

SUSTAINABILITY REPORT

2012

EKORNES ASA



EKORNES®



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The Ekornes ASA sustainability report 2012 is the communication of progress for 2012 to the UN Global Compact. Information on market, finance, governance, etc. is found in the Ekornes ASA Annual Report 2012. See:

www.ekornes.com



THIS IS EKORNES

The Ekornes story began in 1934 when company founder, Jens E. Ekornes, started manufacturing furniture springs at the J.E. Ekornes Fjærfabrikk in Sykkylven. The first Stressless® recliners were launched in the Norwegian market in 1971.

Today Ekornes ASA is the largest furniture manufacturer in Norway and owns such brand names as Ekornes®, Stressless® and Svane®. Stressless® is one of the world's most well-known furniture brands, while Ekornes®, Stressless® and Svane® are the best known brands in the Norwegian furniture market. Manufacturing is handled by the Group's three production companies at seven factories, six of which are located in Norway. Ekornes also has a sofa assembly plant, located in Morganton, North Carolina, USA. The Group's products are sold in large parts of the world through its own sales companies or importers in selected markets.

Ekornes's business concept is to offer products that in terms of both price and design appeal to a broad audience. In addition, the Group aims to develop and manufacture products offering excellent comfort and functionality.

Ekornes sells its products through specially selected distributors in markets all over the world, and to parts of the contract market in the Nordic region (maritime and hotel).

Ekornes ASA is the parent company of the Ekornes Group. The Group's production facilities are organized according to product area: Stressless®, Ekornes® Collection (sofas) and Svane® (mattresses). Ekornes ASA provides all shared services, including group management, marketing, purchasing, accounting and finance, as well as product development for the Stressless® and Ekornes® Collection segments.



The picture on the top of the page display Ekornes ASA's head office - located alongside the Group's main Stressless® manufacturing facility at Ikornnes in Sykkylven, on the west coast of Norway.



EKORNES®
COLLECTION

UN GLOBAL COMPACT – communication of progress

Ekornes participate in the UN's Global Compact initiative. This is a voluntary scheme in which members commit to implementing ten principles in the areas of Human Rights, Labour, Environment and Anti-Corruption, forming the backbone on Ekornes' sustainability efforts. As a member of Global Compact, we submit an annual report on what we have done in our day-to-day operations to make progress within the ten principles. The Ekornes Sustainability Report 2012 serves as the annual report / communication of progress to the UN Global Compact for efforts made in 2012. The statement from the CEO manifests Ekornes' commitment to the Compact for the entire corporation.



Statement of continued support by the Chief Executive Officer (CEO)

To Whom It May Concern:

03.06.2013

Declaration of continued support to the UN's Global Compact

Since Ekornes was established in 1934, it has been the utmost importance for the company to operate responsibly. Ekornes emphasize on honesty and sincerity towards everyone the company relates to, and wish to be transparent and reliable both internally and to our surroundings. Living by these values and focusing on innovation, Ekornes strive to stay a step ahead of our competitors – creating shared value for investors, employees and our surroundings.

In 2009, Ekornes joined the UN's Global Compact, and in 2012 we started to actively participate in the UNGC Nordic Network as well. We consider Global Compact to be a credible and reputable framework for structuring our efforts within the four areas it addressed in the ten principles. By joining Global Compact, Ekornes commits to align its operations and strategies with valuable principles in the areas of human rights, labour, environment and anti-corruption. Ekornes will continue to support Global Compact in the years to come and ensure that we have sufficient focus on the mentioned principles.

Best regards
EKORNES ASA



Nils-Fredrik Drabløs
CEO

SUSTAINABILITY POLICY

The strategies, goals and values that apply to the company's business are set in our handbook "Objectives and Values for the Ekornes Group", being the leading star for all of Ekornes' activities. Regarding sustainability, "Objectives and Values for the Ekornes Group" states:

THE ENVIRONMENT

The objective of Ekornes is to accept environmental responsibility related to manufacturing, distribution and use of the company's products. We will continue to implement initiatives in our factories that improve the internal and external environment, at the same time as we continue to select environmentally-friendly raw materials. A sustainable manufacture of durable products will also in future be an objective in the development of our company.

The following core items shall be complied with in all parts of our activity:

- Ekornes shall appear as an environmentally-friendly enterprise. Our products shall cause the least possible impact on the environment.
- Ekornes has as its objective to keep the health risk at the workplaces at a minimum.
- Ekornes invests to avoid damage to the environment and injuries to health.
- Environmental information shall be generally available, for example through environmental Product declarations (EPD).
- Ekornes shall give objective and open information about how the company handles its environmental responsibility.

Ekornes has as its long-term objective to develop environmental issues to a competitive advantage through being ahead of our competitors also in this field.

