

*Responsibility and sustainability have always been a part of the way we do business. Responsibility towards the environment, responsibility towards the customers and responsibility towards our employees and stakeholders.*

The chipboards that TCM Group uses for production consists of min. 90% recycled timber

# HIGHLIGHTS 2022

This section covers Communication on Progress according to United Nations Global Compact and the statutory statement by the Danish Financial Statements' Act 99a, 99b, 99d and 107d.

## INDOOR CLIMATE CERTIFIED

Kitchen models certified: 100%



## WASTE RECYCLE 2022

By weight



# 90%

## UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

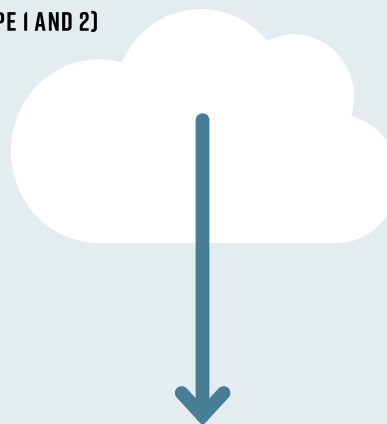


SGD, 5 Gender equality (target 5.5), 8. Decent work and economic growth (target 8.5 and 8.8), 12. Responsible consumption and production, 13. Climate action, 15. Life on Land.

## CO<sub>2</sub> EMISSION REDUCTION 2022 (SCOPE 1 AND 2)

Compared to 2021

# 18%



## ACCIDENTS 2022

Sickdays caused by work accidents



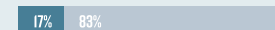
**0.1%** Absence ratio related to work accidents in 2022



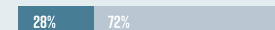
## GENDER EQUALITY

TCM Group has a target of having equal gender representation on the Board of Directors before 2026. As of 31 December 2022, the distribution is 17%/83% underrepresented gender, which means that the target is not met.

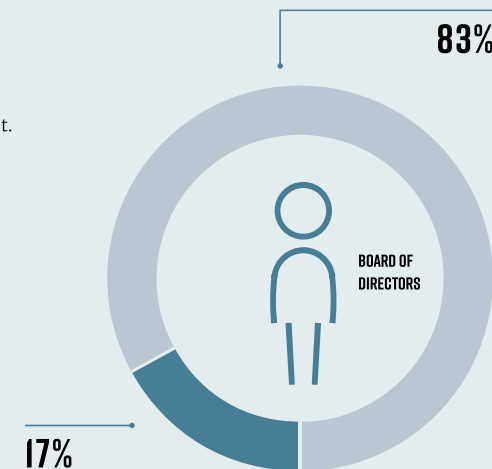
### BOARD OF DIRECTORS



### MANAGEMENT



### EMPLOYEES



# ESG STRATEGY & APPROACH

Building on our longstanding commitment to responsibility we are very conscious of our responsibility towards society. Responsibility towards the environment, responsibility towards our customers, and responsibility towards our employees and stakeholders. In 2021 we launched our ESG strategy setting the direction to embed sustainability ever deeper in the way we do business. A strategy that is guided by the UN Sustainable Development Goals and builds on our core values and brands – and integrating sustainability throughout our value chain from raw materials to after-sales and service.

Our ESG strategy sets out transformative targets to drive decisions and actions within four areas of priority:

