

CORPORATE SOCIAL RESPONSIBILITY

TCM Group is committed to ensuring that our business is conducted in all respects according to rigorous ethical, professional, and legal standards. We believe that social responsibility and sustainability are key elements in the continued development and success of our business. Our general approach to social responsibility and sustainability has always been characterized by propriety and humility. We prefer to have a simple and manageable CSR focus, in order to make a wholehearted effort in this important area. We have established a CSR working group, which defines the initiatives we launch during the year. In general, we work with social responsibility and sustainability in several areas:

- Our employees are one of the company’s most important assets. We therefore strive to create a safe, creative, and stimulating working environment.
- We consider the earth’s unique resources as vulnerable and limited, and our products should therefore originate from sustainable sources.
- The environmental effect of our production and distribution should be minimized.
- The use of our products should not cause harm or damage and environmental impact should be minimized.

TCM Group’s business model and strategy are described in section “Strategy and financial targets”. It is our ambition to promote the UN Sustainable Development Goals through our core business operations. To do so, we focus on the Sustainable Development Goals, which are most relevant to our business. The specific Sustainable Development Goals which we have selected to focus on are:



Furthermore, since 2010 TCM Group has been committed to work within the framework of the 10 UN Global Compact principles (UNGC):

Human rights (UN SDG 5+8)

1. Support and respect the protection of internationally proclaimed human rights
2. Make sure that TCM Group is not complicit in human rights abuses

Labour (UN SDG 5+8)

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Eliminate all forms of forced and compulsory labour
5. Effectively abolish child labour
6. Eliminate discrimination in respect of employment and occupation

Environment (UN SDG 12+13+15)

7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption (UN SDG 12)

10. Work against corruption in all its forms, including extortion and bribery

Besides ensuring our own compliance with the 10 UNGC principles, we encourage our suppliers and business partners to conduct their businesses according to the 10 principles. This section covers the statutory statement by the Danish Financial Statements’ Act 99a, 99b and 107d.

HUMAN RIGHTS

TCM Group strongly support and promote the principles regarding human rights outlined in the UNGC principles, and it is of utmost importance to us that we comply with these principles at any point in time. The primary risks we face in connection to human rights incompliance are discrimination of employees and cases where specific conditions at our suppliers do not comply with the human rights principles. TCM Group takes specific measures to ensure that no incompliance with human rights principles takes place within the company or via our suppliers. The measures are e.g., full implementation of a whistle blower system and conducting arbitrary supplier audits. Both measures will be further outlined in sections “Whistle Blower System” and “Supplier Management”.



We continuously strive to create a working environment characterized by a high focus on safety and a good collegial unity.

TCM Group can firmly state that no products sold in 2020 or in previous years were developed or produced using child labor.

LABOUR AND WORKING CONDITIONS

In TCM Group, we acknowledge that our employees are one of our most important assets. We continuously strive to create a working environment characterized by a high focus on safety and a good collegial unity. Additionally, there is a risk that work related accidents could impact our ability to attract and retain employees.

The physical workplace is one of our key focus areas. We have multiple working groups throughout the entire organization each with clear areas of responsibility such as introduction of new employees to safety policies and procedures, prioritizing potential risk areas, suggesting concrete solutions, and influencing the safety culture on a daily basis. We conduct regular surveys of our workplace, by asking all employees to rate their working conditions and encourage them to give their recommendations and ideas on how we can improve our working environment. In 2020, these surveys have e.g., led to installation of driven runways in our lacquer production and several new cranes and height lifters, which has significantly reduced the extent of heavy push / pulls and lifts for our blue-collar employees. Furthermore, we have replaced our diesel

trucks with electric trucks, whereby the fleet of trucks is now 100% electric, and installed a new industrial vacuum cleaner, which has improved the air quality in our production facilities.

REPORTED NEAR MISS WORK ACCIDENTS

	2020	2019	2018
# of reported near miss work accidents in TCM Group	1,159	1,139	780

As a natural part of ensuring a Safety-First culture throughout the company, we have an increasingly high focus on safety awareness via reporting near miss work accidents and mitigating the underlying causes as a means of preventing accidents. The number of reported near miss accidents has increased slightly in 2020 to 1,159 reported near miss work accidents in TCM Group, indicating a high awareness level, whereas 1,139 near miss accidents were reported in 2019.

