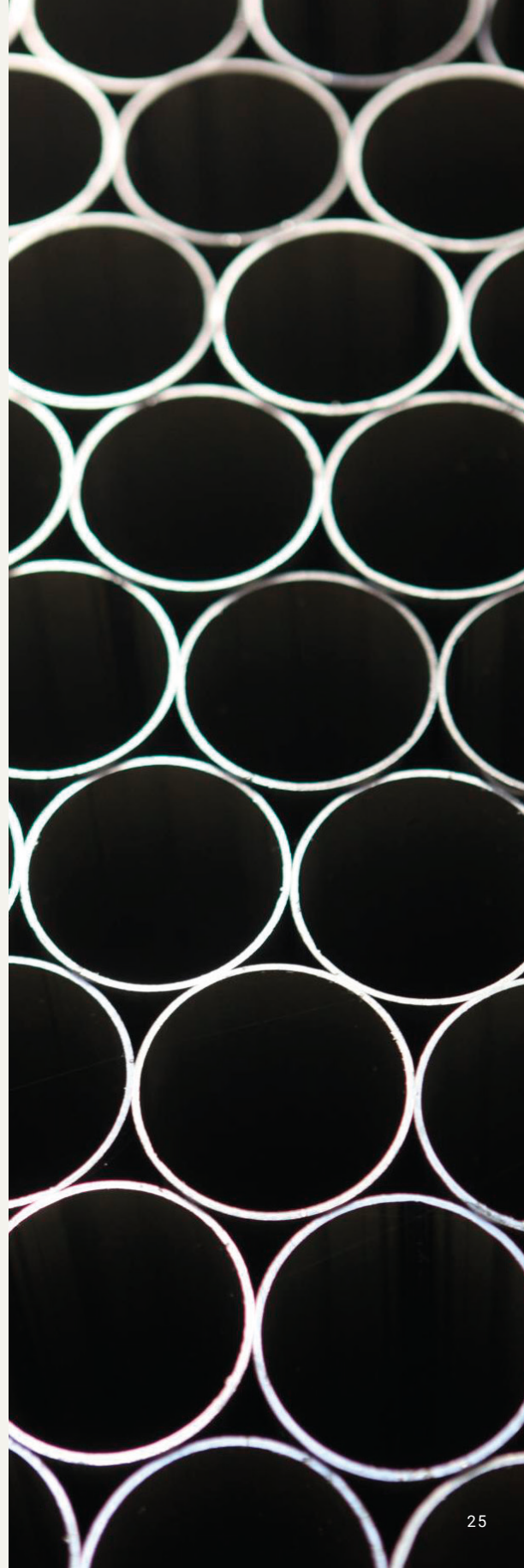
For fabric cutting, we use an automated program that optimises usage and reduces our waste.

METAL Our objective is to use recycled metal as far as possible with regard to availability and quality requirements – such as cast aluminium and recycled magnesium. Chrome-plated details are produced using trivalent chrome, which has better environmental and health properties than hexavalent chrome.

PLASTIC We have our own moulding facility for padding at our factory in Skillingaryd. This gives us complete control over the material, and we can use the isocyanate MDI instead of the prevalent and health-hazardous TDI. Recycled plastic is not always suitable for furniture production, due to its compromised strength. The plastic granulate we purchase comes mainly from Europe.

ELECTRONICS We do not allow ‘conflict minerals’ in our electronics. We want to ensure that we do not use electronics that contain tin, tantalum, tungsten or gold that has been mined illegally or the mining of which contributes to supporting conflicts.

CHEMICAL PRODUCTS We use chemical products, such as adhesives and lacquers, in our production and we check that they meet the requirements of the relevant ecolabel systems. The chemical products we use are produced in Europe.



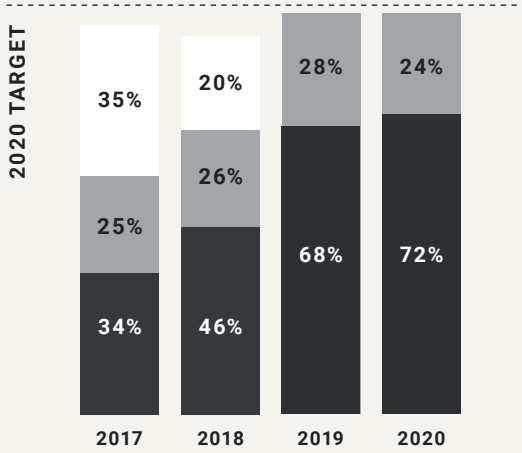
OBJECTIVE

2030 LONG-TERM GOAL

Our goal is for all raw materials in our products to be traceable and from responsible sources. All wood raw materials should be FSC® certified or recycled, and all materials must be used in an even more resource-efficient way. This goal is linked to the UN's Sustainable Development Goals 9 and 15, 'sustainable industry, innovations and infrastructure' and 'ecosystems and biodiversity'.



PROPORTION OF CERTIFIED WOOD RAW MATERIAL IN TOTAL WOOD RAW MATERIAL PROCURED*



* Procurement of wood raw material for our in-house products manufactured in Kinnarp, Skillingaryd, Tranås and Vinslöv.

ANALYSIS AND FOLLOW-UP Of all the wood we procure, 96% is either FSC, FSC Controlled Wood or PEFC, i.e. certified or audited by a third party. The FSC proportion has increased since last year and product launches are one of the reasons for this, as a large proportion of our new products this year contain certified material. We are four percentage points from achieving our target of 100% certified or third-party audited, and the final percentages have proved difficult – but not impossible – to achieve.

This relates to smaller volumes where availability is limited or some operator in the supply chain lacks traceability certification. So in order to achieve our goal, we are encouraging our suppliers to become traceability certified.

2025 TARGET All wood raw materials should come from certified or third-party audited sources.

TEXTILE RESOURCE UTILISATION*

80%

2017

83%

2018 + 2019

84%

2020

* Production in Skillingaryd

ANALYSIS AND FOLLOW-UP This year, we successfully increased the utilisation rate of textiles to 84%, which is very close to our target of 85%. Through new equipment in the form of both hardware and software, we have very high precision in our fabric cutting.

