





CONTENTS

This is Ekornes	3
Statement from the CEO	4
Policy	5
Human rights and Labour	7
Environment	10
Anti-Corruption	16
Creating shared value	17

The Ekornes ASA sustainability report 2014 is the communication of progress for 2014 to the UN Global Compact. Information on market, finance, governance, etc. is found in the Ekornes ASA Annual Report 2014. 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. In 2014 Ekornes acquired the furniture manufacturer IMG, producing furniture at three different locations in Thailand and Vietnam.











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.



STATEMENT FROM THE CEO

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.

By joining Global Compact in 2009, Ekornes commits to align our operations and strategies with valuable principles in the areas of human rights, labour, environment and anti-corruption. 2014 has been a year of great efforts in strengthening Ekornes' ability to work systematically on improvements through the preparations for ISO 9001 and 14001 certification aiming to certify our furniture manufacturing unit J.E. Ekornes AS by third quarter 2015.



Through the acquisition of IMG in autumn 2014 the Ekornes ASA group now got 800+ new coworkers and a whole new product range. An important aspect in the acquisition process was to ensure alignment of IMG and Ekornes ASA groups' ambitions for operating responsibly. Together we will now continue to improve and promote best practice and continue to support Global Compact in the years to come.

Olav Holst-Dyrnes 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 & LABOUR

Keeping our own house clean

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.

The majority of Ekornes employees live in Norway and the United States 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.

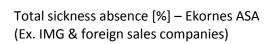
Ekornes endeavors to continuously maintain and further develop an open corporate culture. Employees are encouraged to alert about critical issues on all levels. Ekornes collaborates with Ebbesvik Personalomsorg as an external partner for employee's welfare and whistle blowing programme.

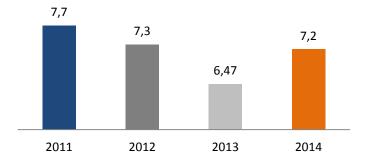


Ekornes labour policies are available through the personnel handbook. A revised edition of this handbook is distributed to all employees each year. All new employees must during the first two years in the company participate in new employee training where labour rights are one of the main topics. All 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 Grodas 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.

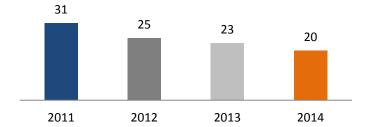
One of the indicators which evaluate performance on labour rights is the company's sickness absence rate. The Group had a sickness absence rate of 7.2 per cent in 2014. This is a rise of 0.7 percentage points compared with 2013. Approx. 4.3 per cent of the total number of hours worked in the Group was lost due to long-term sickness absence. Short-term sickness absence (less than 16 days) was 2.9%. The amount of lost-time injuries have decreased steadily the last years.





Lost-time injuries [#] – Ekornes ASA

(Ex. IMG & foreign sales companies)



Managing risk in the supply chain

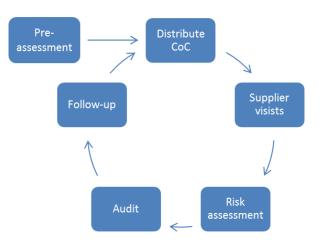
Apart from our factory in USA – all Ekornes' production facilities are located in Norway. The company's operations rely on suppliers of raw material and distributors all over the world and. Increased purchasing activities in Far East markets may have increased the risks associated with human rights and labour conditions. 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 through the *Ekornes Supplier Code of Conduct* what the company expects. The Code of Conduct uses the UN Global Compact principles as an overreaching framework together with internationally acclaimed conventions and norms which are embodied in national laws and regulations. Regarding human rights and labour, the Ekornes Supplier Code of Conduct sets expectations regarding:

- Freedom of Association & Collective Bargaining
- Health & Safety
- Living wage / minimum wage
- Working huors

- Regular Employment
- Forced labour
- Discrimination
- Discipline / Inhumane treatment
- Child labour and young workers

As stated in the Ekornes Ethical Standards suppliers who contravene the ethical standards and do not wish to cooperate on improving could result in exclusion.

Suppliers to Ekornes are expected to acknowledge the Ekornes Supplier Code of Conduct. Doing so is a statement that they will work towards progress within the areas covered by Code of Conduct. In order to manage risk and do due diligence Ekornes conducts numerous supplier visits. Through 2014 Ekornes have continued to develop a risk-based scheme for monitoring suppliers based on experience from the last few years. The outcome of this set implementation in 2015.