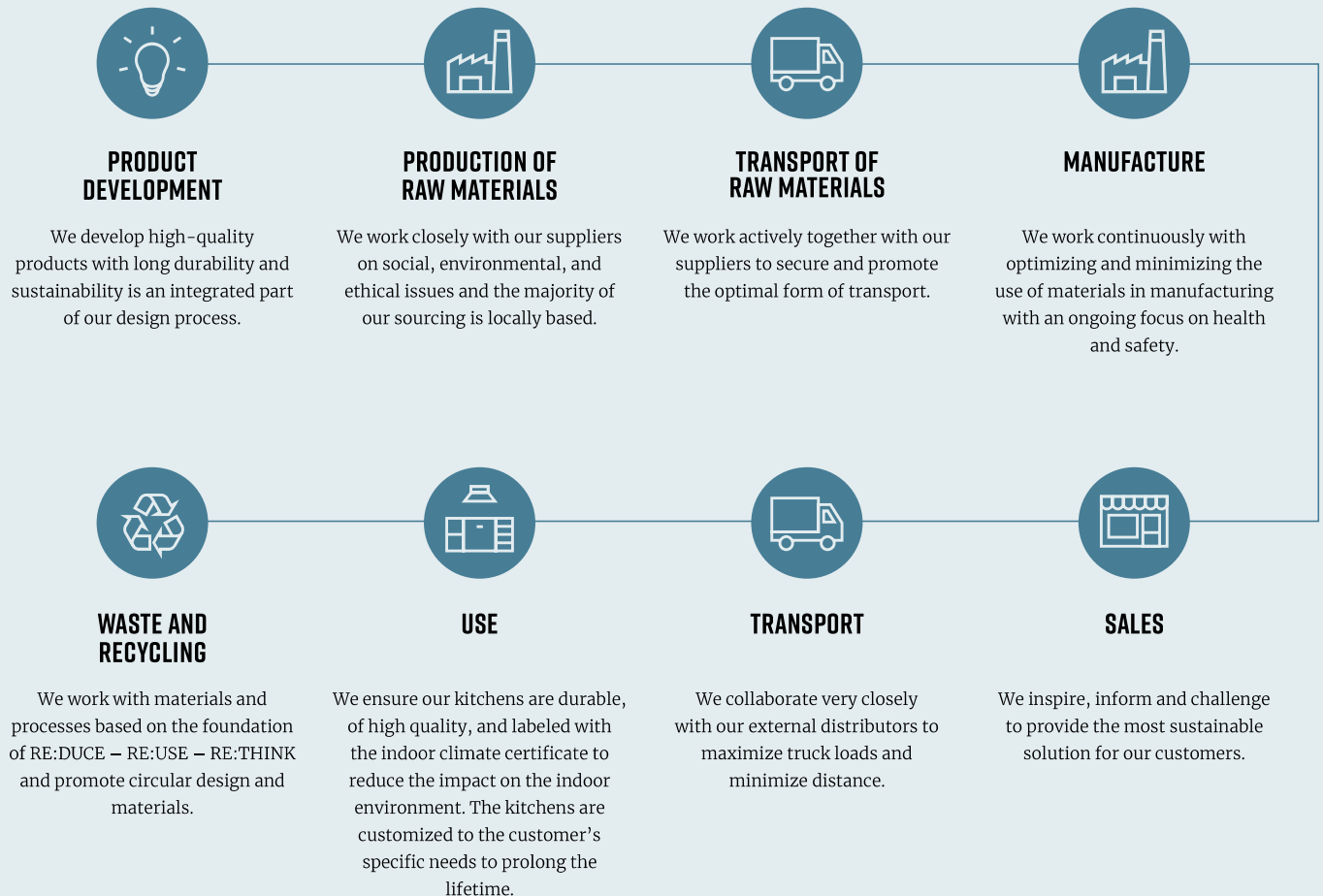
- A sustainable work life
- We take responsibility
- New ways ahead
- Together we improve

These are the areas where we believe we have the greatest impact on sustainable development through our business activities. Our systematic approach to sustainability makes us capable of strengthening our relationships with all key stakeholders and supporting business growth while continuously mitigating negative impacts by continuous learning and improvement.

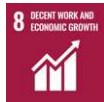
TCM Group has been a signatory to the UN Global Compact for more than a decade, and this ESG section serves as our annual Communication on Progress. We commit to the Ten Principles of the UN Global Compact on human rights, labor, environment, and anti-corruption.

# OUR VALUE CHAIN IMPACT

The largest share of our impact in terms of sustainability originates from our value chain. As a result, we work actively to promote sustainability throughout the entire value chain with innovative product design, close cooperation with business partners, and a constant focus to improve across our value chain



# A SUSTAINABLE WORK LIFE



## UN Global Compact principle 1, 2, 3, 4, 5, 6, 10

TCM Group's continued success is relying on employing the most qualified people, and we are committed to ensuring a safe and healthy working environment, characterized by mutual trust and respect. We work actively to create "a sustainable work life" characterized by the following principles

- A safe and secure work environment that also enhances personal development.
- Flexibility to support a clear balance between work/private life, between individuals, teams, and organization.
- Diversity and social commitment.

