Our sustainability work

» **Sustainability is a matter of course for our operations. The focus and direction of our sustainability efforts are determined by our impact, opportunities and demands from our stakeholders.**

A focus on material topics

Our material topics define and determine the direction of our strategic sustainability initiatives. Our sustainability efforts are intended to limit our impact where it is the greatest, to minimise our risks of adverse impacts but also to identify our opportunities through new solutions as well. We survey our operations and our business relationships, as well as the impact they have or could have on people and the environment, through our materiality analysis. We monitor business trends, legal requirements, stakeholder demands and other global driving forces. Material topics are evaluated and ranked in priority based on their impact, the risk of impact and opportunities. Our material topics must always be up to date while creating the framework for long-term strategic initiatives. For example, overall greenhouse gas emissions and their climate impact are not an issue that needs to have its rank adjusted with every update. Rather, the survey is used to identify underlying climate impact issues that we need to address, such as the impact of our suppliers.

The overall material topics identified for Nobia for 2021 are the same as in the previous year: ***sustainable product choices, product safety, sustainable use of resources, cleaner material flows, greenhouse gases, energy efficiency, commitment and skills development, health and safety, equality and diversity and responsible sourcing.*** See our explanation of each issue on the following pages.

The issues are addressed within our strategic focus areas: Innovations for a sustainable lifestyle, Circular materials and flows, Reduced climate impact and Promoting a sustainable culture. They are also addressed in our systematic sustainability initiatives, both locally and centrally.

Innovations for a sustainable lifestyle

Circular materials and flows

Reduced climate impact

Promoting a sustainable culture

Framework and governance

Framework for sustainability topics
Sustainability is integrated throughout all of our operations and our commitment have been implemented in the Group's overall frameworks and processes. Nobia's framework for sustainability topics includes internal and external guidelines and regulations, sustainability strategy, processes, data collection, monitoring and reporting. Fulfilment of these targets and compliance with both the sustainability strategy and sustainability policies are systematically monitored through our internal sustainability management system.

Nobia's commitments and recognition of global initiatives and partnerships lay the foundation for our sustainability initiatives. These include: The UN Global Compact, OECD guidelines, the Paris Agreement and the UN Guiding Principles on Business and Human Rights. Our external commitments and recognitions have served as the basis for Nobia's sustainability policies, such as our environmental and climate policy, Modern slavery statement and our policy for sustainable forestry. Our Group-wide tax policy and our anti-corruption policy are other important governing documents. In addition, our Code of Conduct provides guidance and direction to our employees and partners concerning issues of human rights, anti-corruption, etc. Our Supplier Code of Conduct regulates and governs Nobia's supplier requirements.

Nobia's Code of Conduct for employees and partners serves as a framework that clarifies both the guidelines that Nobia employees must follow and our expectations concerning their judgement and sense of responsibility. It serves as a valuable resource to and assist employees and others to make informed and ethically sound decisions. Our Code provides references to relevant requirements by Nobia, such as policies, practices and procedures. It is an important directive for the company for all new hires and partners.

At Group level, there is a management system for overall management of the Group's sustainability topics, including materiality and risk analyses and data collection. The sustainability management system is an internal tool for business governance that is used to help systematically monitor compliance with sustainability policies, strategic focus areas and the Group's objectives. The sustainability management system and our sustainability framework are an important part of our business development to help fulfil the sustainability ambition in our business strategy.

Dialogue with our stakeholders
Understanding and listening to the external environment and reflecting upon what we learn is key to identifying our impact and the risk of impacts, as well as understanding future expectations of how we will meet the challenges we face. Information from stakeholder dialogues is regularly managed and incorporated into our continual strategic work. We continually maintain dialogues with shareholders, investors, customers and suppliers in order to identify and confirm various issues, as well as to cooperate and exert influence in order to reinforce our sustainability initiatives throughout the value chain. For example, we hold focus groups with project customers in the professional kitchen market where we identify specific requirements and expectations, as well as sustainability dialogues with suppliers. We receive insights and information concerning expectations about us as a company from investors and shareholders, as well as investment bank analysts and external sustainability rankings. We integrate this information into our work and combine it with other requirements and expectations.

Issues that are important to employees are identified through continual dialogue, employee surveys, appraisals, training courses, and Speak up (an anonymous reporting channel), as well as through our local health and safety management system. We learn about the most important perspectives according to various stakeholder groups, including professional associations, civil society and academia, through partner projects and networks. Some examples are the Science Based Targets initiative, the UN Global Compact, the European Works Council and research projects conducted by academic experts. We conduct a survey of all of our stakeholders every other year as a supplement to the continual dialogues.

Governance, organisation and monitoring
A central sustainability function is in place at Group level, responsible for strategic sustainability activities. Nobia's sustainability strategy is part of our business strategy and aims to drive our sustainability initiatives forwards in line with our commitments. The President receives monthly status reports, and sustainability topics are a regularly recurring item on the Board's agenda.

Each production unit has employees working on environmental and sustainability issues. The product development and sourcing units have specialist functions that drive efforts with, for example, product safety, eco-labelling and supplier audits. Sustainability-related procedures and processes, for example, in product development, sourcing and manufacturing, as well as managing product labelling and certification, are integrated into the systems and processes of each function. For instance, the product development process carries out systematic product risk assessments and compliance with environmental legislation takes place within the frame work of the local environmental management systems. There are specialists in the Nordic commercial operation who coordinate sustainability-related customer demands and proactively support our brands' sustainability efforts.

