

THE BETTER EFFECT

KINNARPS AB GROUP'S SUSTAINABILITY REPORT 2021

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 total interior solution provider 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 a better effect that endures.



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ABOUT THE REPORT

This sustainability report relates to the Kinnarps AB Group for the financial year 2021 (01/09/2020 - 31/08/2021). The previous report was published in November 2020. 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.



LONG-TERM SOLUTIONS CREATE SUSTAINABILITY

At Kinnarps, we create value for our customers by offering interior design solutions that last over time, and are designed and produced with a focus on people and the environment. In this way, we can truly create sustainable solutions.

Together with our customers, we want to create long-term sustainable interior design solutions that help organisations to offer an attractive space that promotes creativity, efficiency and well-being. In times when many organisations are reviewing how they will work in the future, we can use our analysis tools for our three main segments: offices, schools and care facilities, to contribute to a business-specific solution that supports the organisation's ways of working.

With the right documentation of needs, we can guide our customers in their choice of products and solutions, in order to achieve an ergonomic, flexible and sustainable working environment that lasts over time. This benefits the environment and provides a low life-cycle cost.

We design and manufacture products with long lifecycles, which endure over time. Kinnarps' view of circularity is that it must always be sustainable. It's about choosing an interior design solution that is designed to last a long time – with products that have a long lifespan, which can be extended by being refurbished or updated. We focus on offering our customers services and business models that extend the life of products and create a practice of long-term, sustainable interior design. With furniture care services, the furniture can be maintained in a good condition for longer and, with updates, a product can be renewed to suit a new and attractive space. To minimise the environmental impact of our services and the time during which the customer is unable to use the product, we do our best to carry out maintenance on site at the customer's premises, but we also have the capacity to carry out major refurbishments in our factories when necessary.

Throughout the financial year, we have focused on running and developing our operations. Delivery date performance has been at a high level throughout the year, as we have worked intensively to anticipate, avoid and compensate for potential disruptions that have affected most industries in the wake of Covid-19. With production in Sweden, we have control over the entire chain, and we have recently invested heavily in our factories in order to ensure continued efficient and competitive production.

Inspired by our founders, we take an approach that is characterised by making the best possible use of the resources available. Our own logistics system is a good example of this, and is also unique within the industry. 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 trucks, we are able to manage with two. What is more, we can rapidly install the products at the customer's premises, and avoid more than half a tonne of waste per truck by using blankets that we also take away with us and reuse. During the year, the system was expanded to also deliver Skandiform's products in this way directly to the customer.



ROBERT PETERSSON
CEO KINNARPS AB

THE YEAR IN BRIEF

The year has been characterised by a focus on a sustainable restart of society and has included extensive work to create and further develop circular solutions and products. During the year, we made major investments in the climate and started collaborations for new ideas and innovations.

100% RENEWABLE FUEL

Kinnarps' blue trucks have switched to running on HVO100, a 100% renewable diesel. As of autumn 2021, HVO100 will be fuelled at Kinnarps' filling station in Kinnarp, where the majority of the diesel we use in our blue trucks will be fuelled. This means a major reduction in CO_2 emissions from transport compared to fossil diesel, and is a step in our goal to increase our proportion of fossil-free energy.



KINNARPS' LOGISTICS CONCEPT IS EXPANDING

During the year, Kinnarps' logistics concept has expanded, so that products can now be transported from Skandiform directly to the customer. This means that the products are delivered in Kinnarps' blue trucks with circulated packaging material in the form of blankets instead of disposable boxes. This saves around 270kg of packaging material per container and also provides 50% more furniture space, as they can be packed more densely. Co-loading has increased the loading efficiency, and thereby also reduced the amount of transport and climate impact.

COLLABORATION TO CREATE NEW PRODUCTS FROM WASTE MATERIALS

Materia is one of 33 participants in the TexChain3 project, which aims to create a more sustainable use of materials. Today, thousands of tonnes of textile waste from the industry goes to incineration every year, and the project focuses on finding solutions to deal with, and further refine, this waste in new products. The aim is to develop new circular and resource-efficient products in pilot projects, from idea to finished prototype.

EMISSIONS OF CARBON DIOXIDE PER TRADED SEK	-29%
CERTIFIED WOOD RAW MATERIAL	95%
PROPORTION OF FOSSIL-FREE ENERGY	77%



REUSE AT LINNAEUS UNIVERSITY

When establishing the new Linnaeus University in Kalmar, the focus was on sustainability through the reuse and recycling of existing furniture. Furniture that could not be reused in the new premises has been given a new lease of life by Kinnarps, after being serviced or refurbished and customised to the wishes of new users. Some components were removed from the products that needed to be recycled to be reused as spare parts for other recycled furniture. The remaining components were dismantled and sorted at source.

WHEN RECYCLING BECOMES DESIGN

The Tinnef table, which was designed by Charlotte van der Lancken, was supplemented during the year with an additional top made from 100% recycled material. The top is made from recycled yoghurt packaging, making each top unique. Upon closer inspection, a splash of gold and silver from foil lids on yoghurt packaging gives the tabletop a marble-like appearance, and also showcases the material's circular history.

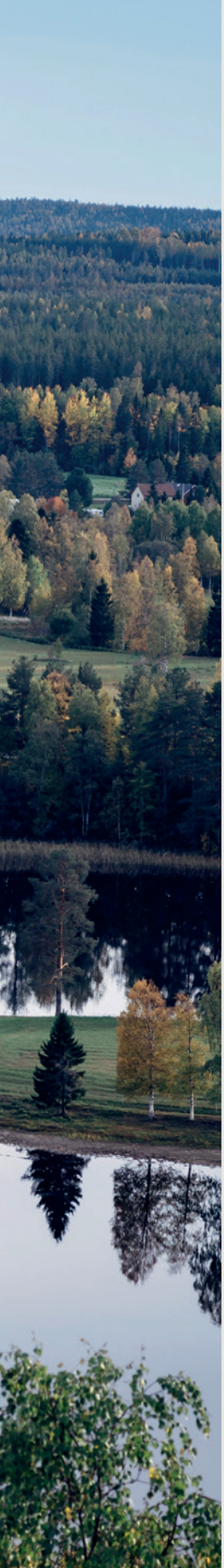


A CHAIR WITH A FOCUS ON SUSTAINABILITY

In autumn 2021, the Dito chair was launched by Skandiform together with the designer Stefan Borselius. In creating the chair, the focus was on sustainability, and the seat and back were made of recycled plastic with renewable hemp as reinforcement instead of glass fibre. The hemp is grown in Europe and, thanks to its strong fibres, gives the material a high quality. It is a lightweight material that also has 70-90% lower CO_2 emissions compared with standard plastic. The chair is varied and designed to last a long time, both aesthetically and in terms of quality.




