

A photograph of a wooden side table next to a sofa. On the table, there is a glass of water with ice, a stack of books, and a small decorative object. The text 'Responsibility Report 2022' is overlaid on the image.

Responsibility Report 2022

The Journey Ahead

fermì
LIVING

Responsibility Ambition

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



Contents

04	CEO statement
06	Who We Are
10	Design Philosophy
12	Our 2030 Commitments
14	Four Strategic Focus Areas
16	People
18	Progress is Key
19	2021 Actions Realised
20	The UN Global Compact Principles and SDGs
26	Environment
28	Our Global Supply Chain
30	Production
32	Materials and Conscious Consumption
36	Quality
38	Certification and Testing
40	Packaging
41	Freight and Transport
42	The Journey Ahead

We believe it is our responsibility to lead the way, inspiring change and guiding others towards more responsible choices.

Peter M. Vedel, CEO

Foreword by Peter M. Vedel, CEO

“As the world around us evolves,
so do our goals, shaped by
the invaluable lessons we learn
along the path towards
a better tomorrow.”

At ferm LIVING, we continue to celebrate the contrasts in life and inspire individuals to make confident choices that contribute to a more sustainable future. Navigating the complexities between good and bad, right and wrong can be challenging. However, as a design company, we believe it is our responsibility to lead the way, inspiring change and guiding others towards making responsible choices.

Over the years, we have steadfastly integrated sustainability into our company's operations. Last year, we embarked on a strategic collaboration with Märk, a Danish sustainability agency, which resulted in the development of a clear Responsibility strategy. Through this collaboration, we were able to align our sustainability efforts more effectively and establish a comprehensive framework that guides our actions towards social and environmental responsibility. The partnership with Märk has provided us with valuable insights and expertise, enabling us to communicate our sustainability initiatives with clarity and purpose. As proud participants of the UN Global Compact since August 2021, this report serves as our second annual Communication on Progress, highlighting our work with responsibility and our commitment to supporting the UNGC.

Our responsibility strategy for 2030 outlines nine ambitious commitments that extend to every corner of our business. We

understand that true responsibility requires a holistic approach, from design processes and production methods to material choices, delivery logistics and the way we shape our culture. We continuously strive to embed a responsible mindset into all branches of our organization.

We recognize the significance of our work not only for our team, partners, suppliers and customers but also for the well-being of our planet and society at large.

Our passionate team, across all departments, remains dedicated to driving progress. Initiatives, projects, and actions are undertaken throughout ferm LIVING to ensure continuous improvement throughout the company. We also acknowledge that our journey towards responsibility and sustainability is ongoing with no finish line. As the world around us evolves, so do our goals, shaped by the invaluable lessons we learn along the path towards a better tomorrow.

Peter M. Vedel
CEO

July 2023

Who We Are

ferm LIVING is a Danish design brand founded in 2006.

From our home in Copenhagen, we blend authentic design and responsible thinking to create honest products for your home. We work for a better tomorrow and want to inspire change and help consumers make responsible choices. Based on nine 2030 Commitments across ‘Our planet’, ‘Our Society’ and ‘Our family’, ferm LIVING embraces its responsibility holistically and weaves a mindset of sustainability into every corner of our business.



Core Story



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

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





Design Philosophy

We want to inspire people to live a more mindful and sustainable lifestyle. To us, this means buying less, buying better and keeping things in use for longer. We therefore design for longevity – both in terms of function and aesthetics. We value authentic design and clear functionality, working to create high-quality products that are made responsibly and with a lasting aesthetic appeal.

We take a holistic approach to sustainability and have implemented responsible thinking throughout all areas of our business. In the design phase, where the first important choices for a product are made, we employ a range of Responsibility Criteria for new products that include longevity, material, designing for disassembly, certifications, climate screening, production and social responsibility. We take a ‘cradle to grave’ approach in order to consider the entire life cycle of our products and promote circularity. Working within this set framework of practices allows us to balance compliance, climate and social parameters. We believe

that designing for longevity is the foundation to minimizing our resource consumption and CO₂ emissions. To ensure we move in the right direction, our Sustainability Manager works closely with the design and product teams, tracking our progress and helping us identify opportunities to implement more sustainable solutions in both social and environmental contexts.

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



In the design phase, where the first important choices for a product are made, we employ a range of Responsibility Criteria for new products.

