



Responsibility Report 2021 – 2022

ferm
| IL MONDO



Contents

04 — CEO statement
06 — Who We Are
08 — Design Philosophy
10 — Responsibility Ambition
12 — Four Strategic Focus Areas
14 — People
16 — A Work in Progress
17 — 2021 Actions Realised
20 — The UN Global Compact Principles and SDGs
24 — Environment
26 — Our Global Supply Chain
28 — Production
29 — Materials
30 — Quality
31 — Packaging
32 — Certification and Testing
33 — Freight and Transport
34 — Going Forward

**At ferm LIVING,
we want to inspire
change and help all of
us make responsible
choices**

At firm LIVING, we celebrate the contrasts in life. We want people to feel confident in the choices they make as they create space to live more sustainably. In the search for balance, it can be difficult to navigate good and bad, right and wrong. As a design company, we see it as our responsibility to lead the way – to inspire change and help all of us make responsible choices.

We have been working with sustainability within our company for many years, and yet it is only after our strategic work together with consultants from Märk, a Danish sustainability agency, that we have recently started communicating about it. As of August of 2021, we are participants of the UN Global Compact, and this is our first annual Communication on Progress report. We are committed to our work in supporting the UNGC and have set an ambitious responsibility strategy for 2030 in order to embrace our responsibility holistically and weave a mindset of sustainability into every corner of our business.

This work is important to us, our partners, our suppliers and to our customers, but most importantly, it is important for the planet and society at large. We firmly believe that this work will also contribute to better business for everyone.

Our team is passionate about this, and each department works on initiatives, projects and actions to ensure progress throughout the company, from design processes and production methods to the choice of materials, the logistics of delivery and the way we shape our culture. We are grateful for our team's dedication and the significant progress that we have achieved within the past year, while also accepting that what we are working towards has no finish line, as our goals continue to adapt according to the changing world around us.

We are not perfect, but every day we work towards a better tomorrow.

Peter M. Vedel
CEO

July 2022

Who We Are

ferm LIVING is a Danish design brand founded in 2006.

From our home in Copenhagen, we blend authentic design and responsible thinking to create honest products for your home. At ferm LIVING, we work for a better tomorrow and want to inspire change and help consumers make responsible choices. Based on nine 2030

Commitments across ‘Our planet’, ‘Our Society’ and ‘Our family’, ferm LIVING embraces its responsibility holistically and weaves a mindset of sustainability into every corner of our business.



CORE STORY

Life is full of contrasts. As we navigate expectations and dreams in search of meaning and comfort, we long for a balanced life with room to be ourselves. A place where we can realise the true value of things and feel at home. Based on a passion for authentic design and with responsibility at the heart of every choice we make, we create honest products and calm environments that inspire you to balance the contrasts in life.

From our home in Copenhagen, we work with artisans around the world, fusing our Scandinavian mindset with global skills and traditions. Our collections are defined by soft forms, rich textures and curious details that let you create composed atmospheres with a touch of the unexpected. From materials and processes to production and delivery, we challenge ourselves to help shape a sustainable future, making it easier for you to make responsible choices. We create collections of furniture, accessories and lighting, so you can create space to feel comfortably you.



Design Philosophy

We want to inspire people to live a more mindful and sustainable lifestyle.

To us, this means buying less, buying better and keeping things in use for longer. We therefore design products that are made to last – both in terms of function and aesthetics. We value authentic design and clear functionality, working to create high-quality products that are made from responsible materials and with a lasting aesthetic appeal.

We take a holistic approach to sustainability and have implemented responsible thinking throughout all areas of our business. In the design phase, where the first important choices for a product are made, we employ a range of Responsibility Criteria for new products, and take a ‘cradle-to-grave’ approach to consider the entire life cycle of our products. We work within a set framework of practices that balance compliance, climate and social parameters. Design for longevity is the foundation to minimizing our

resource consumption and CO₂ emissions. To keep us going in the right direction, our Sustainability Manager works within the design team, closely tracking our progress and helping us identify opportunities to implement more sustainable solutions.

We know that we are not perfect, and so it’s with both determination and humility that we pursue better and easier ways for our customers to make responsible choices.



