



THE BETTER EFFECT

A sustainability report from the Kinnarps Group



ABOUT THE REPORT This sustainability report relates to the Kinnarps Group for the fiscal year 2018 (01 September 2017 - 31 August 2018). The previous report was published in May 2017. We follow an annual reporting cycle.



THE SIMPLER IT IS, THE BIGGER THE EFFECT

The Kinnarps Group is one of Europe's leading suppliers of interior design solutions for workplaces. Together, we are six different brands – Kinnarps, Materia, Skandiform, NC Nordic Care, Drabert and MartinStoll – cooperating in a common value chain. We have also developed our own sustainability index, The Better Effect Index, which makes it easier for our customers to make sustainable choices.

In this sustainability report, we focus on six important areas in which we, the Kinnarps Group, together with our customers and suppliers, can create a better effect.

CONTENTS

MESSAGE FROM THE CEO	4
THE FINANCIAL YEAR IN BRIEF	6
THE KINNARPS GROUP	8
STAKEHOLDER DIALOGUE AND RISK ANALYSIS	16
SUSTAINABILITY STRATEGY	20
SIX AREAS FOR A BETTER EFFECT	28
THE BETTER EFFECT INDEX	66
GLOSSARY	68

A WIDER PERSPECTIVE ON SUSTAINABILITY

OUR VISION IS TO CREATE INTERIOR DESIGN SOLUTIONS THAT GIVE ATTRACTIVE, INSPIRING, CREATIVE AND EFFICIENT ENVIRONMENTS - INTERIOR DESIGN SOLUTIONS THAT STRENGTHEN THE CUSTOMER'S POSITION AS AN ATTRACTIVE EMPLOYER AND BUSINESS PARTNER.

ROBERT PETERSSON
CEO KINNARPS GROUP



In order to understand the strategically important connection between our sustainability work and our business plan, we have to extend the concept of sustainability to cover more than classic environment-related areas linked to production, materials, transportation and social responsibility. At Kinnarps, we offer the customers interior design solutions that create value by making economical use of their human and material resources.

With our interior design concepts Next Office®, Next Education® and Next Care®, we help the customer to analyse what the business and its employees really need, taking the organisation's way of working as the starting point. For the customer, the result is a working environment that is ergonomically sustainable, both physically and mentally, that reduces the risk of work-related injury and stress and instead stimulates the employees' well-being and creativity. The customer gets an office that makes optimal use of space and can be customised as needs require.

VALUES THAT CHARACTERISE US

Resource management has been a self-evident topic for Kinnarps ever since the business was founded by Jarl and Evy Andersson in 1942. For two young people who had grown up with the common sense-based values of the farming community, wastefulness was out of the question. These are values that have put their stamp on our business, and will continue to do so. At Kinnarps, we manage our own and our customers' resources, we show care towards one another and we have decent business methods.

AN EFFICIENT LOGISTICS SYSTEM

Kinnarps' logistics system was developed in-house and is distinguished by efficiency and environmental consideration. The products are loaded in the order in which they are to be delivered and transported loosely wrapped in blankets and sheets of cardboard, which are then taken back to Kinnarps to be reused. Thanks to our loading concept, we can load up to

50 per cent more furniture than the industry average, calculated on the basis of the same container size. Example: when others need up to three trucks, we manage with two.

In 2018, we have continued to drive the development in a way that may in the long term be of benefit to society at large. Together with Volvo, we have gained authorisation from the Swedish Transport Agency to run the High Capacity Transport project, which allows for vehicles up to 27.35 metres long. The project aims to increase load volume with a vehicle combination of a truck and two trailers, together carrying three transport containers.

CONCRETE BUSINESS BENEFIT

In order for customers to really be convinced that sustainable choices are both simple and economically smart, we have to be able to offer a concrete business benefit. One of the most important strategic sustainability issues for Kinnarps in the short term is therefore the development of circular business models.

When we design furniture, they have a built-in circularity that follows a use-reuse-remake-recycle model. To make it clear what the offer entails, we are taking part in a development project led by RISE (Research Institutes of Sweden). We are now at stage three and ready to develop and implement circular business models.

A CHALLENGE FOR THE INDUSTRY

At the moment, our greatest challenge is to get the customers to focus on, and prioritise, high quality when they choose interior design solutions. Having full control over our own production processes and logistics solution and striving for resource optimisation and a low environmental impact gives us a clear advantage. When customers choose products from the Kinnarps Group, they choose pure materials and an inclusive design that promotes circularity.

THE YEAR IN BRIEF



Kinnarps High Capacity Vehicle has been developed by Volvo and will be test-driven in western Sweden during the coming year.

KINNARPS AND VOLVO INCREASE LOAD VOLUME

In collaboration with Volvo and the Swedish Transport Agency, we have initiated the High Capacity Transport project. The project has been given a dispensation from the maximum truck vehicle length, which makes it possible for Kinnarps to transport goods with two trailers, so-called duo-trailers. This means a 50% increase in load volume per vehicle, which in turn leads to 30% fewer journeys and a 20% reduction in CO₂ emissions.

ELECTRIC VEHICLE FOR JÖNKÖPING

Kinnarps' first electric vehicle has been put into operation and is in use as a service vehicle at the production unit in Jönköping. It replaces a diesel vehicle and thus contributes to reduced climate impact. Further electric vehicles have been ordered for our operations in Norway, and if the trial is successful there may be more electric vehicles in our operations.

TRIAL OF CIRCULAR BUSINESS MODEL

In the framework of the Re:LINK project, Kinnarps has cooperated with LINK Arkitektur on a new business model for office customisation with a focus on reuse. The project involved the renovation of two conference rooms with reused furniture hired out by Kinnarps. The tables, for example, were given new tabletops on reused frames, resulting in a saving of 70 kg of CO₂ emissions compared with a newly manufactured table.

RESULTS

PROPORTION
OF FSC® CERTIFIED
RAW WOOD

46%

PROCUREMENTS
WITH LOW RISK
OR AUDIT

99%

USE OF SOLVENTS

-26%

EMISSIONS OF
CARBON DIOXIDE

-22%

DISTRICT HEATING REPLACES LPG

During the year, we have replaced LPG with district heating in a number of the processes at our production unit in Jönköping. LPG is the source with the biggest climate impact in the plant, and the replacement has already resulted in a reduction of CO₂ emissions by 220 tonnes. It is estimated that, in the long term, the changeover will reduce LPG consumption by 60%, saving 500 tonnes of CO₂. However, certain lacquering processes require high temperatures, and will continue to be run using LPG.



The DU & jag sofa is padded with a new natural coconut fibre material.

NUMBER
OF ECO-LABELLED
PRODUCTS

MÖBELFAKTA
CERTIFICATIONS

194

SERIES WITH FSC®
LABELLED PRODUCTS

86

NF ENVIRONNEMENT

9

NF OFFICE
EXCELLENCE CERTIFIÉ

9

GS

28

QUALITY OFFICE

15

NEW NATURAL FIBRE MATERIAL

During the year, we have introduced a new natural fibre material made of coconut fibre and natural latex. The DU & jag sofa was designed by Eva-Johanna Isestig and Jenny Fingal for NC Nordic Care, and is designed to include children and their need for play and security. In the design process, great care was taken to make the sofa as toxin-free as possible, for health and environmental reasons.

ORGANISATIONAL CHANGES IN GERMANY

In autumn 2018, production at Kinnarps in Worms was transferred to our Swedish plants. The background to this move is that parts of the factory's production are to disappear from our range. The transfer has affected 170 jobs in Worms. In future, Kinnarps GmbH will be a sales company and is planning to set up a new office for management, administration and logistics in the Worms area.

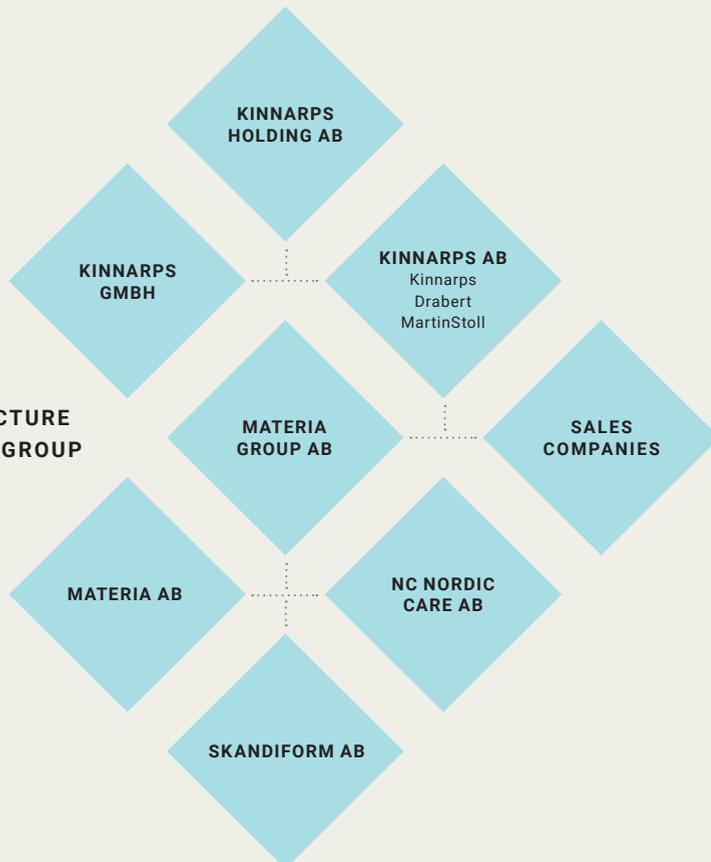
TOTAL SOLUTIONS FOR THE WORKPLACE

The Kinnarps Group comprises six different brands with a common customer offer – complete total solutions for the workplace. Kinnarps, Drabert, MartinStoll, Materia, NC Nordic Care and Skandiform.

Together, we want to be the best at sustainable design. Combining products from our various brands makes it easy to create total interior design solutions with a focus on sustainability, function and aesthetics. Where and how the products are manufactured and delivered varies among the

brands, but we take a shared responsibility for the value chain and work towards the same long-term targets with the aim of creating a better effect. Each brand is also expected to follow the Group's core values, owner directives, business strategy and sustainability strategy.

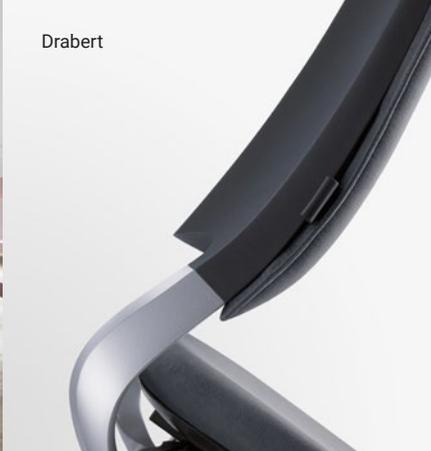
CORPORATE STRUCTURE OF THE KINNARPS GROUP



Skandiform



Drabert

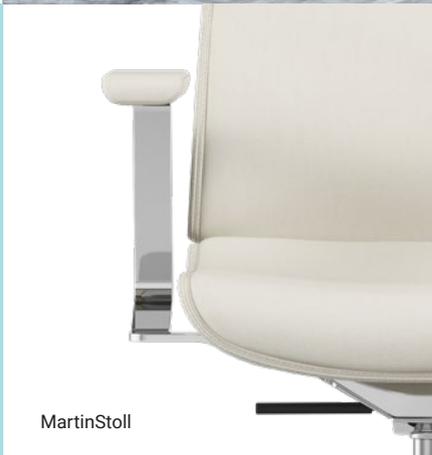


Materia

NC Nordic Care



**SIX DIFFERENT
BRANDS WITH
A SHARED
VALUE CHAIN**



MartinStoll



Kinnarps

The head office of the Kinnarps Group is located in Kinnarp. During the year, we have had seven production units – six in Sweden and one in Germany – plus a procurement and design office in China. In autumn 2018, however, production in Germany was transferred to our production units in Sweden. We have sales subsidiaries in 11 countries and we are also represented by retailers in a further 32 countries. Our sub-suppliers are located in 23 different countries.