CORPORATE CITIZENSHIP

Ekornes shall act as a responsible enterprise and operate within all relevant laws, regulations and to strict ethical standards. We subscribe to and endeavour to comply with UN's Global compact. This means that in all parts of our business activity we shall maintain high standards of:

1. Respecting and complying with UN's human rights.
2. Respecting the rights and needs of our employees.
3. Environmental responsibility.
4. Combating corruption in Norway and abroad.

Ekornes depends on the availability of labour. through financial contributions to voluntary clubs and various local arrangements, we therefore help to create good communities in areas where we have factories.

ETHICAL STANDARDS

1. Ekornes Goals and Values, the company regulations, employment contracts and job descriptions also contain ethical rules by which the Ekornes Group abides. The rules contained in this overview should therefore not be considered exhaustive with respect to the group's ethical rules.
2. A duty of confidentiality contained in the company regulations, employment contracts or job descriptions does not prevent you from informing a superior should you become aware of breaches of regulations, legislation or rules laid down by the authorities. This also applies to internal guidelines, provisions or issues that might harm Ekornes' reputation or other parties' trust in Ekornes.
3. Ekornes shall comply with the laws, rules and regulations in the countries in which Ekornes companies have been established or in which business connections have been established.
4. In all contact with suppliers of raw materials, machinery, subsidiary materials and services of any kind, and contact with customers and other business connections, we shall aspire to honesty, integrity, openness, businesslike correctness and proper conduct. The objective is to arrive at the best offer for Ekornes
5. Ekornes or employees of Ekornes shall not be party to "bribery" or its equivalent in order to achieve special advantages or access to such.
6. Business connections such as those mentioned above shall not be provided with more information about Ekornes than they need to provide a satisfactory offer with respect to price, level of service, delivery times, technology and specifications, or what they need to exercise their business relationship with Ekornes.
7. Suppliers and business connections shall under no circumstances receive information about other suppliers and business connections via Ekornes.
8. Employees of Ekornes shall only participate in trips and events arranged by suppliers and business connections when there is a professional reason for the event/trip or it provides business related opportunities. In cases of such participation the travel and accommodation of employees of Ekornes shall always be paid by Ekornes.
9. Employees of Ekornes are not permitted to receive gifts (in the form of products, services or trips, etc) from business connections other than small items of more of an advertising nature and limited value. The same applies to private purchases of goods at discounts from suppliers to Ekornes without the approval of a superior. Individuals must also avoid ending up in dependent relationships with customers or suppliers.
10. Suppliers and business connections shall be made aware of the contents of this document and also be made aware that an attempt to contravene these ethical rules could result in exclusion.

HUMAN RIGHTS

UN Global Compact Principles:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses

Assessment, Policy and Goals

Description of the relevance of human rights for the company (i.e. human rights risk-assessment).

Description of policies, public commitments and company goals on Human Rights.

According to the Group's policy, Ekornes shall act as a responsible enterprise and operate within all relevant laws, regulations and to strict ethical standards. Ekornes clearly states, both internally and externally, that the company endeavor to comply with the UN's Global Compact's ten principles. This policy is presented in the "Objectives and Values for the Ekornes Group", which is available for all stakeholders.

Apart from our factory in USA – all Ekornes' production facilities are located in Norway, but the company's operations rely on suppliers of raw material and distributors all over the world. This means that the company has to face different cultures and legislations for business operations in different regions, which can be challenging. Towards internal and external business partners, Ekornes makes clear that the company expects and requires compliance with local legislations and the UN Global Compact's ten principles.

Increased purchasing activities in Far East markets may have increased the risk associated with suppliers that do not follow the principles on Human Rights.

Implementation

Description of concrete actions to implement Human Rights policies, reduce Human Rights risks and respond to Human Rights violations.

Ekornes continuously focus on Human Rights policies through leadership training programs, new employee training, language courses, annual distribution of information in the personnel handbook and requirements to suppliers. Ekornes endeavors to continuously maintain and further develop an open corporate culture. Employees are encouraged to alert about critical issues on all levels. Ekornes collaborates with Ebbesvik Personalomsorg as an external partner for employee's welfare.

All suppliers to Ekornes have to confirm that they acknowledge the UN Global Compact's ten principles through signing the "Suppliers declarations on Social and Environmental Performance". Signing the declaration is a statement from the suppliers that they will work towards progress within the areas covered by the principles. In order to manage risk and do due diligence in areas with higher possibility for the occurrence of human rights abuse, Ekornes collaborates with Det Norske Veritas (DNV) as a partner for CR advisory and assessments. Through 2012 Ekornes and DNV have been working on the development of an audit scheme for third party audits on suppliers based on

the ten principles of the UN Global Compact. Regarding human rights The Universal Declaration of Human Rights is a central piece in the audit scheme with focus on abuse, inhumane treatment and discrimination.