RESPONSIBILITY AMBITION

We work for
a better tomorrow,
so you can feel good
about your choices
today

OUR 2030 COMMITMENTS:

**OUR PLANET**

Create full transparency
on all products

Obtain third-party
certifications on all products

Work towards
CO2e-neutrality

**OUR SOCIETY**

Build value on all bottom lines:
people, planet, profit & purpose

Inspire customers to make
responsible choices

Give back to local communities
in support of better homes

**OUR FAMILY**

Maintain a strong culture
with clear values

Nurture long-lasting relations
built on trust and respect

Empower all of us to learn
and grow together

Based on nine 2030 Commitments across 'Our planet', 'Our Society' and 'Our Family', we embrace our responsibility holistically and weave a mindset of sustainability into every corner of our business. Every day, each department works on initiatives, projects and actions that ensure steady progress, accountability and integrity in everything we do, from the choice of materials and our design processes to production methods, the logistics of delivery and the way we shape our culture. We want our designs to last – both in terms of function and aesthetics. In our quest to achieve this, we employ a range of Responsible Criterias and work within a set framework of practices. We take a 'cradle-to-grave' approach to consider the entire life cycle of our products, and work to ensure that as many of our products as possible are made from responsible materials.

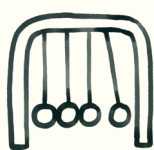
We are committed to responsible production. We work with certifications and testing to ensure working conditions in our supply chain are safe and fair, and that our products are responsibly produced and of high quality. We work to reduce our impact. We use a climate screening tool to measure the CO2e footprint of our products and to gain knowledge and data for our future targets. We participate in the UN Global Compact and as of 2022, report our yearly progress on their platform. We encourage better ways. We nurture long-lasting relationships built on mutual value creation, transparent communication and considerate behaviour, believing in relationships where everyone is empowered to explore opportunities for responsible business and better living. It's an ongoing journey and we know there will be dilemmas and bumps along the way. By contributing to the important and ongoing dialogue on sustainability and by helping each other leverage insights to learn and grow, we are all working towards a better tomorrow.

“We want our designs to last – both in terms of function and aesthetics. In our quest to achieve this, we employ a range of Responsible Criterias and work within a set framework of practices.”

We work within a framework where our business is divided into four strategic focus areas: Business in Balance, Empowering Relations, Responsible Living and Inspiring Change. Under each of the four strategic focus areas, there are a number of projects and initiatives that are a part of our detailed action plan for 2022 and beyond. All actions point towards our 2030 goals and help to ensure that we are constantly moving forward.

Our 2030 commitments are ambitious, and while the road to achieving some of them are clear, others are more diffuse and will evolve over time. We know and accept that what we are working towards has no finish line, and our goals will continue to adapt according to the changing world around us.

Four Strategic Focus Areas



BUSINESS IN BALANCE

At firm LIVING, finding the right balance between running a healthy business and contributing positively to the world around us has always been of great importance. In our quest to achieve this, we embrace responsible practices in all corners of our business.

For us, responsibility and decency go hand in hand. We conduct our business with integrity and hold ourselves responsible for our impact by challenging our focus by also measuring ourselves, on non-financial parameters, and every day working for a better tomorrow.



EMPOWERING RELATIONS

We are a family of colleagues and partners who do what we do with all our hearts. By being enthusiastic, helpful and respectful, we embrace our differences, lift each other up, and create space for each of us to be our best.

We nurture long-lasting relations built on mutual value creation, transparent communication and considerate behaviour. We value relations where everyone is ambitious and feels empowered to learn and grow by exploring opportunities for responsible business and better living.



RESPONSIBLE LIVING

It's our ambition to help people create space to balance the contrasts in life, and create homes and spaces with the harmony they deserve. In our efforts to achieve this, we work hard to get a mindset of responsibility and sustainability into the core of our business.

We continually improve the way we work, from the choice of materials and our design processes to production methods and the logistics of delivery. There will be dilemmas and bumps along the way, but we face them with passion and are committed to making it easier for our customer to make responsible choices.



INSPIRING CHANGE

Sustainable, responsible actions in all aspects of life are vital for the health of people and our planet. It's an ongoing journey and we still have a long way to go; but together, we get closer every day.

At firm LIVING, we want people to feel confident in the choices they make as they create space to live more sustainably. We help to achieve this by inspiring their curiosity and encouraging them to join our quest for change.

