

RESPONSIBILITY

A SUSTAINABLE NOBIA

Nobia has a fundamental responsibility to maintain and develop a sustainable business at all levels. Sustainability initiatives are based on the Group's economic, environmental and social impact. Nobia's overall responsibility is based on profitability, reduced climate impact and general corporate responsibility.

Nobia's most important stakeholders are customers, employees, suppliers, partners and shareholders. A fundamental strength of the operation from a sustainability perspective is that the products mainly consist of wood, which is a renewable resource. Nobia endeavours to ensure that the products it sells and distributes meet the needs of customers as well as complying with all applicable environmental aspects.

Nobia's overall environmental impact is relatively minor, in terms of both products and manufacturing processes. Nevertheless, the company strives to reduce its environmental impact by restricting the use of hazardous chemicals, conserving resources, introducing more efficient heating systems and optimising transportation.

The company's product development, manufacturing and distribution are mainly conducted in Europe. Most of Nobia's activities are therefore conducted in countries where people have generally made progress in the areas of business ethics, human rights and labour conditions. Nobia's employees and partners are expected to observe the principles described in the company's Code of Conduct in their daily activities.

Key events during 2013

- The Stemwede plant was divested during the year and data from this unit is not included in the reporting for 2013, which affects comparability for Nobia's sustainability-related indicators for 2012 and 2013. Exclusion of the Stemwede unit had a negative impact on key figures

per cabinet, since this plant produced relatively large volumes.

- Adjusted for divestment of the Stemwede operation, the Group's CO₂ emissions per produced cabinet declined 3 per cent.
- The number of completed supplier audits rose sharply during the year and amounted to 61.
- The production unit in Farsø was awarded ISO 14001 certification
- A new employee survey was conducted.
- A new leadership academy was launched.
- Over 100 managers underwent training in the company's new Code of Conduct.

Governing documents

In February 2013, the Nobia Board adopted a Code of Conduct for all employees in the Group. Nobia's partners, which includes suppliers, franchisees, retailers and consultants, are also covered by the Code of Conduct and expected to follow its principles. Areas regulated by the Code include business principles, human rights, labour conditions and environmental considerations.

In addition to the Code of Conduct, there is also an operational purchasing procedure that includes a supplier assessment. Supplier-assessment responsibility is organised by the Group's central sourcing team and followed up with each supplier.

Nobia also has other policies for specific areas of sustainability, such as a forest policy for wood suppliers.

SOCIAL RESPONSIBILITY

Nobia's success is largely dependent on employee performance and the ability to face change. The company's responsibility encompasses the workplace environment and learning, and generally responsible business conduct.

Nobia has 6,544 employees in 13 countries. In 2013, the number of employees declined by 390, largely due to cost-saving measures and the divestment of Optifit, which had 225 employees at the beginning of the year.

Joint processes

The process to develop a unified Nobia continued during the year and included employee performance evaluations in which individual goals and development plans were produced. The process commenced with salaried employees, but was introduced for employees in production and logistics in 2013.

Business development

Nobia's new employee survey, MyVoice, was launched in 2013. The survey commenced in the Nordic countries and in central Group functions, and will continue throughout the entire Group during 2014. The results will form a basis for continuous improvements in the working climate, responsible business conduct, leadership, teamwork, customer value, efficiency, motivation and performance management.

Skills development

Many of the Group's units offers internal skills development so that employees can learn about products, sales, design and drawing systems. This is managed by the company's internal training centres, including the Magnet Training Academy in the UK, the Hygena Training Academy in France and the HTH Training Academy in Denmark. A number of online Group-wide initiatives also continued in 2013, such as an online-based language training, offered to all personnel.



Talent management

Wherever possible, Nobia tries to apply internal recruitment and internal promotion. The identification and development of internal talent is key to the Group's continued success. The Group has a centrally controlled talent-management process, where some 400 individuals have been assessed with the objective of identifying leadership potential, development requirements and future succession solutions.

Leadership development

A Group-wide programme, the Nobia Leadership Acceleration Programme, was conducted. One feature of this training programme was that Group management selected a number of real-world business challenges faced by Nobia. These challenges formed the basis for the project work carried out within the programme.

A new leadership academy was also launched in 2013, in which managers were able to develop their expertise in areas such as project management and change management. During the year, more than 80 employees participated in the academy's programmes.

Safe workplace

Nobia works according to a vision of zero accidents in the workplace and work-related injuries. Preventive measures are taken to minimise the risk of accidents, injuries and sickness absence. Workplaces are inspected on a regular basis to ensure a safe work environment and that the necessary equipment is in place. The number of workplace-related accidents during the year was 80 (125).