A pilot audit was made in China during fall 2012. Experience from the audit gave important input to further developing the scheme which is executed in full scale in 2013. Based on risk analysis, Ekornes will continue to perform third party audits in different markets and collaborate with suppliers on improvement programs. As stated in the Ekornes Ethical Standards suppliers who contravene the ethical rules and do not wish to cooperate on improving could result in exclusion.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

Ekornes made one supplier audit in 2012. Starting this year's communication of progress Ekornes will disclose the number of audits made within the reporting period. Other than this Ekornes have no specific measurements of outcomes with regards to Human Rights Principles in the reporting period. Ekornes experiences that the suppliers have an increasing understanding of why Ekornes needs to ensure suppliers compliance to the UN Global Compact's ten principles and provide declarations on social and environmental performance. It also seems like the policy of more and more suppliers is already to comply accordingly.

Improvement programs will be developed together with suppliers after CR audits. These improvement programs will give Ekornes valuable KPIs to monitor and evaluate CR performance.

LABOUR

UN Global Compact Principles:

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities).

Description of written policies, public commitments and company goals on labour rights.

The majority of Ekornes employees live in Norway where labour rights are strongly regulated by law. There is a long tradition in Ekornes to maintain good dialogue between management and labour unions. Ekornes strongly believe that respecting labour rights is an important factor in the work to reduce sickness absence, and increase effectiveness and profitability.

The majority of Ekornes' employees are organized in various labour unions. The Ekornes management team has over years experienced constructive cooperation with all of the unions through continuous dialogue and regular meetings. Negotiation committees are established to represent the employees in yearly local wage negotiations. Employees are represented in the board of all Ekornes' production companies and also in the parent company. These representatives hold the same rights as members chosen by the shareholders.



The Ekornes personnel handbook includes policies that clearly state the employee rights, responsibilities, compensations and benefits.

As mentioned in the previous section, increased sourcing activity in areas with higher risk of deviation from internationally proclaimed labour rights and local legislation makes it imperative for Ekornes to manage this risk in order to aspire to compliance of the principles in the supply chain. This is well established in both the "Objectives and Values for the Ekornes Group" and the "Ethical Standards".

Implementation

Description of concrete actions taken by your company to implement labour policies, reduce labour risks and respond to labour violations.

Ekornes labour policies are available through the personnel handbook. A revised edition of this handbook is distributed to all employees each year. All new employees must during the first two years in the company participate in new employee training where labour rights are one of the main topics. All employees have a detailed job description and contract which clearly states the employee's duties and rights.



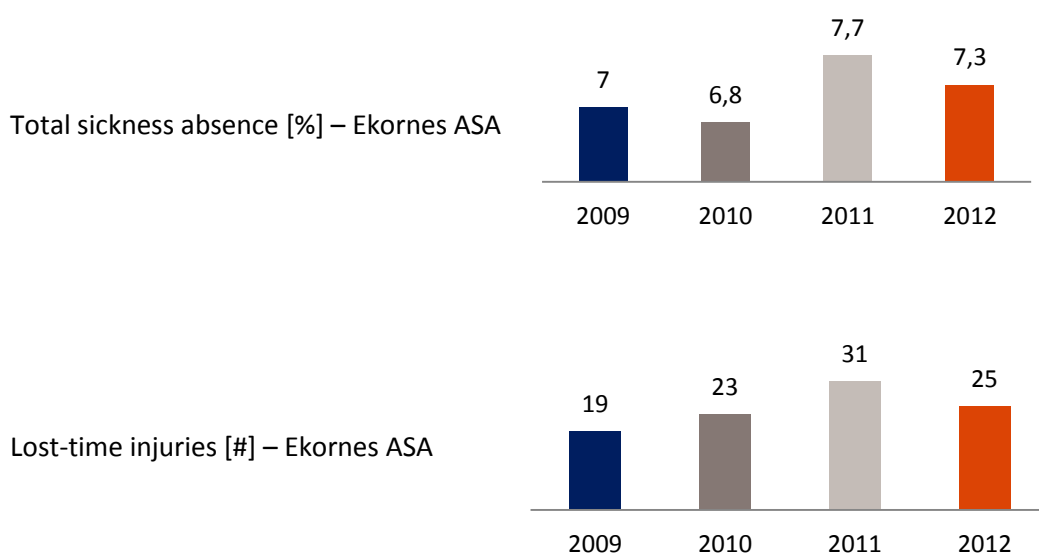
A significant part of the yearly investments (about 100 million NOK) is allocated to activities which improve health and safety of the employees. Several straining work stations have been re-designed through investment in technology to ease the work of the operators. Day-to-day responsibility for Health, Environment and Safety lies with managers at the local units. J.E. Ekornes AS (the Stressless® factory) has a chief safety representative and has also appointed a permanent HSE coordinator, who is responsible for coordinating HSE activities in the plants in northwest Norway. A corresponding position has also been established at Ekornes Beds AS (the mattress factory) in Akershus County. In October 2011 Ekornes entered into an Inclusive Working Life (IA) agreement with the Norwegian Labour and Welfare Administration's Working Life Centre in Møre og Romsdal. Initially the agreement covers the Hareid, Sykkylven and Grodås plants. The IA scheme derives from an agreement to promote a more inclusive working life which was entered into by organizations representing Norwegian employers, employees and the government. The objective is to make it possible for everyone, who is willing and able, to work. Companies who enter into an agreement with the Norwegian Labour and Welfare Administration (NAV) become IA companies, with access to special services and provisions. Companies are given a dedicated contact at NAV, who provides advice and guidance on IA issues, and gain access to services and provisions that are exclusive to IA companies.

