

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 2023. This report is a little different from our previous reports, as we've changed our financial year to follow the calendar year. Therefore this report will contain data from 01/04-2023 - 31/12-2023.

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.

We have committed to the Amfori project, and have successfully completed the BEPi initiatives, and started mapping our sustainability network. Along with the Amfori program, we have started the work being registered with the Opensupplyhub and claimed our facility.

During 2023, the team working with the sustainability report did an amazing job and has lifted the expectations for this year to a new higher level. In 2023 adjustments has been made in the organisation, including change in management and other key positions. These changes have not changed the vision or goal for our sustainability journey. 2023 has therefore been focussed on increasing the knowledge within the organization combined with focus on processes and products with a lower CO2 emission.

As a company we keep a responsibility for the full value chain and do therefore demand that suppliers to European House of Beds work towards being more climate-friendly and reduce their carbon footprint on the environment. This demand is also set for us and is continuously being implemented in the organization to be a natural part of our daily business.

Already defined goals remain unchanged, but timing is being more ambitious as we do expect to reach them by end of 2024. Significant contributors to this achievement are that we through 2023 have implemented new lifts in the production with a lower electricity consumption, made LEAN improvements to minimize out of hours worktime. Next big step is that we are aiming to install solar panels on the facilities.

- 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 December 31st, 2024 (baseline for new financial year). This metric is to be measured in energy units such as kWh or m3 gas.

- The company car fleet is one of the top sources for carbon emissions. We aim to replace company cars with electrical or hybrid versions 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.

During the previous year, the organization has been working dedicated with our goals and I sincerely wish to thank all employees at European House of Beds for their hard work and support towards a greener version of our business.

Nicky Berg, CEO



"As new CEO for European House of Beds, it is my duty to keep the progression of the green initiatives going. I'm very impressed with the progression within the company, and even though quality and design are the DNA of our success, becoming a greener and more climate-friendly production, is not a vision, it's an expectation."

Nicky Berg, 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 220,000+ bed units which are sold via more than 300 bed specialists, furniture chains and independent dealers in Scandinavia. Our production site and offices are located in Horsens, accompanied by our sales office in Sweden. In total, the company employed 80 full time employees on average during the financial year 2023. Bed specialists, furniture chains and independent dealers in Scandinavia. Our production site and offices are located in Horsens, accompanied by our sales office in Sweden. In total, the company employed 80 full time employees on average during the financial year 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



80

Employees

160,000

Beds and mattresses produced fiscal year 2023

36

Suppliers

OUR SUSTAINABLE VISION

We find ourselves in the early phase of our sustainability journey and, in 2023 we've completed DI's (Dansk Industri) KLIMAKLAR PRODUKTIONSVIRKSOMHED - to ensure we have a better understanding of our own carbon footprint, and the correct calculation. This information is the key indicator, to where we are to set our focus, to lower our footprint. Another success is becoming one of the first (if not the first) Danish production facility, to get a GRS certificate (Global Recycle Standard).

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

Removing foam from our products, are among our main goals when developing new products. We're also entering new partnerships to ensure a more sustainable end of life, and before the end of 2024, the goal is to add velcro to our covers, making recycle, ordre & claim handling, stocking and delivery easier and more efficient.

REDUCING RESOURCE CONSUMPTION INTERNALLY

Last years report, and our goal to lower CO₂e, has set major developments in motion, when it comes to our facilities. Currently we're in the process of changing from GAS heating to district heating, this could essentially save up towards 100 tons of CO₂ pr. year.

Along with the change of heating, we're also planning to get solar panels on both our facilities, making us less reliant on network electricity, and becoming more sustainable.

"The removal of foam within our products, is the vision for future developments. When we're able to deliver a more or less foamfree product, our carbon footprint will be greatly reduced. Along with our other initiatives, recycle, industrial waste and more focus on sourcing, our goal of delivering greener solutions, are within reach"

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 district heating. Also we plan to install a system that can control and distribute our power supply and heating.



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

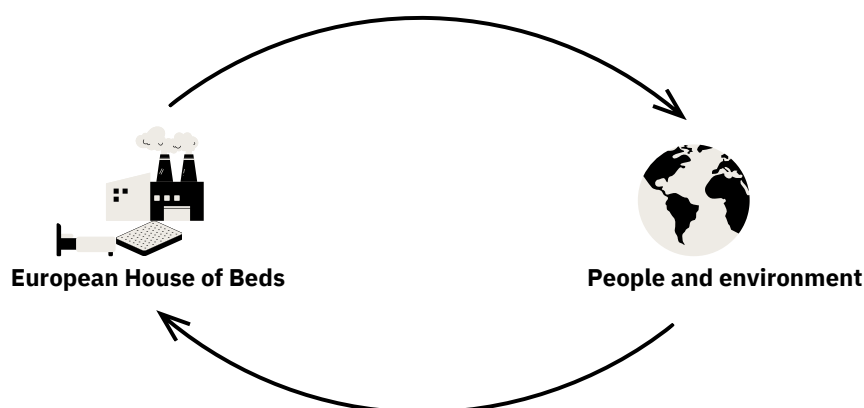
Addressing the adequate matters that can have a financial impact on our business is of great importance to European House of Beds. The identification of the sustainability issues found in our business model and across our value chain allows us to prioritize our sustainability efforts and enhance financial 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 adress 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.



