



SUSTAINABILITY REPORT 2020

WE NEED EACH OTHER!



Making 2020 a year we could never have imagined, the pandemic struck. The world became a jigsaw puzzle in which the pieces no longer fell into place. We were forced to stop to create new ones. It was a humbling experience.

The sustainability strategy is becoming ever more integral to our operations

Nonetheless, with 2020 behind us, I can note that, despite everything, we at Ballingslöv International and all the Group companies managed to keep our sustainability management powering ahead. This was primarily due to our employees' dedicated work – a resounding “thank you” there! Yet, it is also significant that the sustainability strategy is becoming ever more integral to our operations.

In 2021, just as in 2020, there will be activities and investments targeted at the maximum possible reduction of our climate emissions. The ambition is that, as early as 2021, our production facilities should be climate neutral (Greenhouse Gas

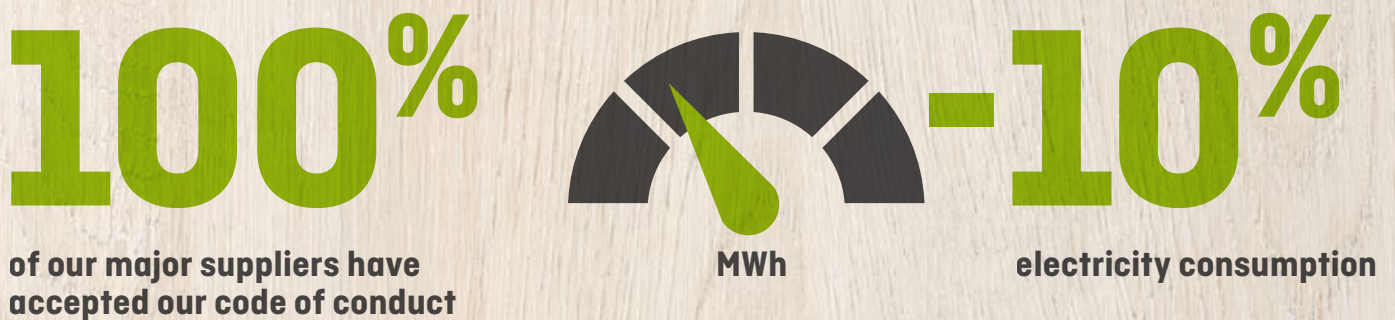
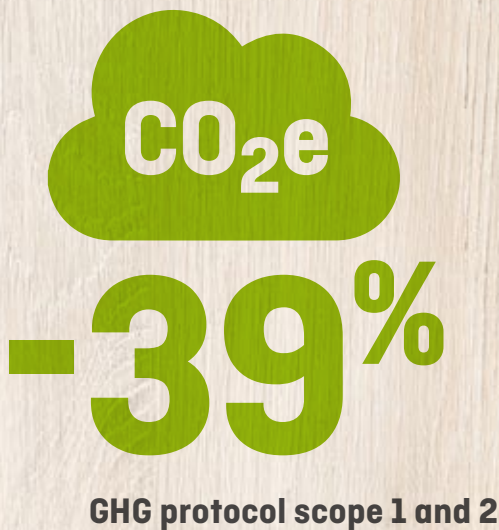
Protocol scope 1 and 2 emissions). This will entail investment in projects that remove carbon dioxide from the atmosphere. To reduce products' climate footprints, facilitate switching to a fossil-free future and invest in circular design, we are involving our suppliers. That our sustainability strategy is a compass taking us in the right direction is pleasingly confirmed by our annual employee survey. This shows the great level of concern and engagement in the group.

We are very ambitious! Personally, I feel the best way to achieve positive, lasting change is to work strategically and purposefully, basing what we do on facts, prioritising patience, amassing knowledge and collaborating with others – exactly as we have done so far. This will cement sustainability throughout the value chain, ensuring we offer our customers sustainable options and a way of kitchen life that can be sustained!

A handwritten signature in black ink, which reads "Marie Webrant". The signature is fluid and cursive.

Marie Webrant
Director of Group Finance & Sustainability

THE YEAR IN BRIEF



Join us on our
sustainability journey!

Sustainability is founded on taking responsibility for the climate, the environment, good business ethics and people's health and safety. This is why the sustainability perspective is part of all our decisions and investments; not only in product development, but also in production, transportation, competence development and supplier relations.

Our taking of responsibility for sustainability is generating fantastic opportunities – for the environment, for people and for tomorrow's kitchen life.

1. GUIDING LIGHT!

We create exciting home environments for everyone. This is how we express our business concept. Our products give you the enjoyment of a sustainable option and long-lasting, attractive design.

You can read more about sustainability in your kitchen on, for example, pages **8 – 12 and 22 – 25.**



HOLISTIC SUSTAINABILITY

4. INSPIRE AND FACILITATE

In your daily kitchen life, you can do a lot for the environment. The same is true when you choose what is in your kitchen. Besides having repercussions for appearance, function and price, your choices also affect the climate and the environment. We know our products' CO₂e footprints and are happy to guide you towards sustainable choices.

Read more on pages **8 – 12.**

5. PEOPLE-BASED

The joint engagement of the employees in our operations is the basis of everything we do. Involved, knowledgeable, confident people give freely and take care of each other – even when life is challenging.

Read more on pages **30 – 33.**



2. THE UN GLOBAL GOALS

The United Nations has set a number of goals for global sustainable development. We focus on those UN goals where we can contribute most.

Read more on page **16**.



3. OUR GREEN STRATEGY TREE

Our sustainability strategy lays foundations and draws up guidelines for how we are to create environmental, human and societal value.

Go deeper into the strategy on pages **18 – 41**.



6. STRONG ETHICS LEADING THE WAY

Genuine engagement in sustainability requires the taking of clear, ethical positions. We are dedicated to promoting respectful business ethics and safeguarding employees' rights.

Read, for example, pages **36 – 38**.



ABOUT BALLINGSLÖV INTERNATIONAL

Ballingslöv International is a group of six business units in the kitchen, bathroom and storage industries. All have well-established brands famous for high quality and good design. These are Ballingslöv, Kvik, Multiform, JKE Design, DFI-Geisler and PaulaRosa Manhattan. With 1,300 employees and a turnover of a little more than SEK four billion, the group is one of Europe's largest producers of kitchens. Ballingslöv International's operations are based on long-term, sustainable solutions created ethically and in the endeavour to optimise environmental impact.

With sales in ten countries (mostly European), production is taken care of by the business units' own plants in Sweden, Denmark and the United Kingdom. Purchases of raw materials and components are also largely from Europe, with only a fraction being from the rest of the world. The six business units develop, produce and sell their products independently and based on their own

unique offerings. This provides a depth which enables the group to offer products in many price segments to consumers, building companies and property developers alike. Ballingslöv International is wholly owned by Stena Adactum AB.

ABOUT THE REPORT

This is Ballingslöv International's second sustainability report. It has been drawn up in accordance with the provisions of chapter 6 of Sweden's Annual Accounts Act. The report is for 2020 and covers all companies in the Ballingslöv International group: Ballingslöv AB, Kvik A/S, JKE Design A/S, DFI-Geisler A/S, Multiform A/S, Dennis & Robinson Ltd and Ballingslöv International AB.

More information about Ballingslöv International's operations, history and offerings is available at www.ballingslovinternational.se.



- ♡ OUR CIRCULAR GREEN KITCHEN
- ♡ MY SUSTAINABLE KITCHEN LIFE
- ♡ OUR SUSTAINABLE OPERATIONS



HOLISTIC SUSTAINABILITY

Sustainability is the heart of everything we do – design and product development, investment in manufacturing and transportation, supplier relations, materials selection, competence development and leadership. With the ambition of facilitating a sustainable kitchen life, it beats all the way to our customers' kitchens.

Our three concepts of **our circular green kitchen**, **my sustainable kitchen life** and **our sustainable operations** ensure that, from production to consumer, there is sustainability.



OUR CIRCULAR GREEN KITCHEN

The ambition of fully integrating sustainability into all our products is embodied in our *circular green kitchen concept*. Circular green kitchen is the idea that all the kitchen's parts should make maximum possible use of recyclable and recycled products. Furthermore, they must, of course, be of such high quality that they: withstand long, hard use; are simple to repair and maintain; and, can be reused in other contexts. When they have finally given their all, it must be possible to fully recycle them.

These pages give several examples of our sustainable, circular products. Read also about circular design on pages 22 – 25!

RESOURCE EFFICIENCY HIERARCHY

We use the resource efficiency hierarchy to visualise circular design. Our focus is on moving up the hierarchy by extending our products' service lives, reducing resource consumption and enabling reuse and recycling. The method has been primarily implemented in the design phase.



PREVENTION – Using less material in design and manufacture. Extending products' service lives.

REUSE – Repair and reuse (same product, but in another home or context).

RECYCLING – Processing old materials to make new products.

ENERGY RECOVERY – Incinerating to provide energy.

DISPOSAL – Landfill or incineration that does not provide energy.