FOR
THE
GREATER
GOOD



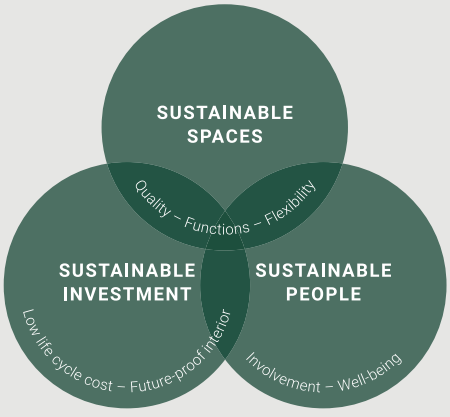
At Kinnarps, we view sustainability from a holistic perspective. This involves using resources in an efficient and environmentally smart way, promoting well-being, and helping our customers to do the same. It is about offering products that can be updated and reused. Moreover, it is about delivering 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 is where it all begins and ends.

Designing sustainable, high-quality furniture with pure materials is a matter of hygiene for us. But in order for a piece of furniture to be truly sustainable, it must be part of an interior design solution that is designed according to the vision and needs of a specific business. It is about spending time and giving some thought at the beginning of the project, analysing the needs of the business and then designing interior design solutions that support their users and activities. Environments with the right functions that support well-being, efficiency and creativity create sustainable people, which in turn leads to success for the business as a whole.

A sustainable investment is just as much about the present as the future, so it is important to invest in an interior design solution with a low lifecycle cost, i.e. a flexible, multifunctional and transformable solution that can be adapted to changing conditions and needs. At Kinnarps, we are experts at creating precisely this type of business-specific interior design solution for our customers, and our products are also designed and capable of being updated, reused and recycled.

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 the right thing, and to prepare the ground for a slightly better tomorrow.

Sustainability has been part of our DNA since 1942, and at Kinnarps we talk about sustainability from three perspectives: sustainable spaces, sustainable people and sustainable investments. When these three work together, that is when you achieve proper sustainability.



SUSTAINABLE FROM THE START

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 for the long term, right from day one. Not least by involving them in the process early. The analyses also help customers to optimise their premises, thus 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, refurbished or updated.

WELL-BEING BEGINS IN THE SPINE

In our product development, we collaborate with ergonomists who are experts on our physical and psychological needs.

This enables us to create customisable products that enhance people's well-being, and minimise sick leave and occupational injuries. One example of this is the Capella office chair, 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 base the design of our products on circularity, as we believe it should be easy to upgrade and replace parts to prolong the lifespan of the furniture. Everything is done to enable our customers to renew their interior design and create attractive working environments, without great inconvenience or environmental impact. For example, we have 27 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. For example, Kinnarps' height-adjustable desks are tested three times more than the industry standard (15,000 cycles instead of 5,000 cycles) to ensure 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 demand social responsibility within our supplier chain, via our Supplier Code of Conduct, which mandates an on-site risk assessment and monitoring to ensure 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 using 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

We use blankets as packaging material instead of disposable boxes for the delivery of products from Kinnarps, Drabert and Skandiform. The blankets are then taken back to be reused for the next delivery. This saves on waste management and approx. 270kg of packaging per truck shipment.

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

THE CUSTOMER FIRST

We have stringent environmental requirements for all our products, and many of the products are also ecolabelled. This means that the products are safe and contain no unnecessary or harmful chemicals, which creates healthy working environments and better indoor quality.



NUMBER OF ECOLABELLED PRODUCTS

259

MÖBELFAKTA CERTIFICATES

133

SERIES WITH FSC®-LABELLED PRODUCTS

11

NF ENVIRONNEMENT

11

NF OFFICE EXCELLENCE CERTIFÉ

16

GEPRÜFTE SICHERHEIT

3

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.

RAW MATERIALS AND RESOURCES

CLIMATE

PURE MATERIALS

SOCIAL RESPONSIBILITY

REUSE

ERGONOMICS

2030 GOALS	GLOBAL GOALS
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.	
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.	
Our goal is to create healthier working environments, with fewer chemicals, and free from materials classified as harmful to health or the environment.	
Our goal is to have verified good working conditions throughout our entire value chain, contributing positively to the social development on the sites where we and our partners operate.	
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.	
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.	

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 beginning 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 both 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

