



SUSTAINABILITY REPORT 2017

Lammhults Design Group.

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, not least, create value for our shareholders while being an attractive employer and an interesting actor for new acquisitions. Financial goals and governance are reported in the Group's Annual Report.

SUSTAINABILITY MANAGEMENT



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 is dedicated to running its operations in line with the ten principles of the UN Global Compact with the leading standard for social responsibility, ISO 26000, and its principles on 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. This is fundamental and is to run through 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 in Lammhults Design Group's operations and con-

stant striving towards sustainable development. 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, our product quality must always meet the requirements and expectations of our customers.

Work on sustainability is well integrated in the companies' business processes and part of the companies' management systems. We want to ensure a clear link between strategic corporate management of our companies and actual improvements in terms of finances, the environment, people and society. Direct responsibility for the environment, health and safety and ethics is taken locally by each company.

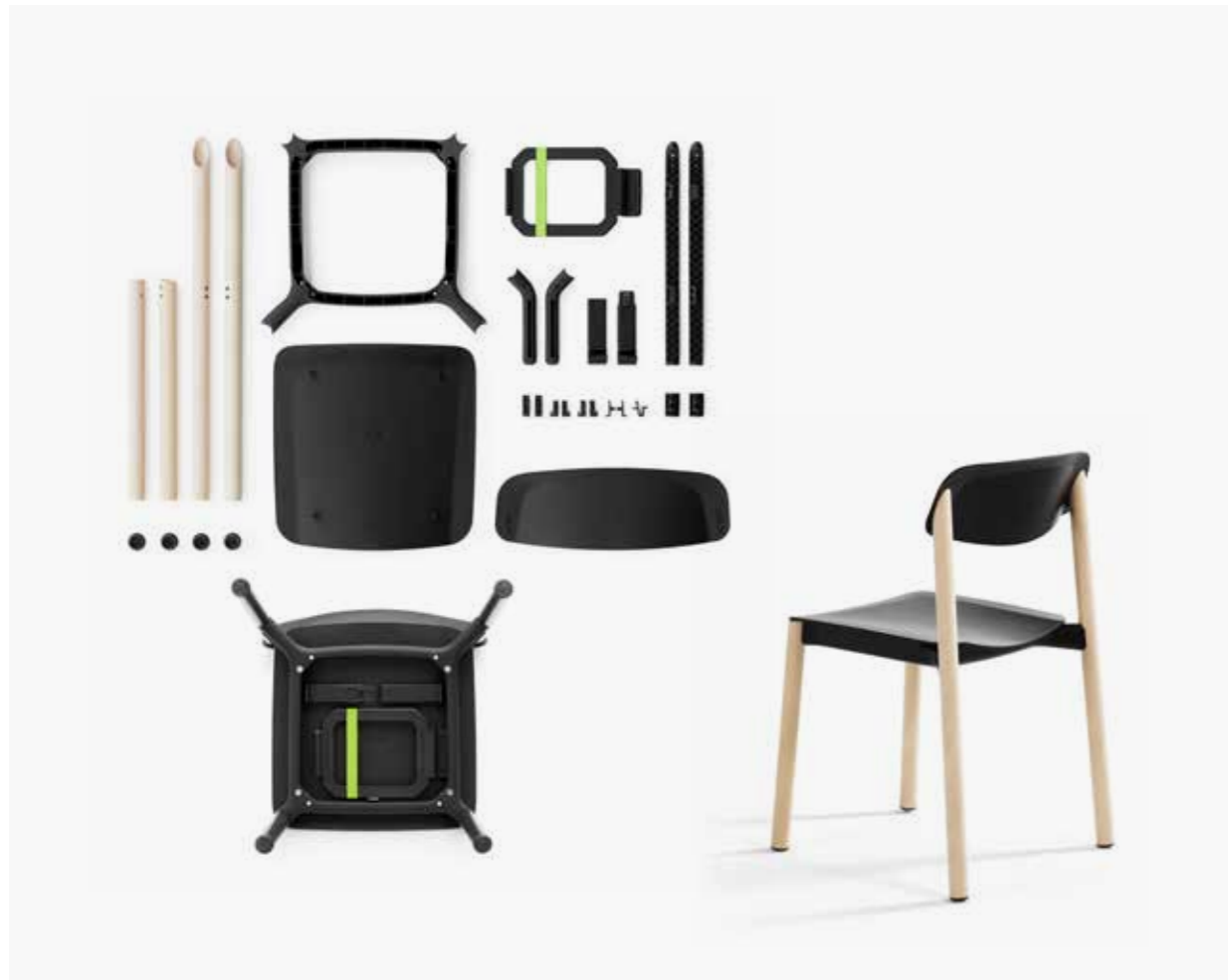
The strategic initiatives and action plans of the respective company are followed up through regular meetings in which Group management and the management of the company concerned examine progress and results.

An annual audit is held of each company's business plan for the years ahead. The strategic plans are updated each year and confirmed by the Group's Board.

To develop work on sustainability and increase the transfer of knowledge and learning between the companies, the Group has had a strategic Sustainability Council since 2014.

Apart from the company most recently acquired (Morgana AB), the companies in Sweden, Norway and Germany comply with the requirement of certification under the environmental management system ISO 14001. The management systems at Lammhults Möbel and Abstracta are certified and approved under ISO 9001, ISO 14001 and OHSAS 18001 where there will be a transition to ISO 45001. Morgana AB carries out activity that must be reported by law due to its coating operations. The transition has been made to UV-cured coatings, markedly reducing the use of solvents.