Sickness and absence is another one of our key focus areas, and especially absence related to work accidents. From 2019 to 2020 the absence ratio related to work accidents decreased from 0.8‰ to 0.3‰, whereby we continue the

very satisfactory development from last year. In total, 6 work accidents were recorded in 2020. The decrease in the absence ratio has been obtained through various initiatives all focused on how to commission employees in the daily operation as quickly as possible after an incident, e.g., by introducing the employee to new tasks and areas of responsibility. Health and safety will continue to be a key focus area in 2021 in all parts of the organization. The TCM Group motto is that “one work accident is one too many”. Safety has top management attention, and we will continue to launch specific initiatives to reduce the number of work accidents.

Overall, the sickness related absence (excl. absence due to sick children and maternity leave) in TCM Group was at 2.9% in 2020 versus 3.3% in 2019. A major reasoning behind this decrease is an increased focus on dialogue with and support to our most vulnerable employees.

SICKDAYS AND ABSENCE

	2020	2019	2018
# of sickdays caused by work accidents	34	83	184
Absence ratio related to work accidents (‰)	0.3	0.8	1.7

We continue to offer light duty jobs for employees who are temporarily ill, and we have a continuous dialogue with employees who have an absence level higher than the standard, in order to understand the reasoning behind their absence. In our internal occupational health and safety organization we continuously try to increase the knowledge and competence level to support our employees in the best way possible. The average absence level in the industry is 3.3% according to Dansk Arbejdsgiverforening (2019).

TCM Group is determined to support the education of our next generation workforce. We do so by hiring apprentices in our production and some of our staff functions. From 2019 to 2020 the number of apprentices in TCM Group has decreased from 17 to 16. In 2021, we will increase our focus on attracting and hiring apprentices.

APPRENTICES IN TCM GROUP

	2020	2019	2018
# of apprentices in TCM Group	16	17	14



GENDER DIVERSITY

TCM Group is determined to promote diversity and achieve a sensible gender diversity in both the Board of Directors and the Executive Management based on a desire to strengthen the versatility, gathering competencies and better decision-making processes within the company. It is the Board's goal that the members of the Board of Directors, the Executive management and the management group represents our ambitions regarding diversity as far as age, background, nationality, gender etc. are concerned. We identify and assess new candidates for the Board based on these conditions, and nomination of candidates is always based on an assessment of candidates' competencies, their match with the needs of the group and contributions to the Board's overall effectiveness.

TCM Group has a target for the Board of Directors that both genders are represented by at least 20%. As of 31 December 2020, the distribution is 20% women and 80% men, which means that the target is met.