TOTAL SOLUTIONS FOR TODAY'S OFFICE

Kinnarps offers innovative, ergonomic and functional total solutions for workplaces. Kinnarps is one of Europe's leading players in this field and has a long tradition of good design and workplace ergonomics following the Scandinavian model. Kinnarps has one of the highest profiles among suppliers of workplace environments for offices and meets the requirements for flexibility, quality and good ergonomics in the working life of today.

FOUNDED. 1942.

PRODUCTION. Products for the Kinnarps brand are manufactured at our own factories in Kinnarp, Jönköping and Skillingaryd.

PRODUCT LABELS. Möbelfakta, FSC®, NF Environnement and GS.



MARTINSTOLL

EXCLUSIVE CRAFTSMANSHIP FOR EXECUTIVE ENVIRONMENTS

MartinStoll manufactures timeless, elegant executive and conference furniture with skilful workmanship and a great feeling for detail. The interior designs are tailored to reflect the customer's brand and values. They can be found in imposing office environments, conference and board rooms, and they are manufactured to be used for decades. In Europe, MartinStoll has long been one of the obvious choices for these types of environments. The brand is strong on the German, British, French and Italian markets.

FOUNDED. 1870, in the Kinnarps Group since 2010.

PRODUCTION. Production is handled by selected artisanal sub-suppliers in Germany. Production of chairs takes place mainly at Kinnarp's factory in Skillingaryd.

PRODUCT LABELS. GS.



drabert

SPECIALISTS IN INNOVATIVE TASK CHAIRS

Drabert specialises in innovative task chairs, visitor chairs and conference chairs with outstanding ergonomic design. Drabert started manufacturing task chairs as long ago as 1915, and has become known on the European market for its concept based on four points for ergonomic sitting. The fundamental idea is that variation is a prerequisite for good ergonomics: "the next position is the best position".

Drabert's unique contribution to the Kinnarps Group is their innovative, intuitive, easy-to-use mechanisms, developed in-house.

FOUNDED. 1889, in the Kinnarps Group since 2010.

PRODUCTION. Production takes place at Kinnarps' factories in Kinnarp, Skillingaryd, Jönköping and Worms.

PRODUCT LABELS. GS.

JOINT MANAGEMENT AND PRODUCTION

The Kinnarps, Drabert and MartinStoll brands have joint management and production. Development and production takes place in Kinnarp, Skillingaryd, Jönköping and Worms. (Worms until autumn 2018.)

HEAD OFFICE. Kinnarp

NUMBER OF EMPLOYEES. 1,248
(Employees of Kinnarps AB and Kinnarps GmbH.)

CERTIFICATIONS

Kinnarp ISO 9001, ISO 14001,
FSC® Chain of Custody,
PEFC Chain of Custody

Skillingaryd ISO 9001, ISO 14001,
FSC® Chain of Custody

Jönköping ISO 9001, ISO 14001

Worms ISO 9001, ISO 14001



MATERIA®

CONCEPTUAL DESIGN FOR SOPHISTICATED COMPANIES

Materia stands for experimentation and creativity. Unpredictable conceptual design promotes active, value-creating meetings. An advanced upholstery workshop and skilled craftsmanship among the employees has made it possible to combine new methods of material working with innovative material selection and good resource management.

LOCATION. Tranås

FOUNDED. 1992. Part of the Kinnarps Group since 2004.

NUMBER OF EMPLOYEES. 76

PRODUCTION. Head office, cutting, sewing, upholstering and assembly in Tranås. Materia does not manufacture components itself. All parts are manufactured by sub-suppliers, many of them in the surrounding area.

PRODUCT LABELS. FSC® and Möbelfakta.

CERTIFICATIONS. ISO 9001, ISO 14001, ISO 45001, FSC® Chain of Custody.



INCLUSIVE DESIGN

LEADING SUPPLIER IN HEALTHCARE AND NURSING

NC Nordic Care develops furniture for all types of public environments and is one of the leaders in the areas of healthcare and nursing, cafés and restaurants. The furniture represents a playful and modern design with attention to people, environment and aesthetics. Our ambition is to offer furniture concepts which create accessibility and inclusiveness. The core values, based on participation and responsibility, should be reflected clearly in the products.

LOCATION. Tranås

FOUNDED. 1950, in the Kinnarps Group since 2009.

NUMBER OF EMPLOYEES. 18

PRODUCTION. NC has no in-house manufacturing. All products are commissioned from carefully selected suppliers.

PRODUCT LABELS. FSC® and Möbelfakta.

CERTIFICATIONS. ISO 9001, ISO 14001, OHSAS 18001, FSC® Chain of Custody.



skandiform

DESIGN AS A COUNTERWEIGHT TO 'WEAR IT OUT AND THROW IT AWAY'

Skandiform is one of Scandinavia's leading suppliers of furniture for offices and inspiring public environments. The company has its roots in the Scandinavian design tradition and gets its inspiration from nature's organic blueprint and multifaceted shades. Long-term cooperation with experienced designers, with good knowledge of materials and sustainability integrated in the design process, is Skandiform's distinguishing feature. By lasting a long time, in terms of both aesthetics and quality, the products aim to counteract the 'wear it out and throw it away' attitude. Our ambition is to offer timeless product ranges which find their new place easily when environments are modified.

LOCATION. Vinslöv

FOUNDED. 1962, in the Kinnarps Group since 2004.

NUMBER OF EMPLOYEES. 27

PRODUCTION. Assembly and quality control in Vinslöv. All parts are manufactured by sub-suppliers, most of them in the surrounding area.

PRODUCT LABELS. Möbelfakta, FSC®.

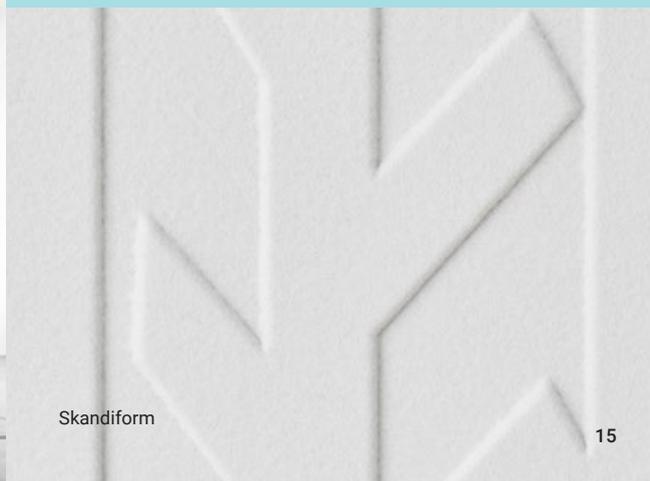
CERTIFICATIONS. ISO 9001, ISO 14001, OHSAS 18001, FSC® Chain of Custody.



NC Nordic Care



Materia



Skandiform

WHICH QUESTIONS ARE IMPORTANT?

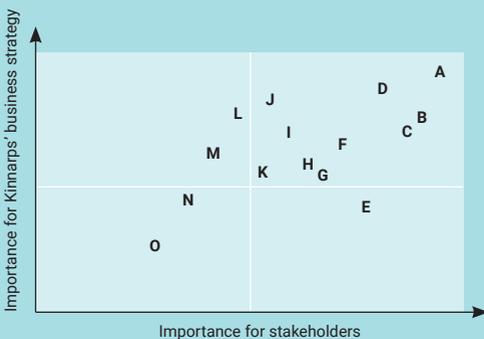
STAKEHOLDER DIALOGUE Which questions are important for those who influence or who are influenced by our operations? The knowledge is necessary to enable us to pursue our sustainability work effectively, and we therefore maintain a regular dialogue with our stakeholders. This is done by methods including interviews, focus groups, surveys and ongoing meetings in our daily operations.

Key stakeholders we have identified:

CUSTOMERS / REGULATORS / OWNERS / EMPLOYEES / SUPPLIERS / AUTHORITIES / LENDERS / SOCIETY / RETAILERS

MATERIALITY ANALYSIS Which sustainability issues are most relevant for our operations? On the basis of the stakeholder dialogue we carry out a materiality analysis, which is revised annually. The analysis identifies the areas where Kinnarps' stakeholders have the highest expectations, and which have the greatest importance for our business strategy. These are the areas we prioritise in our sustainability work and report on. We have gathered the key issues into six areas in the sustainability report:

RAW MATERIALS AND RESOURCES / CLIMATE / PURE MATERIALS / SOCIAL RESPONSIBILITY / REUSE / ERGONOMICS



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



RISK ANALYSIS Risk management is integrated into the internal processes of the management 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 done in the various areas of risk. Measures are taken 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 in the event of leakage, waste or process errors.	Procedures for handling chemicals and waste management Contingency plans for waste and leaks. Training of employees.
Working environment risks	Shortcomings in safety or the working environment can result in injuries or illness in the workplace.	Systematic working environment improvement, for example by means of training, regular inspection rounds, work instructions. Protective equipment and ergonomic aids.
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.	Product tests in compliance with EN standards. Tests are conducted by an accredited laboratory: Kinnarps Test & Verification Centre. Product certifications by third parties. Requirements for material to meet quality and fire requirements.

INDUSTRY AND SOCIAL INVOLVEMENT As one of Europe's biggest suppliers of interior design solutions for working environments, it is our responsibility to drive development in sustainability issues. The Kinnarps 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® and we are represented on the Swedish FSC board.

We are active in Möbelfakta's technical committee and working group for the further development of the Möbelfakta labelling system. The Kinnarps 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 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).

OUR INVOLVEMENT INCLUDES MEMBERSHIP OF THE INTERNATIONAL FOREST STEWARDSHIP COUNCIL FSC AND WE ARE REPRESENTED ON THE SWEDISH FSC BOARD.

MANAGEMENT AND RESPONSIBILITY Management 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 made clear to suppliers in a code of conduct for suppliers.

The sustainability work is firmly anchored in the board and management and forms an integral component of the Group's strategy. "Let the star shine". During the year, our sustainability work has been further clarified in a sustainability strategy. The Group management decide on 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 and ISO 9001 certified, and monitoring of compliance with the code of conduct is done by means of supplier audits. Management and follow-up of the sustainability work has proceeded according to plan during the year and is judged to be working well.

SUSTAINABILITY STRATEGY

Running our business in a sustainable way is important for the short-term and long-term success of the Kinnarps Group. The sustainability strategy is based on our overall strategy and vision. By adopting a holistic perspective, we aim to create inspiring and efficient working environments which contribute to success.

The sustainability strategy has been designed to build current and future values in relation to risks, costs and earnings. In this way, our sustainability work is an effective tool for promoting both short-term improvement in profitability and long-term competitiveness.

PROMOTING EARNINGS AND GROWTH

Development of circular services and business models is a priority area, with the purpose of creating more circular flows of products and materials. We focus on ensuring our products meet environmental requirements and that they are labelled with competitive eco-labels. We also actively market our products' sustainability performance externally and internally, for example by means of our own sustainability index The Better Effect Index.