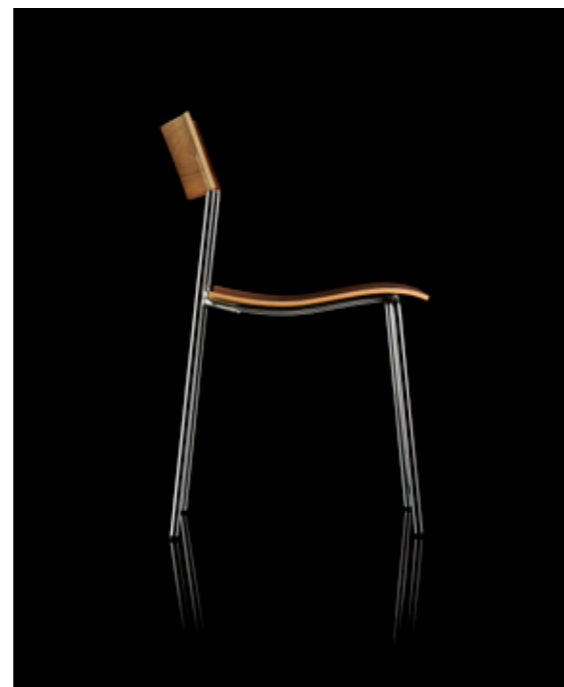




PENNE



FJELL



CAMPUS

LETTER FROM THE PRESIDENT & CEO

FREDRIK ASPLUND, PRESIDENT AND CEO

SUSTAINABILITY 2017

In 1968 Lammhults launched a range of furniture under the name S70. This product range is still in the collection fifty years later. Today there are many offerings about entitled "Circular business models". Whatever the business model, it makes a difference if the products concerned have a lasting value and if they are designed for several lives.

The people who furnished their homes with S70 in the late 1960s can continue to use these pieces or to cash in their value at auction or on the second-hand market if they intend to change their furniture. The properties of the design and the materials chosen that enable a product to be used for generations are a cornerstone of the transition to a sustainable society. We can confidently see that sustainability is increasingly being taken into account in procurement and through the purchase of furniture and fittings.

In 2017 the Riksdag adopted a decision on a climate policy framework for Sweden. The framework encompasses new climate targets and a Climate Policy Council. On 1 January 2018 Sweden gained a Climate Act for the first time. This stipulates that by 2045 at the latest Sweden is to have no net emissions of greenhouse gases to the atmosphere, after which Sweden is to attain negative emissions. The framework draws on the 17 Sustainability Development Goals adopted by the UN in 2015. The countries of the world have made a commitment in the 2030 Agenda to lead the world towards a sustainable and fair future from 1 January 2016 to the year 2030.

Sustainable design and high ambitions in sustainable development will continue to be fundamental in Lammhults Design Group in the future too. The companies in the group are well ahead on different aspects of sustainability and we will continue to develop on a broad front. The aim

is to become more an even more profitable and attractive group of brands, with products and working environments that attract investors, customers and employees. We will also continue to support the UN Global Compact and its principles on human rights, labour law, the environment and anti-corruption.

In Lammhults Design Group's strategy for the immediate years ahead we have pointed out three of the 17 Sustainable Development Goals where we are best placed to make a difference. These are SDG 8 (Working conditions and economic growth), SDG 12 (Sustainable consumption and production) and SDG 15 (Life on land, which focuses on ecosystems and biodiversity). Our goal is to have completely CO₂-neutral production units before 2030 and 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. There is scope for innovation and entrepreneurship, hand in hand with continuing as we always have done, creating timeless and well thought-through products designed to live long lives.

Our top-selling Campus celebrated its 25th anniversary during the year. The S70 series is now celebrating its 50th anniversary. New products like Penne by Lammhults are based on pure materials and simple disassembly and replaceability. New products like Fjell for Fora Form are based on entirely recovered aluminium which can be sent for material recovery when the time comes. The ecocycle is closed and aluminium recycling and die casting are carried out in Småland.

FREDRIK ASPLUND, PRESIDENT AND CEO

LAMMHULTS DESIGN GROUP'S COMPREHENSIVE SUSTAINABILITY GOALS

Lammhults Design Group works towards four comprehensive sustainability goals to achieve sustainable business and social development, and on-going improvement. These are part of our sustainability platform for managing and prioritising work on sustainability in the companies.

1 Ensure that Lammhults Design Group's core values and social and environmental principles are recognised and integrated in the operations of each company

During the year, all companies have worked further on their most important initiatives and action plans for profitable growth sustainable in the long term. The strategic plans have been adopted by the Board. Sustainability in all its aspects is one of our core pillars. Others are entrepreneurship, customer insight and innovation.

2 Ensure that we have a socially and environmentally sound and responsible supply chain

The stringent requirements of Möbelfakta on a systematic approach strengthen 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. All in all, only three percent of total purchasing in 2017 comes from risk countries such as China and Turkey. From 2017 onwards, a new procedure has been introduced where the CEO of each company must approve new suppliers.

3 Increase the proportion of sustainable wood raw materials in our products and support sustainable forestry

Ensuring the wood raw material is purchased from sustainable forestry (FSC, PEFC certified or equivalent) is a criterion for Möbelfakta and the Nordic Swan Ecolabel. During the year, an additional ten products have been labelled and there is now a total of 82 products/ranges bearing the Möbelfakta label. 23 products are approved under the Nordic Swan Ecolabel.

4 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 replaceability are central aspects of the companies' development work. The Campus chair celebrated its 25th birthday during the year, which is an example of sustainability. Fora Form has reported the climate footprint of much of its collection since 2016. In the past three years, CO₂ emissions from heating and electricity use have been cut by 23 percent for comparable units.





STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Our most important stakeholder groups are found in and around our value chains. This view is at the heart of how we primarily identify our stakeholders. These are shareholders, customers, employees, suppliers and partners, and society in the form of government agencies, the education sector, media and the local communities in which our operations are based. As far as the environmental aspects are concerned, the national environmental objectives adopted by the Swedish Riksdag and the international SDGs have been considered to be stakeholders.



FORA FORM

INTERVIEW WITH JEANETTE LØINING, DESIGN MANAGER FORA FORM

What image did you have of Fora Form before you started as Design Manager in May 2017?

