



Responsibility and sustainability have always been a part of the way we do business. Responsibility towards the environment, responsibility towards the customers and responsibility towards our employees and stakeholders.

To increase our effort even further sustainability is now an integrated part of our business strategy.

COMMUNICATION ON PROGRESS 2021

HIGHLIGHTS 2021

This section covers Communication on Progress according to United Nations Global Compact and the statutory statement by the Danish Financial Statements' Act 99a, 99b and 107b.

SUSTAINABLE FORESTRY BY 2022



100%

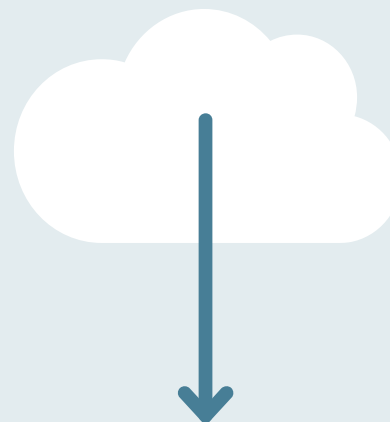
UN SUSTAINABLE DEVELOPMENT GOALS (SDG)



SGD, 5. Gender equality (target 5.5), 8. Decent work and economic growth (target 8.5 and 8.8), 12. Responsible consumption and production, 13. Climate action, 15. Life on Land.

CO₂ EMISSION REDUCTION 2021

25%



ACCIDENTS 2021

Sickdays caused by work accidents



0.06‰ Absence ratio related to work accidents in 2021

WASTE RECYCLE 2021

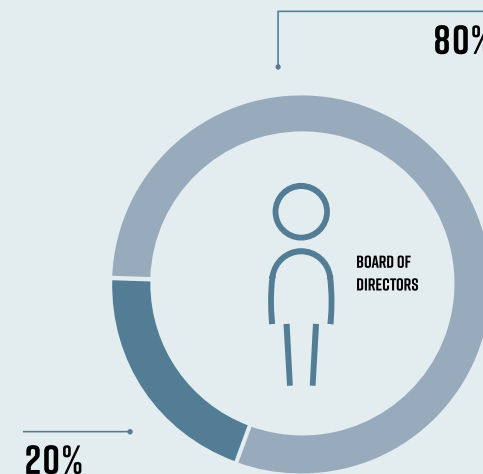
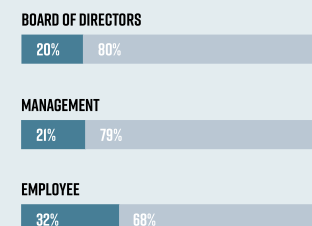
By weight



99.5%

GENDER EQUALITY

TCM Group has a target for the Board of Directors that both genders are represented by at least 20%. As of 31 December 2021, the distribution is 20%/80% underrepresented gender, which means that the target is met.



OUR VALUE CHAIN IMPACT

We work actively to promote sustainability throughout the entire value chain with innovative product design, close cooperation with business partners, and a constant focus to improve in everything we do.



PRODUCT DEVELOPMENT

Sustainability is an integrated part of our design process. We develop high quality products with long durability.



PRODUCTION OF RAW MATERIALS

Majority of our suppliers are placed locally. We audit the work of our suppliers on social, environmental and ethical issues.



TRANSPORT OF RAW MATERIALS

Together with our suppliers we work actively to secure the optimum transport form.



MANUFACTURE

In manufacturing we work continuously with health and safety and with optimizing and minimizing the use of materials.



SALES

We inspire and challenge to the most sustainable solution for our customers.



TRANSPORT

We cooperate very closely with our external distributors to maximize truck loads.



USE

Our kitchens are of high quality, very durable and indoor climate labelled to reduce impact on the indoor environment.



WASTE AND RECYCLING

RE:DUCE - RE:USE - RE:THINK is the foundation for our work with materials and processes.