SHARED ACTION PLAN Q1-Q4 2022 ACTION PLAN 2023-25



This is the foundation for how we work to integrate responsible thinking and a sustainable mindset into all areas of our business. We support all 17 UN Sustainable Development Goals and are in particular focused on working with number 8, 12 and 17.



People

We are a family of colleagues and partners who do what we do with all our hearts. For us, responsibility and decency go hand in hand. By being enthusiastic, helpful and respectful, we embrace our differences, lift each other and create space for each of us to be our best.

We do not believe anyone is above others and work to create an environment and atmosphere where everyone can feel safe and are treated in the same way.

- We embrace diversity and value all human beings equally regardless of race, age, religion, sexual orientation or social background.
- We are opposed to racism in all forms and violence, both physical and mental.
- We will always strive to provide the best possible service to all regardless of who they are.
- We hire for talent and will always employ the person with the best qualifications for the job regardless of ethnicity, age, gender, religion, sexual preference, disability, and social identity.
- We pride ourselves on a flat organizational structure and maintain a casual atmosphere in our day-to-day business.
- We promote a healthy work-life balance and encourage healthy body and mind.

- We invest in long-term relationships with partners and suppliers – relationships built on mutual respect and value-creation.
- We are entrepreneurial and have high ambitions but never chase only the lowest manufacturing price.
- We participate in the UN Global Compact and conduct and treat people in accordance with the principles and values within it.

We systematically register workplace accidents, and no accidents were registered in the reporting year. Due to the nature of the company, there is very low risk for such accidents, if any at all, and as such no specific health and safety procedures have been implemented. A workplace assessment (APV) was carried out in 2020 with satisfactory overall results. A Team Engagement Culture Survey has been conducted in November 2021 and we will work with the results throughout 2022.



ENGAGEMENT

Internal engagement is key in reaching firm LIVING's 2030 goals. Every day, each department is working on initiatives, projects and actions that ensure steady progress within all four strategic focus areas. To reach our ambitious goals, we need everyone to take ownership of their share and use their talents and knowledge to help firm LIVING move forward – guided by a shared, detailed action plan that lays out every step of the way.

BY THE END OF 2021 THE COMPANY EMPLOYED

NUMBER OF EMPLOYEES	% OF FEMALE EMPLOYEES
61	85%
% OF FEMALE EMPLOYEES IN LEADING OR MANAGERIAL POSITIONS	% OF WOMEN AT BOARD LEVEL
55%	20%
STAFF TURNOVER	RETENTION RATE
14%	86%
ABSENTEEISM RATE	# OF WORKPLACE ACCIDENTS
1.5%*	0

*Figure based on 6 months as data was not available for the entire 2021.

A Work in Progress

We know that working with responsibility is an ongoing journey – and we know there will be dilemmas and bumps along the way. By contributing to the important and ongoing dialogue on sustainability, and by helping each other leverage insights to learn and grow, we are all working towards a better tomorrow.



2021 Actions Realised

In 2021, we achieved the following important milestones on our responsibility journey.



RESPONSIBILITY STRATEGY

In collaboration with Mark our Responsibility Strategy is now in place with a clearly outlined Responsibility Ambition and nine ambitious 2030 Commitments.

We have four strategic focus areas and an action plan for moving forward. The Responsibility Strategy and Ambition is now an integrated part of our core story and daily work life.



FSC™ CERTIFIED - THE FOREST STEWARDSHIP COUNCIL

Constantly striving to be better, we became FSC™ certified. This means that the large majority of ferm LIVING products made with wood and paper are now complying with FSC™'s rigorous social and environmental standards.



CO2E FOOTPRINT

We have started to measure the CO2e footprint of our products using Mälbar's Climate Screening tool. We are currently onboarding and collaborating with six of our key suppliers to measure our climate impact, from raw material and until the final product arrives at our warehouse. From this, we will gain knowledge and data to get a baseline from where we will set future targets.



AMFORI MEMBERSHIP - BSCI BUSINESS SOCIAL COMPLIANCE INITIATIVE

Taking social responsibility in our supply chain is a mission we take very seriously. Being members of Amfori enables to have all of our Key suppliers BSCI audited. We have onboarded all key suppliers in 2021 and aim to get all audited in the spring of 2022.



