

SUSTAINABILITY REPORT 2022



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THE YEAR IN BRIEF



100%
Renewable electricity



100%
Certified wood



-9%
GHG Protocol scope 1 and 2



78↑
Higher engagement index



100%
Of our major and medium-sized
suppliers have accepted our
code of conduct

WE HAVE COME A LONG WAY, BUT WE MUST GO FURTHER

After two years with a pandemic and restrictions, expectations were that 2022 would be a relatively good year with a return to the "new normal", but then the invasion of Ukraine happened.

– An incredible tragedy that besides human suffering made people question the purpose of sustainability work, because if we lose respect for human rights, are we then not a long way from sustainable development, says Marie Webrant, Group Finance & Sustainability Director.

At the same time, it is extremely important that we continue our sustainability work within all areas in order to show the way and lead by example.

– Sustainability is strategically important to us to ensure long-term profitable growth. Our sustainability strategy is an integral part of all aspects of our company, but it is a journey where some transformations will take longer than others, says Björn Hauber, President and CEO.

Our carbon footprint, scope 1 and 2 according to the Greenhouse Gas Protocol, dropped by a further 9 percent during the year. That has resulted in a total 65 percent reduction since 2018, which far exceeds both the group's target of a 40 percent reduction and the 1.5 degree target set by the Paris Agreement. The employee engagement index also increased by another 2 percentage points during 2022.

– We even reached our target of using 100 percent certified wood in our products. A strong journey since 2019 when we were at 47 percent. Our sourcing team makes an incredible effort to make the entire supply chain more sustainable based on our criteria, which were implemented last year. Generally, we have had another fantastic year thanks to our employees' genuine engagement, our clear targets and fact-based activities, says Marie.

Our products mainly come from renewable sources and the materials can be reused. That

provides a firm foundation, ensures high quality and a long lifetime. Product life-cycle analysis showing how various material choices impact your kitchen's climate footprint enabling customers to make sustainable choices.

– We consider it our responsibility to guide our customers to make sustainable choices and to achieve a sustainable kitchen life through our knowledge from the life-cycle analysis, while also allowing for continued sustainable development, says Björn.

Most of our activities are underway, and during the year, more structured work will be initiated to ensure diversity and inclusion.

– That is an area which we think has great potential of becoming even more relevant to our customers and employees in the future. We have defined a number of targets within diversity and inclusion, and during 2023 we will provide training and clarify and realise activities, says Marie.

– We have a bright outlook on the future and acknowledge that we are on a journey where we can continue to improve, concludes Björn.



Björn Hauber
CEO
Ballingslöv International



Marie Webrant
Group Finance & Sustainability Director
Ballingslöv International



"Our products mainly come from renewable sources and the materials can be reused."

ABOUT BALLINGSLÖV INTERNATIONAL



Ballingslöv International is a group comprising six business units in the kitchen, bathroom and storage industry. Our well-established Ballingslöv, Drømme-kjøkkenet, Kvik, Multiform, JKE Design, DFI-Geisler and Paula Rosa Manhattan brands are known for their high quality and good design. The group has 1,300 employees and a turnover of just over SEK 5 billion.

The group's business model entails that the business units develop their own unique offerings and independently produce and sell their products. This means that the group has a wide programme in many price segments and product solutions for everyone from individual consumers to construction companies and property developers.

Europe is the primary market and production is taken care of by the business units' own plants in Sweden, Denmark and the United Kingdom. The sourced raw materials and components also primarily come from Europe.

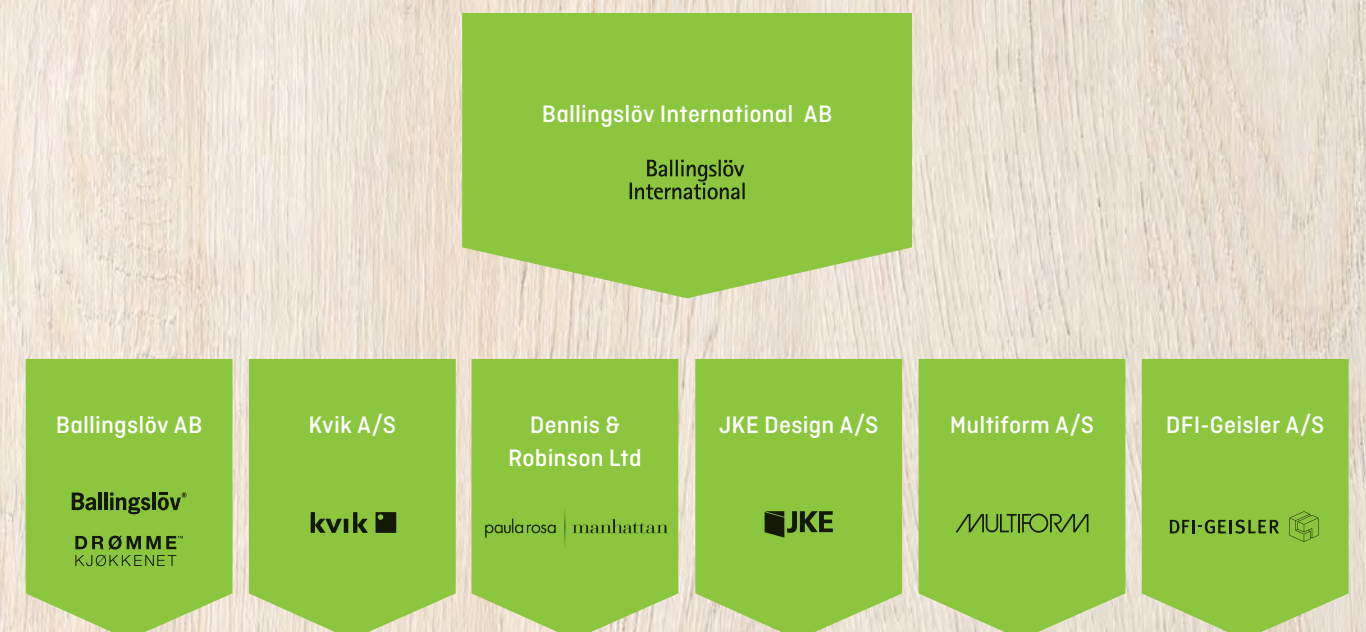
Ballingslöv International is owned 100 percent by Stena Adactum AB.

Ballingslöv International's operations are based on long-term, sustainable solutions. We champion high ethical standards and strive for our products to be developed, made, transported, used, reused and, finally, recycled with as little negative environmental impact as possible.

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

About the report

This is Ballingslöv International's fourth sustainability report under the aegis of the board of directors. It has been drawn up in accordance with the provisions of chapter 6 of Sweden's Annual Accounts Act. The report is for 2022 and covers all the group's companies: Ballingslöv AB, Kvik A/S, JKE Design A/S, DFI-Geisler A/S, Multiform A/S, Dennis & Robinson Ltd and Ballingslöv International AB.



WE CONTRIBUTE TO, AND CREATE A SUSTAINABLE FUTURE

Sustainability covers a wide range of areas that need to work together. Sustainable development becomes a reality when current needs are catered for without jeopardizing future needs. This is how we contribute to, and create a sustainable future.