In addition to the precision of the machines, there are two main factors that affect the degree of utilisation: which patterns the fabric is to be cut out in and what the day's mix looks like. In other words, how many equivalent products are to be manufactured in accordance with our customer order-controlled system. During the year, we have worked with more efficient planning and working methods, as part of our continuous improvement work, which has also made it possible for us to further increase the utilisation rate.

And through continued persistent optimisation work, our target is to achieve 85% utilisation. Leftover waste fabric is reused in our Re:fill padding material or sent for recycling.

2025 TARGET The utilisation rate of fabric should be 85%.

CLIMATE

Fossil fuels are the largest source of carbon dioxide emissions. This is why we are particularly proud of our logistics system, which is partly powered by renewable diesel, but is also packed in a more climate-smart way – with blankets that are reused, resulting in less transportation and less waste management. In addition to this, we are also working to become more efficient in everything from material extraction to energy use.

EFFECT BETTER CLIMATE / BETTER TRANSPORTATION / BETTER USE OF ENERGY

DEFINITION

The global climate goal means that global warming should be limited to less than 2 degrees, and preferably stop at 1.5 degrees.

Achieving this climate goal requires joint measures, in all sections of society. In our case, climate impact arises primarily during the extraction of raw materials, production and transportation.

THE GROUP'S CLIMATE-IMPACTING EMISSIONS, USING THE GREENHOUSE GAS PROTOCOL

UNIT, TONNE CO_2E	
SCOPE 1 – DIRECT EMISSIONS	
Oil	**114**
LPG	**290**
Gas	**223**
Our own freight transportation	**2615**
Passenger transportation	**1109**
SCOPE 2 – INDIRECT EMISSIONS	
Electricity	**1024**
District heating	**250**
SCOPE 3 – OTHER INDIRECT EMISSIONS	
Procured freight transportation	**260**
Business trips in private cars	**519**
TOTAL	**6404**

CHALLENGE

PROFITABLE CLIMATE INVESTMENTS

We have long worked on energy efficiency improvements in our operations, and have continuously identified and eliminated unnecessary consumption and energy leakage. But after many years of persistent work, most of the financially justifiable measures have been implemented. There are still some minor actions that have a limited impact or measures that require major investments.

On the transport side, our efforts to use more fossil-free alternatives are hindered by a limited supply of renewable substitutes and a limited infrastructure for this type of fuel.

We also see the need for longer-term political rules of play that help to make renewable fuelsmore competitive with fossil fuels. Furthermore, we see major challenges concerning climate-enhancing measures in our supply chain, where our ability to influence is also significantly lower.



STRATEGY

CLIMATE-OPTIMISED TRANSPORTATION AND ENERGY AUDITING

TRANSPORTATION We have our own logistics system that is unique in the industry. Instead of single-use boxes, we use blankets to protect the products during transport. The blankets are then taken back to be reused for the next delivery. This saves us and our customers about 270kg of packaging per lorry container. This method of packaging the products also makes it possible to find room for 50% more furniture per shipment. This is because we can pack the products like a jigsaw and avoid transporting unnecessary air. So when others require up to three lorries, we manage with two. This increases efficiency and reduces the number of shipments, and ultimately the climate impact.

After each delivery, we then fill the lorries with materials from our suppliers, which means that we use the transport capacity in both directions.

Our lorries run mainly on diesel with the highest available level of renewable content, reducing CO_2 emissions by 85%. Our in-house logistics system currently covers products from Kinnarps and Drabert, but we are working to extend the concept to include our other brands as well.

In order to further streamline our logistics system, we have initiated a research collaboration with Volvo concerning High Capacity Transport (HCT). This means that we are testing a longer road train that drives with two trailers instead of one, meaning we can fit in a third transport container. This increases the load volume by 50% and also results in approximately 20% lower CO_2 emissions. In this way, we have managed to reduce shipments between our factories by one trip a day. We plan on expanding this project during 2021.

We have also invested in several electric service vehicles and passenger cars, and added a gas-powered lorry to our furniture delivery fleet, which reduces the climate impact by over 50%. We are also certifying our lorry containers for railways, which prepares us for more rail transportation in the future.

PRODUCTION AND PREMISES Our energy consumption is greatest at our production facilities in Kinnarp, Jönköping and Skillingaryd. We have therefore carried out energy audits to identify the potential for energy efficiency measures. We are aiming to use more energy from renewable sources or energy sources with a lower climate impact.
We have swapped most of the LPG used in production at our factory in Jönköping for district heating, which has a considerably lower climate impact. This saves approx. 500 tonnes of CO_2 per year.
At our production units in Kinnarp and Skillingaryd, we also recycle waste wood into briquettes that finally heat our factories with fully renewable energy. At our facility in Skillingaryd, we have also installed a production line for manufacturing plastic components, which means that we are insourcing production and thus reducing transportation in the production chain. Hot water is used as a heat source, which in turn consumes less energy than traditional electrical coils.



OBJECTIVE

2030 LONG-TERM GOAL

Our aim is to become climate neutral. We are also working continuously to improve energy efficiency in all our operations and using more energy from renewable sources. This goal is linked to the UN's Sustainable Development Goals 7 'sustainable energy for all' and 13 'combating climate change'.

ENERGY USE IN THE ORGANISATION*

UNIT, TJ	2017	2018	2019	2020
Electricity	111	112	88	88
Briquette heating	87	92	72	73
District heating	6	11	13	11
Natural gas	0	4	5	4
Fuel oil	3	3	1	2
LPG	15	10	6	5
Biodiesel	13	13	4	17
Diesel	45	55	73	50
Petrol	0	7	1	1
CNG				0.02
TOTAL	**279**	**307**	**277**	**251.02**

* Production in Kinnarp, Jönköping, Skillingaryd, Tranås, Vinslöv and sales subsidiaries.

ANALYSIS We have successfully reduced our energy consumption by 19%, which means that we have exceeded our objective to reduce our energy consumption by 10% compared to the base year. This is primarily a reduction in electricity consumption achieved by making energy efficiency improvements in our factories and downsizing our premises in several markets. Despite the coronavirus situation, we have managed to keep our production running, although lower market activity has affected energy consumption to a certain extent. By switching to fuels with a high level of renewable diesel in our lorries, we have increased the amount of fossil-free energy we use. Due to the fact that we will start producing plastic components, energy consumption is estimated to increase in Skillingaryd, but total energy savings for the process will be achieved due to reduced transportation. Through systematic energy efficiency efforts, we will continue to work on streamlining, and focus on increasing the proportion of fossil-free energy.