I had an image of the company's profile and its range and had read articles about Fora Form. I was also aware that Fora Form applied lifecycle analyses that were reported via EPD Norge and that they back the Global Compact and had environment and quality certificates. Something I soon realised was that Fora Form had invested in renewable energy in 2015 through electricity agreements based on hydro power, and the fact that the whole factory is heated using biofuel-based district heating and that they worked actively on energy efficiency. Movement sensors for lighting were installed, for example.

What were you most looking forward to and what steers the development of new products today?

As the person responsible for the range and product development, I was eager to meet the people behind the classic Norwegian design icons such as City, Laminette, Collage, etc.

The relaunch of City says something about sustainable design. City was created back in 1954 and is a major seller to this day. Laminette from 1967 continues to be used in many public meeting places across Norway. Our products are designed for a long life!

Today the focus is on the whole product lifecycle. Circularity and sustainability are key concepts that are incorporated from the start in developing new products. Choice of materials, design for reuse and ease of disassembly, and how materials can be recycled as well as choice of suppliers are vital and affect the product's life and climate footprint, which we work on systematically.

What does the future look like?

For the future, our sights are set on developing products whose climate footprint becomes better and better, from raw materials and across the entire lifecycle. Today we have tools that enable us to calculate and simulate the CO₂ footprint. This is a good tool to have in your armoury in product development.

As part of Lammhults Design Group, which has a clear and established profile on sustainability, we are inspired by improving in the areas where we can make the most difference for the environment and people. Customers nationally and internationally are making increasingly higher demands on environmental performance and documentation. We are now working to get products approved by the Nordic Swan Ecolabel, and Möbelfakta in Sweden.





RAGNARS

INTERVIEW WITH JOHAN RAGNAR, CEO RAGNARS INREDNINGAR

What does sustainability mean to Ragnars?

Ragnars has been producing furniture in the heart of Småland since the 1950s. Ragnars' employees have built expertise and skills for generations by enthusiastically realising the ground-breaking ideas of architects. Management and employees have a vision of handing over a healthy and sustainable society to our children. We develop Ragnars in a positive direction so as to reduce our impact on nature and the climate and to contribute towards a greater quality of life for our fellow human beings as time goes on.

Why sustainability?

We offer our customers a sustainable business model that simultaneously builds economic and social value. Sustainability is an investment that reduces exposure to risk and leads to new business through improved customer relations. Our aim is to be self-sufficient in electricity, which will be an advantage for the environment and the company's profitability.

We take up the challenge from Swedish government agencies that place great emphasis on sustainability in specifications of requirements in public procurement.

How does Ragnars realise its sustainability vision?

Mainly through concrete targets that drive our work on sustainability. Some examples:

- in 2028 Ragnars is to be self-sufficient in electricity.
- invest at least 2 percent of the Ebit result from the previous year in reducing electricity consumption and/or generating our own electricity.
- 80 percent of staff transport to work is to use Ragnars' self-generated electricity by 2028.
- The company offers electricity and charging stations for staff.
- At least 70 percent of transport that we can influence is to use EURO 6 engines in 2018.
- 50 percent of all standard products are to be Möbelfakta certified in 2018.
- 90 percent of all standard products are to be Möbelfakta certified by 2020.
- 50 percent of the cost of our purchases is to be from suppliers within a radius of 100 km from Forserum in 2018.
- Ragnars is to realise two Innovation/Development projects per employee every year from 2018 onwards.
- Ragnars is to realise one Co-Creation project as a product development collaboration per year from 2018 onwards.

Ragnars is now part of Lammhults Design Group. Has that affected the development of the company's work on sustainability?

The greatest advantage of being part of Lammhults Design Group is new relationships with new colleagues. The Group management encourages and coaches its subsidiaries to develop their work on sustainability. We help each other to grow and spread new knowledge. Cross-fertilising ideas within the group creates ongoing development.



LAMMHULTS

ULRIKA JOHANSSON-STÅHL, CEO LAMMHULTS MÖBEL

Modernism has been a guiding principle of the design company ever since day one in Lammhult in 1945. Edvin Ståhl paved the way for a company in which clear design, authentic materials and industrial production became the cornerstones that we continue to work with to this day. There is also a rich heritage of design classics; timeless furniture that also looks to the future. Products that are characterised by innovation and aesthetic awareness and never date.

We work with three core values – Relevant innovation, Attractive identity and Long-term commitments. Long-term commitments towards our own staff and towards our suppliers, e.g. the designers we work with. Long-term commitments towards the environment and our surroundings but also towards the products in their own right. Our products must stand the test of time, in terms of quality as well as appearance. Timeless design that can take being gazed at over and over again.

We clearly demonstrated this at the Stockholm Furniture Fair 2018. The S70 range designed 50 years ago by the company's first designers Börge Lindau and Bo Lindekrantz, was given a new lease of life in new colours and materials. Combined with several strong new products, the message was a powerful one. Anya Sebton's new S18 table, which was also shown at the fair, is a celebration of the S70 range with the same playful angles and steel tubing in sturdy dimensions. The strength of the collection is precisely that we can offer new, innovative, attractive products and simultaneously derive inspiration from and demonstrate our long-term mindset throughout our history. Sustainable design that, depending on the environment, choice of colours and materials, can be endlessly renewed.

The S70 range paved the way for the Lammhults of today with its, for its time, playful, very clear and stand-out design. Both the bar stools and the coat stand have been in production since the launch in 1968, the armchair and the sofa were relaunched in 2012. Lammhults sees the fact that these products are still selling after 50 years as a sign that clear, timeless, quality design can create lasting, sustainable products.

Interest in "old icons" is growing, we can clearly see that. A number of companies have dug into our treasure chest. Acne recently chose the S70-4 armchair for its office, while Tiger of Sweden wanted the old director's chair X75-2, also designed by Lindau & Lindekrantz. We have a huge advantage in already having a history, having an archive to trawl through. We are already prepared.

When it comes to design, Lammhults has chosen a slightly different path compared to many other furniture producers. We work with a few designers and stick with them over time. Just as we did from the start with Lindau & Lindekrantz. Long-term partnerships suit us and our products. We develop alongside our designers and our own unique DNA emerges in our products. It is extremely important that we recognise ourselves in our products, that they "feel Lammhults". This also means that we have a collection that works very well together – even if each of the designers has their own entirely unique signature. Signatures that will last for many years to come.



