

2022-2023

SUSTAINABILITY REPORT



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SUSTAINABILITY TO BE ANCHORED IN THE ORGANIZATION

I am pleased to present our Sustainability Report for the financial year 2022-2023, which is our second report to date detailing our journey to deliver excellence in everything we do, including sustainability reporting and related initiatives.

This report outlines the sustainability progress, performance and objectives of European House of Beds. European House of Beds strives to be fully compliant with the Corporate Sustainability Reporting Directive (CSRD), and thereby, the European Sustainability Reporting Standards (ESRS). We are member of the UN Global Compact and have submitted our first Communication on Progress (COP) detailing information about our activities and developments according to the Ten Principles of the UN Global Compact, the 17 UN Sustainable Development Goals (SDGs) as well as the General UN Goals & Principles.

European House of Beds believes in a transparent journey towards achieving our sustainability targets. This is a requirement demanded by all our stakeholders. One of the most important goals for us in the coming year, is to ensure that the work and ambitions laid in our environmental, social and governance responsibility are rooted in the company's strategy, business development and daily operations & management.

At European House of Beds, we are happy to undertake this responsibility and make certain that our organization and our business partners move in a greener and more sustainable direction. That is why we are deeply committed to developing ourselves and our company to operate and produce in the most climate-friendly way.

For our financial year 2023-2024, we will continue to include sustainability as an integral part of the management framework in European House of Beds.

In order to strengthen our commitments within the area, our company will focus the upcoming year on following initiatives:

- Ensure anchoring in the organization, so that ownership of the goals is clear, and allows all employees to participate in and support our sustainability journey.
- We will reduce the energy consumption for production and heating by 30% before March 31st, 2025 (baseline financial year 2022-2023). This metric is to be measured in energy units such as kWh or m3 gas.
- Our company car fleet is one of the top sources for carbon emissions. We wish to take measures to replace the company cars to achieve an overall improvement of emissions.

- Set a stronger focus on materials and develop a strategy for certification and design in collaboration with our suppliers that ensures greater circularity in our value chain and business model.
- Analyze future opportunities to have materials and components certified on CO2 emission factors to enable product declaration on CO2 level and other impact factors.
- Held an annually employee satisfaction survey and retention program to reflect our dedication to improve the health and overall well-being of our employees.
- In the upcoming year, we will establish a Head of Sustainability & ESG position and formalize a Sustainability & ESG department in the company.

During the previous year, European House of Beds has gone through a period of negative economic results, that has called for a restructuring and recovery plan to put the company back on its feet and return to its normal business life.

Unfortunately, the uncertainty during the recovery of the company has caused a negative impact on our employees. Despite this, everybody in the company has kept focus on supporting our green transition and move the company in a more sustainable direction.

I wish to thank all employees at European House of Beds for their hard work.

This is the European House of Beds we are remaining for today and the future,

Sincerely,
Alfred Blank, CEO



"We have always been proud of the quality and design embedded in our wonderful beds. Now, we are even prouder to take on the responsibility to develop our business in a more sustainable direction. Not only ensure that our company develops products that are climate-friendly and leave no harmful marks for generations to come, but also create an organizational culture where sustainability is anchored in our daily work "

Alfred Blank, CEO

EUROPEAN HOUSE OF BEDS AT-A-GLANCE

European House of Beds A/S was established in 2008. We produce and sell complete bed collections – both own brands and a wide range of private label bed concepts. We operate in the business areas B2B and the professional contract market.

Annually, the company produces +210,000 bed units which are sold via more than 400 bed specialists, furniture chains and independent dealers in Scandinavia and Northern Europe. Our production site and offices are located in Horsens, accompanied by our sales office in Sweden. In total, the company employed 94 full time employees on average during the financial year 2022-2023.

We source the majority of our raw materials and components from Europe. A large proportion of our semi-finished is produced and delivered to us by our supplier in Bulgaria. Combined, all semi-finished products and remaining components are received at our factory in Horsens, where we produce our beds. Our production in Horsens includes the assembly of the bed, packaging and shipping of the finished product to our customers warehouses and/or stores.

Considering our business model and complete value chain from an impact point of view, our business impacts following areas: sourcing and transport of raw materials, design and use of materials, production, transport to customers and end of life disposal.



EUROPEAN HOUSE OF BEDS IN NUMBERS



94

Employees

210,000

Beds and mattresses produced

27

Suppliers

OUR SUSTAINABLE VISION

We find ourselves in the early phase of our sustainability journey and while we are at the midst of setting the appropriate organizational structure to deliver sustainable change, we have already defined our three strategic pillars that are to guide our future work within sustainability. Our three strategic pillars represent the primary areas within which our main sustainability efforts will occur:

ANCHORING SUSTAINABILITY IN THE ORGANIZATION

Sustainability is to be anchored in our organization, our work and our people. We care deeply for our stakeholders and the stakeholder community we interact with on a daily basis. From our suppliers to customers, as well as from our employees to owners. That is why our initiatives are to be carried out internally, with the participation of our employees, but also in collaboration with external partners.

REDUCING CARBON FOOTPRINT ON PRODUCT LEVEL

Our strongest focus will be on product design and development. First and foremost, on the upstream activities of our value chain. We already work close with our suppliers to produce as climate-friendly as possible. As we are aware that 98% of our emissions stem from production processes occurring cradle-to-gate, we have chosen to focus here, as progress made herein will yield greater reduction in emissions.

REDUCING RESOURCE CONSUMPTION INTERNALLY

Calculating Greenhouse Gas Emissions (GHGs) is a must for us to deliver change. For this report, retrieved data has allowed us to set targets for the coming years. On this note, we wish to keep improving our production and find alternative ways to achieve a higher degree of resource efficiency in our factory.

"From the beginning of the development of our new products, we are focused on assessing and measuring the climate impact of each individual bed. We can use data both to inform our customers and to set ambitious targets on how we can reduce our climate impact. "

Kim Rasmussen, Product & Business Development



SUPPORTING SUSTAINABLE DEVELOPMENT

At European House of Beds, we support all 17 UN Sustainable Development Goals and aspire for that value created in our offices paves ways for development that is socially, economic and environmentally sustainable. In particular, our organization has chosen to prioritize four specific SDGs and efforts are focused on targets 7.2, 8.8, 12 and 17.16. Following describes how European House of Beds aims to deliver strong results and create positive development supporting each of them:



7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.

We have set an ambitious goal of reducing energy consumption by 30% to reach by the end of the financial year 2024-2025. To reach this, we are in continuous dialogue with the owner of our premises to install solar energy panels on the roof. Adding to this, we wish to switch our heat source to heat pumps.