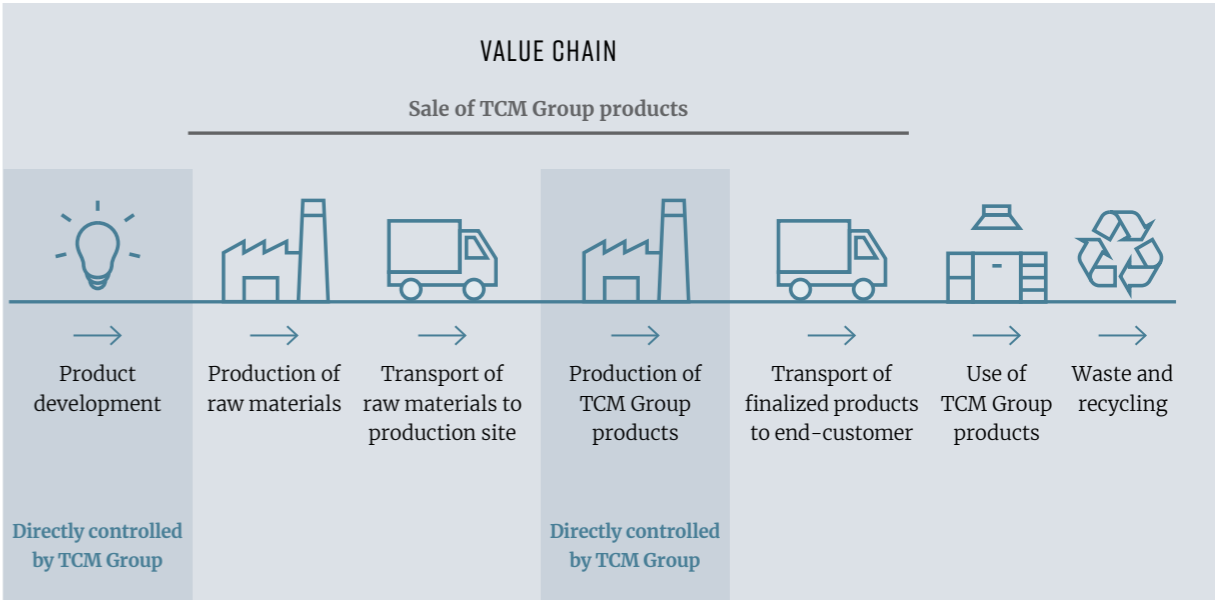
In terms of the Board of Directors, the Executive Management and the management group below, the goal is to have a management group that complement each other in all

aspects. When recruiting management group members internally or externally, the selection is always based on the candidates' competencies and whether they match the requirements of TCM Group. TCM Group does not allow discrimination of any kind e.g., regarding age, nationality, gender, religion, sexual orientation, disability etc. As far as possible, we assure that the final pool of candidates is diversified.

As of 31 December 2020, the gender distribution in the management group is 27% women and 73% men. This is an improvement from 2019 in terms of gender diversity in the management group.

GENDER DIVERSITY
(# OF UNDERREPRESENTED GENDER)

	2020	2019	2018
Board of Directors	1 of 5	1 of 5	1 of 5
Mgmt. (Executive mgmt. and Middle mgmt.)	4 of 15	2 of 10	2 of 12



ENVIRONMENTAL SUSTAINABILITY

TCM Group is committed to reduce the environmental impact of our production processes. To do so and to create transparency on the progress of our pollution reduction initiatives, we measure our CO₂ emissions, by following the GRI standards 305-1 (Scope 1) and 305-2 (Scope 2). Scope 1 implies the direct emissions of our business activities whereas Scope 2 measures the indirect emissions via our electricity and heat consumption. We are not yet measuring our other indirect emissions (Scope 3) but we are in dialogue with our suppliers regarding how we can support them in positively impacting Scope 3. This also means that we are not measuring the emissions related to our distribution processes, as the distribution has been outsourced and

is thereby not within scope 1 or 2. Further information about the GRI standards is available at www.globalreporting.org/standards.

The main sources of emission are our electricity and heat consumption, which are mainly related to our production facilities. In 2019, our electricity consumption was 55% of our total scope 1+2 emissions whereas our heat consumption was 40%. The remaining 5% was emission related to transport activities (company cars and vehicles at our production facilities). In 2020, electricity and heat consumption was 54% and 39% respectively, whereas 7% of our emission was related to transport activities.

2019 EMISSIONS

	Total [ton CO ₂]	Percent of total
Scope 1 (GRI: G4-EN15)	1,427	45%
Scope 2 (GRI: G4-EN16)	1,727	55%
Total	3,154	100%

In 2019, our total scope 1+2 emission was 3,154 ton CO₂. This means that our emission was 3.1 ton CO₂ per 1 mDKK net revenue.