Our 2030 Commitments



Our Planet

Create full transparency
on all products

Obtain third-party
certifications on all
products

Work towards
CO₂e-neutrality



Our Society

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

Inspire customers to
make responsible choices

Give back to local
communities in support
of better homes



Our Family

Maintain a strong culture
with clear values

Nurture long-lasting
relations built on trust
and respect

Empower all of us to
learn and grow together

“We are mindful of the impact of our business and measure the CO₂e footprint of our products. This work will help in establishing a baseline from which future reduction targets and strategic ‘in-settings’ will be set.”

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

We are committed to responsible production in both environmental and social contexts. We work with certifications and testing to ensure working conditions in our supply chain are safe and fair, and that our products are responsibly produced and of high quality. We are mindful of the impact of our business and measure the CO₂e footprint of our products. In 2023, we have continued our collaboration with the Danish company Málbar, using their Climate Screening Tool to measure the CO₂e footprint of our products and the raw materials that we use.

We are currently onboarding key suppliers to the climate screen tool in order to measure the climate impact of our products, taking every step of the manufacturing process into account—from the raw materials used to the arrival of a finished product at our warehouse. This work will help in establishing a baseline from which future reduction targets and strategic ‘in-settings’ will be set.

We participate in the UN Global Compact and as of 2022, report our yearly progress on their platform. We encourage better ways. We nurture long-lasting relationships built on mutual value creation, transparent communication and considerate behaviour, believing in relationships where everyone is empowered to explore opportunities for responsible business and better living. It’s an ongoing journey and we know there will be dilemmas and bumps along the way. By contributing to the important and ongoing dialogue on sustainability and by helping each other leverage insights to learn and grow, we are all working towards a better tomorrow.

“Our 2030 commitments are ambitious, and while the road to achieving some of them are clear, others are more diffuse and will evolve over time.”

We work within a framework where our business is divided into four strategic focus areas:

Business in Balance, Empowering Relations, Responsible Living and Inspiring Change. Under each of the four strategic focus areas, there are a number of projects and initiatives that are a part of our detailed action plan for 2023 and beyond. All actions point towards our 2030 goals and help to ensure that we are constantly moving forward.

Our 2030 commitments are ambitious, and while the road to achieving some of them are clear, others are more diffuse and will evolve over time. We understand that there is no finish line and that our goals will continue to adapt according to the changing world around us. There will be dilemmas along the way, but we are committed to sharing our progress and will continue to increase transparency.

Four Strategic Focus Areas



Business in Balance

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

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



Empowering Relations

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

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



Responsible Living

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

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



Inspiring Change

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

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

Shared company action plan for 2023



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



People

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

For us, responsibility and decency go hand in hand. No one is above anyone else and we work to create an inclusive environment where everyone can feel safe and is treated equally.

- We participate in the UN Global Compact and conduct ourselves and treat others in accordance with the principles and values set out within it.
- We embrace diversity and value all human beings equally regardless of race, age, religion, sexual orientation or social status.
- We oppose racism in all its forms as well as physical, verbal and emotional abuse.
- We hire for talent and will always employ the person with the best qualifications for the job, regardless of ethnicity, age, gender, religion, sexual preference, disability and social identity.
- We pride ourselves on a flat organisational structure and maintain a casual working environment in our day-to-day business.
- We promote a healthy life balance and encourage a healthy body and mind.
- We invest in long-term relationships with partners and suppliers. Our relationships are built on mutual respect and value.
- We are entrepreneurial and have high ambitions but never pursue only the lowest manufacturing price.
- We continually strive to provide the best possible service to all, regardless of who they are.

Health and Safety

firm LIVING systematically registers workplace accidents, and no accidents were registered in the reporting year. Due to the nature of the company, no specific health and safety procedures have been implemented but the company has a Working Environment Committee. Also, a Team Engagement Culture Survey was conducted again in November 2022, and the company will work with the results both in individual departments and on the Extended Leadership Team level throughout 2023.



The process of creating a new collection is both collaborative and structured. The design team works closely together with category managers who specialise in certain categories.