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 2023

Key Indicator	2019/2020	2020/2021	2022/2023	2023
<u>E1</u> Scope 1 emissions (ton CO2e)	275	230	181	105
<u>E2</u> Scope 2 location based emissions (ton CO2e)	72	86	84	39
<u>E3</u> Scope 2 market-based emissions (ton CO2e)	218	15	0	0
<u>E4</u> Scope 3 emissions (ton CO2e)	10	3	7340	5032

The 30% reduction rate for 2024 is calculated/expected from the 2022/2023 numbers. As the 2023 numbers is a 9 month period, due to change of fiscal year.

<u>E5</u> Total emission (ton CO2e)	357	319	7605	5176
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<u>E6</u> Recycling efficiency	72%	73%	81%	83%
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<u>S1</u> Attrition rate bluecollar (%)	17%	44%	117%	21%
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<u>S2</u> Attrition rate whitecollar (%)	13%	22%	44%	53%
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<u>S3</u> Lost Time Injury Rate (LTIR)	2.4	2.6	5.6	4.4
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<u>S4</u> Sick leave (%)	3.3%	2.6%	5.2%	4.7%
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<u>S5</u> Customer retention rate (%)	-	-	95%	100%
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<u>G1</u> Gender diversity the board (%)	20%	20.0%	17%	17%
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<u>G2</u> Gender diversity management (%)	13%	123%	0%	22%
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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 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

The risk & opportunities assesment has not changed with the financial year as, this will impact at the earliest starting 2024.

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

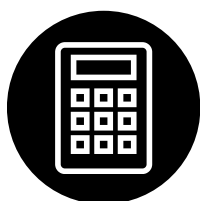
INITIATIVES - ENVIRONMENTAL

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 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 December 31st 2024.



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. With our new car policy, company cars are now being changed for electric & hybrid cars.



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 December 31st 2024 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, this project was launched 2023, and should hopefully be finished during 2024.

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. This change was implemented during 2023, only a few models remain which are fossil fueled, and are expected to be changed for hybrid/electric.

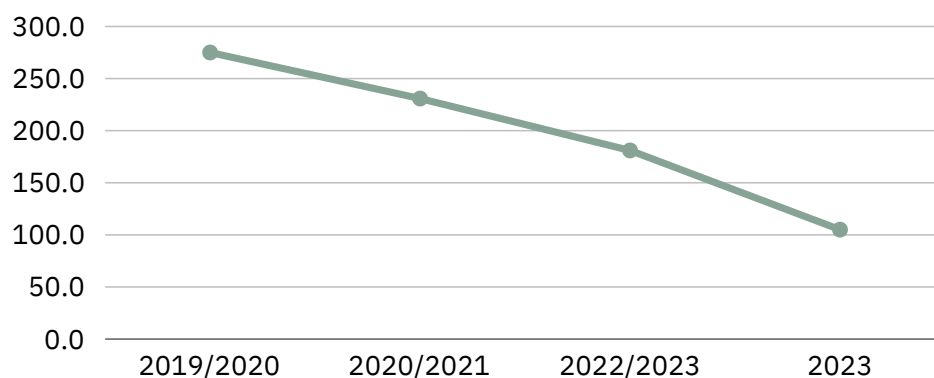
European House of Beds has guarantee of origin for electricity from Tagmark Mølle 1 - Vestas id: 230251 - Anlægs nr. 5707150000020249392.6



E1 SCOPE 1 EMISSIONS (ton CO2e)