2019 - KEY FIGURES

	Total (ton)	Unit
Emission per 1 mDKK net revenue	3.1	ton CO ₂ e/mDKK

2020 EMISSIONS

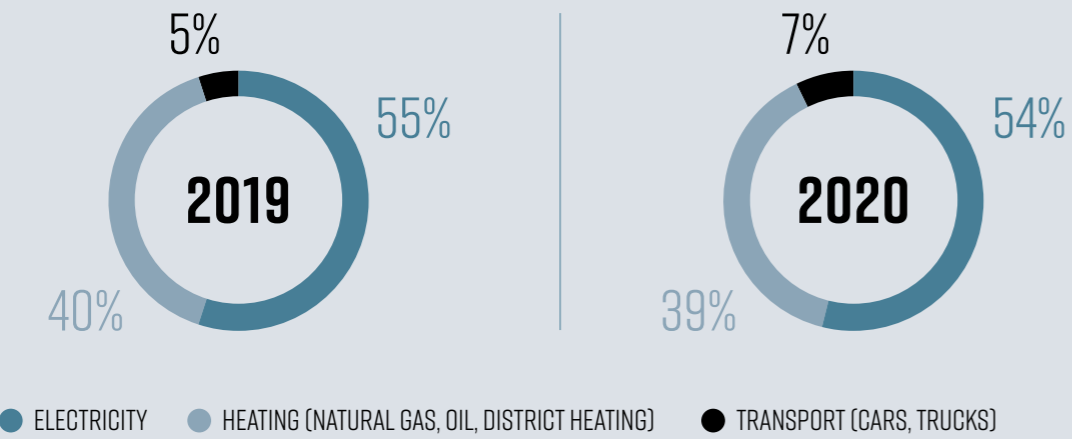
	Total [ton CO ₂]	Percent of total
Scope 1 (GRI: G4-EN15)	1,435	46%
Scope 2 (GRI: G4-EN16)	1,703	54%
Total	3,138	100%

In 2020, our total scope 1+2 emission has decreased slightly to 3,138 ton CO₂. The activity level in our production facilities was on par with last year. Our emission was 3.1 ton CO₂ per 1 mDKK net revenue, which is similar to last year. Going forward, we aim to reduce our scope 1+2 CO₂ emission per mDKK net revenue by minimum 5% yearly.

2020 - KEY FIGURES

	Total (ton)	Unit
Emission per 1 mDKK net revenue	3.1	ton CO ₂ e/mDKK

DISTRIBUTION OF CO₂ EMISSIONS



Investments in new and more environmentally friendly production equipment have been identified and scoped.

Comparing with corresponding figures for 2012, our emission has increased in total but decreased significantly when measured up against net revenue and number of employees. Hence, our emission has decreased 57% since 2012 per 1 mDKK net revenue and 25% per employee.

TCM Group has set a target to reduce the electricity consumption with 25% per kDKK revenue in 2020, from 19.2 kWh in 2011 to 14.4 kWh in 2020. In 2020, the electricity consumption was 12.8 kWh per kDKK revenue, whereby our 2020 target has been achieved with a reduction of electricity consumption per kDKK revenue of 33%. TCM Group is committed to continue reducing our electricity consumption ratio with a reduction target of minimum 5% per year.

In 2020, TCM Group finalized a comprehensive upgrade of

ELECTRICITY CONSUMPTION

	2020	2019	2018
Electricity consumption (kWh) per kDKK revenue	12.8	13.1	12.4

our lacquering production unit, which enables us to increase efficiency in our lacquering process, reduce the number of production errors and significantly reduce the electricity consumption in this part of the production process.

Furthermore, we have invested in a flexible badge production unit and a new automatised board cutting and stacking solution at our factory in Tvis, and a new exhaust system at our factory in Aulum. Additional investments in new and more environmentally friendly production equipment have been identified and scoped, with full implementation during the coming years. One of the key parameters in the process of scoping and approving these investments, is that they must have a significant positive impact on our CO₂ footprint. One of the primary production equipment investments in 2021, will be a new storage unit at our tabletop factory in Tvis. It applies to all our investments in the new production equipment that they will reduce the electricity consumption significantly compared to the old units they are replacing. From a risk perspective it is a considerable risk if TCM Group is not considered an environmentally responsible company, that it could damage our brand value.

The production process in TCM Group is mainly characterized by woodworking, gluing and painting / lacquering.



WHISTLE BLOWER SYSTEM

TCM Group's whistle blower system allows our employees to report any concerns or witnessed activities regarding non-compliance with our Human Rights, Labor, Environmental or Anticorruption rules and regulations.