Social sustainability

- Supporting local associations
- Job satisfaction among our employees
- Diversity & Inclusion
- Supporting schools by providing residual materials for training projects and school tables
- Supporting Ukraine and helping Ukrainian refugees
- Health and safety
- Apprenticeships for students

Environmental sustainability

- Creating kitchens with a small climate footprint, while being aware of the CO₂e impact of different material choices
- We convert our own transports into fossil-free alternatives
- High quality and long service life to reduce resource consumption
- Solely fossil-free electricity in our production facilities
- Kitchens made of certified wood that preserves biological diversity
- Continuous increased share of recycled raw materials in our products
- Waste management
- Circular products that can be reused and whose materials can be recycled

Economic sustainability

- Zero tolerance on child labour
- Code of conduct for our employees and suppliers
- Zero tolerance on corruption and bribery
- Payment of corporate tax in the countries where we operate
- Long-term profitability to remain a stable employer
- Sustainable corporate governance

HOLISTIC SUSTAINABILITY

Sustainability is the heart of everything we do – from production to the consumer.

To ensure that, we have created three strategic concepts: Our sustainable operations, Our circular green kitchen and My sustainable kitchen life.

Our sustainable operations – Where we want to be!



100%
Renewable electricity



100%
Recyclability



100%
Code of Conduct*



100
Engagement index



ZERO
CO₂e**



ZERO
Accidents



100%
Inclusion



40 – 60%
Gender equality***

* Percentage of suppliers who have accepted our code of conduct.
** Impact of our own production facilities
*** We acknowledge that gender is non-binary, however, due to legislation and reporting standards, we mainly use the traditional gender categories for men and women.

Our circular green kitchen

Circular green kitchen is the idea that all parts of a kitchen should make maximum possible use of recyclable and recycled materials. Furthermore, they must, of course, be of such high quality that they withstand long, hard use, are easy to repair and maintain and can be reused in another context. When they have finally given their all, it must be possible to fully recycle them.

Of at least equal importance is the initial environmental impact of a kitchen. Here, the choice of material is of great significance. Product life-cycle analysis clearly show how different raw materials, transportation and manufacturing processes impact a kitchen's climate footprint.

Certified wood

For sustainable forestry to preserve biological diversity

Recyclable

For a circular economy

Low CO₂e footprint

For the sake of our planet and fellow human beings

100% renewable electricity and energy in the production

For the sake of the environment

Design and quality for many years

For the environment and future generations

Transported using fossil-free fuel

For the sake of the environment

My sustainable kitchen life

We consider it our responsibility to inform our customers to make sustainable choices and to achieve a sustainable kitchen life and an opportunity to contribute to a sustainable development for the sake of the future generations. There is a lot that you can do to reduce your climate footprint, whether you are choosing a kitchen or in your everyday life!

Choose wood

A natural resource with a very small climate footprint and excellent for circular recycling.

Extend lifespan

Maintenance and repairs extends the kitchen's lifespan. Why not let your kitchen get a second life in your utility room or holiday home.

Right white goods

Around 50 percent of your kitchen's climate footprint is generated by white goods.

Reduce food waste

Turn leftovers into lunchbox meals and preserve food wisely by vacuum packing it.

Renewable electricity

When you choose renewable electricity for your home, the climate footprint of the energy you use is marginal.



SMALL
climate footprint



THE UN GLOBAL GOALS

In its Agenda 2030, the United Nations (UN) 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 important 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

Extraction of the raw materials used in making our products 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 lifespan of their kitchens). Our focus 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. Here we 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 where, in various ways, our operations have societal and environmental impact. We want to have the best possible impact – and reduce 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.

Our products have long service lives and are largely made from certified wood. Furthermore, wood is a renewable raw material. Our products can be reused and, to an ever increasing extent, recycled. Through design and product choices that promote everyday sustainability, we encourage our consumers to live sustainably.

Not least in the choice of the materials and components to be used, a product's sustainability is largely determined as early as the design phase. We select our suppliers carefully and in our new sourcing guidelines, we impose clear requirements that focus on societal and environmental impact as well as business ethics issues such as safe workplaces, anti-corruption and human rights.



Offering our consumers sustainable options and guiding them towards a sustainable life-style are important parts of our sustainability management. Thus, so that consumers can make more sustainable choices, we have calculated our products' CO₂e impact. This details the climate footprint of, for example, each door, cabinet and worktop.

Optimising and focusing on increasingly eco-friendly transportation is critical to us. In 2020, to reduce our CO₂e emissions, we began a shift to biofuels. Since 2019, our CO₂e footprint for own outgoing transportation (Greenhouse Gas Protocol scope 1) has reduced by 58 percent.

Efficient resource management in production reduces our environmental impact. In 2021, we intensified initiatives to make better use of various raw materials. Reducing our CO₂e emissions is a high priority. We use only renewable energy and are investing in, and switching to, renewable heating. The work environment, competence development and good business ethics are also important issues in the production area.

**FOR OUR
FUTURE**



A LIVING SUSTAINABILITY STRATEGY

After careful analysis of our operations, our surroundings 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 summed this up 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 reduce our climate footprint throughout the value chain, while focusing on using 100 percent renewable energy, increasing percentages of recycled materials in our products, minimising material consumption, reducing use of chemicals and increasing opportunities for circularity.

To optimise our environmental impact, we have chosen three strategic initiatives:

- Circular design
- Reduce CO₂e emissions
- Sustainable forestry





CIRCULAR DESIGN

Circular design entails that we, right from the drawing board, plan products that are durable and which can also be reused or recycled in the future. Circular design impacts the choice of materials and design. The aim is 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 2022 and 2021

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

Wise and circular use of resources

To Multiform, circular design is mainly about wise material choices, efficient use of resources and facilitating that products have a long and useful life.



Michael Bolther Engmark
Factory Manager
Multiform



"All waste has the potential to become valuable raw materials for new or different products."

– The global trend of increasing transparency when it comes to material content helps us make more wise choices. The production is therefore planned to use as much of the resources as possible and reducing waste, says factory manager Michael Bolther Engmark.

Besides minimising waste, Multiform has started to change it's mindset: all waste has the potential to become valuable raw materials for new or different products.

– However, it should be noted that we are a relatively small company offering unique product solutions to our customers, so we do not have massive amounts of waste, but we still have some material that can be recycled.

Multiform has used waste to develop a spice rack, i.e. a special

device for your kitchen drawers to create order in your spices. Michael is hopeful when it comes to taking the next step and developing more products from their own waste or other companies' waste.

– We are looking into using waste inside the kitchen cabinet doors. To succeed, we need to understand both the sourcing and production process as well as increased intra- and inter-company collaboration. What is waste for one company can be a resource for another but with a shared purpose of protecting the Earth's resources wisely, thinks Michael.

High quality and long product life is part of Multiform's DNA; as an example, Michael mentions his in-law's kitchen from Multiform which is now 28 years old and is still in a fantastic condition.

– Our kitchens are made for several generations in a timeless Danish design. When choosing our kitchens, the customers must know that they have made a wise choice that respects both the environment and humans. It is our responsibility to continue developing products in a responsible, sustainable and circular manner, concludes Michael.





REDUCE CO₂E EMISSIONS

Accepting our responsibility in the initiatives to limit emissions and global warming, we want to contribute to a green and sustainable transformation of the entire kitchen industry.