As mentioned in the previous section - Ekornes requires that suppliers acknowledge the UN Global Compact's 10 principles and sign "Suppliers declarations on Social and Environmental Performance" to confirm that they adhere to the labour principles. The audit scheme mentioned earlier together with DNV has a strong emphasis on labour rights. Auditors will through interview with management and employees see to that there is no forced or child labour, that employees have freedom of association, that local law is followed regarding wages, rights and work hours among other things.

Measurement of outcomes

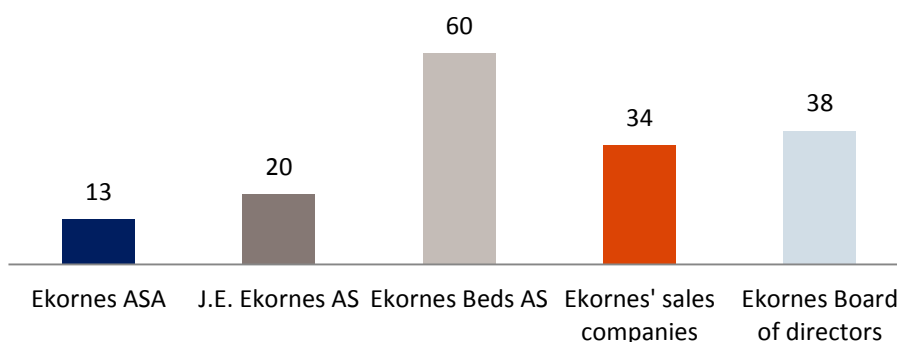
Description of how the company monitors and evaluates performance.

One of the indicators which evaluate performance on labour rights is the company's sickness absence rate. The Group had a sickness absence rate of 7.3 per cent in 2012. This is a decrease of 0.4 percentage points compared with 2011. Approx. 5.2 per cent of the total number of hours worked in the Group was lost due to long-term sickness absence. This is a decrease of 0.1 percentage points. Short-term sickness absence (less than 14 days) came to around 2.1 per cent, a decrease of 0.3 percentage points. Ekornes wish to follow the positive trend in 2013. The amount of lost-time injuries has decreased as well. The active work of management at each plant to reduce the level of sickness absence through individual follow-up and other measures together with the IA arrangement is starting to have a positive effect.



As described in the previous section Ekornes made one supplier audit in 2012 and starting this year's communication of progress Ekornes will disclose the number of audits made within the reporting period. Ekornes experiences that the suppliers have an increasing understanding of why Ekornes needs to ensure suppliers compliance to the UN Global Compact's ten principles and provide declarations on social and environmental performance. It also seems like the policy of more and more suppliers are already to comply accordingly and that labour is one of the fields being specifically focused on.

Female managers / directors [%] – Different companies



ENVIRONMENT

UN Global Compact Principles:

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection

Policy and governance

Environmental practice is a part of the Ekornes culture which is built on a strong Scandinavian heritage and tradition to protect the beautiful nature that surrounds us. Ekornes encourage “More with less” through the whole value chain: Create more value with less use of resources.

The environmental policy is presented in Ekornes – Objectives and Values and available for all stakeholders. The environmental policy has been seen to by the Environmental steering group. The group consists of people with different backgrounds and from different departments. Product development, marketing, chemistry, purchasing, Health and safety are represented today. In short, the Environmental Steering Group works to bridge the gaps between the different markets and departments, and function as a central hub for environmental issues and expertise.

The environmental policy stated in Ekornes – Objectives and Values, focusing on the product and use of materials, interlock the product development department at Ekornes with the total environmental impact of the company. To document the products’ impact on the environment Ekornes has developed environmental product declarations (EPD) for the entire Stressless® collection in accordance with ISO 14025.