By the end of 2022 the company employed

Number of employees
(Compared to 61 in 2021)

83

% of female employees
(Compared to 85% in 2021)

84%

% of female employees in leading
or managerial positions
(Compared to 55% in 2021)

50%

% of women
at board level
(Compared to 20% in 2021)

50%

Staff turnover
(Compared to 14% in 2021)

10%

Retention rate
(Compared to 86% in 2021)

90%

Absenteeism rate
(Compared to 1.5% in 2021)

3.62%*

of workplace accidents
(Unchanged compared to 2021)

0



Engagement

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

Progress is Key

We work for a better tomorrow and want to inspire change and help consumers make responsible choices. Our work with sustainability covers both environmental and social contexts, and our goal is to continue to share our progress and increase transparency.

We know and accept that what we are working towards has no finish line, and our goals will continue to adapt according to the changing world around us.



2022 Actions Realised

In 2022, we achieved the following milestones on our responsibility journey.

- ✓ **Responsibility Strategy**
In 2022, we have implemented and worked with our responsibility strategy across all departments, making sure that we incorporate responsibility into all the branches of our business. We completed many of our initiatives and initiated new, long-term projects from our shared action plan, lead by our Responsibility Ambassador team who ensure progress and knowledge within each of the departments.
- ✓ **FSC™ certified – The Forest Stewardship Council™**
We are proud to have expanded our network of FSC™ certified suppliers as well as the number of products in our collection, while actively promoting the value of this certification, which protects healthy, resilient forests as well as promoting biodiversity and human rights.
- ✓ **CO₂e Impact**
We consider the impact of our decisions and continue to measure the CO₂e footprint of our products using Malbar's Climate Screening tool. We have now onboarded nine of our key suppliers, measuring our climate impact on a product level that takes the entire production process into account, from raw material until it arrives at our warehouse. In 2023, we aim to onboard an additional 9 key suppliers and have climate screenings for our 100 top-selling products. This will help to establish a baseline from which future reduction targets and 'in-settings' (as opposed to off-settings. We want to invest in better and more responsible ways early in the design and production process.) will be set. In addition, our largest textile supplier now runs their entire production on 90-95% solar power.
- ✓ **AMFORI membership – BSCI Business Social Compliance Initiative**
Taking social responsibility in our supply chain is a mission we take seriously. Being members of Amfori enables us to have all our key suppliers BSCI audited. In 2022, two-thirds of our key suppliers have been BSCI audited.
- ✓ **Responsibility and Sustainability Yearly Communication**
Throughout 2023, we have continued to share our progress on our responsibility journey as well as increase our transparency around production and design - being mindful not to Greenwash or Greenhush. By sharing production and design stories, we invite people behind the scenes and into the journey our products take.
- ✓ **Packaging**
In 2022, we achieved a significant milestone as a large packaging supplier in India obtained FSC™ certification, bringing us closer to our objective of ensuring all our packaging is FSC™ certified by the end of 2023.



The UN Global Compact Principles

We are committed to ethical and responsible business practices, as reflected in our Code of Conduct which is based on the UN Global Compact's Ten Guiding Principles. All suppliers must comply with this CoC to promote responsible business practices.

Human Rights

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

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

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

Throughout our supply chain, we nurture long-lasting relationships based on mutual value-creation, respectful behaviour and transparent communication. We work with accredited certifications and auditing schemes in order to ensure good working standards amongst our suppliers (see more under LABOUR). We open our world for everyone to be inspired, and by sharing supplier and production stories, we invite people behind the scenes and into the journey of our products. Our work with sustainability covers both environmental and social contexts, and our goal is to continue to share our progress and increase transparency.

Labour

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

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

PRINCIPLE 5 – The effective abolition of child labour.

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

The use of forced or child labor of any kind is strictly forbidden. firm LIVING is not aware of any breach of human rights within the company or among suppliers during 2022, and we will continue to monitor labour conditions along our supply chain.

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

Environment

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

PRINCIPLE 8 – Undertake initiatives to promote greater environmental responsibility.

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

Environmental Responsibility – CO₂ Emissions

At firm LIVING, we carefully consider the impact of our decisions. We believe that designing for longevity is the foundation for minimising resource consumption and CO₂ emissions. We work in collaboration with Danish sustainability company Mälbar, using their climate screening tool to measure the CO₂e footprint of raw materials and our products. So far, we have onboarded nine key suppliers to measure the climate impact of the products that they produce, from raw material to the final product arriving at the warehouse. In 2023, we have committed to onboarding an additional 9 key suppliers and conducting climate screenings on our 100 top-selling products. This work will help in establishing a baseline from which future reduction targets and strategic 'in-settings' will be set.