It is vital for us to act here and now. We have switched to 100 percent renewable electricity and make several invest-

ments and engage in activities, such as in transition to fossil-free heating, improved surface treatment and transition to fossil-free transportation. We have also carried out complete life-cycle analysis of our products and therefore know exactly where and how the environmental impact arises and what we need to do to reduce it.



Ambition 2030

CO₂e: < 2,350 tonnes (70% down on 2018), GHG scope 1 and 2

Target 2022

CO₂e: < 4,700 tonnes (40% down on 2018), scope 1 and 2

Status 2022

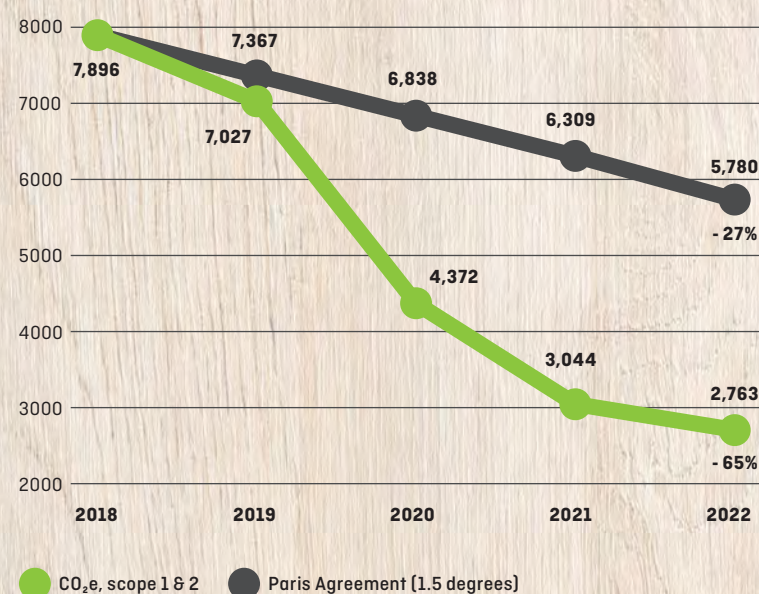
CO₂e: 2,763 tonnes (65% down on 2018), scope 1 and 2

Status 2021

CO₂e: 3,044 tonnes (61% down on 2018), scope 1 and 2

CO₂e -65%

BALLINGSLÖV INTERNATIONAL GROUP
CO₂E EMISSIONS, SCOPE 1 & 2



Since 2018, we have reduced our CO₂ emissions by 65%, a fantastic journey that is largely due to 100% renewable electricity and a transition to renewable energy as heating and biofuels in our own transport.

The road to net zero - Climate-neutral production

The first measurements and calculations of our emission of greenhouse gasses were made in 2018. Since then, we have reduced our CO₂e emissions by 65 percent, scope 1 and 2 according to the Greenhouse Gas Protocol (GHG), which far surpasses our target of 40 percent and is much better than the 27 percent agreed for the same period under the Paris Agreement (the international climate agreement). The reduction is mainly due to the transition to fossil-free electricity and heating, our own fossil-free transportation and improved surface treatments.

Some initiatives can be implemented quickly, others take more time. That is why we are also investing in carbon removal via biochar, where carbon dioxide is removed from the atmosphere and reintroduced into the ground as soil improver. Our 2021 ambition was climate-neutral production, which we achieved in five out of six business units. So also before 2022. By climate-neutral production, we mean the CO₂e emissions caused by our own production in scope 1

and all of scope 2 of the GHG reduced by the certificate for biochar production. The certificates are purchased by Ecoera, a company based at Skånefrö's facility in Hammenhög in the Österlen area of Skåne. They produce biochar through controlled incineration of the biomass that is a residual product from Skånefrö's seed production. As a complementary measure, via a wind power project in India through Gold Standard, our sixth business unit also achieved climate-neutral production in 2022.

Supplier chain and renewable energy leading to success

Our suppliers' CO₂e emissions are a central part of scope 3. This requires there having to be a close collaboration to reduce our products' CO₂e impact. During 2021, we implemented a number of new procurement principles aimed at a joint push towards a lower negative environmental impact. The ambition is to reduce suppliers' CO₂e emissions by 50 percent over time.

Our road to CO₂e reduction



1. Renewable electricity

We choose to use 100% renewable electricity and would like to inspire our suppliers, customers and end users to do the same.



2. Renewable heating

We are investing to make the heating of our production facilities as climate-neutral as possible.



3. Fossil-free transportation

We follow the development of transportation and choose fossil-free transport whenever possible.



4. High quality

Our products are durable and can be reused repeatedly, thus reducing the need to manufacture new products and reducing the environmental impact.




5. Wise material choices

Our deep knowledge of life-cycle analysis provides the foundation for product development and wise sustainable material choices.



6. Collaboration

Close collaboration with our suppliers and partners forms the foundation for our joint efforts to ensure a smaller climate footprint and a more sustainable development.

A minimalist dining room with a large wooden table and chairs, overlooking a lake and forest through floor-to-ceiling windows. The room features a dark wood dining table and matching chairs with woven seats. On the table, there is a large dark bowl and a small dish with a daisy. The floor is made of dark wood planks. The large windows provide a view of a calm lake, surrounded by tall pine trees and distant hills under a clear sky.

We know that our sustainability management is a journey. Its goal changes over time, but this makes it even more important to act here and now in large and small alike.

Marie Webrant
Group Finance & Sustainability Director
Ballingslöv International



FOCUS: FOSSIL-FREE FUEL

Transport is a key factor on the sustainability journey. With HVO fuel in the tanks, Paula Rosa Manhattan is now choosing a new path.



Lee Golby
SHEQ Manager & Sustainability Manager
Paula Rosa Manhattan

Since 2015, Paula Rosa Manhattan has implemented a number of initiatives to reduce its climate impact, such as installing a new roof on the factory, acquiring new electric vehicles and a new heating system powered by 100% renewable electricity. All this to almost become a climate-neutral production facility, scope 1 according to the Greenhouse Gas Protocol (GHG).

– Now we have only 0.53 tonnes CO₂e left in our own production, scope 1, which comes from the diesel pump we use for our sprinkler system, says Lee Golby, SHEQ Manager & Sustainability Manager.

The ambition naturally is to replace the diesel pump with a fossil-free alternative. However, an even greater initiative involves replacing fossil fuel in the trucks with fossil-free alternative.

– We have added Hydrotreated Vegetable Oil (HVO) to our fuel mix. HVO is made by renewable waste materials by using high-quality hydro-processing which makes very pure fuel.

– By driving on HVO fuel, we are able to reduce CO₂e emissions by up to 90%, NOx emissions by up to 27% and PM emissions by up to 84%.

The process of replacing fossil fuel started in August 2021.

– We had to invest in our own tank in order to ensure HVO supplies, which led to analysis of various health and safety risks for both our employees and our environment and properties. However, fossil-free transport is a key factor to achieving significant reductions in our CO₂e emissions, explains Lee.

– We started using HVO during the year and our ambition is to incrementally increase use in 2023 and onwards. Planning is already well under way.

There is much more to be done in the future, not least in view of the increasing energy costs.