OUR ESG-STRATEGY

1.
A SUSTAINABLE
WORK LIFE

2.
WE TAKE
RESPONSIBILITY

3.
NEW WAYS
AHEAD

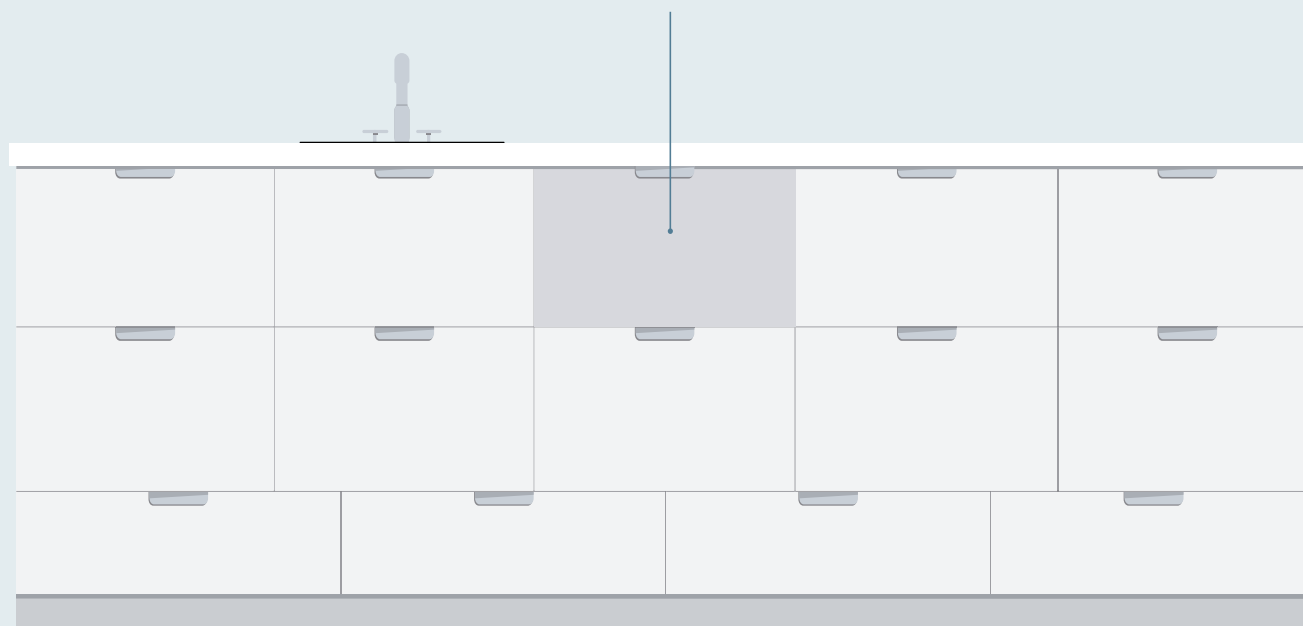
4.
TOGETHER WE
IMPROVE

STRATEGIC CHOICE NO 3

*Responsibility for
people, planet and
products*

Responsibility and sustainability have always been a part of the way we do business. Responsibility towards the environment, responsibility towards the customers and responsibility towards our employees and stakeholders. To increase our effort even further sustainability is now a integrated part of our business strategy (page 14-15).

The strategy is clearly linked to the UN Sustainability goals, and the 10 principles of Global Compact and have 4 strategic focus areas.



1.

A SUSTAINABLE WORKLIFE

Our employees are our most important assets and the key to success both from a business and sustainability perspective. At TCM Group we work actively to create “a sustainable work life” characterized by the following principles

- A safe and secure work environment that also enhances personal development.
- Flexibility to support a clear balance between work/private life, between individuals, teams, and organization.
- Diversity and social commitment.

2.

WE TAKE RESPONSIBILITY

All our products are designed and produced in Denmark. Production is based on proud traditions of high quality and good craftsmanship, combined with innovative production methods. We set high standards for our business partners and ourselves to improve in everything we do.

The focus area of our production is a clear reduction in our impact on the climate. We aim to have a CO₂ neutral production by 2028 (scope 1+2), reduce our production waste and increase the volume of waste that is recycled.

3.

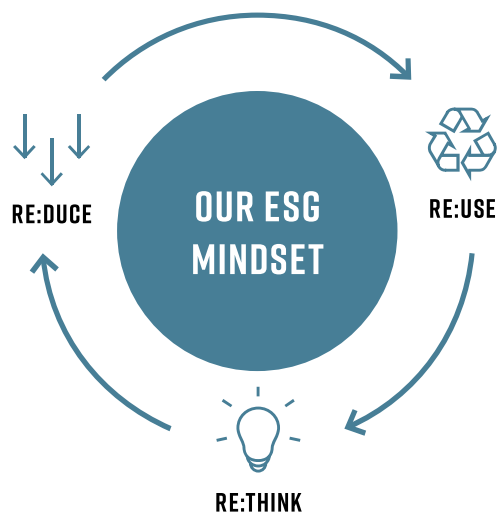
NEW WAYS AHEAD

Innovation and product development has always been a part of our DNA. To accelerate our product development, we have included three focus areas in our current design and innovation process under the principle “New ways ahead”. The areas are, extended lifecycle, circular design and healthy indoor climate.