8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

During the last 5 years, we have shown our commitment to this goal by offering a chance for all to secure and hold a position within European House of Beds. Our strong dedication has been awarded for three consecutive years (2021, 2022 and 2023) with the "CSRpeople" award given to us by Horsens Alliancen and Jobtaskforcen in the municipality of Horsens. Adding to this, employee turnover and employee satisfaction is crucial for us to act upon as we wish to remain an attractive workplace for our employees.



12: Ensure sustainable consumption and production patterns.

We are committed to reduce our dependence on fossil fuels. As mentioned earlier, two of our three key pillars for our sustainability vision have a direct effect on our target. By considering our use in raw materials and components as well as in the energy consumed to run our offices and production site, we will be able to secure a more climate-friendly production and provide our customers with units that allow for sustainable consumption.



17.16: Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

Most of the efforts we wish to work within sustainability cannot be realized by our sole organization. For European House of Beds to keep delivering excellence we are highly dependable on our collaboration with our community. Therefore, we are committed to partnering up with our suppliers and other stakeholders to lead the development towards better solutions within materials, design and knowhow.

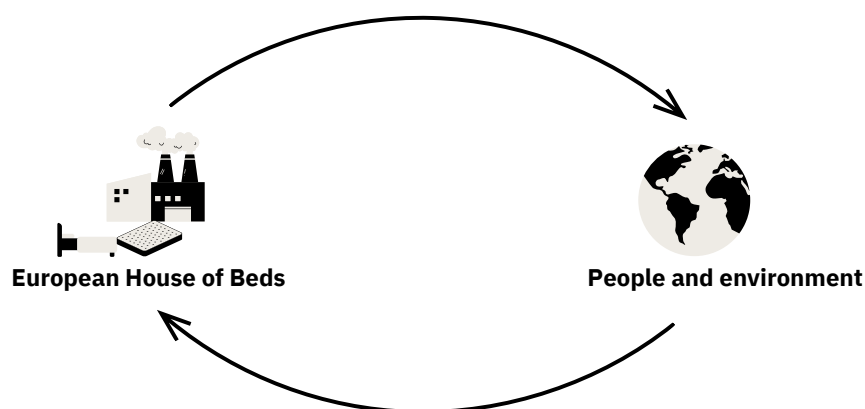
SUSTAINABILITY DUE DILIGENCE

Addressing the adequate matters that can have a financial impact on our business is of great importance to European House of Beds. The identification of the sustainability issues found in our business model and across our value chain allows us to prioritize our sustainability efforts and enhance financial performance so European House of Beds stays ahead of competition. Together, the Board of Directors conducted a double materiality analysis workshop. Reached conclusions and sustainabilities pinpointed is to guide us in the prioritizing of our sustainability efforts. Important to say, these topics also form the foundation of our sustainability strategy and our chosen key pillars.

Our materiality assessment process helps us identify sustainability issues across our value chain which have an impact on people and the environment. The conclusions are used to prioritize our subsequent sustainability efforts and manage the issues we address in our sustainability reporting.

The materiality measures are based on our first report for the financial year of 2020-2021 within the new double materiality approach, input from management as well as recommendations from FSR and Nasdaq.

All former materiality measures are still relevant within the new double materiality framework and a few new issues have been added.



Materiality issues identified

Environmental

- Energy consumption (page 17)
- Product development (page 21)
- Materials sourcing and efficiency (page 21)
- Certifications (page 21)
- Life cycle assessment (page 23)
- Circular economy (page 23-24)
- Packaging (page 25)
- Transport and logistics (page 26)

Social

- CSR (page 28)
- Retention rate for employees (page 28-29)
- Health and safety (page 30)
- Retention rate of customers (page 31)

Governance

- Gender diversity on the board and in management (page 33)
- Anchoring in management (page 34)
- Build strong partnerships (page 34)

ESG PERFORMANCE

Our direct impact on the climate comes from the energy consumption at the factory in Horsens and our fleet of company cars. As mentioned earlier in the report, more than 98% of our emissions comes from the extraction and processing of raw materials and transport (scope 3). To calculate our total GHGs emissions, we have made use of the tool called Klimakompasset. The tool has provided us with a detailed overview of our emissions within scope 1, 2 and 3. However, the cost of using it is that we are not able to compare data from the previous report to the data presented for this financial year.

The numbers in the table below cover the period during the financial year 2022-2023

Key Indicator	2019/2020	2020/2021	2022/2023	Comments 22/23
<u>E1</u> Scope 1 emissions (ton CO2e)	275.0	230.8	181	We have faced lower activity in the period
<u>E2</u> Scope 2 location based emissions (ton CO2e)	72.3	85.9	84	Location based calculations take into account that a given percentage of power in the grid in Denmark is renewable energy
<u>E3</u> Scope 2 market-based emissions (ton CO2e)	218.4	15.4	0	Since 2021, European House of Beds has purchased 100% green electricity. Thus, the CO2 emission market-based is 0
<u>E4</u> Scope 3 emissions (ton CO2e)	9.7	2.5	7340	For the first time, this years report contains data from a large proportion of materials bought for production: wood, aluminum, cardboard, metal and plastic

<u>E5</u>	Total emission (ton CO2e)	357.1	319.2	7605	Increase in reported emissions is due to scope 3 improvements in data. Next year we expect it to increase further due to inclusion of data on transport and other materials
<u>E6</u>	Recycling efficiency	72.0%	73.0%	81%	A very high percentage and achievement
<u>S1</u>	Attrition rate bluecollar (%)	16.7%	43.9%	117%	We always see large deviations from the mean in our number of employees due to seasonal activity. Moreover we have seen big reductions in activity over the period, driving layoffs up
<u>S2</u>	Attrition rate whitecollar (%)	13.1%	21.9%	44%	Total white-collar workforce has been reduced by one third. The reduction drives up the attrition rate
<u>S3</u>	Lost Time Injury Rate (LTIR)	2.4	2.6	5.6	
<u>S4</u>	Sick leave (%)	3.3%	2.6%	5.17%	
<u>S5</u>	Customer retention rate (%)	-	-	94.9%	Customer retention rate is a new reporting area. Therefore, we cannot deliver data for 2019-2020 and 2020-2021
<u>G1</u>	Gender diversity the board (%)	20.0%	20.0%	16.7%	Comments 22/23
<u>G2</u>	Gender diversity management (%)	12.5%	12.5%	0%	Comments 22/23

DISCLOSURE ON CLIMATE-RELATED RISKS & OPPORTUNITIES

In the table below we have listed a number of climate related issues, that European House of Beds will be facing in the nearest future. These are both risks and opportunities. The list includes issues that were relevant at the time of our Sustainability Report for the financial year 2022-2023. These have been updated with recent internal and external developments and strategic priorities and progress of European House of Beds. The risk and opportunities have been categorized, evaluated and processed in accordance with recommendation of the TCFD framework (Task Force on Climate related Financial Disclosures).