Year	2019/2020	2020/2021	2022/2023	2023
KPI	275.0	230.8	181	105

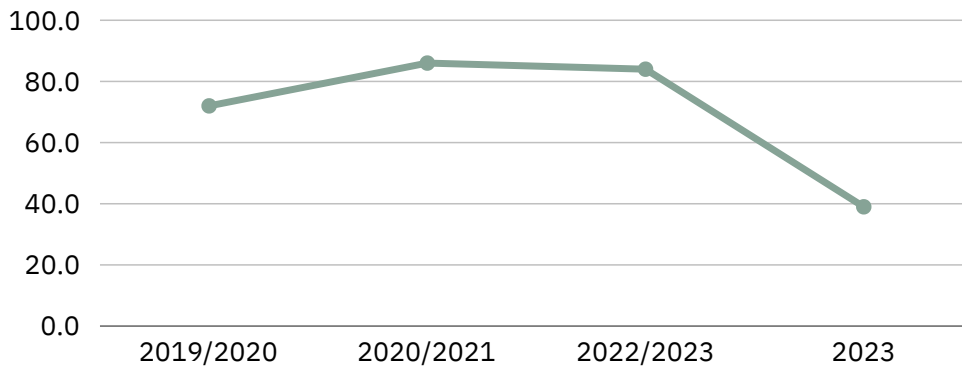


- **Goal** - We have set the goal to reduce our energy consumption from both electricity and heating with 30% ending 2024, based on the numbers in 2022-2023.
- **Status** - Our emissions in scope 1 have decreased, as the period is for 9 months. This is because of the change in fiscal year, therefore a status for scope 1 will be updated when the result for 2024 is ready.
- **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)

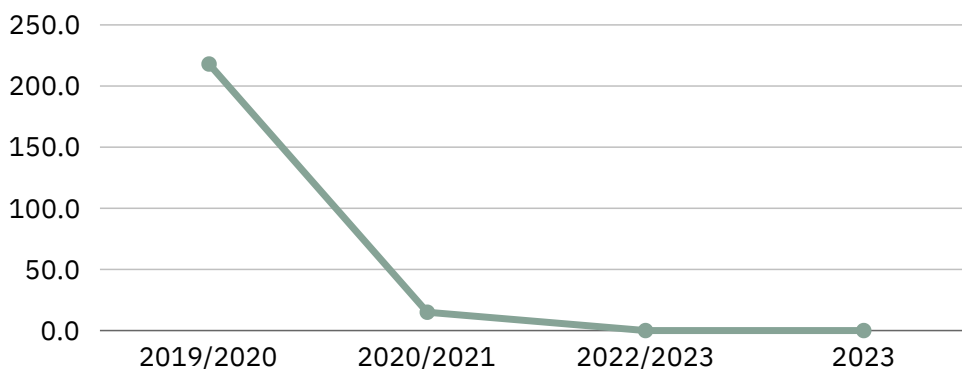


Year	2019/2020	2020/2021	2022/2023	2023
KPI	72	86	84	39



E3 SCOPE 2 MARKET-BASED EMISSIONS (ton CO2e)

Year	2019/2020	2020/2021	2022/2023	2023
KPI	218	15	0	0

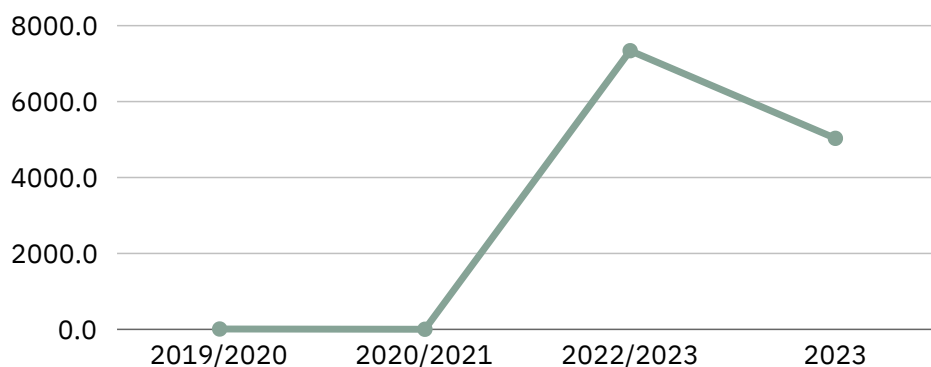


- **Goal** - We have set the goal to reduce our energy consumption from both electricity and heating with 30% before ending 2024, based on the numbers in 2022-2023.
- **Status** - Our CO2e emissions within scope 2 are 0. With the purchase of green energy from NRGi, all our electrical is purchased as green energy.
- **Future action** - In order to ensure the use of green energy, the plan for solar pannels is plan for the future, which we hope to achive before the end of 2024.