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

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

Anti-corruption

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

firm LIVING do not tolerate any form of corruption.

Any business proposals that allude to corruption of any form are rejected and the company is fully committed to following the law with integrity. Working with suppliers on a global scale, there are always local risks, however, we have no tolerance within the company and all suppliers sign and must commit to our Code of Conduct. Governance procedures were updated in 2020 with a 4-eyed principle and whistle-blower procedures allow anonymous reporting of incidents.

The company is not aware of any breach of corruption within the company or among suppliers during 2022, and there have been no whistle-blower incidences reported.



UN Sustainable Development Goals

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

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

GOAL 8

Decent Work and Economic Growth

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

At firm LIVING, we contribute to positive change by providing decent jobs and working conditions. Through our Code of Conduct and certifications such as BSCI, FSC™ and GOTS, which ensure high standards within human rights and fair wages, we are a proactive partner in ensuring that the rights of workers in our supply chain are upheld.

GOAL 12

Responsible Consumption and Production

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

At firm LIVING, we believe that longevity is the key to minimising our impact, and we design to create products that are meant to last both in terms of function and aesthetics. For us, this means high-quality designs that are

produced with responsible materials and with an aesthetic appeal that can last the test of time.

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

We embrace the challenge of making increasingly sustainable choices during the design phase, guided by our list of Responsibility Criteria. Our commitment extends to selecting responsible materials and designing for disassembly, adopting a cradle-to-grave approach for all new products. This ensures ease of recycling for our customers if and when they decide to discontinue product usage, promoting longevity and a circular mindset.

GOAL 17

Partnerships for the Goals

This goal seeks to revitalize and enhance the global partnership for sustainable development through intensive and systematic engagement of governments, civil society, the private sector, the United Nations system, and other actors in the implementation of the other sixteen SDGs. We have a long-term partnership with the Red Cross, where we annually donate a fixed amount per employee. We will continue to support their work in providing shelter, essential supplies, healthcare and financial aid to those who need it the most.

At firm LIVING, we have a holistic and humble approach to working with sustainability. Recognizing that perfection is unattainable and acknowledging our limitations in various domains, we prioritize forging long-term partnerships with specialists in their respective fields. Through these collaborative efforts, we continuously learn and progress, ensuring that we constantly improve our responsible practices and move forward on our journey towards greater sustainability.



A farmer growing GOTS certified organic materials such as cotton, silk, linen or bamboo has a highly restricted list of chemicals that they are allowed to use in their production, protecting both soil and animal welfare. There are also strict requirements when it comes to water usage, which includes the responsible treatment and recycling of wastewater.



The Edre Sofa is a harmonious combination of comfort, beauty and thoughtful design. Crafted in Lithuania using locally sourced FSC™ certified solid pinewood, the piece showcases large cushions made from 100% European linen and filled with PET-yarn. The sofa frame features wide, brutalist-inspired armrests that also double as functional shelves. The sofa is designed for disassembly and delivered flat-packed.



“From materials and processes to production and delivery, we challenge ourselves to help shape a more sustainable future, making it easier for you to make responsible choices. We create collections of furniture, accessories and lighting, so you can create space to feel comfortably you.”

We work to
reduce our
environmental
impact





Environment

At ferm LIVING, we consider the impact of our business and measure the CO₂e footprint of our products. This work will help in establishing a baseline from which future reduction targets and strategic ‘in-settings’ will be set.

Our environmental policy is centered around three 2030 key commitments:

Create full transparency on all products

Obtain third-party certifications on all products where possible

Work towards CO₂e-neutrality

In collaboration with the Danish company Málbar, we are using their Climate Screening Tool to measure the CO₂e footprint of our individual products taking every step of the manufacturing process into account – from the raw materials to the arrival of a final product at our warehouse. So far, we have onboarded nine key suppliers to measure the climate impact of the products that they produce, from raw material to the final product arriving at

the warehouse. In 2023, we have committed to onboarding an additional 9 key suppliers and conducting climate screenings on our 100 top-selling products. In freight and transport we measure container space and CO₂ emissions through software calculators to keep both the environmental impact and cost of our transport to an absolute minimum.