4.

TOGETHER WE IMPROVE

At TCM Group we want to promote a positive impact towards the climate. Through transparency, corporation and with focus on both downstream and upstream activities we work actively to promote a positive impact.



We aim to have a CO₂ neutral production by 2028 (scope 1+2), reduce our production waste and increase the volume of waste that is recycled.

A SUSTAINABLE WORKLIFE



UN Global Compact principle 1, 2, 3, 4, 5, 6, 10

Our employees are our most important assets and the key to success both from a business and sustainability perspective. At TCM Group we work actively to create “a sustainable work life” defined as our approach to how we work with social aspects of our business and characterized by the following principles

- A safe and secure work environment that also enhances personal development.
- Flexibility to support a clear balance between work/private life, between individuals, teams, and organization.
- Diversity and social commitment.

HUMAN RIGHTS

TCM Group strongly support and promote the principles regarding human rights outlined in the UN Global Compact 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 non-compliance 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 non-compliance 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”.

TCM Group can firmly state that no products sold in 2021 were developed or produced using child labor.

LABOUR AND WORKING CONDITIONS

In TCM Group, we continuously strive to create a working environment characterized by a high focus on safety both mentally and physically and a good collegial unity.

We encourage our employees to continuously improve their skills and capabilities through training and education, to contribute to both their own and the company’s development.

In 2021, we have continued our intensive effort to live up to our ambition that one work-related accident is one too many. Due to the Covid-19 pandemic our safety effort has had to balance zero work related accidents as well as keeping Covid-19 away from our facilities.

We work systematically with continuous reporting and follow-up on both actual work-related accidents and near-miss incidents that under critical circumstance could have led to an accident. This effort has resulted in concrete improvements and preventive actions while contributing to a general understanding of and focus on which work situations and circumstances possess a potential risk.

The number of near-miss reported incidents is not at the same level as last year, but this combined with the large decrease in the number of accidents, clearly shows that we are able to prevent the inci-

dents from becoming accidents. Since 2018 the number of work-related accidents has decreased by 89%, showing a clear trend in right direction. It is still our clear ambition to have zero work-related accidents in our organization.

Flexibility is defined differently in different working groups. Hence sustainable work life focus is to offer and support a higher degree of flexibility that supports a clear balance between work life/private life for the individual employees but also between teams.

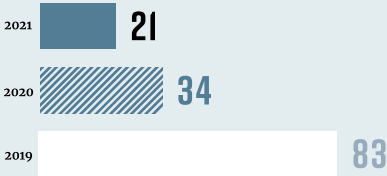
In 2021 the overall absence related to sickness (excl. absence due to sick children and maternity leave) in TCM Group was at 3.3% in 2021 versus 2.9% in 2020. The primary reason to this increase is due to covid-19. Even though we have managed to limit the virus from spreading within our organization, we have had a high number of employees affected by the virus, which is visible in the absence related to sickness.

We continue to offer light duty jobs for employees who temporarily are not able to perform their normal job, and we have a continuous dialogue with employees who have an absence level higher than the standard, to understand the reasoning behind their absence.

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 and we use this input actively to support a sustainable worklife.

SICKDAYS AND ABSENCE

#sickdays caused by work accidents

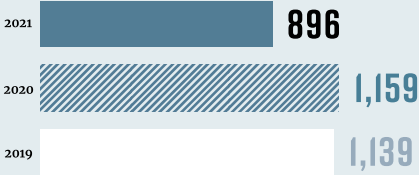


0.06% Absence ratio related to work accidents in 2021

3.3% Absence ratio related to sickness in 2021

REPORTED NEAR MISS WORK ACCIDENTS

#of reported near miss work accidents in TCM Group



APPRENTICES IN TCM GROUP

TCM Group is determined to support the education of our next generation workforce. We do so by hiring apprentices in our production and in our administration.

During 2021 we have increased collaboration with local educational institutions. To increase awareness of the opportunities for non-academic jobs as well as the opportunities that exist in the local environment.

