

Lammhults Design Group.

SUSTAINABILITY REPORT 2018

Sustainability Report

Lammhults Design Group is engaged in active, long-term ownership of a group of furniture and interior design companies in northern Europe with a focus on profitable growth. Thanks to its strong financial position, the Group will be a stable partner for our customers and partners and generate value for our shareholders while being an attractive employer and an interesting actor for new acquisitions. Financial targets and governance are reported in the Group's Annual Report

The Group's management of social and environmental sustainability is mainly regulated by the Codes of Conduct and policies laid down by the Board. Lammhults Design Group conducts its operations in line with the ten principles of the UN Global Compact and applying the leading standard for social responsibility, ISO 26000, and its principles regarding ethical behaviour, respect for the rule of law, respect for international standards and expectations, respect and consideration for the requirements and expectations of stakeholders, responsibility, transparency, the precautionary principle and respect for human rights. These fundamentals are to pervade the entire organisation, the value chain and our products and services.

Lammhults Design Group's products have a tradition of responsible and sustainable design and production. The quality of our products and their long lifetime are a prerequisite for sustainable consumption. Our ambition is to be a trailblazer while complying with international standards and legal and market requirements. Business ethics, high morals and integrity are integrated into the operations of Lammhults Design Group and our constant endeavour to develop sustainably. We take environmental, social and financial aspects into account when creating and offering products and services. We examine the environmental, social and economic impacts and reduce risks in our own organisation, in our products and in the value chain. At the same time, the quality of our products

must always meet our customers' requirements and expectations. Work on sustainability is well integrated in the companies' business processes and forms part of the companies' management systems. We want to ensure a clear link between the strategic management of our companies and actual improvements in financial, environmental, human and societal terms. Direct responsibility for the environment, health and safety and ethics is taken locally by each company. To develop work on sustainability and increase the transfer of knowledge and learning between the companies, the Group has maintained a strategic Sustainability Council since 2014.

All Group companies in Sweden, Norway and Germany meet the requirement of certification in accordance with the ISO 14001 environmental management system, with the exception of Morgana AB, our most recent acquisition. The management systems at Lammhults Möbel and Abstracta are certified and approved in accordance with ISO 9001, ISO 14001 and OHSAS 18001, which will transition to ISO 45001. Fora Form was already certified in accordance with ISO 45001 in 2018.

Morgana AB conducts coating operations subject to legal reporting requirements. The operations have previously transitioned to UV-cured coatings, markedly reducing the use of solvents.



E5 WORK MEETING
Design Wivian Eidsaunet,
Ragnars

LAMMHULTS DESIGN GROUPS SUSTAINABILITY VISION

Our ambition is to be a trailblazer while complying with international standards and legal and market requirements. Business ethics, high morals and integrity are integrated into the operations of Lammhults Design Group and our constant endeavour to develop sustainably.

Our goal is to have completely CO₂-neutral production units by 2030, to have full traceability for wood raw materials, and for new products to be designed for reuse using renewable raw materials or able to be reused or recycled into new products

A word from the CEO



Our ambition is to be a leader in sustainability performance in our industry. This entails continuously raising our sights and endeavouring to develop our approach, choices, processes and products to further enhance our sustainability. During the year, new governance documents regarding sustainability, the environment and our Code of Conduct were prepared, helping us maintain our leadership. Success factors include awareness of our impact and an approach characterised by continuous improvement, which is achieved in a systematic and structured way.

We shall act proactively, not reactively, and developing the skills of our companies' employees plays an important role in raising the Group's performance in sustainability.

Sustainability work must form a natural part of our corporate culture and this must be communicated in a relevant way, both internally and externally.

Lammhults Design Group contributes to Agenda 2030 (the UN's Global Sustainability Goals), both by influencing the furniture and interior design industry to become more environmentally and socially responsible, but also by being a good employer and local player, and finally by helping our customers become more sustainable by offering a more responsible alternative.

In our sustainability work, we must act throughout the value chain, from suppliers to customers. Our sustainability work is governed by ISO 26000, while the ten principles of the Global Compact also provide a base. We prioritise our resources based on a perspective of risk and impact. This prioritisation is based on the following factors: the extent of the negative impact, the extent to which a positive impact can be achieved, and the scope of our opportunities to control our impact.

Significant public sector customers, including public authorities, regions and municipalities are setting increasingly stringent demands, contributing to the need to focus on restructuring, which we believe will benefit the development of our business, both in our home markets and in export markets.

The world around us is preparing itself and being realigned to support a circular economy. To strengthen the transition to a resource-efficient and circular economy, the Swedish government decided in April 2018 to establish a delegation for circular economy. The delegation shall contribute to reducing environmental and climate impacts, while making it easier for Swedish business and industry to achieve leading positions in global markets. The National Agency for Public Procurement in Sweden works to contribute to sustainable development through public procurement. One example is the assignment initiated to revise the procurement criteria for furniture by introducing circular requirements.

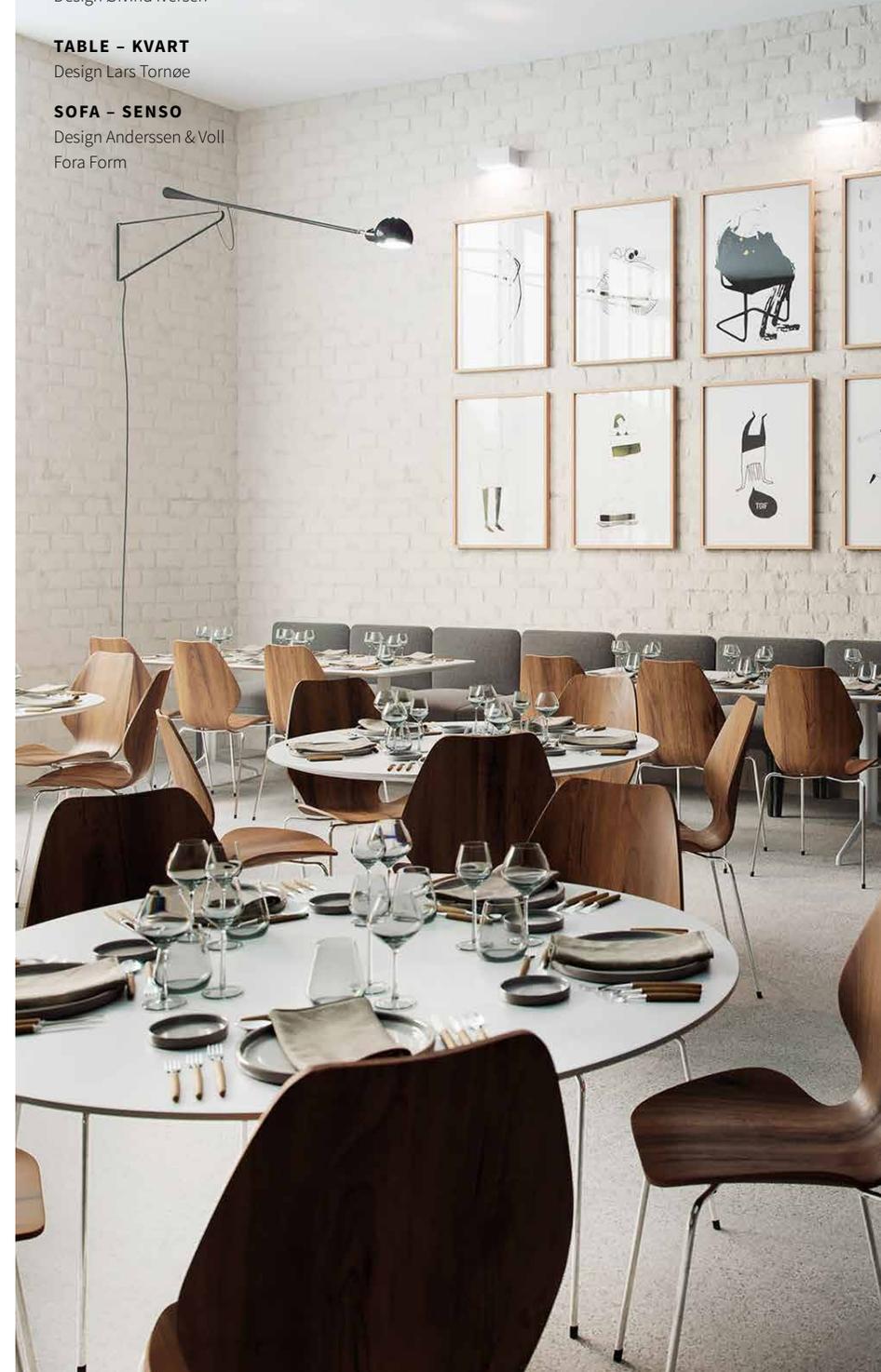
We welcome this and are dedicated to remaining a leading player in the upcoming years.