E4 SCOPE 3 EMISSIONS (ton CO2e)

Year	2019/2020	2020/2021	2022/2023	2023
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KPI	10	3	7340	5032
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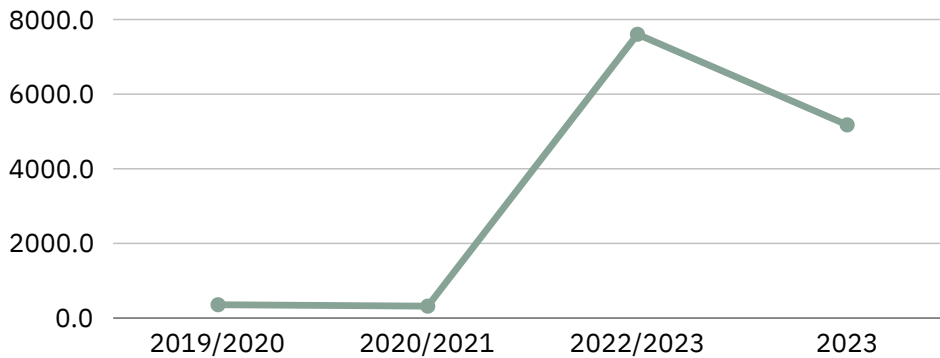
20/21 report	22/23 report	24 report
* Business Airtravel	* Business Airtravel	* Business Airtravel
Wood	* Wood	* Wood
Metal	* Metal	* Metal
Cardboard	* Cardboard	* Cardboard
Foil and plastic	* Foil and plastic	* Foil and plastic
Polyurethan foam	Polyurethan foam	* Polyurethan foam
Latex	Latex	* Latex
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 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	2023
KPI	357	319	7604	5176



- **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 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 want high quality and increased longevity, and with our vision for our product, we reach for a longer life circle for our products.

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. In 2023 we've changed our latex core from being combined material to be 100% natural latex.

We are OEKO-TEX® Standard 100 and FSC® Certified FSC® C172660. All our suppliers have signed our compliance policy on the European Union REACH Regulation. We've joined the AMFORI network, and requested BSCI audits for our suppliers. We've also reached our goal of getting GRS (Global recycle standard) certificate, which we are immensely proud of.

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.

Our success with the climate friendly top, is the inspiration to our next project, which is being developed with partner companies, where we try to utilize kitchen & industrial waste, along with used beds.

We're looking into reusing of old beds, converting them into new products. We intend to deliver old/used EHOB products, which will be converted into raw materials, and returned to us for new production.

Also we're working on products which are 100% industrial waste components, that can be OEKO-TEX certified.

Hopefully this goal can be reached during 2024.

"We're proud to have reached our goal of developing a new more climate friendly filling for our products. Our Biomass top has been approved within the organization, and is now a firm part of our product catalogue which is offered to our customers."

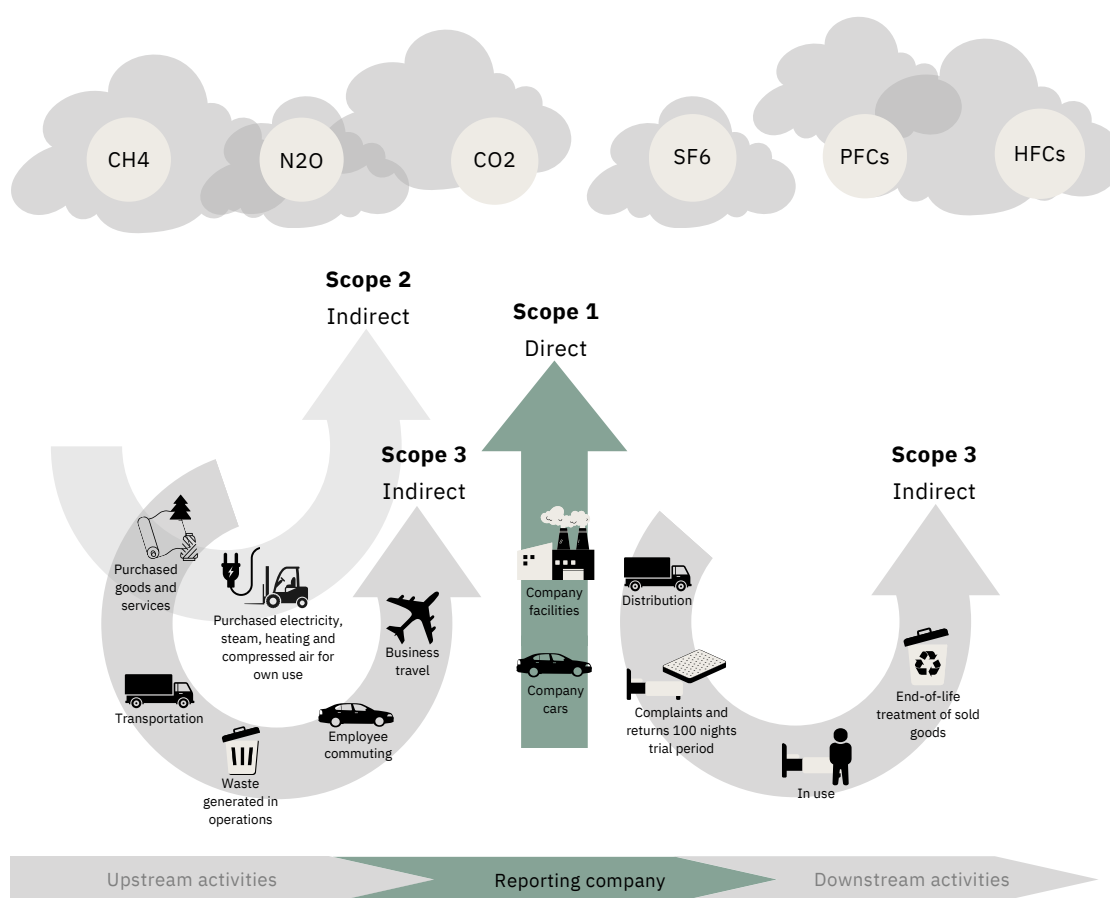
Kim Rasmussen, Product & Business Development