In 2021 the number of apprentices in TCM Group was 13. In a Covid-19 environment we have not managed to attract the number of apprentices that we were aiming for. It is our clear ambition that in 2022 we will increase our focus on attracting and hiring apprentices.

	2021	2020	2019
# of apprentices in TCM group	13	16	17

DIVERSITY

TCM Group is determined to promote diversity and achieve a sensible gender diversity in both the Board of Directors and the Executive Management and other management levels. We believe that diversity is a strength. This applies to gender, culture, educational background, age and personality. Therefore, we try to the best of our ability to create balanced teams, by supporting diversity through our entire organization.

We believe diversity is a strength.

Through a structured job analysis, we always define what profile will benefit to business and team. This includes the diversity of a team, skills, knowledge, personality, etc. Based on that we identify new candidates for the board, executive management, and our workforce in general. As far as possible, we assure that the final pool of candidates is diversified. Our goal is to continue ensuring this diversity in the candidate field through clear recruitment and promotion processes.

TCM Group does not accept discrimination of any kind e.g., regarding age, nationality, gender, religion, sexual orientation, disability etc.

TCM Group has a target for the Board of Directors that both genders are represented by at least 20%. As of 31 December 2021, the split is 20%/80%, which means that the target is met.

We operate in an industry where several jobs traditionally have an overrepresentation of one gender. We are therefore proud of the fact that we have managed to attract employees who have taken non-gender stereotypical education choices. For instance, we have had 2 female apprentices in 2021 as production technicians.

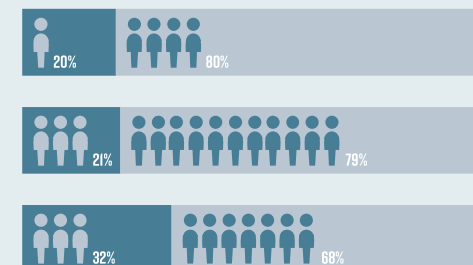
COMPENSATION

At TCM Group it is our clear policy that equal jobs are rewarded with equal pay. Any difference in pay is solely based on qualifications and experience.

CEO total compensation relative to FTE average total compensation	8.8
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GENDER DIVERSITY (# OF UNDERREPRESENTED GENDER)

	2021	2020	2019
Board of directors	1 of 5 (20%)	1 of 5 (20%)	1 of 5 (20%)
Mgmt. (executive mgmt. and mgmt. group)	3 of 14 (21%)	4 of 15 (27%)	2 of 10 (20%)
Total workforce of underrepresented gender	32%	29%	29%



WE TAKE RESPONSIBILITY



UN Global Compact principles: 7, 8, 9

ENVIRONMENTAL SUSTAINABILITY

TCM Group is committed to reduce the environmental impact of our production and supply chain. To create transparency on the progress of our impact, we measure our CO₂ emission, by following the GRI (Global reporting initiative) standards 305-1 Direct (Scope 1) GHG emissions and 305-2 Energy indirect (Scope 2) GHG emission. Scope 1 implies the direct emissions from our business activities whereas Scope 2 measure the indirect emissions via our electricity and heat consumption. Further information about the GRI standards is available at www.globalreporting.org/standards.

In 2021 we have initiated to measure our Other indirect (Scope 3) GHG emission (GRI standard 305-3) with focus on our impact from downstream transportation and distribution. The aim of TCM Group is to have a better overview of Scope 3 during 2023 and to be able to set significant reduction targets. To succeed, our primary focus is to enhance transparency and secure data validity through our value chain. While working to establish a baseline for our scope 3 impact, it is our clear ambition to ensure that our production will be CO₂ neutral by 2028.

EMISSIONS

The main sources of emission are our electricity and heat consumption, which are mainly related to our production facilities. In 2021 the distribution of our total scope 1+2 emission was that 44% of the emission was related to our electricity consumption whereas our heat consumption accounted for 48% and the

remaining 8% of the emissions was related to transport activities (company cars and vehicles at our production facilities). Compared to 2020 there has been a shift from indirect energy emissions (scope 2) to direct emissions (scope 1).

Our effort to reduce our CO₂ emission have in 2021 lead to a direct reduction of 7%. At the same time the infrastructure consisted of more green energy and in 2021 we updated the emission factor for CO₂ to 2020. This means that the overall reduction in CO₂ in 2021 is 25%.