UN GLOBAL COMPACT

We believe that investing in sustainable and responsible practices is both the right moral decision as well as being good business. ferm LIVING is now a participant of the UN Global Compact, which means that we commit to investing in sustainable and responsible practices, as well as reporting our progress yearly on their platform.

At ferm LIVING, we are committed to work with UN's Sustainable Development Goals and are particularly focused on SDG's 8, 12 and 17.



RESPONSIBLE PRODUCTS

In 2020, products with our RESPONSIBLE tag* made up 21% of our collection. In 2021, the number of RESPONSIBLE products increased to 28%. Our goal for 2022 is that 32% of all our products will have a RESPONSIBLE tag.



PACKAGING - STYROFOAM

In 2020, we used Styrofoam packaging in 10% of our products. The use of Styrofoam in 2021 was reduced to 5%. Our target for 2022 is to reduce this number even further, so that only 3% of our products require Styrofoam packaging.

* See page 29 for our definition of the tag.



“Based on a passion for authentic design and with responsibility at the heart of every choice we make, we create honest products and calm environments that inspire you to balance the contrasts in life.”





The UN Global Compact Principles

firm LIVING's Code of Conduct is based on the Ten Guiding Principles of the UN Global Compact. It defines the ethical principles of our business and has been signed by all our employees, agents and suppliers.

HUMAN RIGHTS

PRINCIPLE 1 – Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 2 – Make sure that they are not complicit in human rights abuses.

firm LIVING supports the international declared human rights. We embrace diversity and value all human beings equally regardless of race, age, religion, sexual orientation, or social background. We are opposed to racism in all forms and violence both physical and mental. We are committed to sourcing and producing our products responsibly and to protect workers' rights and ensure safe and healthy working environments. Violations of human rights is unacceptable and will, under no circumstances, be tolerated.

Throughout our supply chain, we nurture long-lasting relationships based on mutual value-creation, respectful behaviour and transparent communication. We open our world for everyone to be inspired, and by sharing supplier and production stories, we invite people behind the scenes and into the journey of our products.

LABOUR

PRINCIPLE 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4 – The elimination of all forms of forced and compulsory labour.

PRINCIPLE 5 – The effective abolition of child labour.

PRINCIPLE 6 – The elimination of discrimination in respect of employment and occupation.

The use of forced or child labor of any kind is strictly forbidden. The company is not aware of any breach of human rights within the company or among suppliers during 2021, and we will continue to monitor labour conditions along our supply chain.

At firm LIVING, we work with certifications and testing to ensure working conditions in our supply chain are safe and fair and that products are responsibly produced and of high quality. In 2021 we joined Amfori's Business Social Compliance Initiative (BSCI), and through our Code of Conduct and certifications such as BSCI, FSC & GOTS, we are a proactive partner in ensuring that the rights of workers in our supply chain are upheld and live up to the Global Compact labour principles. We nurture long-lasting relations with partners build on mutual value creation, transparent communication, and considerate behavior, all for responsible business and better living.

ENVIRONMENT

PRINCIPLE 7 – Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE 8 – Undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9 – Encourage the development and diffusion of environmentally friendly technologies.

GHG emissions are a risk when you are a part of the global consumer industry, and therefore ferm LIVING is investigating and using resources to begin working towards reducing our impact. ferm LIVING has been working with sustainability internally for many years, during which our work has intensified to outline the company's ESG strategy. ferm LIVING has made good progress on its initiatives to improve our responsible initiatives over the last years, with both FSC and BSCI certifications and an initiative to measure CO₂e impact.

ferm LIVING's environmental policy is centered around three 2030 key commitments:

- Create full transparency on all products
- Obtain third-party certifications on all products where possible
- Work towards CO₂e-neutrality

We consider the impact of our decisions and have started to measure the CO₂e footprint of our products. We are currently onboarding our suppliers to measure climate impact on everything from raw material to the final product. The work undertaken will help in establishing a baseline, from which future reduction targets will be set.

At ferm LIVING, we work to reduce our impact and are right now in the process of setting strategic targets focused on lowering our climate impact in scope 3 based on the knowledge from the climate screening tool.

In 2022 we focus mainly on Scope 3 where we have the biggest impact.

ANTI-CORRUPTION

PRINCIPLE 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

ferm LIVING do not tolerate any form of corruption.