Strategic memberships and partner projects
The following is a list of the main organisations of which Nobia is a member and/or partner

- British Safety Council
- CIK (Circular kitchen project)
- IVL Swedish Environmental Research Institute
- Möbelfakta's criteria council
- Royal Society for the Prevention of Accidents (RoSPA)
- Science-Based Targets initiative
- SIS (Swedish Standard Institute) Furniture Standardisation Committee
- TMF (Swedish Federation of Wood and Furniture Industry)

Certified units
Our production facilities hold management system certification in quality, environment, energy and occupational health and safety. The sales units in Sweden and Denmark are certified according to the quality and environmental standards, and our Magnet stores in the UK are certified under quality and energy standards.

Standard	Unit
ISO 9001	Bjerringbro, Darlington, Dewsbury, Dinxperlo, Freistadt, Grays, Halifax, Leeds, Morley, Tidaholm, Wels, Ølgod
ISO 14001	Bjerringbro, Darlington, Dewsbury, Dinxperlo, Farsö, Freistadt, Grays, Halifax, Leeds, Morley, Nastola, Tidaholm, Wels, Ølgod
ISO 50001	Darlington, Dewsbury, Grays, Halifax, Leeds, Morley
ISO 45001	Bjerringbro[1], Darlington, Dewsbury, Grays, Halifax, Leeds, Morley, Nastola, Ølgod[1]
VCA[2]	Dinxperlo
ISO 14001, ongoing	Eggedal

1) Bjerringbro and Ølgod are awaiting approval of, for example, a new assembly line related to heavy lifting before an update to their ISO 45001 certification can be approved.
2) VCA is a Dutch standard for certified management systems for occupational health and safety and the environment.

1 Innovations for a sustainable lifestyle

Material topics and explanations
Sustainable product choices may be the products' lifetimes, choice of materials, production methods and design, as well as how a kitchen can inspire and enable people to live more sustainably. Therefore the kitchen that a customer chooses has an important impact both forwards and backwards along the value chain. ***Product safety*** means taking responsibility for ensuring that the products we offer are safe to use. It is a requirement for our credibility and survival, and an obvious commitment to our customers.

Management approach and results
We want to support our customers through the entire kitchen journey, from the original idea to a more sustainable life in their new kitchen. Therefore sustainability is an integral part of our design strategy and product development process.

Scorecards and principles provide proper guidance
We use a sustainability scorecard for new products in our product development process. This is how we evaluate our new products in terms of considerations such as materials, function and design, all from a sustainability perspective. We continued to investigate and analyse new products based on the scorecard's criteria in 2021. Areas for improvement for each product category will be identified in the years ahead. The process has also resulted in ongoing development of the criteria.

During the year we implemented sustainability principles for our product categories in order to further strengthen our product development process. These sustainability principles are part of our efforts to inspire and enable a more sustainable life in the kitchen for our customers, and they harmonise with our product sustainability scorecard. The overall principles are broken down to specific criteria for each product category, for example, related to recycled material, water savings, etcetera.

100%
of our cabinets and doors in the UK region and the Netherlands were FSC® certified, with full traceability to the end consumer.

Product safety
Product safety and ergonomics are key in all our product development. Before a new product enters the production phase, systematic product risk assessments and tests are carried out both in-house and by accredited testing institutions in line with EU standards. In the UK, all our cabinets and doors are tested under the Furniture Industry Research Association's (FIRA) furniture requirements. During the year, Nobia had no product safety incidents that led to insurance cases or legal proceedings. No business unit in Nobia was convicted of environmental crimes or reported deviations related to labelling of products.

Eco-labelled products
Products that are eco-labelled, i.e. inspected and approved based on clear environmental requirements, are valuable in helping our customers make good choices for the environment. Nobia has extensive experience in working with eco-labelled products. We launched our first Nordic Swan eco-labelled products back in 1996 through our Marbodal brand, and we are always continuing to refine our eco-labelled range. 75 per cent of our products that were newly introduced to the Nordic market during the year were Nordic Swan eco-labelled products. In Sweden and Norway, where the largest share of our range is of eco-labelled, 44 per cent (44) of the sales value came from Nordic Swan eco-labelled products in 2021. At the same time, we expanded more than 270 doors and 4 cabinets from our existing range to the Nordic Swan eco-label in the Nordic market, which will facilitate a higher share of sales of Nordic Swan labelled products in the future.

44%
of the sales value in Sweden and Norway came from Nordic Swan ecolabelled products.

We are also in the process of increasing our product range of FSC® (Forest Stewardship Council®) FSC® -C100100 or PEFC™ (Programme for the Endorsement of Forest Certification™) certified products, i.e. products containing wood from third-party certified sustainable sources with full traceability all the way to the end consumer. FSC® and PEFC™ certification means higher protection for sustainable forestry and counteracts deforestation. 100% of our cabinets and fronts in our Dutch business are already FSC® certified with full traceability to customers, and during the year we also achieved a corresponding 100% certification of our cabinets and fronts in the UK.

More energy-efficient appliances
Over the lifetime of a kitchen, it is mainly appliances that impact the climate through their energy consumption. Therefore we have initiated a shift of our product range towards even more energy efficient appliances in order to further reduce customers' climate impact. This means staying in close contact with our suppliers in order to shift our range towards products with higher energy ratings. We also need to shift our sales to these products with higher energy ratings in order to have a real impact.

Life cycle analyses
Our project to conduct life cycle analyses and environmental product declarations (EPDs) has entered a new phase, and during the year we initiated regional and local projects to produce EPDs in both the Nordic region and the Netherlands. Read more on page 93.