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 .

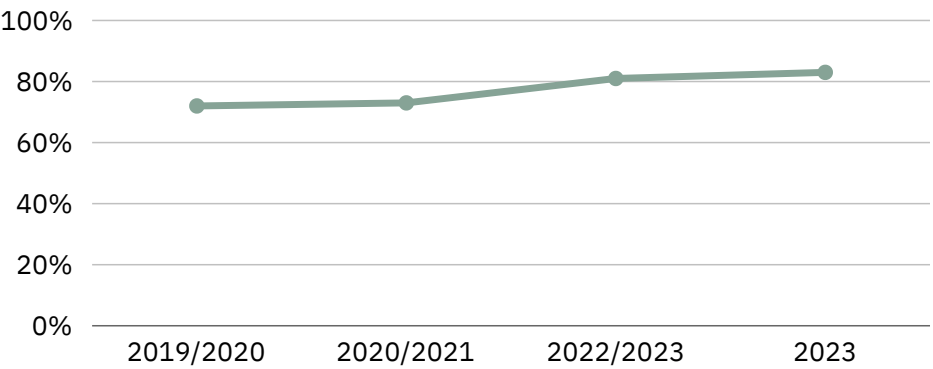
For now, the focus of our Carbon Footprint Calculator is to calculate the carbon footprint on a product level for one category. In the nearest future, we wish to expand our tool to calculate production processes in our site in Horsens. For us, the Carbon Footprint Calculator has become a tool of high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



E6 RECYCLING EFFICIENCY



Year	2019/2020	2020/2021	2022/2023	2023
KPI	72%	73%	81%	83%



- **Status** - Our recycling efficiency is slowly increasing as we find more recycling solutions for the packaging from 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.

All our cardboard is FSC approved with code: FSC-C109558

Packaging material brought into our warehouse is disposed of for recycling. In 2023 20,380 kg foil and 62,380 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 2023 our contribution to reductions in CO₂ emissions from recycling plastic was 37,100kg 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 2023 we saved 123,500kg CO₂ by recycling instead of incinerating.

Our goal for 2024 is to reduce the use of plastic & cardboard in packaging, without lowering the quality & safety of the product. This reduction should prove an effective procedure, to lower our CO₂ footprint.



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 2024.

The social goals will be the same, as these actions we're undertaken during 2023, and will continue in year 2024, therefore a result is expected in the 2024 report.



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 - Arbejdspiladsvurdering). 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.