**WE KNOW OUR
PRODUCTS' CO₂E
IMPACT**

LOW CLIMATE IMPACT

Our kitchen* has a lower CO₂e footprint than a return Stockholm - Rome flight

WORKTOPS

made from laminates, certified and recycled inputs

DOORS

in locally produced, certified wood

* Our standard kitchen (exclusive of white goods and electricity) over 20 years of domestic use

LONG PRODUCT LIFE

High quality that lasts 20+ years

WHITE GOODS
with highest energy-efficiency classifications

RECYCLING
Wood is completely recyclable

CARCASSES
made from certified, recycled inputs

THE KITCHEN'S CLIMATE FOOTPRINT OVER 20 YEARS

| | |
|----------------------------|-----|
| White goods | 50% |
| Consumed el. (Swedish mix) | 19% |
| Cabinets | 13% |
| Drawers | 10% |
| Worktops (laminata) | 3% |
| Disposal | 3% |
| Doors | 1% |
| End panels | 1% |

Ballingslöv – The Wood kitchen range, made from locally produced, certified wood and transported using biofuel



Paula Rosa Manhattan – all the wood products it manufactures come from responsible, FSC® certified forestry



JKE – Investing in sustainable linoleum



Kvik – Recycled and recyclable materials in the Ombrá and Bordo kitchen ranges



DFI-Geisler – All wood worktops come from certified forestry



Multiform – Extending the lives of their products by brokering used kitchens to new homes



MY SUSTAINABLE KITCHEN LIFE

There are a number of everyday things you can do to make your kitchen life more sustainable – besides making sustainable choices when you buy a kitchen!

100%



CHOOSE RENEWABLE ELECTRICITY

Renewable electricity has a minor CO2e footprint.

MAINTENANCE AND REPAIR EXTEND THE LIFE OF YOUR KITCHEN



When you repair instead of buying new, you are being kind to both our environment and your wallet.

CHOOSE WHITE GOODS THAT ARE ENERGY-EFFICIENT

High energy-efficiency reduces environmental impact through low energy consumption.



My kitchen fulfils
the dream of a
sustainable kitchen
and a sustainable
kitchen life
- every day!



MINIMISE, SORT AND RECYCLE



Smart solutions
make everyday
sustainable use
easier.



REDUCE WASTE – MAKE LUNCHBOXES

In a good kitchen, cooking is fun and storing food is easy! Make up lunchboxes or hold leftover parties. You will be saving both money and the environment.





OUR SUSTAINABLE OPERATIONS

With great engagement, we focus on gradually becoming increasingly sustainable in our business units.



ALL EYES ON OUR FOOTPRINT

We have mapped out the climate impact of our operations and know exactly what we must do to continuously reduce our CO₂e footprint. We aim to have climate-neutral production facilities as early as 2021!



FORWARDS TOGETHER

We challenge, reflect, see the strength in diverse personalities and endeavour to make it possible for all employees to reach their full potential as part of a winning team.

WHERE WE WANT TO BE!

Best in class – this is our endeavour in all classes!



100%
renewable energy



100%
recyclability



100%
code of conduct*



100%
engagement index



ZERO
CO₂e**



ZERO
accidents

* Percentage of suppliers who have accepted our code of conduct
** Impact of our own production facilities

*In our operations,
all employees
shall be able to feel
job satisfaction
and pride!*



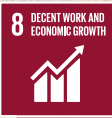


A person wearing a yellow long-sleeved shirt and dark shorts is crouching in a field of tall green grass. The person's hands are resting on their knees. The background is a soft-focus field of green grass and foliage. The text "OUR SUSTAINABILITY STRATEGY" is overlaid in large, white, bold, sans-serif capital letters in the center of the image.

**OUR
SUSTAINABILITY
STRATEGY**

THE UN GLOBAL GOALS

The United Nations (UN) has set 17 global goals that, in their turn, have 169 targets for sustainable development. For us, it is only natural that our sustainability management must link to these and contribute to their fulfilment. We have chosen four UN goals and five targets that are especially relevant to us.



GOAL 8. DECENT WORK AND ECONOMIC GROWTH

The aim is to promote lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all. This goal is relevant to us as an employer and in our relationships with suppliers. We focus on target 8.8: “Protect labour rights and promote safe and secure working environments for all”.



GOAL 12. RESPONSIBLE CONSUMPTION AND PRODUCTION

The extraction of raw materials for the products we make forms a large part of our ecological footprint. We are reducing this by promoting circular processes. We also contribute by encouraging our consumers to make sustainable product choices and to live sustainably (e.g. through maintenance and care that extend the service lives of their kitchens). Our focus here is on target 12.5: “Substantially reduce waste generation”.



GOAL 13. CLIMATE ACTION

Combating climate change is vital for our planet and we give it high priority in our sustainability management. It is an important issue for our customers too. Of course, we are keen to fulfil and exceed their expectations. Another reason for the importance we attach to climate initiatives is the dependence of our operations on smoothly functioning, vibrant ecosystems. We focus on target 13.2: “Integrate climate change measures into policies and planning”.

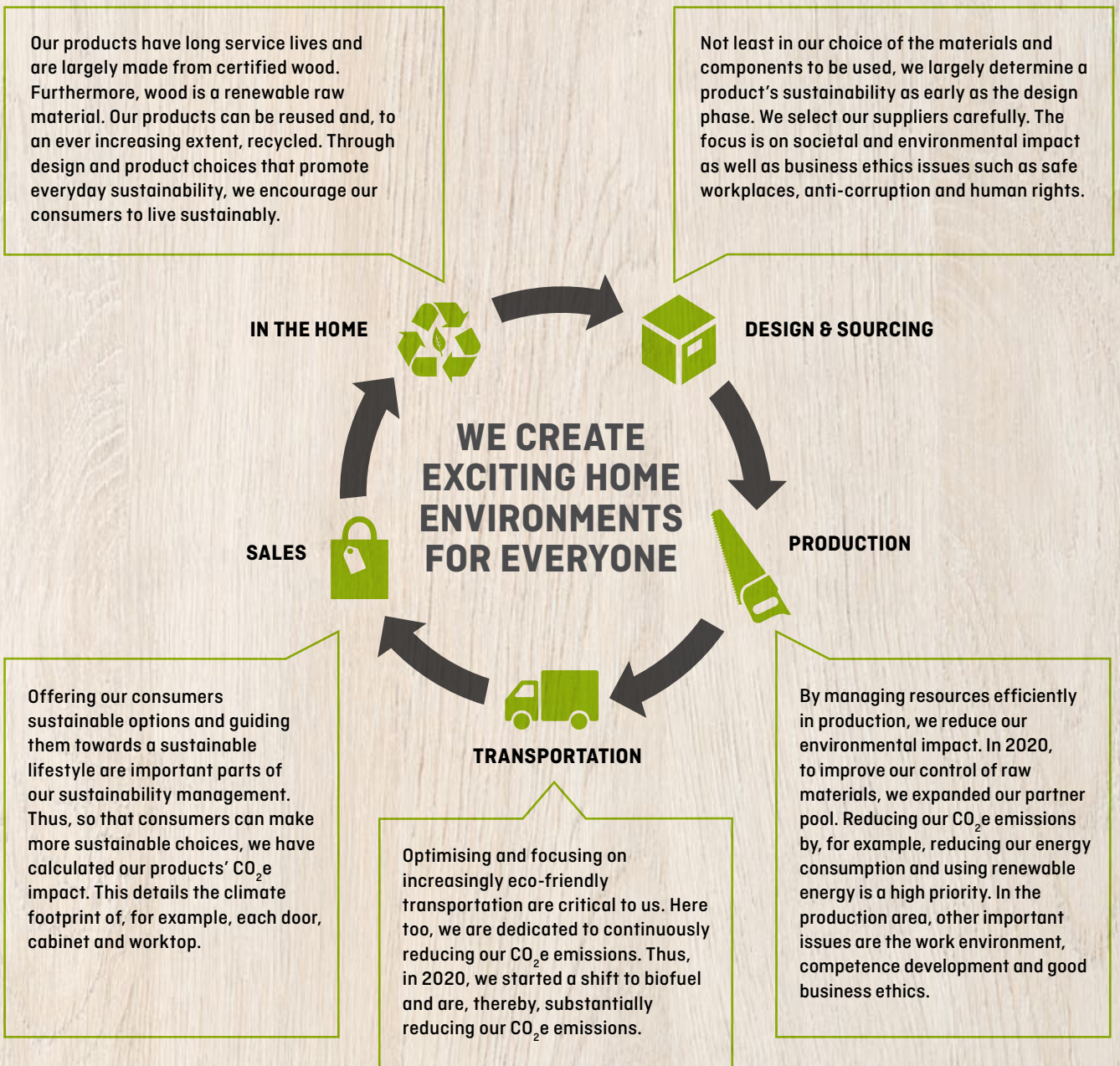


GOAL 16. PEACE, JUSTICE AND STRONG INSTITUTIONS

This goal aims to: promote inclusive societies where there is no discrimination and injustice; and, combat unethical entrepreneurship and corruption. Both independently and via collaborations involving our suppliers and customers, we want to contribute positively to the communities in which we are present. We here focus on two targets, 16.5 and 16.B. Respectively these are: “Substantially reduce corruption and bribery” and “Promote and enforce non-discriminatory laws and policies”.