Sofia Svensson
President and CEO

CHAIR - CITY
Design Øivind Iversen

TABLE - KVART
Design Lars Tornøe

SOFA - SENSO
Design Anderssen & Voll
Fora Form



Overarching sustainability objectives

Lammhults Design Group's strategy indicates three areas within the 17 Global Sustainability Goals where we can most make a difference. These are SDG 8 (Working conditions and economic growth), SDG 12 (Sustainable consumption and production) and SDG 15 (Life on land, focusing on ecosystems and biodiversity). We are working towards four comprehensive sustainability goals to achieve sustainable commercial and social development, as well as continuous improvement. These are part of our sustainability platform for managing and prioritising work on sustainability in the companies.

TABLE - PONTO

Design Troels Grum Schwensen.

TABLE - GRADE PLUS

Design Johannes Foersom and Peter Hiort-Lorenzen.
Lammhults, 2018



ENSURE THAT LAMMHULTS DESIGN GROUP'S CORE VALUES AND SOCIAL AND ENVIRONMENTAL PRINCIPLES ARE RECOGNISED AND INTEGRATED INTO THE OPERATIONS OF EACH COMPANY

During the year, new governance documents regarding sustainability, the environment and the Code of Conduct have been prepared at the Group level. Application and governance efforts based on these continues in 2019. All employees are to be briefed and receive training.

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ENSURE THAT WE HAVE A SOCIALLY AND ENVIRONMENTALLY SOUND AND RESPONSIBLE SUPPLY CHAIN

The stringent requirements of Möbelfakta on a systematic approach have strengthened work on social accountability. External audits of procedures and working methods for choice and follow-up of suppliers have been a criterion for Möbelfakta approval since 2016. Combined, only 4 percent of total purchasing in 2018 came from risk countries according to the updated list from Amfori BSCI. They were China, Romania and Turkey. A specific procedure is in place, according to which the Managing Director of each company must approve new suppliers.

INCREASE THE PROPORTION OF SUSTAINABLE WOOD RAW MATERIALS IN OUR PRODUCTS AND SUPPORT SUSTAINABLE FORESTRY

During the year, the Library Interiors business area was certified in accordance with the FSC® traceability standard. Ensuring the wood raw material is purchased from sustainable forestry (FSC, PEFC certified or equivalent) is a criterion for approval in accordance with the Möbelfakta label and the Nordic Swan ecolabel. A total of 87 products/series now have Möbelfakta labelling. This is an increase of ten for comparable and continuing operations. The number of products approved under the Nordic Swan Ecolabel is 22.

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REDUCE THE ENVIRONMENTAL IMPACT OF OUR PRODUCTS AND SERVICES

Design for long product lifetime and to reduce energy consumption, increase the proportion of renewable raw materials, increase the proportion of recycled materials and design products for greater recycling and interchangeability are central aspects of the companies' development work. Since 2016, Fora Form has reported the climate footprint for much of its collection, with a total of 43 declarations currently available. Ragnars Inredningar has decided to invest in a heat pump facility that will reduce electricity consumption. This will be brought online in the spring of 2019, when a photovoltaic cell facility will also be completed. By 2020, Lammhults Möbel targets all furniture assembly being achieved with screw joints, thereby allowing the use of glue in assembly to cease. This step provides conditions for a circular economy.

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In the past three years, CO₂ emissions from heating and electricity have been cut by 26 percent for comparable units. Further significant reductions will also occur in 2019, with Ragnars having introduced ecolabelled electricity and investing in a heat pump facility and photovoltaic cells.

Stakeholder dialogue and materiality analysis

The most important stakeholder groups are found within and surrounding our value chains. Our primary identification of stakeholders is based on this view. They are shareholders, customers, employees, suppliers and partners, as well as society in the form of authorities, the educational system, the media and the local communities in which we operate. For the environmental aspects, the national environmental objectives adopted by Sweden's Riksdag (parliament) and the Global Sustainability goals are also regarded as stakeholders.



T5
Ragnars, 2018

SKY

Design Stefan Borselius
Abstracta

Interview with Erik Graesén,
Product Development Manager,
for Abstracta



Our modular approach supports a circular economy

HOW WOULD YOU DESCRIBE ABSTRACTA'S CURRENT STATUS WITH REGARD TO CIRCULAR DESIGN?

Abstracta's "DNA" can be described as a well-developed modular approach to product design with substantial flexibility in adapting to customer requirements, and this permeates the entire company. Our best sellers are modular and this means that we can easily adapt the products to the customer's needs. The modular approach also means that we work with few materials and components, supporting interchangeability and opportunities for renovation or upgrading as needs and preferences shift, prolonging the lifetime of our products.

To a large extent, we work with clean materials from the outset, making it easier to create "cycles", and this applies to wood-based raw materials, aluminium, absorbent materials and textiles alike. On the whole, our DNA helps make our products resource-efficient and paves the way for dismantling and sorting the materials when the product reaches the end of its useful life. We have a good starting position, but we can improve further.

WHAT CHALLENGES DO YOU PERCEIVE?

Fire safety requirements differ between markets, impeding product development. They generate additional work and risk increasing the complexity of certain products.

Another challenge involves eliminating fossil-based materials. We currently use a certain amount of absorbent material based on recycled plastic. Although this is good, other materials are needed in the long term.

HOW DO YOU SEE THE FUTURE?

Over time, we will increase the proportion of materials based on renewable raw materials. This year, for example, we are launching a cork product and will be adding additional products with absorbent hemp and linen materials.

We are pursuing projects that will result in our being able to further increase materials recycling and, alongside suppliers, creating circular flows in which materials can be reused or recycled in well-planned processes. Increasingly, offcuts and waste materials will be viewed as valuable raw materials and treated accordingly. Product development does not lead an isolated life and we have adopted a collective approach to sustainability and CSR at Abstracta. We have conducted a useful inventory of the current situation, including all aspects of sustainability. In the future, we will work in an even more structured and goal-oriented manner to design climate-smart solutions that will be part of tomorrow's new products and we will continuously update our best sellers. With its sustainable approach to design, our DNA will facilitate our onward journey.

Interview with Mikael Kjeldsen, Business Area Manager,
and Tina Langkilde Larsen, Product & Marketing Manager,
Library Interiors

Library Interiors has for a long time worked on the basis of the Group's sustainability targets



WHAT IS THE STARTING POINT FOR YOUR SUSTAINABILITY WORK?

Tina: For a long time, the business area has based its work on the Group's overarching sustainability policy and environmental objectives, which also support Agenda 2030.

We also use this in our dialogue with customers and consultants when entering new interior design projects to clarify what we represent and what we are able to offer.

WHAT PROGRESS DID YOU MAKE IN 2018?