Assessment

Ekornes has implemented a lot of green practices at the company’s manufacturing facilities. One of the most important is reduction of the company’s carbon footprint by continuously investing in eco-friendly technology. Based on life-cycle considerations, Ekornes considers that extraction and transportation of raw materials for production of components and transportation of chairs to customers represent the largest impact on the environment. Since Ekornes only has indirect influence on these processes, we take responsibility by continuously improving the efficiency on in-house processes with means to reduce use of raw materials and other resources.

One example is that Ekornes develops new products using platform components. Use of platform components gives Ekornes the opportunity to use advanced technology and robots for mass production – which again leads to a rational use of raw materials and a minimization of waste. This gives better profitability both for the environment and the company, and will be the main focus also

in the future. Use of platform components gives Ekornes the advantage of good and stable quality by focusing on fewer components. This contributes to the long lifespan of our products which Ekornes perceives as one of the key efforts towards reducing the environmental impact associated with the consumer demand for comfortable recliner-chair seating.

Another example is the wide use of bio-energy and heat pump technology that Ekornes has implemented at its manufacturing facilities over the last twenty years. Ekornes continuously strives to sort out further potential to increase the use of bio-energy.

Goals

Continuing to develop Ekornes by investing in sustainable shared value projects will strengthen our profitability and flexibility by allowing more efficient use of resources. Continuous dialogue with our stakeholders will enable us to meet stronger requirements in legislations and regulations and be in the forefront of customer demands and contribute to develop sustainable business throughout the value chain. We consider that Ekornes is well positioned for future regulation in comparison to selected competitors, especially from Asia. Our environmental strategy ensures that we maintain our position as the preferred choice for both our customers, suppliers and employees.

Implementation

Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents

Management, labeling and reporting

Ekornes have invested to comply with the environment and quality standards of mobelfakta.no, which in 2012 where making guidelines for public procurement for furniture. Ekornes also believes that mobelfakta.no will be setting the standard in the private sector and home Norwegian furniture market for environment and quality as well. The requirements are that the producer has an ISO 14001 management system and environmental labeling of products either through and EPD (Environmental Product Declaration according to ISO 14025) or the Nordic Swan Label.

Due to this Ekornes is participating in an industry-wide effort to develop a uniform EPD tool. When this tool has been established, the company's EPDs will be third-party verified by EPD Norge. This will provide a valuable understanding of how Ekornes can make the products of the future more environmentally friendly. In 2012 the product development department was reinforced through the appointment of a Corporate Social Responsibility manager to help in this effort. This is a newly created position. The CSR Manager also functions as head of the environmental steering group.



In 2012 the Ekornes board of directors approved to initiate a process to certify the quality and environmental management systems according to ISO 9001 and ISO 14001. Since the decision was made Ekornes has started to plan the review of the current internal control system and implementation of the changes due to ISO certification. The certification is planned to be in place in 2014. The essence of ISO 14001 is continuous improvement. ISO 14001 requires that the environmental policy is rooted in and reviewed by top management.

Health and chemicals

In recent years, efforts have been intensified to reduce the amount of chemicals and heavy metals in products, in recognition of the health hazards such substances represent. In the furniture industry this is largely linked to the production of polyurethane foam, surface coatings and adhesives.

Ekornes meets all the requirements of the European REACH directive, and wishes to make sure that the company's products do not expose users to chemicals that pose a hazard to health. Ekornes has therefore commissioned Eurofins, Denmark, to test typical product models for emissions of harmful substances, and introduced purchasing specifications requiring the company's suppliers to balance quality, the environment and sustainability.

Where necessary, Ekornes has made use of independent expertise. BLC Leather Technology Centre, for example, assisted in the specification of maximum levels of chemicals and heavy metals in furniture leather. Ekornes strives continuously to reduce its use of chemicals and promote environment-friendly solutions. Among other things, Ekornes has contributed to the development of a new environment-friendly adhesive for the production of laminated wood. These laminates now contain no more formaldehyde than natural wood. All Ekornes's surface coatings facilities now use water-based products.

Heat and energy

Ekornes uses mainly bioenergy to heat its manufacturing facilities. Wood chips from its own waste are the main energy source for heating Ekornes's Tynes, Grodås, Vestlandske and Ikorntes plants. The Ikorntes, Tynes and Hareid plants also use heat pumps for heating. The five plants located in northwest Norway consider oil an alternative energy source, which is used only in exceptional cases. The Fetsund plant uses mostly electricity and oil for heating.

Waste and emissions

Ekornes sorts all its waste at source in accordance with applicable regulations and in such a way that the bulk of the waste is recycled or used for energy recovery. Some of the waste is sorted by the waste recipient. Ekornes wishes to use as much as possible of its waste for heat production or as raw materials for its own production (recycling).

