



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Communication on Progress

March 2021

BROSTE COPENHAGEN

Contemporary Nordic

STATEMENT OF CONTINUED SUPPORT

I am pleased to announce that Broste Copenhagen continue to conduct our business in accordance with the United Nations Global Compact and its Ten Principles related to Human Rights, Labour Rights, the Environment and Anti-corruption.

As we continue to grow and expand our business, we have a greater responsibility to ensure a responsible and ethical business conduct in all aspects of our day-to-day activities. In 2020, we have maintained our focus on advancing our sustainability agenda and incorporating the UN Sustainable Development Goals (SDGs) further into our business strategies to make social and environmental responsibility part of our DNA. Some of our supply chain has been relocated to Europe - closer to home and with inhouse designers - which is a great step towards gaining more control in terms of sustainability, less transportation and ensuring the highest quality and hence lifespan of our products – one of the most important aspects of sustainability in our line of business. Further, we have started the process of looking into our packaging and we are working on ensuring that we use more recyclable materials so we can prevent the waste of valuable resources. And finally, we have intensified our focus on the mental health and well-being of our employees to prevent stress in these times of uncertainty and sudden changes to our lives and working routines. Among other initiatives we have hired an inhouse coach which will be educated and certified in stress related matters at the workplace.

This year has been a tough year to businesses, societies, and people across the globe. As the COVID-19 pandemic evolved, we had to make drastic changes in the way we interact and do business to protect the health of our employees and community. I am happy to see how our employees have coped with the challenge of navigating the company through this global crisis and maintaining the high standards we always strive to provide. We are thankful for the Danish government's financial aid packages, which have provided a temporary economic relief. This has enabled us to protect our business and employees from the financial impact of the national lockdowns. After a difficult start in 2020, our financial situation has now stabilized allowing us to give back to society what we received in support. Broste Copenhagen have therefore decided to repay DKK 1 million to the Danish state, so that the money can benefit those who continue struggling amid these difficult times.

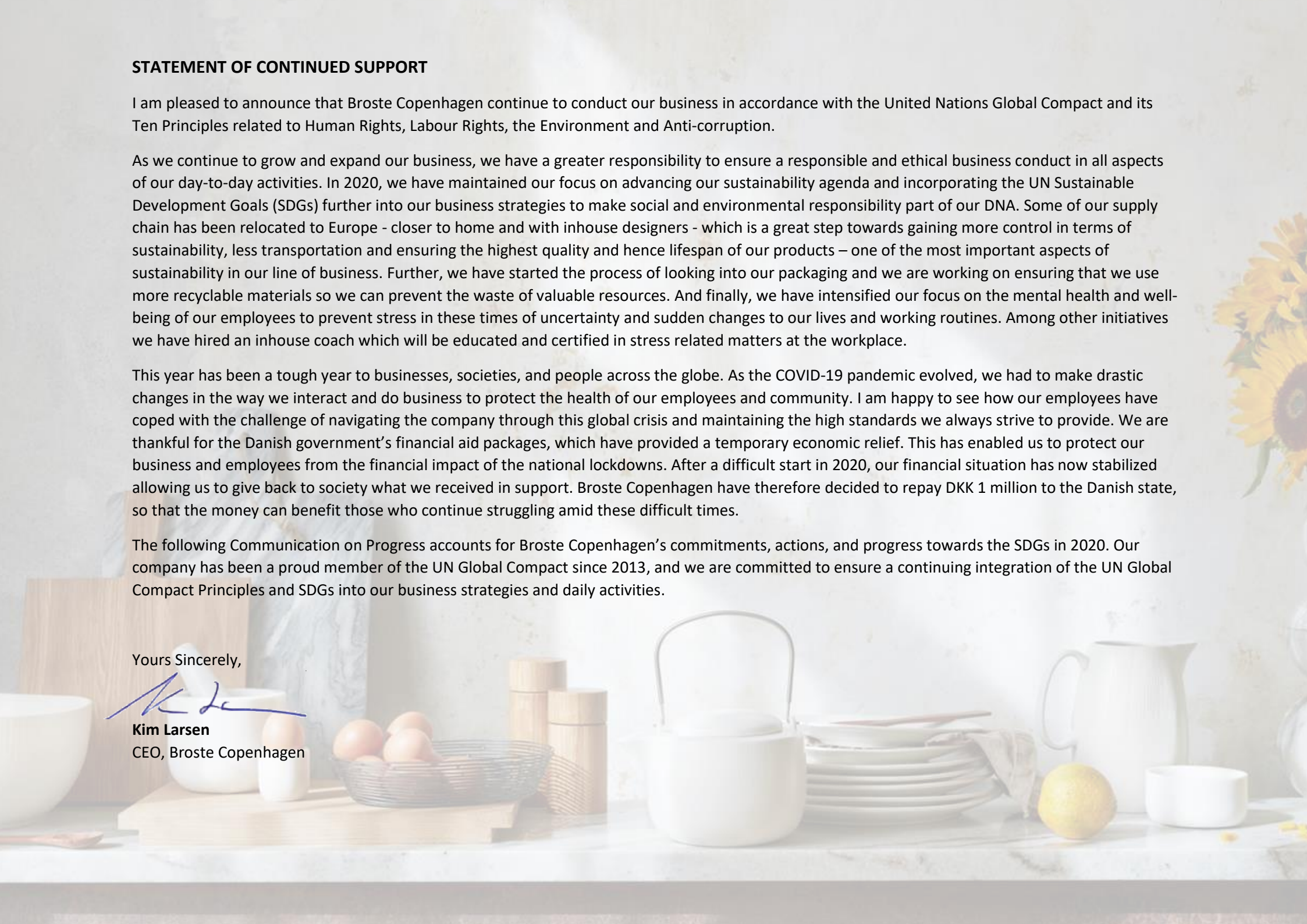
The following Communication on Progress accounts for Broste Copenhagen's commitments, actions, and progress towards the SDGs in 2020. Our company has been a proud member of the UN Global Compact since 2013, and we are committed to ensure a continuing integration of the UN Global Compact Principles and SDGs into our business strategies and daily activities.