– Energy is a highly prioritised area for us in Great Britain. With cost looking to remain high in the next 18-24 months and with the volatile energy availability, we have a great responsi-

lity to use less energy.

– We will continue to implement more energy-saving initiatives, including by improving the insulation of our buildings, reorganising shifts, turning off the electrics and introducing energy monitoring equipment, concludes Lee.



"Energy is a highly prioritised area for us in Great Britain."

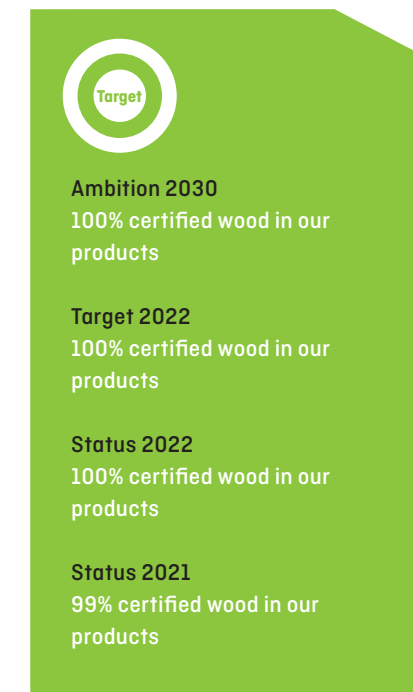


SUSTAINABLE FORESTRY

Sustainable forestry entails managing and using forests in a way that preserves their biological diversity and rejuvenation capacity so that forests remain robust and productive without damaging other ecosystems. Both locally and globally, they can then continue to fulfil vital ecological, economic and societal functions.

Since 2019, it has been central to Ballingslöv International's sustainability strategy to only purchase wood raw materials that originate from either FSC or PEFC certified forest sources.

In 2022, we achieved our target, with 100% of our wood-based products coming from certified forest sources.



100%
certified wood

FSC®

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

PEFC

PEFC is an international non-profit, non-governmental organisation, dedicated to promoting sustainable forest management through international benchmark standards and independent third-party certification.

We achieved our target of 100 percent certified wood in 2022.



GIVING MORE THAN WE TAKE

Sustainability Manager Ane Vilsgaard is seeing the utilisation of nature's resources as a debt that must be repaid. A guiding principle for when DFI-Geisler planted a forest in the municipality where it is located.



Ane Vilsgaard
Sustainability Manager
DFI-Geisler

In 2013, DFI-Geisler started sourcing certified wood to take responsibility for its resource consumption and to be able to offer environment-friendly and sustainable worktops.

– The percentage of certified wood in worktops has increased over the years. Since 2020, all our worktops made of solid wood and laminate from our standard range have been FSC certified and they also have a low climate footprint, says Sustainability Manager Ane Vilsgaard Djernis.

Besides all the wood for our worktops, the company has decided to go one step further by only sourcing wood-based material from sustainable forestry.

– For us, sustainable forestry is not just about the raw wood we buy, but also about giving wood back to

nature. We want to give back more than we take, says Ane.

DFI-Geisler used to plant a tree for each sold worktop made of solid wood, but is now taking further steps to make an even greater effort for the climate.

– We started a collaboration with the Municipality of Morsø and have now planted a local forest on the island of Mors in Northwest Jutland, Denmark, where we have our production facilities.

The forest is a hardwood forest with oak, bass and beech with a total of 33,500 trees on what correlates to 18 football fields. The forest will contribute to improved climate and promote biodiversity in the area. The trees have already absorbed carbon dioxide.

– The idea is also that the forest will eventually become a great excursion spot with hiking paths, shelters and fireplaces that the locals and other visitors can enjoy. Ane emphasises the importance of a producer viewing its role in the world from a larger perspective.

– Hopefully, our initiatives, such as the planting of the forest, will inspire others to do the same. When we use nature's resources, it is important to give something back, she concludes.

“Hopefully, our initiatives, such as the planting of the forest, will inspire others to do the same.”



The forest is planted here

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, at the same time, being a valuable citizen are very important to us.

**To encourage people's wellbeing,
we have chosen two strategic
initiatives:**

Employee engagement
Valuable citizenship





EMPLOYEE ENGAGEMENT

We focus on responsible leadership characterised by collaboration, management by objectives and a genuine desire to empower and develop our employees.

A healthy and safe work environment is a given. Just as important is equality, fairness and equal opportunities, for example in terms of the distribution between men, women and different backgrounds to achieve a proper balance.



Higher engagement index

78

Great Place To Work.

Ballingslöv International conducts annual Great Place to Work (GPTW) surveys, in which all the group's employees are invited to participate. Around 10,000 organisations in 106 countries all around the world conduct the same survey, providing an excellent opportunity for comparing oneself with other organisations and with industry averages in the survey's five areas: credibility, respect, fairness, pride and camaraderie. The responses are compiled at department, company and group level. 90 percent of Ballingslöv's employees participated in the 2022 survey, compared to 89 percent the year before. The aggregate result for our engagement index was 78 in 2022, compared to 76 the year before.



Employee
engagementENCOURAGE
PEOPLE'S
WELLBEINGValuable
citizenship

ENGAGEMENT IN BALLINGSLÖV

Ballingslöv has now taken real action to increase employee engagement. HR Director Joanna Bergström is seeing the beginning of a change journey.



Joanna Bergström
HR Director
Ballingslöv

During the year, Ballingslöv has initiated comprehensive improvement work to bring the company and its employees to the next level.

– In order to create and maintain employee engagement, it takes just that. And just as time changes, we change as well through an exciting and also challenging change journey that is now starting to pick up, says HR Director Joanna Bergström.

– We apply the lean principles, which are about externally creating increased customer benefits and internally becoming even better at using our resources, ultimately our employees' competences and empowering them to reach their full potential.

The foundation of the initial analysis work is the company's evaluations as expressed through

the intention 'Right for me – Respect for others'. – The lean method helps promote stronger insight into what it means and how we should act, not least to develop our employees' understanding of the importance of their participation and that they can participate and have an impact, continues Joanna.

– The work can be divided into various levels. The first step applies to the entire company, the next involves looking at department level and then at the individual level while always considering the company's target.

Joanna says that this mindset already exists to some extent, but that the new work is largely about setting out a common direction characterised by transparency in a structured and targeted manner. It is also about acting on deviations

and working for permanent improvements in the daily work, something that is linked to behaviour. Status whiteboards in the departments visualise the company's current status. If everything is OK, it will be green, if not, it will be red.

– This offers a clear method of communication that is not just about the hard figures about e.g. production numbers, but also addresses the softer values related to our evaluations. It also creates a standard for well-functioning leadership, which is something our employees request.

In this connection, the Great Place to Work (GPTW) survey is probably also a key tool for both protecting and developing our corporate culture.