Mikael: Over the year, we worked on certifying the entire business area in accordance with the FSC traceability standard for wood raw materials. We have now received a certificate following the audit that was performed in November. Through this process and the methods that have now been certified, we are able to ensure traceability to legal and sustainable forestry operations for the forest raw materials used in our library interior projects.

CAN YOU GIVE ANY EXAMPLES WHERE YOUR SUSTAINABILITY WORK HAS CONTRIBUTED DIRECTLY TO WINNING ORDERS?

Mikael: Lammhults Biblioteksdesign was one of the main suppliers to the new library in Calgary, Canada that was inaugurated in November 2018. The building was designed by architectural firms Snøhetta and Dialog. The design of the new building covers five floors, has a total area of about 22,000 square metres and the order was valued at about SEK 6.4 million. The entire building is designed to achieve LEED Gold certification. Accordingly, rigorous environmental requirements were imposed on the interior design to meet the certification requirements. The solution was developed in close dialogue with the customer, with the wood-based bookshelves being completely free of added formaldehyde.

This serves as a further example of how Lammhults Biblioteksdesign's long-term work on sustainability and social responsibility has been rewarded with new projects.

Other projects providing good references for future assignments include the library in Aarhus, Denmark. The Dokk1 library received the 2016 Public Library of the Year award, as well as the 2017 IDA Gold Award. For this project too, very stringent requirements were imposed on the wood raw material and its traceability.

WHAT ELSE HAVE YOU BEEN WORKING ON IN THE AREA OF SUSTAINABILITY?

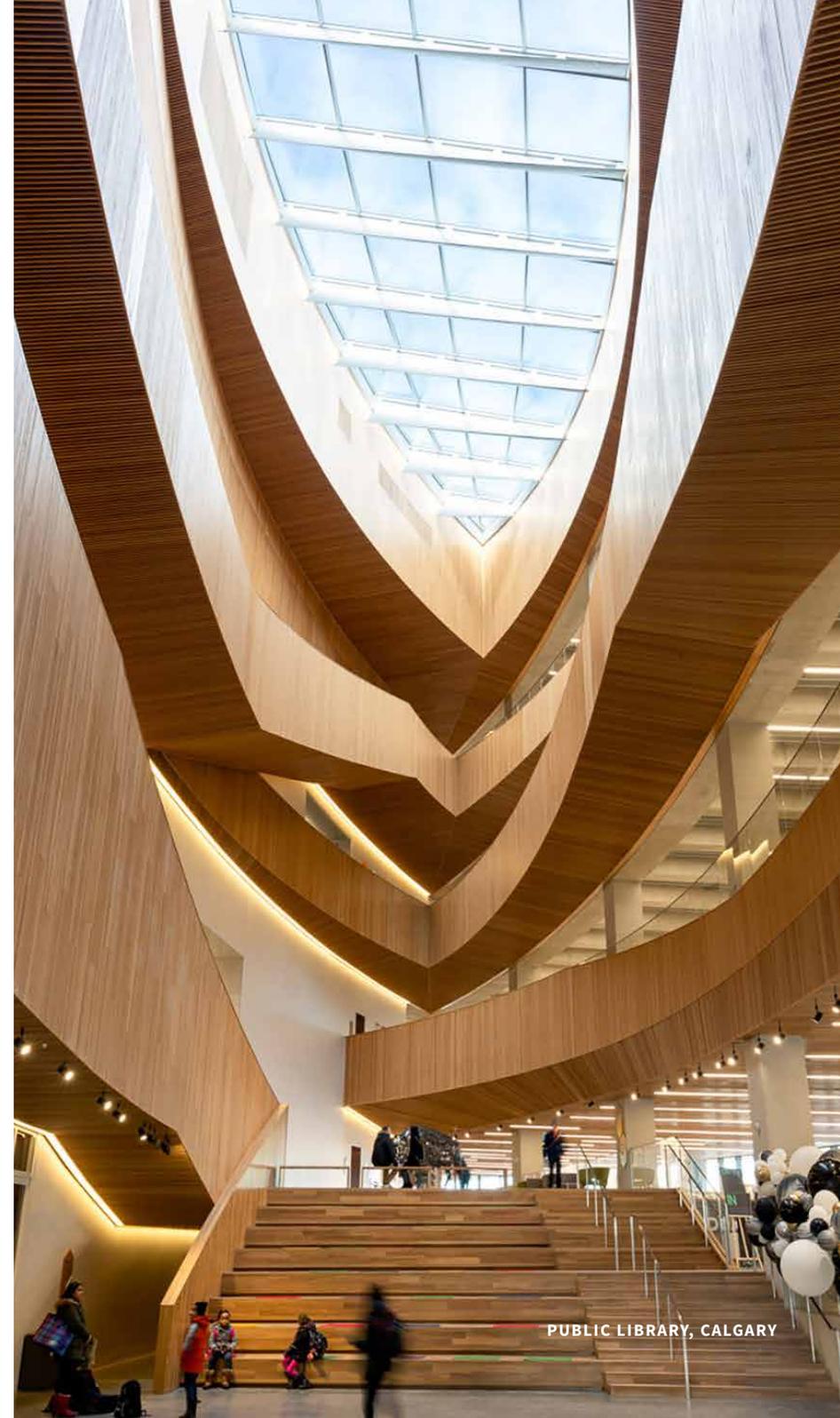
Tina: To make it easier for customers to make good environmental choices, Lammhults Biblioteksdesign has also worked on certifying volume products in accordance with the criteria of the Nordic "Swan" ecolabel. The 60/30 shelf series is one such example.

For several years, we have also used ecolabelled electricity and are now assessing how we can continuously improve ourselves and our offering.

Another important component is continuously training our employees to be able to offer environmentally sound interior design projects. In connection with the certification process for the traceability of forest raw materials, from the forest to finished furnishings, training has been conducted to ensure this and to meet the prerequisite documentation requirements.

HOW DO YOU VIEW THE FUTURE?

Mikael: We work in a global market, meaning that we meet many different customers with specific requirements. This also imposes considerable demands on our flexibility and ability to offer favourable solutions. In many countries, plans are being developed for investments in modern libraries. Our project-driven business model meets these requirements and we work focused on the future to safeguard leading edge environmental consideration and social responsibility being included from the outset when requirements are set.



PUBLIC LIBRARY, CALGARY



Andreas Mattisson
Product Development Manager
at Lammhults Möbel

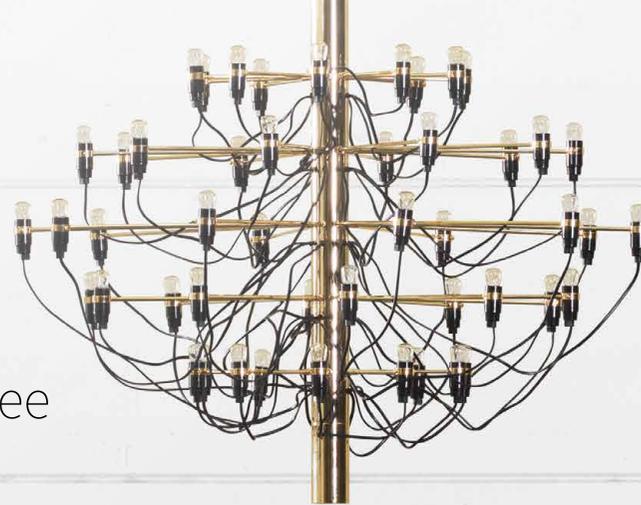
From 2020, all assembly shall be glue-free

“For a long time, Lammhults Möbel has been working to minimise chemicals in production and, from 2020, all assembly will only involve screws, eliminating the need for glue.

Another important aspect is that all products are to be circular in the near future. We will use recycled materials and it should be possible to re-assemble, dismantle, recycle and reuse our products many times. Another key aspect is using the right materials in the right place.