2025 TARGET Our focus is for the energy we use to have as low a climate impact as possible, which is why our new target is to increase the proportion of fossil-free energy to 75%. In 2020, the share was 69%.

EMISSIONS OF CARBON DIOXIDE EQUIVALENTS (TONNES)*

12135
2016

9916
2017

9513
2018

8869
2019

6404 **7888**
2020 **TARGET: 2020**

* Production in Kinnarp, Jönköping, Skillingaryd, Tranås, Vinslöv and sales subsidiaries.

ANALYSIS We have successfully exceeded our 2020 target and reduced emissions by as much as 47% compared to the base year. The largest contributory measure is the transition to diesel with renewable content, which reduces emissions by 85% for our blue lorries. This reduces CO_2 emissions by approx. 1,750 tonnes per year. Our operations have been up and running, despite the pandemic, but the situation has affected our emissions to a certain extent. This year, we are reaping the benefit of replacing the majority of LPG use in our factory in Jönköping with district heating, which reduces emissions by about 500 tonnes per year. Downsizing our premises and a larger proportion of fossil-free electricity have also contributed to this reduction. During the year, we invested in several electric cars and one gas car. Our High Capacity Transport project will be expanded next year with an additional rig, which will contribute to reduced emissions.

2025 TARGET Reducing our CO_2emissions is a major focus, which is why we are setting two new targets in this area. Reduce CO_2 emissions per SEK traded by 30%. In 2019 and 2020, the outcome was 2.27 and 1.83 tonnes of CO_2/MSEK, respectively. Reduce CO_2 emissions per tonne/km from blue lorries by 70%. 2019 and 2020 the outcome was 38 and 22g CO_2tonne/km respectively.

PURE MATERIALS

Since our furniture can be found in environments where children and adults spend much of their lives, it is particularly important that the products do not contain harmful substances that adversely affect their health and well-being.

EFFECT BETTER WORKING ENVIRONMENT / BETTER HEALTH / BETTER ABILITY TO CONCENTRATE

DEFINITION

Furniture may contain substances which have a negative effect on the environment and people's health. These substances may be present in the raw material from the start, or may be added when the furniture is manufactured. The substances may have an effect either through direct contact or through dispersal in the air.

IN THE FURNITURE INDUSTRY, THE FOLLOWING CHEMICALS MAY BE PRESENT IN DIFFERENT MATERIALS

WOOD Formaldehyde. Surface treatments may contain aromatic solvents, VOCs, CMRs, SVHCs and allergenic substances.

TEXTILES Flame retardants, phthalates and plasticisers, formaldehyde, dirt- and grease-repellent substances, toxic dyes, heavy metals and SVHCs.

ELECTRONICS Flame retardants. PVC.

PLASTIC AND PADDING Flame retardants, phthalates and plasticisers, PVC, heavy metals, chlorinated paraffins and SVHCs.

METAL Surface treatments containing hexavalent chrome, aromatic solvents, VOCs, CMRs, SVHCs and allergenic substances.

CHALLENGE

SURFACE TREATMENTS THAT MEET BOTH ENVIRONMENTAL AND QUALITY REQUIREMENTS

Chemicals are used in lacquer, glue and paint to create surfaces that withstand liquids and detergents.

These properties are important in environments where cleaning and disinfection take place, such as hospitals, schools and restaurants.

But this type of resistant surface treatment does not meet the requirements of the leading ecolabel systems, and more eco-friendly lacquers are often less suitable for use in demanding environments. Our greatest challenge is therefore to develop surface treatments that meet strict environmental and quality requirements.



STRATEGY

SETTING STRICTER REQUIREMENTS BY PRODUCT LABELLING

We are participating in a collaborative project with the industry organisation TMF and lacquer suppliers to improve water-based lacquers in terms of level of resistance, cleaning and disinfection of the surfaces.

In order to ensure that our products do not contain unnecessary chemicals, we set requirements for all materials and components included. The requirements are based on the labels included in our ecolabelling policy: EU Ecolabel, Möbelfakta, GS, Quality office, NF Environnement, NF Office Excellence Certifié and FSC®, and cover all substances mentioned in the definition in the previous section. We have also made emission measurements for certain products, in accordance with the requirements in M1 and ANSI/BIFMA. The measurements show good results, with very low emissions.

CHEMICAL PRODUCTS The chemical products we use in our manufacturing are lacquer, glue, oil and detergents. Their use is monitored by means of a chemical management system at all our production units. This includes safety data sheets and updates in accordance with the REACH candidate list.

A risk assessment is also performed within the framework of our systematic environmental and health and safety work.

PLASTIC AND PADDING Padding is moulded in-house and we have eliminated the hazardous isocyanate TDI The foam is also free from flame retardants.

We stipulate that all plastics used in the Group's furniture should be free from Bisphenol A and phthalates.

WOOD Glue containing formaldehyde is used in the manufacturing of chipboard. All our chipboard meets the requirements of Carb Phase II and has low emissions corresponding to half of the European E1 standard, which means a very low emission of formaldehyde.

For surface treatments, we primarily use water-based lacquers with zero or low solvent content. At our factory in Kinnarp, tables and storage units are surface-treated with water-based UV lacquer, which ensures very low VOC emissions.

METAL Hexavalent chromium is allergenic and carcinogenic, which is why we only use trivalent chromium.

Powder lacquer is used for the surface treatment of metal, which is VOC-free and also complies with ecolabelling requirements.

TEXTILES The fabrics in the Kinnarps Colour Studio range are free from flame retardants and toxic dyes.

Instead, we use wool, which is naturally flame-retardant, or polyester fabrics with a flame-retardant fibre construction. 78% of our fabrics have either EU Ecolabel or Oeko-Tex certification. Our leather is vegetable-tanned without heavy metals.

ELECTRONICS Electronics contain metals and chemicals that can cause environmental and health problems.

We stipulate that our suppliers must always comply with the RoHs directive, which restricts or prohibits the use of certain heavy metals and flame retardants in electronics. Lead, mercury, cadmium and hexavalent chrome, as well as the flame retardants PDD and PBDE, are prohibited.