A high degree of this decrease was due to the fact that during 2021 TCM Group have made several changes to our heating system in order to reduce our CO₂ impact. For instance our heating system has been changed from heating oil to air-to-air electrical heating pumps. At our factory in Aulum the compressors have been replaced. Heat generated by the compressors are reused as heating of the factory creating a significant reduction of the consumption of natural gas required for heating and reduction of electricity at this factory.

KEY FIGURES

2021

	Total [ton CO ₂]	Percent of total
Scope 1 (GRI: G4-EN15)	1,299	55%
Scope 2 (GRI: G4-EN16)	1,041	45%
Total	2,340	100%

2020

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

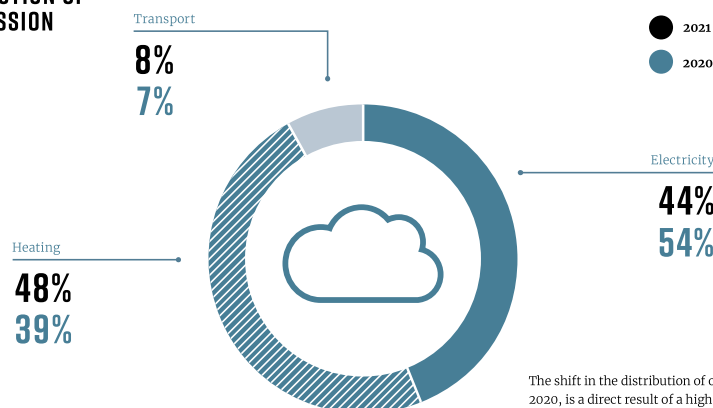
In 2021, our total scope 1+2 emission has decreased to 2,340 ton CO₂. The reduction combined with a higher activity level means that our emission in 2021 was 2.1 ton CO₂ per 1 mDKK net revenue.

In 2020, our total scope 1+2 emission was 3,138 ton CO₂. This means that our emission was 3.1 ton CO₂ per 1 mDKK net revenue.

Emission per 1 mDKK
net revenue in ton CO₂/mDKK



DISTRIBUTION OF CO₂ EMISSION



CO₂ EMISSION REDUCTION 2021

25%



The shift in the distribution of our CO₂ emission in 2021 compared to 2020, is a direct result of a higher decrease of electricity consumption compared to heating consumption. At the same time the fleet of company cars increased from 2020 to 2021. The increase is a result of servicecars is now being included into the TCM Group company car fleet.

ELECTRICITY CONSUMPTION

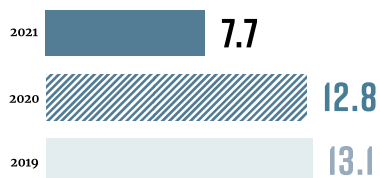
The consumption of electricity in relation to revenue has decreased by 40% during 2021 compared to the year before. This was a result of a direct saving in electricity together with an increased activity level in 2021. The direct savings was due to the fact that TCM Group has made several investments to increase energy efficiency.



40%

Decrease in the consumption of electricity in relation to revenue during 2021

ELECTRICITY CONSUMPTION (KWH) PER KDKK REVENUE



WASTE

As a manufacturing company, we are very much focused on our waste output. Our strategic approach RE:DUCE – RE:USE – RE:THINK is the foundation in the way we think about materials and production processes.

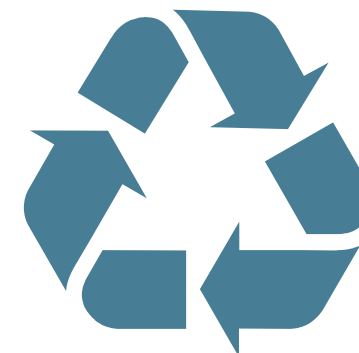
The primary material group used for production of our products is chipboards. Approximately 95% of all chipboards used consist of min. 90% recycled wood. The wood originates partly from post-consumer production waste collected at Danish recycling stations and pre-consumer production waste from Danish industrial production including TCM Group. This means that 100% of TCM Group's production waste related to chipboard is directly recycled into new chipboard. This is why the level of waste material recycled is high.

We have several smaller material categories in our production currently used as energy recovery or landfill or hazardous waste. It is our clear ambition to increase the level of waste for recycling into all material categories and by 2025 to increase the level of recycled waste materials to 99,7% (based on weight). A way to this is to reduce the consumption of materials and optimize process to reduce process waste and rethink our materials as well as challenge standard material flows. One way to this is via partnerships. TCM Group has joined forces with TheUpcycl to find new ways. TheUpcycl's purpose is to create new collaboration within the production industry to accelerate the circular usage of New Waste materials. See more at <https://www.theupcycl.com/>



IN 2021 THE DISTRIBUTION OF WASTE WAS AS ILLUSTRATED BELOW

*Based on tons waste.