Introduction of the Code of Conduct

During the year, a new Code of Conduct was implemented through various activities including workshops and exercises. The Code of Conduct is available on the Group-wide intranet, translated into seven languages, and on Nobia's website. To ensure compliance, an anonymous communication channel has been established for employees who want to report suspected breaches of the company's Code of Conduct.

Supplier chain

Suppliers are inspected and assessed in accordance with the Group's guidelines for environmental, health and safety conditions, and social and ethical issues. All suppliers must comply with laws and requirements, the UN Declaration of Human Rights and Nobia's Code of Conduct.

A supplier assessment template with an internal rating system is used to grade the supplier. A low rating leads to corrective measures or not entering into a business relationship. The assessment process aims to develop Nobia's suppliers and answer questions about quality and environmental management systems, products, social and ethical issues, and health and safety conditions.

Audits of new suppliers and those considered high-risk are prioritised in this process. In 2012 and 2013, supplier audits focused on Asia and in 2013, a total of 61 suppliers (15) in several product categories and countries were audited. In total, Nobia has more than 850 suppliers, of which most are based in Europe and about 5 per cent (6) are in Asia.

ENVIRONMENTAL RESPONSIBILITY

Nobia's environmental impact primarily arises from manufacturing, surface treatment, installation and kitchen transportation. Focus areas for environmental activities, to which selected indicators are linked, have been defined at Group-level, although the activities are integrated with the operations of each business unit.

Environmental certification and guidelines

The Nobia Group's products are manufactured at 12 plants and one warehouse unit in eight countries, and all facilities meet the environmental requirements that apply in each country. Nobia's activities that are subject to a permit in Sweden are described in more detail in the Financial overview on page 32.

Nine of the production facilities are certified in accordance with ISO 14001 environmental management system, which entails an annual review of environmental impact, the establishment of new targets and development of specific action plans. Of the facilities not certified according to the ISO standard, two are in Austria and one is in Norway.

Environmental activities and focus areas

Environmental activities at Nobia are delegated and integrated into the operations of each business and production unit. Targets, direction and priorities are determined at Group level. The units then translate these into their own environmental targets and activities based on the Group-wide directives.

A number of areas were identified at Group level as priority focus areas for environmental activities:

- CO₂ emissions – transportation, heating and electricity for manufacturing.
- Energy consumption – both electricity and heat consumption.
- Choice of materials – wood and chemicals.
- Surface treatment – use of water-based paints and emissions from solvents.
- Waste – recycling and reduction.
- Packaging – volumes and types of materials.

Greenhouse-gas emissions

Greenhouse-gas emissions are mainly caused by heating and cooling buildings, electricity use in manufacturing and by transportation. To reduce both costs and our environmental impact, modern systems for cooling, heat recovery and ventilation are continuously introduced.

Nobia mainly transports raw materials and kitchen products by truck. Travel by employees also emits greenhouse gases. About 5 per cent (5) of Nobia's total expenses are attributable to transportation, making this a key focus for resource optimisation and for efforts to reduce the Group's environmental impact.

Surveys and analyses of transport flows are implemented in close collaboration with logistics companies but also with the assistance of external experts, to identify economic and environmental benefits. A key feature of our efforts to reduce greenhouse-gas emissions is load optimisation, where as many rigid or flat-pack products in the least possible space are transported without being damaged. Another focus area is high-quality and reliable deliveries, since error-free deliveries are positive both for environmental reasons and for Nobia's customers. Compared with previous years, average delivery reliability was the highest ever in 2013.

Adjusted for divestment of the Stemmwedde operation, Nobia's CO₂ emissions per produced cabinets declined 3 per cent in 2013. In 2014, new targets have been adopted for transport costs, fill rates and lower CO₂ emissions from heating and manufacturing.

Energy consumption

Electricity and electricity consumption is another prioritised area in Nobia's environmental initiatives. Electricity and energy are used mainly to operate production equipment, ventilation, fans, lighting, and to heat and cool buildings. Costs for electricity and energy account for less than 1 per cent (1) of Nobia's total expenses. Efforts to reduce electricity and energy consumption include training and involving employees in conserving resources. Other measures include replacing old equipment with energy-efficient alternatives and equipping fans with frequency converters and heat recovery units.

Materials

Wood and wood products in the form of chipboard and MDF are main components in Nobia's products. During the year, the

amount of wood, chipboard and MDF amounted to some 182 thousands of tonnes (196). Nobia endeavours to increase the proportion of wood materials certified by the Forest Stewardship Council (FSC), which amounted to 37 per cent (31) in 2013.