2 Circular materials and flows

Material topics and explanations
The sustainable use of resources, both in raw material extraction and in our own manufacturing, is crucial to our business. It involves everything from promoting sustainable forestry to contributing to more circular material flows. ***Cleaner material flows*** without problematic chemicals are a requirement for circulating materials efficiently. This is also an important issue in order to be able to meet the higher demand for eco-labelled products.

Management approach and results
The efficient and sustainable use of resources is crucial to our sustainability efforts. We strive to use materials efficiently without reducing the financial value or quality of the products. We know that this presents major opportunities for us, our suppliers and our customers. Based on continuous monitoring, we identify new solutions for how our materials and products can be used over and over.

Wood from sustainable forestry
Wood is our most important raw material, and it is critically important to us that the wood we use comes from sustainable sources and that the raw wood materials are used in a resource efficient manner. In order to ensure the traceability of the wood we purchase, we have a thorough purchase process and suppliers go through our review for responsible sourcing. Information from all of our suppliers of direct material relating to raw wood materials, wood products or products containing wood is collected and processed on an annual basis. Data that has been collected enables us to drive continual improvements. Most of the wood that we purchase now has third-party certification from FSC® or PEFC™. Read more on page 90 and 96.

40%
recycled wood in our incoming board material.

Less waste thanks to efficiency
We implemented efficiency programmes for raw materials at three of our large production plants in 2021. With more efficient sawing and manufacturing processes, wood waste was reduced by 10–15 per cent in the projects and by 5 per cent in total in the Group. We reduced the use of chemicals by 3% at the painting facility in our Swedish factory. The project will continue in 2022.

Waste wood gains a new life
Most of our incoming wood consists of board material, consisting of an average of 40 per cent recycled wood in the form of by-products and recycled material. This way, waste wood from sawmills and forestry as well as from worn-out furniture and other wood products is upgraded into new material. We also work with outside parties to circulate our own production waste into new products through reuse and recycling. We have made financial gains in our UK operation by selling wood waste back to industry rather than managing it as waste. 62 per cent (68) of our wood waste went into new products in 2021, while the remainder was used for energy recovery.

62%
of our waste wood went into new wood products*
* The remainder was used for energy recovery.

Extending the lifetime of products
During the year, our Marbodal brand developed a circular offering called RE:New for the Swedish market. We see increased customer interest in updating and extending the service lives of kitchen products. RE:New offers customers solutions to update their kitchens and give them new life, for example, with new doors and handles. Replacing cabinet doors rather than the entire cabinet framework saves energy and material.

More sustainable materials choices
Even if wood is the primary material in our kitchens, they have plastic components such as knobs and handles. We are working to reduce our climate impact from fossil-based plastics by redirecting our offering of knobs and handles to more sustainable materials choices. In 2022 we will be introducing a knob made from recycled ocean plastic, and we will replace all of our knobs made from virgin plastic at that time. In addition, we are continuing our efforts to reduce our impact from plastics and we continually identify areas for improvement and improvement projects.

Cleaner material flows
We strive towards cleaner flows of materials by reducing our use of classified chemicals. As part of these efforts we work systematically and preventively according to the EU REACH regulations on chemical substances. Emissions of formaldehyde occur naturally in wood, at low levels, but are also linked to binding agents, for example, in wood-based boards. Nobia uses only board materials that are well within the limits according to industry standards (E1), and today we offer products with lower amounts of formaldehyde (half E1) in several markets.
The choice of paint used for surface treatment also affects the chemical content of the products. For example, water-based paint results in significantly lower VOC emissions (Volatile Organic Compound) than acid-based paint. We relate our VOC emissions from surface treatments to the number of doors that are lacquered.This indicator rose slightly in 2021, from 4.3 to 4.9 kg VOC per 100 lacquered details. The increase in VOC emissions for the year was related to the change in the surface treatment process with several layers of paint at our facility in Denmark, higher demand for darker colours and a temporary surplus of acid-based painting in order to ensure deliveries during the installation of new equipment to subsequently start using more water-based surface treatment at our facility in Norway.

Life cycle analyses
An important step in the process of reducing our impact and promoting cleaner material flows has been the start of a pilot project to conduct life cycle analyses of our products. In 2020 Nobia became part of a joint industry initiative in Sweden intended to increase knowledge about products' environmental impact and create an industry-wide tool to generate environmental product declarations (EPDs). The pilot has concluded and we are now going on to plan local EPD projects in several of our markets in order to measure and analyse our products' environmental impact throughout their entire life cycle. Projects to produce EPDs and perform material analyses were initiated during the year in both the Nordic region and the Netherlands.

The EU's criteria for a circular economy
Work is under way right now at the EU level to draw up a classification system for defined sustainable economic activities in order to direct investments towards more sustainable projects and activities. Based on the draft of the EU taxonomy for forthcoming criteria for a circular economy, Nobia performed a Group-wide survey of all of its brands during the year that focused on the extent to which they offer circular solutions to customers in line with the taxonomy. This survey will be further developed and used as a basis for further analysis and development. The results of the survey showed that our strategic investment in an eco-labelled range is well within the taxonomy's criteria for sustainable kitchen manufacturing.