OUR VALUE CHAIN

Our value chain gives an overview of the main areas in our operations where, in various ways, we have societal and environmental impact. We want to have the best possible impact. Clearly enough, this involves reducing anything negative. So that our sustainability management can focus on initiatives that deliver the greatest benefit, we continuously analyse the various parts of our value chain.



A LIVING SUSTAINABILITY STRATEGY

After careful analyses of our operations, our operating environment and our value chain, we know what impact we have and which risks we need to manage. Consequently, we know which activities are necessary to achieve continuous improvements in the area of sustainability. We have distilled this in our sustainability strategy, which we illustrate with a tree.

The tree's branches symbolise the strategy's three main areas. These latter are further detailed in a total of seven strategic sustainability initiatives that together comprise the most significant areas in which we have the clearest improvement opportunities and where our activities have the greatest effect.



OPTIMISE OUR ENVIRONMENTAL IMPACT

- **Circular design**
- **Reduce CO₂e emissions**
- **Sustainable forestry**



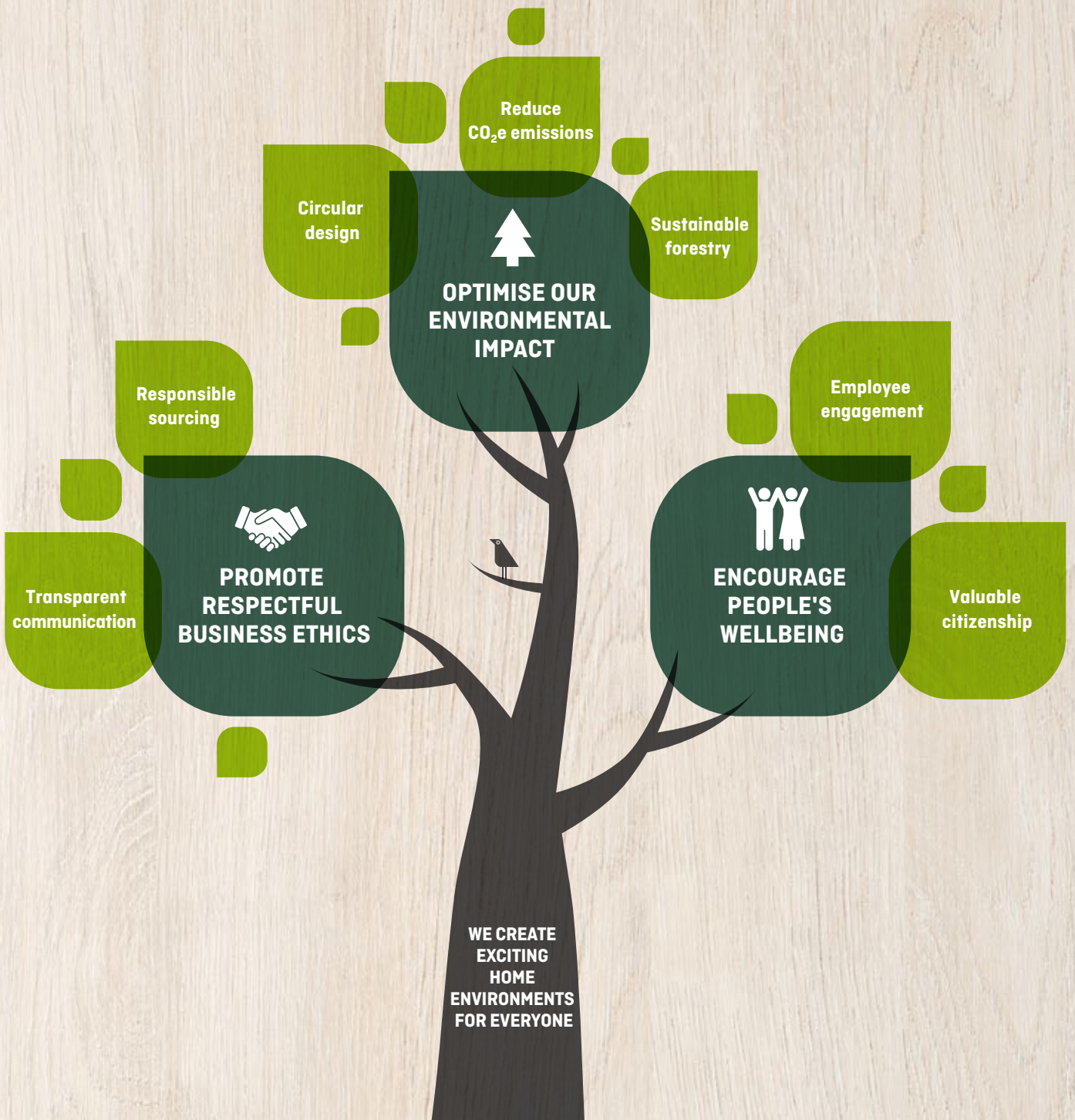
ENCOURAGE PEOPLE'S WELLBEING

- **Employee engagement**
- **Valuable citizenship**



PROMOTE RESPECTFUL BUSINESS ETHICS

- **Responsible sourcing**
- **Transparent communication**



Our sustainability strategy is an integral part of our business operations

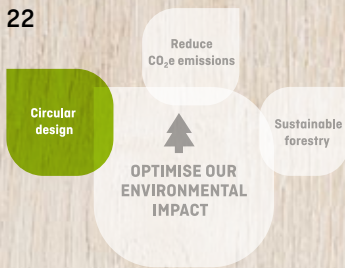


OPTIMISE OUR ENVIRONMENTAL IMPACT

We strive to: minimise consumption of materials; reduce use of chemicals; and, increase opportunities for circularity through, for example, reuse and recycling. Reducing our climate footprint throughout the value chain is prioritised.

To optimise our environmental impact, we have chosen three strategic initiatives: Circular design; Reduce CO₂e emissions; and, Sustainable forestry.





CIRCULAR DESIGN

For us, circular design begins at the drawing board. It entails planning products that are durable and which can also be reused or recycled in the future. Besides design, circular thinking also affects material selection. It aims to increase resource efficiency and reduce negative environmental impact.



Ambition 2030

Over 95% of our products shall be recyclable, energy recovery not included therein.

Target 2022

Over 99% of our products shall be recyclable, energy recovery included therein.

Status 2020

Over 98% of our products were recyclable (energy recovery included therein), the figure for white goods being 98%.

Status 2019

Over 98% of our products were recyclable (energy recovery included therein), the figure for white goods being 98%.

CIRCULAR DESIGN – THROUGHOUT THE KITCHEN'S LIFE



Claus Johnsen, head of Category Management and Design at Kvik

In 2020, Kvik prioritised circular design.

“To implement the right measures and become more sustainable, we needed to gain deeper knowledge of the materials we use and, furthermore, learn more about our suppliers and their processes,” states Claus Johnsen, head of Category Management and Design at Kvik.

We have gained deeper knowledge

One of the now implemented measures is the exclusion of certain plastics from the finishes of cabinet doors because they prevent door recycling. The cabinet doors are now fully recyclable. However, actual recycling depends on the waste management system of the country in question.

“An example of circular design,” comments Claus, adding that this knowledge is paving the way for more circular products.

Improving resource utilisation via both recycling and increasing the percentage of recycled materials in products is important. Having materials circulate several times reduces environmental impact.

REMAINING CHALLENGE

As it has a high percentage of recycled materials and is totally recyclable, Kvik's Bordo kitchen range is already almost entirely circular. The Ombra range is also taking large strides towards this target.

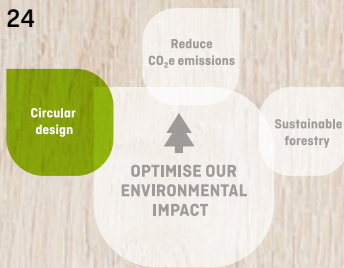
“Using more recycled material is a development we started in 2020,” reveals Claus.

Kvik's work with circular design is continuing in 2021. Not only as regards own product development, but also via collaborations with suppliers.



Raw minimalism meets circular design in the Ombra kitchen range. This is one hundred per cent recyclable and, to a significant extent, made from recycled materials.





Manufacturing kitchens of such high quality that they withstand being moved from where they were first installed and then living on somewhere else is an important part of the resource efficiency Ballingslöv International is striving for with its circular design initiative. In 2020, Multiform started brokering second-hand systems, a fine example of improved resource utilisation.

MULTIFORM INVESTING IN SECOND-HAND



Anita Barner Ibsen, head of Marketing at Multiform

In 2020, we started brokering second-hand systems, relates Anita Barner Ibsen, head of Marketing at Multiform.

Multiform launched its second-hand brokering on 1 July 2020. Initially, this free service involves nothing more than mediation.

“Thus, we are not buying used kitchens and selling them on. Instead, people who want to sell their Multiform kitchens place adverts on our website and find purchasers.”

HIGH QUALITY TO DELIGHT MORE PEOPLE

Besides a kitchen having a new life and the products being used yet again, brokering means people can buy a Multiform kitchen at a price considerably lower than that of a new one.