Kenneth Ståhl, responsible for the launch of the S70 and CEO for the following approximately 20 years explains:

"In 1968 the S70 furniture range came out where S stood for steel/Ståhl but also for the S shape, and 70 stood for the idea that the range would be the furniture of the 1970s. With its thick steel tubes in simple shapes, the furniture harked back to its historical predecessors but also had a very innovative and contemporary expression. The design language was playful, and all the parts of the series were painted in strong signal colours to emphasise its modern look. S70 was an entire family of furniture and covered twelve products, with everything from chairs, tables, beds to coat hangers and ash trays. The range was very successful, in Sweden and abroad, and served as a breakthrough for the young designers but also for Lammhults' future exports."



OUR RELATIONS WITH KEY STAKEHOLDERS

CREATED AND DISTRIBUTED ECONOMIC VALUE	2017	2016	2015
Economic value generated directly			
Revenue	960.5	826.4	733.1
	960.5	826.4	733.1
Economic value distributed			
Operating expenses, of which the major share to our suppliers	649.6	549.3	492.6
Salaries and remuneration to employees	211.6	187.7	174.8
Payments to financiers, net	3.0	2.8	0.4
Social welfare charges to the public sector	52.0	41.5	31.9
Payments to the public sector in the form of taxes	10.8	9.4	6.9
Total, economic value distributed	927.0	790.7	706.3
Net, economic value	33.5	35.7	26.8
Dividend to shareholders	16.9	16.9	14.8
Retained in operations	16.6	18.8	12.0

Investors and shareholders

As a listed Group, requirements and expectations are high in terms of transparent, correct and clear information. Shareholders and investors expect long-term growth in value. Our Design Group creates profitable and sustainable growth through strong and well-positioned brands with an interesting portfolio of products and innovative, ground-breaking solutions. Sustainability in this context is both a hygiene factor and a factor that makes us stand out. Profitability is essential for a continued focus on investing in new products and boosting inroads into international markets. The Group management holds regular meetings with investors and stakeholders in capital markets.

Employees

As far as employees are concerned, there is an emphasis on continuing to develop the workplace organisation, internal career paths and work environments. Every company conducts employee surveys. The Group's policy is to conduct these types of surveys on a regular basis. The surveys provide a good basis to start from and insights into measures for improvement that are followed up at company and Group level. Lammhults Design Group values ethics, diversity and equality. We want the composition of our human resources to reflect the world around us and our customers. Through acquisitions and organic growth, the number of employees has increased by 44 during the year and now stands at 435.

Customers

Public agencies and organisations are important end customers. In public procurement especially, very high criteria are set in terms of the environment, function, lifetime, safety and ethics. Procurement requirements corresponding to the extensive criteria on quality, the environment and social responsibility under Möbelfakta or the Nordic Swan Ecolabel are becoming increasingly common. Products and solutions for a circular economy are essential to a sustainable society and thus to enterprise. Customers' requirements in terms of choice of materials, renewable raw materials, components based on recycled material and capacity for disassembly for repairs, replacement or material recovery are all factors whose importance is growing. Fact-based environmental performance based on lifecycle analyses will grow in importance. One initiative in public procurement in Sweden is the "Green List", which sets requirement on a par with those of the Nordic Swan Ecolabel. Representatives of the Green List have emphasised that in addition to the stringent requirements that apply today, future criteria will include a requirement that products are designed for reuse. Working with demanding customers drives positive and sustainable developments. The companies operate in close dialogue with retailers, those who recommend our products to their clients and end customers. Important meeting places are trade fairs, exhibition premises and our production plants. Factory visits, that offer an opportunity for deeper relations and mutual exchanges are important. Customer satisfaction surveys are regularly carried out. These surveys are a natural part of work on quality for satisfied customers. The Group's policy is for these to be conducted every two years.



The planet

The Sustainable Development Goals (SDGs) and the 2030 Agenda are a global, national and local driving force for sustainable development. As part of its materiality analysis, the Group has identified that three of the seventeen sustainable development goals of the 2030 Agenda are of the greatest importance for the Group and where we can have the greatest impact. These three are: SDG 8 (Decent work and economic growth), SDG 12 (Responsible consumption and production) and SDG 15 (Life on Land, which focuses on ecosystems and biodiversity).

For the environmental aspects, the national environmental objectives adopted by the Swedish Riksdag have been viewed as a stakeholder in conjunction with the materiality analysis. Reduced climate impact, A non-toxic environment, Sustainable forests and A good built environment are the environmental objectives that we have the greatest opportunity to influence and where we can make a difference.

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.

In 2017 none of the companies are subject to investigations or have been reported for breach of applicable laws or conditions.

Suppliers

The Group has operational units in Sweden, Norway, Denmark and Germany. We largely use local suppliers in the respective country. The suppliers supply material, components, semi-manufactured articles, services or finished articles.

Skills, quality, delivery time and cost, and ethical, social and environmental aspects are the foremost criteria when selecting suppliers. Möbelfakta's criteria for social responsibility in the supply chain are wide-ranging and also demand systematic work on surveys, risk analysis and follow-up. These procedures are regularly examined in external audits. Stricter internal criteria for new suppliers were introduced in 2017, including a stipulation that new suppliers are approved by the CEO of the respective company.

When launching new products, local suppliers or established supplier relationships are normally sought to minimise risk and maximise value creation. Supplier cooperation and supplier development to attain better results in cooperation both economically and environmentally is an important theme.

Anti-corruption and human rights

Risk analyses of breach of the company's Code of Conduct regarding bribery and offences against legislation and regulations have previously been carried out for all the companies in the Group. This risk analysis also covers risk of inappropriate gifts or other favours provided for personal gain or to benefit another party and not for the best of the company.