The Penne chair, which won the Red Dot Award in 2017, combines many of Lammhult’s ambitions with regard to circular economy and design adapted for sustainability.”

According to Andreas Mattisson, adapting design and production to the circular economy is actually the easiest step. Developing functioning and environmentally correct return logistics is a greater challenge.



CHAIR – SPIRA

Design Johannes Foersom and Peter Hiort-Lorenzen

TABLE – S18

Design Anya Sebton
Lammhults, 2018



Our relations with key stakeholders

INVESTORS AND SHAREHOLDERS

As a listed company, we are subject to strict requirements and high expectations with regard to transparency and correct and clear information. Shareholders and investors expect long-term value growth. Our design group generates profitable and sustainable growth through strong and well-positioned brands with an attractive product portfolio and cutting-edge innovative solutions. In this context, sustainability is both a hygiene factor and a differentiator. Profitability is a prerequisite for continued investment in new products and strengthened international marketing. Group management holds regular meetings with investors and stakeholders in the capital market.

EMPLOYEES

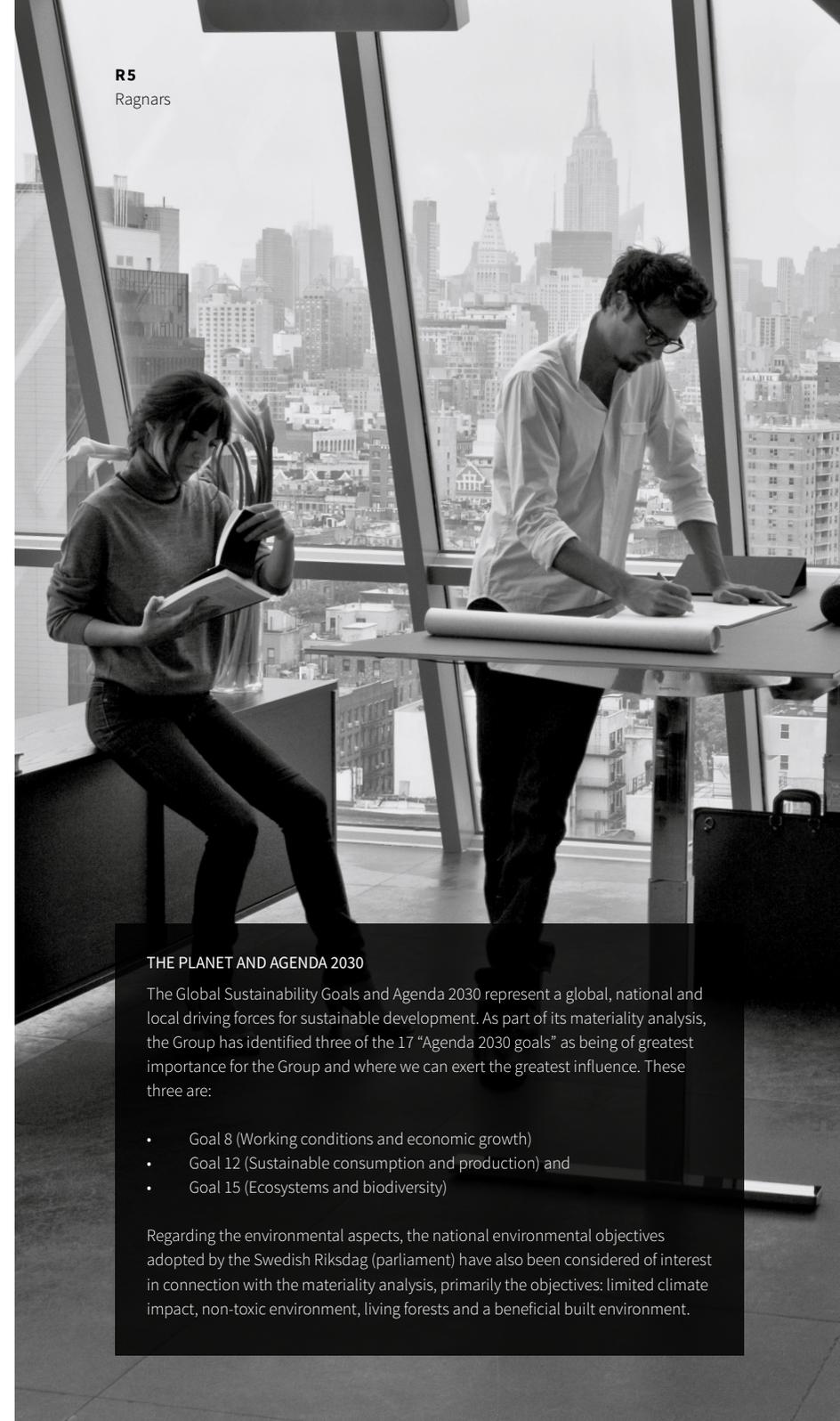
Among employees the importance of continuing to develop how work is organised, internal career paths and the working environment are emphasised. The Group applies a zero vision with regard to accidents. Workplace accidents are reported at both the company and Group levels. Regular employee surveys are conducted in each company. These surveys provide useful data and insights regarding improvement measures that are followed up at the company and Group levels. Lammhults Design Group values ethics, diversity and equality. We want the composition of our workforce to reflect the external community and our customers. The average number of employees was 414, of whom 40 percent were women and 60 percent men.

CUSTOMERS

Public authorities and organisations are important end-customers. Public procurement, in particular, imposes very high demands in terms of the environment, function, durability, safety and ethics. Procurement requirements corresponding to extensive demands with regard to quality, the environment and social responsibility, in accordance with Möbelfakta or the Nordic “Swan” ecolabel are becoming increasingly common. Products and solutions for a circular economy are prerequisites for a sustainable society and thereby entrepreneurship. Customers’ demands regarding material selection, renewable raw materials, components based on recycled materials and disassembly for repair, replacement or recycling are all factors of increasing significance. Fact-based environmental performance based on lifecycle analyses will grow in importance.

In Sweden, one public procurement initiative is the “Green List” which imposes requirements corresponding to criteria for the Nordic “Swan” ecolabel. Representatives of the Green List have emphasised that, in addition to the high demands currently applied, demands that products be designed for reuse will be included in future criteria. Working with demanding customers drives positive and sustainable development. The companies maintain close dialogues with retailers, consultants and end-customers. Important forums include exhibitions, display rooms and our production facilities. Factory visits in particular provide opportunities to deepen relations, with a mutual exchange being an important factor. Customer satisfaction surveys are conducted regularly. These surveys are included as a natural part of our quality assurance efforts, aimed at ensuring customer satisfaction.

R5
Ragnars



THE PLANET AND AGENDA 2030

The Global Sustainability Goals and Agenda 2030 represent a global, national and local driving forces for sustainable development. As part of its materiality analysis, the Group has identified three of the 17 “Agenda 2030 goals” as being of greatest importance for the Group and where we can exert the greatest influence. These three are:

- Goal 8 (Working conditions and economic growth)
- Goal 12 (Sustainable consumption and production) and
- Goal 15 (Ecosystems and biodiversity)

Regarding the environmental aspects, the national environmental objectives adopted by the Swedish Riksdag (parliament) have also been considered of interest in connection with the materiality analysis, primarily the objectives: limited climate impact, non-toxic environment, living forests and a beneficial built environment.

FINANCIAL VALUE GENERATED AND DISTRIBUTED, SEK million

	2018	2017	2016	2015
Directly generated financial value				
Income	964.5	929.8	794.3	701.3
Distributed financial value				
Operating expenses, most of which are paid to our suppliers	632.4	618.9	517.2	460.8
Salaries and remunerations to employees	232.4	211.6	187.7	174.8
Payments to financiers, net	2.2	3.0	2.8	0.1
Social security contributions to the public sector	45.0	52.0	41.5	31.9
Payments to the public sector in the form of taxes	12.7	10.8	9.4	6.9
Total distributed financial value	924.8	896.3	758.6	674.5
Net financial value	39.7	33.5	35.7	26.8
Dividends to shareholders	16.9	16.9	16.9	14.8
Retained in the operations	22.8	16.6	18.8	12.0

SUPPLIERS

The Group has production and warehousing centres in Sweden, Norway, Denmark and Germany. Local suppliers in each country are used to a large extent, see table to right. The suppliers provide materials, components, semi-finished products, services or finished articles.