“We are reaching a target group



that is new to us. The members are younger and very interested in living an ecologically sustainable life. Thus, buying a quality kitchen at a second-hand price suits them well,” says Anita.

She continues: “Brokering is an important part of Multiform’s sustainability management. It also provides a natural opportunity for building relationships with our customers. When the second-



A really good kitchen withstands being moved between homes and being used by several generations.

hand buyer wants to invest in a new kitchen, the relationship with Multiform is already established. By brokering second-hand kitchens, we are sending a strong message that our kitchens are of the highest quality both technically and aesthetically.”

*Eventually,
second-hand
benefits everyone*

Even if the second-hand operations presently only mediate contact, there are plenty of ideas for future developments.

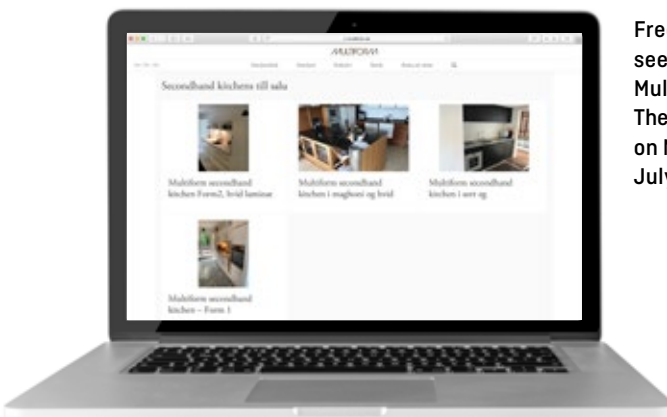
“It will grow,” states Anita.

Has there been any outside reaction?

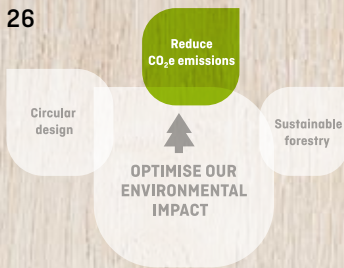
“Yes, media throughout Denmark have been curious and asked questions!

Many wonder if we aren’t, in effect, competing with ourselves. We don’t see it that way at all. Eventually, second-hand benefits everyone, even us.

“Multiform’s kitchens are ‘handcrafted to last for generations!’ We stand by that!” concludes Anita.



Free adverts for people seeking to sell their Multiform kitchens. The service was launched on Multiform’s website in July 2020.



REDUCE CO₂e EMISSIONS

We all have a responsibility to reduce emissions and global warming. In 2018, to thoroughly understand our CO₂e emissions, we started exhaustive monitoring of the greenhouse gas output of all our business units. We want to contribute to a green and sustainable transformation of the entire kitchen industry.

Because we have carried out complete life cycle analyses of our products, we know exactly where and how environmental impact arises. Consequently, we know what we have to do to reduce it. Analysis was of the products' Greenhouse Gas Protocol scope 1, 2 and 3 emissions. For the third year in a row, we also calculated our Greenhouse Gas Protocol CO₂e (scope 1, 2 and, partially, 3). The ambition is to fully calculate scope 3 henceforward.

From all the data we have collected, we see that we can most efficiently reduce our CO₂e emissions by prioritising concrete measures such as switching to fossil-free electricity, heating and transportation.

THE ROAD TO NET ZERO

Long-term measures to reduce CO₂e emissions are important. However, it is even more important to act here and now. Hence our ambition to achieve climate-neutral production facilities as early as 2021. Compared with 2018, we have already lowered our CO₂e emissions (scope 1 and 2) by 49 per cent. To reach net zero, we are investing and implementing activities to reduce our CO₂e emissions further. We will then invest in so-called carbon removal (in the form of biochar). Carbon removal involves removing carbon dioxide from the atmosphere.

SUPPLIER CHAIN AND RENEWABLE ENERGY LEADING TO SUCCESS

Our suppliers' CO₂e emissions are a central element of scope 3. Here, close collaborations are required to reduce our products' CO₂e impact. This is why, in 2020, we initiated in-depth dialogues with our suppliers and analysed both their sustainability management and CO₂e impact. With the ambition of eventually reducing the suppliers' CO₂e emissions by 50 per cent, this work is continuing in 2021.

The product life cycle analyses clearly show that the single most significant measure our customers and consumers can implement is to switch 100 per cent to renewable electricity and energy. Via its franchise concept, Kvik has shops in the Nordic countries, the Netherlands, Belgium, France, Spain and Thailand. Thus far, it has succeeded in getting over 85 per cent of these shops to use 100 per cent renewable electricity.



Ambition 2030

GHG Protocol scope 1 and 2 CO₂e of < 2,000 tonnes (70% down on 2018).

Target 2022

Scope 1 and 2 CO₂e of 4,000 tonnes (down 40% on 2018).

Status 2020

Scope 1 and 2 CO₂e of 3,375 tonnes (down 49% on 2018).

Status 2019

Scope 1 and 2 CO₂e of 5,545 tonnes (down 16% on 2018).

OUR ROAD TO CO₂e REDUCTION

To significantly reduce our CO₂e emissions, we are prioritising the five areas below.

- 1. Renewable electricity** – We choose to use 100 per cent renewable electricity. This means minimum CO₂e emissions. We are endeavouring to get our suppliers, customers and consumers to make the same choice.
- 2. Renewable heating** – We are investing to make the heating of our production facilities as climate-neutral as possible.
- 3. Fossil-free transportation** – We are monitoring transportation developments and, as far as possible, going fossil-free.
- 4. High quality** – Our products are durable and can be repeatedly reused. Lessening the need to manufacture new products reduces environmental impact.
- 5. Wise material selections** – Our deep knowledge of life cycle analyses is a foundation for product development and expanded supplier collaborations.

MAJOR INVESTMENT IN REDUCING CLIMATE IMPACT



Henric Fransson, CEO Ballingslöv



Erik Pråmell, head of Transportation at Ballingslöv

At the start of 2020, to enable prioritisation of the right activities for reducing its own CO₂e emissions, Ballingslöv carried out a CO₂e calculation (Green House Gas Protocol scope 1 and 2). The results clearly indicated two focus areas: heating of 64,000 m² of Ballingslöv property; and, transportation using the companies 22 lorries.

“We will be replacing boilers in 2021. It is estimated this will reduce CO₂e emissions from heating by at least 75 per cent,” divulges Henric Fransson, CEO Ballingslöv.

“We want to eventually eliminate CO₂e emissions from heating altogether. Working with sustainability issues, not least climate footprint, is important for

us. Without it, we have no long-term relevance in the market,” he asserts.

Additionally, it is important to reduce the negative environmental impact of transportation.

“We own our lorries and can thus relatively easily switch to and prioritise biofuels. For us, just as for society as a whole, it is important to continue expansion of fossil-free fuel stations here and now,” says Henric.

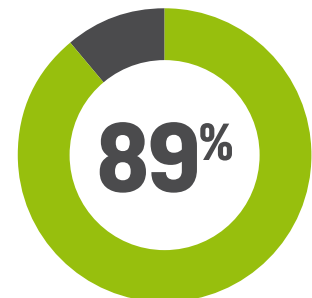
“When, in 2020, we needed to replace five of our lorries, we took the opportunity to prioritise the sustainability aspect. Thus, we chose lorries we can run on RME, a biofuel made from rapeseed oil,” explains Erik Pråmell, head of Transportation at Ballingslöv.

He continues: “We also decided to start running the remaining lorries on HVO, a renewable biodiesel that radically reduces emissions.”

This investment increased the percentage of biofuel in the company’s outward transportation from 3 per cent, in 2019, to 31 per cent, in 2020.

“In the final quarter of 2020, we reached 89 per cent!

“In the short term, a hundred per cent cannot be reached because there are still only a few fuel stations with RME and HVO. This means that, to drive back after a delivery, we must sometimes fuel with a small amount of ordinary diesel. We plan all our transportation for maximum running on biofuel. This demands dedicated engagement and willingness from our drivers. They are contributing massively to reducing our emissions,” emphasises Erik.



The percentage of biofuel in the company’s outward transportation increased from 3 per cent in 2019 to 31 per cent in 2020. In the final quarter of 2020, it was 89 per cent!

GREENHOUSE GAS PROTOCOL

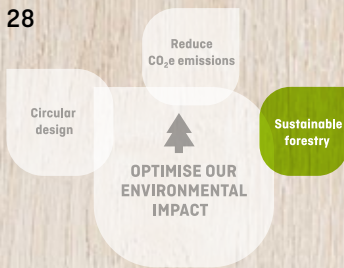
Developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD), the GHG Protocol is a global standard for measuring, managing and reporting greenhouse gas emissions.

The protocol covers the six greenhouse gases identified in the Kyoto Protocol. These are converted to, and reported as, carbon dioxide equivalents (CO₂e). The GHG Protocol divides emissions into scope 1, 2 and 3.

Scope 1 – Direct emissions from sources that are owned or controlled by an organisation.

Scope 2 – Indirect emissions arising in the production of purchased energy.

Scope 3 – Indirect emissions arising “upstream” or “downstream” of the value chain.