TURNOVER

SEK
3.2 billion

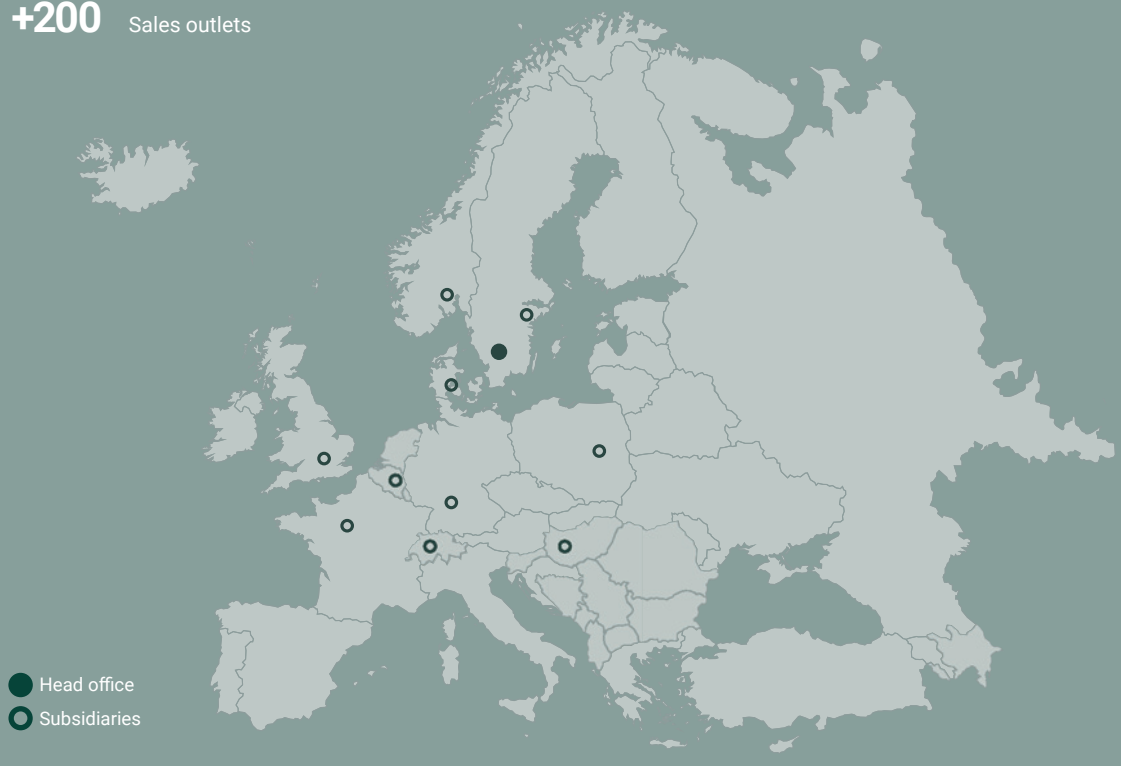
EMPLOYEES

1703
people

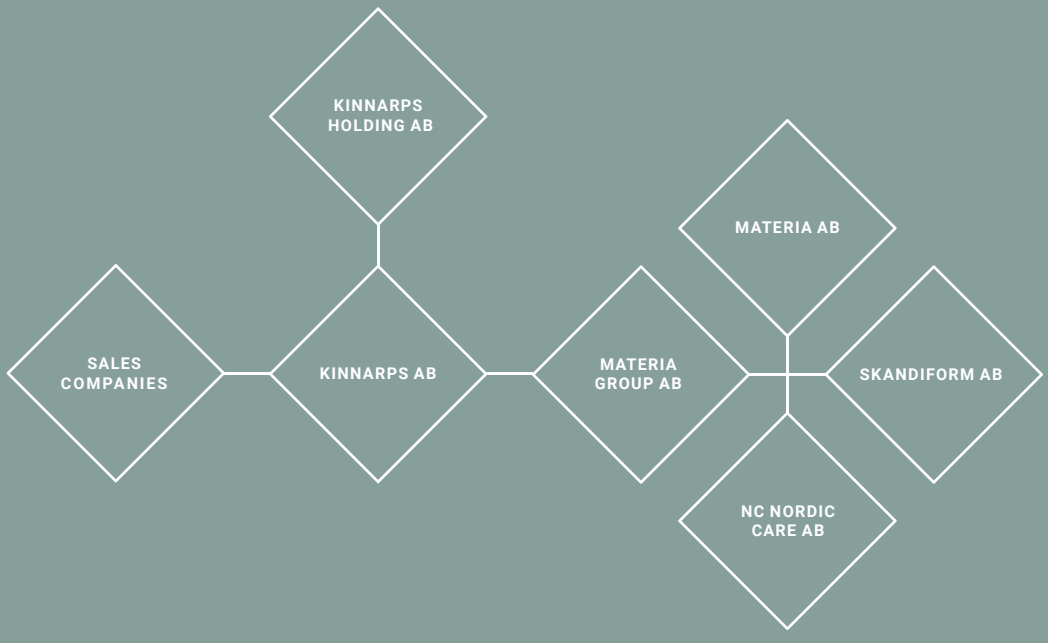
MARKETS

+40 Countries

+200 Sales outlets

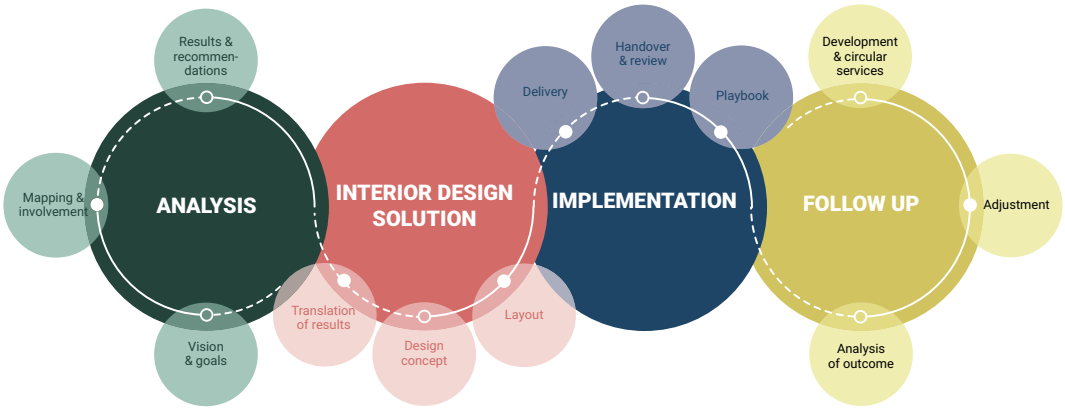


THE KINNARPS AB GROUP COMPANY STRUCTURE



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 in their physical space. 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

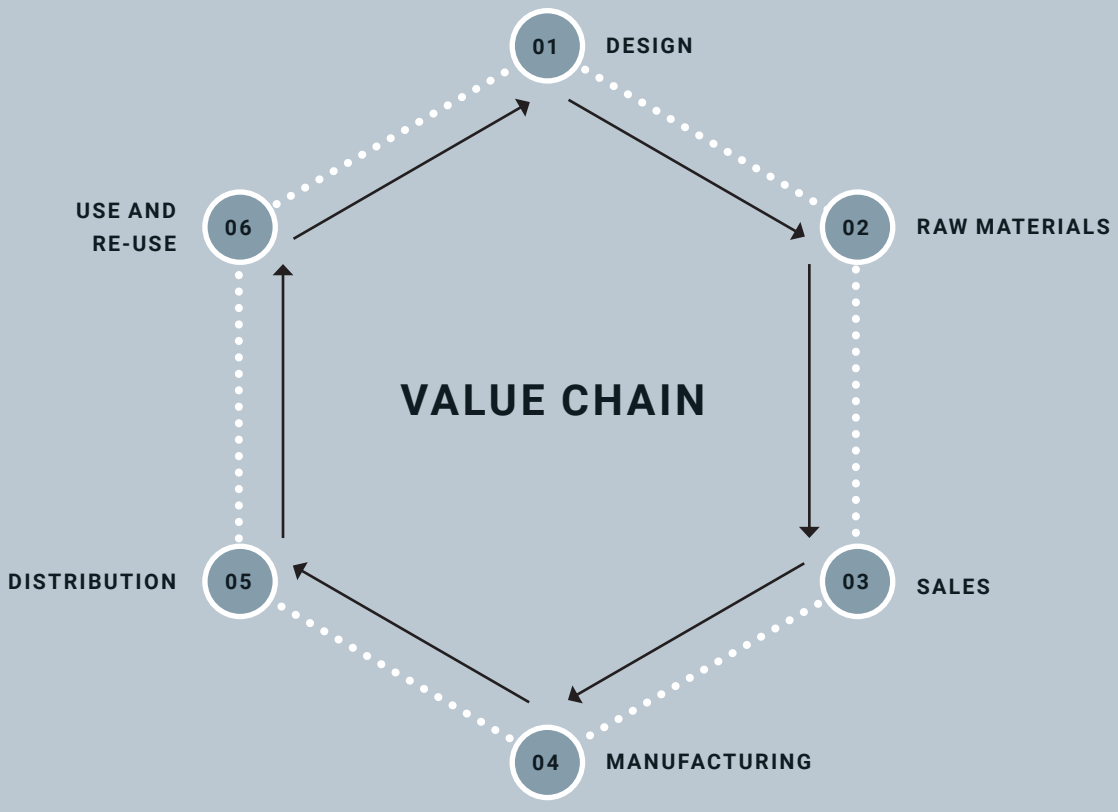
Including and involving all stakeholders creates participation and the environments will also be better suited to the intended activities, which increases well-being and efficiency. The right functions in the right place, as well as variation in the environment, create the conditions for movement and 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. We design products with a platform approach that gives the product the flexibility to be renewed and changed over time.