REDUCING COSTS

With a focus on efficiency throughout the entire value chain, we are reducing our environmental impact and becoming more cost-effective. Kinnarps 'blue truck' transportation concept gives us unique opportunities for resource management and thereby also for reduction of carbon dioxide emissions. Increased efficiency in the use of energy and materials in our production gives good cost control, and at the same time has a positive climate impact. Replacement of chemicals contributes to a better working environment both in our operations and beyond.

PROTECTING AND STRENGTHENING THE BRAND

Innovative product development is based on sustainable and circular design, aiming for reuse and recycling of materials. This contributes to improving the sustainability performance of our products and strengthening the Kinnarps brand. We aim for transparent communication about our sustainability work. This takes place via the internet and social media, as well as in face-to-face communication with our customers and stakeholders.

REDUCING RISKS

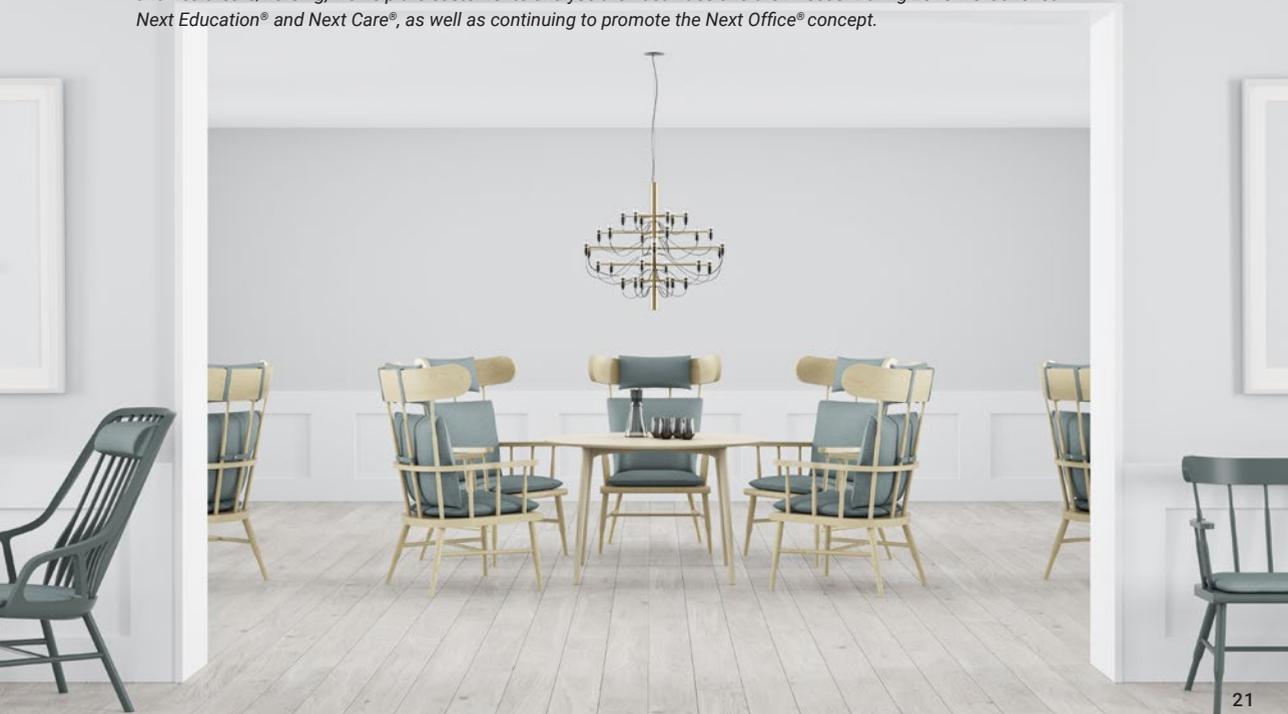
It is important to take responsibility for our operations and their effects. We therefore work with social responsibility in the supplier chain by means of risk assessments and audits. Another way of taking responsibility is to encourage sustainability requirements to be applied to furniture. We encourage decision-makers to include requirements in procurements, and we take part in the designing of industry standards such as Möbelfakta.

IMPLEMENTATION

The sustainability strategy forms the framework of the Group's sustainability work and should pervade all our operations. The different parts of the operations contribute to continuous improvements, as goals and activities are pursued in line with the strategy. Together, we take responsibility and create value for society and the environment – at the same time as we build competitive advantages.



The sustainability strategy is based on the Kinnarps Group's overall strategy and vision: to create inspiring and efficient working environments which contribute to success. With our interior design concepts for offices, schools and healthcare/nursing, we help the customer to analyse their activities and their needs. During 2018 we launched Next Education® and Next Care®, as well as continuing to promote the Next Office® concept.



LONG-TERM SUSTAINABILITY TARGETS

We are aiming to achieve the long-term targets in our six priority effect areas by 2030.

1

RAW MATERIALS & RESOURCES

Our target is that all raw materials in our products should be traceable and from responsible sources. All raw wood should be FSC® certified or recycled. Materials should be used in an even more resource-efficient manner.

2

CLIMATE

Our target is to be climate-neutral. We are working continuously to improve energy efficiency in all our operations and using more energy from renewable sources.

3

PURE MATERIALS

Our target is to create more healthy working environments, with fewer chemicals and without materials classified as hazardous to health or the environment.

4

SOCIAL RESPONSIBILITY

Our target is to have good, monitored working conditions throughout our entire value chain, contributing to social development on sites where we operate and have our cooperation partners.

5

REUSE

Our target is for all our products to be designed for a long service life 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 waste material which arises in our operations.

6

ERGONOMICS

Our target 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 the products are inclusive and suited to human needs.

HOW WE CONTRIBUTE TO THE UN'S GLOBAL GOALS

The UN's global goals were presented in autumn 2015 and constitute a common target for the world to achieve by 2030. In order for them to be achieved, we all need to contribute. We have assessed our operations against the 17 goals and identified the ones where we have the greatest direct or indirect impact.



HEALTH AND WELL-BEING

We contribute by creating working environments with good ergonomics and without unnecessary chemicals.



SUSTAINABLE ENERGY FOR EVERYONE

We contribute by using energy more efficiently and increasing the proportion of renewable energy we use.



DECENT WORKING CONDITIONS AND ECONOMIC GROWTH

We contribute by working for good working environments and working conditions in our operations and in our supplier chain.



SUSTAINABLE INDUSTRY, INNOVATIONS AND INFRASTRUCTURE

We contribute by developing more efficient industrial processes that make optimal use of materials.



LESS INEQUALITY

We contribute by working for diversity and against discrimination in our operations and by setting requirements for social responsibility in our supplier chain.



SUSTAINABLE CONSUMPTION AND PRODUCTION

We contribute by reducing the environmental impact of our production, setting requirements for our suppliers, working with pure materials and without unnecessary chemicals, and creating more circular flows of materials and products.



COMBATING CLIMATE CHANGE

We contribute by reducing the climate impact of our production, our premises and our transportation.



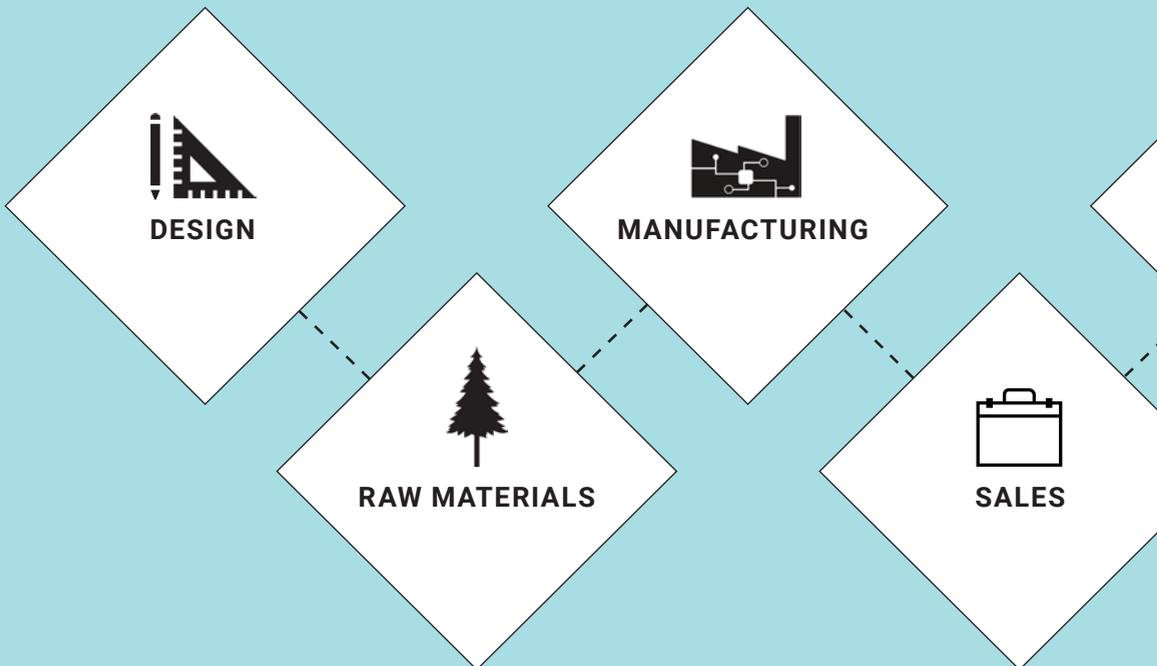
ECOSYSTEMS AND BIODIVERSITY

We contribute by using certified wood from responsible forestry.

A VALUE CHAIN WHICH IS UNIQUE IN THE INDUSTRY

KINNARPS' BUSINESS MODEL AND VALUE CHAIN AIM TO UNDERSTAND AND FULFIL COMPANIES' AND ORGANISATIONS' NEEDS FOR INTERIOR SOLUTIONS WITH ASSOCIATED SERVICES.

The brands in the Kinnarps Group have a shared value chain. A cooperation which is unique in our industry and which makes it easy for our customers to make sustainable choices. Because we have different production conditions, individual solutions are required. We see this as an advantage, since each brand can optimise sustainability work to take account of its own circumstances.



DESIGN

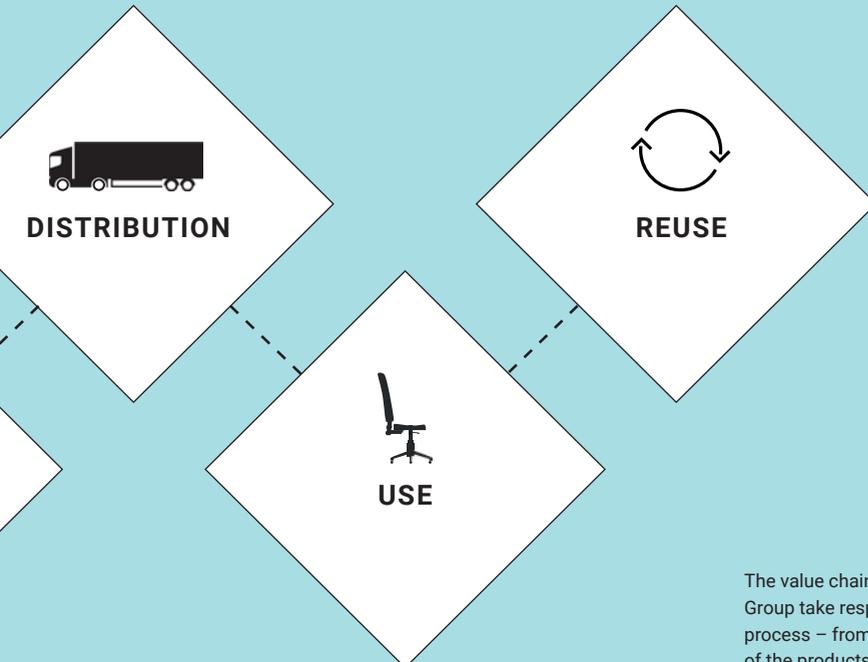


We develop products that are ergonomic and adaptable. To ensure a low environmental impact, we set high requirements for quality and choice of materials. All components should be easy to separate and recycle. With innovative design we have also created new products from old waste material. Which labels our products are to comply with is clarified in our Group-wide eco-labelling policy. The requirements of these labels are integrated into the design process.