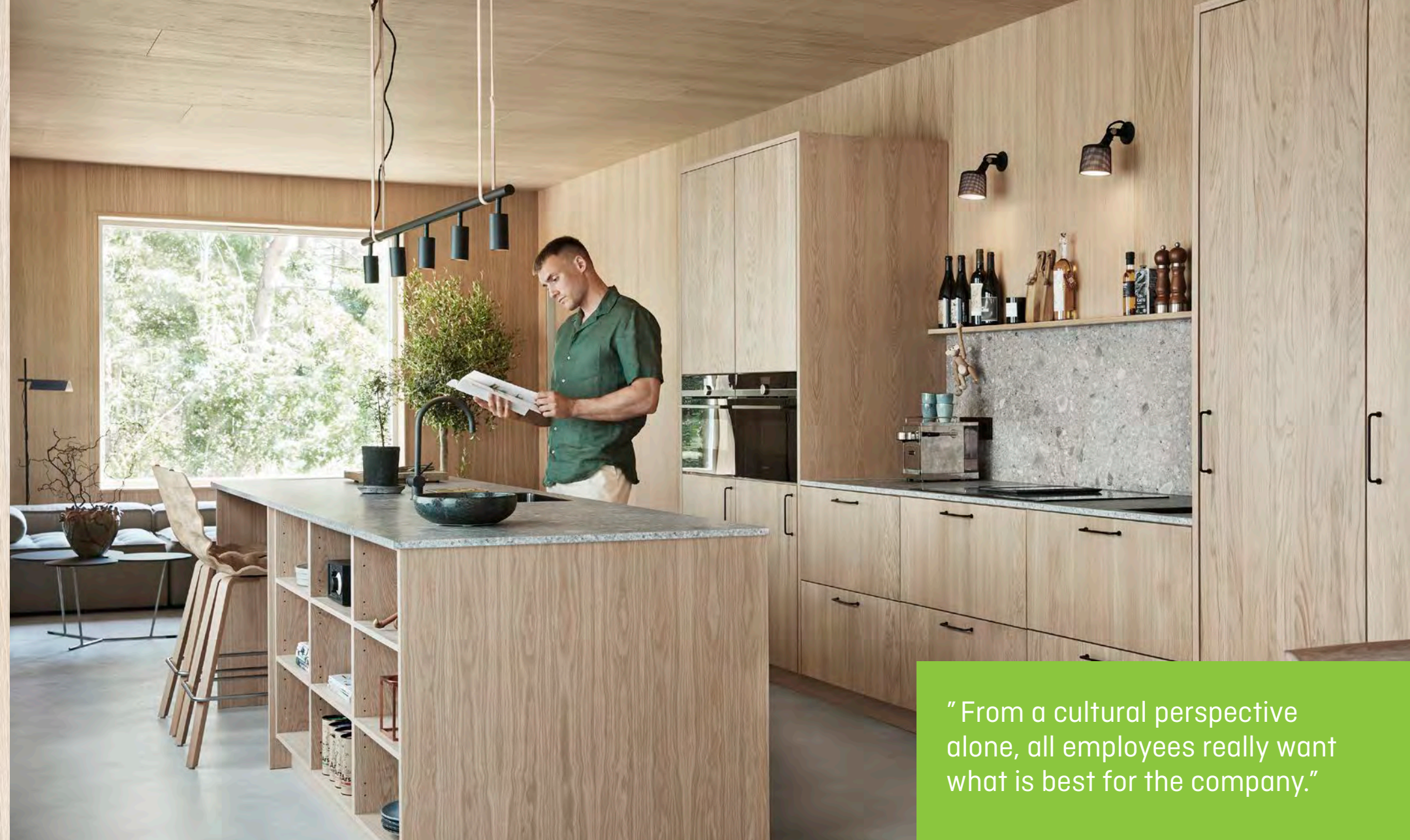
– From a cultural perspective alone, all employees really want what is best for the company. In combina-

tion with the change work to increase engagement, this feeling must be nurtured and the culture must be developed.

– Everyone at Ballingslöv is part of creating our culture, concludes Joanna.



"From a cultural perspective alone, all employees really want what is best for the company."



Employee
engagementENCOURAGE
PEOPLE'S
WELLBEINGValuable
citizenship

VALUABLE CITIZENSHIP

For us, it is extremely important to act responsibly towards our employees, local communities and the world at large. We are major employers in small towns, which means that we have a significant 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 positive societal impact per business unit per year

Status 2022 and 2021

All business units have had several initiatives



BY OFFERING OUR SUPPORT, WE ALL BECAME STRONGER

Ukraine was invaded in February 2022, an action with devastating and long-term consequences, among them 14 million Ukrainian refugees.

JKE Design found it only natural to offer a helping hand. Managing Director Freddy Lauridsen says:

– In cooperation with Brønderslev Municipality and the local job centre, we welcomed three Ukrainian employees and offered internships to prepare them for the labour market. Matching their skills with our needs was relatively simple.

The greatest challenge was the language, with just one of the three employees speaking English, while

the other two only knew Ukrainian and Russian.

– We can see that language is a key factor in introducing and including different nationalities. Speaking English and/or Danish therefore becomes vital, not least from a safety perspective, since our production involves machine handling and all the safety instructions must be understood.

– The municipality was able to provide translators and Danish courses and at JKE Design, we appointed mentors. The joint meetings and gradual involvement in our different teams through an open dialogue were what made the introduction so successful. The three employees have worked as interns for 4 to 12 weeks with an ambition to hire them whenever we would need them.

Freddy also emphasises the importance of having an inclusive mindset.

– How we meet one another tells

a lot about how we meet our employees, that we are all different and that it is the sum of all our different backgrounds, experiences, ages, skills, etc. that creates the whole. This creates dynamics and greater value, concludes Freddy.



Freddy Lauridsen
Managing Director
JKE Design



Employee
engagementENCOURAGE
PEOPLE'S
WELLBEINGValuable
citizenship

IMPROVED SAFETY WORK

According to Chief Production Officer Taina Ekström, a new framework and a clearer focus are vital tools for an improved safety culture.

'Workplace Safety Focus' has been implemented throughout the group during the year. It is a tool to ensure our responsibility as responsible employers so that we can reduce the number of accidents and improve safety conditions.



Taina Ekström
Chief Production Officer
Ballingslöv International

– In recent years, we have engaged in a structured effort to measure and follow up accidents, near-accidents and risk observations, says Chief Production Officer Taina Ekström.

Risk observations are particularly important if you want to prevent accidents.

– The accidents we have had are luckily mainly minor resulting in short periods of absence. We have had more accidents in 2022 compared to previous years and that is serious in itself. We can see that we can become even better at engaging in a continuous dialogue and take measures in respect of all accidents, risk observations and

near-accidents, says Taina. By implementing most of the improved safety instructions and safety inspection rounds and by holding regular safety meetings, we intend to clarify the already existing safety culture and create renewed awareness of health and safety in our daily work.

– New employees will undergo improved safety training and we will even focus specifically on truck driving, safety equipment and machine safety. Through these measures, we expect to see a reduction in the number of accidents and an improvement in accident statistics next year, ends Taina.



"Special focus on truck driving, protective equipment and machine safety."



PROMOTE RESPECTFUL BUSINESS ETHICS



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
Transparent communication





RESPONSIBLE SOURCING

Ensuring responsible sourcing is extremely important for us. We focus on maintaining a supply chain that, from employee, environmental and societal perspectives, is sustainable and transparent. Our code of conduct is a central element as is in-depth sustainability dialogues, sustainability surveys and our even more detailed sustainability and material requirements, which we drew up in 2021 in the document ‘Sustainability and Material Requirements’ (SMR).