Transitional risks are for example, Policy and Legal Risks, Technology Risks, Market Risks and Reputation Risks. Physical risks describe changes in the climate – both in the short and long term and can thus be both acute and chronic. For both, we have described how we, as an organization, counter these via proactive and mitigating actions.

The time horizon in the table below indicates the expected period during which we will work with extra focus on the mentioned types of risks and opportunities. In this connection, we use the following definitions:

- **Short:** 0-1 years
- **Medium:** 2-3 years
- **Long:** 4-6 years

We also differentiate in the degree of materialization level for the individual risks. Specifically, whether it requires action now or is a development that must be monitored over time. We use the following definitions:

- **Low:** Not an immediate risk in the current situation, but must be monitored
- **Medium:** A clear trend or development that we keep a close eye on
- **High:** A current and ongoing development that requires our full attention

Type of risk	Sub category	Description of the risk	Level of materialization	Time horizon	Description of current mitigation activities
Physical	Acute and chronic	Climate related natural disasters can threaten our supply chain and delivery capability	Low	Long	There have been cases of flooding at a supplier in Bulgaria. Monitoring and preparedness has been intensified. This reports on supply chain and implementation of processes and checks towards suppliers will cover minimising climate related risks
Transitional	The market	Increased climate awareness among consumers can lead to a preference for locally produced goods. This can make it difficult to establish ourself in new markets	Medium	Medium	Expanding to new but near markets is still an important part of European House of Beds strategy. As we succeed with the strategy and establish greater transparency on CO2 from materials and transport, decisions on sourcing and local / central production will be made including data for sustainability
Transitional	Reputation	European House of Beds products must meet consumers increased demand for environmentally friendly production and products and meet tendencies like small and simple living	Medium	Medium	Not significant yet, but expected to be. European House of Beds will build knowledge to be ready and eventually frontrunner

Transitional	Technology	New manufacturers and suppliers with ground-breaking new technologies that minimizes the CO2 footprint in the entire value chain	Medium	Long	
Transitional	Reputation	Increased climate awareness among potential employees can make it difficult to attract new employees if European House of Beds does not focus more on sustainability	Medium	Medium	We are working on anchoring sustainability throughout the organization and strongly communicate, also in order to attract workforce

Type opportunity	Sub category	Description of the risk	Level of materialization	Time horizon	Description of current mitigation activities
Opportunity	Resource optimization	Reduce the consumption of raw materials and thus costs by minimizing waste from production. Furthermore, to recycle as much as possible	High	Short	Strong focus on materials and maintain high level of waste for recycling
Opportunity	Products and services	Consumers increased demand for environmentally friendly production and products	High	Medium	European House of Beds is determined to be frontrunner in building knowledge about how consumers will convert sustainability concerns to purchase of beds
Opportunity	Energy source	Minimizing energy consumption in the production and thus reduce CO2 emissions and operating costs	High	Short	We have talks with the owner of our presisses in Horsens, to have him to invest in sources of renewable energy or heat pumps
Opportunity	Products, services and resource optimization	Mega trends and new technology from manufacturers and suppliers	High	Long	Through a strategic collaboration with suppliers, we continue to work on the development of environmentally friendly and reusable products

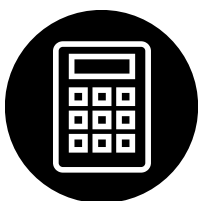
INITIATIVES - ENVIRONMENTAL

For us, it is important to lessen the environmental footprint we leave throughout our value chain. Within our environmental responsibility, we have set 5 initiatives - 1 target and 4 work streams that we will have special focus on towards our next Sustainability Report for the financial year 2023-2024.



No. 01 – Reduce energy consumption by 30%

We have set the goal to reduce our energy consumption on electricity and heating by 30% before March 31st 2025.



No. 02 – Carbon Footprint Calculator

We have created a carbon footprint calculator to gain detailed information on our products climate impact and emissions in scope 1, 2 and 3. Initially, we are mapping our energy consumption and emissions at our production site in Horsens.



No. 03 – Reduce total carbon footprint on company cars

We are currently in the efforts to improve the carbon footprint of our car fleet. In the beginning of 2023, we installed two electric charging stations at our site - both accessible to our customers and employees. Adding to this, we just rolled out our newly developed company car policy. Here, we offer our employees to choose an electric car when preferring so.



No. 04 – Strategy for materials and design

We will develop a strategy for sourcing, procurement, use and reuse of materials as well as for our further approach to develop new materials, components and products.



No. 05 – Analysis regarding certification

Analysis of opportunities to have materials and components certified on CO2 emission factors to enable product declaration on CO2 level and other impact factors.

ENERGY CONSUMPTION



Since 2021 European House of Beds has purchased 100% green electricity. Thus, the CO2 emission is 0 from power in Scope 2. However, we do not stop there. We want to reduce our total energy consumption.

Before March 31st 2025 we will reduce our total consumption of electricity and heat by 30% measured in quantities.

We have already initiated a project to monitor energy consumption at specific locations in our production lines. This should give us data on where we should invest to get the biggest reduction.

We are also in dialogue with the owner of our rented buildings with a view to switching from natural gas to less energy-intensive solutions or solar cells.

One of the areas we also are looking at in the efforts to bring down our climate footprint is our company cars. First and foremost, we have chosen to develop a corporate car policy supporting the change in our car fleet from fossil fuel vehicles to hybrid and electric alternatives. However, this change is subject to the needs of the drivers and therefore the technology and efficiency provided by the cars will have to be assessed prior to such a change. To define the most appropriate change in the fleet, European House of Beds is in the process of retrieving data on vehicle trajectory and performance. Above-mentioned initiatives and the setting up of two electric charging stations underpins our efforts in striving towards this change.