A risk analysis of offences against human rights, freedom of association, child labour and forced labour is part of systematic risk analysis. For the Group's companies with their own production in the Nordic countries and with 98 percent of the supplier base in Europe where rights and freedom of association are protected by law, there is not judged to be any major risk. Some of the companies have suppliers in China. Here there is judged to be a risk and monitoring is carried out on site.

The CEOs of the companies have responsibility for applying the Code of Conduct on the ground and ensuring that it is understood. A whistle-blower function has now been set up to make it easier to report deviations from Codes of Conduct and applicable legislation.

None of the companies have been the subject of legal action or investigation in 2017.

Schools and educational establishments

Several of the companies in the Group have established partnerships with schools and educational institutions for study visits, work experience and dissertations. These partnerships are of great value and have an impact on our business and future development. There are several good examples of the importance of these networks for recruitment and for developing products and services.

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 certification such as Möbelfakta and the Nordic Swan Ecolabel.

Transport and electricity agreements and energy efficiency improvements that reduce environmental impact.

MATERIALITY

Our focus is on creating value by prioritising what is important and crucial to our stakeholders. Work in industry organisations and in working groups within the EU for green procurement of furniture has resulted in several reports and analyses of the requirements and priorities that produce the greatest effect in terms of the environment and the climate and the criteria that are to apply for furniture.

The Group's companies are members of industry organisations in the countries in which we run our production. In Sweden TMF, the national trade and employers' association of the wood processing and furniture industry, carries out extensive work on the environment and sustainability.

TMF runs Möbelfakta, an established and updated reference and labelling system for furniture that sets ambitious criteria in terms of function, lifetime, environmental considerations and social responsibility. The environmental criteria reflect high external standards that are updated regularly, the technical requirements are based on international product standards (CEN and ISO) and social responsibility is based on the instructions of the UN's Global Compact.

Lammhults Design Group supports and has been a member of the UN Global Compact since February 2014, where work on human rights, working conditions, the environment and anti-corruption are vital to sustainable development.

Dialogue with customers and those who recommend us to their clients as well as other reported stakeholders, which has also involved the SDGs and national sustainability objectives, forms the basis of the materiality analysis and delimitations, whose key elements remain unchanged from previous years.

The result of our materiality analysis points out four concrete environmental areas that are focussed on in the coming strategy period, related to the identified global SDGs and Sweden's environmental objectives. As far as the environmental aspects are concerned, the report covers all companies with production or distribution centres.

MATERIALITY ANALYSIS WITH PRIORITISATION AND REFERENCES TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND SWEDEN'S ENVIRONMENTAL OBJECTIVES:

AREA (OVERARCHING OBJECTIVES)	SDG	NATIONAL ENVIRONMENTAL OBJECTIVE	PRIORITISATIONS	GOAL	KPI
Values	SDG 8	A good built environment	Product's lifetime, timeless design	Satisfied customers and satisfied employees. Profitable growth	NMI NKI
Responsible value chain	SDG 8		Systematic ways of working for social responsibility in the supply chain	Möbelfakta approved suppliers. Conduct inspections of suppliers in risk countries	Regional Spend (%)
Sustainable forest management	SDG 15	Sustainable forests	Support sustainable forestry	Ensure the purchase of wood materials from sustainable forestry	Proportion of traceable wood
Environmental improvements	SDG 12	Reduced climate impact A non-toxic environment Clean air		Design for long product lifetime, reduce energy consumption, increase the proportion of renewable raw materials, increase the proportion of recycled materials and design products for greater recycling and replaceability. Reduce the use of chemicals by complying with Möbelfakta's and the Nordic Ecolabel's criteria. Carriers with environmentally friendly engines.	Proportion of Möbelfakta approved and Nordic Swan Ecolabelled products Energy CO ₂ -emissions Proportion of carriers with EURO 6 engines

PRIORITISED ENVIRONMENTAL AREAS:

Design for reduced climate impact during the lifecycle.



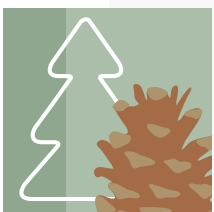

Design for good resource management when the product is consumed, for example through separability, repairability and reuse to support a circular economy.

Continued relevant product certification such as Möbelfakta and the Nordic Swan Ecolabel.

Transport and electricity agreements and energy efficiency improvements that reduce environmental impact.



MATERIALITY ANALYSIS RELATED TO THE NATIONAL ENVIRONMENTAL OBJECTIVES IN SWEDEN:

ENVIRONMENTAL OBJECTIVES	SIGNIFICANT ENVIRONMENTAL ASPECT	ACTION PLAN
 <p>Reduced climate impact</p>	<ul style="list-style-type: none"> – Resource management – Energy (electricity and heating) – Choice of materials – Renewable materials – Recycled materials – Waste and recycling – Transport – Solvents 	<p>Heating and electricity from renewable sources. Design and product development for a long lifetime, with good material choices and ease of disassembly. Design and product development with LCA analysis as a leading tool for minimising climate impact from a lifecycle perspective. Water-based or solvent-based coatings primarily.</p>
 <p>A non-toxic environment</p>	<p>Choice of materials Use of chemicals Additives Processes and materials for surface coating and adhesive</p>	<p>Möbelfakta approval and Nordic Swan Ecolabel certification of products. Systematic reduction of chemical use.</p>
 <p>Sustainable forests</p>	<p>Wood raw materials from sustainable forest management</p>	<p>FSC or equivalent traceability for wood raw materials to legal, well-managed forestry.</p>
 <p>A good built environment</p>	<p>Furniture and interior design that contributes towards a good indoor environment through good design, good material choice and with acoustic effects, etc.</p>	<p>Products that meet the requirements of Möbelfakta or the Nordic Swan Ecolabel and furniture and solutions with a good acoustic effect.</p>



RESULTS ENVIRONMENT

The production unit in Norway and three out of four facilities 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 (hydro power and wind power). The Group's total energy consumption (electricity and heating) for comparable units fell by 4 percent compared with the previous year. If the companies with their own production are compared, a reduction of 6 percent is seen for comparable factory units. Here it must be taken into account that these units increased their sales volume by 7 percent compared with the previous year. Energy for heating is not corrected for a normal year. In total, renewable sources account for 64 percent of the Group's total energy needs in terms of electricity and heating. The Group's companies have increased CO₂ emissions from heating and electricity by 7 percent compared with the previous year due to higher sales volumes and the acquisition of Morgana AB. Seen over a longer time period, however, CO₂ emissions have been cut by 23 percent in the past three years for comparable units. Consumption data and reporting on emissions and recycling for the companies are shown in the tables on page 18.