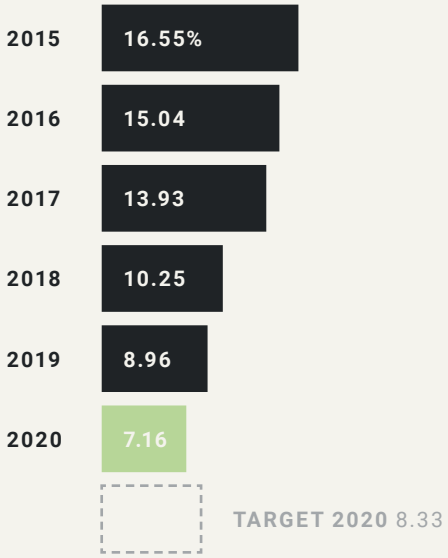
OBJECTIVE

2030 LONG-TERM GOAL

Our goal is to create working environments with fewer chemicals, and without materials classified as harmful to health or the environment. This goal is linked to the UN's Sustainable Development Goal no. 12 'Responsible consumption and production'.

SOLVENT CONSUMPTION*

(VOC, TONNE)* THE KPI REFERS TO OUR IN-HOUSE PRODUCTION AT KINNARP AND SKILLINGARYD.



ANALYSIS AND FOLLOW-UP Since 2015, we have reduced the use of solvents by 57%, which means that we have exceeded our 2020 target of a 50% reduction. We have successfully reduced our usage by working with substitution, such as switching our adhesives to solvent-free alternatives. And replacing lippings on some products, which means that they no longer need to be lacquered, reducing consumption by approx. 500kg of VOCs per year. Lacquering at Skillingaryd has been discontinued this year, which has also helped in this reduction.

At our facility in Kinnarp, we use UV lacquer on smooth, veneered surfaces, which gives a resistant finish and very small quantities of VOCs. The largest quantity of VOCs is used in cleaning rollers. We have managed to reduce the amount of VOCs by 30%, through our efforts to improve procedures for the use of thinners in cleaning. At our plant in Jönköping, we lacquer metal surfaces with VOC-free powder lacquer.

2025 TARGET We are focusing on keeping the amount of VOCs in our products as low as possible.

Therefore, our new target is for solvent usage to be less than 0.012 kg/m^2 lacquered surface.

In 2020, we managed to stay below this level, as the result was 0.0117 kg/m^2.

MATERIALS GUIDE

YOU CAN ENSURE THAT YOU GET PURE MATERIALS BY CHOOSING

ECOLABELLED PRODUCTS
Möbelfakta, the EU Ecolabel and NF Environnement set high environmental standards for product content.

ECOLABELLED FABRICS
EU Ecolabel and Oeko-tex guarantee that the fabrics are free from harmful chemicals.

POWDER LACQUER OR WATER-BASED LACQUER
Powder lacquer and water-based lacquer give zero or very low emissions of VOCs. High concentrations of these volatile organic compounds in the air pose both health and environmental risks.

WOOD-BASED PANELS ACCORDING TO STANDARD CARB 2 OR HALF E1
Particle boards, MDF, Plywood, etc. that meet these requirements have very low emissions of formaldehyde.

CHROMIUM III INSTEAD OF CHROMIUM VI
Chrome is hardwearing, but choose chromium III, which is a better option for the environment and health.

PRODUCTS WITHOUT FLAME RETARDANTS
Flame retardants accumulate in the body and may act as hormone disruptors.

PRODUCTS FREE FROM SUBSTANCES ON THE REACH CANDIDATE LIST
The Candidate List, part of the European chemicals legislation, contains substances that are classified as particularly harmful.

SOCIAL RESPONSIBILITY

For Kinnarps, it is self-evident that all our employees should have decent working conditions, and the goal is for us to have verified and good working conditions throughout our entire value chain. This naturally applies not only to Kinnarps internally, but also to all of our external partners worldwide.

EFFECT BETTER WORKING CONDITIONS/ BETTER WORKING ENVIRONMENT / BETTER CONSCIENCE

DEFINITION

Social responsibility means that the employer should offer a good working environment, good working conditions and a living wage. It also means taking responsibility for the society in which we operate and counteracting corruption, as well as striving for a good local environment and respecting human rights. Our social responsibility covers not only the employees in our own operations, but also the people who work for the suppliers in our supplier chain.

TEAM KINNARPS WORLDWIDE

NUMBER OF EMPLOYEES:

	MEN	WOMEN
Sweden	**835**	**484**
Germany	**50**	**34**
Norway	**70**	**69**
France	**62**	**52**
Poland	**30**	**43**
UK	**17**	**14**
Denmark	**19**	**28**
Belgium	**12**	**23**
Switzerland	**11**	**11**
Hungary	**7**	**18**
TOTAL	**1113**	**776**

NUMBER OF MANAGERS:

	MEN	WOMEN
Under 30	**1**	**2**
30–50	**52**	**26**
50+	**49**	**18**
TOTAL	**102**	**46**

CHALLENGE

TO ENSURE COMPLIANCE WITH REQUIREMENTS

We know from experience that it is not enough just to specify our requirements.

We also have to monitor and make sure that our suppliers are actually complying with our requirements. It is easiest for us to influence our direct suppliers, while longer supplier chains are difficult to monitor, since we lack the necessary financial relationship.

In order to monitor further down the chain, we need to have an agreement with the direct supplier.

One challenge for our organisation is to create a diverse workforce, and make full use of the skills in our organisation and in society at large. Another challenge in our own organisation is to offer all employees in the Group the same high level of working environment.



STRATEGY

FOLLOW-UP OF OUR OWN AND OUR SUPPLIERS' OPERATIONS

OUR OWN OPERATIONS Our Code of Conduct sets out our principles in the areas of human rights, labour law, enviromentalpractices and anti-corruption. The Code is based on the company's core values and the UN's Global Compact.

All units and employees in the Group have a duty to respect and comply with the Code of Conduct.

We have a whistleblower system that enables employees to anonymously report breaches of the Code without fear of reprisals. We have received and dealt with one such allegation in 2020.

Our rules of conduct concerning gifts and perks are also clarified in our hospitality policy and in our procedures. The Kinnarps AB Group has a common diversity policy. During the year, we conducted a survey that resulted in an updated diversity plan, with goals and measures that will be implemented during the period 2020–2022.