Responsible wood consumption

		2019	2020	2021
Wood consumption	thous. of m^3	429	374	382
Recycled wood in board material	%	37	37	40
Share of wood from certified sources[1]	%	91	97	96

1) FSC® or PEFC™

Waste diverted from disposal, tonnes

	2019	2020	2021
Waste wood	30,091	29,527	25,634
Other	2,800	3,074	3,324
Total	**32,891**	**32601**	**28,958**
Nonhazardous waste diverted from disposal			
for reuse	4,715	8,667	9,009
for recycling	28,176	23,934	19,730
Hazardous waste diverted from disposal[1]			
for reuse	0	0	24
for recycling	0	0	196

1) Detailed data on the method for managing hazardous waste is not available for before 2021. Hazardous waste before 2021 was recognised under the item incineration.

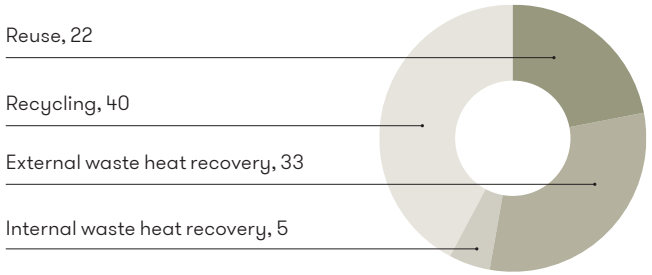
Waste for disposal, tonnes

	2019	2020	2021
Waste wood	14,848	13,751	15,569
Other	3,229	2,769	2,104
Total	**18,077**	**16,520**	**17,672**
Nonhazardous waste for disposal			
for incineration with energy recovery, internally	3,706	3,093	2,057
for incineration with energy recovery	13,503	12,429	14,928
for landfill	320	310	140
Hazardous waste for disposal			
for incineration with energy recovery	548	688	547

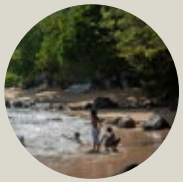
Significant air emissions

		2019	2020	2021
Emissions of volatile organic compounds (VOCs)	tonnes	298	262	298
VOC per lacquered details	kg VOC/100 details	4.9	4.3	4.9

Management of our waste wood, %



3 Reduced climate impact



Material topics and explanations
Emissions of greenhouse gases from activities in our value chain, such as manufacturing, transportation and the choice of materials and processes, result in an impact on the climate. ***Energy efficiency and energy optimisation*** to produce more out of less is key to reducing CO_2 emissions, in both our operations and our value chain. Energy efficiency is also a significant part of reducing customers' climate impact in the kitchen.

Management approach and results
Greenhouse gases are emitted from our manufacturing and transportation, but also indirectly from our suppliers and customers. We work both within our own operations and also upstream and downstream in the value chain to strengthen and develop climate activities and reduce the impact.

Scientific climate targets
Nobia has adopted scientific climate targets in line with the Paris Agreement, which have been approved by the Science-Based Targets initiative (SBTi). Our scientific climate targets comprise both our own operations and our value chain. Our own consumption and emissions are followed up on a quarterly basis, and every production unit has individual targets that jointly guide us towards our Group-wide climate targets.

85%
renewable electricity and heating in production and own stores.

Conversion to renewables
We have 100 per cent renewable electricity in our production and in our own stores. Over the last few years we have also converted to more fossil-free and efficient heat. At the end of the year, 70 per cent (74) of our total generated heat in production and in stores was renewable, corresponding to a total share of 85 per cent (88) of electricity and heat being renewable.

In the UK we have continued the conversion to heating with wood waste instead of fossil gas. A delay in the delivery of the new heating plant has resulted in temporary use of heating oil as a substitute, which has had some effect on the year's total share of renewable heating. Boilers have now been installed and will generate more energy-efficient and fossil-free heating in the future.

Reduced emissions
Thanks to the conversion to renewable electricity and heat, we have reduced our Scope 1 and 2 emissions considerably in recent years. Today the majority of these emissions come from heat, business travel and our own goods transports. We are continuing to implement large-scale conversions in the areas of business travel and transports in order to further reduce our carbon footprint.

During the year we introduced an intermodal solution for some of our shipments from Denmark to the Swedish market by using trains to Katrineholm, Sweden, with the potential to expand this solution to a larger share of these shipments. Other measures, such as route optimisation and telematics to optimise fuel consumption and driving

Nobia has science-based climate targets in line with the Paris Agreement

to help limit global warming to below 1.5 degrees

2016 → TARGET 2026

Target Scope 1 and 2: We will reduce CO_2 emissions from manufacturing and own transports by 72% by 2026 (base year 2016). **↓ 72%**

Scope 3 upstream:
65% of our total carbon footprint in the value chain.

- Purchased goods and materials
- Acquired capital goods
- Transports

Scope 1 and 2:
3% of our total carbon footprint in the value chain.

- Production of heat in own production sites
- Electricity and heat for production sites and own stores
- Transport of goods and business travel using own vehicles

Scope 3 downstream:
32% of our total carbon footprint in the value chain.

- Transports
- Product usage
- End of life treatment

Target scope 3:
- Based on CO_2 emissions from our suppliers in the categories of purchased goods and product usage, 70 per cent of the suppliers will have adopted science-based targets by 2025.
- We will adjust our product portfolio of appliances to help reduce customers' energy consumption and related climate impact in the kitchen by 2024.

Calculations above form the basis for our SBT approval. The categories illustrate our major emissions.

style, are also beginning to show some impact. In the UK we switched from using a previous transport solution involving multiple haulage companies as well as our own transports to only using one large carrier. We expect this move to provide synergies, new technology and economies of scale, which should also have an impact on CO_2 emissions from our transports. We have switched to other carriers in Sweden and Norway as well. By using these three new carriers, we plan to develop a "multi-brand transport system" for each market while reducing transport-related emissions at the same time.

