

<b>Ledelsens evaluering 2020</b>		<b>Sikane as</b> <small>INNOVATIVE FURNITURE</small>
<b>Bilag</b>	Side 1 af 5	Filnavn: B936.doc
Ansvar: KBH	Godkendt: BD/LA	Version: 16-12-2020

## **Management Report**

### **General**

In both companies we have focused a lot on creating product lines, which produces furniture under controlled and environmentally good conditions.  
We have also developed many new products.

In Cane-line we have seen a positive growth in 2020.

In Sika-Design we have also experienced some growth in 2020.

In 2020 we have like many others been challenged by Covid 19. In the spring many people worked from home, and here in the end of the year we see the same.

We have not been able to participate in any shows around the world, but for the near markets we have purchased two trucks, and our salespeople have then traveled around Europe to customers showing our new 2020 range.

We have also rebuilt our showroom at our headquarter, and our salespeople have had virtual meetings with customers. This have been a great success.

Our online BTC sales has seen in massive growth, in the Covid 19 period.

In our warehouse we have been extremely busy because of this.

In 2020, we have like in 2019 hired a lot of new colleagues in Denmark, to secure our growth for the future. This will continue during 2021.

It is very important for us, that these new colleagues quickly become a part of the business, and we do a lot of effort to secure this by creating a good daily atmosphere, among other. We work hard, and it is important that we are all aware and work towards our common goal. Finally, it is a fact, that it should be fun working at Cane-line & Sika-Design every day.

During the 2020 we have again had good communication and co-operation with the local council regarding an extension of our warehouses.

We would very much like to increase our warehouse capacity at our headquarter, but we need land located close by.

In 2019 we bought some land, and here in 2020 we have purchased a local farm, and hope to find solutions during 2021, where we hopefully can buy more land and shift some land with local farmers – so we in that way can be able to fulfill our goals with more warehouse capacity, but we are also in need for more office space and showroom capacity.

In beginning of 2021 it is our goal to installing sun panels, to secure green electricity to our buildings.

And our plan to build a forest nearby, to compensate our CO2 use, comes with the above mentioned closer and closer.

We have like earlier years had a very good communication with our neighbor company Orana, from who we among others get some electricity and heat from there process, heating up our offices.

In 2020 we have been working with the UN 17 goals for sustainable development.

We especially work with goal number 8 and 12, but also number 7.

We are strongly opposed to any kind of use of corruption and in our daily business around the world, we do not accept any form whatsoever of use of corruption / bribery. Our opinion is simply: Bribery is a serious felony.

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**1. Do we comply with the current law within environment and working legislation?**

We are working with separation of waste and we have a good system, which follows the local waste regulation.

Regarding the working environment, we are complying with the Danish law, and we have during 2020 made many internal efforts, and have especially focus on ergonomic (in booth offices and warehousing) and lifting of heavy burdens.

Besides the above, we comply with the few rules of environmental kind, which are relevant in our industry.

**2. We have completed audits both internal and at our suppliers**

We have completed internal audit for management systems ISO14001 (environment) within 2020. In 2020 we have also moved our SA8000 certificate to SMETA, 2 pillar in DK (CSR).

Our goal was also to implement SMETA in the factory in Indonesia with 4 pillar (CSR and environment), but because of Covid-19, this will be postponed to 2021.

We have been working very systematically with our management systems and we intend to continue doing this in 2021.

On a longer term, our goal is to implement SMETA at our biggest suppliers also, but also here this has been postponed because of Covid-19.

We are getting good feedback from DVN and have a good cooperation with them.

**3. Has the Danish Working Environment Service made inspection at our premises in Denmark?**

There has not been an inspection made by the Danish Working Environment Service on any of our 3 tax numbers, which are registered by us.

But we have been told, that we will have an audit during 2021.

**4. Have you had requests from any outsider regarding the environment and CSR?**

We have not received any requests from the neighborhood.

We have like previously had requests from our existing and potential customers regarding our system.

**5. Have the employees commented on the environment issue and CSR?**

There have not been any requests from the employees, and we are in very good communication with all employees.

**6. What is the status on the action and work with the environment, also comprising the appointment of the significant environmental impact that has been changed since last year?**

We have reached a satisfactory level on cost savings on electricity, water and heating, which were set from the start and in the daily work. We are very attentive only to use the light necessary, and we do remember to turn the light off, when not needed.

For further cost savings, we will in 2021 install more LED lightning in the areas in the warehouse, where this is still not implemented.

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The packing at Cane-line & Sika-Design has been optimized in a running process in respect of packing in cardboard. Cardboard boxes with smaller items can contain more items and the cushions now always follow the frame.

The cardboard packing is also optimal in respect of transport damages.

We have been working with the cardboard quality and specified the quality to our suppliers.

In 2021 we will continue to be working with this, and in corporation with our factory in Indonesia and other suppliers we will also optimize the way the containers are packed and loaded.

We have made decision to pack more and more furniture in cardboard boxes, booth directly from the factories, but we will also set-up a "cardboard box packing-line" in the warehouse in DK.