Kinnarps also conducts an annual salary survey to ensure that there is no discrimination. For example, we work with skills-based recruiting, for a more even gender balance and to give employees the opportunity to develop their skills. We conduct regular employee surveys in which we follow both the employee index and the leadership index. We work systematically with the working environment in our units. Materia, NC Nordic Care and Skandiform are certified for health and safety in accordance with ISO 45001, while our manufacturing units in Kinnarp, Jönköping and Skillingaryd are currently involved in a certification process to the same standard.

We carry out risk assessments and inspections to prevent accidents and near-accidents. We systematically record and investigate accidents and near-accidents, and implement measures to ensure that the incident does not happen again. Incidents occur primarily in our production units, where relatively large amounts of material are handled manually. The health and safety work takes place in collaboration with the health and safety organisation.

THE SUPPLIER CHAIN We stipulate requirements for all our suppliers through our Supplier Code of Conduct. In this Code, we clarify our expectations and requirements in connection with social responsibility. The Code is based on the UN's Global Compact. In additionto these basic requirements, we also set material-specific requirements, based on ecolabelling, for the material supplied. To a large extent, we purchase materials and components which are then processed and/or assembled in our own production facilities, but we also purchase ready-made products. Nevertheless, the requirements are the same. This is followed by a risk assessment of the suppliers –based on the manufacturing process, industry knowledge and country of production. In cases where we deem there to be a greater risk of failure to fulfil the requirements in our Code, we carry out an on-site audit at the supplier's premises.

We have identified that the sewing and upholstering segments involve an elevated risk, since they include work-intensive elements. So this year we have reduced the number of suppliers in these segments and established stricter controls of suppliers. In addition, we have increased the number of on-site audits at suppliers, where compliance with the Code of Conduct is monitored. We have also carried out a number of audits of sub-suppliers to our direct suppliers. If the supplier does not rectify any issues noted, we terminate our relationship with them. A small proportion of our suppliers are located in China. In order to be able to work directly with these suppliers, we have established a purchasing office in Shanghai. This gives us local support, with an understanding of language and culture, which facilitates development work in collaboration with these suppliers.

	FY17	FY18	FY19	FY20
Accidents resulting in absence	15	14	17	12
Accidents not resulting in absence	47	45	47	50

OBJECTIVE

2030 LONG-TERM GOAL

Our goal is to have verified good working conditions throughout our entire value chain, contributing to social development on the sites where we and our partners operate. This goal is linked to the UN's Sustainable Development Goals 8 and 10, 'Decent work and economic growth' and 'Reduced inequalities'.



PROPORTION OF PROCUREMENT VOLUME (IN SEK) CLASSIFIED AS LOW RISK OR ELEVATED RISK FOLLOWED UP BY AN AUDIT*

93.9%

LOW RISK

6.0%

ELEVATED RISK FOLLOWED BY AUDIT

0.1%

ELEVATED RISK

*** PROCUREMENT OF THE PRODUCTS IN OUR OWN RANGE**

ANALYSIS AND FOLLOW-UP During the year, in addition to suppliers of materials and components, we have also focused our resources on suppliers of services, through increased follow-up and concentration of transactions with the suppliers who best meet our requirements. We have also worked on insourcing production of certain articles and components, something that we will continue to focus on going forward.

All suppliers with an elevated risk with whom we intend to keep doing business have undergone auditing. New suppliers have been added in the course of this year. These have either been classified as low risk or undergone an on-site audit.

The audits show that the conditions on our supplier sites are generally good. The most common shortcomings are minor ones connected to fire prevention and a failure to use PPE, even though it is available. In Asia there may also be shortcomings related to working hours, as this is common with migrant workers. When we conduct follow-ups of measures taken by the suppliers, we see that there have been improvements and our work has been effective.

2025 TARGET 100% of the purchasing volume should be classified as low risk or elevated risk, followed up by an audit.

REUSE

Reuse in the furniture industry is surprisingly uncommon, but at Kinnarps we want to change this. Initiatives include developing new circular business models and services that help our customers to conserve our planet's resources.

EFFECT BETTER LIFESPAN / BETTER FINANCES / BETTER RESOURCE MANAGEMENT

DEFINITION

Reuse is about keeping materials and products in use as long as possible. It is also a business area with huge potential for improvement. Every year, we throw away about 10 tonnes of furniture in the EU. With circular business models and services, we can not only extend the lifespan of existing furniture, but also design new products using recycled materials and in a way that makes them easier to update.

CURRENT USE OF RECYCLED MATERIAL IN OUR MANUFACTURING

100%
MAGNESIUM

20%
CHIPBOARD

20%
STEEL

50–100%
CAST ALUMINIUM

CHALLENGE

INCREASED CIRCULARITY

The best way to reduce the environmental impact of a product is to prolong its lifespan. Our industry has traditionally worked with linear flows and business models. The great challenge lies in changing these flows to make them more circular.

The crux of the matter is developing cost-effective solutions. Reuse is labour-intensive, and so we have to find models in which the savings are not consumed by increased labour or transportation costs.

When products are to be reused and renovated, it can also be a challenge to ensure that they are of good quality, and meet product safety and chemical content requirements. Our ambition is to increase the use of recycled material in our products, but we are often hindered by the fact that the recycled materials do not fulfil quality requirements, for example those relating to durability or the colour-fastness of fabrics.

STRATEGY

CIRCULAR PRODUCT DESIGN AND NEW BUSINESS MODELS

PRODUCT DESIGN When we develop new products, we integrate circularity from the start. We focus on creating high-quality products with a long lifespan. The products are also tested in our accredited test laboratory to ensure that they fulfil strict quality requirements and standards. We test height-adjustable desks three times more than the standard, and we have also created over 50 of our own test methods that we use in product development to simulate how products are used in real life, as a means of testing their longevity. We also try to reuse materials in our products as far as possible. The lifespan of the products can also be extended by using new parts, such as removable upholstery for sofas, replaceable tabletops, or new seats and backs for office chairs. We currently have 26 product ranges with removable upholstery.

By developing product ranges with modular platforms, we make it possible for the customer to make changes or additions over time, instead of purchasing new items. In product design, we make it a requirement that it should be possible to separate the different types of materials in order to facilitate recycling.