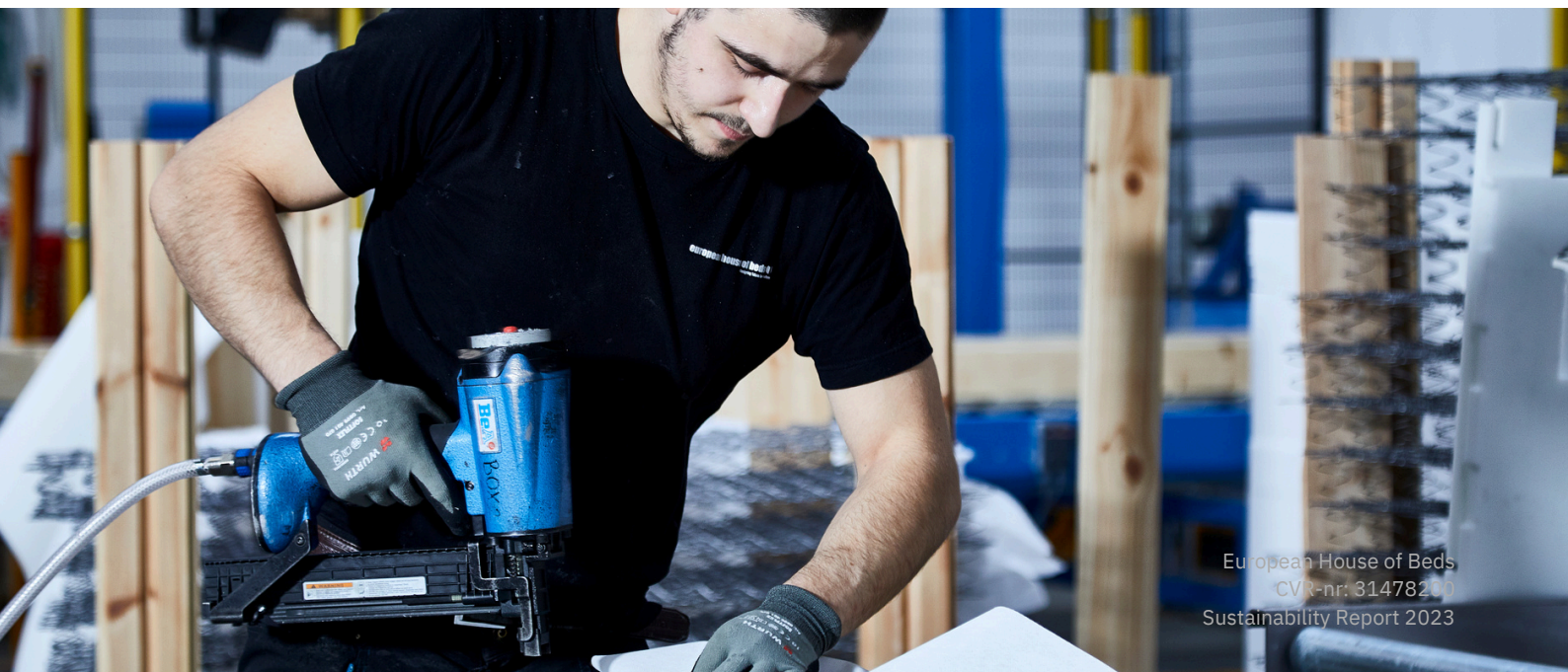
And if we do not succeed in attracting and retaining skilled employees, it will also pose a significant financial risk to us.

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. Afterwards one additional person is hired.

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.

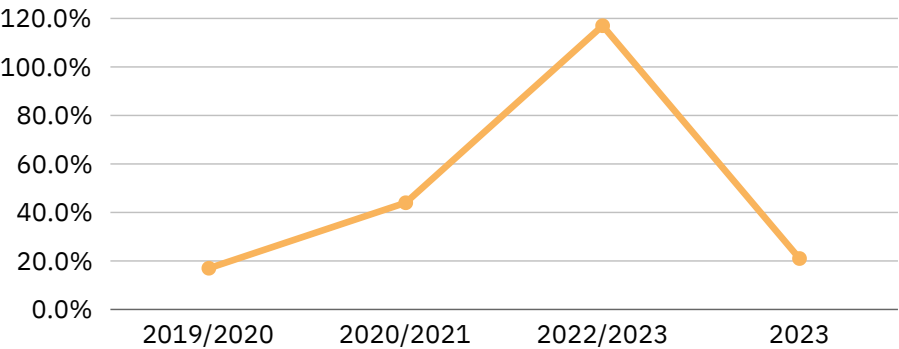
The APV assessment helps us map our working environment, identifying areas where action is needed and making a plan on how to improve the working environment in these areas. We have finalized the assessment for this year and we are in the process of developing our employee survey. This survey is to give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



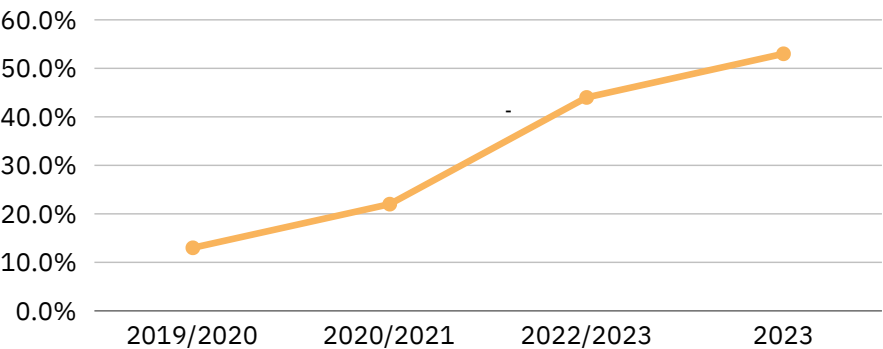
S1 ATTRITION RATE BLUE-COLLAR (%)