RAW MATERIALS



We procure raw materials, components and finished products, and set strict requirements for both the suppliers and what they supply. The requirements specified in our environmental labelling policy apply to all our products. For example, we choose certified wood from a verified and risk-assessed source. Many fabrics are eco-labelled, and recycled metal is used as much as possible. We also set requirements for social responsibility in the supplier chain through our Group code of conduct, and we also follow up with risk assessments and on-site supplier audits.



The value chain describes how we in the Kinnarps Group take responsibility throughout the entire process – from the design, production and delivery of the products until it is time for them to be reused.



Kinnarps

**INSTEAD OF SINGLE-USE PACKAGING,
WE USE BLANKETS. THIS SAVES 270 KG
OF PACKAGING PER TRUCK AND MAKES
IT POSSIBLE TO LOAD MORE PRODUCTS.**



**KINNARPS' OWN LOGISTICS SYSTEM MAKES IT
POSSIBLE TO LOAD UP TO 50% MORE IN A TRUCK.
WHEN OTHERS NEED UP TO THREE TRUCKS,
WE MANAGE WITH TWO.**

MANUFACTURING



In our manufacturing units in Sweden and Germany, we work systematically on the working environment. We avoid environmentally hazardous and unhealthy substances in all production processes. We optimise use of resources and make use of waste material. Wood waste is used for heating and textile waste is used for new products. Our manufacturing units are located in Kinnarp, Skillingaryd, Jönköping, Worms, Tranås and Vinslöv. Processing of wooden components and final assembly is done in Kinnarp for the Kinnarps, Drabert and MartinStoll brands. The manufacturing unit in Skillingaryd specialises in sewing and upholstery. At Materia's unit in Tranås, sewing and assembly take place. At the Skandiform unit in Vinslöv, assembly takes place. At the NC unit in Tranås, only transshipment of finished products takes place.

SALES



The Kinnarps Group's sales organisation consists of subsidiaries in eleven countries and freestanding retailers. In total, we are represented in about 40 markets. The customer offer covers total solutions for workplaces, which means that we supplement products from Kinnarps Group brands with products from other suppliers, such as carpets and lighting. A Kinnarps Next Office® analysis makes it possible to design a solution to suit the company's needs. A number of the Group's sales companies are ISO certified and are working for better quality and lower environmental impact. For example, we have switched to energy-efficient lighting in many of our showrooms.

DISTRIBUTION



Products from Kinnarps, Drabert and MartinStoll are delivered in the framework of our own logistics system, 'the blue trucks', from the manufacturing unit in Kinnarp. Instead of single-use packaging, we use blankets. This saves 270 kg of packaging

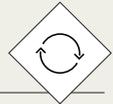
per truck and makes it possible to load more products. Load efficiency is very high – over 90 per cent. The blankets are then returned and reused. On the way back, we fill our trucks with materials from suppliers or third party goods. Kinnarps' trucks run on diesel with an admixture of biodiesel, which reduces climate impact by 40%. Products from Materia, NC Nordic Care and Skandiform are delivered to our local warehouses or direct to the customer by external logistics partners.

USE



The Kinnarps Group's wide range makes it possible to create healthy, productive working environments that put people at the centre and can reduce stress and increase well-being. This is done, for example, by means of Kinnarps Next Office® analyses and ergonomics briefings in conjunction with delivery. By setting high requirements for materials and avoiding unnecessary chemicals, we contribute to healthy indoor air when our products are used. We also offer cleaning and renovation of furniture.

REUSE



Well-designed products of a high quality can be reused several times. Certain products can be easily upgraded or renovated – for example by replacing tabletops, chair seats or removable upholstery. Many of the products from NC Nordic Care, for example, are designed for healthcare and nursing environments and have removable upholstery, so that they are easy to clean and fit with new upholstery. We also offer a recycling service where we take care of the customers' used furniture.

THE BETTER EFFECT: AREAS

A new generation makes new demands on the sustainability work companies do. "More and more people want to make sustainable choices, so we have to make it easier to choose. We make our sustainability work clear in six different areas that we know produce a better effect," says Kinnarps' Sustainability Manager Johanna Ljunggren.

WHY EXACTLY THESE AREAS?

"The most direct effect of our products is the function, in other words that they meet people's need for healthy, creative working environments. If we apply a holistic view of sustainability, our furniture can have an even bigger effect. It can influence the size of the world's waste mountain, the condition of our forests and the working conditions of the people who work in the various production chains. The six areas were identified in our stakeholder dialogue and give a comprehensive picture of the sustainability effect our products have."

WHICH IS THE LIVELIEST AREA?

"Reuse is currently the hot topic in the industry. 80% of furniture's climate impact is in the material, and if we want to create a long-term effect, we have to find new solutions for raw materials and materials. We are seeing an increased demand for circular services and business models, and we are therefore focusing on developing solutions that contribute to making them easier to implement from a purely practical point of view. Our products

have good potential in the form of good quality and service life. Studies show that there is great potential in reusing office furnishings, both environmentally and economically. This is where we can make a contribution!"

WHAT IS THE BETTER EFFECT INDEX?

"The Better Effect Index is the concrete application of our sustainability work in the six areas. It is a web-based tool that makes it easier for customers to make sustainable choices. The index extends the concept of sustainability and includes areas such as climate and reuse, areas rarely subject to requirements in eco-labelling. With the index, we want to make it simpler to assess the sustainability of products in a more detailed way, not only against the basic requirements. Since the index was launched in 2017, we've seen a number of positive effects. It has helped our customers to see and assess the sustainability performance of the products. It stimulates our own sustainability work and drives the general discussion of which requirements are relevant to set."



1

RAW MATERIALS
& RESOURCES

PAGE 30

2

CLIMATE

PAGE 36

3

PURE
MATERIALS

PAGE 42

4

SOCIAL
RESPONSIBILITY

PAGE 48

5

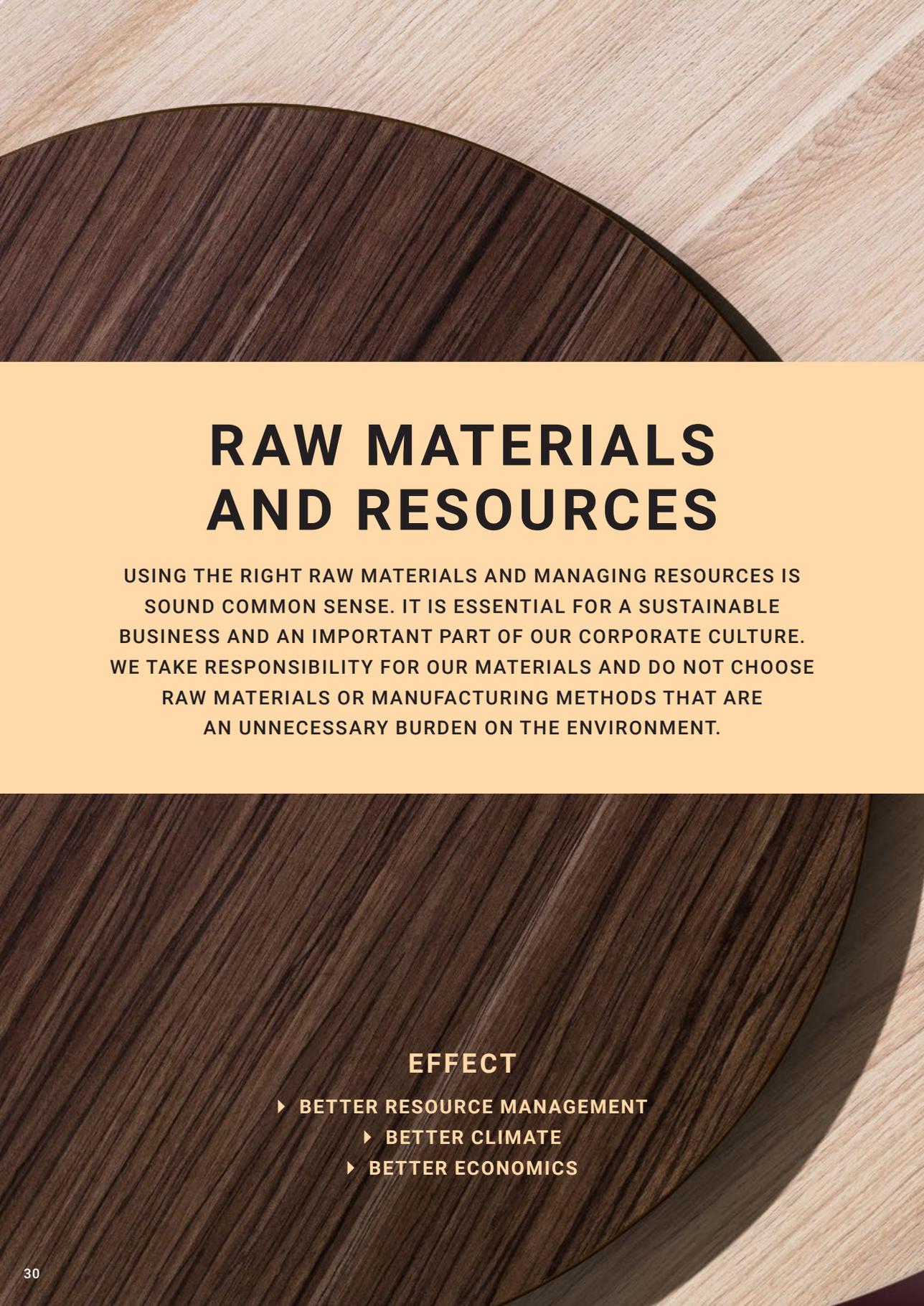
REUSE

PAGE 54

6

ERGONOMICS

PAGE 60



RAW MATERIALS AND RESOURCES

USING THE RIGHT RAW MATERIALS AND MANAGING RESOURCES IS SOUND COMMON SENSE. IT IS ESSENTIAL FOR A SUSTAINABLE BUSINESS AND AN IMPORTANT PART OF OUR CORPORATE CULTURE. WE TAKE RESPONSIBILITY FOR OUR MATERIALS AND DO NOT CHOOSE RAW MATERIALS OR MANUFACTURING METHODS THAT ARE AN UNNECESSARY BURDEN ON THE ENVIRONMENT.

EFFECT

- ▶ BETTER RESOURCE MANAGEMENT**
 - ▶ BETTER CLIMATE**
 - ▶ BETTER ECONOMICS**

DEFINITION

Which materials we use in our products, and how they are manufactured, is of great 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.



CHALLENGE

LONG, COMPLICATED SUPPLY CHAINS

The extraction of raw materials and the manufacturing of materials are part of a complicated 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 under what conditions they were produced. It is easiest 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 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 far from adequate.

STRATEGY

REQUIREMENTS FOR MATERIALS AND BETTER RESOURCE MANAGEMENT

REQUIREMENTS FOR MATERIALS

We set requirements for all articles we purchase. The supplier must accept and follow the requirements in our code of conduct concerning social conditions and consideration for the environment in the production process. The requirements for materials are based on the requirements in current eco-labels and also include certain requirements for production. We also gather information about the country of manufacture.