European House of Beds has guarantee of origin for electricity from Tagmark Mølle 1 - Vestas id: 230251 - Anlægs nr. 5707150000020249392.6

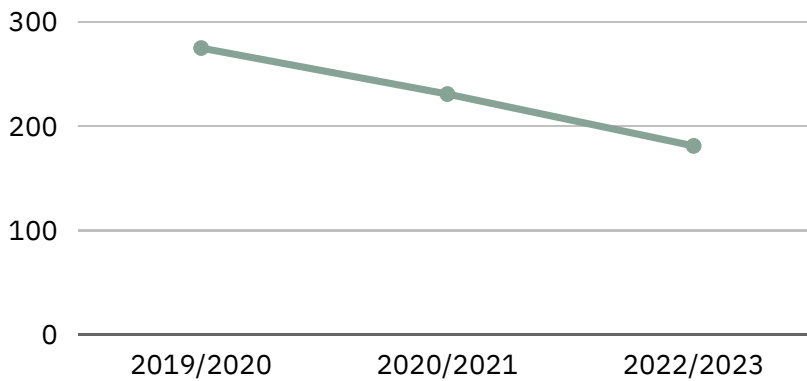


E1 SCOPE 1 EMISSIONS (ton CO2e)



Year	2019/2020	2020/2021	2022/2023
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KPI	275.0	230.8	181
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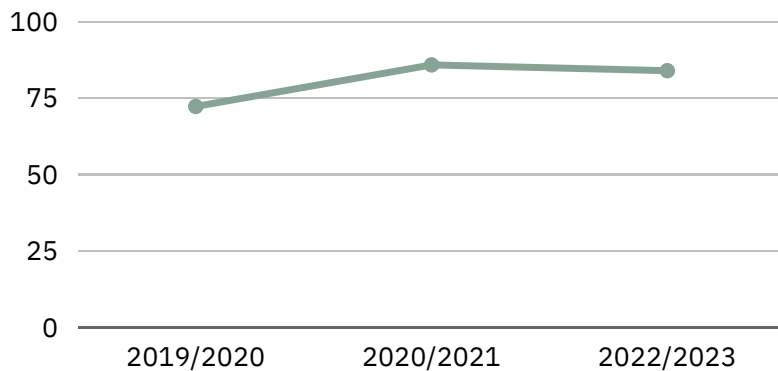


- **Goal** - We have set the goal to reduce our energy consumption from both electricity and heating with 30% before 2025, based on the numbers in 2022-2023.
- **Status** - Our emissions in scope 1 have steadily decreased, this might be due to overall warmer temperatures and decreasing activity. The decrease from 2020-2021 till 2022-2023 can also be caused by the change in calculation method that is used.
- **Future action** - We are in continuous dialogue with the owner of our site in Horsens to change the heating system to heat pump. We will take measures to replace company cars to achieve an overall improvement of emissions.

E2 SCOPE 2 LOCATION-BASED EMISSIONS (ton CO2e)

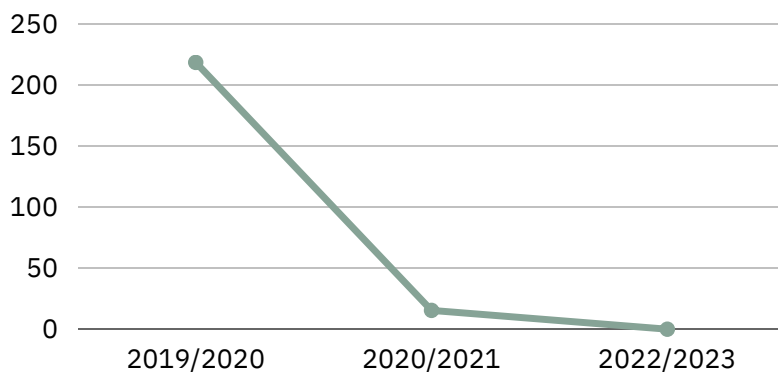


Year	2019/2020	2020/2021	2022/2023
KPI	72.3	85.9	84



E3 SCOPE 2 MARKET-BASED EMISSIONS (ton CO2e)

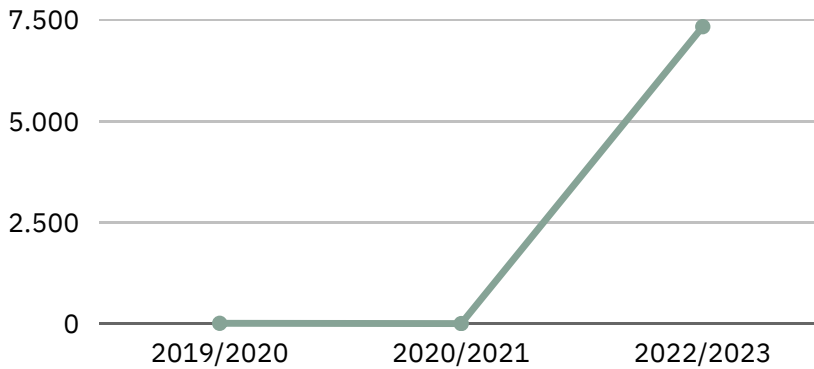
Year	2019/2020	2020/2021	2022/2023
KPI	218.4	15.4	0



- **Goal** - We have set the goal to reduce our energy consumption from both electricity and heating with 30% before 2025, based on the numbers in 2022-2023.
- **Status** - Our CO2e emissions within scope 2 is 0. Even so, our wish is to improve our energy consumption so we can become energy efficient.
- **Future action** - In order to achieve our goal, we will take a closer look to our machinery at our production site in Horsens and make changes needed to support our target.

E4 SCOPE 3 EMISSIONS (ton CO2e)

Year	2019/2020	2020/2021	2022/2023
KPI	9.7	2.5	7340



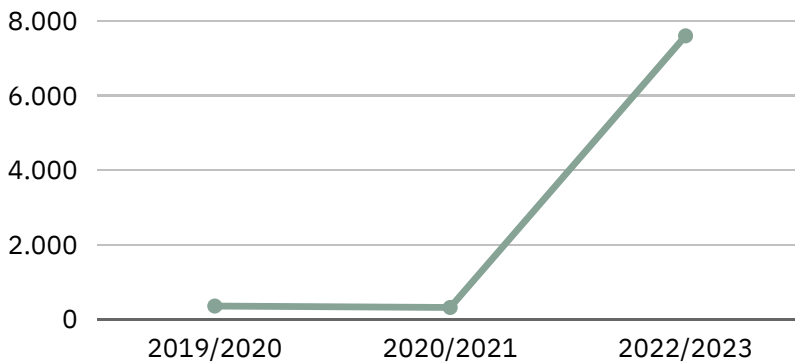
20/21 report	22/23 report	23/24 report
* Business Airtravel	* Business Airtravel	* Business Airtravel
Wood	* Wood	* Wood
Metal	* Metal	* Metal
Cardboard	* Cardboard	* Cardboard
Foil and plastic	* Foil and plastic	* Foil and plastic
Polyurethan foam	Polyurethan foam	* Polyurethan foam
Latex	Latex	* Latex
Textiles	Textiles	* Textiles
Transport in	Transport in	* Transport in
Transport out	Transport out	* Transport out
Employee commuting	Employee commuting	Employee commuting

*The areas included in our scope 3 calculations and the areas that we expect to include in our report for 2023-2024 report.