Ambition 2030
All large* suppliers must have accepted our code of conduct. Audits performed on all relevant suppliers based on a risk assessment

Target 2022
All major*** suppliers must have accepted our code of conduct. Audits performed on 20 relevant suppliers based on a risk assessment

Status 2022 and 2021
100% of our major*** and medium-sized** suppliers have accepted our code of conduct

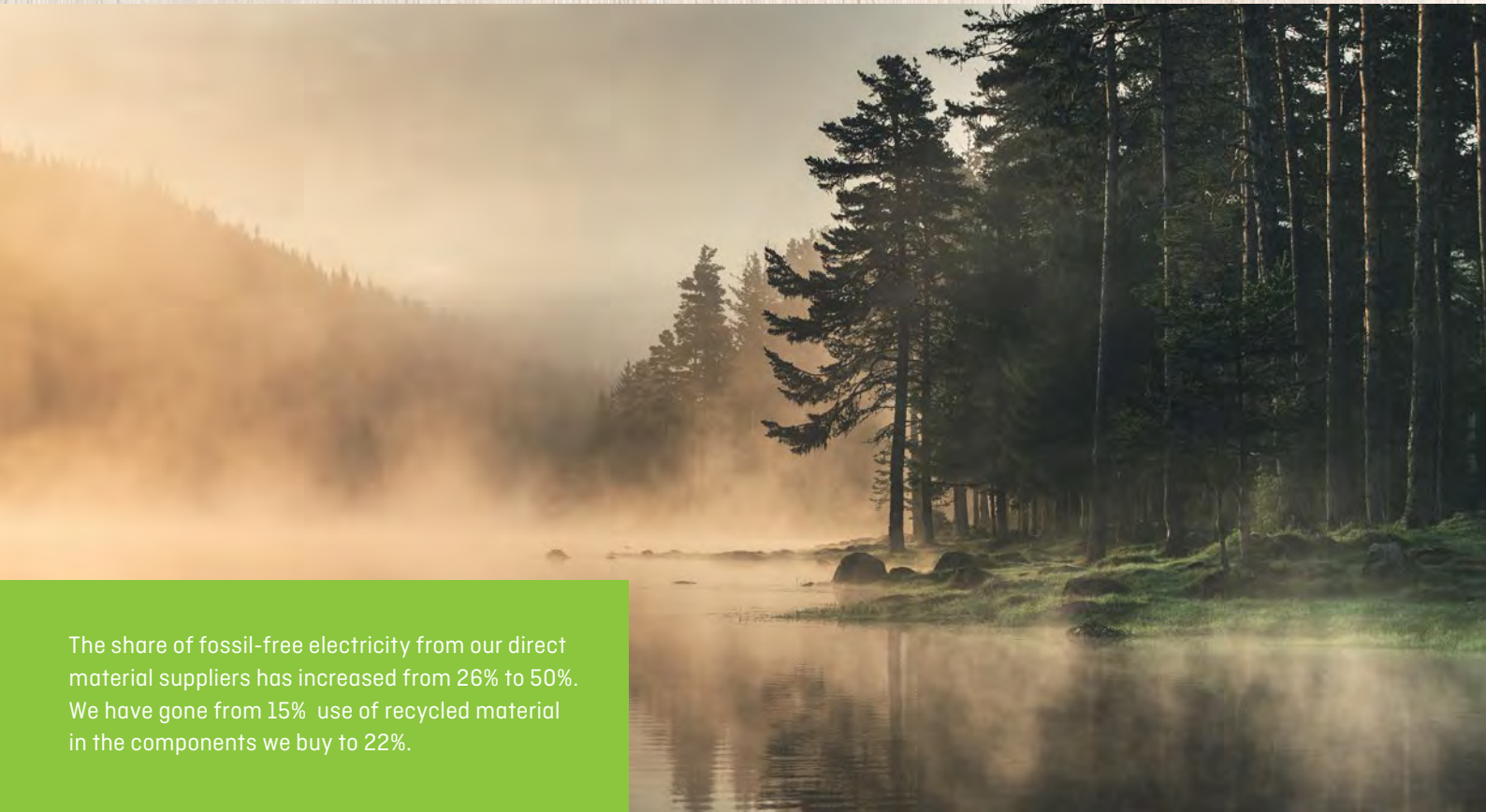
*Purchase volume per business unit
>EUR 100,000
**Purchase volume per business unit
>EUR 200,000
***Purchase volume per business unit
>EUR 300,000

Sustainable supply chain

Maintaining a sustainable supply chain is comprehensive and never ending work that requires genuine and close collaboration with the suppliers. In 2019, we started in-depth sustainability dialogues with our main suppliers. We are now seeing the results!

The sustainability survey we send out concerns the areas that we, through careful analysis, have determined are the most important:

- Reduced CO₂e impact – measurement of climate footprint according to GHG, life cycle analysis on products and share of fossil-free electricity
- Increased circularity – measurement of share of recycled material in our sourced components
- Good working conditions – measurement of the number of workplace accidents



The share of fossil-free electricity from our direct material suppliers has increased from 26% to 50%. We have gone from 15% use of recycled material in the components we buy to 22%.

THE SHARED SUSTAINABILITY JOURNEY	2019	2020	2021	2022
Number of responses from direct material (DM) suppliers	114	134	124	119
Share of answers of total DM ¹	75%	75%	77%	75%
Share of fossil-free electricity of total DM ¹	26%	40%	46%	50%
Share of suppliers that have conducted LCA on products they have sold to us of total DM ¹	18%	53%	50%	52%
Share of recycled material in our sourced components ²	15%	17%	16%	22%

1) Volume weighted DM share in relation to total DM share as a percentage
2) Sourced components are the part of DM that is part of our production (excluding commodities)

The data is based on information reported by our suppliers. There is some uncertainty as to the individual supplier's definitions and measuring processes. We have not been able to review the data, but they form part of our continued dialogue with the suppliers. We will therefore see a gradual improvement and increased awareness. In future, we will primarily focus on our new collaboration with Ecovadis to become better at assessing the sustainability of our suppliers. The sustainability assessment is preceded by an updated supplier risk analysis. The work with our Sustainability and Material Requirements (SMR) document is progressing according to plan (see the 2021 sustainability report for more information about the SMR document).

Responsible
sourcingTransparent
communication

**PROMOTE
RESPECTFUL
BUSINESS ETHICS**

FOUR STEPS BECOME FIVE AND SIX STEPS

The multistage rocket for responsible sourcing, now has two more steps. Chief Sourcing Officer Staffan Jönsson considers the new Scanmarket tool and the partner Ecovadis a clear step forward in this area.



Staffan Jönsson
Chief Sourcing Officer
Ballingslöv International

During the past four years, ensuring responsible sourcing has been prioritised, and through structured work, we have slowly made progress.

- The group's code of conduct, which specifies our overall supplier requirements, was published and implemented in 2014. Since then, it has become an integral part of our supplier agreements, explains Chief Sourcing Officer Staffan Jönsson.

The target for 2022, which was set in 2018, was that all major suppliers, i.e. suppliers with a purchase volume per business unit of over EUR 300,000, had to accept the group's code of conduct. A target that was already exceeded in 2019.

- The ambition for 2030 included medium-sized suppliers, meaning suppliers with a purchase volume per business unit of over EUR 200,000.