Skills, quality, delivery time and cost, as well as ethical, social and environmental aspects are the main criteria in selecting suppliers. Möbelfakta's requirements regarding social responsibility in the supply chain are extensive and also require that systematic efforts in mapping, risk analysis and follow-up are established. These procedures are subject to regular external audits. During the year, planned factory inspections were conducted among certain suppliers in China. The Group's suppliers in risk countries are monitored regularly by means of external or internal inspections.

Supplier collaboration in improving results, both financially and environmentally, is a theme that is growing in importance and that will help increase circular handling of materials.

ANTI-CORRUPTION AND HUMAN RIGHTS

During the year, a new Code of Conduct was prepared. The new policy documents are unambiguous and state clearly the Group's zero tolerance of corruption, discrimination and other

discrepancies. A whistleblower function is in place. Among Group companies, a risk analysis has previously been conducted regarding violations of the Code of Conduct relating to bribery and legal and regulatory breaches. The risk analysis also includes the risk of improper gifts or other actions offering personal gain or benefiting another and that are not in the company's best interests.

A risk analysis regarding violations of human rights, freedom of association, child labour and forced labour forms part of the systematic risk analysis. For Group companies with proprietary production in the Nordic region and with 98 percent of their supplier base in Europe, where human rights and freedom of association are protected by law, no substantial risk is deemed to exist. Some of the companies have suppliers in China. A risk is deemed to exist here, and reviews are therefore conducted on site. None of the companies was subject to judicial review or investigation in 2018.

SCHOOLS AND UNIVERSITIES

Several Group companies have previously-established partnerships with schools and universities regarding study visits, internships and degree projects. These partnerships are of considerable value, affecting our business operations and future development. Several good examples exist of the significance of these networks for recruitment, as well as product and service development.

Proportion of purchasing from local suppliers	Proportion (%)
Abstracta AB (Sweden)	68
Fora Form AB (Norway)	45
Lammhults Möbel AB (Sweden)	75
Morgana AB (Sweden)	90
Ragnars Inredningar AB (Sweden)	95
Lammhults Biblioteksdesign AB (Sweden)	30
Lammhults Biblioteksdesign A/S (Denmark)	40
Schulz Speyer Bibliothekstechnik AG (Germany)	80
Total	65



MATERIALITY

We focus on generating value by prioritising what is of material importance for our stakeholders. Efforts in industrial organisations and in working groups within the EU for environmentally appropriate procurement of furniture has resulted in several reports and analyses of the requirements and priorities that have the greatest effect on the environment and climate, and of the criteria that should apply to furniture.

Group companies are members of industrial associations in the countries in which we operate. In Sweden, TMF (an association of woodworking and furniture companies) is conducting extensive efforts on environmental and sustainability issues. During the year, TMF organised training in Circular Finance attended by Group employees.

Möbelfakta is an established and updated reference and labelling system for furniture imposing strict demands on function, longevity, environmental consideration and social responsibility. The environmental demands reflect stringent external requirements that are updated regularly and the technical requirements are based on international product standards (CEN and ISO), while the social responsibility requirements are based on the directives of the UN Global Compact.

Lammhults Design Group has supported the UN Global Compact since 2014, participating where work on human rights, working conditions, the environment and anti-corruption is crucial for sustainable development.

The results of our materiality analysis indicate four concrete environmental areas in focus during the strategy period and relating to the identified global sustainability goals and the national environmental objectives.

FOR US, CONCRETE PRIORITY AREAS ARE:

- Design for reduced climate impact during the lifecycle.
- Design for good resource management when the product is consumed, for example through separability, reparability and reuse to support a circular economy.
- Continued relevant product certifications, such as Möbelfakta and the Nordic Swan Ecolabel.
- Transport and electricity agreements and energy efficiency improvements that reduce environmental impact.

MATERIALITY ANALYSIS WITH PRIORITIES AND REFERENCES TO THE GLOBAL SUSTAINABILITY GOALS (SDG) AND THE NATIONAL ENVIRONMENTAL OBJECTIVES

SDG	AREA (overarching objectives)	National Environmental Objectives	Priorities	Goal	KPIs
Goal 8 	Core values	Beneficial built environment	Product life, timeless design	Satisfied customers and satisfied employees. Profitable growth.	ESI CSI
Goal 8 	Responsible value chain		Systematic approach to social responsibility in the supply chain	Möbelfakta-approved suppliers. Perform inspections of suppliers in risk countries.	Regional Spend (%)
Goal 15 	Sustainable forestry	Living forests	Support sustainable forestry	Ensure that purchases of wood raw materials derive from sustainable forestry	Proportion traceable wood
Goal 12 	Environmental improvements	Limited climate impact Toxin-free environment Fresh air	Support sustainable forestry	Ensure that purchases of wood raw materials derive from sustainable forestry Design for long product life, reduce energy consumption, increase the proportion of renewable raw materials, increase the proportion of recycled materials and design products for recycling and interchangeability. Reduce the use of chemicals by meeting the Möbelfakta and "Swan" criteria. Freight carriers with environmentally-rated engines.	Proportion traceable wood Number of Möbelfakta and "Swan"-approved products. Energy CO ₂ emissions Proportion of EURO-6 classed engines among freight carriers.



AIRFLAKE
Design Stefan Borselius
Abstracta

MATERIALITY ANALYSIS RELATED TO THE SWEDISH NATIONAL ENVIRONMENTAL OBJECTIVES

Environmental targets	Significant environmental aspect	Action plan
 <p>Limited climate impact</p>	<p>Economic use of resources</p> <ul style="list-style-type: none"> • Energy (electricity and heat) • Materials selection • Renewable materials • Recycled materials • Waste and recycling • Transport • Solvents 	<p>Heating and electricity from renewable sources. Design and product development for long life, with good materials selection and products that can be disassembled. Design and product development with LCA analysis as a guide in minimising climate impact from a life-cycle perspective. Primarily water-based or solvent-free paints.</p>
 <p>A non-toxic environment</p>	<p>Materials selection Use of chemicals Additives Processes and materials for surface treatment and bonding</p>	<p>Möbelfakta-approval and “Swan” certification of products. Systematically reduced use of chemical.</p>
 <p>Sustainable forests</p>	<p>Wood raw materials from sustainable forestry</p>	<p>FSC or equivalent traceability of wood raw materials to legal and well-managed forestry operations.</p>
 <p>A good built environment</p>	<p>Furniture and furnishings contributing to a favourable indoor environment through good design, good materials selection and with acoustic effect, etc.</p>	<p>Products meeting the Möbelfakta or “Swan” requirements, as well as furniture and solutions with favourable acoustic effects.</p>



CHAIR – GRADE, GRADE PLUS
TABLE – FUNK

Design Johannes Foersom and Peter Hiort-Lorenzen
 Lammhults

Result

ENVIRONMENT

The production unit in Norway and three of the four factories in Sweden are heated with bio-based district heating. Electricity consumption in Sweden, Norway, Denmark and Germany is mainly based on electricity from renewable sources (hydroelectric power and wind power). The Group's total energy consumption (electricity and heat) decreased by 9 percent for comparable units compared with the preceding year. In this context, it should be taken into account that the Group's net sales increased by slightly more than 3 percent. Heating energy has not been normal-year adjusted. During the year, detailed energy mapping was conducted for Lammhults Möbel, Abstracta and Ragnars. Ragnars has decided to invest in heat pumps for heating the factory in Forserum, which is currently heated using an electric boiler. The investment is expected to reduce the electricity consumption by 65 percent, corresponding to approximately 650,000 kWh/year and the new equipment was brought online in March 2019. Ragnars has also decided to invest in photovoltaic cells, with the first stage becoming operational in the second quarter of 2019, with an estimated annual production of 32,000 kWh. Total energy consumption will therefore decrease over the upcoming years thanks to the energy-saving measures implemented.