Our Global Supply Chain

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

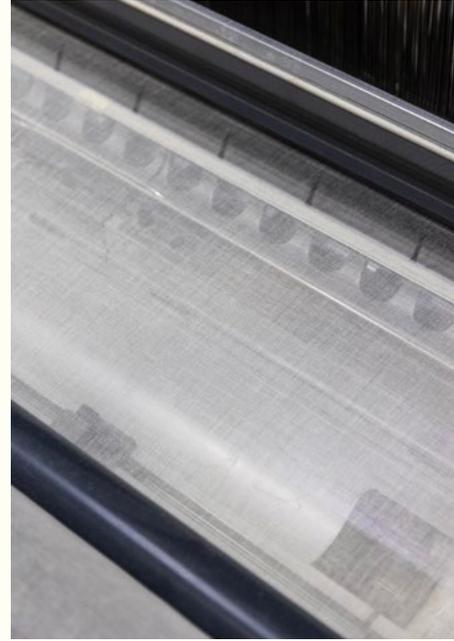
Bosnia/Herzegovina	Bulgaria	China	Croatia	Denmark	India	Indonesia	Italy	Latvia
Furniture	Furniture	Ceramics Glass Mirror Lighting Metal Furniture Wooden acces. Kitchen appliance Scented candles Paper pulp	Furniture	Furniture Recycled plastic	Textile Rugs Marble acces. Bras Recycled aluminium and iron	Braided rattan furniture	Furniture Marble products Marble furniture Glass table tops	Furniture



Lithuania	Poland	Portugal	Sweden	Turkey	Vietnam
Metal Furniture Lighting Textile	Wooden acces. Furniture Candles Wallpaper	Marble products Marble furniture	Wallpaper Furniture	Textile Furniture	Furniture Outdoor furniture

Upholstery textiles

Italy, Lithuania, United Kingdom, Norway, Turkey, Spain, China, Egypt, India, Pakistan





Production

We work in close partnership with talented artisans and craftspeople in the industry. We produce our products in different regions of the world depending on the raw materials and the know-how required.

Every ferm LIVING product is made by skilled and dedicated craftsmen and women with whom we work closely in partnerships built on mutual respect.

Upholstered and wooden furniture, metal products, wallpaper and a portion of our textiles are produced in Europe, in countries that include the Baltics, Italy, Poland, Portugal, Sweden and Turkey, while we collaborate with suppliers in India and China on the production of textiles, glassware, ceramics and lighting. We are committed to ethical and responsible business practices, as reflected in our Code of Conduct which is based on the UN Global Compact's Ten Guiding Principles.

All suppliers must comply with this CoC to promote responsible business practices. Taking social responsibility in our supply chain is a mission we take seriously. Being members of Amfori enables us to have all our key suppliers BSCI audited. In 2023, we aim to have 40% of all our suppliers rated as 'Responsible Suppliers'. To us, this means a supplier that has acted on social responsibility by working with initiatives or certifications as BSCI, SA 8000 or FSC™ or GOTS, which all have high standards for social responsibility and making sure that human rights and fair working conditions are upheld.

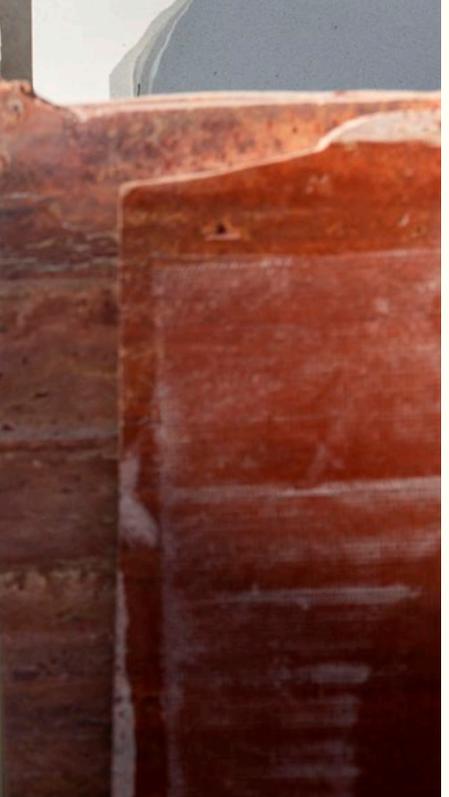
Throughout our supply chain, we nurture long-lasting relationships based on mutual value-creation, respectful behaviour and transparent communication. We want to open our world for everyone to be inspired by, and by sharing supplier and production stories, we invite people behind the scenes and into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