- **Status** - Our scope 3 has increased because we have included material procurement in our calculations. We expect the numbers to increase more over the next year as we are mapping and incorporating additional emission sources along our value chain.
- **Future action** - For this report we have collected procurement data from our suppliers on wood, aluminum, motors, cardboard, metal, plastic foil and plastic. In the long term, we wish to include remaining materials and downstream emissions.

E5 TOTAL EMISSIONS (ton CO2e)

Year	2019/2020	2020/2021	2022/2023
KPI	357.1	319.2	7604



- **Status** - In order to deliver stronger results for this years report, we have chosen to widen our set of data parameters. Due to our broader focus, our results have also changed in character i.e. higher levels of GHG emissions on scope 3. We expect the number to be even higher next year as we are mapping more of our value chain and started collecting data from all suppliers.
- **Future action** - We wish to have the data we provide in our Sustainability Report for 2023-2024 to reflect total GHG emissions of the company. Naturally, next step is to include downstream activities of our value chain to be realized when calculating total carbon footprint of our organization.

MATERIAL SOURCING AND PRODUCT DEVELOPMENT



Our products are the core of European House of Beds, and we focus on reducing their impact on the environment and people.

We do that by ensuring high quality and increased longevity.

We will continue to increase our investment and effort in defining a material and design strategy that will help us pick the best raw materials and best designed components to sustain high quality, longevity and keep our impact to a minimum.

We are OEKO-TEX® Standard 100 and FSC (Forest Stewardship Council) Mix certified. Since the last report all our suppliers have signed our compliance policy on the European Union REACH Regulation.

European House of Beds is exposed to the risk of new suppliers and/or manufacturers appearing with new materials and designs, which minimizes the finished products CO2 footprint and therefore are more relevant in the changing markets. This appearance represents an opportunity for European House of Beds, to join in and help shape industry development. European House of Beds will create a strategy for material procurement, knowledge sharing and product design in order to both minimize risk and be ready to exploit existing opportunities for growth.

We have therefore already started forming strategic collaborations with suppliers to continue to develop new materials and components based on recycling and upcycling principles. Together with Bramming Plast Industri, we have developed two new foam technologies. One is based on 100% Biomass and the other is material made up of 100% end-of-life and discarded polyurethane foam products. Both reduce the need for petrochemical ingredients when producing foam.

We are proud of such achievements together with partners with alike ambitions for acting more sustainable.

"The key for us is the materials. We are testing foam made from kitchen waste. And we have just received a sample of a cover where the zipper does not have to be sorted separately during disposal. It's small steps, but it's in the right direction."

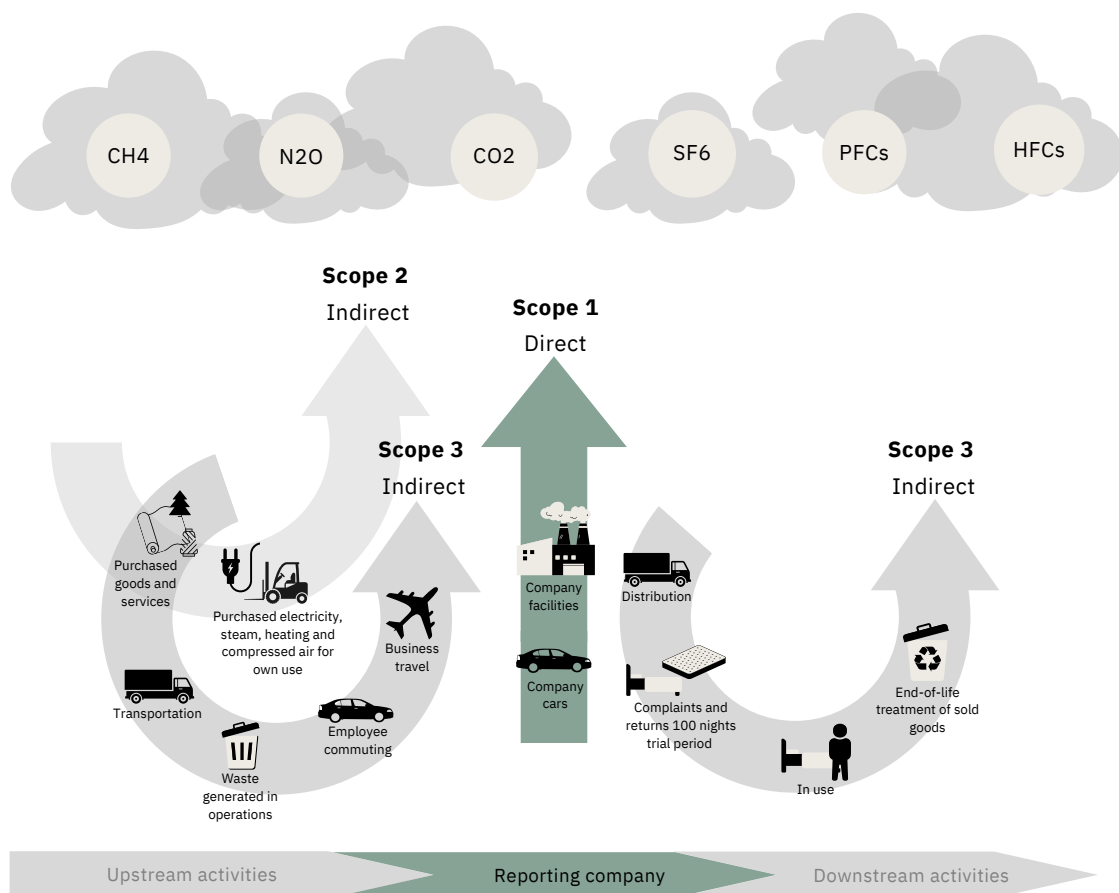
Kim Rasmussen, Product & Business Development

CARBON FOOTPRINT CALCULATOR

As we wish to strengthen our own and our business partners commitments within sustainability, we have begun developing our own Carbon Footprint Calculator.

Due to current EU legislation on requirements for sustainability reporting and a greater demand from customers to provide data on emissions, we view the Carbon Footprint Calculator as a tool to strengthen our work with sustainability in many ways. Not only does the calculator provide an accurate overview over our own emissions on a product level, the calculator provides us with significant information that we can use in our development of more climate-friendly production processes and products. Therefore, we have chosen to keep developing this tool to drive the development of our products in a more sustainable direction and manage materials and resources more carefully .