Amazingly, that target was reached already in 2021. This meant that the 2030 ambition was revised to EUR 100,000, and until 2025, the target is EUR 150,000. We consider our code of conduct as the first step towards ensuring responsible sourcing, says Staffan.

2019 saw the launch of step two; in-depth sustainability dialogues with our main suppliers. The third step was taken in 2020, when the first sustainability survey was sent out.

- The sustainability survey has given us an understanding of our suppliers' position and how they progress year by year in terms of sustainability.

The fourth step was taken in 2021 when the 'Sustainability and Material Requirements' document was drawn up and implemented.

- The fifth step was taken this year with the launch of a robust system support with, from a sustainability perspective, a separate module; 'Supplier Risk and Performance Management' to be able to assess the risk that our suppliers do not meet the expectations.

During 2022, we have even taken the sixth step.

- We have started collaborating with Ecovadis, which assesses the sustainability of companies, and will, during 2023, be requiring our suppliers to be assessed according to this model based on a risk assessment.

- It is impossible to say how many steps this journey for responsible sourcing will require, but I am certain that we have not taken the last step yet, concludes Staffan.



"We consider our code of conduct as the first step towards ensuring responsible sourcing."



Responsible
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**PROMOTE
RESPECTFUL
BUSINESS ETHICS**

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. No matter their relation to us, whether they are employees, partners, suppliers, customers, citizens or other stakeholders, we want to create the foundation for sustainable living now and in the future.



Lisa Gøttler
Chief Marketing & Product Officer
Kvik

Transparency creates trust

Transparency is one of Kvik's core values that help create trust both inside and outside the company. That is why transparent communication about sustainability is quite natural for Lisa Gøttler, Chief Marketing & Product Officer.

– It is about showing a truthful image of ourselves, being authentic and honest.

Showing the company's value proposition, targets, key figures and activities in an accessible manner creates understanding and trust among our employees, customers and suppliers.

– Trust is unique for everyone

and builds on an expectation that together we are able to drive change and keep our promises. Transparency minimises the risk of broken expectations and eliminates any mistrust.

Trust drives innovation, growth and safety, and in terms of sustainability work, Kvik has taken various initiatives to increase transparency through e.g. training of sales representatives so that they are prepared for the dialogue with the customers and product information that shows the share of recycled materials.

– Recycling material is important to achieve circularity, and the communication to the customer must be direct and easy to understand although the subject matter is complex. We need to take control over the information and get access to vast

amounts of data from our suppliers. Kvik therefore took the initiative to create a system containing centrally sourced sustainability data.

– The system is almost ready and will enable us to clearly see the data that has been verified by third parties, so that we can use it in our communication without risking being accused of greenwashing. Subsequently, we must naturally continue the work of quality assuring the system and find the best way of communicating with the end customer.

– Internally, we communicate via our own Kvik app 'Kvik Inside', but I believe that there is room for improvement. We can become even more clear and transparent than we are today as material data become more readily available and better.

– Most customers translate




“Most customers translate transparency in the communication about sustainability into honesty and integrity.”



OUR PERFORMANCE INDICATORS

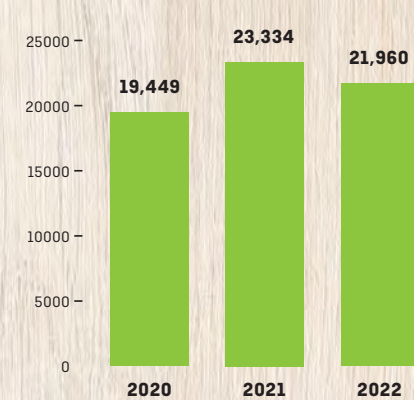
At group level, Ballingslöv International has chosen a number of performance indicators (i.e. various key figures in various categories) that we update, analyse

and compare year on year. The tables below show the performance indicators for 2022 with those for 2020- 2021 as reference.

	2020	2021	2022
 OPTIMISE OUR ENVIRONMENTAL IMPACT			
Recyclable products, %	98	98	98
Scope 1 CO ₂ e emissions, tonnes*	4,372	3,044	2,763
Scope 2 CO ₂ e emissions, tonnes*	0	0	0
Ton CO ₂ e/MSEK revenue	1.06	0.63	0.53
Emissions of solvents, tonnes	31	27	26
Electricity consumption, MWh	19,449	23,334	21,960
of which, renewable, %**	100	100	100
Certified wood, %**	96	99	100
 ENCOURAGE PEOPLE’S WELLBEING			
Number of accidents resulting in absence (24 hours or more)	24	30	36
Number of accidents/million working hours (LTIFR***)	10.6	13.0	15.7
Sickness absenteeism, % (average for business units, excl. office staff)	5.25	6.68	6.00
Board gender distribution (Ballingslöv Int.)	33% female 67% male	33% female 67% male	25% female 75% male
Senior management gender distribution (Ballingslöv Int.)	17% female 83% male	17% female 83% male	17% female 83% male
Senior management gender distribution (subsidiaries)	25% female 75% male	26% female 74% male	15% female 85% male
Gender distribution (all employees)	26% female 74% male	26% female 74% male	29% female 71% male
GPTW engagement index	71	76	78
GPTW response rate, %	87	89	90
 PROMOTE RESPECTFUL BUSINESS ETHICS			
Employees who accepted our code of conduct, %	100	100	100
Major suppliers who accepted our code of conduct, %	100	100	100
Medium-sized suppliers who accepted our code of conduct, %	-	100	100

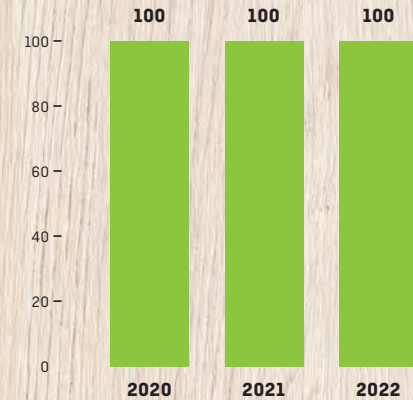
* In 2021, CO₂e emissions for 2018-2020 were recalculated because the process was improved and more data has become available.
** Wood raw material originating from either FSC or PEFC certified forest raw material.
*** Lost Time Injury Frequency Rate, number of accidents resulting in absence per one million working hours.

ELECTRICITY CONSUMPTION, MWH



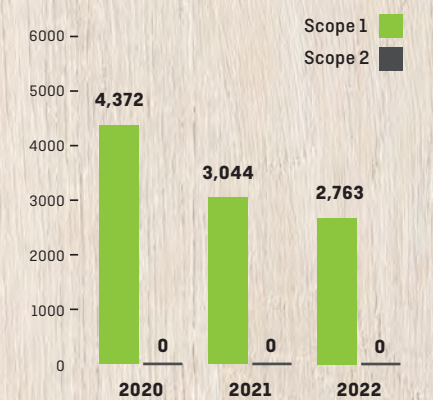
Electricity consumption dropped in 2022 due to our saving initiatives and new production setup.