Direct emissions to air from the manufacturing process are primarily generated by oil and solid fuel boilers, as well as organic solvents from sealers/stains. In recent years, these emissions have been significantly reduced at the Ikorntes plant. Each year Ekornes reports the Group's greenhouse gas emission figures to CDP. The greenhouse gas breakdown is based on the guidelines set out in the ISO 14064-3 standard and the Greenhouse Gas Protocol, and covers Scope 1, 2 and 3. Scope 1 includes greenhouse gas emissions directly to air as a result of production processes and vehicle transport, while Scope 2 includes greenhouse gas emissions deriving from electricity consumption. Scope 3 also includes greenhouse gas emissions from air travel and waste.

There are also some emissions of diisocyanate gas from the production of polyurethane foam at the Fetsund and Ikorntes facilities. Discharges to water are normally channeled through our own and local authority waste treatment facilities.

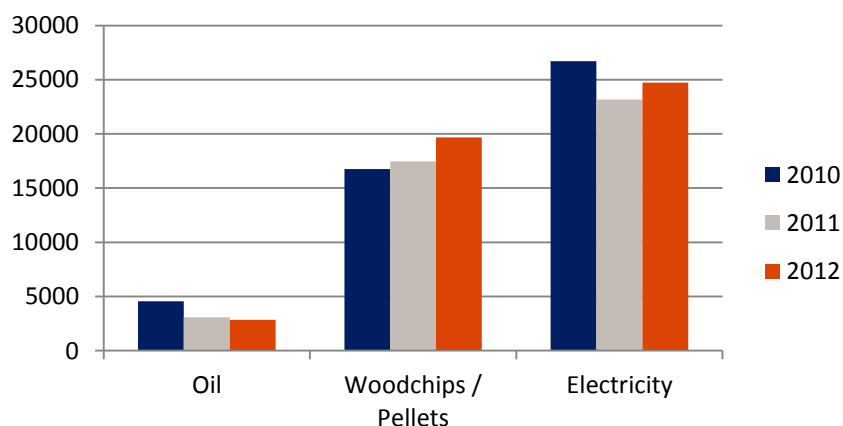
Measurement of outcomes

Description of how the company monitors and evaluates environmental performance

Energy and waste

Wood chips, off cuts and other wood-based waste from its own manufacturing processes represent an important energy source for Ekornes. Together with externally sourced wood pellets, this generated 19.7 GWh of bioenergy for heating Ekornes's plants in 2012. At the same time as the use of bioenergy increased compared with 2011, consumption of oil was reduced, and the goal for 2013 is a further reduction in oil consumption. In addition to using wood-based waste for energy recovery, Ekornes also recycles other materials. Hides are an extremely valuable raw material, which Ekornes works hard to make maximum use of. Any leather off cuts which cannot be used for furniture production are sold. Another important raw material is waste from foam plastic production, which is recycled in-house. Only one per cent of the waste is classified as hazardous, and 1.5 per cent was sent to landfills.

Energy consumption [MWh] – Ekornes ASA



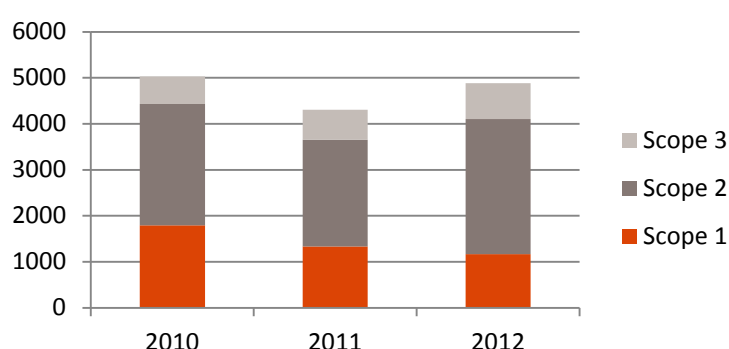
Waste disposal [tonnes] – Ekornes ASA

	Ikornnes	Tynes	Vestlandske	Grodås	Hareid	Ekornes Beds AS	Group	%
Landfilled	46,3	20,1	2,5	7,3	2,1	34,9	113,2	1,5
Mixed residual waste to energy recovery	314,0	119,8	25,5	65,5	23,0	184,0	731,7	9,8
bioenergy for incineration in-house/externally	928,5	1707,8	8,0	1951,5	0,0	61,7	4657,6	62,7
Recycled material	1372,0	12,8	10,0	16,7	15,5	431,7	1877,5	25,0
Special hazardous /electrical waste	44,4	19,4	0,6	0,0	2,5	4,8	71,7	1,0
Total quantity waste	2705,1	1879,9	46,6	2041,0	43,2	717,2	7451,6	100,0