CSR Due Diligence

In connection with the acquisition of IMG autumn 2014 a due diligence was performed. CSR related aspects were also subjected for assessment in the due diligence in order to confirm the alignment of Ekornes' and IMG standards regarding the areas covered by the Global Compact principles. An external bureau with knowledge and competence to local regulations and business culture was contracted to do the assessment for CSR. Further development in these areas will also be important for Ekornes and IMG in the future.

Ekornes' plan is to develop IMG as an autonomous business area within the Ekornes Group, based on the strength IMG has as a flexible and cost-conscious company. With the backing of Ekornes, IMG will further develop its distribution in both existing and new markets.

ENVIRONMENT

Environmental aspects

The Ekornes Objectives and Values document outline the guiding principles for the entire group. This is further broken down to an environmental policy for the furniture producing unit of the group - J.E. Ekornes AS, being set for ISO 14001 certification in Q3 2015. One of the key activities towards preparing Ekornes for ISO 14001 certification has been the mapping of environmental aspects connected to producing furniture. An organization is required to identify the environmental interactions of its activities, products, and services (i.e., processes or tasks) and to determine the actual and/or potential impacts of those aspects on the environment. When considering the actual or potential severity of the impacts, as well as the legal and other requirements that govern the aspects, organizations will identify certain aspects as being significant environmental aspects and set objectives to achieve a certain level of performance associated with them.

Throughout 2014 a series of workshops have been held in all manufacturing divisions of JE. Ekornes AS with aim to assess which are the significant environmental aspects. The outcome of this work forms the basis for policy and objectives. Although Ekornes have had focus on the environment for long, this has been an exercise providing much learning and a broadened understanding of our environmental impact. In General - the key areas of significant environmental aspects for Ekornes are:

- Environmental impacts attended with material and components going in to production
- Avoiding emissions to water and controlling emission to air from factories
- Energy use in production
- Waste from production
- Chemicals used in production and chemical content of materials going in to products
- Emissions from transport

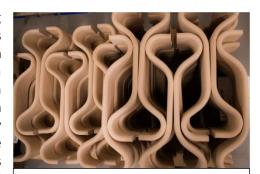
This is also reflected in the environmental objectives for J.E. Ekornes AS:

- 1. Ekornes will manufacture long lasting products with high quality in order to reduce the environmental impacts over time.
- 2. Ekornes seeks to maximize the utilization of all resources and minimize waste.
- 3. Ekornes shall prevent harmful emissions to water from production.
- 4. Ekornes will through pro-active environmental management avoid nonconformities from external environment controls.
- 5. Ekornes shall actively work on reducing the need for chemicals in components and production
- Ekornes shall actively work on minimizing the following factors per produced seat / mattress.
 - Fossil energy use and electricity
 - Waste
 - Green-house gas emissions

Environmental impacts attended with material and components going in to production

Environmental practice is a part of the Ekornes culture and encourages "More with less" through the whole value chain. Based on life-cycle considerations Ekornes acknowledge that extraction, refining and transportation of raw materials for production of components going in to our products 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 maximize utilization of raw materials and other resources.

One way of maximizing resource utilization is by using platform components. Use of platform components gives Ekornes the opportunity to optimize 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. Use of platform components gives Ekornes the advantage of reliant 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 seating.



Producing the Stressless® Hourglass Base has been perfected over years

Due to this Ekornes is participating in an industry-wide effort to develop a tool for generating EPDs for furniture. An EPD is an Environmental Product Declaration according to ISO 14025 – which is the standard for communicating environmental impacts from an LCA according to ISO 14040/44. This tool was completed in the end of 2014. A big activity for 2015 will be to establish new, and updated EPDs for Ekornes products and have them third-party verified by EPD Norge. This will provide a valuable understanding of how Ekornes can make products more environmentally friendly. In order to achieve this Ekornes will in 2015 look in to how LCA data can be used in the product development process.

Avoiding emissions to water and controlling emission to air from factories

Direct emissions to air from the manufacturing process are primarily generated by oil and solid fuel boilers. Wood chips from the production surplus is the main energy source for heating the Tynes, Grodås, Vestlandske and Ikornnes plants. Ekornes is planning to increase the utilization of wood chips at the Ikornnes plant as well as making the logistics around this process more efficient by investing in a new facility and machinery. A discharge permit for the new facility was granted in 2014, but construction is not yet started. Upgrades on the boiler at the Tynes plant is also planned in 2015. The emissions from burning wood chips are mainly CO, CO₂, NOx and particles. A revised study of the remaining emissions from wood chip combustion was made in 2014 in relation to the discharge permit as well as stakeholder meetings were arranged.