RENEWABLE ELECTRICITY, %



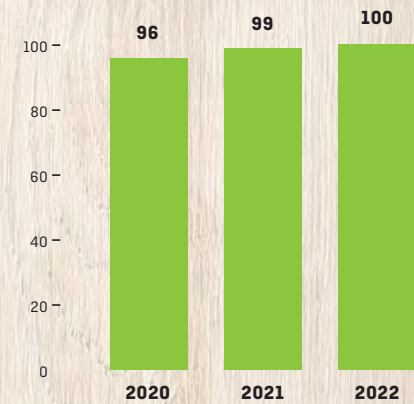
In April 2019, after our CO₂e calculation according to the Greenhouse Gas Protocol (GHG), we understood exactly how important renewable electricity is for the climate. Thus, already on 1 July 2019, we switched 100% to renewable electricity.

CO₂E-EMISSIONS, TONNES*



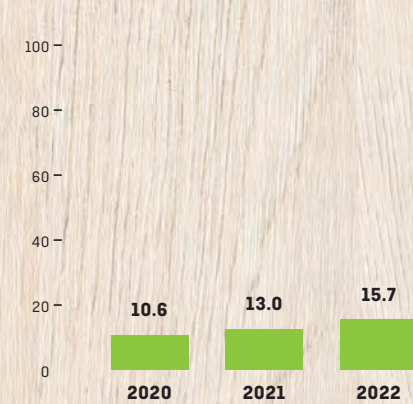
Our CO₂e emissions fell by 9% in 2022, mainly due to less use of oil for heating one of our production facilities. Our CO₂e emissions have fallen by 65% since 2018. Our 2022 target was to reduce emissions by 40% compared to 2018, a target we reached easily.

CERTIFIED WOOD, %



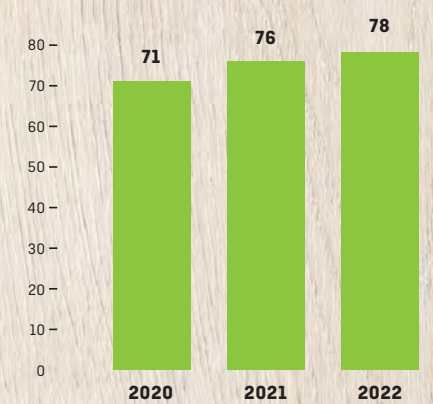
Thanks to structured and dedicated work, we succeeded in reaching our 2022 target of 100% certified wood.

LTIFR



Lost Time Injury Frequency Rate (LTIFR) has increased during recent years, and we are therefore intensifying our safety work. All accidents were minor resulting in a short period of absence and no permanent injuries.

GPTW ENGAGEMENT INDEX



In 2022, the engagement index rose to a new record of 78. This rise was largely due to the continuous improvement initiatives that we take.

DOUBLE MATERIALITY ASSESSMENT

Environmentally, societally and socially, our operations have an impact on the world, just as the world has an impact on us. Using a double materiality assessment, we examined these two perspectives and, after careful analysis, arrived at what are the most important areas of impact.

For Ballingslöv International Group, the main impact of our operations on the world is via:

- CO₂e emissions – As the climate is negatively affected by CO₂e emissions, it is essential that we continuously reduce our climate impact. On page 24, you can read more about our CO₂e journey.
- Resources – Protecting the Earth's resources is a must. The five areas where we have greatest impact and on which we are working are: ensuring sustainable forestry; using renewable energy; continually increasing the percentage of recycled materials in our products; and, ensuring long service lives and wise reuse and recycling of our products. On pages 11, 22 and 30, you can read more about how we work with these.
- Rural areas – As we are major employers in small towns, we have a significant role in the development of communities and creating job opportunities. Read more on page 9, 40 and 41.
- Health and safety – Ensuring our employees' health and safety is undoubtedly of utmost importance and one of the top priorities. For more information, see pages 42 and 56.
- Business ethics – Promoting respectful and fair business ethics throughout our value chain is decidedly in our interest and critical for long-term, sustainable operations and business relations. Read more on pages 46–49 and 56.

The world affects Ballingslöv International Group primarily via:

- Climate changes – Extreme weather resulting from climate changes can have far-reaching consequences for our entire value chain (e.g. employees' health, delivery disruptions and cost increases). Even changes in regulations aimed at reducing climate change can impede our climate-positive switches and have major financial consequences.
- Resources – In the short term, shortages of raw materials for our products present challenges to fulfilling our customer promises. In the long term, product design and material choice need to be analysed along with increased material circularity to ensure availability of the necessary resources. Electricity and mostly renewable electricity is a resource that we rely on a lot. We continuously consider energy efficiency initiatives to reduce our electricity consumption.
- The consequences of the war in Ukraine are many. Those mainly seen in 2022 were shortages of raw materials, high sourcing prices and delivery delays.
- Legal requirements – Changed legal requirements regarding end products, material content and reporting mean that the conditions for carrying out operations are changing. This demands adaptability and expertise.
- Business ethics – Incidents in the value chain as a result of shortcomings in business ethics processes risk impacting negatively on our brands.



RISK ANALYSIS POINT THE WAY

We run systematic risk analyses in both strategic and operational areas. To identify sustainability risks and the risks that have the greatest impact, annual, sustainability-based risk analysis are made of the group and each business unit. These analysis include environmental aspects, working conditions and societal

issues such as human rights and business ethics. Based on this assessment, we have developed four different methods of managing the risks: accept, reduce, avoid and transfer. The analysis also form 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.

CLEAR GOVERNANCE ENSURES RESULTS

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 undertaken locally in each business unit, all employees being important for its success, under the management of an appointed sustainability manager. 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, Group Finance & Sustainability Director.

We also have an external network of specialists in the sustainability area, whom we collaborate with on different matters.

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 the policies that exist at both group level and locally in each business unit. All our business units comply with local environment and health and safety legislation. The only business unit operating under a license holds environmental certification in

accordance with ISO 14001. Our group-wide environmental policy is an important part of the environmental sustainability management in the group and was implemented in all business units in 2020.

Next to the environmental policy, our most important policy is our code of conduct It serves as a compass in the daily work of everyone in the group The business units provide training in and engage in a dialogue on our code of conduct with all employees and all new employees must sign the code of ethics when they their appointment.

In 2021, Ballingslöv International implemented a new whistle-blower policy and a new, self-contained and anonymised system for whistle blowing. The whistle-blower system is provided by an independent, external third party. We build our long-term success on our ethical guidelines. All employees, customers, suppliers and partners play important roles in this respect. There were no whistle-blowing cases in 2022.



AUDITOR’S REPORT

To the annual general meeting of Ballingslöv International AB, co. reg. no. 556556-2807

Assignments and responsibilities

The board of directors are responsible for the 2022 sustainability report and for it being drawn up in accordance with the Swedish Annual Accounts Act.

The audit’s focus and scope

Our audit was carried out in accordance with the RevR 12 The Auditor’s report recommendation from FAR [the institute for the accountancy profession in Sweden]. Said recommendation is in respect of statutory sustainability reports. Consequently, our audit of this sustainability

report had a different focus and significantly lesser scope than that of an audit carried out in Sweden under the International Standards on Auditing and in accordance with good audit practice. In our opinion, this audit gives us adequate grounds for providing our statement.

Statement


A sustainability report has been drawn up.

Malmö, 21 April 2023
PricewaterhouseCoopers AB

Johan Rippe
Authorised Public Accountant



" We have come a long way,
but we must go further."



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.