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. An activity-based 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 continuously work towards improving 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, MartinStoll and Skandiform 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 in our trucks. Our trucks also run on renewable diesel 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 already consider during the design work and product development.

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.

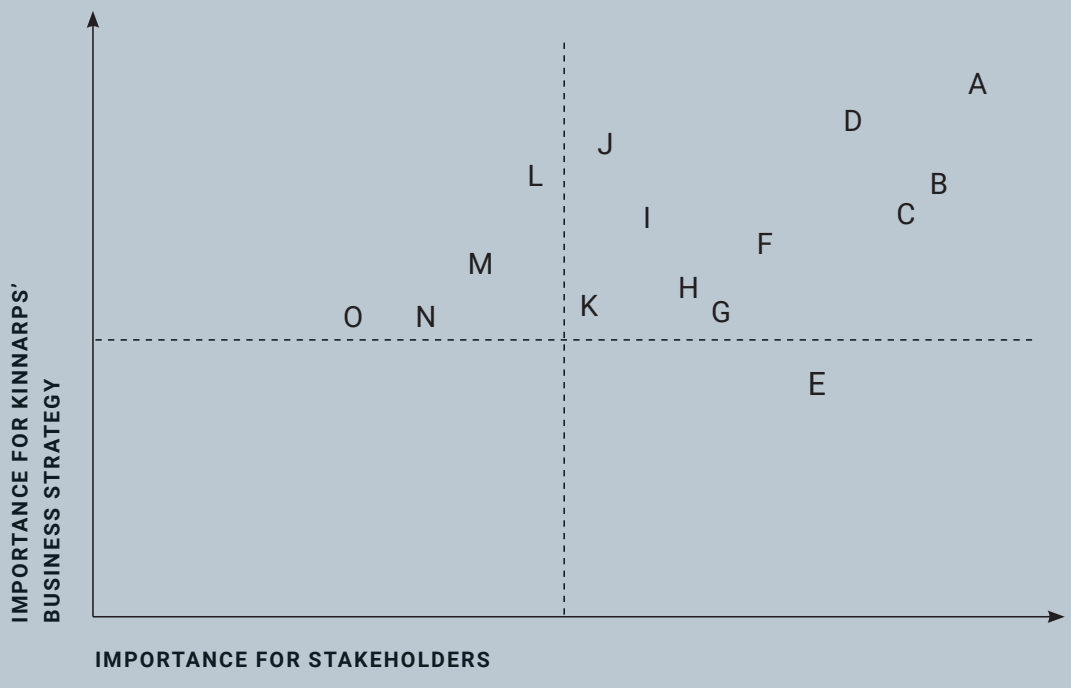
THE KEY STAKEHOLDERS WE HAVE IDENTIFIED

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.



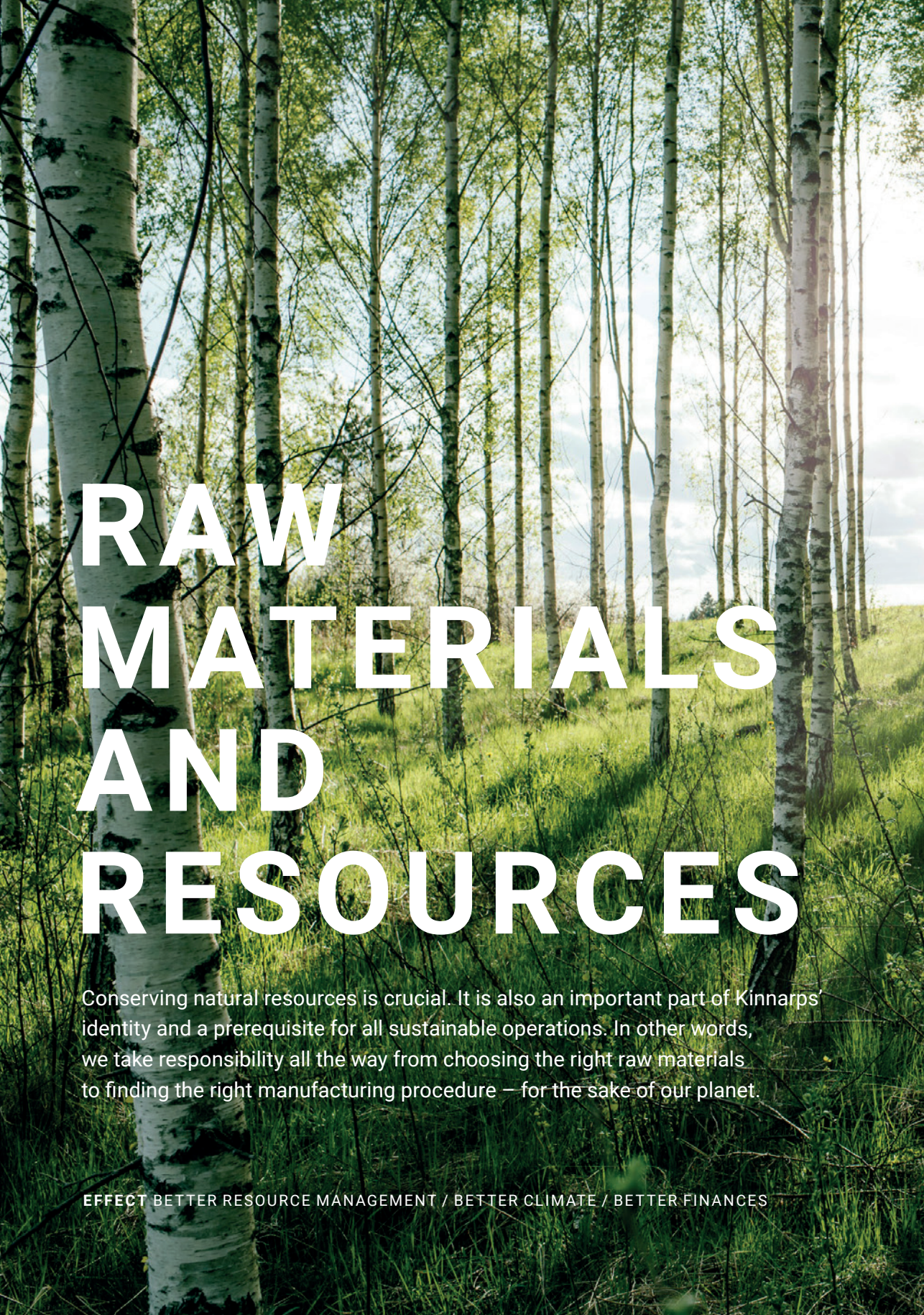
READ MORE ABOUT OUR KEY ISSUES

More and more people want to make sustainable choices, so we must 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.