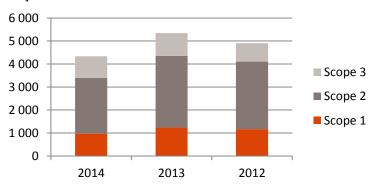
Each year Ekornes reports the Group's greenhouse gas emission figures to CDP. The greenhouse gas breakdown is based on the guidelines set out in the ISO 14064-3 standard and the Greenhouse Gas Protocol, and covers Scope 1, 2 and 3. Scope 1 includes greenhouse gas emissions directly to air as a result 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. The emissions from combustion of wood chips were calculated to be 4239 tons of biologically sequestered carbon.

CARBON FOOTPRINT 4330 TONS CO_2eq .

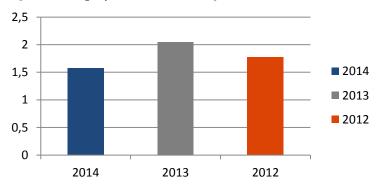
There are also some emissions of disocyanate gas and CO_2 from the production of polyurethane foam at the Fetsund and Ikornnes facilities as well as emissions from exhaust air from air conditioning and ventilation. The CO_2 emissions from PU foam production totaled to 154.3 tons.

The Group's overall carbon footprint for 2014 totalled 4330 tonnes CO₂ equivalents. The large reduction in Scope 2 is mainly due to a higher renewable energy content, the Nordic electricity emission factor changed in 2014 by -18,8 %, compared to 2013 and the emissions factor for USA was reduced by 4 % in the same period as well. This is equivalent to a reduction of 12,2 %. A milder climate in Norway in 2014 required less use of electricity for heating, giving a reduction of 1,5 %. Scope 3 is relatively stable compared to previous years. The activity data is provided by the waste management supplier. In order to reflect the new LCA standard (EN15804) the emission factors shows the total climate impact of waste treatment without including avoided emissions in other systems (next cycle). This means that the energy recovery from the incineration of waste for the production of district heating is not deducted from the emission factor of waste for incineration. Recycled waste fractions includes only a small transport component (collection of waste) while the material recycling and replacement of virgin materials takes place outside the system (by the actor who buy the recycled material). Air travel (317.3 tCO2e) data is collected first hand from the airline companies and is considered to be good. Ekornes have in 2014 invested in more video conferencing systems and aim to reduce air travel by using more video in 2015.

Carbon footprint [tonnes CO₂ equivalents] – Ekornes ASA



Carbon footprint per operating revenue[tonnes CO₂ equivalents / MNOK] – Ekornes ASA



Further detail on greenhouse gas accounting for the Ekornes group is found in the report to CDP for 2014. 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

With Ekornes purchase of IMG together with ambitious growth targets on turnover we do believe that for the coming 5 years the GHG emissions will increase. Especially for scope 3 it is believed that the disclosed emissions will increase due to plans for 2015 to broaden scope of reporting with including downstream material and transport in the GHG reporting.

Energy use in production

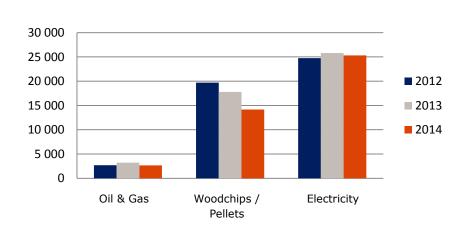
Ekornes use notable amounts of energy for operations. The largest contributions to energy use are:

- Heating of factories
- Air conditioning and ventilation
- Operation of machinery
- Drying veneer and coated surfaces

As mentioned above, wood chips from the production surplus is the main energy source for heating the Tynes, Grodås, Vestlandske and Ikornnes plants. The Ikornnes, Tynes and Hareid plants also use heat pumps for heating. The five plants located in northwest Norway consider as oil an alternative energy source, which is used only in exceptional cases. The aim is to use no oil at all at the J.E Ekornes plants by the end of 2017. The Fetsund plant uses mostly electricity and oil for heating.

GOAL: NO OIL FOR HEATING AT J.E. EKORNES IN 2017

Throughout 2014 a comprehensive study of Energy use in Ekornes' factories have been carried through. Based on the findings of this study, Ekornes will initiate actions to bring down the energy usage in 2015. One of the initiatives that already is decided for 2015 is to install higher capacity for wood chip incineration at the Tynes factory in order to reduce the use of electrical energy for veneer drying.