SUSTAINABLE FORESTRY

For us, sustainable forestry means managing and exploiting forest and forest land in ways that, now and in the future, preserve (without damaging other ecosystems) their: biological diversity; productivity; rejuvenation capacity; vitality; and, ability to satisfy important ecological, economic and financial functions at local, national and global levels.



Ambition 2030

100% certified wood in our products.

Target 2022

100% certified wood in our products.

Status 2020

96% certified wood in our products.

Status 2019

47% certified wood in our products.

CONSTANT INCREASE IN CERTIFIED WOOD



Lars-Erik Fabricius Nielsen, head of Purchasing at DFI-Geisler

Mankind's way of using forests is one of our time's greatest, global challenges. It is not enough that wood, the raw material, is itself sustainable. Forestry must also be sustainable. Sustainable forestry entails managing and using forests in a way that preserves their biological diversity and rejuvenation capacity. Forests must remain robust and productive without damaging other ecosystems. Both locally and globally, they can then continue to fulfil vital ecological, economic and societal functions.

This is why buying wood and wood products from forestry that is certified as sustainable (more particularly, the independent FSC and PEFC certifications) is central in Ballingslöv International's sustainability strategy.

DFI-Geisler a step ahead

DFI-Geisler, which manufactures worktops and buys in lots of wood, started to go over to certified wood as early as 2010. It has come a long way since then. The company makes around 90,000 worktops every year. Wood accounts for some 83 per cent of this production, the rest being stone and other materials.

Head of Purchasing, Lars-Erik Fabricius Nielsen divulges: "In addition to solid wood, all laminate and particle board we buy is FSC certified.

"We started this journey because it was important for DFI-Geisler to offer eco-friendly and sustainable worktops, something that many of our customers have greatly appreciated. That we can now also supply certified, laminate worktops is an important step along the



road to sustainability,” he states.

He then adds: “We all have a responsibility for our planet. Forestry is of major significance in global climate change. We want to ensure sustainable forestry.

“We have also gone even one step further. All wood-based material we buy is either FSC or PEFC certified. This covers pallets, paper, cardboard and so on,” concludes Lars-Erik.

ABOUT THE CERTIFICATIONS

FSC

Forest Stewardship Council is an independent member organisation that works for environmentally, socially and economically vibrant use of the world’s forests.

PEFC

The Programme for the Endorsement of Forest Certification guarantees that its certified forests are managed in accordance with Forest Europe’s criteria for sustainable forestry adapted to nature conservation. Forest Europe is a European collaboration.



ENCOURAGE PEOPLE'S WELLBEING

We strive to give our employees opportunities to reach their full potential, as part of a winning team, in a safe and healthy work environment. Being “a great place to work”, accepting our responsibility as a major employer and honouring our commitment to societal development are very important to us.

To encourage people’s wellbeing, we have chosen two strategic initiatives: Employee engagement; and, Valuable citizenship.



ENCOURAGE
PEOPLE'S
WELLBEINGValuable
citizenship

EMPLOYEE ENGAGEMENT

Our employees' engagement is entirely crucial for the success of our "We create exciting home environments for everyone" business concept. To foster employee engagement, we focus on responsible leadership and building an inspiring and respectful corporate culture in which leadership is characterised by collaboration, management by objectives and a genuine desire for our employees to grow stronger and develop as part of a winning team. That the work environment must be healthy and safe is, for us, self-evident. Just as important in achieving a good balance are equality, fairness and equal opportunities (e.g. ratios of men, women and backgrounds).



Ambition 2030

GPTW engagement index of > 80.

Target 2022

GPTW engagement index of > 80.

Status 2020

GPTW engagement index of 71.

Status 2019

GPTW engagement index of 70.

TOGETHER REMOTELY



Isabella Wärvik, head of
HR at Ballingslöv

The corona pandemic has entailed working from home to an extent never experienced before. It has brought both challenges and opportunities. Not meeting face-to-face affects people's feeling of belonging, community and engagement – important social aspects of work that soon suffer when natural contact is lost. Isabella Wärvik, head of HR at Ballingslöv, feels it is important to find ways of compensating.

"People who have had to switch to working mainly from home have all gone over to digital forms not only of morning briefings and progress meetings, but also of more markedly social functions such as refreshment breaks, water-cooler chat and after-work wind downs.

"Additionally, we quickly set up

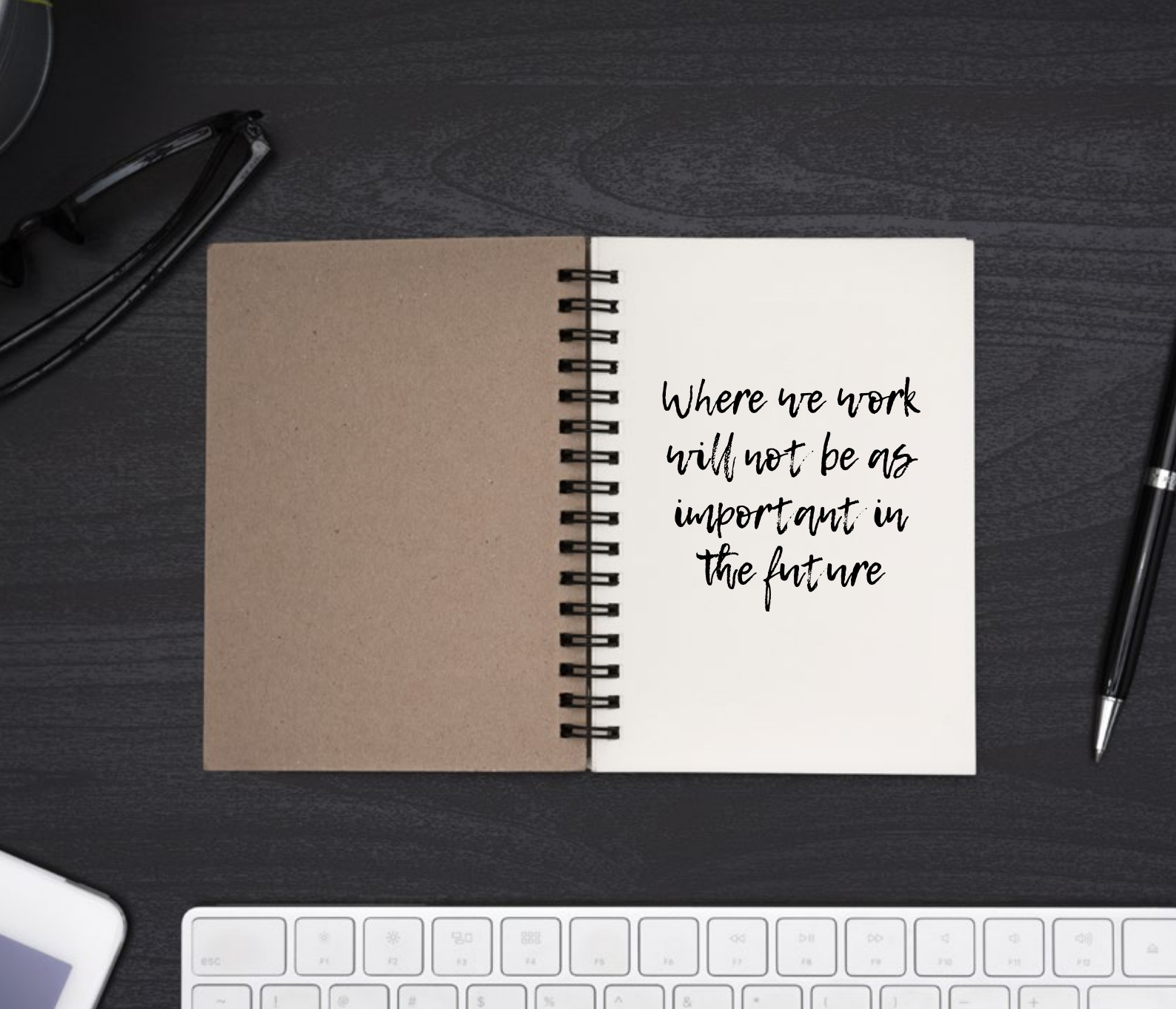
a corona page on our intranet with regulations, information, advice and tips. We have also provided support, if needed, from a psychologist.

"As they've arisen, practical challenges such as workplace ergonomics have also had to be solved. The experience we gain from this period will change how we approach work in the future," relates Isabella.

MANY OPPORTUNITIES

Experience from the pandemic shows that, in a future where working from home is voluntary rather than forced, there will be many opportunities to seize on.

"One example is the reduction in everyday commuting. Many people think it's nice to escape this. It also



Where we work
will not be as
important in
the future

reduces strain on the environment. Another thing is greater flexibility between work and leisure.” Isabella then develops this further.

“Where we work will not be as important in the future. The same applies to when we work. Instead, the focus will be on delivering good work at the right time. We will be better at knowing what is appropriate for teleworking and when we need to meet. This means that well-trained leadership with managers who are both decisive and empathic will become increasingly important. Organisations will focus on targets, wellbeing and nurturing community and respect,” she concludes.