Yours Sincerely,



Kim Larsen

CEO, Broste Copenhagen



OUR SUSTAINABLE DEVELOPMENT GOALS

At Broste Copenhagen, we know that the success of our business depends on our ability to make environmental and social responsibility an integrated part of our mindset and everything we do. We need to focus on real impact and the actions that we can undertake to make changes for the better.

The United Nations' 17 Sustainable Development Goals constitute an important framework for us to identify and prioritize those areas of concern where we can work to prevent the negative environmental and social impacts caused by our business activities. While we acknowledge that all the SDGs and their underlying targets are important and mutually dependent, we do not identify all the goals as equally relevant to our company.

During the last few years, we have intensified our work with the SDGs to determine the targets where we can make a difference and most efficiently reduce our negative footprint. We have chosen to focus on the following SDGs which represent the areas where we can add most value by concentrating our efforts.

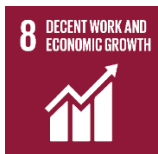
We focus on contributing to the following SDGs:

SDG 3 (Good Health and Well-Being)

SDG 8 (Decent work and Economic growth)

SDG 12 (Responsible Consumption and Production)

SDG 17 (Partnerships for the goals)





SDG 17: PARTNERSHIPS FOR THE GOALS

We rely on cooperation and innovative partnerships with like-minded actors to push for change. The sharing of knowledge, resources and competencies with businesses, organizations and like-minded actors is essential for us to achieve the SDGs. By responding collectively to common concerns and challenges we will have a much greater impact than if we act alone. We are always open to new partners who share our visions and goals for a sustainable future.

OUR SUPPLY CHAIN RESPONSIBILITY

Promoting responsibility within our supply chain is essential to ensuring compliance with our core values and sustainable targets, but this is not an easy task. Supply chains are becoming increasingly complex, involving multiple countries and actors, and this challenges our ability to monitor all the activities that are linked to our business. Many production sites and subcontractors within our industry are located in developing countries where laws and regulations are often insufficient to ensure proper protection and monitoring of human rights, labour rights and the environment. In 2020, a part of our supply chain has been relocated closer to home, as we moved some of our production to the EU. This allows for a higher degree of control over our production activities and it significantly enhances our ability to ensure a responsible supply chain. We have also strengthened our efforts on improving the auditing of suppliers to mitigate the risk of non-compliance with our values and standards. Every time we establish a new business relationship, the supplier undergoes an initial screening process where we evaluate the supplier's values and actions taken to promote responsibility in the value chain. We further identify the key areas where we can motivate and support the supplier to improve their annual performance in terms of addressing social and environmental concerns.

It has always been a part of our business strategy to build long-term and trust-based partnerships where we are able to engage in ongoing dialogues with our partners. We know from our experience, that these relationships result in a higher degree of transparency and accountability, and in a productive exchange of ideas, values, and concerns, where we can advance the importance of environmentally friendly practices and fair and healthy working conditions.





HUMAN AND LABOUR RIGHTS

Our Code of Conduct describes the principles and minimum standards that Broste Copenhagen have established to protect the internationally recognized human rights and labour rights in our day-to-day operations. These principles represent core values to our company. The code has been written in accordance with the principles of the UN Global Compact and the Amfori BSCI initiative, which refer to international conventions such as the Universal Declaration of Human Rights and the International Labour Organization (ILO) Conventions and Recommendations.

We expect our Code of Conduct to be applied by suppliers and business partners throughout the supply chain to ensure responsible working conditions and a fair treatment of all the people and communities who are affected by our activities. We strongly reject the use of forced labour, child labour, slavery and illegal workers in any activity related to our business. Our membership of the Amfori BSCI initiative provides us with an important framework to support the monitoring and improvement of working conditions in our supply chain.