Energy consumption [MWh] – Ekornes ASA

Waste from production

Ekornes wishes to use as much as possible of its waste for heat production or as raw materials for its own production (recycling). In 2014 a total of 14.2 GWh of bioenergy was used for heating at Ekornes's plants. Another example of resources that are recycled straight back into the production cycle are off cuts of foamed plastic or PE fibre, which are collected, shredded and remoulded. In 2014, 216 tonnes of foamed plastic, off cuts or gel were recycled in this way. In addition to using off cuts from production at its own factories, Ekornes generates by-products that are a valuable raw material for other enterprises. Hides are an extremely valuable raw material, which Ekornes works hard to make maximum use of. In 2014 substantial amounts were invested in developments and technologies to reduce wastage and inprove leather yield. Any leather off cuts which still cannot be used for furniture production are collected and sold to producers of small articles. In 2014 this amounted to as much as 469 tonnes.

Ekornes try to sort all 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. Through the process of preparing for ISO 14001 certification Ekornes has done a mapping of all waste streams at process level in all factories and departments of J.E. Ekornes. Based on this, all procedures for waste handling have been revised in order to set a common best practice. This has been a major activity in. For 2015 it will be explored through cooperation with waste handling plants how reporting of waste quantities can be improved. Ekornes aims to have less than 1% of all waste landfilled in 2015.

GOAL: <1% WASTE LANDFILLED IN 2015

Waste disposal [tonnes] - Ekornes ASA, 2014

	Ikornnes	Tynes	Vestlandske	Grodås	Hareid	Morganton	Ekornes Beds AS	Group	%
Landfilled	16,4					58,6		75,1	1,0
Mixed residual waste to energy recovery	376,7	113,3	22,9		25,3		162,7	700,9	9,7
bioenergy for incineration in-house/externally	1247,1	1422,6	228,3	1376,1	1,3		214,3	4490,7	62,3
Recycled material	1274,3	36,6	41,9	11,5	13,7	62,0	394,3	1834,2	25,5
Special hazardous /electrical waste	96,2	*	*	*	1,0		6,8	104,0	1,4
Total quantity waste	3011,6	1572,6	293,1	1387,6	41,2	120,6	778,2	7204,9	100,0

^{*}Waste reported at Ikornnes plant

Chemicals used in production and chemical content of materials going in to products

Ekornes continuously make efforts to substitute chemicals needed to produce our furniture. Searching for better options requires skill and experience together with cooperation with our suppliers. Ekornes focus efforts on the areas where the impact of improvements are greatest. In the furniture industry this is largely linked to the production of polyurethane foam, surface coatings and adhesives as well as leather and fabrics. 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 and all J.E. Ekornes' surface coatings facilities now use water-based products.

Where necessary, Ekornes has made use of independent expertise. BLC Leather Technology Centre, for example, assists in the specification of restricted substances in leather. Ekornes also order spot checks done by accredited laboratories to ensure suppliers adhere to these standards. Ekornes also use laboratories to ensure that other products and materials are within the accepted levels for the consumer. Among this is chamber emissions testing of a completely assembled chair.

Ekornes has the benefit of producing its own polyurethane foam. This provides Ekornes with first-hand knowledge of the challenges of foam-making as well as full control on what is added in the foam. In order to grasp the developments in the profession of foam-making Ekornes participate at

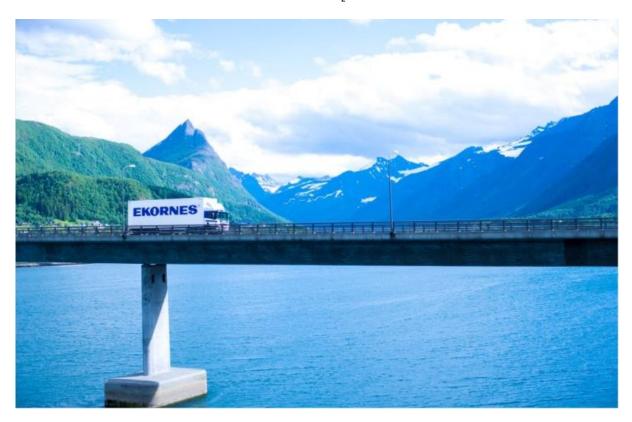
many arenas to gain knowledge on how to go forward. This includes, among other things, cooperation with markets regarding regulatory movements and suppliers and trade associations for technical developments. 2014 was a particularly active year on Ekornes' activities regarding regulatory developments both nationally and internationally. Another area where big efforts has been put in 2014 is surface coating. The multidisciplinary surface coating team at Ekornes is working closely with suppliers on environmental improvements of the colour stain used for coating. Results from this work will be implemented in 2015 if all goes to plan.