Compliance

ferm LIVING is committed to ensuring the safety of its products. To achieve this, the company will continue to research and stay up to date on all chemical and product safety laws and regulations in collaboration with accredited consultants in 2023. To proactively address safety concerns, the company has developed checklists that are used from the first developmental step. These checklists help to ensure that safety is taken into consideration at every stage of the product development process. Additionally, a system platform is used to maintain and assure accurate documentation both internally and externally, further ensuring that safety is a top priority.



Handcrafted at a small pottery factory in Portugal, the round-bellied Ando Pot embodies the country's rich clay-making traditions. Artisans skillfully shape the clay by hand, utilizing unique techniques for these generously-sized pots.





Materials and Conscious Consumption

Today, approximately one third of our products have a RESPONSIBLE tag. This means that a product is either FSC™, GOTS or OSC 100/ Organic blended certified or produced in a recycled material. In the future, our definition of RESPONSIBLE will expand due to committed work to our Responsible Criteria being implemented even more in the early design phase.

We challenge ourselves to make more sustainable choices already in the design phase. We work to ensure that as many of our products as possible are made from responsible materials, and several of our designs are made from a single material, making it easier to recycle if and when our customers wish to do so. In 2020, 21% of the products in our collection had a RESPONSIBLE tag. In 2021, the number of RESPONSIBLE products increased to 28%. Our goal for 2022 was to increase that percentage to 32%. Regrettably, we were unable to meet this target due to several internal and external challenges and the number of RESPONSIBLE products in the collection at the end of 2022 was 28.7%. We are dedicated to and continuously working on implementing new, responsible materials and ways of working, and remain committed to our goal of increasing the proportion of RESPONSIBLE products in our collection to 32% in 2023.

Although our ambition is for this percentage to grow, we know that it may vary from year to year, as our design collection is dependent on various factors, and there may be years in which we will have to remove a RESPONSIBLE product from the collection, for example, if that product no longer is in demand.

Responsible Products

Today we use RESPONSIBLE as a tag on our products to signify that a product is either FSC™, GOTS or OSC 100/ Organic blended certified or produced in a recycled material, such as recycled glass and ceramics, recycled paper pulp or PET-yarn made from post-consumer plastic bottles. In the future, our definition of RESPONSIBLE will expand due to committed work to our Responsible Criteria being implemented even more in the early design phase.



Our goal for 2022 was to increase the percentage of RESPONSIBLE products in our collection to 32%. Regrettably, we were unable to meet this target and the number of RESPONSIBLE products in the collection at the end of 2022 was 28.7%. We remain committed to our goal of increasing the proportion of RESPONSIBLE products in our collection to 32% in 2023.



Simply working with the standard dimensions of solid wooden planks, the Ark collection makes a statement with its honest and unapologetic design aesthetic. Having responsibility in mind from the initial design phase to the flat-packed packaging, the chairs are designed for disassembly to reduce their environmental footprint. They are made from FSC™ certified wood and produced in the EU.

Notes on our Responsible Products



What does our 'RESPONSIBLE' tag mean?

Items with our 'RESPONSIBLE' tag either have one of the following certifications: GOTS certified, Organic Blended or FSC™ certified, or are produced in responsible, recycled materials, such as recycled glass, recycled aluminium, recycled paper pulp or PET yarn made from post-consumer plastic bottles. We are dedicated to, and continuously working on, implementing even more responsible materials and ways of working in our future designs.