In order to Möbelfakta-label or Nordic Ecolabel furniture, wood and wood-based materials must be traceable and come from legal forestry (FSC or PEFC-certified or equivalent). The majority of volume products have been Nordic Ecolabelled or approved by Möbelfakta. Lammhults Möbel demonstrates 100 percent traceability of wood raw materials. The number of Möbelfakta-approved products has increased by an additional ten products during the year, now amounting to a total of 82 products. The total number of products approved under the Nordic Ecolabel now amounts to 23, which is an increase of 16 in the space of three years. Work will continue to obtain additional ecolabels such as the Nordic Ecolabel and Möbelfakta in 2018. This applies to new products as well as the existing range.

Fora Form reports complete environmental declarations based on lifecycle analyses for the majority of its range and there is now a total of 40 declarations under ISO 14025 available via epd-norge.no. This includes a declaration of the climate footprint of the respective product throughout its lifetime.

Three of the Group's production facilities – Morgana, Lammhults Möbel and Ragnars Inredningar – carry out coating

operations. Morgana has already reduced its solvent emissions by investment in UV-cured coatings. Morgana's total solvent emissions for 2017 amounted to 6.7 tonnes. The figure for Ragnars Inredningar is 1.95 tonnes and Lammhults Möbel 0.85 tonnes. Lammhults Möbel uses a small proportion of solvent-based varnish on tables. Metal coating at Lammhults Möbel uses entirely solvent-free powder coating.

Not all carriers are able to provide an emissions report. Our carriers have to regularly report their progress in the transition to more eco-friendly engines (EURO classes). One of the main actors for domestic freight in Sweden now uses 100 percent EURO-6 engines, the highest environmental class at the moment.

Packaging materials mainly comprise renewable raw materials such as corrugated board and wood. Plastic is also used. The proportion of renewable packaging material was 95 percent in 2017.

Material recycling is the dominant method of waste management, which is important for a sustainable society. Material recycling amounted to 78 percent of total waste during the year.

The outcome for material use, energy, CO₂ and waste, compared with the previous year, is reported in the table on page 18. CO₂ reporting is based on information from the suppliers of electricity and district heating and emissions from heating using natural gas and oil. CO₂ emissions from transport are not reported as only a limited number of suppliers are currently able to submit an emissions report. When it comes to transport, we monitor the progress of our carriers in their transition to more environmentally friendly engines (EURO classes).



RESULTS EMPLOYEES

In 2017 the Group's employees in 2017 numbered 435 people, 59 percent men and 41 percent women for the whole Group. 97 percent of employees within the Group are covered by collectively agreed working conditions and benefits. 98 percent of employees are employed on permanent contracts. 87 percent work full-time, and 77 percent of women and 94 percent of men work full-time. Staff turnover at own request amounted to 10 percent and is evenly distributed between men and women. Performance reviews are carried out systematically through the year. During the year approximately 98 percent of employees participated in at least one performance review.

NUMBER OF EMPLOYEES PER REGION (AVERAGE 2017, FTE)

COUNTRY	MEN	WOMEN	TOTAL
Sweden	184	94	278
Norway	29	27	56
Denmark	15	29	44
Germany	19	11	30
Other countries	11	14	25
Total	258 (60%)	175 (40%)	433

FORM OF EMPLOYMENT

	OF WHOM MEN	OF WHOM WOMEN	TOTAL	MEN (%)	WOMEN (%)
			(%)		
Permanent employment	412	168	98	99	98
Temporary employment / hired / agency	7	4	2	1	2
Total	419	172	100	100	100
Full-time	361	129	87	94	77
Part-time	54	39	13	6	23
Total	415	168	100	100	100

	TOTAL	OF WHOM MEN	OF WHOM WOMEN	TOTAL	MEN (%)	WOMEN (%)
	(%)					

Age distribution of average employees (all)

< 30	56	33	23	13	13	13
30–50	195	106	89	47	43	52
> 50	168	108	60	40	44	35
Total	419	247(59%)	172(41%)	100	100	100

Age distribution of average employees (white collar)

< 30	24	10	14	10	9	12
30–50	125	58	67	54	50	59
> 50	81	49	32	35	42	28
Total	230	117(51%)	113(49%)	100	100	100

Age distribution of average employees (blue collar)

< 30	32	23	9	17	18	15
30–50	70	48	22	37	37	37
> 50	87	59	28	46	45	47
Total	189	130(69%)	59(31%)	100	100	100



Cont. RESULTS EMPLOYEES

Total sick leave has increased compared with the previous year and amounted to 6.0 percent, of which short-term sick leave amounted to 2.6 percent (increase from 2.3 percent). Gender distribution, age distribution, total staff turnover and sick leave are shown in the tables.

Two of the companies (Lammhults Möbel and Abstracta) have health and safety management systems certified under OHSAS 18001. There will be a transition to the new ISO 45001.

Employee surveys are carried out regularly. Key areas are working conditions, health, the environment and motivation. These are surveyed by company and are also followed up at Group level. The most recent employee survey resulted in signs that discrimination/harassment may have occurred. Action has been taken.