We pay high respect for every single individual balanced with an understanding of the role we each must fulfill in the organization. But most of

all, we celebrate the joint victories that the individual teams achieve.

### HUMAN AND LABOR RIGHTS

Our signatory to the UN Global Compact more than a decade ago testify to our long track record of working with human and labor rights. The primary risk we face in connection to non-compliance of human and labor rights are discrimination of employees and cases where specific conditions at our suppliers do not comply with these principles.

Our Employee Handbook and Code of Conduct guide our employees and suppliers in terms of human and labor rights. Our focus is to have the right mechanisms, systems, and programs in place to ensure no violations and promote responsibility toward others. We meet Danish and international standards regarding human rights as well as laws regarding equality and offer fair and equal conditions in employment and working conditions, regardless of gender, ethnic origin, religion, and other personal circumstance.

Our whistleblower hotline and internal controls make up key instruments for controlling and reporting potential violations by employees and third parties. Furthermore, we conduct arbitrary supplier audits to monitor compliance with human and labor rights standards. Read more on our whistleblower hotline and supplier management in specific sections (page 35 and page 36).

### SAFE WORKING ENVIRONMENTS

In TCM Group, we continually strive to provide the very best working environment. At our production sites, safety is our number one priority, and a lot of focus is on building and maintaining a safety culture to ensure that all our employees are safe while working. This means minimizing risks and enabling the best circumstances to provide a healthy and safe workplace for all our employees.

Work safety has a great impact on employees and their families, as well as communities and the business. In 2022, we have increased the number of working environment representatives and all representatives have obtained training in both physical and mental working environments. The latter includes specific upskilling on for example "the difficult conversation" with employees and colleagues. We already see early results in terms of an increase in knowledge sharing across locations and a reinforced focus on behavior and safety culture based on zero accidents.

We monitor the occupational health and safety of our employees by measuring data on accidents, near-miss work accidents, as well as sickness absences. In 2022, we had a total of 19 accidents. Eleven accidents have resulted in a total of 125 days of absence after the accident. The other eight accidents did not result in absence, but in some cases required the employee to perform a less strenuous job for a period after the accident. The accidents were primarily related to behavior, where employees in their eager to do a good job disregarded safety instructions. The increase in number of accidents has been less significant, and the large increase in the number of absences caused by accidents was driven by a few more severe accidents. We have further increased the focus on behavior and emphasized that no matter what, personal safety always come first. Safety will continue to be on top of the agenda in the year to come.

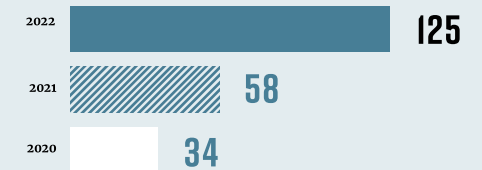
### FOCUS ON ONGOING LEARNING

One of the guiding principles for sustainable working life is the training of our employees.



## SICKDAYS AND ABSENCE

#sickdays caused by work accidents



0.1% Absence ratio related to work accidents in 2022

4.38% Absence ratio related to sickness in 2022

## REPORTED NEAR MISS WORK ACCIDENTS

#of reported near miss work accidents in TCM Group



## CASE: CODE OF CARE

Our participation in the Code of Care is already showing a good impact. In 2022 engaged with a person with social autism that since starting a flexible job has been able to increase working hours and next up is getting a truck certificate – a wish that seemed unrealistic to deliver on just a year ago.



We strive to continuously upskill our employees, so the value of the individual employee increases and the employee skills remain relevant both inside as well as outside of TCM Group.

Besides working with learning and training internally, our TCM Learning platform also covers the training of sales staff for our brands and kitchen installers. In 2022, we have strengthened the competencies in TCM learning and we have taken active steps towards making training available when it is most relevant for the individual employee. In contrast, to offer a fixed course in a specific time slot. The objective is that the learning should be available when the employee needs it and can apply the learning in practice.

In 2022 we developed a new e-learning platform as part of TCM-learning. All our employees have been offered a module focusing on ESG basics and the ESG strategy in TCM Group. 39% of our employees have completed the ESG training in 2022. In 2023 we continue training and expand our training catalogue to include training on sustainability in a commercial context including a focus on sustainable building schemes such as DGNB.