Any business proposals that allude to corruption of any form are rejected and the company is fully committed to following the law with integrity. Working with suppliers on a global scale, there are always local risks, however, we have no tolerance within the company and all suppliers sign and must commit to our Code of Conduct. With new ownership structure in 2021, the company's governance procedures have been updated utilising a 4-eye principle for all company expenses and costs.

Whistle-blower procedures have been established, which includes a process for the anonymous reporting of incidents. The company is not aware of any breach of corruption within the company or among suppliers during 2021.



UN SUSTAINABLE DEVELOPMENT GOALS

The SDGs are a blueprint to achieve a better and more sustainable future for all. They address the global challenges we face including poverty, inequality, climate change, environmental degradation, peace and justice. Investing in sustainable and responsible practices is morally right as well as good business.

We support the UN's SDGs and use them to guide the integration of sustainable policies into our business strategy and cultural mindset. Along with our partners and suppliers, we are committed to working particularly with SDGs 8, 12 and 17, which is where our business can make the biggest difference to people and the environment.

GOAL 8

DECENT WORK AND ECONOMIC GROWTH

To promote inclusive and sustainable economic growth, employment, and decent work for all. Decent work means opportunities for everyone to get work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration.

At firm LIVING, we contribute to positive change by providing decent jobs and working conditions. Through our Code of Conduct and certifications such as BSCI, we are a proactive partner in ensuring that the rights of workers in our supply chain are upheld.

GOAL 12

RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable consumption and production are about doing more and better with less. It is also about decoupling economic growth from environmental degradation, increasing resource efficiency, and promoting sustainable lifestyles. Sustainable consumption and production refer to "the use of services and related products, which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials, as well as the emissions of waste and pollutants over the life cycle of the service or product, so as not to jeopardise the needs of future generations".

At firm LIVING, we design to create products that are meant to last both in terms of function and aesthetics. For us, this means high-quality designs that are produced with responsible materials and with an aesthetic appeal that can last the test of time.

In close collaboration with our suppliers, we work within a framework of practices, and continually develop and improve all phases of our supply chain. Through rigorous quality testing and numerous certifications, we ensure materials and final products are of a consistently high standard. We aim to manufacture just the right number of products, and never burn or destroy unsold items. We hold an annual, private stock sale where leftover or unsold items are donated to NGOs such as the Red Cross, which is our main charity that we donate to, and donate a fixed amount per company employee on an annual basis.

We challenge ourselves to make more sustainable choices in the design phase. We work to ensure that as many of our products as possible are made from responsible materials, as well as designing for disassembly, taking a cradle-to-grave approach on all new products in order to make it as easy as possible for our customers to recycle a product if and when they no longer wish to use it.

GOAL 17

PARTNERSHIPS FOR THE GOALS

This goal seeks to revitalize and enhance the global partnership for sustainable development through intensive and systematic engagement of governments, civil society, the private sector, the United Nations system, and other actors in the implementation of the other sixteen SDGs.

At firm LIVING, we have a holistic and humble approach to working with sustainability. We know that we are not perfect, and are by no means experts on every subject, hence it is crucial for us to partner with suppliers and experts who are skilled at working with responsible practices.



Made entirely from recycled post-consumer plastic, our PET yarn produces strong, soft textiles that are especially well-suited for outdoor use.

We work to
reduce our impact.





Environment

At firm LIVING, we consider the impact of our business and have started to measure the CO₂e footprint of our individual products. This work will help in establishing a baseline from which future reduction targets will be set.

OUR ENVIRONMENTAL POLICY IS CENTERED AROUND THREE 2030 KEY COMMITMENTS:

Create full transparency on all products
Obtain third-party certifications on all products where possible
Work towards CO₂e-neutrality

In collaboration with the Danish company Málbar, we are using their Climate Screening Tool to measure the CO₂e footprint of our individual products. We are currently in the process of onboarding six of our key suppliers in order to measure the climate impact of each product that they produce for us, taking every step of the manufacturing process into account – from the raw materials to the arrival of a final product at our ware-

house. Through this process, we will gain knowledge and data which will help us to set future strategic targets together with our manufacturing partners that are focused on lowering our climate impact in scope 3, where initiatives will have the biggest impact. In freight and transport we measure container space and CO₂e emissions through software calculators to keep both the environmental impact and cost of our transport to an absolute minimum.