ATTENDANCE AND SICK LEAVE	NUMBER OF DAYS	PERCENTAGE (%)
Time worked	100 270	94.0
Sick leave < 14 days	2,800	2.6
Sick leave > 14 days	3,614	3.4
Total	106 684	100.0

EMPLOYEE TURNOVER

	JOINED	LEFT	OF WHOM LEFT AT OWN REQUEST	OF WHOM LEFT AT THE COMPANY'S REQUEST	OF WHOM LEFT DUE TO RETIREMENT	PROPORTION OF OWN REQUEST(%)	DISTRIBUTION OF NEW EMPLOYEES(%)
Employee turnover, no. per age group							
< 30	15	12	12	–	–	28	31
30–50	31	27	23	3	–	53	63
> 50	3	17	8	1	9	19	6
Total	49	56	43	4	9	100	100

	MEN	WOMEN	TOTAL	PERCENT(%)	MEN(%)	WOMEN(%)
Employee turnover by gender and region						
Sweden	21	20	41	15	70	77
Denmark	6	4	10	23	20	15
Germany	0	0	0	0	0	0
Norway	3	0	3	5	10	0
Other countries	0	2	2	8	0	8
Total	30 (54%)	26 (46%)	56	14	100	100

RESULTS SUPPLIERS

In total there are 176 suppliers accounting for 80 percent of the value of input material and components for 2017. A large proportion of external purchasing is unique components for specific products. In several cases, manufacture is tool-specific, which means labour intensity is not generally particularly high, thus enabling local production. For the Group as a whole, local suppliers (national) accounted for 66 percent of purchasing in terms of value in 2017.

The table provides an overview of the local proportion of purchasing per company. Of the Group's external purchasing of materials and components, suppliers in the Nordic countries accounted for 63 percent, the rest of Western Europe for 18 percent, Eastern Europe for 16 percent, while purchases in Asia (China) accounted for 2 percent. The Group has suppliers in a total of 23 countries. Of these, two countries are ranked as risk countries in Amfori BSCI's summary of risk countries as at January 2018. These are China and Turkey. These two countries represent 3 percent of external direct material. During the year, factory inspections were carried out with the help of external auditors at two companies in China. Non-compliances have been noted and action plans drawn up.

The Group has gained new suppliers with the acquisition of Morgana AB. Morgana, which produces furniture, glass partitions and acoustic products has local (domestic) suppliers who are responsible for 98 percent of purchased materials and services.

PROPORTION OF PURCHASING FROM LOCAL SUPPLIERS	PROPORTION
Abstracta AB (Sweden)	65
Ire Möbel AB (Sweden)	97
Fora Form AS (Norway)	45
Lammhults Möbel AB (Sweden)	75
Morgana AB (Sweden)	98
Ragnars Inredningar AB (Sweden)	97
Lammhults Biblioteksdesign AB (Sweden)	37
Lammhults Biblioteksdesign A/S, (Denmark)	39
Schulz Speyer Bibliothekstechnik AG (Germany)	80
Total	66

REGIONAL DISTRIBUTION DIRECT PURCHASING OF MATERIALS

REGION	PROPORTION
Nordic countries	63
Western Europe	18
Eastern Europe	16
Asia	2

MATERIAL USE & ENERGY CONSUMPTION

	MANUFACTURING FACILITIES										TOTAL 2016	TOTAL 2017 FOR COMPARABLE UNITS	TOTAL 2017 (TOTAL)	INDEX 2016/2017 FOR COMPARABLE UNITS	
	LAMMHULTS MÖBEL AB SWEDEN	ABSTRACTA AB SWEDEN	IRE MÖBEL AB SWEDEN	LAMMHULTS BIBLIOTEKSDESIGN AB SWEDEN	LAMMHULTS BIBLIOTEKSDESIGN A/S DENMARK	SCHULZ SPEYER BIBLIOTHEKSTECHNIKAG GERMANY	FORA FORM AS NORWAY	RAGNARSINREDNINGAR AB SWEDEN	MORGANA AB SWEDEN						
PACKAGING MATERIALS															
Corrugated board (kg)	119 039	67 935	0	287	12,400	2,069	50,884	9,898	6,701	263,792	262,512	269,213	100%		
Plastic (kg)	5,029	2,182	20	179	3,292	2,213	1,150	3,616	5,583	19,331	17,681	23,264	91%		
Wood (kg)	Na	8,823	0	0	28,547	2,506	0	49,220	44,000	113,347	89,096	133,096	79%		
ENERGY															
Oil (kWh)	0	0	0	0	0	192,550	0	0	0	148,372	192,550	192,550	130%		
Natural gas (kWh)	0	274,478	0	0	1,051,677	0	0	0	0	1,093,462	1,326,155	1,326,155	121%		
Electricity (kWh)	951,991	799,338	55,812	232,746	161,338	45,387	368,856	1,477,765	1,086,574	4,315,862	4,093,233	5,179,807	95%		
District heating (kWh)	1,451,000	1,300,450	0	259,900	0	0	499,480	0	2,009,024	3,950,964	3,510,830	5,519,854	89%		
CO2 reporting from heating and electricity (kg)	39,177	133,789	7,256	36,111	217,885	62,874	10,835	192,109	195,498	651,648	700,036	895,535	107%		
WASTE															
Hazardous waste (kg)	12,840	6,107	0	0	0	0	172	752	2,600	17,502	19,871	22,471	114%		
Landfill (kg)	0	0	0	0	647	0	0	200	0	5,124	847	847	17%		
Recycling (waste for sorting) kg	2,160	54,900	0	0	0	0	0	0	2,300	16,100	57,060	59,360	354%		
Material recycling of steel (kg)	24,380	12,600	0	0	29,834	0	4,530	7,720	10,880	186,078	79,064	89,944	42%		
Material recycling of aluminium (kg)	450	12,010	0	0	89	0	0	0	0	15,384	12,549	12,549	82%		
Material recycling of wood (kg)	31,740	63,670	0	0	0	6,750	22,640	272,000	221,860	439,070	396,800	618,660	90%		
Material recycling of plastic (kg)	5,140	4,275	0	0	1,320	0	0	500	3,570	15,960	11,235	14,805	70%		
Material recycling of corrugated board (kg)	40,350	18,010	0	0	4,800	0	0	3,650	3,570	59,929	66,810	70,380	111%		
Material recycling of paper (kg)	1,070	1,840	0	0	74	6,470	12,300	0	1	23,650	21,754	21,755	92%		
Burnable waste (Energy recovery) (kg)	35,620	46,090	0	0	8,300	5,190	14,800	25,860	11,850	169,075	135,860	147,710	80%		
KEY FIGURES RECYCLING															
Proportion of waste for material recovery	67%	51%	Na	Na	80%	72%	72%	91%	93%	78%	73%	78%			
Proportion of packaging materials comprising renewables	96%	97%	0%	62%	93%	67%	98%	94%	90%	95%	95%	95%			