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A Product and service quality
B Pure materials and chemicals
C Social responsibility
D Transport and resource efficiency
E Product labelling
F Circularity
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 diagram shows the proportion of material procured on the basis of its procurement value.

METAL	54%
PLASTIC	19%
WOOD	14%
TEXTILES	8%
CHEMICAL PRODUCTS	3%
ELECTRONICS	2%

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 player, it is a big challenge to trace the origin of raw materials such as oil, plastic, ore and metal, and check on the conditions in which they were produced. It is much easier for us to influence our direct suppliers. Longer supply chains are more complicated to map, as 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 that they accept and comply with the requirements laid out in our Code of Conduct, in relation to social conditions and environmental considerations during production. We insist that all articles purchased must meet material requirements based on the criteria in the applicable ecolabels.

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 are traceability certified in accordance with the FSC® Chain of Custody FSC label, which guarantees that the raw material comes from environmentally adapted, socially responsible and financially viable forestry. We are involved in the development of new materials, e.g. through the research project 'Forest Fabrics', which aims to use forest raw materials to develop and manufacture textiles made from paper yarn.

RESOURCE EFFICIENCY We are constantly working to streamline our production processes and material utilisation in order to reduce waste. We have made major investments in the Skillingaryd factory, in order to increase the utilisation rate of textiles with more precise cutting. Of the waste that still arises, we sort out polyester fabrics that, together with recycled PET bottles, are used for the sound-absorbing material Re:fill in new products. We are participating in the TexChain3 project to develop methods for using textile waste in more products.

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

Alongside our production of plastic components in Skillingaryd, we are now investing in a mill, which will allow us to reuse our production waste.

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 130 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 Norway and New Zealand, but we 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 We use recycled metal as much 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. We also manufacture plastic components in Skillingaryd, where we manufacture several parts made from recycled plastic. The plastic granulate that we purchase mainly comes 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 glues and lacquers in our production, and we check that they meet the requirements of the relevant ecolabels. The chemical products we use are produced in Europe.



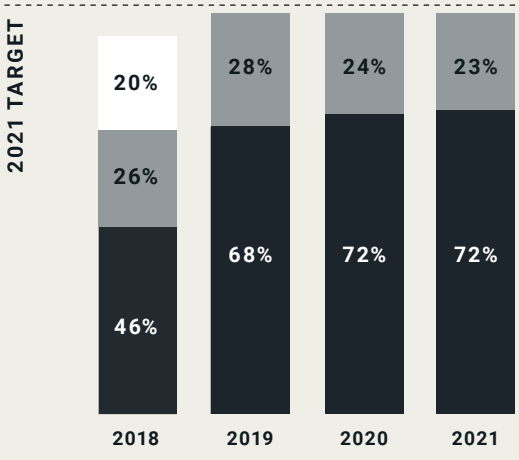
Our factory in Skillingaryd

OBJECTIVE

2030 LONG-TERM GOAL

Our target is for all raw materials in our products to be traceable and from responsible sources. All raw wood 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.

FSC CW PEFC FSC

ANALYSIS AND FOLLOW-UP 95% of our total wood purchases for the Group's products are either FSC or PEFC certified. A smaller proportion of the material is FSC Controlled Wood, which means that it is inspected. The proportion of PEFC-certified materials has fallen slightly since last year, but the levels are otherwise at the same level. We are five 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*

84%

2019

82%

2020

83%

2021

* Production in Skillingaryd

ANALYSIS AND FOLLOW-UP We have succeeded in increasing the utilisation rate of textiles by one percentage point from the previous year to 83%. Through our recent investments in 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 created a more frequent measurement of the utilisation rate in order to identify potential for improvement. We are now investigating possible investments with the potential to further increase efficiency. 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	**115**
LPG	**259**
Gas	**263**
Our own freight transportation	**2451**
Passenger transportation	**610**
SCOPE 2 – INDIRECT EMISSIONS	
Electricity	**852**
District heating	**233**
SCOPE 3 – OTHER INDIRECT EMISSIONS	
Procured freight transportation	**151**
Business trips in private cars	**269**
TOTAL	**5203**

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 and geographical availability 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 truck 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 trucks, 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 trucks with materials from our suppliers, which means that we use the transport capacity in both directions.

At our filling station in Kinnarp, we use HVO100, which means that our trucks mainly run on 100% renewable diesel. Our own logistics system includes products from the Kinnarps, Drabert, MartinStoll brands, as well as products from Skandiform since this year. We intend 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. During the year, the project was expanded by an additional rig and tested on several stretches of road. We have also invested in several electric service vehicles and passenger cars, and added a gas-powered truck to our furniture delivery fleet, which reduces the climate impact by over 50%. We are also certifying our truck 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.



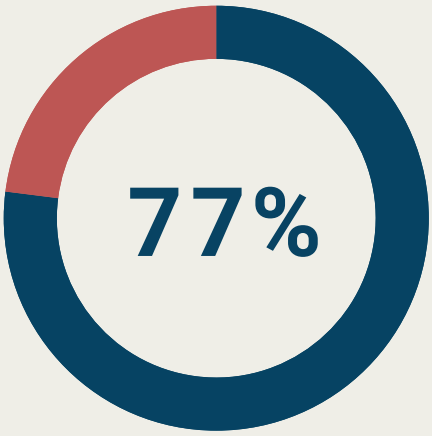
OBJECTIVE

2030 LONG-TERM GOAL

Our aim is to become climate neutral. We also work continuously to improve energy efficiency in all our operations and on 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'.

PROPORTION OF FOSSIL-FREE ENERGY*

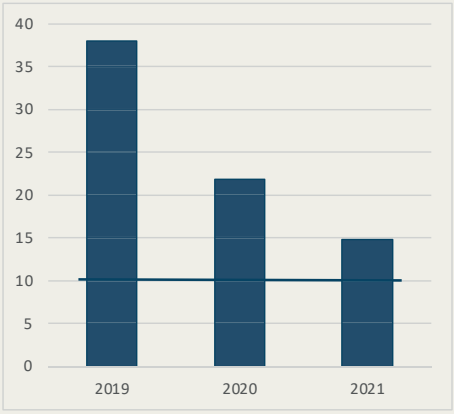
ANALYSIS Our focus is that the energy we use should have as low a climate impact as possible and, during the year, we managed to increase the proportion of fossil-free energy to 77% from the previous year's level of 69%. A major contributory factor is that our own freight transportation has, for the most part, run on fuel with a high blend of renewable diesel. Our blue trucks can now also fill up with 100% renewable diesel at our filling station in Kinnarp. We have also made other changes to the energy sources in our operations, which has had a positive impact on the result, such as replacing a large proportion of the LPG used in our factory in Jönköping with district heating. The proportion of fossil-free electricity and district heating has also increased.