Clean and tidy is a very big issue for us, and in 2020, we have been working more with this. Our current warehouse is like we want it today, but we will in 2021 make new goals and continue to develop this.

## **7. Comments on the criteria's and the compliance in relation to the co-operation with our workers**

In periods, we are still close to the limit regarding overtime, as we cannot foresee the level in the high season. Nevertheless, we are very attentive on it. In 2020 we have unfortunately expanded the overtime, as it has because of Covid-19 been very difficult for us to plan.

Our goal is to reduce this in 2021, and we are already taking some steps in that respect.

More Senior workers will be working more hours in the high season, and less in the low season.

## **8. Goals are being evaluated in relation to status on both environment and social responsibility**

1. Regarding the environment – we have succeeded in reducing the amount of waste from our warehouse.

2. We have also again managed to reduce our amount of electricity, heating, gas etc.

3. Regarding social responsibility – we have in 2020 been supporting;

- Local football team
- Breast Cancer
- The Danish Cancer Society
- SOS Children's Villages
- Fair Trade Denmark
- 25.000,- kr. to "Danmarks Indsamling" = Danish Fund Raising".
- LEV handicap foreningen FYN

In Denmark we have a number of people working on special social contracts. This is about 10% of the total employments in Denmark. This has increased a little bit in 2020, and this is rather high, compared with other businesses in this area.

On top of this, we also have trainees in offices and warehouse and people in job training from the local job centers, where we in 2019 have made a contract including a mentor-agreement to help people on the edge of the working society.

## **9. Status on deviation and corrective action**

The deviations are few, and if any, they have been corrected immediately.

We have been implementing an app for corrective actions in 2020.

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#### 10. Follow up on latest report from Sikane

The system is well incorporated among all employees, and in the last few years, we have not had many corrections of the system.

We have ensured that the concrete goals and follow-ups are being compared to the comparable numbers from the previous period.

#### 11. Has there been made any changes in the mix of products?

There has not been made significant fluctuations, which rise any special comments.

#### 12. Are there any recommendations to new goals and action plans?

Update from Silcane Indonesia:

The production is today running according to our plans. In 2020 we have because of Covid-19 only been able to visit the factory one time in January, and our co-owner have in long times being held in Finland, so we have managed the factory by local Indonesians only, together with agreed KPI's and our supplier portal.

In 2020 we have continued our focus on our communication between the factory and our headquarter in Denmark. We have therefore implemented an online supplier portal in our IT system, which now is our communication platform regarding orders, planning, quality etc. In 2021 we will continue to implement more and more features to this portal.

In 2020 we have been working more with implementing SOP's (Standard Operating Procedures) in the factory. And we have also focus on our product quality-development.

In 2019 we rented a neighbor building, for us to have finished goods warehouse, which is very important for us, to secure that we can send goods directly from our factory to our end customers. This helps us to reduce our delivery time, and it helps us to reduce our CO2 footprint doing direct deliveries.

Our goal is to increase the factory and warehouse facilities in Indonesia, during the coming years to for fill our expected growth the coming years. F.ex. by setting up a warehouse and logistic center.

Cleaning and tidiness at the facilities are for us very important and is therefore incorporated in the daily work at the factory. All workers are provided with the needed health and safety equipment, and we have installed two water tanks to store rainwater, so workers get access to clean water.

Hydrant equipment are installed all over the factory. In addition, Fire- and evacuating plans have been made for the complete premises.

Working hours are from 8am to 16pm, Monday to Friday, and from 8am to 13pm on Saturdays, including 1 hour lunch and other breaks during the day.

There is a small canteen, where people can buy a cheap meal, and there is a small Mosque for the employees who wants to pray during the day.

Social initiatives locally in Indonesia:

We have still collaborating with the Hope and future Relief Society.

We support two local students with an education at the university. Cane-line pays for the entire education.

We hope to offer the young people a good job at our factory when they have finished their education. It seems that in the future there will be lack of good people who can communicate in English between our factory and the headquarter in Denmark.

#### 13. Is the managing system suitable and well implemented?

The system is well implemented, and suitable for our use and the handbook / manual is to be found at our intranet, which all employees have access to.

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#### 14. Is the policy ok?

We have not found it necessary to change the policy, as it is sufficient in relation to what we intend to achieve with our system.

#### 15. Yearly discussion of working environment

- In cooperation with SPT (Social Performance Team) we have described the working environment for 2020 by issuing a workplace evaluation. We have been working with this area and with the cases on-going, as well as we have determined the goals and action plans stating both responsible person and deadlines

In 2021 we will be working with the actions plans and implement improvements for booth office people and workers.

- Our goals for working accidents for 2021 is like other years to be zero. In 2020, we have unfortunately had some minor accidents. Not serious accidents, but nevertheless accidents, mainly involving new unexperienced workers.

We constantly have focus on the fact, that our working conditions are up-to-date, and in good order. If necessary, we will do our utmost to involve EQ (local consultant in working environment) in our way we handle our goods.

The cooperation with EQ will continue in 2021.

- One of the ways to prevent accidents is that we still have decided, to keep focusing on "House Keeping" – and that the warehouse in general is better organized.