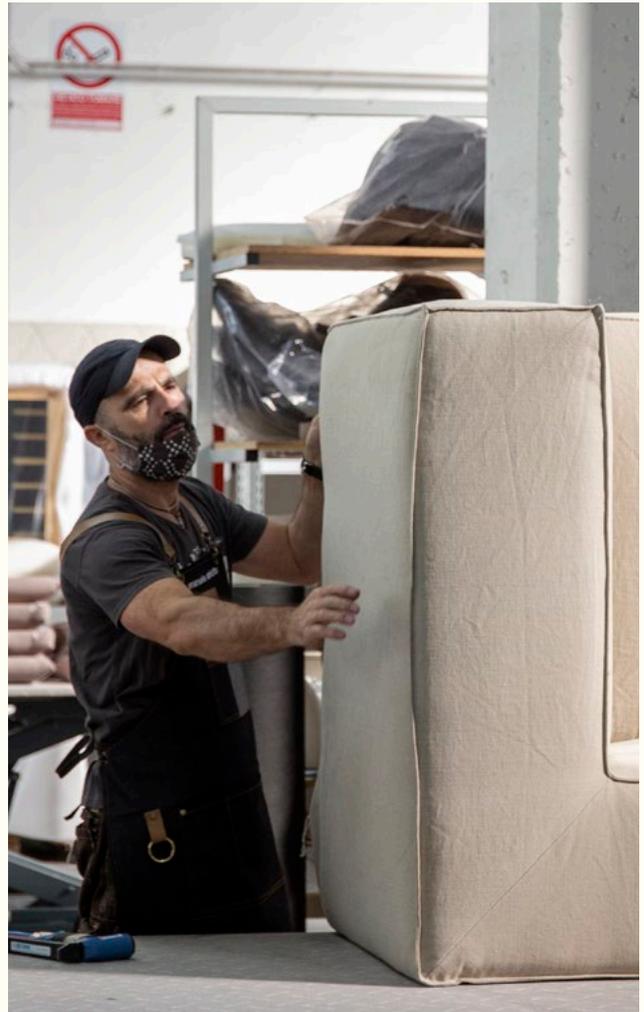


Quality

At firm LIVING, we want to help consumers make responsible choices. This means buying less, buying better and using items for longer. That's why we design products that are made to last – in terms of both function and aesthetics.

Designing for longevity is the foundation for minimising our resource consumption and CO₂ emissions. Our designs are made to last, and it is our ambition that they live for many years – timeless, enduring and passed on. For this to happen, our products need to be of high quality, and they must arrive at their destination in good condition.

We employ strict Responsibility Criteria for new products and have a comprehensive quality control system in order to ensure that each product lives up to our quality standards. In addition to this, our suppliers consistently perform on-site quality control inspections, while we routinely visit manufacturing locations to conduct our own quality control checks. In 2021 our claim rate was 1.1% and we are working hard to reduce it further.



Quality inspection of a Cafena product at our furniture supplier in Italy.





Certification and Testing

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

We are deeply committed to social responsibility in our supply chain, and as members of Amfori, we are able to ensure that our key suppliers undergo BSCI audits. Our goal for 2023 is to have 40% of our suppliers classified as 'Responsible suppliers,' indicating their dedication to social responsibility through initiatives or certifications such as BSCI, SA 8000, FSC™, or GOTS. These certifications uphold stringent standards for human rights and fair working conditions, aligning with our mission of promoting responsible practices. Where relevant, products are tested before they become part of our collection. This includes lighting, furniture, outdoor pieces, kitchen and children's products. In order to adhere to REACH regulations, accredited testing agencies, such as the Danish Technological Institute, conduct tests on our products through processes defined by law.



RESPONSIBLE – We use RESPONSIBLE as a tag on our products to signify that a product is either FSC™, GOTS or OSC 100/ Organic blended certified or produced in a recycled material, such as recycled glass, recycled aluminium, recycled paper pulp or PET-yarn made from post-consumer plastic bottles. We are dedicated to, and continuously working on, implementing even more responsible materials and ways of working in our future designs.

We currently work with the following certifications:



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



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



FSC™ – The Forest Stewardship Council™. An international, non-profit certification scheme for wood and paper. In FSC™ forestry, animals and plant life are protected and no more wood is felled than the forest can reproduce, either through natural regeneration or replanting. At the same time, FSC™ ensures that workers' rights throughout the certified supply chain are respected. Look for our FSC™ certified products on our website.



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



Trade with purpose

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



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

For GOTS certified products, ferm LIVING must live up to the requirements defined by GOTS (Global Organic Textile Standard). This includes ensuring the organic status of textiles, from harvesting raw materials through to environmentally and socially responsible manufacturing and labelling.