We have procedures for monitoring the origin of all raw wood. We do not accept wood from forests with high conservation values, areas which have been modified from natural forest into plantations or forests where social conflicts occur. Our units in Kinnarp, Skillingaryd, Tranås and Vinslöv are traceability-certified by the FSC® Chain of Custody, 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 economically sound forestry. We also encourage the industry to raise interest and demand for FSC certified wood among consumers and producers, with the aim of increasing availability.

We are involved in the development of new materials, for example through the research project 'Establishing locally-cultivated textiles in Sweden'. The aim is to produce textile fibres from raw timber or recycled bio-based textiles.

BETTER RESOURCE MANAGEMENT

We also work continuously to make more efficient use of resources and to reduce waste by means of developed processes and investments in machinery.

THE MATERIALS WE USE MOST

▶ WOOD

We use only certified wood or wood whose origin we have monitored with regard to tree species and source country. Our range includes 80 different series with FSC® labelled products. The resource use of veneer is optimised by planking the material.

▶ TEXTILES

We offer hard-wearing natural materials, such as wool from New Zealand, but also work with artificial materials, including Xtreme from recycled polyester. 69% of the fabrics in our range are certified with Oeko-Tex® or EU Ecolabel, which means they are manufactured with consideration for health and the environment. For fabric cutting, we use an automated program that optimises use and reduces waste.

▶ METAL

We use recycled metal as far as possible, taking into account availability and quality requirements – including cast aluminium, which enables a higher proportion of recycled material, and recycled magnesium. Chrome-plated elements are produced with trivalent chrome, which has better environmental and health properties than hexavalent chrome.

▶ PLASTIC

We have our own die-casting facility for padding at our factory in Skillingaryd. It gives us full control over the material, and we can use the isocyanate MDI instead of the usual TDI, which is hazardous to health. Recycled plastic does not always work in furniture production, since it is not so strong and availability is limited. The plastic granulate we purchase comes mainly from Europe.

▶ ELECTRONICS

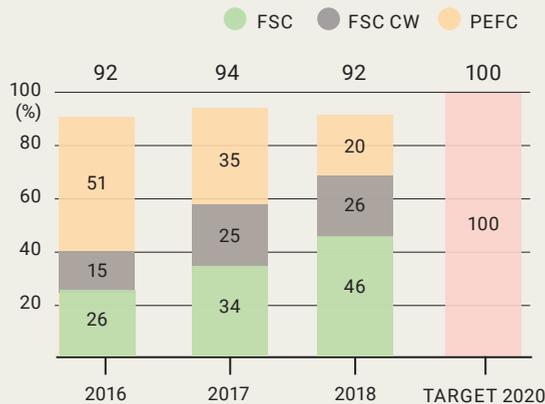
We have made it a requirement that 'conflict minerals' must not be included in electronics. By taking this measure we want to ensure that we do not use electronics containing tin, tantalum, tungsten or gold which have been extracted illegally, or whose extraction contributes to supporting conflicts.



LONG-TERM TARGET 2030. Our target is for all raw materials in our products to be traceable and from responsible sources. All raw wood is FSC® certified or recycled. Materials are used in an even more resource-efficient manner. The target is linked to the UN's sustainability goals 9 and 15, 'sustainable industry, innovations and infrastructure' and 'ecosystems and biodiversity'.

PROPORTION OF CERTIFIED RAW WOOD IN TOTAL RAW WOOD PROCURED*

* Procurement of raw wood for our own products in Kinnarp, Skillingaryd, Worms, Tranås and Vinslöv.



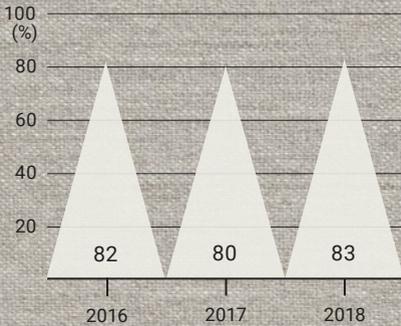
ANALYSIS AND FOLLOW-UP

During the year, the proportion of FSC certified raw wood procured has increased to 46% of our total wood procurement, which is a clear improvement on the previous year (34%). This is because the actual volume of FSC certified material has increased, but also because the quantity of PEFC certified material has fallen. During the year, the volumes of PEFC supplied to our German factory have fallen as a result of production being wound down. The FSC certified volumes have been driven by product launches, for example wooden underframes for several of Skandiform's products and ash veneer at Kinnarps. Of all the wood we

procure, 92% is either FSC, FSC Controlled Wood or PEFC, i.e. certified or monitored by a third party. Our long-term target is for all raw wood to be FSC certified or recycled, but availability and pricing are an obstacle to achieving this. We have therefore revised our target for 2020, and we are now working for all raw wood to be certified or third-party monitored. In order to achieve this we are encouraging our suppliers to become traceability certified.

TARGET

By 2020, all raw wood will come from FSC certified or third-party monitored sources.



TEXTILE RESOURCE USE*

* Production in Skillingaryd

ANALYSIS AND FOLLOW-UP

During the year we have invested in two new machines for cutting fabrics at our manufacturing unit in Skillingaryd. These have a very high level of precision and have improved our material use, which has now reached 83%. Remaining waste fabric is reused in our filling material Re:fill or sent for recycling.

TARGET

Our target is to reach a utilisation rate of 85% by 2020.



RAW MATERIAL GUIDE

▶ CHOOSE ECO-LABELLED PRODUCTS

With eco-labelled products, you know that the materials have complied with requirements.

▶ CHOOSE FSC® LABELLED PRODUCTS

This means that the wood is traceable through the entire value chain, all the way back to the forest. You can be sure that the wood in the product comes from responsibly managed forests.

▶ CHOOSE RENEWABLE MATERIALS

Wood and wool are examples of natural materials which come from renewable sources.



CLIMATE

OUR OWN 'BLUE TRUCKS' GIVE US A UNIQUE OPPORTUNITY TO REDUCE CO₂ EMISSIONS. OUR SMART LOADING CONCEPT ALLOWS US TO PACK MUCH MORE INTO OUR TRUCKS. WHEN OTHERS NEED UP TO THREE TRAILERS, WE MANAGE WITH TWO. FURTHERMORE, WE CAN CHOOSE WHICH FUELS WE USE FOR TRANSPORTATION. WE ARE NOW AIMING TO BECOME CLIMATE-NEUTRAL.

EFFECT

- ▶ BETTER CLIMATE
- ▶ BETTER TRANSPORTATION
- ▶ BETTER ENERGY MANAGEMENT

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 the climate goal requires joint measures, in all sectors of society. Our biggest opportunities to contribute are in the transport sector and in our own operations. Transportation accounts for a large part of our climate impact, as do electricity and energy consumption in our production and our sales offices.

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

Unit, Tonne CO₂e

SCOPE 1 – DIRECT EMISSIONS	
Oil	188
LPG	666
Gas	180
Our own freight transportation	2,938
Passenger transport	1,205
SCOPE 2 –INDIRECT EMISSIONS	
Electricity	3,244
District heating	191
SCOPE 3 – OTHER INDIRECT EMISSIONS	
Procured freight transportation	817
Business trips in private cars	84
TOTAL	9,513



CHALLENGE

LIMITED AVAILABILITY OF FOSSIL-FREE FUELS

The fact that many of the existing processes are fossil-dependent is the biggest challenge we face in the work of reducing our climate impact. Fuels for freight and passenger transport are today primarily fossil-based, and our efforts to use fossil-free alternatives are hindered by limited availability of renewable fuels. But we also see the need for longer-term political rules of play that contribute towards making renewable fuels more competitive with fossil fuels. We also face challenges in finding

profitable and competitive energy efficiency measures in our own production and operations. There is potential for further improving energy efficiency, but once the more straightforward measures have been taken, considerable investments are often needed. We also see great challenges concerning climate-improving measures in our supplier chain, where we have much less opportunity to influence.



STRATEGY

CLIMATE-OPTIMISED TRANSPORTATION AND ENERGY AUDITING

TRANSPORTATION

Kinnarps is the manufacturer on the market that can offer its own logistics system, the so-called 'blue trucks'. This means that we ourselves can optimise our transportation – design and routes – to take account of climate impact. The products are loaded like a jigsaw puzzle, without boxes, which means that we have room for much more freight in our trucks. This, along with careful delivery planning and packing on the basis of order of delivery, gives us a consistently high load efficiency of 90%. When others need up to three trucks, we manage with two, and we can transport up to 50% more per truck than our competitors. Instead of traditional packaging, we use our own blankets to protect our furniture while it is being transported, and the blankets are then taken back and reused. This saves us and our customers about 270 kg of packaging per journey. After deliveries, we fill the trucks with material from suppliers, which means that we make use of the transportation capacity in both directions.

Our trucks run mainly on diesel with an admixture of renewable tall oil, which reduces their climate impact by 40%. At the moment, blue truck transportation covers the products from Kinnarps and Drabert, but we are working to extend the concept to include our other brands too.

We have started to measure our blue trucks' CO₂ per tonne kilometre, and we intend to follow and set targets for this measurement to focus on the climate efficiency of our transportation. The result for 2018 was 20.75 g CO₂ per tonne km.

In order to further enhance the energy efficiency of the blue truck concept, we have also started a research cooperation project with Volvo and the Swedish Transport Agency. We have been granted a dispensation to operate with longer trailers, enabling an increase in load volume of 50% per truck formation and a reduction in CO₂ emissions of about 20%. These vehicles will be test-driven in 2018-2019.

We are also evaluating electric transport, and we have invested in an electric vehicle to replace a diesel-operated service vehicle at the factory in Jönköping. We have also invested in several electric vehicles for our operations in Norway.

PRODUCTION AND PREMISES

Our energy consumption is greatest at the production plants in Kinnarp, Jönköping, Skillingaryd and Worms. We have therefore carried out energy audits to identify potential for energy efficiency measures. We are aiming to use more energy from renewable sources or energy sources with lower climate impact. During the year, we have replaced a large part of the LPG used in production at our factory in Jönköping with district heating, which has a considerably lower climate impact. This change of energy source saves about 500 tonnes of CO₂ per year.

At our production units in Kinnarp, Skillingaryd and Worms, a great deal of wood processing takes place. The wood waste is reused in the form of briquettes, so that the factories are heated with entirely renewable energy. In conjunction with rebuilding or renovation, we have switched to LED lighting at several of our units.

LONG-TERM TARGET 2030. Our target is to be climate-neutral. We are working continuously to improve energy efficiency in all our operations, and using more energy from renewable sources. This target is linked to the UN's sustainability goals 7 'sustainable energy for all' and 13 'combating climate change'.

ENERGY CONSUMPTION IN THE ORGANISATION*

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

Unit, TJ	2016	2017	2018	TARGET 2020
Electricity	115	111	112	
Briquette heating	93	87	92	
District heating	9	6	11	
Natural gas	1	0	4	
Fuel oil	4	3	3	
LPG	14	15	10	
Biodiesel	8	13	13	
Diesel	65	45	55	
Petrol	1	0	7	
TOTAL	310	279	307	278

ANALYSIS AND FOLLOW-UP

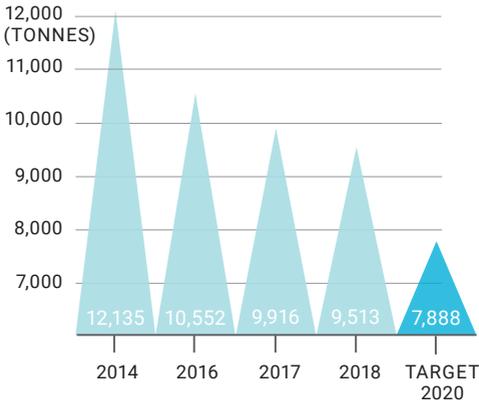
We have implemented a number of energy efficiency measures during the year, including installation of LED lighting at several units, reducing leakage of compressed air in our production units and improving efficiency in production lines. We estimate that the energy efficiency measures we have carried out have resulted in a saving of about 650 GJ. In our production units in Kinnarp, Skillingaryd and Worms we have entirely renewable heating by combustion of our own waste wood. There are oil boilers as a reserve in case of interruptions or repairs. Materia's factory in Tranås is heated geothermally, and the other units are heated with district heating, electricity, gas or oil. LPG is used for the lacquering process in Jönköping.