When it comes to our business travel, we have initiated a transition from fossil fuel-driven vehicles to electric vehicles, primarily in the UK, and we expect to reduce emissions from our own business travel in the future.

Energy efficiency in our operations is continually measured and followed up in all units and centrally. All production units in the UK have ISO 50 000 certified energy management systems.

An environmental focus in the value chain

The largest part of Nobia's total CO_2 emissions derives from our value chain (Scope 3) in the form of the extraction and manufacture of direct materials and products, transportation to and from our plants, and the use of our products. We further expanded our survey of the carbon footprint of input materials and services during the year, and our calculations now encompass more than 90 per cent of the costs for direct materials. As a result of the expanded survey, we now have the majority of our CO_2 emissions from the value chain occurring upstream. The process of calculating our carbon footprint in the value chain is complex and involves both internal players and external players such as our suppliers. By continually making our calculations more detailed, we expand our knowledge about our products' indirect impact and can find potential improvements and new solutions. Therefore we view surveying our value chain as a continual process and we plan to increase the level of detail as we go.

Our environmental focus in the supply chain is an active ongoing process. During the year we engaged in dialogue with several important suppliers about expanding climate efforts, with a focus on encouraging more companies to adopt science-based climate targets, thereby reducing their climate impact in the value chain. In order to evaluate the level of dependence on fossil fuels in our supplier chain, we initiated a project to survey our suppliers at the end of the year. In this project we are working with our important suppliers of direct materials to identify the degree of use of fossil energy in manufacturing.

We have initiated a project to shift the offerings in our appliance portfolio to more energy efficient products as part of our effort to offer energy efficient sustainable kitchen solutions to our customers. Read more on page 88.

Climate-related risks and opportunities

During the year, we analysed future global warming scenarios, using our business and sustainability strategies as a starting point. With support from an outside expert, we identified risks and opportunities and analysed our work in assessing, managing and monitoring these risks and opportunities today. Additional information is available on the TCFD (Task Force on Climate-related Financial Disclosures) website. See page 37 for references.

CO_2 emissions	Tonnes CO_2e, thousands	2019	2020	2021
Scope 1		12.6	10.2	10.4
Scope 2, market-based		0.7	0.6	0.8
Biogenic emissions		8.0	6.9	4.9
Scope 2, locally based		16.8	13.6	9.6
Scope 3, upstream		298	252	262
Scope 3, downstream		151	127	128

CO_2 intensity, electricity	gCO_2/kWh electricity	0	0	0
CO_2 intensity, heating	gCO_2/kWh heating	73	63	75

Energy consumption		2019	2020	2021
Total energy consumption[1]	GWh	183	170	164
Non-renewable fuel	GWh	52	41	42
Renewable fuel	GWh	21	21	17
Electricity and heating purchased	GWh	110	107	105
Energy intensity, electricity and heating	MWh/SEK m	11	11	10

1) Including electricity, heat and own transports.

100%
renewable electricity in all production plants and all own stores.

4 Promoting a sustainable culture: *Sustainable corporate culture*

Material topics and explanations
The commitment and skills development of our employees is a prerequisite for driving change and remaining a healthy organisation in the long term. ***Health and safety*** are central; all employees must feel safe at work. ***Equality and a diversity of perspectives***, experience and skills are crucial to attracting and retaining employees.

Management approach and results
It is through our employees that we can make a difference. We offer a corporate culture that provides an opportunity to learn, work sustainably and, above all, be inspired.

Clear purpose and shared values
For the first time in Nobia's history, a shared purpose and values were launched in spring 2021. With "Designing Kitchens for Life" we have defined and are unified on Nobia's overall purpose. We have used our values of Care, Deliver and Inspire to lay the foundation for our work and actions, regardless of where in the company we work or what role we have. To nurture a sense of commitment to our purpose and values that guide all parts of Nobia, we launched films in various channels and in all Group languages as a way of speaking to all employees. 20 Group-wide, cross-functional virtual workshops, known as "Deep Dive Purpose Sessions", were held during the year to provide a deeper understanding of our purpose and increase cooperation between units and geographies.

70%
of Nobia's top managers participated in a leadership programme.

Skills development for lasting success
In order to further develop the skills to lead Nobia's transformation from both organisational and employee perspectives, the Quantum Leap Leadership Program was developed in cooperation with the Stockholm School of Economics (SSE Executive Education). 70 per cent of Nobia's top managers participated in the programme, which is tailored to address Nobia's challenges, over a 12-month period. A further 100 managers, specialists and sustainability ambassadors were invited to a lecture on sustainability as part of the programme in the autumn.

Nobia's goal and development process for employees is an integral part of our work approach, which creates shared responsibility for our corporate objectives and ensures valuable contributions by all employees. This process also contributes to planning and following up on learning and development for every employee, in both their current role and their future career ambitions. In order to deliver on our strategy, a more forward-looking and transparent method for determining and following up on individual goals was established during the year. Quarterly "check ins" have replaced our annual process in order to continually sharpen the focus on the next quarter. This approach increases clarity, the frequency of feedback and commitment among our employees. We also ensure that continual development discussions take place between employees and their managers.

100%
of Group management received training on planetary boundaries and the circular economy.