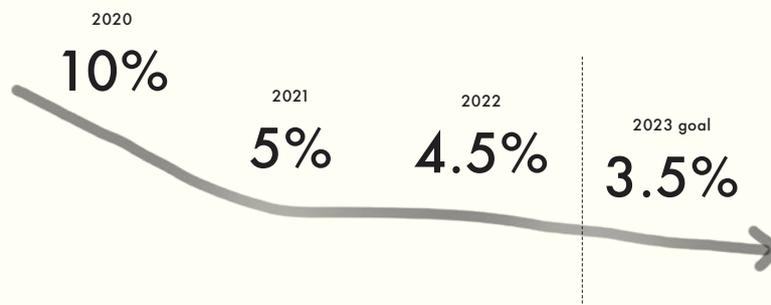


Packaging

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

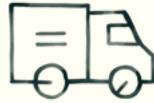
To demonstrate our commitment to sustainability, firm LIVING is also working towards making all gift boxes from FSC™ certified cardboard and printed with black soy-based ink. In 2022, we achieved a significant milestone as a large packaging supplier in India obtained FSC™ certification. We are dedicated to achieving this goal 100% within 2023. All tags are already FSC™ certified, while our tote bags are made from sustainably produced textiles and in a design that inspires repeated use. The majority of the packaging used to protect products during shipping is made from natural-based materials such as cardboard, paper pulp and craft paper. Smaller items and textiles are packaged in recyclable plastic bags. To ensure all our products arrive to their destination in good condition, some of our products are protected with Styrofoam during transport. In 2020, this applied to approximately 10% of our products. During 2021, we managed to reduce this to only 5%. We are pleased with our progress.

Our target for 2022 was to reduce this number even further so that only 3% of our products required Styrofoam packaging. We knew this would be a challenge for us and would require us to seek more innovative solutions, as traditional alternatives have already been tested. We have, for example, successfully implemented the use of FSC™ certified honeycomb for our Pond Mirrors. We recognise that while we want to reduce our impact by finding alternatives to Styrofoam, we have a number of products that are delicate and therefore require adequate protection during shipping - we are therefore mindful that producing and shipping a new product to cover a claim often results in higher CO₂ emissions than the use of Styrofoam. Unfortunately we did not meet our 2022 target of 3% and instead saw an increase to 4.5%. We are actively engaged in reducing our reliance on Styrofoam and exploring alternative solutions. We maintain close communication with our major packaging suppliers to identify materials that can effectively act as a replacement. Our goal for 2023 is to decrease Styrofoam usage to 3.5%.



Reduction of Styrofoam

In 2020, approximately 10% of our products used Styrofoam in their packaging. During 2021, we managed to reduce this to 5%. Our target for 2022 was to reduce this number to 3%. Unfortunately, we did not meet this target and instead saw an increase to 4.5%. Our goal for 2023 is to decrease Styrofoam usage to 3.5%.



Freight and Transport

All of our shipping is carried out by external forwarders.

Our European freight is transported by road or rail, while products from Asia arrive by sea. As a rule, we avoid air transport but on certain occasions choose to make high-priority shipments by air. The general split for the different modes of freight transport is:

Transported by sea	Transported by road	Transported by rail	Transported by air
52.7%	46%	1%	0.3%

In 2020, our air transport rate doubled to 4% as a result of COVID-19-related delays. However, in 2021, we successfully reduced it significantly to 0.2%. In 2022, our objective was to maintain air transport below 1%, and we are pleased to report that we have successfully kept it remarkably low at 0.3%. Simultaneously, our road and rail transportation has been gradually and steadily increasing due to heightened production in Europe compared to the Far East.

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

The Journey Ahead

Guided by our ambition and our 2030 Commitments, we remain steadfast in our belief in the power of change. We understand that active engagement throughout our business is the key to reaching our goals. As we continue our dedicated efforts, we are committed to driving significant progress and making a positive impact.

Through a series of ongoing initiatives and actions, we consistently propel ourselves forward in our four strategic focus areas: Business in Balance, Empowering Relations, Responsible Living and Inspiring Change. Each endeavor serves as a stepping stone towards our 2030 goals, ensuring that progress remains a continuous journey without a definitive endpoint. Embracing the inevitable challenges and obstacles, we remain committed to

transparency, sharing our progress as we increase our collective understanding. The pursuit of responsibility is not exclusive to ferm LIVING; it is a shared global agenda. By fostering partnerships and collaboration, contributing to essential sustainability dialogues, and leveraging insights together, we work towards a better tomorrow.

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

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Space to feel comfortably you