TARGET

Our target is to reduce our energy consumption by 10% between now and 2020, compared with the base year 2016.

EMISSIONS OF CARBON DIOXIDE EQUIVALENTS (TONNES)*

* Production in Kinnarp, Jönköping, Skillingaryd, Worms, Tranås, Vinslöv and sales subsidiaries. According to Greenhouse Gas Protocol.



ANALYSIS AND FOLLOW-UP

We have reached our target of reducing our climate-impacting emissions by 20% earlier than planned – the reduction is now 22% compared with 2014.

The reduction is associated primarily with our own freight transportation and the increased proportion of renewable fuels. It can also be attributed to reduced production at the factory in Worms in conjunction with preparations for closure. Another major contributory factor is that we have switched to renewable electricity at several of our units.

38% of the energy we consume is now renewable. We are now setting the ambitious new target for 2020 of reducing our emissions by 35% compared with the base year 2014.

TARGET

By 2020 we will reduce emissions by 35% in comparison with 2014.



CLIMATE GUIDE

These three areas have the greatest significance for the product's climate impact.

► CHOICE OF MATERIALS

Choose wood, which is a renewable material with low climate impact through the entire value chain.

► PRODUCTION

Check which types of energy the producer uses for electricity, heating and processes, and how energy-efficient the production is. Energy types should be fossil-free and renewable.

► TRANSPORT

Short transportation routes for materials and components for production mean lower climate impact. Transportation with renewable fuels and fuel-efficient vehicles, plus high load capacity, is also an effective way of reducing CO₂ emissions.



PURE MATERIALS

OUR FURNITURE IS TO BE FOUND IN ENVIRONMENTS WHERE CHILDREN AND ADULTS SPEND LARGE PARTS OF THEIR LIVES.

IT IS SELF-EVIDENT FOR US THAT OUR PRODUCTS SHOULD NOT CONTAIN HARMFUL SUBSTANCES THAT IMPAIR PEOPLE'S HEALTH AND ABILITY TO DO A GOOD JOB.

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 occur 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.

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 which withstand liquids and detergents. These characteristics are important in environments where cleaning and disinfection takes place, such as hospitals, schools and restaurants. But this type of resistant surface treatment does not meet the requirements

of the leading eco-labels. More environmentally-friendly lacquers have poorer properties for use in challenging environments. Our greatest challenge is therefore to develop surface treatments which meet strict requirements regarding both environment and quality.



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 with regard to 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 eco-labelling policy: EU Ecolabel,

OUR OWN PRODUCTION

The chemical products we use in manufacturing are paint, 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 by reference to the REACH candidate list. Risk assessment is also carried out in the framework of our working environment 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. All plastics in the Group's furniture are free from bisphenol A and phthalates.

WOOD

Glue containing formaldehyde is used in the manufacturing of chipboard. All our chipboard fulfils E1 requirements, which means a very low emission of formaldehyde. Most of our chipboard has half the E1 values or lower. For surface treatments we use primarily water-based lacquers with zero or low solvent contents. At the factory in Kinnarp, tables and storage units are surface-treated with water-based UV lacquer, which ensures very low VOC emissions.

Möbelfakta, GS, Quality office, NF Environnement, NF Office Excellence Certifié and FSC®, and cover all substances mentioned in the definition in the foregoing section. For certain products we have also made emission measurements against the requirements in M1 and ANSI/BIFMA. The measurements show good results with very low emissions.

METAL

Hexavalent chrome is allergenic and carcinogenic. We therefore use only trivalent chrome. For surface treatment of metals we use powder lacquer, which gives very low VOC emissions and fulfils eco-labelling 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. 69% of the fabrics are labelled with either EU Ecolabel or Oeko-tex. Our leather is vegetable-tanned without heavy metals.

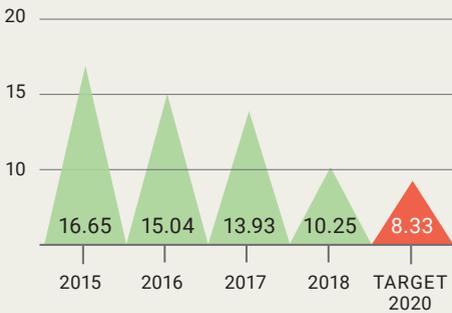
ELECTRONICS

Electronics contain metals and chemicals which can cause environmental and health problems. We require our suppliers to follow 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.

LONG-TERM TARGET 2030. Our target is to create healthier working environments, with fewer chemicals and without materials classified as hazardous to health or the environment. This target is linked to the UN's Sustainable Development Goal no. 12, 'Responsible consumption and production'.

USE OF SOLVENTS (VOCS) (TONNES)*

* The key figure refers to our own production in Kinnarp, Skillingaryd and Worms.



ANALYSIS AND FOLLOW-UP

During 2018 we reduced the use of solvents by 26% at our own production units in Kinnarp, Skillingaryd and Worms. In comparison with the base year 2015, this is a reduction of no less than 38%. The reduction has taken place primarily in Kinnarp and Worms. At our plant in Kinnarp we use UV lacquer on smooth, veneered surfaces, which gives a resistant result and very small quantities of VOCs.

The largest quantity of VOCs is used in cleaning rollers. By reducing the use of thinner in cleaning, we have managed to bring down the quantity of VOCs by 30% per cleaning procedure. We regularly review the use of solvents and identify possible measures to take.

TARGET

By 2020, emissions of VOCs in our own production units will have fallen by 50% compared with the base year 2015.





MATERIALS GUIDE

AVOID!

PHthalates. Used as softeners in plastic and rubber. Also used in paint and glue. Suspected of being endocrine disruptors.

FLAME RETARDANTS. Used in textiles and plastic. Some are endocrine disruptors.

BISPHENOL A. Used in plastic, lacquer and glue. Endocrine disruptor.

FORMALDEHYDE. May be present in the glue in chipboard, in textiles and leather. Allergenic in contact with skin, and carcinogenic.

VOLATILE ORGANIC SOLVENTS (VOCs). Present in paint, lacquer, glue and detergents. Can cause headaches, poor concentration and poor air quality.

CHEMICALS ON THE REACH CANDIDATE LIST. Ask the producer, who is legally obliged to inform you.

CHOOSE!

ECO-LABELLED PRODUCTS. Möbelfakta and NF Environnement are good alternatives.

WATER-BASED LACQUER. Gives zero or very low VOC emissions.

LAMINATED TOP. If there are strict requirements for cleaning with liquid and disinfectant, you can replace lacquered surfaces with high-pressure laminate.

ECO-LABELLED FABRICS. EU Ecolabel and Oeko-tex guarantee that the fabrics are free from hazardous chemicals.



SOCIAL RESPONSIBILITY

THE WORLD IS UNJUST. BUT WE HAVE THE OPPORTUNITY OF ENSURING THAT THE PEOPLE WHO HELP TO MANUFACTURE OUR PRODUCTS ARE ABLE TO DO SO UNDER GOOD WORKING CONDITIONS. THIS APPLIES BOTH TO OURSELVES AND TO OUR SUPPLIERS.



EFFECT

- ▶ BETTER WORKING CONDITIONS
- ▶ BETTER WORKING ENVIRONMENT
- ▶ BETTER CONSCIENCE

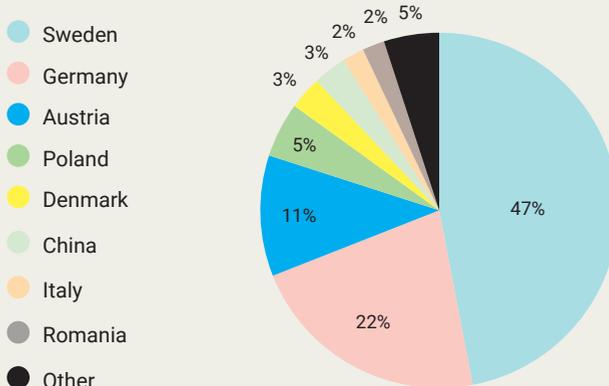
DEFINITION

Social responsibility means that the employer should offer a good working environment, good working conditions and good wages. 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.

THE KINNARPS GROUP'S OWN OPERATIONS

Employees	MEN	WOMEN	Managers	MEN	WOMEN
Sweden	886	530	Under 30	1	0
Germany	173	59	30-50	62	31
Norway	75	72	Over 50	63	22
France	56	50			
Poland	34	46	TOTAL	126	53
UK	32	22			
Denmark	28	32			
Belgium	17	25			
Switzerland	13	11			
Hungary	7	15			
China	4	2			
Italy	0	2			
TOTAL	1,325	866			

THE KINNARPS GROUP'S SUPPLIERS (BASED ON VOLUME PROCURED)



CHALLENGE

TO ENSURE THAT REQUIREMENTS ARE COMPLIED WITH

We know from experience that it is not sufficient to set requirements. We also have to monitor and ensure 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 follow up, since

we do not have the necessary financial relationship. In order to monitor further down the chain, we need to have an agreement with the direct supplier. A challenge for our organisation is to create a strong, diverse staff and make full use of the skills in the organisation and in society.



STRATEGY

FOLLOW-UP OF OUR OWN AND OUR SUPPLIERS' OPERATIONS

OUR OWN OPERATIONS

Our code of conduct describes our principles in the areas of human rights, labour rights, environmental practice 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 are obliged to respect and follow the code of conduct. We have a whistle-blower system which enables employees to anonymously report breaches of the code without fear of reprisals. In 2018 we received and investigated one whistle-blowing incident. Our rules of conduct concerning gifts and benefits are made clear in our representation policy and in procedures.

The Kinnarps Group has a common diversity policy. 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 work systematically with the working environment in our units. The working environments at Materia, NC Nordic Care and Skandiform also conform to OHSAS 18001.

We record and manage accidents and incidents. Incidents occur primarily in our production units, where relatively large amounts of material are handled manually. All incidents are investigated to ensure they will not be repeated.

WORKING ENVIRONMENT ACCIDENTS IN OUR OWN OPERATIONS	2016	2017	2018
Accidents resulting in absence	14	15	14
Accidents not resulting in absence	34	47	45

THE SUPPLIER CHAIN

We set requirements for all our suppliers through our Supplier Code of Conduct. In it, we make clear what expectations and requirements we have 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 eco-labelling, 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. But the requirements are the same, and we investigate the supplier chain right down to the manufacture of components. Then we carry out a risk assessment of the suppliers. This is based on the manufacturing

process, industry knowledge and the country where the production is located. In cases where we judge that there is a greater risk of the requirements in our code not being fulfilled, we carry out an audit on site at the supplier's premises. Audits are also carried out for all new suppliers. 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 relations 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 the suppliers.