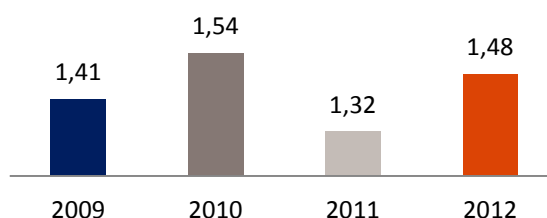
Emissions

The Group's overall carbon footprint for 2012 totalled 4,884 tonnes of CO₂ equivalents. The increase in emissions under Scope 2 is due to the emission factor for electricity being updated in 2012 to 112 g CO₂/kWh, compared with a corresponding factor of 99 g CO₂/kWh in 2011. This is, in itself, an increase of 13 per cent. Furthermore, Ekornes's actual electricity consumption rose by 4 per cent. Broadening the scope of the greenhouse gas (GHG) accounting to include the USA factory also leads to a 5.8 % increase of reported GHG emissions compared to 2011 figures. The US factory also consumes some natural gas, counting for 0.7 % of the overall scope 1 and 2 emissions. The rising trend with respect to air travel-related emissions continued in 2012, which produces a sharp increase in the figures for Scope 3.

Carbon footprint [tonnes CO₂ equivalents] – Ekornes ASA



Carbon footprint – Scope 1 & 2 [tonnes CO₂ equivalents per million NOK revenue] – Ekornes ASA



Further detail on greenhouse gas accounting for the Ekornes group is found in the report to CDP for 2012. A link to the report and other environmental information is found at the Ekornes web page: <http://www.ekornes.com/us/about-ekornes/environmental-and-social-responsibilities>

2012 was a year for adjustments so there was an emissions increase rather than reduction. We do believe that for the coming 5 years the GHG emissions for scope 1 and 2 will be reduced due to more use of bio-energy for heating and therefore less use of oil for heating. For scope 3 it is believed that emissions will be reduced for air travel due to more restrictions on air travel and reorganizing of some abroad activities. For mattress units the positive trend reported for 2011 continued in 2012 with a reduction of 1% GHG emissions compared to 2011.

ANTI-CORRUPTION

UN Global Compact Principles:

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Assessment, Policy and Goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment).

Description of policies, public commitments and company goals on anti-corruption.

Ekornes has zero-tolerance for corruption, bribery and extortion. This policy is clearly stated in Ekornes Ethical Standards and made known to all employees and business partners. Ekornes' main operations (manufacturing, head office, purchasing) are mostly located in Norway. The transparency in daily operations and the Norwegian business culture both contribute to a relatively low exposure to risk of corruption. However, Ekornes does business through sales and sourcing channels in parts of the world where the risk of corruption and bribery is more present. The top management team has continuous focus on risk of corruption.

Implementation

Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents.

The Ekornes Ethical Standard is provided to all employees all over the world and available in the personnel handbook for the Scandinavian employees. The Ekornes Ethical Standard contains an overview of ethical rules related to corruption. Other documents like "Ekornes Objectives and Values", company regulations, employment contracts and job descriptions also contain ethical rules. Suppliers are made aware of Ekornes Ethical Standards through "Supplier declaration on Social and Environmental Performance". A duty of confidentiality contained in the company regulations, employment contracts or job descriptions does not prevent employees from informing about breaches of regulations, legislation or rules laid down by the authorities. This also applies to internal guidelines, provisions or issues that might harm Ekornes' reputation or other parties' trust in Ekornes. The top management team is responsible for anti-corruption. Ekornes also gain valuable knowledge in order to work against Corruption through the UN Global Compact Nordic Network.

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

All suppliers and business partners are made aware of the contents of the Ekornes Ethical Standard and are also informed that an attempt to contravene these ethical rules could result in exclusion. As notified under sections Human Rights and Labour, Ekornes collaborates with DNV as a partner for CR advisory and assessments. Auditors will through interview with management and employees aim to unveil nonconformities to local law and Ekornes Ethical Standards. Based on the findings – improvement programmes will be set up for the suppliers. The audit made in 2012 gave valuable learning for the more comprehensive audit plan for 2013.

EKORNES AND THE LOCAL COMMUNITY



Ekornes has a long tradition of contributing to the local communities in which it has established operations. Ekornes depends on having a qualified labour force at all its manufacturing plants, and the company's involvement in the local community contributes to an enjoyable working environment for the staff – creating shared value. The company has therefore elected to make financial provisions for measures benefiting children and young people in the local communities in which it is represented. Efforts are made to allocate the funds such that a variety of interests are supported. A fair share of this goes to sport activities for children like the Ekornes Cup, gathering about 500 young football enthusiasts every year.