Employee survey basis for local action plans
Our employee survey, MyVoice, is an important tool for following up on how employees perceive their workplaces. The year's commitment index from the survey amounted to 79 (78), with a response rate of 81 per cent (81). In addition to commitment, the responses indicate that management is perceived as strong, characterised by respect for employees and setting clear expectations. 68 per cent of all teams rate their managers as "good" or "very good." The survey is used as a basis for creating an active programme on commitment, leadership and the work environment. Local action plans are being developed that support our shared objectives.

Safer and more secure workplaces
We have a vision of zero work-related injuries and accidents. The work environment at all Nobia workplaces is governed by Group-wide policies and local work environment policies. Overall work environmental responsibility rests with the CEO, who then delegates responsibility to the line managers in accordance with procedures in each respective country. All employees have a personal responsibility to contribute to a safe workplace, to act in a safe manner and to react to deficiencies and risky behaviour. Both managers and employees are continually trained in health and safety. Occupational health care is offered to all employees at all units, but varies in scope between different countries.

All production units have local management systems that encompass all of the employees with more detailed health and safety procedures. Eight out of 14 of our production facilities are third-party certified and two others are pending updated certification, read more on page 87.

The local management systems comprise a framework to promote continuous improvements and include physical and psycho-social health, as well as safety. The management systems also provide guidance in compliance with legislation and requirements, as well as processes for working proactively to minimise the risk of occupational accidents and ill health by assessing and preventing risks. These risk assessments are conducted at least annually at all units, with the employees who carry out the assessments receiving continuous training to ensure high quality. For example, in Norway we conducted a workplace assessment with an external partner in order to identify opportunities to prevent injuries. The analysis shows that this is largely a matter of facilitating proper work posture, enabling variation in tasks and short breaks, and easing the load on the body through cushioning in shoes and anti-fatigue mats. Risk assessments are analysed and updated per unit. Central and local safety committees, comprising local managers, engineers and safety officers, meet regularly to review the results of safety checks and incidents. These committees are also usually included in the implementation of risk assessments.

Analysis for prevention
Safety is always highest on the agenda through daily monitoring of incidents and accidents, and is followed by investigation and action when applicable. Every workplace accident is analysed to enable measures to be taken so that a similar accident never happens again. Workplace accidents and activities to prevent them are monitored by senior management on a monthly basis using our scorecard for production. This scorecard is an internal tool that covers several strategically important questions, such as workplace accidents.

The number of work-related accidents increased during the year, from 58 to 70 reported accidents. No accidents with serious consequences took place during the year. The majority of the increase took place at our production facility in Sweden, primarily in the form of pinched fingers/hands and chemicals in the eyes. Several steps were taken during the year to strengthen health and safety efforts. At our Tidaholm operation, rules for the use of safety goggles were emphasised through visualisation, and escalation procedures for workplace accidents were clarified.

	2019	2020	2021
No. of work-related injuries[1]	66	58	70
Frequency of occupational injuries[2]	11.1	10.4	12.9
No. of serious work-related injuries[3]	0	0	0
Thousands of hours worked	5,964	5,567	5,424

1) work-related injury with at least 8 hours' sickness absence
2) per million hours worked
3) work-related injury resulting in death or in an injury from which the employee is unable to or not expected to recover completely to their pre-injury health status within six months

The organisational and social work environment were also analysed in the year's employee survey. The results show a high perceived workload among employees at the overall level. To prevent this and improve the organisational work environment, we are developing a training course for managers to proactively detect signs of workload or stress. In addition, there was a large initiative in the UK called "Mental Health First aiders".

The management of Covid-19 and its effects has continued in our operations. We also complied each country's guidelines during the year and have continually discussed with employees on how they perceive their work situations. The majority of employees said in the survey that they feel satisfied with the company's handling of the situation.

In addition to local activities to promote health, a new initiative was started for all Nobia employees in 2021. Every Wednesday they receive tips for better well-being, from sleep and mindfulness to inspiring recipes. During the year employees were also invited to participate in a challenge to exercise 100 times during one year: #nobia-100daychallenge.

Business potential for increasing equality and diversity

An inclusive and diverse workplace is fundamental for attracting and retaining skilled employees. Through our Code of Conduct and our equality and diversity policy, we clarify Nobia's position and views on equality and diversity as a right and a resource for the company's development. The new training on the Code of Conduct contained situations and learning opportunities on equality and workplace harassment. An external analysis of equality and diversity issues was performed in 2021. The analysis will be used as a basis for additional actions. The results of the employee survey show that there is a need to focus more on equal opportunity and obligations regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. A new recruitment process for recruiting executives in the Nordic region was introduced during the year, where objective testing tools are used early in the process.

Gender distribution, total and in senior positions	2019	2020	2021
Total, % women/men	27/73	28/72	28/72
Board of Directors, % women/men	50/50	50/50	50/50
Group Management, % women/men	8/92	25/75	22/78
Managerial roles, % women/men	24/76	29/71	33/67

Our employees

On 31 December 2021, Nobia had a total of 6,052 employees in seven countries, which is an increase of just over 2 per cent on last year. 47 per cent of our employees work in production and logistics and 53 per cent work in administration and sales.

Most are permanent employees. Only approximately 1 per cent is temporary; they are located in Sweden, the Netherlands and the UK.

Our employees are covered by collective agreements in each of these countries except the UK. All of the countries are represented on the European Work Council (EWC), a European information and consultation council.

4 Promoting a sustainable culture: *Responsible sourcing*

Material topics and explanations
Responsible sourcing in order to minimise risks, promote a sustainable supply chain and form good relationships with our suppliers is crucial to our ability to offer attractive products to our customers. By supporting effective cooperation with responsible suppliers, we will help reduce the impact on people and the environment occurring in the supply chain, for instance by contributing to cleaner material flows, circular partnerships, reduction of greenhouse gases and energy efficiency measures.