All TCM Group employees, customers, suppliers, advisors, and other individuals with connection to the company can access the whistle blower system through an externally hosted website. The system is anonymous, and all communication is encrypted, which means that TCM Group is not able to trace any specific whistle blower report back to the reporting individual. Furthermore, the supplier of the whistle blower system complies with GDPR.

In 2020, TCM Group expanded the scope of the whistle blower system, which now also allows our employees to report any witnessed activities regarding bullying or harassment within our organization.

No whistle blower cases were registered during 2020.

Throughout our entire production process, we have a high focus on reducing the amount of waste material. As an example, the waste wood from our cutting of chipboard is returned to our suppliers and reused in their production of new chipboard.

Approximately 95% of our purchased chipboards are produced using 70% waste wood from Danish industry production, incl. TCM Group. It is our aim to increase the purchased volume of waste wood chipboards from 95% to 100% within a foreseeable future.

To ensure that our handling and usage of paint and glue during the production process has as minimal an environmental impact as possible, we ensure that the application of paint and glue only takes place in appropriate and closed surroundings within our factory, and we handle all waste products with care.

All standard elements, fronts and sliding doors within the product assortment of Svane Køkkenet and Tvis Køkkener are indoor climate labelled, which means that these products do not emit any unpleasant fumes.

Going forward, we will continue to focus on sustainability, when we develop new products for our individual brands.

In 2020, TCM Group's FSC® certificate for massive wooden table tops was renewed until 2025.

suppliers, franchisees, and dealers. The consequence could be fines and brand damage. Therefore, our policy is to comply with all applicable regulations and to promote an anti-corruption behavior to all our business relations.

In TCM Group, no employee may receive or solicit any services, gifts or payments that may be considered an attempt to obtain benefits for themselves or the company. Violations of these rules will have disciplinary consequences for the employees involved.

There have been no incidents violating the anti-corruption policy in 2020.

SUPPLIER MANAGEMENT

TCM Group intends to influence suppliers via a Code-of-Conduct, which broadly covers all aspects of the principles outlined by the UN Global Compact.

TCM Group suppliers are primarily located in Europe and a majority of these are even located in Denmark, relatively close to our production sites in Tvis and Aulum. This has proven to be a very reasonable strategy, especially during the Covid-19 pandemic, where TCM Group has only experienced limited impact on the supplier side during 2020. By using suppliers located close to our production sites, we also limit the CO₂ emission during the transport process. However, some of our suppliers use sub-suppliers located in Asia. TCM Group management is aware that production in Asia implies risks in terms of social responsibility and supplier management, and that our stakeholders expect us to actively ensure that these sub-suppliers are fulfilling regulations in terms of working conditions and environmental friendly production.

TCM Group' Code-of-Conduct was developed and approved by the Board in 2011, and further improved in 2016. All our primary suppliers have signed our Code-of-Conduct.

The total share of TCM Group' purchasing, covered by our Code-of-Conduct was 100% in 2020 and cover all suppliers from non-EU countries.

TCM Group will continue to monitor all suppliers in 2021 and conduct arbitrary audits, though with special attention on the suppliers doing business in Asia.

In 2010, TCM Group was FSC® certified and in 2017, Nettoline A/S also received a FSC® certification. In 2020, TCM Group's FSC® certificate for massive wooden table tops was renewed until 2025. In 2020, TCM Group can furthermore report that 90% of our purchased chipboards are FSC® certified.

Our target for 2021 is to obtain a FSC® certification, which covers our procurement of chipboards, in order for us to contribute to the development towards increased sustainability in the building sector.

The FSC® certification ensures that only sustainable logging is carried out. Furthermore, the FSC® certificate guarantees that vegetation and animals are protected and that the employees of the forest plantations are properly educated, use proper protective equipment and are paid fairly during their employment. Further information about FSC® is available at www.ic.fsc.org.

ANTI-CORRUPTION

TCM Group is exposed to the risk of non-compliance with anti-corruption rules and regulations, for example obtaining an advantage with illegal means, via our employees,