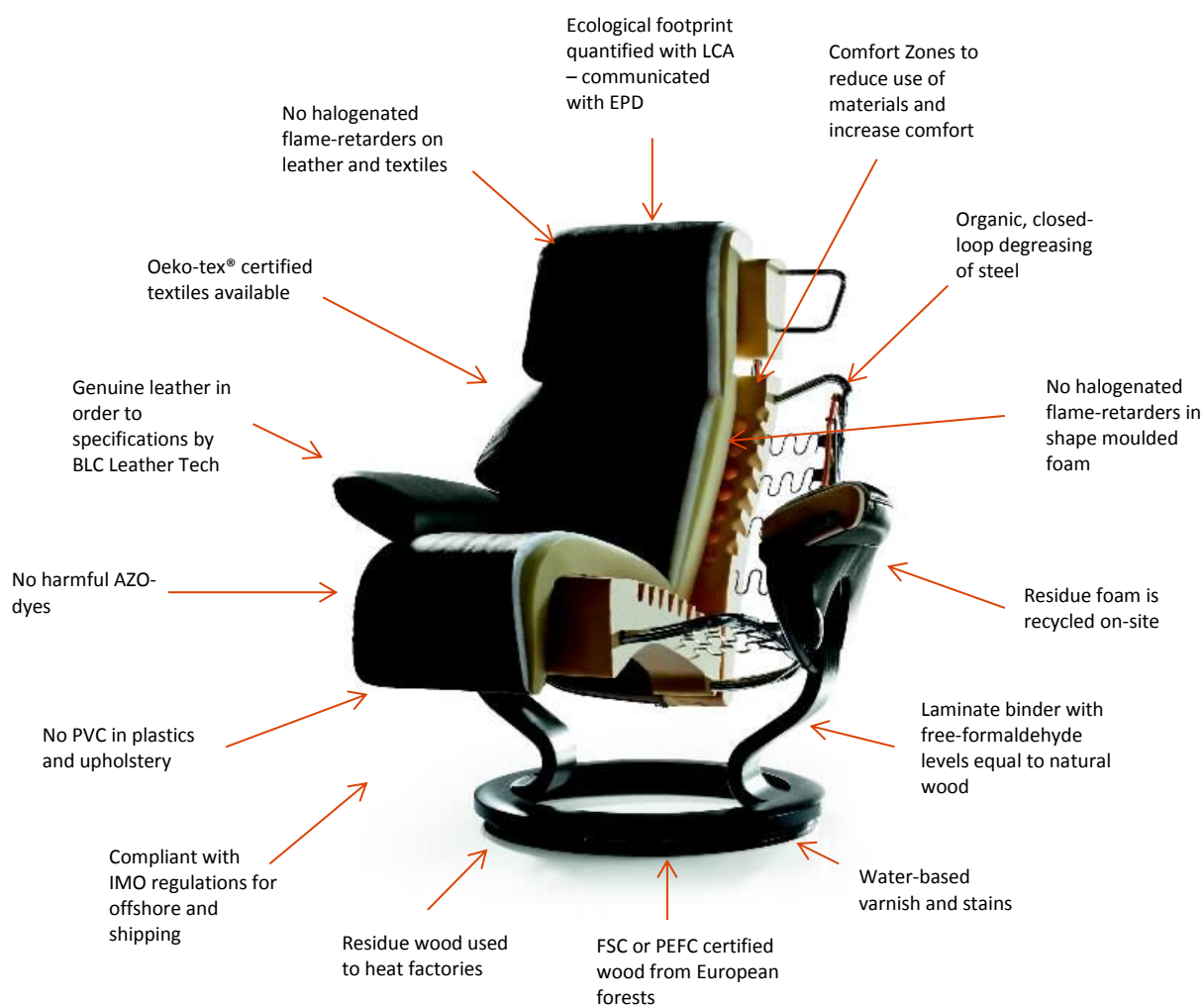
In 2012 Ekornes employees waived the traditional Christmas gift, granting it to the local volunteer centres in the local communities of the factories. Ekornes is also contributing and supporting local initiatives working on different development activities in the Philippines, Kenya and Zimbabwe among other.

Ekornes places a high priority on vocational training, which is well entrenched in all parts of the company. Collaboration with lower and upper secondary schools as well as institutions for higher education and various training offices provides positive benefits to both local communities and the company. Ekornes has around 25 apprentices within 7 – 8 different special fields every year and a number of students do their Bachelor- or Master thesis with Ekornes as case company.

Ekornes also takes part in numerous collaborative initiatives in the local industry – sharing knowledge and experience. A viable and innovative industry in our local community is key for Ekornes to maintain the access to highly qualified workers.

SUSTAINABILITY – INNOVATION - TECHNOLOGY

Generations of focus on technology and innovation is accumulated in the Ekornes product range. The ideas and abilities of dedicated workers have given Ekornes an edge, being in the frontline of technology in the furniture industry. This also reflects the environmental aspects of Ekornes chairs, sofas and beds. Customers can be assured that the products are safe to use and in compliance with the most ambitious environmental regulations and standards for furniture. The figure below lists up some of the good ideas embedded in our products regarding sustainability:



A sustainable manufacture of durable products will also in future be an objective in the development of our company





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