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

Compliance with our Code of Conduct
To identify and manage risks in our supply chain, we have a programme that covers risk analysis, review and evaluation and contains an anonymous channel for reporting violations of our Supplier Code of Conduct. The Code of Conduct regulates and governs Nobia's supplier requirements concerning working conditions, human rights, business ethics and environmental considerations. Compliance with the Code of Conduct is a requirement in our risk assessment of suppliers. Identified risk is a basis for monitoring. Of our suppliers of direct material, 99 per cent are from Europe and the remainder from Asia. We want to contribute to sustainable global supply chains by preventing risks and negative impact on people and the environment. Preventing all forms of modern slavery is an important part of this work, and we report our work and results annually in accordance with its Modern Slavery Statement.

98%
of all suppliers in our programme for responsible sourcing were approved at year-end.

Programmes for responsible sourcing
Nobia's risk assessment programme and follow-up cover approximately 300 significant suppliers, corresponding to 99 per cent of our total cost for direct materials. The programme builds on such parameters as country of production, production process, product type and materials, as well as the supplier's preparedness, for example, in the form of applicable management system. Based on these factors risk is weighed against preparedness and we assess the risk of violations of legal frameworks and Nobia's Supplier Code of Conduct. The risk assessment is the basis for decisions on audits at the supplier. Physical supplier audits are intended to verify, manage and ameliorate any deviations and to identify areas for improvement. For example, a decision on an audit may be the result of a supplier not having a certified management system, combined with a high-risk production process.

Three new suppliers were added to the programme during the year, and all of them were approved at an initial review. A limited number of physical audits were performed due to constantly changing regulations relating to Covid-19. Several deviations in the area of health/safety were identified and actions were taken. In summary, 98 per cent (92) of all suppliers in the programme were approved at year-end. The remainder were awaiting an updated audit, which is planned to take place in 2022.

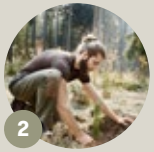
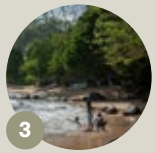
Exercising influence further upstream in the supply chain
We work actively in our programme for responsible sourcing to reach further downstream in the supply chain, in accordance with our sustainability strategy. A pilot project was initiated and to date 62 per cent of suppliers included in the project have confirmed that they are willing to share information about their critical sub-suppliers. An analysis will begin in 2022 to identify which of the subcontractors may be relevant to our review and audit programme. At the same time, we are continuing to work with the remainder of the suppliers who have not yet shared information about their subcontractors.

Active environmental dialogues
In addition to preventive risk management, we work in continuous dialogue with our suppliers in order to reduce environmental impact in the supply chain. One example is setting scientific climate targets, while other examples are identifying data for Scope 3 and dialogue on fossil fuel dependence, circular solutions etc. Read more on pages 88–92.

Programs for responsible sourcing, number	2019	2020	2021
Significant suppliers	294	287	288
Sustainability-reviewed suppliers	279	285	287
Suppliers approved after review	246	257	274
Suppliers with audit requirements	33	28	13
Suppliers approved after audit	14	6	8
Suppliers not approved after audit (in current programmes)	6	0	2
Suppliers awaiting audit (in current programmes)	13	22	3

The information in the table shows the status of Nobia's supplier programme at the end of each year.

Results and achievements according to plan

Area	Strategic objectives	Status	Results and progress
 1 Innovations for a sustainable lifestyle	100 per cent of new kitchen products are to be designed for a more sustainable life in the kitchen by 2025.		According to plan. Sustainability is an integrated part of the product development process and we have now initiated work on identifying areas for improvement for our various product categories.
	A minimum of 90 per cent of new doors and tabletops in the Nordic region are to be eco-labelled by 2025.		According to plan. 75 per cent of new products launched during the year in the Nordic region had the Nordic Swan eco-label.
	We will shift our offering of refrigerators/freezers and stoves/ovens to higher energy rating categories by 2024.		According to plan. 89 per cent of our sales of stoves/ovens were in the higher energy rating categories (A and up). The EU's energy labelling system for refrigerators/freezers was updated in 2021, which affected follow-up during the year.
 2 Circular materials and flows	At least 99 per cent (based on volume) of all wood will originate from FSC® or PEFC™ certified sources, and the remainder from suppliers audited and approved for sustainability, by 2025.		According to plan. 96 per cent (97) of Nobia's total timber and wood materials originated from a certified source. The remaining wood, 4 per cent, came from suppliers audited and approved for sustainability. Moreover, at least 90 per cent of all timber and wood materials purchased in our UK operation and 100 per cent purchased in our operation in the Netherlands was FSC® or PEFC™ certified, with full traceability all the way to the customer.
	100 per cent of our cabinets and doors in the UK region will be FSC® certified with full traceability to the customer by 2021.		According to plan. The target was met. 100 per cent of our cabinets and doors in the UK region are now FSC® certified. 100 per cent of our cabinets and doors in our Dutch business are also FSC® certified.
	100 per cent of the virgin plastic in knobs and handles is to be replaced by a more sustainable alternative by 2023.		According to plan. 100 per cent of knobs made from virgin plastic will be replaced by 100 per cent recycled ocean plastic already in 2022.
	We will initiate partnerships and collaborations to extend the lifetime of our materials and products.		According to plan. A partnership to reuse wood waste is already operating in the UK at a profit. In 2021 Nobia AB initiated a partnership with Cradlenet, a voluntary organisation and platform for a circular economy in Sweden.
 3 Reduced climate impact	A 72 per cent reduction in CO_2 emissions from manufacturing and own transports (Scope 1 and 2) by 2026 (2016 baseline).		According to plan. At the end of 2021 we had achieved a 71 per cent (72) reduction compared with 2016, and we are continuing our efforts to reduce our CO_2 emissions, primarily in production and transports.
	70 per cent of our suppliers (based on CO_2 emissions), related to purchased goods and services and customer use of purchased goods, must have scientific climate targets by 2025.		According to plan. Dialogues have been held with the largest appliance suppliers as well as our wood suppliers to encourage them to adopt scientific climate targets. At year-end, 56 per cent (48) of the suppliers, based on emissions, had adopted their own scientific climate targets.
 4 Promoting a sustainable culture	Skills development in sustainability such as training courses, support and tools are to be available for all employees in all markets by 2023.		According to plan. Eight target group-specific Group-wide training courses were held during the year, including leadership programmes and "train the trainer" courses for our sustainability ambassadors. Several brands held specific trainings for their stores and salespeople in order to improve their knowledge about Nobia's sustainability efforts as a whole and the brand's initiatives in particular.
	We will include critical subcontractors in our risk assessment by 2023.		According to plan. To date, 62 per cent of suppliers in material groups such as stone and surface-treated metal are willing to share information on relevant subcontractors. Assessment and analysis of each supplier will begin in 2022.