GREAT PLACE TO WORK

Every year, Ballingslöv International conducts Great Place to Work (GPTW), a survey in which all the group’s employees are invited to participate. Around ten thousand organisations in 90 countries all around the world carry out the same survey. This provides an excellent opportunity for comparisons with other organisations and with industry averages in the survey’s five areas: credibility, respect, fairness, pride and comradeship. The responses are compiled at department,

company and group levels. Eighty-seven per cent of Ballingslöv’s employees participated in the 2020 survey (88 per cent in 2019). The overall result was 71 per cent, compared with 70 per cent the year before. Against the background of the survey being held in the middle of the pandemic, it is gratifying both that participation was high and that the result improved. Responses have been analysed and action plans drawn up. These will soon be implemented.

Employee engagement



ENCOURAGE PEOPLE'S WELLBEING

Valuable citizenship

VALUABLE CITIZENSHIP

For us, it is extremely important to act responsibly towards our employees, local communities and the world at large. In small towns, we are major employers. This means we have an important role as regards job opportunities and societal issues.



Ambition 2030

At least one initiative with positive societal impact per business unit per year.

Target 2022

At least one initiative with a positive social impact per year and business unit.

Status 2020

Although affected by the pandemic, all business units ran a number of initiatives. These were primarily internships and apprenticeships.

Status 2019

All business units ran a number of initiatives such as internships, apprenticeships, help for the vulnerable and reducing litter.

MOST IMPORTANT IN THE PANDEMIC – CARING



Eric Prescott, CEO of PaulaRosa Manhattan

To various degrees and extents, the pandemic has affected all of us. PaulaRosa Manhattan’s employees work primarily in production (at the factory) and with installations (at customer premises and offices). This requires parallel strategies for fighting the pandemic.

“Since March 2020, everyone who can work from home has done so; all to minimise the risk of infection and protect the factory employees who

cannot work from home,” explains Eric Prescott, CEO of PaulaRosa Manhattan.

PRACTICAL SOLUTIONS

Many of the challenges arising from teleworking were of a practical nature and could be solved fairly quickly and efficiently.

“We have ensured that all our

employees have a safe working environment, equipment that handles video meetings and anything else required for working efficiently,” says Eric, who then relates how various digital aids are used to recreate at least part of the workplace’s natural, social interaction.

“We spend lot of time in video conversations with each other. We



Employees at PaulaRosa Manhattan’s factory in Lancing help to keep the infection in check by testing themselves for COVID-19 every week.



All those able to do so have worked from home during the corona pandemic, which has hit the United Kingdom very hard. Employees who must be at the workplace protect each other via social distancing, face masks and daily temperature measurements.

have also started using various apps for communicating with each other, spreading news and sharing information. Everyone has the apps on their phones, even the people who have been laid off. We don't want anyone to feel abandoned because there is a social lockdown."

He continues: "We do fun things such as organising digital tea breaks and, at times of celebration, we've sent small gifts to homes. It's a way of preserving the feeling of community. We have also trained managers to detect and help anyone who is suffering from isolation or stress. Normally, we would just take a time out, have a cup of tea and talk. Now, we have to do this in a more organised way."

PaulaRosa Manhattan is also offering all employees the LifeWorks

app. Users can then contact and have confidential conversations with therapists.

FACTORY TESTS AND DISTANCING

As regards manufacturing, which is essential for the company's operations, there is no choice. It has to be done at the factory.

"Initially, there were fewer of us. We then made some practical changes in the premises. For example, we organised the canteen so that everyone could keep a sufficient distance apart. Everyone also wears a face mask while working.

"However, testing is perhaps the most important thing we are doing to stop the spread of infection. Every person is tested for COVID-19 once a week and temperature tested every day

on arriving at work. We are also very strict about keeping our employees separated from, for example, the external drivers arriving with deliveries from all over Europe."

Developing this, Eric explains that perhaps the most exposed group comprises the work teams that travel around construction sites throughout the country or carry out maintenance in homes.

"We do our utmost to ensure this group has the right protective equipment. It is also important to communicate with the customer and guarantee that our employees can work safely.

"All in all, the personal protection work has gone very well thanks to the engagement and responsibility shown by all employees."



PROMOTE RESPECTFUL BUSINESS ETHICS

For us, promoting respectful business ethics means: safeguarding employees' rights; encouraging honesty and participation; and, working against discrimination, bribery, corruption and child labour. Focused on behaviour that embodies acting correctly, we run continuous checks ensuring compliance with our internal business ethics.

To promote respectful business ethics, we have chosen two strategic initiatives: Responsible sourcing; and, Transparent communication.



RESPONSIBLE SOURCING

Ensuring responsible sourcing is very important for us. We focus on maintaining a supply chain that, from employee, environmental and societal aspects, is sustainable and transparent.

To identify risks of working condition deficiencies, breaches of human rights and corruption, we have analysed our value chain. Our code of conduct is a central part of ensuring responsible sourcing and respectful business ethics. Since 2019, we have maintained in-depth dialogues with our suppliers and carried out an annual sustainability survey to gain an understanding of our suppliers' sustainability management. In this, we primarily focus on good working conditions, increased circularity and reduced CO₂e impact.



Ambition 2030

All medium-sized* suppliers shall have accepted our code of conduct.

Based on completed risk assessments, all relevant suppliers audited.

Target 2022

All major** suppliers shall have accepted our code of conduct.

Based on completed risk assessments, 20 relevant suppliers audited.

Status 2020

All our major suppliers have accepted our code of conduct.

Status 2019

All our major suppliers have accepted our code of conduct.

* Purchase volume per business unit of > EUR 200,000.

** Purchase volume per business unit of > EUR 300,000.

DIALOGUE TO REINFORCE BUSINESS ETHICS



Staffan Jönsson, the group's chief sourcing officer

Accounting for slightly more than 99 per cent of purchase volumes, over 98 per cent of our suppliers are in Europe. Thus, the risks of working condition deficiencies, breaches of human rights and corruption are relatively low.

"However, we want to be a driving force

as regards sustainability and business ethics. That's why we're actively raising sustainability issues with our suppliers," reveals Staffan Jönsson, the group's chief sourcing officer.

"A lot of work regarding ensuring and spreading good business ethics in the supply chain is based on our code of conduct and, additionally, risk analyses," he adds.

IN-DEPTH DIALOGUE

A further step in sustainability management was taken in 2019 when a sustainability survey was sent to our direct material suppliers. In 2020, the questionnaire was answered by 134 suppliers accounting for just over 87 per cent of the group's direct material purchases. The corresponding figures for 2019 were 114 suppliers accounting for 85 per cent of direct material purchases.

"Sustainability surveys are important for monitoring our suppliers'

sustainability management. The in-depth sustainability dialogues are an important way of disseminating our sustainability strategy and supporting the suppliers in our shared sustainability journey," continues Staffan.

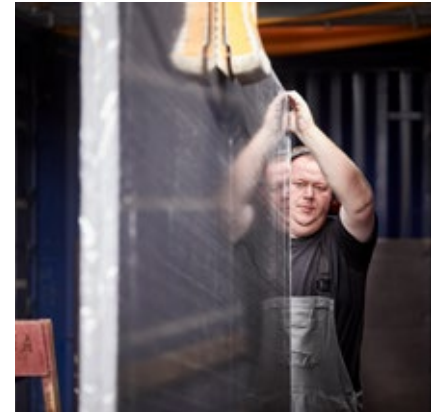
Responses to the 2020 survey show that more suppliers are measuring their CO₂ emissions. They also indicate that there is uncertainty about definitions and scope.

"Pleasingly though, ever more suppliers are prioritising fossil-free energy. The weighted percentage of total direct materials produced using fossil-free energy was 46 per cent in 2020, a significant increase on 2019's 29 per cent," he states.

"We also monitor percentages of recycled materials in our products. Here too, 2020 saw an increase on 2019. Working with our suppliers, we want to make the entire supply chain more sustainable," concludes Staffan.

Water is one of our most important natural resources. This is why DFI-Geisler decided to reduce water consumption in their production of stone worktops.

“In 2020, we invested in plant that reduces consumption by a full 70 per cent,” states Jesper Sørensen, head of Production at DFI-Geisler.



WATER SAVING TO BE PROUD OF



Jesper Sørensen, head of Production at DFI-Geisler

DFI-Geisler manufactures high-quality worktops in many different materials. These include laminate, wood and stone. It is the production of stone worktops that consumes lots of water. The tools that cut and grind the stone worktops are subjected to great friction and thus have to be constantly cooled with water. For good results, the cooling water (which also washes away stone particles) must be clean. As the company produces just over 20,000 stone worktops every year, this takes a lot of water (almost 16,000 cubic metres before installation of the new plant).

“The solution was to run the used cooling water to a separate tank where all the stone particles sink to the bottom. Cleaned water is then led back to production where it can cool the machines again and again. The method has reduced our water consumption by 70 per cent,” discloses Jesper Sørensen. Recycling all production water is desirable but, unfortunately, impossible.

“Some water unavoidably ends up on the floor and on work surfaces. However, we’re not stopping at 70 per cent. The goal is 80. To reach this, we’re looking at, for example, the possibility of collecting rain water and using it in the process,” says Jesper.

