

Ledelsens evaluering 2021		Sikane as <small>INNOVATIVE FURNITURE</small>
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Ansvar: KBH	Godkendt: BD/LA	Version: 16-12-2021

Management Report 2021

Participant for the management report:

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CEO Sika-Design
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General

In both companies we have focused a lot on creating product lines, which produces furniture under controlled and environmentally good conditions.

In Cane-line we have seen a growth in 2021.

In Sika-Design we have also experienced some growth in 2021.

In 2021 we have still been challenged by Covid 19.

We have not been able to participate in many shows around the world, and for the near markets we still have our two trucks, and our salespeople have therefore also in 2021 been travelling around Europe to customers showing our new 2021 range.

In our HQ we are under process building an extra showroom on about 800 m², which will complement our existing showroom. This because Cane-line in 2022 will introduce a new indoor range, and our salespeople will continue to have virtual meetings with customers.

Our online BTC sales has again been in massive growth.

In our warehouse we have been extremely busy because of this, and we have used 2021 to plan an expansion of our warehouse facility in HQ for about 5000 m². We are starting the construction end 2021 and expect the warehouse to be finished end of Q2 2022.

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

This will continue during 2022.

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 2021 we have implemented an on-line handbook for all personal in HQ.

During the 2021 we have again had good communication and co-operation with the local council regarding the extension of our warehouses.

In 2021 we have planned to install sun panels, to secure green electricity to our buildings.

This is still our goal, but because of tax rules etc., we 2022 will try to make some lobby work in 2022, to see if we together with other Danish industrial companies can change this, before we install a lot of sun panels on our roof.

In 2021 we have been in close contact with a local farmer which work a lot with biodiversity, and our plan is to develop a cooperation with him in 2022. Our plan to build a forest nearby, our HQ to compensate our CO₂ use, is still an option, and 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. We also work closely with them on a new local development plan for our premises, which we hope to finish Q3 2022.

We have also bought some land from them, where we now build our new warehouse, and they have rented a building from us, where they among others have freezing capacity etc.

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.

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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.

We are very proud that Cane-line again have won "Entrepreneur of the year" in our local county – and been nominated to the "Danish Entrepreneur of the year award 2021", which will held in Copenhagen in March 2022.

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 2021.

We have also renewed our ISO14001certificate.

In 2020 we were audited to SMETA, 2 pillar in DK (CSR). And our goal is to be this again in Q3 2022.

Our goal is still 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 2022.

We have been working very systematically with our management systems and we intend to continue doing this in 2022.

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, as well with our local work- and environment consultant (EQ)

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

There has been an inspection by the Danish Working Environment Service on our 3 tax numbers, which are registered by us.

During this audit there have been no comments, whatsoever to our system and our daily work and environment efforts.

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.

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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. Despite that we become more and more employees, we still see same usage of energy. We have a system where we report any deviations on f.ex. lightning, but we are very attentive only to use the light necessary, and we do remember to turn the light off, when not needed.

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.

We have worked a lot with this in 2021, and it will continue in 2022. In 2022 we will in corporation with the factories in Indonesia have more and more focus to optimize the way the containers are packed and loaded. We have during the last years 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 during the last years we have developed this a lot – this will continue the next years also.

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

Our goal was to reduce the overtime in 2021, and we have reduced the amount of overtime in our warehouse with approx.30 % since 2020.

Our goal is now to continue this development, also in 2022.

Regarding social responsibility – we have in 2021 been supporting;

- Local football team
- Breast Cancer
- The Danish Cancer Society
- H.C. Andersen Festivals in Odense
- Danish Public Church emergency aid

In Denmark we have several people working on special social contracts. This is about 10% of the total employments in Denmark. 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. We often have people in 13 weeks job training, where we together with the local job consul try to find out how much each individual can actually work every week.

8. Status on deviation and corrective action

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

We implemented an app for corrective actions in 2020, and today this is up running in full scale.

We use an online IT program; Wufoo, for alle deviations. Until now we have made in total 60 deviations, and just to take some we can see that 24% is regarding fire equipment, 20% is "nearby accidents", and 15% is coming from internal audits.

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9. 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.

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

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

But Cane-line will, as described earlier, introduce an indoor furniture range during 2022.

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

Update from Silcane Indonesia:

The production is today running, but we need to speed up more capacity. Because of Covid-19 we have not been in the factory for two years now. Our co-owner has in long times also being held in Finland, so we have managed the factory by local Indonesians only, together with agreed KPI's and our supplier portal.

We have big plans for the factory, but management is very difficult from the distance, we have therefore agreed that we will employ a European production manager, who will be located on the factory all the time. Right now, we are in the process, and our goal is to have his done within Q1 2022.

Our goal is to implement SMETA 4 pillar in the factory as soon as we can travel to Indonesia again.

Social initiatives locally in Indonesia:

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

One boy named Isak was finished studying this summer and has got a job in real estate business.

The other boy, named Ralf is finishing his study in summer 22, he is doing very well, and we have said that if we want, he should apply for a job in our factory.

12. 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.

As earlier described, we have in 2021 also added the instructions for all employees to the online handbook.

13. 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.

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14. Yearly discussion of working environment

- In cooperation with SPT (Social Performance Team) we have described the working environment 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 2022 we will be working with the actions plans and implement improvements for booth office people and workers.

- Focus points 2022:
- House keeping (clean and tidy) everywhere
- Access to our online EQ platform for all (is already implemented in 2021)
- Update of all workplace evaluation
- Improve separation of waste – and reduce waste in geneal
- New warehouse facilities, and layout of these areas.
- Additional courses for all member of the SPT team.