99.5%

Recycle

0.5%

0.38% Energy recovery
0.02% Landfill
0.06% Hazardous waste



SVANE KØKKENET
Pure Lava with H22

NEW WAYS AHEAD



UN Global Compact principles: 12

Innovation and product development has always been a part of our DNA. In order to accelerate our product development, we have included three focus areas in our current design and development process under the principle New Ways Ahead.

EXTENDED LIFECYCLE

We design, develop and produce high quality products with high durability. In order to decrease our climate impact and maximize the value of our products, we are focusing on extending the life of our products, their design and their use. Extending the lifecycle of our products is also to ensure that existing kitchens can be upgraded to match current living and design standards. Our clear ambition is to ensure that all kitchen models produced from 2010 can be extended and upgraded by 2023.

CIRCULAR DESIGN

As manufacturer, we are very conscious of which resources we use for our products and how they affect the environment. We have strong focus on reducing material volume, increasing the proportion of recycled materials rather than virgin and ensuring that our products can be included in new material flows. Going forward circular designs is an embedded part of our product development. By 2025 all our new designs will be 100% circular.

We will validate lifecycle and circular capabilities of our designs, through our product durability index and get a balanced assessment of the overall capabilities of our products and their design. The product durability index will help us to ensure a holistic approach that include the entire lifecycle.

A HEALTHY INDOOR CLIMATE

Today people spend more than 90% of their time indoor. We constantly work with improving our products and the impact they have on the indoor environment. To validate this, we use third parties and external certifications. It is our clear ambition that by 2024 all our kitchen models are validated by external certification bodies in terms of their performance towards a healthy indoor climate.

INDOOR CLIMATE CERTIFICATE

# of certificate	7
% of product lines covered by external validation	75%

TOGETHER WE IMPROVE



UN Global Compact principles:

1, 2, 3, 4, 5, 6, 7, 8, 9, 10

At TCM group we want to create a positive impact that extends beyond our own operation. This requires close corporation with our suppliers and business partners in both downstream and upstream activities.

Ensuring transparency and data validity is key to us to understand and support a positive impact. We are currently conducting a scope 3 analysis as described in the section “We take responsibility”. Besides focusing on our climate impact from CO₂ emission we have chosen to focus on three areas. The areas are chosen from a materiality point of view.

SUSTAINABLE FORESTRY

As timber is the primary category of raw materials sustainable forestry is a must for us.



TCM Group has been FSC® certified since 2010 but not for the entire product assortment. During 2021 our sourcing effort has been focused on securing certified sustainable forest timber and it is our clear

ambition to reach 100% sustainable forestry during 2022.

Certified sustainable forestry is a guarantee that reforestation and good working conditions are secured and biological diversity is preserved.

TRANSPORT

The products from TCM Group are delivered by truck. We have chosen to use external distributors as it helps to optimize distribution and means of transportation. We always strive to ensure that all parts of the customer order (cabinets, worktop, white goods etc) are delivered in one delivery and in the most optimal way. To further reduce emission from transport we strive to minimize the number of kilometers driven. Our distribution system ensure that empty trucks pick up third-party products on the return journey to the factories. Reducing CO₂ emission from transport and creating convenience to our customers.

To understand CO₂ emission related to our transport we have in 2021 started the analysis of transportation and distribution. This is to actively support a reduction in CO₂ emission in our value chain and from a materiality point of view an area where we can create a large impact.

PACKAGING MATERIAL

High quality products must arrive to the customer in the same quality as they left the factory. As the main risk of damages to the products is related to transport, repacking and storage before mounting the primary purpose of our packaging is to protect the products. Working with our principles re:duce – re:use – re:think we are actively working on finding the right balance of our packaging. The balanced found by reducing the amount of material, increasing the amount of re-used material and re-thinking the way we work with packaging all together. At TCM Group we are determined that all packaging used for our own products will be recyclable by 2024.