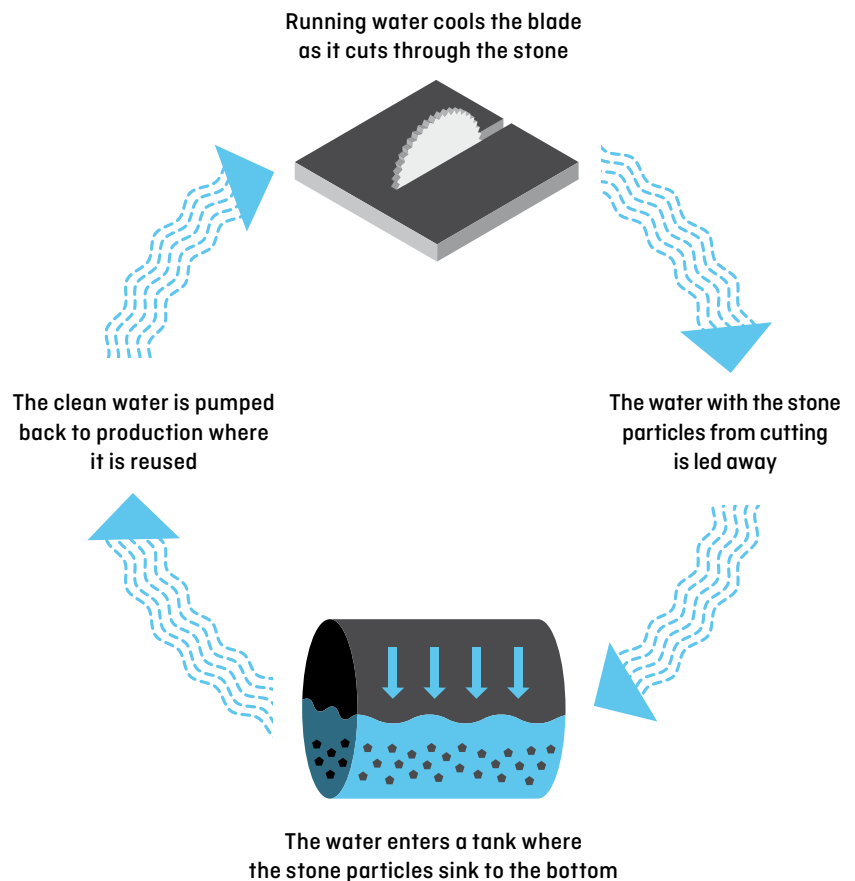
SUSTAINABILITY A DRIVING FORCE

According to DFI-Geisler, right from the first day in June 2020, the plant has paid for itself not only ecologically but also financially.

However, the sustainability benefits were what drove the investment in water recycling.

“Yes, of course. Financially, we estimate we’ll recoup the investment in a year. However, money wasn’t the motive. In the long run, sustainable production is essential,” comments Jesper.

“The water we use equates to the annual consumption of a hundred standard households. Our saving is something everyone in the company can speak about with pride,” he concludes.



TRANSPARENT COMMUNICATION

For us, transparent communication means that we must continue to communicate in an honest and transparent manner, both internally and externally, and take the lead in sharing knowledge and awareness as regards sustainable choices. Now and for future generations, we want to create the right conditions for sustainable living for all those with whom we have a relationship – employees, associates, suppliers, customers, citizens and all other stakeholders.

OPENNESS BUILDS TRUST



Helle Fyllgraf, marketing
director at JKE Design

At JKE Design, honesty and openness are keywords for all communication, both internally within the company and externally with customers and other stakeholders. Helle Fyllgraf, marketing director at JKE Design, enlarges on this.

“We communicate about our products, operations and sustainability issues honestly, authentically and based on facts. To reach out farther, we support commercial communication with PR elements and, to appeal to more people, often use videos.

“It’s the same internally. We use newsletters, display screens, staff meetings and much else. During the pandemic, we’ve been

sending out weekly letters to keep everyone up-to-date. Divulging negative news can certainly be an extra challenge, but we communicate openly and comprehensively even when it’s challenging.”

DIRECT CONTACT BETWEEN CUSTOMERS

Over the years, JKE Design has invested heavily in showcasing their products and services via “customer stories”. In these, customers speak about their contact with JKE Design.

“This a modern and credible way of communicating. People don’t put great faith in advertising claims. They prefer information in true stories and from real people. The stories are genuine. Customers volunteer without



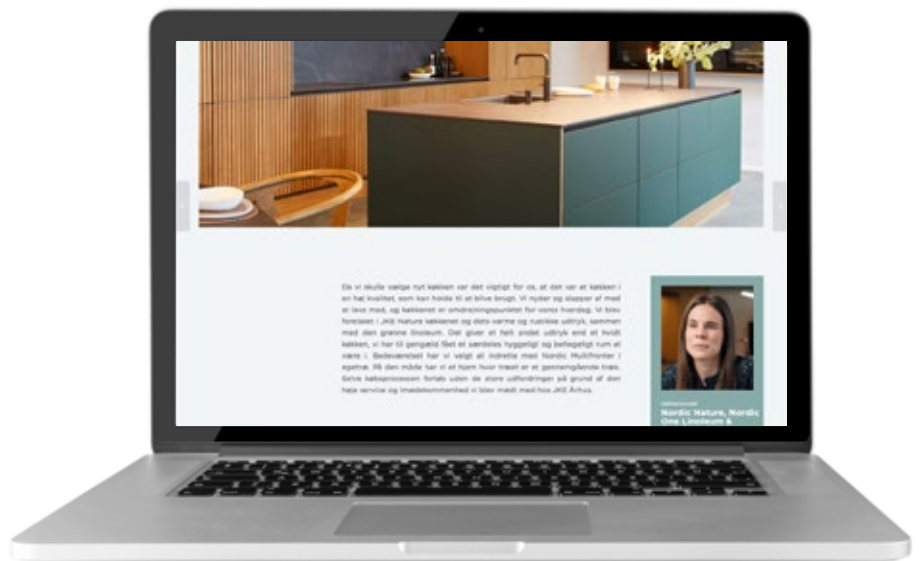
Real-life customer stories are an important part of JKE Design's communication. This latter is based on credibility. Participating customers speak directly about their purchase journeys and their kitchens.

reward and use their own words," says Helle.

She continues: "We have also started KitchenOwners, an online platform where customers and potential customers can contact each other directly. This openness shows that we believe in our products. It gives us credibility."

Helle affirms that the customer stories and openness also have positive internal repercussions.

"Employees feel pride when they read customer stories and see the good results of their own work. They are also proud about working for a brand with gravitas and having come so far on our sustainability journey."



The KitchenOwners platform is a way for JKE Design to demonstrate belief in the company's products. People considering buying a kitchen can directly question previous customers.

WORDS FROM OUR CEO



You have now read Ballingslöv International's sustainability report for 2020. I hope you found it helpful. If you have read because you are one of our customers, I hope you feel reaffirmed and satisfied in your choice and that you will be happy to use us again. If you are reading as a supplier,

Guiding our customers towards sustainable choices and a sustainable kitchen life is, for us, both a responsibility and an opportunity!

you have chosen to join us on our sustainability journey, which pleases me very much. If you are an employee, I hope you feel the same pride as I in the excellent sustainability work to which we all contributed in 2020, a rather unusual year.

That we are making clear progress in the area of sustainability is due to people's dedicated engagement. However, it is also a logical consequence of our embedded sustainability strategy. It is a guiding compass in our daily work and makes the sustainability perspective a natural part of this.

We do, of course, have long-term sustainability ambitions. However, it is the results here and now that give me confidence – we take our sustainability management seriously! This report contains several good examples of this.

I note with optimism that our great engagement extends into the future with, already in the coming year, increased focus on circular operations and climate-neutral production facilities.

Our sustainability management continues unabated, taking us to new opportunities and targets. Guiding our customers towards sustainable choices and a sustainable kitchen life is both a responsibility and an opportunity!

A handwritten signature in black ink, appearing to read 'Björn Hauber'. The signature is stylized and fluid, with a large initial 'B' and 'H'.

Björn Hauber,
Group CEO, Ballingslöv International






HOW WE MEASURE RESULTS

At group level, Ballingslöv International has chosen a number of performance indicators (i.e. various key figures in various categories) that we update, analyse and compare year on year. The tables below show the measured results for 2020 (with those for 2018 and 2019 as references).

Note, for example, that our energy consumption decreased while the percentage of renewable energy remained one hundred. In our production, the percentage of wood from certified forestry is also exactly as per the ambition.

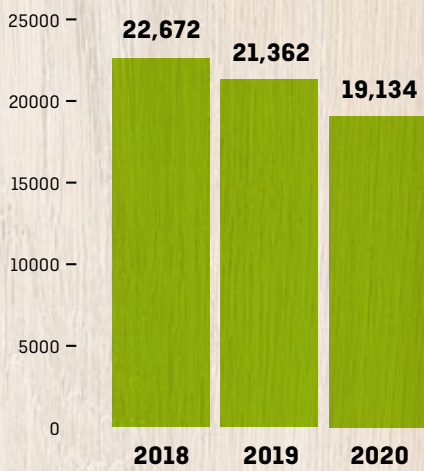
Unfortunately, sickness absenteeism went in the wrong direction in 2020. This was due to the global pandemic, which dominated the year.