For now, the focus of our Carbon Footprint Calculator is to calculate the carbon footprint on a product level for one category. In the nearest future, we wish to expand our tool to calculate production processes in our site in Horsens. For us, the Carbon Footprint Calculator has become a tool of high importance as it represents great value when looking at optimizing production processes and workflows in European House of Beds.



LIFE CYCLE ASSESSMENT AND CIRCULAR ECONOMY



We want to be able to inform our customers on the CO2 footprint our mattresses and beds leave. Our carbon footprint calculator is a good first step towards this goal.

However, our data shows that 98% of our CO2 footprint is linked to raw materials, components and transport. Our main impact lies outside of the company in scope 3.

Therefore we have to work closely with our suppliers in the value chain to influence our overall impact as a bed manufacturer. We also want to investigate the possibilities of having a Life Cycle Assessment (LCA) or EPD done for our company and products. An EPD will give us a fairly precise number of how much CO2 emission is linked to a bed. And with an LCA we would be able to account and make decisions throughout the entire value chain, including how we make sure that end-of-life beds find their way into the next cycle of materials.

" We want to give our customers a better opportunity to asses their climate impact from the purchase and use of our products. "

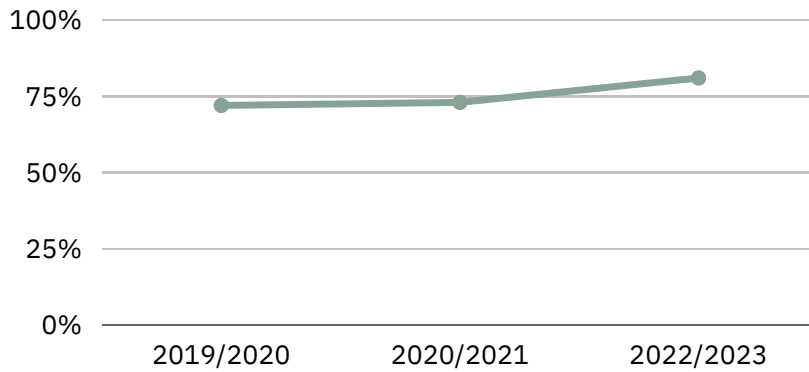
Alfred Blank, CEO



E6 RECYCLING EFFICIENCY



Year	2019/2020	2020/2021	2022/2023
KPI	72%	73%	81%



- **Status** - Our recycling efficiency is slowly increasing as we find more recycling solutions for the packaging form our materials and components as well as our leftover and cutoff materials from the production.
- **Future action** - From our packaging and production we are recycling cardboard, plastic folie, wood and metal. Foam leftovers and cutoffs are sent back to our supplier to be recycled.

PACKAGING

The purpose of packaging is to protect our goods during transport. We need packaging. But we continuously try to improve the design of packaging to minimize amounts of material like cardboard, plastic and tape. And we continuously extend our use of recycled materials in packaging.

Up to 80% of our cardboard material is recycled so far.

Packaging material brought into our warehouse is disposed of for recycling. In 2022-2023 30,658 kg foil and 44,953 kg paper were sent for recycling.

Every time a 1,000 kg plastic is recycled we save 1,500 kg CO₂. If 1,000 kg plastic is incinerated, CO₂ emissions are 900 kg. The net gain from disposal for recycling is reduction of CO₂ emissions of 1,800 kg pr 1,000 kg plastic recycled compared to incineration.

In 2022-2023 our contribution to reductions in CO₂ emissions from recycling plastic was 55,800kg CO₂.

For paper and cardboard the numbers are net savings of CO₂ emissions of 1980 kg CO₂ per 1,000 kg paper and cardboard is earned. In 2022-2023 we saved 89,100kg CO₂ by recycling in stead of incinerating.

We promise to continue on that track.



TRANSPORT AND LOGISTICS

Transportation of raw materials from suppliers and finished goods to customers is having a significant negative climate impact . All logistics are outsourced to freight partners, and we will start to put pressure on them to provide data for us to calculate CO2 emissions from transport. We know that they are on their way with data, and we will start to demand it from them.

This will increase our scope 3 emissions further, but it will also give us a CO2 price for transport.

Emissions from transport/company cars are 1½ times higher than emissions from heating our facilities. We will bring this down by taking measures to replace company cars to achieve an overall improvement of emissions.



INITIATIVES - SOCIAL

Within social impact and people, we have started one work stream that we will have special focus on during the next financial year 2023-2024:



No. 01 – Employee Survey

Employee attrition KPI's are high. Much of this is due to an overall reduction in our workforce. Our ambitions to secure the best environment and conditions for our employees are high. In the upcoming financial year, we will examine the reasons affecting our numbers and develop measure to support our sustainability vision. More specific, European House of Beds will carry out a yearly employee satisfaction analysis for all our employees.



No. 02 – Workplace Assessment

We always strive to provide the best environment for our employees. For this year, we have finalized the process of assessing our workplace (APV - Arbejdspladsvurdering). However, this survey is to be undertaken once a year every year and will strengthen our efforts here in.



No. 03 – Social Commitments

We take great pride in creating positive impact in our surroundings. As an organization, we wish to keep striving to create real value for our staff and our environment. As a means to do so, European House of Beds will identify areas where social value creation can be realized and actions to be undertaken.

EMPLOYEE SATISFACTION AND RETENTION



We believe that engaged and happy employees provide the strongest bottom line. We want to treat people decently and offer equal pay, a safe place to work and opportunities despite gender, ethnicity, social background and disabilities.

And if we do not succeed in attracting and retaining skilled employees, it will also pose a significant financial risk to us.

During the financial year 2022-2023, we have worked purposefully to take people on the edge of the labor market into work trials and via mentoring helped with clarification. We are very happy to be recognized by the municipality of Horsens for our efforts with this as we for the 3rd consecutive year have been awarded 2023 The CSR People recognition. As we take great pride in these efforts, we went further this year and became a case in Lead the Talent project offering for unemployed people. At the end of the project, we have chosen to hire one of the persons involved and are glad to support their reinforcement in the labour market.

Unfortunately, our KPI 's for social issues are not developing positively. A large part of this is due to reduction in level of activity throughout the period. In 2023 it will be top priority to us to initiate a series of actions to better understand what else can be driving this.