Nobia's suppliers of wood and wood products are mainly based in Europe, but also in Asia. All wood suppliers are informed about the Group's sustainable forest management policy and must sign a timber declaration containing requirements relating to:

- Compliance with forest legislation.
- Known origin and details of source.
- Not illegally harvested timber; not wood from intact natural forests or high conservation value forest, not forest materials from protected areas, not timber from plantations in tropical and sub-tropical regions and not wood from tropical trees except those certified by the Forest Stewardship Council (FSC).

Emissions of solvents to air

The reduction of solvents is a key issue in Nobia's environmental work. Solvents are mainly used in surface treatment, and when cleaning painting facilities. Initiatives to reduce the use of solvents include replacing them with water-based and UV-tempered surface coatings and reducing the number of changeovers in production equipment, which reduces the amount of cleaning required and raises productivity. In 2013, the percentage of water-based and UV-tempered surface coatings totalled about 58 per cent (48).

Waste

Timber pallets, corrugated board, shrink-wrap and plastic tape are the main components of the packaging materials used by Nobia. About 82 per cent (90) of this packaging materials is recyclable. A certain amount of waste is produced from the manufacture of products, primarily in the form of timber pallets, and plastic packaging and corrugated board from materials received. This waste is sent for recycling or combustion. Other types of waste include paint, oil and residue from cleaning, which are sorted for combustion or for landfill. During the year, wood waste amounted to about 20 thousands of tonnes (20). The amount of waste excluding wood waste was about 7 thousands of tonnes (7), of which some 49 per cent (43) went to external recycling, about 44 per cent (45) to landfill or incineration and about 8 per cent (12) comprised hazardous waste.

ENVIRONMENTAL DATA

Greenhouse-gas emissions, thousands of tonnes CO₂

	Source	2011 ¹⁾	2012	2013 ²⁾
Nordic Region	Transportation	10.1	9.2	9.9
	Heating and manufacturing	31.8	32.6	32.9
Continental Europe Region	Transportation	4.8	7.5	3.4
	Heating and manufacturing	9.1	6.4	5.2
UK Region	Transportation	7.1	9.2	9.9
	Heating and manufacturing	7.9	7.2	8.1

Energy consumption, GWh

	Source	2011 ¹⁾	2012	2013 ²⁾
Nordic Region	Electricity	42.6	42.2	41.3
	Energy	41.8	46.5	45.7
Continental Europe Region	Electricity	11.7	21.3	17.4
	Energy	16.3	19.5	16.3
UK Region	Electricity	15.3	14.7	15.5
	Energy	34.3	22.7	11.5

Materials, thousands of tonnes

	Type	2011 ¹⁾	2012	2013 ²⁾
Wood and wood products	Wood, chipboard, MDF	218.6	196.3	182.3
FSC-certified wood and wood products	Wood, chipboard, MDF	71.8	60.4	67.5

Emissions of solvents to air, tonnes

	Type	2011 ¹⁾	2012	2013 ²⁾
Nordic Region	Volatile organic compounds	168.4	164.5	144.3
Continental Europe Region	Volatile organic compounds	42.3	39.9	33.2
UK Region	Volatile organic compounds	0.0	0.0	0.0

1) In 2011, the warehouse in Arras, France, is not included.
 2) In 2013, the production unit in Stemwede, Germany, is not included.

Eco-labelled products

Several of Nobia's Nordic brands and products carry the Nordic Ecolabel. Products under the Marbodol, Norema and Sigdal brands are inspected and certified according to the Nordic Ecolabel scheme and contain a minimum amount of hazardous chemicals. The assessment is based on a lifecycle analysis, in which the environmental impact of each product group is evaluated according to certain criteria, including energy consumption, water consumption, chemicals and waste.



- Door models certified by the Nordic Ecolabel scheme
- Door materials of MDF with low emission levels
- Frame materials of chipboard with extra low emission levels
- Water and UV-based surface coatings that reduce the use of, and emissions from, solvents
- Adhesives with a minimum amount of hazardous chemicals

The range also includes:

- Energy-efficient appliances
- Child-proof solutions
- Solutions for efficient source-separation and storage
- Solutions in the sink cabinet that facilitate cleaning and prevent damage from leaks

**EKONOMIC
RESPONSIBILITY**

Nobia generates economic value for its stakeholders. The company's employees share this value through their salaries and other benefits, suppliers are paid for the purchases they make, customers receive high-quality kitchen products, countries and municipalities receive tax revenue, and shareholders receive dividends and returns on their shares.

Some of the generated value also remains within the company and is used for investment and the development of new products. In 2013, Nobia's total value added, or net sales less costs for materials and services, amounted to SEK 3,713 million (3,568).