Our Global Supply Chain

We work with artisans around the world, fusing our Scandinavian mindset with global skills and traditions.

BOSNIA/ HERZEGOVINA	BULGARIA	CHINA	CROATIA	DENMARK	INDIA	INDONESIA	ITALY	LATVIA
Furniture	Furniture	Ceramics Glass Mirror Lighting Metal Furniture Wooden acces. Kitchen appliance Scented candles Paper pulp	Furniture	Furniture Recycled plastic	Textile Rugs Marble acces. Bras Recycled aluminium and iron	Braided rattan furniture	Furniture	Furniture
LITHUANIA	POLAND	PORTUGAL	SWEDEN	TURKEY	VIETNAM	UPHOLSTERY TEXTILES Italy, Lithuania, United Kingdom, Norway, Turkey, Spain, China, Egypt (Leather), India (Leather), Pakistan (Leather)		
Metal Furniture Lighting Textile	Wooden acces. Furniture Candles Wallpaper	Ceramic/pottery Furniture	Wallpaper Furniture	Textile	Furniture			





Production

We work in close partnership with some of the most talented artisans and craftspeople in the industry. We produce our products in different regions of the world depending on the raw materials and the know-how required. Every firm LIVING product is made by skilled and dedicated craftsmen and women with whom we work closely in partnerships built on mutual respect.

Upholstered and wooden furniture, metal products, wallpaper and a portion of our textiles are produced in Europe, in countries that include the Baltics, Italy, Poland, Portugal, Sweden and Turkey, while we collaborate with suppliers in India and China on the production of textiles, glassware, ceramics and lighting. We are committed to sourcing and producing our products responsibly and work to protect workers' rights and ensure safe and healthy working environments. All of our suppliers have agreed to and signed our Code of Conduct, and our key supplies are contracted to, among other things, obtain a BSCI-audit in 2022.

Throughout our supply chain, we nurture long-lasting relationships based on mutual value-creation, respectful behaviour and transparent communication. We want to open our world for everyone to be inspired by, and by sharing supplier and production stories, we invite people behind the scenes and into the journey of our products and our work with responsibility.



Our Shell Pots are produced in Cháozhou in the eastern part of Guangdong Province, China. The factory manufactures different items from hardened clay – anything from tableware and mugs, to sculptural vases and lamp bases. Despite the fast-changing world, the 60 employees at this factory remain loyal to the true spirit of craftsmanship at every stage of production.



Materials

Today, 28% of our products have a RESPONSIBLE tag. This means that the product either has one of the following certifications: GOTS, Organic Blended or FSC™, or is produced in responsible, recycled materials, such as recycled glass, recycled aluminium, recycled paper pulp or PET-yarn made from post-consumer plastic bottles.

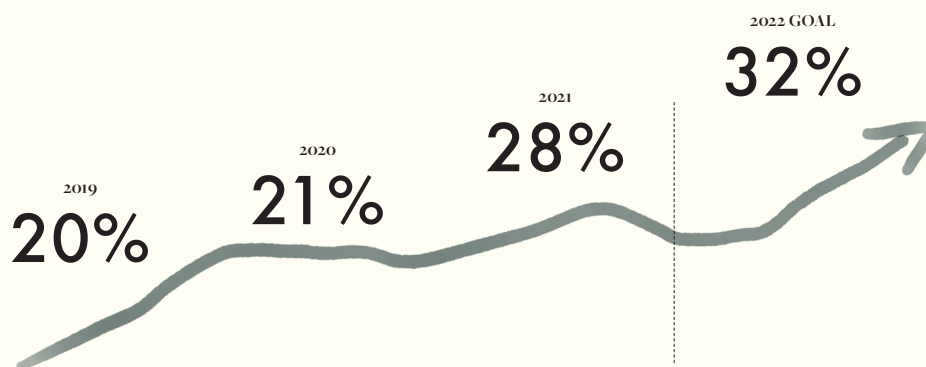
We challenge ourselves to make more sustainable choices already in the design phase. We work to ensure that as many of our products as possible are made from responsible materials, and several of our designs are made from a single material, making it easier to recycle if and when our customers wish to do so. In 2020, 21% of our products had a RESPONSIBLE tag. Our target for next year is to increase the percentage of RESPONSIBLE products in our collection from 28% to 32%.