LONG-TERM TARGET 2030. Our target is to have good, monitored working conditions throughout our entire value chain, contributing positively to social development on sites where we operate and have our cooperating partners. This target 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 HIGHER RISK FOLLOWED UP BY AN AUDIT

* Procurement of the products in our own range



ANALYSIS AND FOLLOW-UP

We are focusing on suppliers of materials and components, and during the year we have worked to concentrate business to the suppliers who best comply with our requirements. Of the procurements classified as higher risk, the proportion that have been followed up with an on-site audit by our own staff has increased from 88% to 96%. All higher-risk suppliers we intend to do business with in the future have undergone an on-site audit, or have an audit planned. This year's new suppliers have all undergone an audit. The results of the audits show that our suppliers have, in general, very good conditions. The most common shortcomings are

minor ones related to fire protection. There are also instances of protective equipment not being used although it is provided. 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.

TARGET

By 2020, 100% of the procurement volume classified as high-risk will have been checked by means of an audit.

EMPLOYEE INDEX

* All units in the Kinnarps Group

67 68 67

2015

2016

2018

ANALYSIS AND FOLLOW-UP

The Kinnarps employee index for 2018 shows an index of 67 (compared with 68 on the last measurement in 2016). An index between 60 and 100 is considered to represent high job satisfaction, which means that our employees are happy in their jobs. The response rate was 87%, which is a very high figure. This indicates a high level of motivation - the proportion of employees who say they feel motivated has also increased. The areas showing the greatest improvement are the employees' vision of the future and their feeling that they have time to carry out their work tasks. In our further work we will prioritise employees' experience of meaningfulness, pride and opportunity for development, as these are areas that influence motivation.

TARGET

By 2020 we aim for our employee index to reach 70.



RESPONSIBILITY GUIDE

In these situations, you need to be particularly attentive. Ask if a system has been worked out to ensure that the various requirements are being met.

► RISK COUNTRIES

Is the product manufactured in, or does it contain components from, a country on BSCI's list of risk countries? (Business Social Compliance Initiative is a European business-driven cooperation initiative for companies who wish to improve the working conditions in the global supplier chain.)

► WAY OF WORKING

Is the production labour-intensive? Is there a lot of manual or unqualified work, which can mean a risk of child labour? Is there seasonal work and are there migrant workers on the market?

► CHEMICALS

Does the production involve a lot of chemicals, or is it in any other way linked with considerable health and environmental risks?



REUSE

IT SHOULD BE SELF-EVIDENT THAT YOU CAN REUPHOLSTER A SOFA OR REPLACE A WORN-OUT TABLETOP. BUT THIS HAS NOT BEEN THE CASE IN THE FURNITURE INDUSTRY. BY OFFERING CIRCULAR SERVICES AND DEVELOPING NEW CIRCULAR BUSINESS MODELS, WE ARE HELPING OUR CUSTOMERS TO MANAGE RESOURCES.

EFFECT

- ▶ BETTER SERVICE LIFE
- ▶ BETTER ECONOMICS
- ▶ BETTER RESOURCE MANAGEMENT



DEFINITION

Office furnishings can be reused to a much greater extent than is the case today. Prolonging the service life of existing furniture, which can be done by offering various circular business models, can reduce climate impact by 30% compared with new production.

The circular business model includes services that enable the customer to use and renovate part of the existing furniture so that it fits into the new interior design solution, to resell it or, if it is worn out, to recycle it.

This means that we have to develop new procedures for information-sharing, sales, design and manufacturing. Reuse can also be linked to our own ability to use recycled materials in products, in relation to availability and compliance with quality and environmental requirements.



CURRENT USE OF RECYCLED MATERIAL IN OUR MANUFACTURING

MAGNESIUM	CHIPBOARD	STEEL	MOULDED ALUMINIUM
100%	20%	20%	50-100%

CHALLENGE

INCREASED CIRCULARITY

The best way to reduce the environmental impact of a product is to prolong its service life. Our industry has worked for a long time with linear flows and business models. The great challenge is in changing these flows to make them more circular. Above all, it is a matter of developing cost-effective solutions. Reuse is labour-intensive, and we therefore have to find models in which the savings are not eaten up by increased labour costs. When products are to

be reused and renovated, it can also be a challenge to ensure that they fulfil current requirements for environmental consideration and pure materials – recycled plastic is an example of a material that is hard to trace. 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 concerning durability or the colour-fastness of fabrics.

STRATEGY

CIRCULAR PRODUCT DESIGN AND NEW BUSINESS MODELS

PRODUCT DESIGN

When we develop new products, we build in circularity. We focus on creating products of high quality and with a long service life. The products are also tested in our accredited test laboratory to ensure that they fulfil strict quality requirements and standards.

We also try to reuse materials in our products. The possibility of reusing metal is relatively good, while recycled plastic rarely meets our quality and environmental requirements, and is therefore only used to a limited extent, for example in covers. 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 task chairs. By developing product series with modular platforms, we make it possible for the customer to make changes or additions over time, instead of buying new items. In designing products, 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 working on the

development of design for recycling in the framework of the project 'Establishing locally-cultivated textiles in Sweden'.

SERVICES AND BUSINESS MODELS

In the context of 'The Better Loop', we offer a range of services with three overall themes: re:use, re:refresh and re:cycle (read more under Reuse guide overleaf). For customers who do not want to own their interior fittings, we also offer the opportunity of leasing or hiring, which means that we can optimise the use and service life of the furniture by renovating it and hiring it to other customers. We are also evaluating new circular business models as part of the research project 'Business model innovation for circular furniture flows - stage 3'. The project is run by Research Institutes of Sweden (RISE) and aims to investigate how the furniture industry can adapt to a circular economy. At the moment we are testing the new business models in our operations.

EXAMPLES OF CIRCULARITY AND REUSE IN OUR DESIGN

CAPELLA TASK CHAIR

100% recycled magnesium in the mechanism.

PATCH STOOL is fully upholstered with waste fabric from Materia's upholstery workshop.

RE:FILL is an innovative material, developed in-house, used as a filling in our sound absorbers – including the Prim room divider. The material consists of 50% recycled material. 25% is waste fabric from the Kinnarps factory in Skillingaryd and 25% is recycled PET plastic.

FIELDS is a modular system that makes it possible to construct rooms in the room, and can thus be adapted to new needs in the workplace – instead of buying new items.

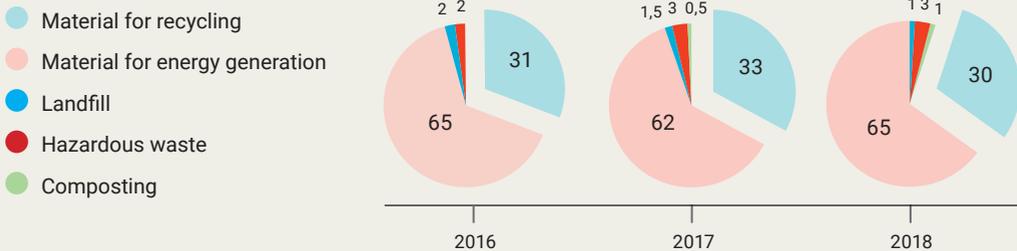


Capella, Kinnarps.

LONG-TERM TARGET 2030. Our target is for all our products to be designed for a long service life 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 waste material which arises in our operations. This target is linked to the UN's Sustainable Development Goal no. 12, 'Responsible consumption and production'.

PROPORTION OF RECYCLED WASTE FROM OUR OWN OPERATIONS

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



ANALYSIS AND FOLLOW-UP

We are maintaining the target of recycling over 30% of waste material from our own operations. However, the proportion is somewhat lower than in previous years. This is because of a greater quantity of wood waste being used for briquettes in our production in Kinnarp, Skillingaryd and Worms. The quantity of waste sent to landfill has decreased. Material sent to landfill consists mainly of ash from our boilers. Food waste is a small proportion of the total waste, but is used for composting and biogas production. The quantity

of food waste has increased during the year, as more units have begun to segregate food waste. We are also 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.

TARGET

By 2020, 35% of waste from our operations will be recycled. In the long term, no waste will be sent to landfill.

REUSE GUIDE 'THE BETTER LOOP'

▶ **RE:USE** We offer an inventory, in which we go through which products can be reused in the new interior design or sold to new users.

▶ **RE:FRESH** Certain products can be easily upgraded or renovated, for example by using replaceable parts, cleaning or reupholstering. An old table can be given a new tabletop or new control equipment. A chair can be given a new seat and back.

▶ **RE:CYCLE** When all other possibilities of reuse or remanufacturing have been exhausted, there is only one option left: recycling. With the aid of qualified partners, we ensure that the products are separated and recycled in a responsible manner.





ERGONOMICS

STRESS-RELATED ILLNESSES AND STRAIN INJURIES IN THE OFFICE ARE A GROWING PROBLEM FOR SOCIETY. SEDENTARY WORK ALSO INCREASES THE RISK OF HEART AND VASCULAR DISEASES AND STROKES. NEVERTHELESS, 21% OF THE CUSTOMERS WE ASKED REPORTED THAT THEY SIT AND WORK ALL DAY LONG. WE WANT TO CHANGE THAT.

EFFECT

- ▶ BETTER HEALTH
- ▶ BETTER EMPLOYER BRAND
- ▶ BETTER WELL-BEING

DEFINITION

Ergonomics is the study of the interaction between human beings and the working environment. An ergonomically correct working environment reduces the risk of accidents and strain injuries, and means healthier and more productive employees. Sedentary office work can, among other things, increase the risk of heart and vascular disease, obesity, diabetes, strokes and depression.* Kinnarps' interior design solutions and products can contribute to long-term sustainable working environments.

HOW DO YOU WORK?

In the framework of Kinnarps Next Office®, which is the analysis service we offer customers before an office project, we have summarised survey responses from 5,300 employees among 60 customers around Europe. The surveys were conducted in 2017-18.

SIT ALL THE TIME

21%

SIT ALMOST ALL THE TIME

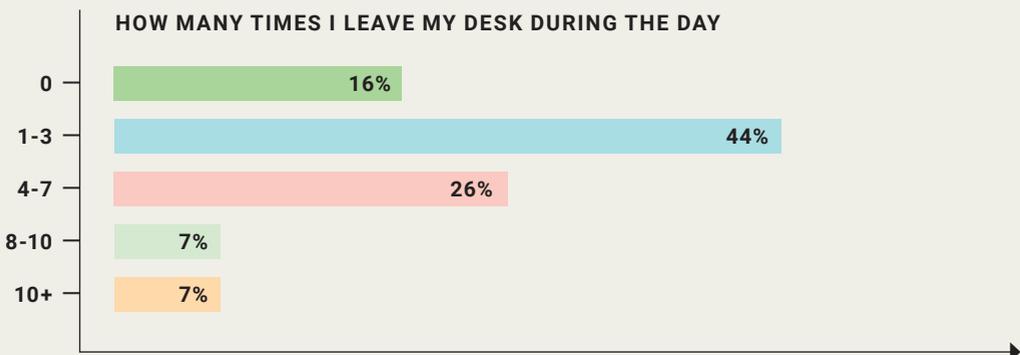
38%

STAND ALL THE TIME

2%

STAND ALMOST ALL THE TIME

6%



* Source: Kinnarps Agile working report

CHALLENGE

THE OPPORTUNITIES ARE NOT USED

Kinnarps' interior designs for offices can be optimally designed for function, ergonomics and opportunities for movement. Our challenge is to persuade organisations and individuals to make use of these opportunities. One of the reasons for the prevalence of sedentary work is that employees do not understand how they can use and adjust the products, such as height-adjustable desks and task chairs. The positive effects are then lost, and the investment in good workplace ergonomics is useless.

Many businesses are choosing to make the transition to activity-based offices, where employees

themselves decide where they want to work. If the office environment is designed to meet the needs of organisations and individuals, but the employees do not understand how the various spaces in the office should be used, there is an increased risk of stress and various distractions in the form of high noise levels and unwanted interruptions. One of our biggest challenges in connection with activity-based offices is to contribute to behavioural changes. The users must learn to choose the right workplace for different types of work.