ABOUT THE REPORT

The Sustainability Report is drawn up in line with the GRI standards (core level). Lammhults Design Group reports its work on sustainability annually in conjunction with the Annual Report for the most recent calendar year. Guidance for readers is provided in the appendix (GRI - Content Index) to this report in the form of a GRI cross-referencing table. Some of the information is found in the annual report and reference is made to this where appropriate.

Economic and social indicators cover the entire Group. The environmental aspects include all the production and distribution units. The sales companies have a marginal impact on the environmental indicators. The environmental impact of sub-contractors is not covered by the report. This Sustainability Report has not undergone an external audit.

In the event of questions, please contact Sven Lindberg, Purchase and Sustainability Manager whose details can be found at www.lammhultsdesigngroup.com



Lammhults Design Group
creates positive experiences
through modern interiors
for a global audience.
Customer insight, innovation,
design management, sustainability
and strong brands
are the cornerstone of our business.
We develop products in
partnership with some of
the foremost designers
in the market.

www.lammhultsdesigngroup.com

GRI CONTENT INDEX

Lammhults Design Group.

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION		
			PART OMITTED	REASON	EXPLANATION
GRI 101: FOUNDATION 2017					
GENERAL DISCLOSURES					
GRI 102: GENERAL DISCLOSURES 2017	Organizational profile				
	102-1 Name of the organization	AR (Annual Report)	49		
	102-2 Activities, brands, products, and services	AR	3, 12-27		
	102-3 Location of headquarters	AR	49		
	102-4 Location of operations	AR	85		
	102-5 Ownership and legal form	AR	49, 51		
	102-6 Markets served	AR	13-27		
	102-7 Scale of the organization	AR	1		
	102-8 Information on employees and other workers	SR (Sustainability Report)	15-16		
	102-9 Supply chain	SR	17		
	102-10 Significant changes to the organization and its supply chain	SR	17		
	102-11 Precautionary Principle or approach	SR	2		
	102-12 External initiatives	SR	11		
	102-13 Membership of associations	SR	11		
	102-14 Statement from senior decision-maker	SR	3		
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	SR	2		
	102-18 Governance structure	AR	37-39		
	102-40 List of stakeholder groups	SR	5		
	102-41 Collective bargaining agreements	SR	15		
	102-42 Identifying and selecting stakeholders	SR	5		
	102-43 Approach to stakeholder engagement	SR	9-10		
	102-44 Key topics and concerns raised	SR	9-13		
	102-45 Entities included in the consolidated financial statements	AR	85		
	102-46 Defining report content and topic Boundaries	SR	11-13		
	102-47 List of material topics	SR	11-13		
102-48 Restatements of information	SR	No restatement due to no changes.			
102-49 Changes in reporting	SR	11			
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	18			

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GRI STANDARD	DISCLOSURE	INTERN NOT KÄLLA/INSAMLING	PAGE NUMBER(S) AND/OR URL(S)	OMISSION REASON	EXPLANATION
MATERIAL TOPICS					
GRI 200 ECONOMIC STANDARD SERIES					
Economic Performance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	AR	37-39		
	103-2 The management approach and its components	AR	37-39		
	103-3 Evaluation of the management approach	AR	37-39		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SR	9		
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	10, 17		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	SR	17		
Anti-corruption					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	10-13		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	SR	10		
	205-2 Communication and training about anti-corruption policies and procedures	SR	10		
Anti-competitive Behavior					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	10-13		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SR	10		

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GRI STANDARD	DISCLOSURE	INTERN NOT KÄLLA/INSAMLING	PAGE NUMBER(S) AND/OR URL(S)	OMISSION REASON	EXPLANATION
MATERIAL TOPICS					
GRI 300 ENVIRONMENTAL STANDARDS SERIES					
Materials					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	11-13		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	SR	18		
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	11-13		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	SR	18		
Biodiversity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	11-13		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products, and services on biodiversity	SR	14		
Emissions					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	11-13		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	SR	18		
	305-2 Energy indirect (Scope 2) GHG emissions	SR	18		
	305-3 Other indirect (Scope 3) GHG emissions	SR	18		
Environmental Compliance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	2		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	SR	10		

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GRI STANDARD	DISCLOSURE	INTERN NOT KÄLLA/INSAMLING	PAGE NUMBER(S) AND/OR URL(S)	OMISSION REASON	EXPLANATION
MATERIAL TOPICS					
GRI 400 SOCIAL STANDARDS SERIES					
Employment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	12		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	SR	15-16		
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	2, 4, 9		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR	15-16		
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	2, 4, 9		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	SR	15		
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	2, 4, 9		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SR	15-16		
Non-discrimination					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	2, 4, 9		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	SR	16		

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GRI STANDARD	DISCLOSURE	INTERN NOT KÄLLA/INSAMLING	PAGE NUMBER(S) AND/OR URL(S)	OMISSION REASON	EXPLANATION
MATERIAL TOPICS					
GRI 400 SOCIAL STANDARDS SERIES (CONT.)					
Freedom of Association and Collective Bargaining					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	12		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR	17		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	12		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	SR	17		
Forced or Compulsory Labor					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	12		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR	17		
Human Rights Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	SR	12		
	103-2 The management approach and its components	SR	2		
	103-3 Evaluation of the management approach	SR	2		
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	SR	17		