The Group's companies reduced their CO₂ emissions by 26 percent compared with the preceding year by reducing space and increasing the proportion of renewable energy. Overall, renewable sources account for 66 percent of the Group's total energy requirements for electricity and heat. This proportion will increase in 2019, since Ragnars also uses ecolabelled electricity from January 2019.

To be able to label a piece of furniture with the Möbelfakta or "Swan" label requires that wood and wood-based materials are traceable and come from legal forestry (FSC or PEFC certified or equivalent). Most of the larger-volume products are "Swan" and Möbelfakta-approved. Wood raw materials used by Lammhults are 99 percent traceable. The number of Möbelfakta-approved products increased over the year and now amounts to a total 87 products (increasing by 10). The total number of products approved in accordance with the "Swan" ecolabel is now 22. Work continues in 2019 to obtain additional ecolabels, such as the "Swan" and Möbelfakta. An example of the significance of these ecolabels are the new regional council offices in Skövde, which were completed in 2018 and the new regional council offices in Gothenburg that will be ready for occupancy in the spring of 2019. Lammhults has been tasked with furnishing these highly environmentally-profiled projects. Labelling requirements combined with a product range

meeting the interior designer's overarching themes, which were "Welcoming, Inspiring, Functional and Sustainable", were crucial.

Fora Form presents complete environmental declarations based on lifecycle analyses for a large part of the collection and there are now a total 43 reports in accordance with ISO 14025, available from epd-norge.no. Accordingly, there is an account of each product's lifetime climate footprint.

Painting operations are conducted at three of the Group's production facilities: Morgana, Lammhults Möbel and Ragnars. Morgana has previously reduced solvent emissions by investing in UV-curing. Lammhults uses a small amount of solvent-based lacquer for tables requiring a highly resistant surface. Metal coating at Lammhults involves completely solvent-free powder coating. Total solvent emissions for Morgana in 2018 amounted to 6.75 tonnes; for Ragnars 2.04 tonnes and for Lammhults Möbel 0.57 tonnes. In total, this is a reduction from the preceding year.

Material recycling is the dominant method for waste management, which is important for a sustainable society. Of total waste, material recycling amounted to 80 percent for year 2018. During the year, a process was initiated with the intention of further increasing the proportion of material recycling. Long-term efforts are also conducted in the product development departments to establish conditions allowing products to be disassembled and materials separated out to an increased extent, supporting a circular use of materials. Lammhults Möbel targets ceasing all use of glue in assembly of furniture by 2020. The introduction of screw joints facilitates circular use of resources, which is a prerequisite for achieving the objectives of Agenda 2030.

Not all carriers are able to submit emissions reports. Our freight carriers must regularly report on their progress on transitioning to more environmentally friendly engines (EURO classes). One of the major domestic freight carriers in Sweden has 100 percent EURO-6 engines, currently the highest environmental classification. Most freight carriers estimate that they will have 100 percent EURO-6 engines by 2020.

Packaging materials consist mainly of renewable raw materials, such as corrugated cardboard and wood. Plastics are also used. The proportion of renewable packaging materials amounted to 94 percent in 2018.



Materials use and energy consumption

	Lammhults Möbel AB 2018	Abstracta AB 2018	Lammhults Biblioteksdesign AS 2018	Schulz Speyer Bibliothekstechnik AG 2018	Fora Form AS 2018	Ragnars Inredningar AB 2018	Morgana AB 2018	Total 2017	Total 2018	Index 2018/2017 for comparable units
PACKAGING MATERIALS										
Corrugated cardboard (kg)	85,695	61,549	28,081	10,680	42,067	10,767	5,855	270,418	244,694	90%
Plastics (kg)	4,262	3,110	5,763	1,480	1,100	5,584	6,670	24,266	27,969	115%
Wood (kg)		10,668	42,625	228		64,249	56,077	137,753	173,847	126%
ENERGY										
Oil (kWh)				172,666				192,550	172,666	90%
Natural gas (kWh)			813,186					1,326,155	813,186	61%
Electricity (kWh)	935,347	691,186	147,133	42,363	326,278	1,574,576	1,088,725	5,123,995	4,805,608	94%
District heating (kWh)	1,518,000	1,330,850			398,510		1,979,050	5,519,854	5,226,410	95%
CO₂ reporting from heating and electricity (kg)	23,529	20,628	168,475	56,381	8,439	204,695	172,210	888,278	654,357	74%
WASTE										
Hazardous waste (kg)	20,923	3,696			440	2,487	3,348	22,471	30,894	137%
Landfill (kg)	14	910				110		847	1,034	122%
Recovery (waste for sorting) (kg)	4,299	7,120	1,595				4,360	59,360	17,374	29%
Material recovery of steel (kg)	26,668	3,560	25,684		3,430	4,900	2,760	89,944	67,002	74%
Material recovery of aluminium (kg)	1,419	11,080						12,549	12,499	100%
Material recovery of wood (kg)	28,201	39,300		8,380	15,120	273,020	208,370	618,660	572,391	93%
Material recovery of plastics (kg)	3,240	2,130	670			790		14,805	6,830	46%
Material recovery of corrugated cardboard (kg)	22,975	14,370	6,150			4,120	1,810	70,380	49,425	70%
Material recovery of paper (kg)	350	360	1,900	6,710	15,820	150		21,755	25,290	116%
Combustible waste (energy recovery) (kg)	28,033	32,835	16,500	5,710	15,010	25,070	16,460	147,710	139,618	95%
KEY FIGURES, RECOVERY										
Proportion of waste for material recovery (%)	61%	61%	66%	73%	69%	91%	90%	78%	80%	
Proportion of packaging materials that are renewable (%)	95%	96%	92%	88%	97%	93%	93%	94%	94%	

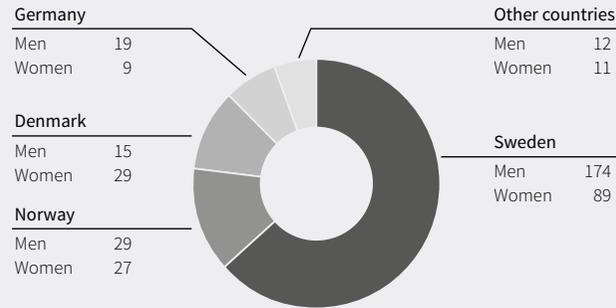
EMPLOYEES

In 2018, the Group as a whole had 414 employees, 60 percent of whom were men and 40 percent of whom were women. Ire Möbel AB was divested during the year and is therefore no longer included in the accounts. Of Group employees, 97 percent are covered by collective agreements and benefits. The proportion of permanent employees amounts to 96 percent. Of the employees, 86 percent work full time, with 73 percent of women working full time and 94 percent of men. Staff turnover, in terms of employees leaving at their own request, amounted to 9 percent.

Total absence due to illness has been reduced compared with the preceding year, amounting to 5.1 percent, of which short-term absence due to illness amounted to 2.0 percent (decreasing from 2.6 percent).

Lammhults Möbel and Abstracta use management systems certified in accordance with OHSAS 18001 regarding the workplace environment. There will be a transition to the new ISO 45001 standard. During the year, Fora Form was among the first in the Nordic region to obtain certification in accordance with ISO 45001. Employee surveys are conducted regularly. Central areas covered are working conditions, health, the environment and motivation. These are conducted on a company-by-company basis and are also followed up at the Group level.