We are also involved in a research project run by the Research Institutes of Sweden (RISE) where we are testing different methods and metrics in order to become even more circular.

SERVICES AND BUSINESS MODELS Through services and business models, we help our customers create a circular and long-term sustainable environment. With the help of workplace analyses, we then identify the organisation's actual needs.
We offer an inventory of existing furnishings in order to identify which parts of the interior design can be reused, refurbished or updated. But also flexible total solutions, where both the furniture itself and the interior design can be redesigned in line with short-term and long-term needs. With frequent and efficient maintenance, the interior simply lasts longer.

In addition to this, we offer furniture care and a wide range of spare parts for the refurbishment and updating of furniture. When the furniture is needed elsewhere, we can assist with furniture relocation, warehousing or resale. Only when none of these options is possible will the worn-out interior be separated and recycled at reputable recycling companies.

We are currently piloting a new circular rental model, as this may be a good alternative for companies to effectively upscale or downscale their business.

EXAMPLES OF CIRCULARITY AND REUSE IN OUR DESIGN

VIBE
The screen has a removable fabric, making it easy to refurbish and renew the product.

BE A PART OF
This inclusive sofa has removable upholstery and loose padding, making it easy to replace the material when it is worn out.

CAPELLA TASK CHAIR
100% recycled magnesium in the mechanism.

THE PATCH STOOL
The stool's seat consists of three parts that are upholstered with leftover fabric from Materia's production in Tranås. You choose the colour scheme, but exactly which fabrics are used depends on which leftover fabric is currently available.

RE:FILL
An innovative material, developed in-house, which is used as filling in our sound absorbers. The material is 50% recycled. 25% is waste fabric from the Kinnarps factory in Skillingaryd and 25% is recycled PET plastic.

FIELDS
A modular system where the screens are assembled with a bracket that is clamped, so as not to damage the fabric. It also makes it possible to combine and assemble the modules in new ways and adapt to changing needs.





OBJECTIVE

2030 LONG-TERM GOAL

Our goal is for all our products to be designed for a long lifespan and for our interior design solutions to be part of a circular flow that prolongs the life of products and materials. We aim is to use more recycled materials in our products and find innovative ways of using the leftover material from our operations. This goal is linked to the UN's Sustainable Development Goal no. 12 'Responsible consumption and production'.

PROPORTION OF RECYCLED WASTE FROM OUR OWN OPERATIONS*

	2017	2018	2019	2020
Material for recycling	**30%**	**30%**	**28%**	**30%**
Material for energy generation	**68%**	**65%**	**68%**	**68%**
Landfill	**1.5%**	**1%**	**1%**	**1%**
Hazardous waste	**3%**	**3%**	**3%**	**1%**
Composting	**0.5%**	**1%**	**0%**	**0%**

* Production in Kinnarp, Jönköping, Skillingaryd, Tranås, Vinslöv and sales subsidiaries.

ANALYSIS The amount of waste produced in our own operations and that is sent for recycling has increased compared to previous years.

Among other things, we have increased the collection of office paper significantly during the year. Last year, we also invested in a compactor for corrugated cardboard in Kinnarp, which has more than halved the transportation of corrugated cardboard to material recycling, thereby reducing our climate impact by about 2.5 tonnes/year.

What we send to landfill consists primarily of ash from our wood briquette boilers, and work to reduce waste through material efficiency and correct sorting is continuing. We are reducing the quantity of waste from packaging materials by transporting products from the Kinnarps and Drabert brands in blankets, which we reuse after delivery to the customer. This concept will be expanded to more brands in the coming years, which is estimated to reduce waste.

2025 TARGET 35% of the waste from our operations should be sent for material recycling.

CIRCULARITY GUIDE

TIPS ON CREATING A TIMELESS ENVIRONMENT

ANALYSE THE NEEDS
Start with the needs of the organisation and select the interior design accordingly.

CREATE FLEXIBLE SOLUTIONS
Create an environment that is easy to adapt to changing needs.

MAKE AN INVENTORY OF THE EXISTING ENVIRONMENT
Identify what can be reused, refurbished or updated.

SELECT HIGH-QUALITY PRODUCTS THAT LAST A LONG TIME
Select products that can be used for a long time and that can be reused and renovated.

SELECT THE RIGHT MATERIAL FOR THE RIGHT ENVIRONMENT
Select surfaces and materials specifically designed for the environment in question, so they do not wear out prematurely.

SELECT PRODUCTS THAT CAN BE UPDATED WITH SIMPLE MEANS
Choose products with replaceable parts, as a means of easily updating the look or function.

CARING FOR YOUR FURNITURE
To prolong the life of your furniture, always follow the care instructions.

ERGONOMICS

Ergonomically designed workplaces have a number of obvious advantages.
Not only do they counteract stress-related illnesses and repetitive strain injuries.
They also contribute to healthier, happier and more productive employees.

EFFECT BETTER HEALTH / BETTER EMPLOYER BRAND / BETTER SATISFACTION

DEFINITION

Ergonomics is the study of the interaction between human beings and the working environment. An ergonomically correct working environment takes a holistic approach – the physical products, the psychological experience, and the surrounding environment, such as acoustics, sound and ventilation. It is in the interaction of these three aspects that we can create sustainable and ergonomic interior design solutions, where people feel well, and where repetitive strain injuries and sick leave are reduced.

HOW DO YOU WORK AT YOUR DESK?

Stand up all the time	**2%**
Stand up most of the time	**4%**
Approximately 50/50	**21%**
Sit most of the time	**46%**
Sit all the time	**27%**

6 OUT OF 10

STUDENTS FEEL THAT THE FURNISHING IS RARELY OR NEVER CUSTOMISED.

OBJECTIVE

2030 LONG-TERM GOAL

Our goal is to create working environments that promote health and well-being for everyone in them. Holistic ergonomics is central to our interior design solutions, and our products are inclusive and suited to human needs. This target is linked to UN Sustainable Development Goal no. 3, 'Health and well-being'.

WHAT DO YOU THINK ABOUT THE NOISE LEVEL IN YOUR WORKPLACE?