Year	2019/2020	2020/2021	2022/2023	2023
KPI	17%	44%	117%	21%



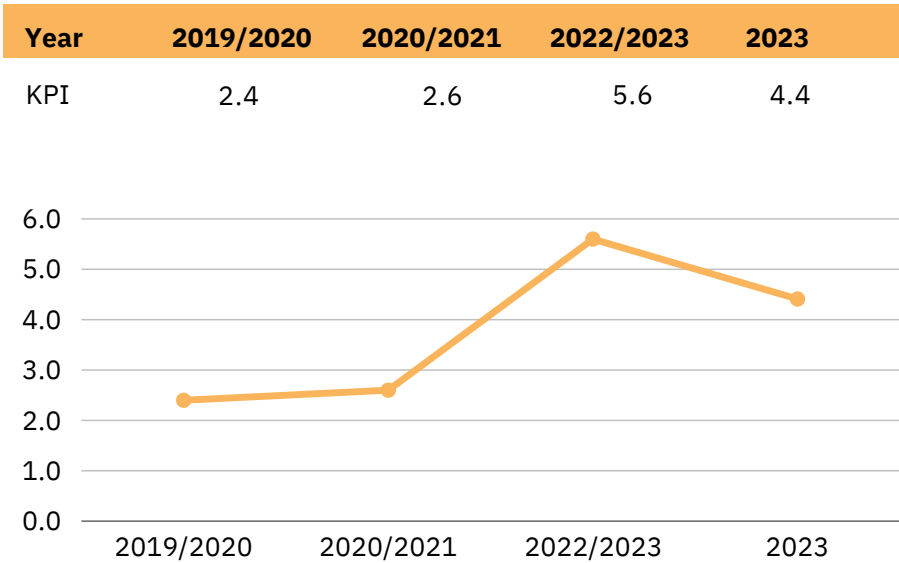
S2 ATTRITION RATE WHITE-COLLAR (%)

Year	2019/2020	2020/2021	2022/2023	2023
KPI	13%	22%	44%	53%

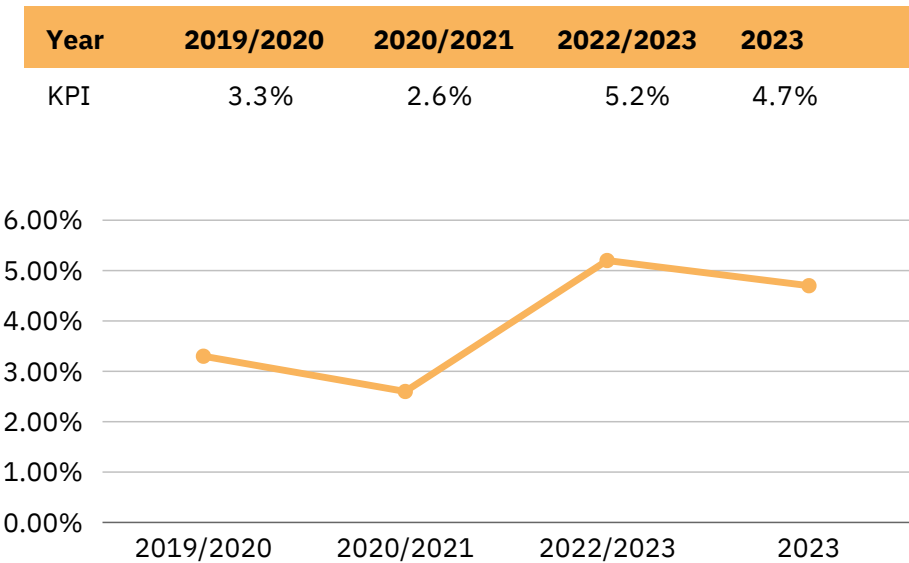


- **Status** - We have seen an increase on our employee attrition rate for white-collar employees, this is partially due to structure changes within the organisation.
- **Future action** - For the next year, we wish to explore why our employees leave us is in order to shape future actions.

S3 LOST TIME INJURY RATE (LTIR)



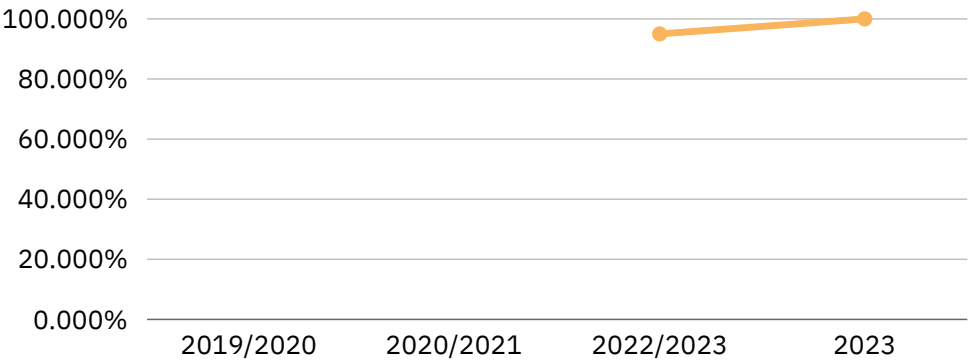
S4 SICK LEAVE (%)



- **Status** - Both our Lost time injury rate and sick leave have decreased, which is positive. This is one of the primary focus area with in our work-environment-organization.
- **Future action** - The goal will be to lower this further, and during 2024 a new APV will be carried out, to enlighten possible areas where the working enviroment group can focus their attention.