2025 TARGET The proportion of fossil-free energy must be at least 75%.

EMISSIONS OF CARBON DIOXIDE EQUIVALENTS FROM GOODS TRANSPORTS (G/TONNE KM)*

ANALYSIS We have succeeded in reducing emissions per tonne km from our blue trucks by as much as 61% compared with the base year 2019. The largest contributory measure is the transition to diesel with renewable content, which means a reduction in emissions by 85%. This diesel is filled up where there is access and, during the year, has resulted in a reduction in CO_2 emissions from blue truck transport of around 1,600 tonnes. Going forward, the blue trucks will run on 100% renewable diesel in the form of HVO100, where available. During the year, we expanded the High Capacity Transport project by an additional rig, which has also impacted the result. The blue trucks are now also transporting Skandiform products, which means that external transport has been replaced by internal transport, and we are transporting larger volumes using the blue trucks.

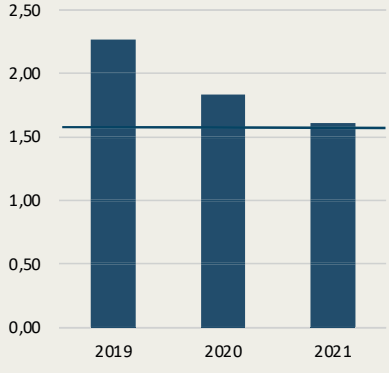


2025 TARGET Reduce CO_2 emissions per tonne km from blue trucks by 70%.

*Transport with Kinnarps' blue trucks

EMISSIONS OF CARBON DIOXIDE EQUIVALENTS (TONNES/MSEK)*

ANALYSIS Compared with the base year, we have been able to reduce CO_2 emissions by as much as 29% per traded SEK, and are very close to achieving our target of a 30% reduction. Measures to reduce emissions from transport have contributed to most of the reduction in emissions, for example by using fuel with a high proportion of renewable diesel. We see a certain impact from the pandemic, due to reduced passenger transport. Emissions from our production units have been reduced, primarily by replacing large parts of the LPG used in the Jönköping factory with district heating. A number of different energy efficiency measures were implemented during the year. Among other things, the replacement of lighting for LED, more effective control of, for example, compressor air and fans, and heat recovery from production processes.



2025 TARGET Reduce CO_2 emissions per traded SEK by 30%.

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



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 frequent cleaning and disinfection take place, such as hospitals, schools and restaurants.

But this type of resistant surface treatment does not always 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.



SETTING STRICTER REQUIREMENTS BY PRODUCT LABELLING

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. During the year we have developed and improved our staining method to better manage disinfection. Stained tables and storage units can be wiped down with disinfectants and dried with water without damaging the surface, which means that the products can handle tough quality requirements and last longer.

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 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, as it 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 may 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

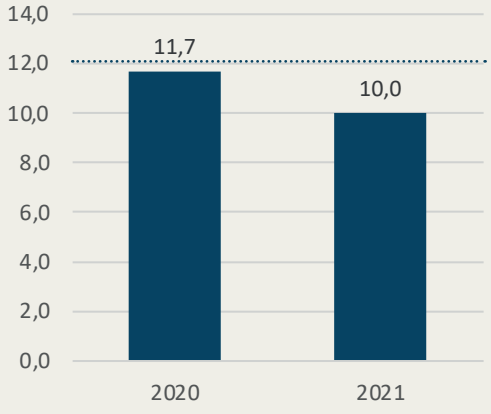
Our goal is to create working environments with fewer chemicals, and without materials classified as harmful to health or the environment. This goal is linked to the UN's Sustainable Development Goal no. 12 'Responsible consumption and production'.

USE OF SOLVENTS*

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

ANALYSIS AND FOLLOW-UP We are focusing on keeping the amount of VOC on our products as low as possible, and in 2021 we have managed to reduce the amount of VOC per lacquered surface compared with the previous year. The result for the year is 10g/m^2 lacquered surface, which is well below our target of not exceeding 12g. We have replaced the lippings on some products, which means that they no longer need to be lacquered, thus reducing consumption by approx. 500kg of VOCs per year. In our production, solvents are also used in e.g. release agents and for cleaning rollers. Through substitution we have, among other things, replaced release agents with alternatives containing less VOC. The total amount of surface that is lacquered has been reduced due, among other things, to a smaller size of table and a greater proportion of laminate. In five years, we have reduced the total consumption of solvents by as much as 65%. At our facility in Kinnarp, we use UV lacquer on smooth, veneered surfaces, which gives a resistant finish and very small quantities of VOCs. At our factory in Jönköping, we lacquer metal surfaces with VOC-free powder lacquer.

2025 TARGET Our goal is for solvent usage to be less than 12g/m^2 of lacquered surface.





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 P2 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 RESPON-SIBILITY

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	771	427
Germany	35	27
Norway	68	65
France	51	44
Poland	29	42
UK	17	12
Denmark	18	26
Belgium	12	20
Switzerland	13	10
Hungary	6	9
TOTAL	**1020**	**682**

NUMBER OF MANAGERS:

	MEN	WOMEN
TOTAL	**65%**	**35%**

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.



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, environmental practices 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. During 2021, we have received and dealt with one such whistleblowing incident.

Our rules of conduct concerning gifts and benefits are also made clear in our representation policy and in our procedures.
The Kinnarps AB Group has a shared diversity policy and works on the basis of a diversity plan with goals and measures for 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 health and safety at our units, and all production units within the Group are now health and safety certified according to ISO 45001.

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 set certain 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 addition to 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.

We carry out a risk assessment of suppliers based on the country of manufacture, type of process, and type of material. In the assessment of the country of manufacture, we base our work on BSCI's country risk list. In cases where we deem there to be a greater risk of failure to fulfil the requirements in our Code, we conduct an on-site audit at the supplier's premises. If deviations are identified during the supplier audit, the supplier draws up an action plan to rectify the deviation. The supplier's action is then followed up by evidence and verifications or on-site visits. Any deviations need to be remedied in order for us to initiate or continue with a partnership, and if the supplier does not take action on any remarks, we terminate the relationship.

In recent years, we have insourced the production of certain plastic articles and components for our factory in Skillingaryd, thereby taking responsibility for a larger part of the supply chain. We continue to work on internalising the manufacture of more plastic components for our own production.