Although our ambition is for this percentage to grow, we know that it may vary from year to year, as our design collection is dependent on various factors, and there may be years in which

we will have to remove a RESPONSIBLE product from the collection, for example, if that product no longer is in demand.

RESPONSIBLE PRODUCTS

Today we use RESPONSIBLE as a tag on our products to signify that a product is either FSC™, GOTS- or OCS/Organic Blended-certified or produced in a recycled material, such as recycled glass, recycled aluminum, recycled paper pulp or PET-yarn made from post-consumer plastic bottles. In the future, our definition of RESPONSIBLE will expand due to committed work to our Responsible Criteria being implemented even more in the early design phase.



In 2020, 21% of our products had a RESPONSIBLE tag. In 2021, we have increased that number to 28%, and our target for next year is to increase the percentage of RESPONSIBLE products in our collection to 32%.



Quality

We want to make it easy for our customers to buy responsible products and keep them in use for longer. Designing for longevity is the foundation for minimising our resource consumption and CO₂e emissions. Our designs are made to last, and it is our ambition that they live for many years – timeless, enduring and passed on. For this to happen, our products need to be of high quality, and they must arrive at their destination in good condition.

We employ strict Responsibility Criteria for new products and have a comprehensive quality control system in order to ensure that each product lives up to our quality standards. In addition to this, our suppliers consistently perform on-site quality control

inspections, while we routinely visit manufacturing locations to conduct our own quality control checks. In 2021 our claim rate was 1.1% and we are working hard to reduce it further. We're working hard to reduce this even more.



Inspection of a Ripple Champagne Saucer at our glass manufacturer in the Southwest of Beijing, Shanxi Province. As every single Ripple glass is mouth-blown, each piece is unique and none are 100% identical, as the glassblower influences the final result through the amount of glass and air pressure he or she uses during the blowing.

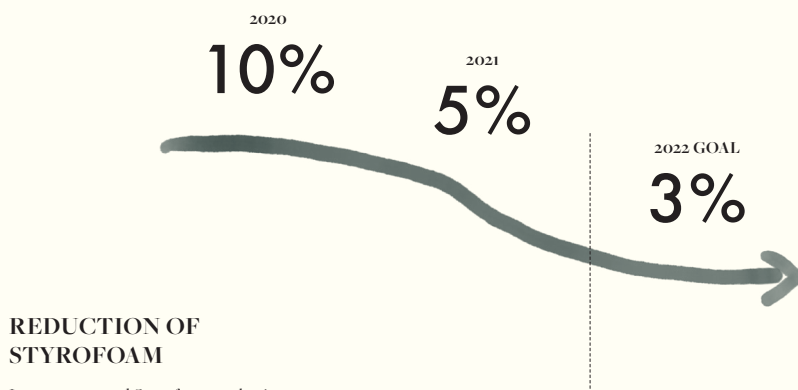


Packaging

From gift boxes and protective material to hang-tags and tote bags, packaging is an area where we can make a big difference

We want all of our gift boxes and hang tags to be made from FSC™-certified cardboard and paper and to be printed with black, soy-based ink. We are almost there and are working hard to reach our 100% target. Our tote bags are made from sustainably produced textiles and are in a design that inspires repeated use. The majority of the protective material used to shield our products during shipping is made from natural-based materials such as cardboard, paper pulp and craft paper. For smaller items and textiles, we use recyclable plastic bags. However, to ensure all our products arrive to their destination in good condition, some of

our products are protected with Styrofoam during transport. In 2020, this applied to approximately 10% of our products. During 2021, we have managed to reduce this to only 5%. We are pleased with our progress and continue to work closely with our manufacturers in the search for sustainable alternatives to Styrofoam. Our target for next year is to reduce this number even further so that only 3% of our products require Styrofoam packaging – this will be quite challenging for us and require us to seek more innovative solutions, as we have already chosen alternatives where there have been good options.



In 2020, we used Styrofoam packaging in 10% of our products. During 2021, this was reduced to only 5%. Our target for 2022 is to reduce this number even further, so that only 3% of our products require Styrofoam packaging.





Certification and Testing

We work with certifications and testing to ensure working conditions in our supply chain are safe and fair, and that our products are responsibly produced and of high quality.