S5 CUSTOMER RETENTION RATE (%)

Year	2019/2020	2020/2021	2022/2023	2023
KPI	-	-	95%	100%



- **Status** - The retention rate for our customers is 100% for 2023. This is an important focus area, and we’re tracking this as best we can, asking our customers regularly for feedbacks, as to where and how to improve our services.
- **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

It is imperative to address the governance issues inherent in our sustainability reporting framework to unlock its full potential, thereby enabling our organization's growth. Our management team steers the direction for European House of Beds in prioritizing its sustainability endeavors. To enhance governance, we have designated a dedicated work stream that will receive heightened focus leading up to the next Sustainability Report.



No. 01 — Anchoring in management

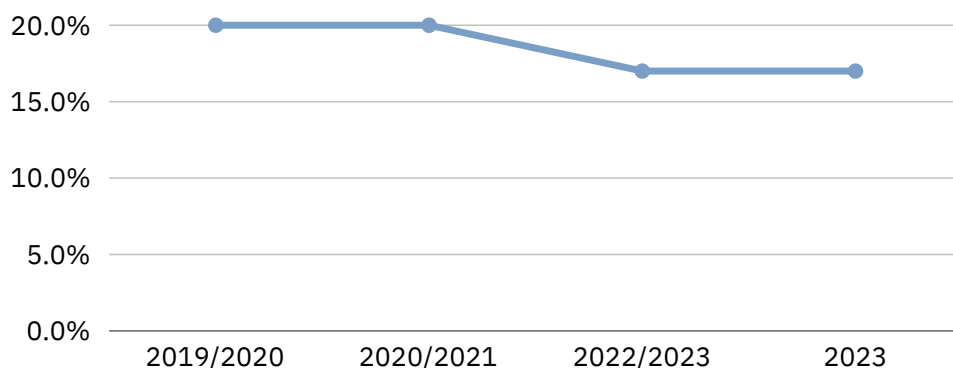
We want integrate the sustainability agenda fully in our management framework and agenda.

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.

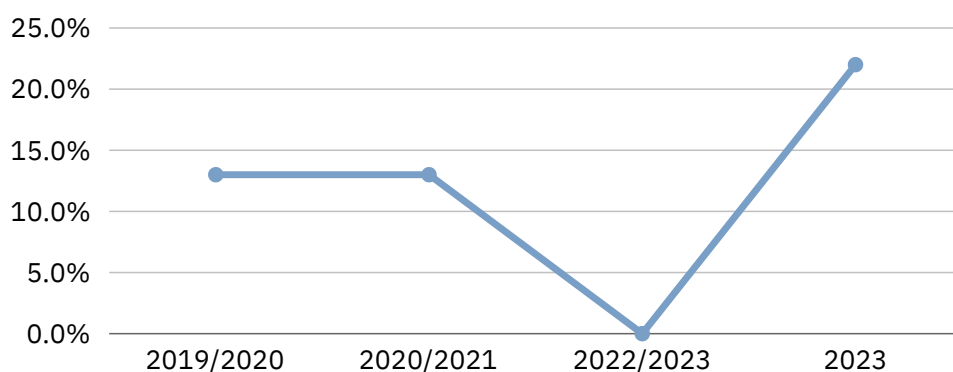
G1 GENDER DIVERSITY ON THE BOARD (%)

Year	2019/2020	2020/2021	2022/2023	2023
KPI	20%	20%	17%	17%



G2 GENDER DIVERSITY IN MANAGEMENT (%)

Year	2019/2020	2020/2021	2022/2023	2023
KPI	13%	13%	0%	22%



- **Status** - The percentage of gender diversity within management has increased. The board remains the same, and therefore this is not likely to change.
- **Future action** - European House of Beds will keep working towards more diversity, but will also choose the best suiting applicant, regardless of diversity.

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 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 2024 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 2023 runs from April 1st 2023 - December 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	<p>The recycling efficiency shows the company's ability to sort waste so that the individual fragments can be reused as opposed to incineration.</p> <p>Recycling efficiency:</p> $\frac{\text{Waste sent for recycling (kg)}}{\text{Total amount of waste (kg)}}$
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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:

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

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.