SUSTAINABLE FORESTRY BY 2022



100%

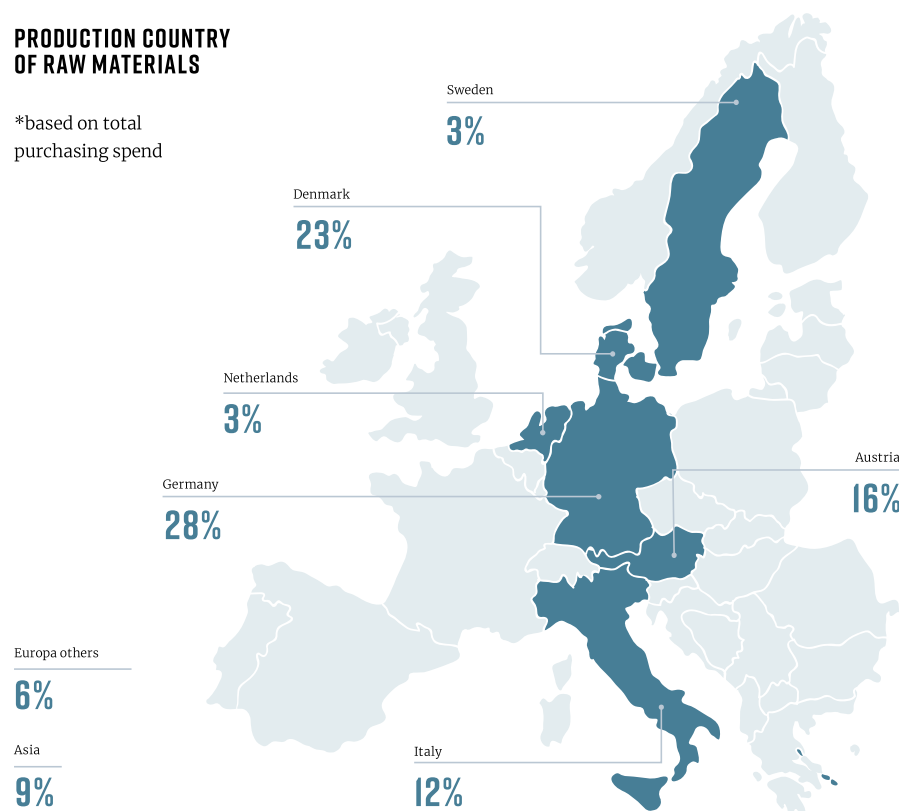


91%

of all production of direct materials to our production is made in Europe.

PRODUCTION COUNTRY OF RAW MATERIALS

*based on total purchasing spend



SUPPLIER MANAGEMENT

TCM Group are committed to respect human rights as outlined in the United Nations Universal Declaration of Human Rights and the UN Global Compact. We expect our suppliers to enforce the same high standards in their own supply chains and set out these expectations in our Code of Conduct

TCM Group suppliers are primarily located in Europe and a majority of these are located relatively close to our production sites in Tvis and Aulum. Many of our Danish suppliers have subsidiaries and business partners across Europe. We are therefore not only focused on the country where our business partners are located but the origin country of the supplied materials.

91% of materials directly used in our production is made in Europe, of which 54% originate from Denmark or our neighboring countries (DK, DE, SE). By using suppliers located close to our production sites, we also limit the CO₂ emission during the transport process. 9% of the materials are produced 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 our suppliers are fulfilling regulations in terms of working conditions and environmentally 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's purchasing, covered by our Code-of-Conduct was 100% in 2021 and cover all suppliers from non-EU countries. The Covid-19 pandemic has limited us from conducting on-site audits of our suppliers in 2021. TCM Group continues to monitor all suppliers in 2022 and the aim is to intensify our audit program as well as improving our Code-of-Conduct.

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, suppliers, franchisees, and dealers. The consequence could be fines and brand damage. 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 2021

WHISTLEBLOWER SYSTEM

At TCM Group we wish to encourage transparency and responsibility in everything we do. At the same time, we encourage an open culture that is based on transparency and dialogue and allows everyone to freely express themselves without the risk of retaliation. Naturally we understand and respect that some would prefer to address certain matters anonymously. For that purpose, we have implemented a whistleblower system. The system allows our employees to report any witnessed activities or reasonable suspicion of serious and reprehensible conditions or illegalities to the group.

All TCM Group employees, customers, suppliers, advisors, and other individuals with connection to the company can access the whistleblower 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 whistleblower report back to the reporting individual. The system is available on all relevant languages. In 2021 we have increased the awareness of the system internally and plan to increase awareness to our business partners in 2022.

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In 2021 there has been no reported cases