Long-term value creation

Nobia generates value for our customers and other stakeholders through the development and manufacturing of kitchen products and the sale and distribution of complete kitchen solutions to end customers. The economic value generated primarily consists of sales of products. The economic value generated is then distributed among suppliers, employees, society, lenders and owners. Distributed economic value is equivalent to generated economic value. The largest share of our distributed economic value pertains to payments to suppliers for products and services that we purchase.

Direct economic value generated and distributed, SEK m	2109	2020	2021
Net sales	13,930	12,741	13,719
Operating expenses	8,955	8,633	8,951
Employee wages and benefits	2,750	2,769	2,899
Social security contributions and pensions	593	588	604
Taxes to state and municipality	229	100	201
Interest to lenders	17	24	41
Dividends to shareholders	675	0	338
Economic value retained	711	627	685

About our sustainability reporting

Report premises
This sustainability report has been prepared in accordance with the Core level of the GRI Standards. The sustainability report encompasses all principles of the UN Global Compact and explains Nobia's sustainability impact, the Group's work to reduce this impact and results. Nobia has published GRI-based sustainability reports since 2012. This report refers to the 2021 calendar year. The sustainability report has not been subject to review or audit by an external party, beyond the auditor's statutory statement that a sustainability report has been prepared. Nobia does not report any activities in 2021 under the framework of the EU Taxonomy Regulation, read more on page 33.

Scope
The report encompasses the entire Group. Specific boundaries for each material topic are presented on pages 86–98. The content of the Sustainability Report and the sustainability topics presented are based on a materiality analysis and summarise the sustainability initiatives of the past year. Environmental data such as energy, CO_2 emissions and waste is based on operations in our production facilities and own stores, and on activities and products in the value chain to the extent possible.

Omitted information: GRI 301-1 Only wood is reported on since it is our most extensive material flow. GRI 305-7 Only emissions of volatile organic compounds (VOCs) from painting facilities are reported. GRI 403-8 Data on accidents and hours worked encompasses all employees at our production facilities, but not local sales companies. Training courses and health/safety data do not apply to consultants.

Changes to the report
Since GRI updated its guidelines for reporting waste, wood waste for own incineration is now included in total waste quantities, and the total quantity of waste has been updated for all years reported. When data per unit was collected, minor deviations were discovered and adjusted for previous years. This primarily concerns waste, recycled wood in incoming material, number of workplace accidents and the share of sales for Nordic Swan eco-labelled products.

As a result of the refined and expanded calculations of Scope 3 emissions and updated conversion factors for wood, the distribution between upstream and downstream emissions has been adjusted.

Calculations
Calculations of carbon emissions from energy consumption and transportation were based on the guidelines of the GHG Protocol's Corporate Accounting and Reporting, and they encompass all greenhouse gases converted to carbon dioxide equivalents, CO_2e. We apply an operational control strategy. Calculations on internal sustainability data are based on actual data from meters and invoices as far as possible. Information for electricity, heating, business travel and goods transport is based on supplier-specific information. Conversion factors for energy consumption and carbon emissions are based on data from the Swedish Environmental Protection Agency and Swedenergy. Conversion factors for CO_2 emissions for oil: 2.69 tCO_2e/m^3, gas 2.32 $kgCO_2e/m^3$, diesel 2.55 tCO_2/m^3, petrol: 2.38 tCO_2/m^3, natural gas for vehicles: 2.86 $kgCO_2e/kg$, biomass (wood): 0.0276kg CO_2e/kg. Amounts of HVO in consumed fuel are not included in current calculations. Calculation of Scope 3 emissions is based on a hybrid approach, with actual values when available, otherwise on generic data. We continually work to improve data quality by replacing secondary data with primary data. For further information and data on energy and climate calculations, refer to Nobia's CDP Climate Investor Response 2021.

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1) Our tool for supplier assessment comprises several parameters, meaning that it is currently not possible to specify the environmental or social grounds on which reviews and audits are based. For example, a decision on an audit may be the result of a supplier not having a certified management system, combined with a high-risk production process.