	2018	2019	2020	2021
Accidents resulting in absence	14	17	12	11
Accidents not resulting in absence	45	47	50	34

OBJECTIVE

2030 LONG-TERM GOAL

Our goal is to have verified good working conditions throughout our entire value chain, contributing positively to the social development on the sites where we and our partners operate. This target is linked to the UN's Sustainable Development Goals 3, 8 and 10, 'Health and well-being', 'Decent work and economic growth' and 'Reduced inequalities'.

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

94%

LOW RISK

5.9%

ELEVATED RISK FOLLOWED BY AUDIT

0.1%

ELEVATED RISK

* PROCUREMENT OF THE PRODUCTS IN OUR OWN RANGE



ANALYSIS AND FOLLOW-UP During the year we worked on insourcing the production of plastic components in particular. Due to the pandemic, it has been more difficult to carry out on-site audits at the suppliers' premises, and we have therefore further developed our tools for follow-up via self-assessment.

Material availability and prices for materials in the world have been a challenge over the past two years. Kinnarps has been successful in ensuring the availability of materials and keeping the business running. We minimise the risks through a strong supply chain at a regional and local level, and a good ability to spread the risks.

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. When we conduct follow-ups of measures taken by the suppliers, we see that there have been improvements and that 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



Sustainable circularity is when products are designed and manufactured to be updated – right from the start! Here you can see one of our office chairs with its replaceable parts.

CIRCULARITY

Circularity within 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

Circularity is about keeping materials and products in use for as long as possible. It is also a business area with great potential for improvement, as we throw away about 10 million tonnes of furniture in the EU every year. 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.

USE OF RECYCLED MATERIAL IN OUR MANUFACTURING

100%

MAGNESIUM

30%

CHIPBOARD

20%

STEEL

50–100%

MOULDED ALUMINIUM

CHALLENGE

INCREASED CIRCULARITY

The best way to reduce the environmental impact of a product is to prolong its lifespan and optimise its use. 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 to develop 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 refurbished, it can also be a challenge to ensure that they maintain a 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.



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 our 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. The service life 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 27 product ranges with removable upholstery.

By developing product ranges with modular platforms, we make it possible for the customer to renew or make additions over time, rather than purchasing new items. We are striving to increase the amount of recycled material in our products, and during the year we began to manufacture several components made from recycled plastic in our new plastic production in Skillingaryd. 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 participating in several different research projects aimed at utilising waste material, developing circular flows, and measuring circularity.

SERVICES AND BUSINESS MODELS Through services and business models, we help our customers to create long-term, sustainable interior design that can be circulated with a low environmental impact. With our workplace analyses, we can identify the actual needs of the organisation. We also conduct an inventory check and evaluation of the existing interior, which provides a good basis for how the interior design can be reused, refurbished or updated. In order for the furniture to last long-term with frequent use, we offer various furniture care services. By cleaning and serving the functions of the furniture washing, the interior remains attractive and lasts longer. We also offer a wide range of spare parts for refurbishing and updating furniture. First, we try to maintain the furniture on site at the customer's premises, to minimise the time during which the customer is unable to use the furniture and to reduce unnecessary transport. When necessary, we can carry out major refurbishments, such as re-upholstering, in our factories. With this kind of frequent and efficient maintenance, the interior simply lasts longer.

When the furniture is needed elsewhere, we can assist with furniture relocation, warehousing or resale. If a piece of furniture cannot be used in its entirety, we try to utilise its components as spare parts in other products. Only when none of these options is possible will the worn-out interior be separated and recycled at reputable recycling companies.

We also offer furniture for rent. This gives the customer the opportunity to efficiently scale their business up or down, and the use of furniture can be optimised and circulated between different customer needs.

CASE: DSV USA

One often buys completely new furniture when it's time to redecorate the office. However, DSV had something else in mind. The company is a long-term partner of Kinnarps and they had invested in new furniture just six years earlier. The furniture is characterised by high quality and, even after many years of use, replacing worn parts instead of purchasing new furniture is a viable and cost-effective alternative. From a sustainability and cost perspective, DSV was keen to explore this opportunity.



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The brief from DSV was clear – they wanted their new premises to reflect the transition to a more stylish and modern aesthetic, while also prioritising sustainability and cost-efficiency. To make this possible, we proposed a transition from large to smaller tabletops and, in line with the desire to renew rather than completely replace, the beech-coloured tabletops would be replaced by fresh white ones – in total, more than four hundred desks. The change from beech to white would also be applied to several hundred cabinet fronts and rolling drawer units.

David Auer, Senior Key Account Manager, Kinnarps USA



415 existing Series P desks were given new tabletops and the beech colour was changed for a more modern style in white laminate. 248 existing Plus chairs were given new seat cushions and backs, which made them look like new and harmonised them in terms of colour in the new office premises.

A POSITIVE RESULT – FROM ALL PERSPECTIVES. In just a few weeks, the process of renewing all desks, drawer units and cabinets was carried out. When the renewal work was completed, the positive result was shown in several ways. David continues: Renewal provides significant cost savings. About 80% if you compare the costs of replacing old with new. There is also a waste aspect to consider. Replacing a part of a piece of furniture means far less environmental impact than recycling the entire piece. And last, but certainly not least, DSV's new premises also got the aesthetic boost they had been looking for – and everyone in the company can now enjoy the energy provided by working in a vibrant and attractive space.

"

For us, the most pleasing aspect of the project was that we had the chance to create an interior design that feels like a whole, rather than consisting of separate, distinct parts. The workstations are characterised by lighter colours and a stylish appearance that truly reflects our values and Scandinavian origins. For me, the kitchen and the communal dining area are a special favourite place. From the polished concrete floors to the renewed furniture and interior design fittings, it is clear that this has already become a place where our employees feel very comfortable and at home. The fact that we succeeded in achieving all this through renewal and a cost-effective and sustainable solution is something everyone involved can feel proud of.