In addition to the performance indicators below, our annual Great Place to Work (GPTW) employee survey is an important tool for us. This survey includes the five areas of credibility, respect, fairness, pride and comradeship. These give us, amongst other things, clear signals of how we are succeeding in our initiatives regarding business ethics issues, not least our endeavour to nurture a fair and open corporate culture in which all employees are respected and listened to. Promoting organisational fairness strengthens employee integrity and reduces the risk of unethical behaviour.

| | 2018 | 2019 | 2020 |
|---|----------------------|----------------------|----------------------|
|  OPTIMISE OUR ENVIRONMENTAL IMPACT | | | |
| Recyclable products, % | - | 98 | 98 |
| Scope 1 CO ₂ e emissions, tonnes | 4,106 | 4,438 | 3,375 |
| Scope 2 CO ₂ e emissions, tonnes | 2,480 | 1,107 | 0 |
| Emissions of solvents, tonnes | 28 | 32 | 31 |
| Electricity consumption, MWh | 22,672 | 21,362 | 19,134 |
| of which, renewable, %* | 75 | 88 | 100 |
| Certified wood, % | - | 47 | 96 |
|  ENCOURAGE PEOPLE'S WELLBEING | | | |
| Number of accidents resulting in absence (24 hours or more) | 24 | 21 | 24 |
| Sickness absenteeism, % (average for business units, excl. office staff) | - | 3.75 | 5.25 |
| Board gender distribution (Ballingslöv Int.) | 29% FEMALE, 71% MALE | 33% FEMALE, 67% MALE | 33% FEMALE, 67% MALE |
| Senior management gender distribution (Ballingslöv Int.) | 0% FEMALE, 100% MALE | 14% FEMALE, 86% MALE | 17% FEMALE, 83% MALE |
| Senior management gender distribution (subsidiaries) | 22% FEMALE, 78% MALE | 27% FEMALE, 73% MALE | 27% FEMALE, 73% MALE |
| Gender distribution (all employees) | 27% FEMALE, 73% MALE | 27% FEMALE, 73% MALE | 26% FEMALE, 74% MALE |
| GPTW engagement index | 68 | 70 | 71 |
| GPTW response rate, % | 86 | 88 | 87 |
|  PROMOTE RESPECTFUL BUSINESS ETHICS | | | |
| Employees who accepted our code of conduct, % | 100 | 100 | 100 |
| Major suppliers who accepted our code of conduct, % | 95 | 100 | 100 |

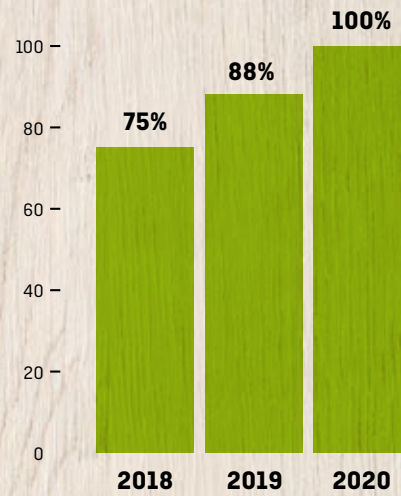
* As of the second half of 2019, all electricity is renewable.

Electricity consumption, MWh



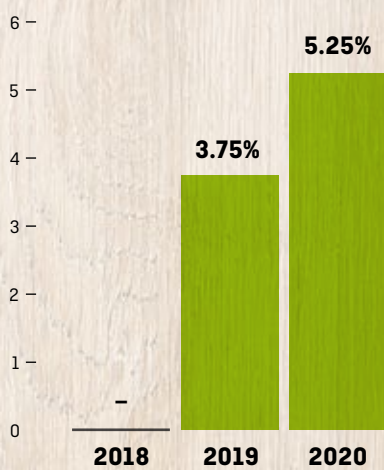
In 2020, electricity consumption fell owing to energy-reduction measures and the pandemic-attributable shutting down of production in the UK.

Percentage renewable el.



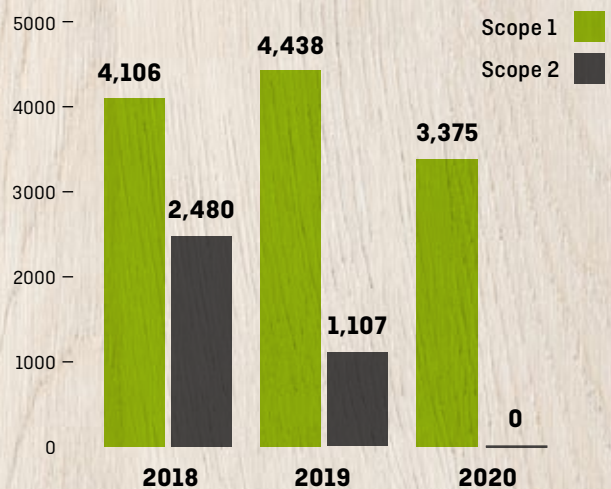
Our first GHG Protocol CO₂e calculation in April 2019 showed us exactly how important renewable electricity is for the climate. Thus, as early as 1 July 2019, we switched 100% to this power source.

Sickness absenteeism



Sickness absenteeism increased in 2020 owing to the pandemic and the special measures implemented to safeguard employee health and minimise infection as much as possible.

CO₂e emissions, tonnes



In 2020, our CO₂e emissions fell by 39%, primarily owing to: 100% renewable electricity; transition to HVO fuel in own lorries; reduced fuel consumption in heating our production facilities; and, switch to biogas.

LOCAL SUSTAINABILITY MANAGEMENT BOOSTS IMPACT

Our six business units develop, produce and sell their products independently and based on their own brands and unique offerings. In the same way, day-to-day sustainability management is run locally in each business unit, all employees being important for its success. Sustainability management is led by an appointed project manager and a dedicated sustainability group comprising employees from various departments (e.g. sourcing, product development, production, HR and marketing). The business units' project managers are part of our central Group Sustainability Council, which is run by Ballingslöv International. Overall sustainability management is run and coordinated at group level by Marie Webrant, director of Group Finance & Sustainability. We also have an external network of specialists in the sustainability area. We collaborate with these on various issues.

Initiatives and targets for our sustainability management are established at both group and business-unit level. Our business units run their activities alone or in collaboration with others.

The framework for our sustainability management

comprises group directives and, at both group level and local to each business unit, policies. All our business units comply with the relevant legislation on the environment and the work environment. The two business units with operations subject to licence requirements have ISO 14001 environmental certification. In 2020, Ballingslöv International adopted a group-wide environmental policy. This forms an important part of the group's sustainability management in respect of the environment. During the year, it was also implemented in all the business units.

Next to the environmental policy, our most important directive text is the code of conduct. It has to function as a compass pointing the way in the daily work of everyone in the group. For all employees, the business units give training in, and maintain dialogues on, the code of conduct. Each new employee signs the code of conduct at the start of his/her appointment. Via our whistle-blower function, employees can safely raise any irregularities, discrimination or other abuses that they suspect, experience or witness. Nothing was reported via our whistle-blower function in 2020.



RISK ANALYSES POINT THE WAY

In both strategic and operational areas, we run systematic risk analyses. For example, in respect of health, safety and fire, there are annual analyses of all the group’s production facilities. We also conduct risk analyses of our suppliers. These analyses cover, amongst other things, working conditions and ethics.

To identify sustainability risks and which risks have the greatest impact, there are annual, sustainability-

based risk analyses of the group and each business unit. These analyses include environmental aspects, working conditions and societal issues such as human rights and business ethics. Based on such assessment, we have developed four different methods (accept, reduce, avoid and transfer) of managing the risks. The analyses are also the basis for subsequently implementing measures to address specific risks.

| RISK | COMMENT | MEASURE |
|---|---|---|
| Environmental aspects | | |
| Emissions to water, air and land | As any shortcomings can have a negative impact on the environment, the risk is assessed as medium-high. | Continuous checks, measures and monitoring. Surveillance of new methods for risk reduction. |
| Greenhouse gas emissions | As greenhouse gas emissions have a negative environmental impact, the risk is regarded as medium-high. | Continuous measuring as well as activities and monitoring to reduce emissions. |
| Working conditions & societal issues | | |
| Deficient working conditions in our production facilities | As any shortcomings can have major negative effects on health, the risk is regarded as medium-high. | Continued work to ensure that all facilities satisfy safe workplace requirements. |
| Business ethics | | |
| Deficient business ethics in the supplier chain | As shortcomings can have serious negative consequences for our business, the risk is assessed as medium-high. | Ensuring that suppliers receive and accept our code of conduct. Implementing in-depth supplier audits and ensuring compliance with the code. |

In this sustainability report, you can read about: the foundations of Ballingslöv International's sustainability management; the sustainability strategy guiding our yearly initiatives; what we have achieved in the sustainability area over the past twelve months; and, our future investments in sustainability.



Ballingslöv International

MULTIFORM | kvik | Ballingslöv | DRÖMME™
KJÖKKENET

JKE | DFI-GEISLER | paularosa | manhattan

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