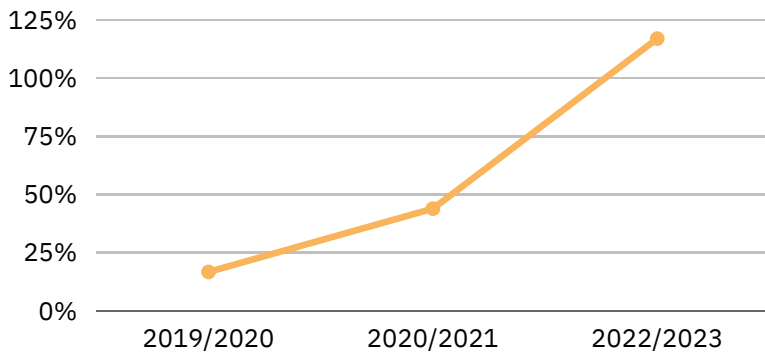
The APV assessment helps us map our working environment, identifying areas where action is needed and making a plan on how to improve the working environment in these areas. We have finalized the assessment for this year and we are in the process of developing our employee survey. This survey is to give us a better understanding of our environment and will dictate corrective actions undertaken by the management team.

We are also aware of our responsibility throughout our value chain on social issues. It is important to us that our suppliers also ensure proper conditions and conditions for their employees. For key suppliers, including the production units in Bulgaria, we monitor this via close dialogue.



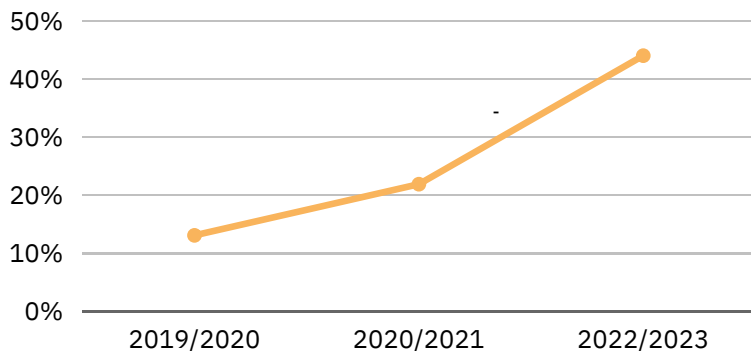
S1 ATTRITION RATE BLUE-COLLAR (%)

Year	2019/2020	2020/2021	2022/2023
KPI	16.7%	43.9%	117%



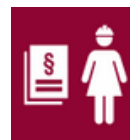
S2 ATTRITION RATE WHITE-COLLAR (%)

Year	2019/2020	2020/2021	2022/2023
KPI	13.1%	21.9%	44%



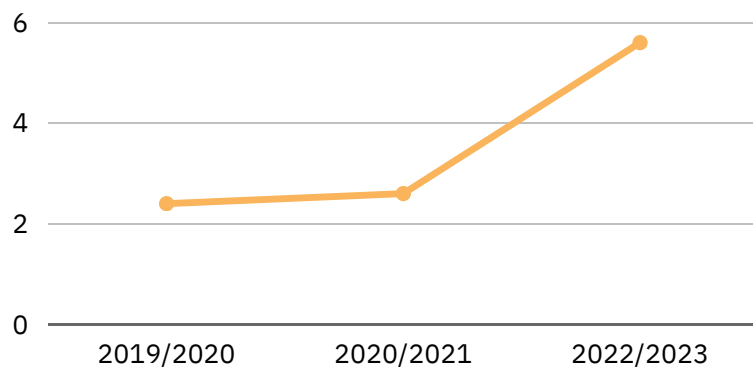
- **Status** - We have seen an increase on our employee attrition rate for blue-collar employees, this I partially due to high and low seasons in our production and an overall reduction of activity.
- **Future action** - For the next year, we wish to explore why our employees leave us is in order to shape future actions.

S3 LOST TIME INJURY RATE (LTIR)



Year	2019/2020	2020/2021	2022/2023
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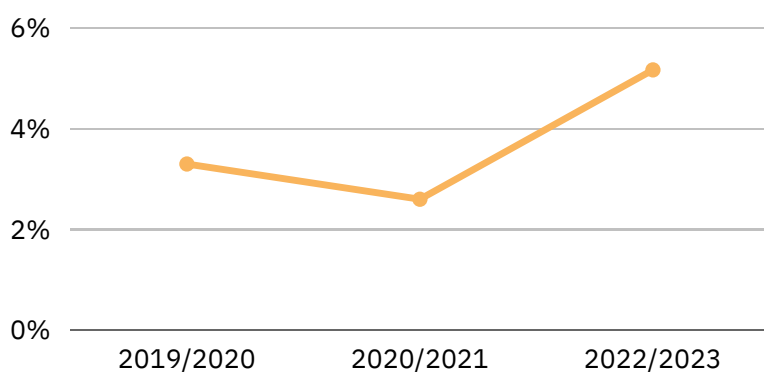
KPI	2.4	2.6	5.6
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S4 SICK LEAVE (%)

Year	2019/2020	2020/2021	2022/2023
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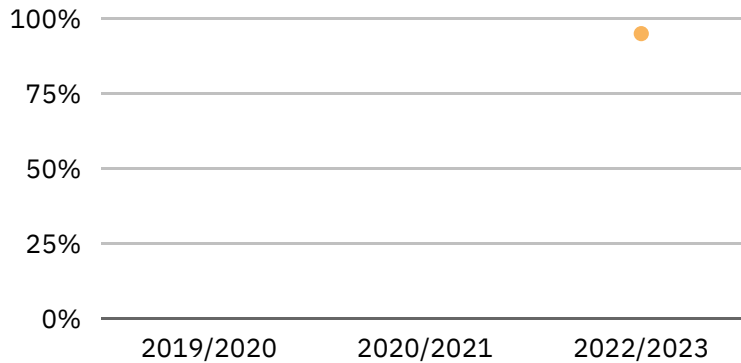
KPI	3.3%	2.6%	5.17%
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- **Status** - Both our Lost time injury rate and sick leave have increased.
- **Future action** - Both categories will be a part of the employee satisfaction analysis and based on the outcomes we will take further actions.

S5 CUSTOMER RETENTION RATE (%)

Year	2019/2020	2020/2021	2022/2023
KPI	-	-	94.9%



- **Status** - This is the first year we are reporting on our customer retention rate. It is important for us to build strong partnerships with our customers and we are therefore looking forward to gaining more information in this area.
- **Future action** - The percentage for this metric is high, and we are very proud of this. European House of Beds wishes the metric at 100%. We set great pride in being our customer's preferred choice and we will keep engaging in delivering the best solution to their wishes.

INITIATIVES - GOVERNANCE

Crucial to address the governance issues within our sustainability reporting and unlock the potential herein allowing us as an organization to grow. Our management team guides the direction on where European House of Beds is to concentrate its sustainability efforts. We wish to governance, we have set one work stream that we will have special focus on towards the next Sustainability Report.