AVERAGE NUMBER OF EMPLOYEES PER REGION



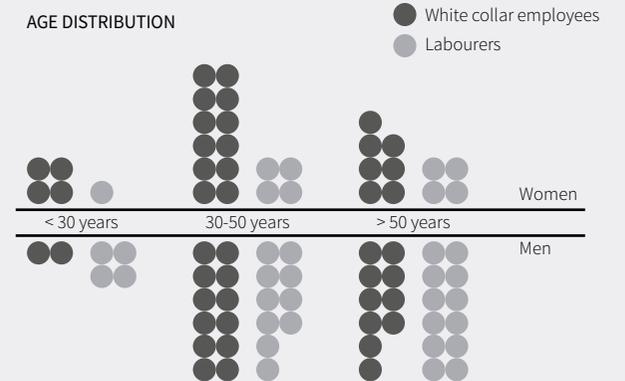
FORM OF EMPLOYMENT

	Total	of whom, men	of whom, women
Permanent employees	399	240	159
Temporary employees/contracted staff/staffing through temporary employment agencies	15	9	6
Total	414	249	165
Full-time employees	356	235	121
Part-time employees	58	14	44
Total	414	249	165

PERSONNEL TURNOVER IN NUMBER PER AGE GROUP

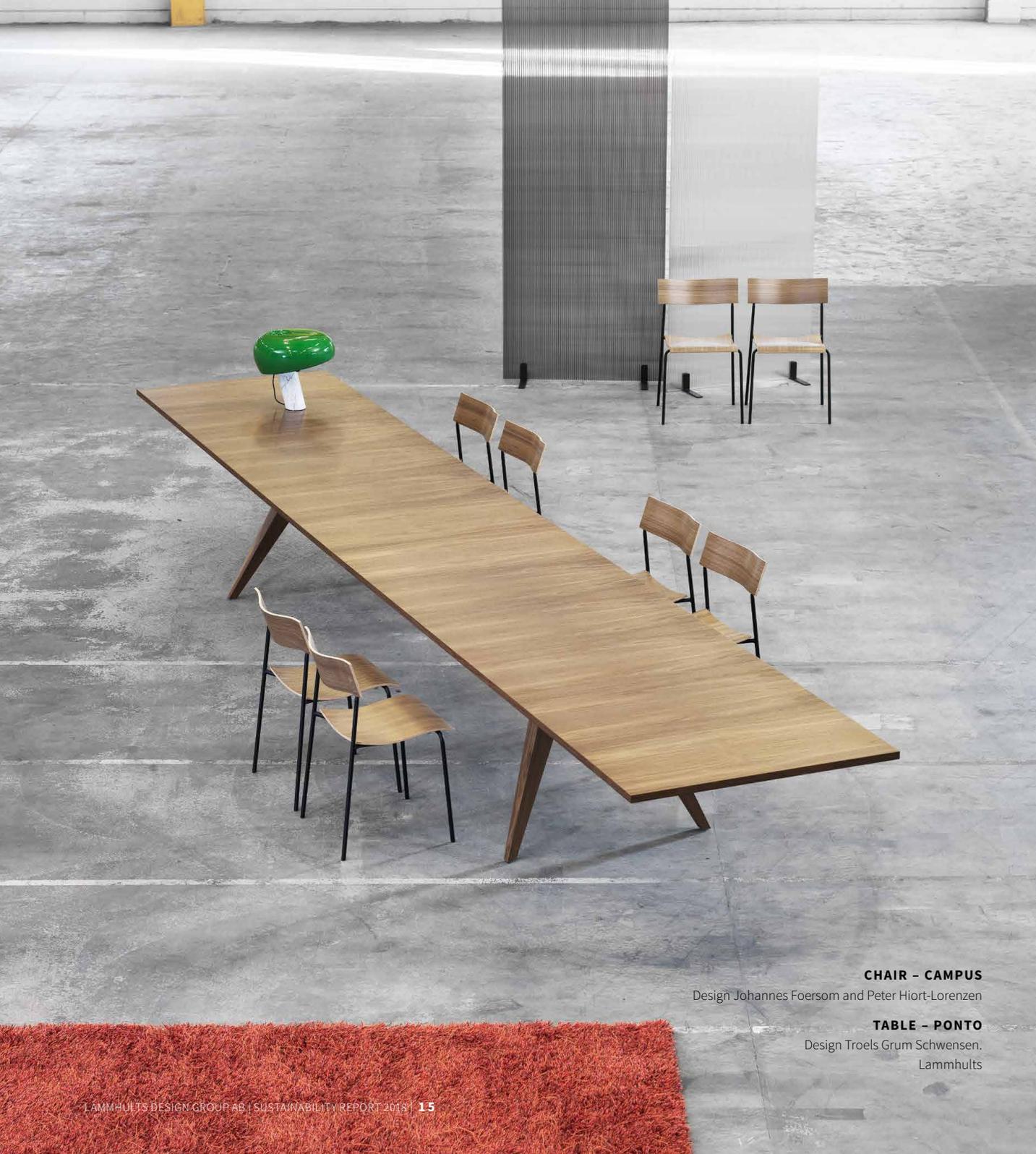
	Beginning employment	Ending employment	of whom, resigned	of whom, terminated by the company	of whom, retired	of whom, transferred on disposal of company
< 30 years	17	18	10	8	0	0
31-50 years	30	29	18	4	0	7
> 50 years	4	22	9	1	9	3
Total	51	69	37	13	9	10

AGE DISTRIBUTION



ABSENCE DUE TO ILLNESS IN SWEDEN, DENMARK, NORWAY AND GERMANY

	Percent	Men (%)	Women (%)
Time worked			
Absence due to illness < 14 days	2.0%	2.3%	1.7%
Absence due to illness > 14 days	3.1%	2.7%	3.7%
Total	5.1%	4.9%	5.4%



CHAIR - CAMPUS

Design Johannes Foersom and Peter Hiort-Lorenzen

TABLE - PONTO

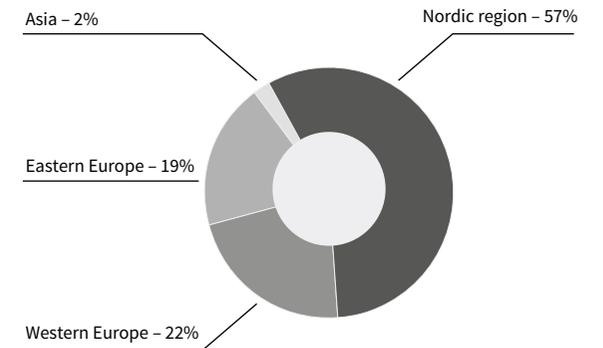
Design Troels Grum Schwensen.
Lammhults

SUPPLIERS

In total, 162 suppliers accounted for 80 percent of the value of input materials and components used in 2018. A large part of the external purchases involves unique components for specific products. In several cases, tool-specific production explains the low degree of labour intensity, enabling local production. For the Group as a whole, local suppliers (national) account for 65 percent of the purchasing value in 2018.

Of the Group's external purchases of materials and components, suppliers in the Nordic countries accounted for 57 percent, other Western European countries for 22 percent, Eastern European countries for 19 percent, while purchasing from Asia (China) accounted for 2 percent. The Group has suppliers in a total of 29 countries. Of these, three countries are ranked as risk countries in Amfori BSCI's list of risk countries as of January 2019. These are China, Turkey and Romania. These three supplier countries account for 4 percent of direct external materials. During the year, factory inspections were performed at supplier facilities in China. This work forms part of the follow-up programme included in the working method regarding social and environmental responsibility.