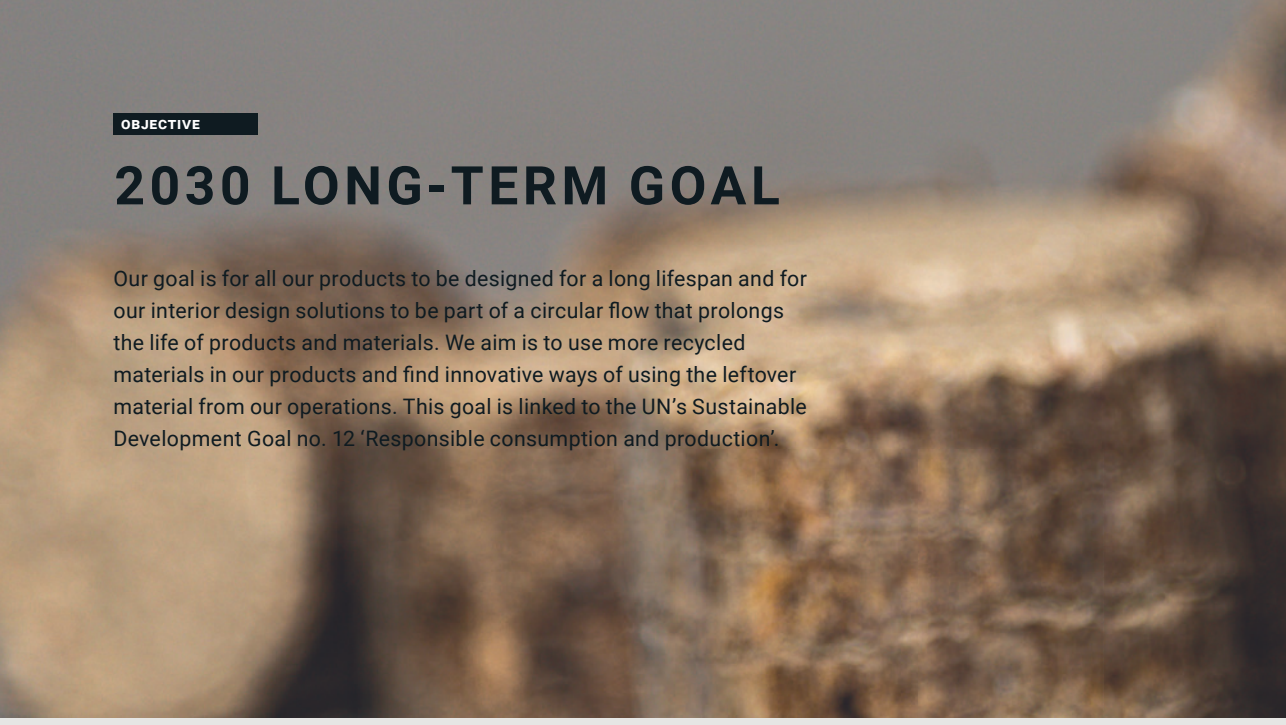
Rasmus Haaning, Branch Manager DSV

CASE FACTS

Project: DSV
Number of employees: +300
Number of workstations: 450
Area: +100,000 sqm
Completion: April 2021



The existing frame and arms of the Monroe chairs were retained, but the upholstery was changed from blue to grey.



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*

	2018	2019	2020	2021
Material for recycling	30%	28%	30%	28%
Material for energy generation	65%	68%	68%	66%
Landfill	1%	1%	1%	3%
Hazardous waste	3%	3%	1%	3%
Composting	1%	0%	0%	0%

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

ANALYSIS The total amount of waste that arises in our own operations has decreased slightly from the previous year. Unfortunately, the proportion of waste sent for material recycling has also fallen slightly compared to the previous year. We reduce the amount of waste from packaging material by transporting products in blankets that we reuse after delivery to the customer, instead of using disposable packaging. During the year, this concept has been expanded to include products from Skandiform, which reduces both the need for packaging material and the amount of waste. We will continue to expand the concept to more brands in the coming financial 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 also investigating opportunities for collaboration, in order to increase the reuse of waste from our production.

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.

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

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.



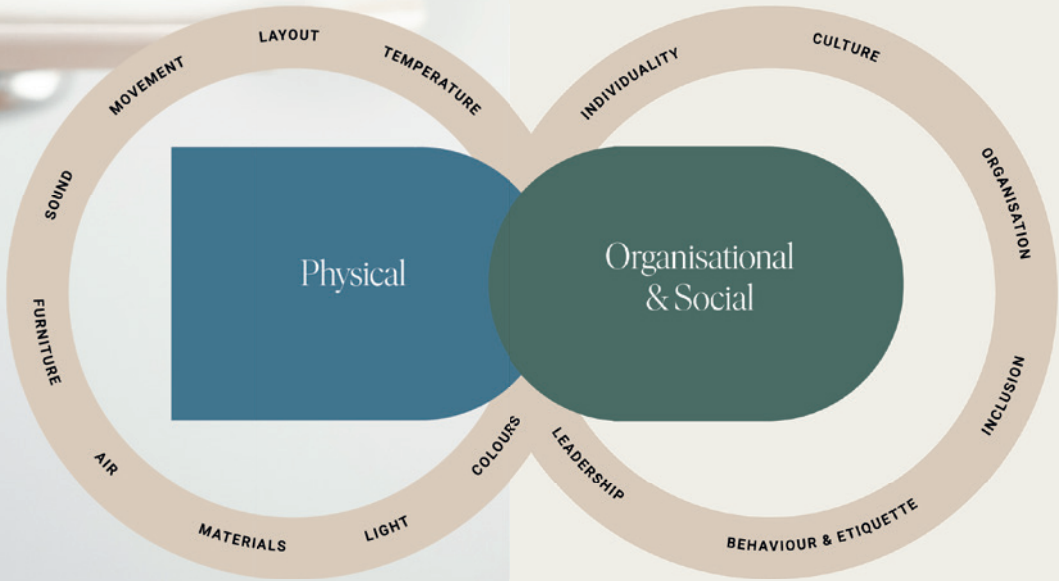
ERGONOMICS

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 better well-being, increased creativity and productivity.

EFFECT BETTER HEALTH / BETTER EMPLOYER BRAND / BETTER SATISFACTION

DEFINITION

At Kinnarps, ergonomics is about looking at the big picture. We call it holistic ergonomics, the total experience of a space. A perspective that takes into account all ergonomic factors, physical, organisational and social. Furniture, layout, air, temperature, light, colours, materials, sound and movement, as well as culture, leadership, and a sense of security and belonging are all important factors in creating a functioning whole.



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%**

Next Office® Insight Report

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 customised 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?



Next Office® Insight Report

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 create successful interior design solutions that promote wellness and efficiency, it is important for us to increase our knowledge of how the physical environment affects us. 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, and 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 & TRÄNING

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 move 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 workplace, 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 commitment also includes a membership in Swedish and international FSC(R). We are also part of the Möbelfakta criteria council for further development of the Möbelfakta labelling system and, during the year, we participated in 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 250 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 identity number 556256-6736

Assignments and division of responsibilities
The Board is responsible for the sustainability report for the financial year 1 September 2020 to 31 August 2021 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

The focus and scope of the review
Our review has taken place in accordance with FAR's recommendation RevR 12 *Auditor's opinion on the statutory sustainability report*. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with a sufficient basis for our statement.

Statement
A sustainability report has been prepared.

Malmö on the day stated in our electronic signature
Öhrlings PricewaterhouseCoopers AB

Mattias Lamme
Chartered Accountant

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