STRATEGY

INCREASING KNOWLEDGE AND DEVELOPING PRODUCTS

INTERIOR DESIGN SOLUTIONS

Kinnarps Next Office® is our method of helping customers to design an office, taking into account the needs of the particular organisation and individuals. The method comprises five stages, in which we map degrees of utilisation, working methods and needs. The analysis then forms the basis for the new interior design solution. The interior design is designed to encourage movement during the working day, put individuals in control of their situation and reduce the risk of stress. The process is based on participation in the form of workshops and surveys. Involving everyone is important if the new solution is to fulfil its potential. We also offer an introduction to the new office.

PRODUCTS

In our product development we always adopt a holistic ergonomic perspective - the development takes place in collaboration with professional ergonomists. This means that we do not only base our decisions on the body, but take into account all human needs – including psychological ones. Height-adjustable desks and ergonomic task chairs that enable active sitting contribute to greater movement for employees during the working day. Products with good acoustic properties give better acoustic environments and reduce stress. We also offer our customers an ergonomics review, in which we visit the office and show the employees how the products work and how they can be adjusted.

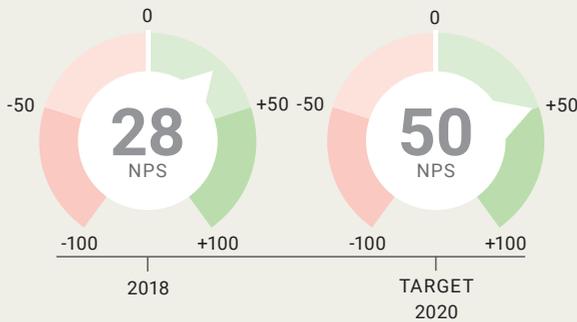


THE ACOUSTIC ENVIRONMENT IS IMPORTANT FOR A STRESS-FREE WORKING ENVIRONMENT. WE MEASURE THE SOUND-ABSORBING CAPACITY OF OUR PRODUCTS, AND ENABLE COMPARISONS WITH THE INDEPENDENT PARTNER ACOUSTIC FACTS. PRIM ROOM DIVIDERS AND SCREENS ARE AMONG BEST SOUND-ABSORPTION PERFORMERS ON THE MARKET.

LONG-TERM TARGET 2030. Our target 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'.

CUSTOMER SURVEY: NET PROMOTER SCORE*

* Markets in Sweden, Norway, Denmark, Poland, Germany, the UK, France, Switzerland and Belgium.



ANALYSIS AND FOLLOW-UP

Better ergonomics in the working environment is part of Kinnarps' promise to customers. We measure how well we succeed by means of our customer satisfaction survey, Net Promoter Score (NPS).

The customers have answered the question: How likely is it that you would recommend us to a colleague or friend?

The Kinnarps Group's 2018 customer satisfaction survey (based on 1,704 responses) shows that our customers are satisfied and loyal. The survey gave us an NPS of 28, which is a slight drop from the previous year (30). This result can be regarded as very good. **By way of comparison, an NPS above 0 is regarded as good, and a result between 0 and 10 is normal.** Very high-performing companies have an NPS over 50. We also measure our Customer Satisfaction Index (CSI) which this year was 8.1 (on a scale from 0 to 10). This can also be regarded as a very good result.

During 2018 we focused on raising customer satisfaction in three areas.

1. Follow-up of deliveries to ensure the customer is satisfied.
2. Dealing with complaints to reduce answer times and remedy deficiencies more quickly.
3. Improving the customer's knowledge of our comprehensive environmental work and its advantages.

For each of these areas, we have drawn up local action plans to work on improvements on the basis of the feedback we receive.

TARGET

Our target is to reach the level of high-performing companies, i.e. an NPS of 50, by 2020.

ERGONOMICS GUIDE

▶ ENCOURAGE MOVEMENT

The body is made for movement, exertion and variation. A study by Texas A&M Health shows that productivity can increase by 46% if we have the opportunity to alternate between standing and sitting. Electrically height-adjustable desks reduce the risk of problems with heart and vascular disorders, and are good for the back, shoulders and neck.

▶ INTUITIVE FURNITURE

The furniture, for example tables and task chairs, should be easy to handle and adjust – otherwise there is a risk that the functions are not used and the positive effect is lost.

▶ ADJUSTABLE TASK CHAIRS

Everyone has a variety of sitting positions, and frequent changes of position are good for the body. Choose a task chair which can follow the body and which the user can adjust for an individual fit. It should be possible to set the height, the seat depth and angle, the backrest, headrest and the level of resistance of the tilt.

▶ CHECK THE NOISE LEVEL!

Plan for acoustic solutions and 'quiet rooms'. According to the survey company Leesman, 70% of office workers who were asked thought that the noise level was the most annoying thing about their jobs.

▶ THE RIGHT LIGHT IN THE RIGHT PLACE

Lighting which makes things easy for the faculty of vision and does not dazzle is important to enable us to work. The right kind of light, in the right quantity, can also make employees more alert by stimulating cortisol production. Choose user-adjustable light fittings.

**A STUDY BY TEXAS A&M HEALTH SHOWS THAT
PRODUCTIVITY CAN INCREASE BY 46% IF WE HAVE THE
OPPORTUNITY TO ALTERNATE BETWEEN STANDING AND SITTING.**

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 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.

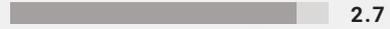


The Better Effect Index

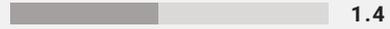
Sustainability grade



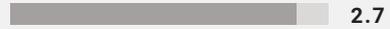
RAW MATERIALS & RESOURCES



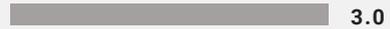
CLIMATE



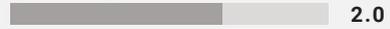
PURE MATERIALS



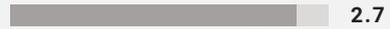
SOCIAL RESPONSIBILITY



REUSE



ERGONOMICS



All products are graded in six different areas. Each area consists of a number of indicators 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.com

GLOSSARY

CERTIFICATES

FSC® CHAIN OF CUSTODY Traceability certification for FSC with requirements for traceability of wood in the supplier chain.

ISO 9001 Standard for quality management systems. A structured way of working for continuous improvement of customer satisfaction and internal procedures.

ISO 14001 Standard for environmental management systems. A structured way of working to follow up the operations' environmental impact and systematic environmental work.

OHSAS 18001 Standard for Occupational Health and Safety management systems. A structured way of working for systematically improving the working environment.

PEFC CHAIN OF CUSTODY Traceability certification for PEFC with requirements for traceability of wood in the supplier chain.

ECO-LABELS AND PRODUCT LABELS

ACOUSTIC FACTS Independent assessment of the product's acoustic data which makes it possible to compare products. Based on a Swedish standard.

CE LABELLING A label which shows that the product fulfils the EU's standards for safety, health and environmental protection.

EU ECOLABEL The EU's official environmental label for services and products. Imposes requirements for quality and environment.

FSC A label for responsible forest management. It means environmentally-adapted, socially responsible and economically sound use of the world's forests. FSC-C010544, www.fsc.org

FSC CW (FSC CONTROLLED WOOD) Timber from monitored and acceptable sources.

GS (GEPRÜFTE SICHERHEIT) A German quality label for furniture that covers European legal requirements in respect of safety and, in certain cases, imposes more stringent requirements than those dictated by law.

MÖBELFAKTA A Swedish furniture label with a clear focus on sustainability. It covers product standards within the areas of quality and environment, plus supplier standards of social responsibility.

NF ENVIRONNEMENT The only official environmental label for furniture in France. It covers product requirements for quality and environment, and producer requirements for the environment.

NF OFFICE EXCELLENCE CERTIFIÉ A French eco-label based on NF Environnement and also including social responsibility.

OEKO-TEX A global label for textiles. Imposes requirements that the products may not contain any substances which are hazardous to health.

PEFC A label for wood products from responsible forestry.

QUALITY OFFICE A German furniture label based on GS with additional requirements for safety and sustainability.

MISCELLANEOUS

BIODIVERSITY Diversity among species and between species, and diversity of ecosystems.

BISOPHENOL A A suspected endocrine disruptor which may be present in plastic, lacquer and glue.

BSCI'S RISK COUNTRY LIST Business Social Compliance Initiative's risk classification of countries with regard to social responsibility.

CEN Comité Européen de Normalisation. A European standardisation organisation.

CMR Carcinogenic, Mutagenic or toxic to Reproduction – substances that can cause cancer, genetic defects or affect fertility.

CO₂ The chemical symbol for carbon dioxide.

CODE OF CONDUCT Guidelines for how an organisation should run its operations in an ethical, social and environmentally friendly manner.

ECOSYSTEM An ecological system which includes all living organisms and the environment in a natural area.

FEMB A European federation comprising trade associations for office furniture and their members. Promotes standardisation and harmonisation between European countries.

UN SUSTAINABLE DEVELOPMENT GOALS The UN's 17 goals for sustainable development in order to transform the world by 2030.

UN GLOBAL COMPACT The UN's global initiative to encourage companies to act in accordance with principles of human rights, labour rights, environment and anti-corruption.

FORMALDEHYDE A substance which may be present in the glue in chipboard, in textiles and leather. Allergenic in contact with skin, and carcinogenic.

PHTHALATES Used as softeners in plastic and rubber. Also used in paint and glue. Suspected of being endocrine disruptors.

MDI Isocyanate used in the manufacture of padding. A more healthy alternative to TDI.

PVC Polyvinyl chloride – plastic that may be carcinogenic and contain plasticisers in the form of phthalates.

REACH CANDIDATE LIST A list of substances classified as particularly hazardous according to the EU's chemical authority.

RE:FILL Kinnarps' material which contains waste fabric, recycled PET plastic and melted fibres.

ROHS DIRECTIVE An EU directive which prohibits or restricts the use of hazardous substances in electrical and electronic products.

SIS Swedish Standards Institute. A Swedish organisation which, together with its members, draws up standards in a large number of areas.

SVHC Substances of Very High Concern – substances included in the REACH candidate list as carcinogenic, mutagenic or toxic to reproduction.

SWEDAC Sweden's national accreditation organ.

TANTALUM A metallic element, and one of the four conflict minerals whose extraction risks the financing of ongoing conflicts.

TDI An isocyanate which may be used in the manufacture of padding. Can cause asthma and allergy.

TMF The Swedish industry and employer organisation for the wood-processing industry and furniture industry in Sweden.

VOLATILE ORGANIC COMPOUNDS A group of organic compounds which easily evaporate into the air.

TUNGSTEN A metallic element, and one of the four conflict minerals whose extraction risks the financing of ongoing conflicts.

WWF The World Wildlife Fund, a non-profit environmental and nature conservation organisation which works to promote the earth's natural biospheres and create a future in which human beings live in harmony with nature.

AUDITOR'S STATEMENT CONCERNING THE STATUTORY SUSTAINABILITY REPORT

For AGM at Kinnarps AB (CRN: 556256-6736)

Assignments and division of responsibilities

The Board of Directors is responsible for the sustainability report for the financial year from 1 September 2017 to 31 August 2018 and for ensuring that it is drawn up in conformity with the Annual Accounts Act.

Focus and scope of the audit

Our audit has been carried out in accordance with FAR, the Swedish accountancy profession institute's, recommendation 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.

Statement

A sustainability report has been drawn up.

Malmö, 27 November 2018

Öhrlings PricewaterhouseCoopers AB



Mattias Lamme
Authorised public accountant



Kinnarps®

KINNARPS.COM