No. 01 — Anchoring in management

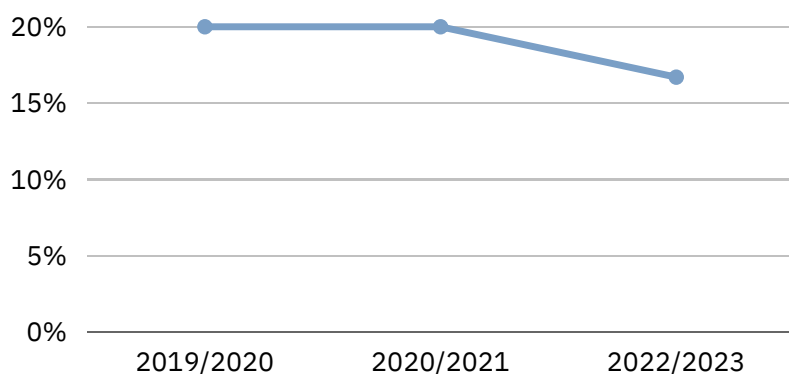
We want integrate the sustainability agenda fully in our management framework and agenda.

This means clear responsibility of KPI's and agreed action plans and scheduling of meetings to follow up on plan and action.

Moreover, KPI development must be transparent to allow everyone in the organization to follow progress.

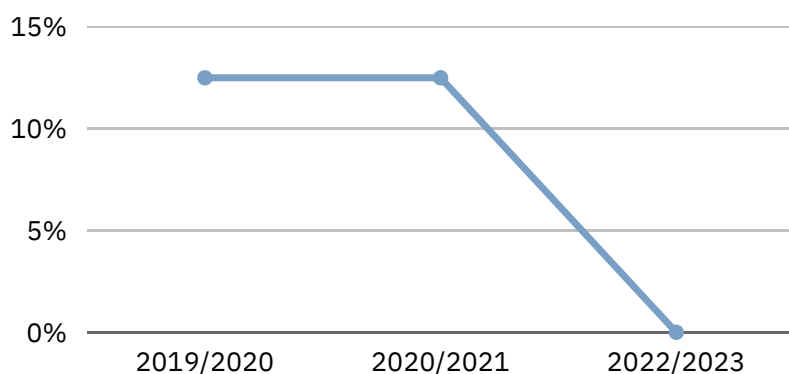
G1 GENDER DIVERSITY ON THE BOARD (%)

Year	2019/2020	2020/2021	2022/2023
KPI	20%	20%	16.7%



G2 GENDER DIVERSITY IN MANAGEMENT (%)

Year	2019/2020	2020/2021	2022/2023
KPI	12.5%	12.5%	0%



- **Status** - The percentage of gender diversity within management and the board of executives is low at the time being. For the board of executives the drop we see is due to the inclusion of an additional member of the board.
- **Future action** - European House of Beds believes a greater gender diversity in both groups to be of great value. Our best will be down to leverage female participation in both and onwards we will strongly encourage women to apply for positions in both.

ANCHORING IN MANAGEMENT AND BUILDING OF STRONG PARTNERSHIPS



We have signed up for the UN Global Compact. We support the 10 Principles and look forward to implementing processes and procedures for our daily work and in the management team to support these.

For 2023-2024 we will integrate the sustainability agenda fully in our management framework and agenda. All decisions on sustainability and/or within environmental, social and governance areas will be anchored with a member of the management team.

This will mean, that we take the agenda from compliance to ESG requirements to implementing responsibility and processes to support adoption of the sustainability agenda as part of the culture at European House of Beds.

We are aware of the low score on gender equality. If we need to replace a member of the management team, our policy is to always ask our recruiting partner to present us to a diverse team of candidates. During 2023 we will have discussions on how we can strengthen the effort further. We will bring ideas to the board on how to increase the score here as well.

We believe in partnerships when working on the sustainability agenda. We have to as 98% of our CO2 Footprint is outside our value chain. We work closely together with our partners to secure the facilities against climate risks and make sure that our work with UN Global Compact and social responsibility is extended to our partners. All our suppliers have signed our code of conduct, which outlines the intentions of partnerships around UN Global Compact.

Accounting method

Key Indicator	Accounting method (Scope, definitions and calculations)
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Overall remarks on accounting method: For the current report, Klimakompasset of the Ministry of Business has been used for calculating CO2 emissions. European House of Beds financial year 2022-2023 runs from April 1st 2022 - March 31st 2023. However, Klimakompasset uses only full year emission factors. The factors behind current report are from 2021. As emission factors tend to fall over time, the method can be said to be conservative.

Scope 1 emissions	The year's total consumption of gas (M3), diesel and petrol (liter) has been entered into Klimakompasset.dk. Business travel by air includes RFI.
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Scope 2 emissions	The year's total electricity consumption in kWh has been entered. As European House of Beds has acquired certificates to secure 100% wind energy as source, emission add up to 0. Principle is Market Based Method.
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Scope 3 emissions	Our calculations in Scope 3 include business airtravel, wood, metal, cardboard, foil and plastic. For next report, we will work hard to include additional materials such as polyurethane foam, latex, textiles as well as transport in and out.
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Recycling efficiency	The recycling efficiency shows the company's ability to sort waste so that the individual fragments can be reused as opposed to incineration.
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Recycling efficiency:

$$\frac{\text{Waste sent for recycling (kg)}}{\text{Total amount of waste (kg)}}$$

Gender diversity

Gender diversity is calculated at two levels and represents the proportion women make up of the total group.

Gender diversity on the board:

$$\frac{\text{Female member on the board at the end of the financial year}}{\text{All members of the board at the end of the financial year}}$$

Gender diversity in management:

$$\frac{\text{Female managers in the company at the end of the financial year}}{\text{All managers in the company at the end of the financial year}}$$

Attrition rate

The attrition rate shows how many people resign or are terminated during a financial year.

Attrition rate:

$$\frac{\text{Number of people who resigned or were dismissed from their position during the year}}{\text{Average number of employees during the year}}$$

Lost Time Injury Rate

The LTIR rate shows how many injuries the company has per 100 working years of 2,000 hours.

LTIR:

$$\frac{\text{Number of injuries per financial year X 200,000 hours}}{\text{Total working hours per financial year}}$$

Sick leave

Sick leave shows how many days of illness the company's staff have had in relation to the number of working days performed a 7.4 hours.

Sick leave:

$$\frac{\text{Days with sick leave}}{\text{Days*) with attendance}}$$

*) Number of days is calculated as hours worked divided by 7.4.