66%

OF STUDENTS SAY THAT THE NOISE LEVEL HAS A NEGATIVE IMPACT ON THEIR CONCENTRATION

CHALLENGE

A HOLISTIC PERSPECTIVE ON ERGONOMICS

MOVEMENT AND VARIATION We spend a lot of our waking hours sitting still, which can increase the risk of cardiovascular diseases, obesity, diabetes, stroke and depression*.

By integrating adaptability, movement and variation into our products and solutions, we can create ergonomic working environments that reduce various types of health risks. Our challenge is that employees do not always understand how to use the products correctly, which means that the positive effect is lost and the investment is ineffective.

BEHAVIOURAL CHANGES The surroundings are also important when it comes to an ergonomic and sustainable working environment. Acoustics, lighting and ventilation affect our energy levels, and how we feel in the environment. It is therefore important that each individual can determine and influence their local environment. Rules for how environments should be used, such as quiet zones for concentration, further enhance this. One challenge for us is to contribute to behavioural changes, so that users learn to exploit the opportunities offered by a varied environment.

SEE THE WHOLE PICTURE But it is not just the ergonomics of using the product that is important to bear in mind. It is also important to consider all situations involving the product – such as cleaning, moving or storing.

A lightweight chair with simple suspension facilitates ergonomics for cleaning staff; wheels can facilitate moving the chair; and foldability and stackability makes it easier to store. One challenge for us is therefore to take a holistic approach to ergonomics during product development, in order to include several areas of use.



STRATEGY

INCREASE KNOWLEDGE ABOUT HOW THE PHYSICAL ENVIRONMENT AFFECTS US

ACCUMULATED KNOWLEDGE AND EXPERIENCE
In order to be able to create successful interior design solutions that promote wellness and efficiency, it is important for us to increase knowledge about how the physical environment affects us, both psychologically and physically. We therefore collaborate with renowned researchers, ergonomists and other experts to keep up to date with the latest findings about office, educational and healthcare environments. We accumulate our knowledge and experience in various types of reports, articles and magazines to inspire us to think differently about the physical environment and how it affects us.

PRODUCT DEVELOPMENT In our product development, we always adopt a holistic ergonomic perspective – the development takes place in collaboration with professional ergonomists. This means that we not only base our decisions on the body, but take into account all human needs – including psychological ones. Our products have an inclusive design that recognises differences and not just the medium, and also understands that everyone has different abilities and qualities.

MAPPING NEEDS In order to help our customers create sustainable and ergonomic environments, it is important to involve all stakeholders from the start. Their accumulated knowledge can be used to map out the needs that exist and the activities that will be carried out in the environment.
We do this through our analyses, Next Office®, Next Education® and Next Care®, where we can help to facilitate the customer's process towards a new environment using our specially developed tools. The results of the analysis process are then summarised in a report containing recommendations on how best to design an environment that is a sustainable investment for the people spending time there and for the business.

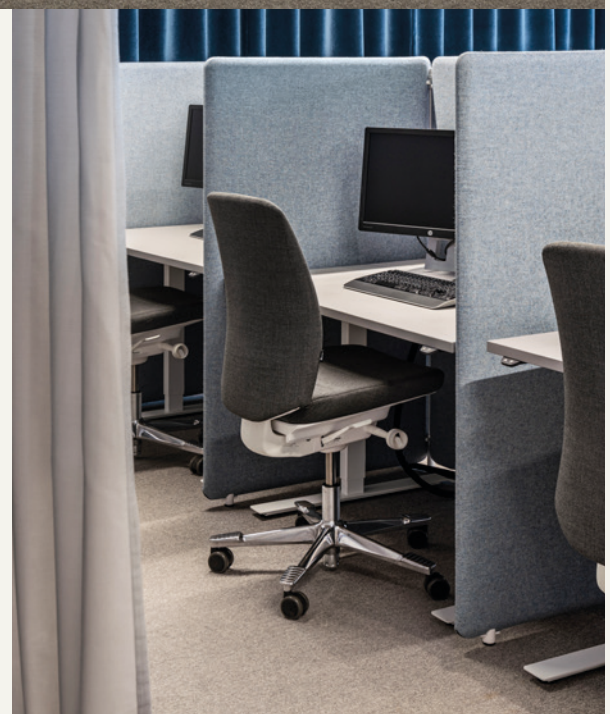


CASE FACTS:
PULS & TRANING

650 SQM
SPACE

45
NUMBER OF EMPLOYEES

2020
COMPLETED



INTERIOR DESIGN THAT SUPPORTS A NEW WAY OF WORKING

The Puls & Träning gym chain had already changed offices a few times and now it was time to do so again. They felt that their office space was cramped, inefficient and unwelcoming. This time, the management team wanted to get it right from the start, so they enlisted the help of Kinnarps to conduct a Next Office® workplace analysis. Not only does the company now have a new interior design, but they also have a new, improved way of working – in their existing premises.

Puls & Träning was established in 2006. The company now has about 90 gyms all over Sweden and a head office in Stockholm, with about 40 employees.
A few years ago, the office started to feel cramped. The management team and employees also felt that the office was not promoting efficiency or well-being in the way that they would like. Founder and owner Karin Sager recalls:

"We had a relatively new office but we still felt dissatisfied. It occurred to us that we might need to move to a larger office, but after talking to Kinnarps, we started to consider whether we were using our environment in the wrong way and whether we could improve what we already had."

MAPPING AND ANALYSIS

With the help of a lecture, workshop, online survey and review of Puls & Träning's vision and goals, Kinnarps analysed the company's needs.

This analysis concluded that improvements to efficiency were needed, as well as a more pleasant and smarter environment, with good digital solutions. The report also mentioned an increased environmental and health focus, better communication and a stronger team spirit.

"Our analysis also showed that Puls & Träning did not need to move to a larger office. With the right activity-based interior design, the square metres available at the office would be fully sufficient. This had the added benefit of making the project economically sustainable, by using each square metre more efficiently," says Henrik Axell, Concept Manager for Kinnarps Next Office® in Sweden.

STRENGTHENS THE EMPLOYER BRAND

In many ways, the transformation from a traditional open plan office to an activity-based office has been an interesting journey. Karin Sager emphasises that Kinnarps' efforts to involve staff have been important and necessary tools in the value-creating change management.

"We get a lot of appreciative comments from partners and other visitors, and I can see they're impressed that so much thought has gone into our interior design solution. I also see that we've strengthened our employer brand and become more attractive as an employer, so not only is it now easier for us to retain staff, but also to recruit," says Karin Sager.