Employees

At the end of 2013, Nobia had 6,544 employees (6,934) in 13 countries, mainly in Europe. Employment terms comply with national laws, regulations and collective agreements and are in line with Nobia's remuneration policy. In 2013, payroll expenses amounted to SEK 2,240 million (2,351), while social security contributions and pension costs amounted to SEK 582 million (604).

Suppliers

The cost of goods and materials is Nobia's single largest type of cost, and includes the purchase of raw materials such as wooden chipboard, and processed products such as appliances and cabinet interiors. In recent years, the purchasing function has been centralised and organised according to category responsibility. In 2013, the share of purchasing from low-cost countries was 14 per cent (13).

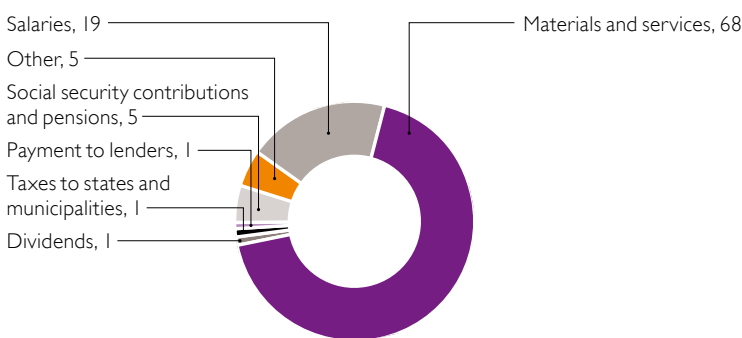
Society

Nobia contributes to economic development in the local communities in which the company operates by paying salaries to employees, social security contributions and payments to pension funds, and in the countries in which the company operates by paying taxes. In 2013, Nobia paid income tax in various countries totalling SEK 159 million (155).

Shareholders

Capital from shareholders finances the capital base, which is used to create value. In return, shareholders are entitled to returns and dividends. In 2013, dividends totalling some SEK 84 million were paid for the 2012 fiscal year.

Specification of the Group's costs, %



In 2013, Nobia's total value added amounted to SEK 3,713 million (3,568). The Group's costs were distributed between the company's stakeholders as shown in the diagram above.

SUMMARY

GRI indicators	Economic Performance Indicators, SEK m	2011 ¹⁾	2012	2013 ²⁾
EC1	Net sales	13,114	12,343	11,773
EC1	Operating expenses (materials and service)	9,391	8,775	8,060
EC1	Payroll expenses incl. social security contributions and pensions	3,103	2,955	2,822
EC1	Taxes to states and municipalities	82	155	159
EC1	Payment to lenders	56	54	53
EC1	Dividends to shareholders	–	–	84
EC1	Retained in operations	482	404	595

Environmental Performance Indicators

EN1	Use of materials: Wood, thousands of tonnes	219	196	182
EN1	Use of materials: Packaging materials, kg/cabinet	1.4	1.4	1.2
EN2	Recyclable packaging materials, %	89	90	82
EN3	Energy consumption: Electricity consumption, kWh/cabinet	9.0	10.1	10.7
EN3	Energy consumption: Heating, kWh/cabinet	11.9	11.5	10.6
EN16	Greenhouse-gas emissions from transportation, kg/cabinet	2.8	3.4	3.3
EN16	Greenhouse-gas emissions heating and manufacturing, kg/cabinet	6.3	6.0	6.6
EN20	VOC emissions, kg/100 lacquered details	6.2	5.1	3.8
EN22	Waste (excluding wood waste), kg/cabinet	0.9	0.9	1.1
EN22	Wood waste, thousands of tonnes	21	20	20

Social Performance Indicators

LA1	Employees, average number	7,475	7,355	6,690
LA1	Proportion of women, %	32	31	31
LA7	Work-related accidents in production facilities, number	137	125	80
HR2	Audited suppliers and subcontractors, number	5	15	61

1) The Environmental Performance Indicators for 2011 were impacted by exclusion of the warehouse in Arras, France.

2) The production unit in Stemwede, Germany, is not included for 2013.

The Sustainability Report applies the Global Reporting Initiative's G3 Guidelines and is a Level C self-declaration. The report has not been subject to review or audit by an external party. Environmental data, measurements and key figures are reported by calendar year and collected from all of the Nobia Group's production units at least once per year. Environmental data from the supplier chain is not reported. Nobia's sustainability function is organised under the finance department and sustainability-related results are reported to senior management on two occasions per year. For the GRI index, see www.nobia.se under Sustainable Business.