Where relevant, products are tested before they become part of our collection. This includes lighting, furniture, outdoor pieces, kitchen and children's products. In order to adhere to REACH regulations, accredited testing agencies, such as the Danish Technological Institute, conduct tests on our products through processes defined by law.

We currently work with the following certifications:

GOTS – The Global Organic Textile Standard. Recognised as the world's leading processing standard for textiles made from organic fibres. It defines high-level environmental and social criteria along the entire organic textiles supply chain.

OCS – The Organic Content Standard. Verifies the presence and amount of organic material in a final product, tracking the flow of a raw material from its source to the final product.

FSC™ – The Forest Stewardship Council. An international, non-profit labelling scheme for wood and paper. In FSC™ forestry, no more wood is felled than the forest can naturally reproduce. At the same time, FSC™ is a guarantee that people who work within the entire supply chain are treated legally and ethically, and that animals and plant life are protected.

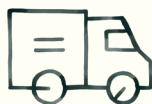
NORDIC SWAN ECOLABEL – A Nordic Swan Ecolabel candle is a candle meeting specific criteria for environmental performance as well as health aspects, quality and safety.

BSCI – Business Social Compliance Initiative. An industry driven initiative by AMFORI, which aims to monitor and assess workplace standards across global supply chains. An AMFORI BSCI audit helps us to ensure that all of our key suppliers treat their workers legally and ethically.

UN Global Compact – We are members of the UN Global Compact and our **Code of Conduct** is based on their Ten Guiding Principles. It defines the ethical principles of our business and has been signed by all our partners and suppliers. The purpose of the principles set out in our Code of Conduct is to protect workers' health, ensure their safety during production and ensure an ethical and fair partnership for everybody. Our Code of Conduct is available on fermliving.com

RESPONSIBLE – Today we use RESPONSIBLE as a tag on our products to signify that a product is either FSC™, GOTS- or OCS/Organic Blended-certified or produced in a recycled material, such as recycled glass, recycled aluminum, recycled paper pulp or PET-yarn made from post-consumer plastic bottles. In the future, our definition of RESPONSIBLE will expand due to committed work to our Responsible Criteria being implemented even more in the early design phase.





Freight and Transport

All of our shipping is carried out by external forwarders. Our European freight is transported by truck, while products from Asia arrive by sea. As a rule, we avoid air transport but on certain occasions choose to make high-priority shipments by air. The general split for the different modes of freight transport is:

TRANSPORTED BY SEA

53.8%

TRANSPORTED BY ROAD

46%

TRANSPORTED BY AIR

0.2%*

In 2020, our air transport doubled to 4%, due to delays caused by the COVID-19 pandemic; however, in 2021 this was reduced significantly to 0.2%. In turn, our transport by road increased from 30% in 2020 to 46 % in 2021, as a result of increased production in Europe vs. Far East. Our 2022 goal is to level our air transport at 1%.

We are continuously working to optimise our logistic procedures to make them as efficient and space-saving as possible. We measure container space and CO₂e emissions through software calculators to keep both the environmental impact and cost of our transport to an absolute minimum.

* Lower than expected due to COVID

Going Forward

We are led by our ambition and our 2030 Commitments. We believe in change and that engagement throughout our business is the key to reaching our goals.


We continuously work on initiatives and actions that contribute to moving us forward within our four strategic focus areas: Business in Balance, Empowering Relations, Responsible Living and Inspiring Change. All actions point towards our 2030 goals and help to ensure that we are constantly moving forward, step-by-step, in an ongoing process that has no finish line.

There will be dilemmas and bumps along the way, and we are committed to sharing our progress and will therefore continue

to increase transparency. The work that we are doing to invest in responsibility is not unique to firm LIVING, but is a part of a global, shared agenda. Undertaking this work is a collective task, and we believe that we must be partners and collaborators in this. By contributing to the important and ongoing dialogue on sustainability, and by helping each other leverage insights to learn and grow, we work towards a better tomorrow.

We value your feedback. If you have any questions, comments or ideas relating to this report, please feel free to contact our Sustainability Manager:

Sustainability Manager
Kristine Juul Pedersen
E-mail Kristine@fermliving.com



We work for
a better tomorrow,
so you can feel good about
your choices today.