GEOGRAPHICAL DISTRIBUTION OF THE GROUP'S EXTERNAL PURCHASE OF MATERIALS AND COMPONENTS



About the report

This Sustainability Report has been prepared in accordance with GRI Standards (core level). Lammhults Design Group reports annually on its sustainability work, simultaneously with the production of the Annual Report for the preceding calendar year. Reading references appear in the appendix (see the GRI-Content Index tab) to this report by means of a GRI cross-reference table. Parts of the information can be found in the Annual Report and reference is made to this where appropriate.

Financial and social indicators encompass the entire Group. For environmental aspects, all production and distribution units are included. The sales companies have only a marginal impact on the environmental indicators. The environmental impact of subcontractors' factories is not covered by the report. The Sustainability Report at hand has not been subject to external review. Morgana AB conducts operations subject to a duty of notification under the Swedish Environmental Code, the Ordinance concerning environmentally hazardous activities and the protection of public health (1998:899). Environmental impact primarily constitutes emissions of solvents from the coating process. A transition to UV-cured coatings has reduced solvent emissions. None of the Group's other companies is engaged in operations that in themselves may be classified as particularly hazardous to the environment, and as a result no duty of licensing or notification under the Swedish Environmental Code applies.

Please refer to Sven Lindberg, Purchase and Sustainability Manager, with any questions. His contact details are available on the Lammhults Design Group website.



FJELL
Design Lars Tornøe
Fora Form

GRI INDICATORS
LAMMHULTS DESIGN GROUP
2018

GRI Content Index

GRI STANDARD	DISCLOSURE		PAGE NUMBER(S) AND/OR URL(S)	PART OMITTED	OMISSION REASON	EXPLANATION
GRI 101: Foundation 2018						
General Disclosures						
GRI 102: General Disclosures 2018	Organisational profile					
	102-1 Name of the organisation	AR (Annual Report)	39			
	102-2 Activities, brands, products, and services	AR	4, 15-25, 29-32			
	102-3 Location of headquarters	AR	39			
	102-4 Location of operations	AR	77			
	102-5 Ownership and legal form	AR	39			
	102-6 Markets served	AR	15-33			
	102-7 Scale of the organisation	AR	4			
	102-8 Information on employees and other workers	SR (Sustainability Report)	14			
	102-9 Supply chain	SR	15			
	102-10 Significant changes to the organisation and its supply chain	SR	15			
	102-11 Precautionary Principle or approach	SR	1			
	102-12 External initiatives	SR	10			
	102-13 Membership of associations	SR	10			
	Strategy					
	102-14 Statement from senior decision-maker	SR	2			
	Ethics and integrity					
	102-16 Values, principles, standards, and norms of behaviour	SR	1			
	Governance					
	102-18 Governance structure	AR	84-86			
	Stakeholder engagement					
	102-40 List of stakeholder groups	SR	4			
	102-41 Collective bargaining agreements	SR	14			
	102-42 Identifying and selecting stakeholders	SR	4			
102-43 Approach to stakeholder engagement	SR	8-9				
102-44 Key topics and concerns raised	SR	8-11				

GRI STANDARD	DISCLOSURE		PAGE NUMBER(S) AND/OR URL(S)	PART OMITTED	OMISSION REASON	EXPLANATION
GRI 102: General Disclosures 2018	Reporting practice					
	102-45	Entities included in the consolidated financial statements	AR	77		
	102-46	Defining report content and topic Boundaries	SR	10-11, 16		
	102-47	List of material topics	SR	3, 10-11		
	102-48	Restatements of information	SR	No Restatement due to no changes.		
	102-49	Changes in reporting	SR	10		
	102-50	Reporting period	SR	Calendar year		
	102-51	Date of most recent report	SR	Previous year		
	102-52	Reporting cycle	SR	Annual reporting		
	102-53	Contact point for questions regarding the report	SR	Sven Lindberg		
	102-54	Claims of reporting in accordance with the GRI Standards	SR	This report has been prepared in accordance with the GRI Standards: Core option		
	102-55	GRI content index	SR	Actual document		
102-56	External assurance	SR	16			

GRI STANDARD	DISCLOSURE	INTERNAL NOTE SOURCE/COLLECTION	PAGE NUMBER(S) AND/OR URL(S)	PART OMITTED	OMISSION REASON	EXPLANATION
Material Topics						
GRI 200 Economic Standard Series						
Economic Performance						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	AR	84-86			
	103-2 The management approach and its components	AR	84-86			
	103-3 Evaluation of the management approach	AR	84-86			
GRI 201: Economic Performance 2018	201-1 Direct economic value generated and distributed	SR	9			
Procurement Practices						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	9, 15			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 204: Procurement Practices 2018	204-1 Proportion of spending on local suppliers	SR	9			
Anti-corruption						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	9-11			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 205: Anti-corruption 2018	205-1 Operations assessed for risks related to corruption	SR	9			
	205-2 Communication and training about anti-corruption policies and procedures	SR	9			
Anti-competitive Behaviour						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	9-11			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 206: Anti-competitive Behaviour 2018	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	SR	9			

GRI STANDARD	DISCLOSURE	INTERNAL NOTE SOURCE/COLLECTION	PAGE NUMBER(S) AND/OR URL(S)	PART OMITTED	OMISSION REASON	EXPLANATION
GRI 300 Environmental Standards Series						
Materials						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	10-11, 16			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 301: Materials 2018	301-1 Materials used by weight or volume	SR	13			
Energy						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	10-11, 16			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 302: Energy 2018	302-1 Energy consumption within the organisation	SR	13			
Biodiversity						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	10-11, 16			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 304: Biodiversity 2018	304-2 Significant impacts of activities, products, and services on biodiversity	SR	12			
Emissions						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	10-11, 16			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 305: Emissions 2018	305-1 Direct (Scope 1) GHG emissions	SR	13			
	305-2 Energy indirect (Scope 2) GHG emissions	SR	13			
	305-3 Other indirect (Scope 3) GHG emissions	SR	13			
Environmental Compliance						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	1			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 307: Environmental Compliance 2018	307-1 Non-compliance with environmental laws and regulations	SR	9			

GRI STANDARD	DISCLOSURE	INTERNAL NOTE SOURCE/COLLECTION	PAGE NUMBER(S) AND/OR URL(S)	PART OMITTED	OMISSION REASON	EXPLANATION
GRI 400 Social Standards Series						
Employment						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	10			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 401: Employment 2018	401-1 New employee hires and employee turnover	SR	14			
Occupational Health and Safety						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	1, 3, 8			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 403: Occupational Health and Safety 2018	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR	14			
Training and Education						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	1, 3, 8			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 404: Training and Education 2018	404-3 Percentage of employees receiving regular performance and career development reviews	SR	14			
Diversity and Equal Opportunity						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	1, 3, 8			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 405: Diversity and Equal Opportunity 2018	405-1 Diversity of governance bodies and employees	AR/SR	88-89/14			
Non-discrimination						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	1, 3, 8			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 406: Non-discrimination 2018	406-1 Incidents of discrimination and corrective actions taken	SR	14			
Freedom of Association and Collective Bargaining						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	10			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 407: Freedom of Association and Collective Bargaining 2018	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR	15			

GRI STANDARD	DISCLOSURE	INTERNAL NOTE SOURCE/COLLECTION	PAGE NUMBER(S) AND/OR URL(S)	PART OMITTED	OMISSION REASON	EXPLANATION
Child Labour						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	10			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 408: Child Labour 2018	408-1 Operations and suppliers at significant risk for incidents of child labour	SR	15			
Forced or Compulsory Labour						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	10			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 409: Forced or Compulsory Labour 2018	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR	15			
Human Rights Assessment						
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	SR	10			
	103-2 The management approach and its components	SR	1			
	103-3 Evaluation of the management approach	SR	1			
GRI 412: Human Rights Assessment 2018	412-1 Operations that have been subject to human rights reviews or impact assessments	SR	15			

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