This impression has also been confirmed by the follow-up included in Kinnarps' workplace analysis. It shows that the average rating employees give the workplace has increased dramatically. On average, over 50% and in several cases 100%. For example, responses about how well the working environment supports both independent focused work and creative collaboration stand out positively. "It goes to show how important it is to conduct our workplace analyses before changing an office. By creating customised solutions, based on in-depth mapping and knowledge, we create value for the organisation, and ensure that the interior design is a successful long-term investment," notes Henrik Axell.

RISKS AND GOVERNANCE

Risk management is integrated into the internal processes of the management team and the Group by means of guidelines and work procedures. Continuity planning is carried out at Group level, and risks are also identified and managed on an ongoing basis in the Group's various units, by means of the procedures and systematic risk assessments performed in the various risk areas. Measures are then implemented in each area to minimise the likelihood and consequences of an incident.

IN OUR OPERATIONS, WE HAVE IDENTIFIED THE FOLLOWING RISKS LINKED TO SUSTAINABILITY

RISK	DESCRIPTION	MANAGEMENT
ENVIRONMENTAL ACCIDENT RISKS	Environmental accidents involving leaks, spills or process errors.	Procedures for handling chemicals and waste management. Contingency plans for spills and leaks. Training of employees.
WORKING ENVIRONMENT RISKS	Accidents involving personal injury, poor social or organisational working environment as a result of shortcomings in preventive health and safety work.	Systematic health and safety work through proactive risk assessments, regular inspections, clear working instructions and training. Also through providing ergonomic aids and personal protective equipment when needed.
SUSTAINABILITY RISKS IN THE SUPPLIER CHAIN	Environmental risks linked to production of materials and components. Infringements of the Supplier Code of Conduct.	Environmental requirements for materials and components. Social requirements and follow-up through supplier audits.
PRODUCT SAFETY RISKS	Safe use of products. Ergonomic risks linked to good working posture. Risk of the spread of fire.	Kinnarps' accredited Test & Verification Centre checks the products in accordance with EN standards. We also stipulate that our materials must meet all quality and fire safety requirements.
FIRE HAZARDS	Risk of fire in production units and other premises.	Systematic fire safety work through e.g. fire safety inspections, safety organisation and fire safety equipment.



INDUSTRY ENGAGEMENT AND SOCIAL ENGAGEMENT

As one of the largest European suppliers of interior design solutions for working environments, it is also our responsibility to drive development in sustainability issues. The Kinnarps AB Group is represented on the board of the 100 Group – an association that works for a more sustainable interior design industry in Sweden. Our involvement also includes membership of the international Forest Stewardship Council FSC®. We are also part of the Möbelfakta criteria council for further development of the Möbelfakta labelling system, and are part of the expert group for measuring circularity established by the Swedish Circular Economy Delegation.

The Kinnarps AB Group is a member of the Swedish trade association and employers' organisation the Swedish Federation of Wood and Furniture Industry (Trä- och Möbelföretagen, TMF) and the European trade organisation European Federation of Office Furniture (FEMB). We are members of Interior Cluster Sweden, where we are represented on the board. We work actively to develop furniture quality standards in Sweden and internationally through the Swedish Standards Institute (SIS), Comité Européen de Normalisation (CEN) and International Organisation for Standardisation (ISO).

GOVERNANCE AND RESPONSIBILITY

Governance of our sustainability work is based on our Sustainability Policy and Code of Conduct. These apply to the operations of the whole Group and are based on Kinnarps' core values. The Code of Conduct is based on the UN's Global Compact and is also clarified for our suppliers in our Supplier Code of Conduct. Our sustainability work is firmly anchored in the board and management team, and is an integral part of the Group's strategy: "Let the star shine". The direction of sustainability work is further defined in our Sustainability Strategy. The Group management determines the direction and goals of the work, and the sustainability manager is responsible for the development and coordination of sustainability work in the Group. Locally, each manager is responsible for compliance in their area, and in larger units the work is led and coordinated by local quality and environmental functions.

Audits of the operations take place in units that are ISO 14001, ISO 9001 and ISO 45001 certified, and compliance with the Code of Conduct is monitored by means of supplier audits.

Governance and follow-up of our sustainability work has proceeded according to plan during the year, and is deemed to be functioning well.

THE BETTER EFFECT INDEX

The Better Effect Index is the Kinnarps Group's own sustainability index and the market's first comprehensive tool for sustainable interior design choices.

The Better Effect Index is based on our customers' wishes concerning sustainability. In the index we grade our products in six specific sustainability areas: Raw materials and resources, Climate, Pure materials, Social responsibility, Reuse and Ergonomics. Together, these give a comprehensive picture of the product's sustainability.

The Better Effect Index is available on our website as an 'Open Source', which allows everyone to compare their products with ours. The index is designed as an online tool and is continuously updated with new products. It currently includes about 200 products from Kinnarps, Drabert, Materia, Skandiform and NC Nordic Care.



THE BETTER EFFECT INDEX
Sustainability grade

RAW MATERIALS & RESOURCES	2.7
CLIMATE	1.4
PURE MATERIALS	2.7
SOCIAL RESPONSIBILITY	3.0
REUSE	2.0
ERGONOMICS	2.7

All products are graded in six different areas. Each area consists of a number of indicators that the product must fulfil. The highest grade in each area is 3 points. Read more about The Better Effect Index, the six areas and the various indicators for grading at kinnarps.se

AUDITOR'S STATEMENT CONCERNING THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of Kinnarps AB, Corporate ID number 556256-6736

Assignments and division of responsibilities
The Board of Directors are responsible for the sustainability report for the financial year of 1 September 2019 to 31 August 2020 and for ensuring that it is drawn up in conformity with the annual report.

Focus and scope of the audit
Our audit has been carried out in accordance with RevR 12 Auditor's statement concerning the statutory sustainability report. This means that our audit of the sustainability report has a different focus and a considerably narrower scope than the focus and scope of an audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this audit gives us a sufficient basis for our statement.

Statement
A sustainability report has been drawn up.

Malmö, 18 November 2020
Öhrlings PricewaterhouseCoopers AB

Mattias Lamme
Chartered Accountant

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