Emissions from transport

Transport activities accompanying the manufacture of Ekornes products include both transport of materials and components going in to production as well as the shipping of goods to the customer. This makes out the bulk of the environmental aspects related to transport. Ekornes ship around 40% of its products with sea freight. The rest is mainly on road-based transport. Ekornes is currently working on an assessment of how shipping is executed to different markets. Some of the outcomes of this work has already come to effect with moving some routes in Europe over to rail as well as adjusting the delivery frequency on some routes in order to raise load carrier efficiency. Further outcomes of this work will be set in to action in 2015. Ekornes also aims to be able to quantify the total greenhouse gas emissions from inbound materials and transport to customer by 2015.

The environmental aspects mapping made in 2014 accompanying the preparations for ISO 14001 certification unveiled several areas for improvements regarding the internal transportation between Ekornes factories. The challenge is to balance environmental impacts with the required level of service between the facilities. Outcomes of this work is expected to be set in to force within 2015.

Other means of transport being measured is air-mileage and car mileage allowance from business travels. Air travel contributed in 2014 to 317.3 tons CO_2 emissions.



ANTI-CORRUPTION

Ekornes has zero-tolerance for corruption, bribery and extortion. The top management team has continuous focus on risk of corruption and continuously work to promote transparency in daily operations. The anti-corruption policy is clearly stated in the Ekornes Ethical Standards and made known to all employees and business partners. Supplementary to this – Ekornes has a policy for transparency in economic transactions:

Ekornes requires transparency in all operations. All Ekornes entities shall therefore ensure that transactions are correctly registered and supported by proper documentation in accordance with local and international accounting principles. Anti-corruption law requires that Ekornes has in place effective internal accounting controls and maintains books and records that accurately reflect the companies' transactions. All entities within the Group must correctly account for income and expenditures, and must ensure that payments are not recorded falsely in company books.

All expenses shall be approved under standard company procedures, documented and recorded in accordance with appropriate accounting standards.

Ekornes' main operations (manufacturing, head office, purchasing) are mostly located in Norway. The Norwegian business culture both contribute to a relatively low exposure to risk of corruption. Ekornes does business through sales and sourcing channels in parts of the world where the risk of corruption and bribery is more present, but expects the same standards wherever the activity is located. Therefore, the Ekornes Ethical Standard is provided to all employees all over the world as well as being made available in the personnel handbook. The Ekornes Ethical Standard contains an overview of ethical rules related to corruption. Other documents like "Ekornes Objectives and Values", company regulations, whistle blowing programme, employment contracts and job descriptions also contain ethical rules. 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. Anti-corruption was also high on the agenda in the CSR Due Diligence related to the acquisition of IMG, ensuring that policy and culture regarding anti-corruption were in proper alignment.

Suppliers are made aware of Ekornes Ethical Standards through the Ekornes Supplier Code of Conduct. 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. In 2014 Ekornes implemented use of a supplier visit check list. The check list is a tool for purchasers in order to build up knowledge about the supply chain with means to manage risk. Anti-Corruption is one of the topics in the check list. Ekornes has in 2014 been working to refine the way supply chain risk management is done. The improvements will be set in to effect in 2015. Ekornes also plans to conduct audits on the supplier code of conduct in 2015.

CREATING SHARED VALUE

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 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 2014 Ekornes employees waived the traditional Christmas gift, granting it to refurbish retirement homes 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. There is also a culture for employees to initiate campaigns to support good causes, raising both funds for the cause and raising the spirits at the work-place.





Ekornes' Pink Ribbon campaign and «Movember» team of 2014

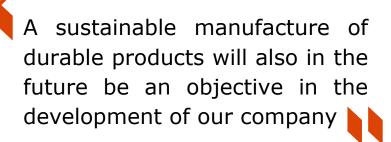
Ekornes places a high priority on vocational training, which is well entrenched in all parts of the company. Collaboration with lower and upper secondary schools as well as institutions for higher education and various training offices provides positive benefits to both local communities and the company. 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. In 2014 seven apprentices received their diploma for completed vocational training in Ekornes. Apprentice Kristine Rake even made the finals in the Danish vocational apprentice training championships.

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. In 2014 the Ekornes Grodås plant was awarded the Enthusiast prize for work on social inclusion at the work place.

SUSTAINABILITY - INNOVATION - TEHCNOLOGY

Generations of focus on technology and innovation is accumulated in the Ekornes® product ranges. 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:





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