Our employees are our most valuable asset and guaranteeing a safe and healthy work environment is of utmost importance to us. We have implemented safety measures and procedures in our warehouse and administration and to all our activities to avoid injuries, accidents and health problems related to the physical and mental well-being of our employees. In 2020, we have experienced an extraordinary disruption to our lives and working routines due to the outbreak of the COVID-19 pandemic. This has required drastic changes in the way we interact and do business, with physical-distancing, sanitary measures, remote work, online meetings, and regular self-isolation, to protect each other and the community around us. Broste Copenhagen takes this evolving situation very seriously and we follow the recommendations from the national health authorities. Preventing workplace stress – also when working from home – has become more relevant than ever in response to the uncertainty and anxiety that this situation has caused to many. Every year, we dedicate four days to focus on the mental well-being of our employees, for example by providing stress management training led by a certified stress coach. Participation is completely voluntary, but in extraordinary times like these we are pleased to report that everyone chose to participate in 2020. We are continuously learning and looking for ways to boost our employee satisfaction and engagement so that we can create the best possible working environment. In 2021, we are going to focus our efforts on the yearly Workplace Assessment (APV) to help identify the areas where we need to improve.

The COVID-19 situation has not only sparked a health crisis, but also an economic crisis as a consequence of the national lockdowns. Financial aid packages have been granted by the Danish Government to help the most affected companies to mitigate the economic impact on their business. After a period of financial improvement and stability, Broste Copenhagen have decided to repay this support by returning DKK 1 million to the Danish welfare state.

ENVIRONMENTAL RESPONSIBILITY

The impact of climate changes, pollution, and rising resource scarcity on our planet requires businesses across the globe to transform and move towards greener, more circular business models. At Broste Copenhagen this implies that we incorporate the SDG twelve into all aspects of our business, and that we revisit our conventional production patterns and consumption habits - from the extraction of raw materials to the way we manage our waste – to see where we can reduce our negative impact most efficiently.

Product quality and durability is closely linked to environmental sustainability. The longer we can postpone new production and the demand for raw materials the better. Our products are designed with a “made-to-last” approach to ensure the highest quality and the longest possible lifespan of each product. This way, we avoid overproduction and waste. Moving our manufacturing operations closer to our home has been a great step towards gaining more control over our environmental footprint in 2020. With our supply chain relocated to Europe - closer to our inhouse designers - we can more easily monitor and improve the quality standards of the products we produce. In addition, we can reduce our transportation emissions as production moves closer to our end consumer markets.

One of our main topics this year has been the packaging and our use of plastic. A couple of years ago we removed all plastic bottles making a reduction of 22.000 bottles every year. In 2020 we have chosen to look into our use of wrapping material. All the goods that need to be wrapped for extra security during transport will in the future be wrapped in a more sustainable material.

It is important that we acknowledge just how important the accessibility to raw materials is to a business like ours and the industry in general. At Broste Copenhagen we want to showcase that sustainability and business goes hand in hand and that production patterns needs to be more thought through and that resources can and should be more sustainably chosen. This will enable the regeneration of resources in the future. We want to combine innovative solutions to prevent pollution of the world's oceans and the remaining planet in our production. We want to reduce the environmental and social impact of our products and develop designs that has a circular economy. We want to preserve the eco system and the biodiversity. Turning waste into a resource is becoming increasingly important if we want to save our planet's resources and avoid landfill disposal.





We have selected a couple of products to showcase how we incorporate sustainable materials it to the products and how we use design to ensure sustainability. There are many ways of creating sustainable products and we believe that durability, lasting designs, and renewable materials are key components. These two products show these different perspectives. Our table “Tilde” is made from 30% eggshell and 70% recycled plastic resin. The frame is made from powder coated iron.

Our “Gine Lamp” is a series developed by Danish designer Ulrik Nordentoft. He lets nature and quality influence the form and usability while customers can transform the Lamp to different colors depending on preferences that might change over time and seasons. This makes the piece something you can keep for longer and transform, as your home decorations change.



Broste Copenhagen want to empower consumers to make more sustainable and informed choices but defining what makes a product sustainable is a complex task. Our “made-to-last” approach ensures that all our products have the longest possible lifespan which is one of the best ways we can reduce the negative impact of our operations. We are proud that several of our products are labelled with the prestigious Nordic Swan Ecolabel which helps our customers to easily identify eco-friendly products that both protect the environment and the human health. Additionally, a large proportion of our textile products are GOTS certified which is a global standard that guarantees organically produced textiles without the use of harmful substances. All our textiles carry the Öeko-tex certification as a minimum standard, which ensures that the textile is free from several harmful chemicals and pesticides.





ANTI-CORRUPTION

We are strongly committed to act with integrity and work against corruption, bribery, and fraud in all its forms. We know how corruption can undermine economic, social, and political stability in societies where such practices are prevalent. It is Broste Copenhagen's policy to conduct business in compliance with all applicable national and international laws and standards on anti-corruption in the countries where we operate. We have a zero tolerance towards corruption, and we are committed to work proactively to prevent bribes and eliminate facilitation payments throughout our supply chain. We rely heavily on the integrity and mutual trust of our business partners, especially our suppliers, who frequently conduct activities in high-risk countries. We expect our partners to inform us if they become aware of any unlawful or unethical practices that work against our policies.