#### TOLERANT WORKPLACE

We must take responsibility for training the next generation of qualified employees and give them the chance to learn relevant competencies and gain useful work experience. Throughout the year, TCM Group helps many people to gain practical work experience, all of whom for some reason need a helping hand to gain a foothold on the job market.

In 2022, the Group joined the work of Code of Care, a non-profit organization that works to help citizens on the edge of the labor market back into regular employment. The work takes place within the framework of a task force consisting of local companies, which together identify "small jobs" that help citizens on the road to a permanent connection to the labor market.

We work continuously with apprentices in TCM Group and in 2022 we had 6 apprentices in the Group. We have become more focused on hiring people with different backgrounds to our offices to reap the benefits of diversity. We are also committed to creating positions with reduced working hours, wherever it is practically possible, and we continuously offer citizens job clarification processes in close collaboration with the municipality.

#### A TALENTED AND DIVERSE WORKFORCE

At TCM Group we are convinced that a diverse and inclusive work environment will benefit our business and our society in general. At TCM Group, we recognize the differences between our employees. We believe that diverse teams, including management groups, have a better as well as more innovative collaboration leading to better decision-making that are encouraging inclusiveness and tolerance among employees.

In TCM Group, we work actively to be a responsible workplace that recruits, promotes, and develops employees based on the individual's competencies and support diversity. We thus aim for our recruitment, promotions, terms of employment, and any dismissals to be carried out without regard to gender, age, nationality, sexual orientation, physical ability, disability, political opinion, ethnicity, family status, religiosity, or other beliefs. We also aim to achieve an appropriate equal distribution of men and women in managerial positions. To promote diversity and inclusion, we have during 2022 formed a diversity and inclusion policy. [The policy is available on TCM Group homepage](#). We constantly strive to ensure that every employee has the same opportunities, regardless of gender. As a result, we focus on equal terms and identify candidates of different genders when we hire new managers. We also seek to ensure a workforce composition consisting of a combination of both young and experienced employees.

We seek to promote diversity and achieve sensible gender diversity in both the Board of directors and

#### GENDER DIVERSITY (# OF UNDERREPRESENTED GENDER)

	2022	2021	2020	
Board of directors	1 of 6 (17%)	1 of 5 (20%)	1 of 5 (20%)	17% 83%
Mgmt. (executive mgmt. and mgmt. group)	4 of 14 (28%)	3 of 14 (21%)	4 of 15 (27%)	28% 72%
Total workforce of underrepresented gender	36%	32%	29%	36% 64%

the Executive Management and other management levels. TCM Group aims for a gender composition in the rest of management as well as in the total workforce, where the underrepresented gender makes up at least 40% in line with the objective for the composition of the board of directors (see governance section page 36).

The current composition reflects the traditional gender distribution within manufacturing companies, where there is a predominance of male foremen, and at the administrative level, a slight predominance of female employees occurs.

A barrier for TCM Group to attract the right candidate and ensure a diverse workforce is the fact that many of our staff do not speak other languages than Danish and the company language is Danish. This is a challenge that we are very much aware of. As with everything else in our business we are constantly challenging ourselves and trying to move the needle in the

right direction. For instance, we employed 28 refugees from Ukraine despite language difficulties. Even though the language is a barrier, by using on-job training and assigning mentors we succeeded in creating well functioning and balanced teams.

#### COMPENSATION

At TCM Group it is our policy that equal jobs are rewarded with equal pay. Any difference in pay is solely based on qualifications and experience.

Male/Female white collar only*	1.18
CEO total compensation relative to FTE average total compensation	8.4

\* We exclusively report on white collar as the hourly wage is calculated hourly and there is no differentiation.

# WE TAKE RESPONSIBILITY



## UN Global Compact principles: 7, 8, 9

We take pride in the fact that all our products are both designed and produced in Denmark. Good craftsmanship is a focal point in our production in combination with quality and a high degree of innovation. We focus continuously on reducing our climate impact, and our production waste and increasing the recycling rate of our waste.

### ENVIRONMENTAL SUSTAINABILITY AND EMISSIONS

It is TCM Group's ambition to achieve net zero direct and indirect emissions from sources owned or controlled by TCM Group (scope 1 and scope 2). During 2022, TCM Group reduced its total emission for scope 1 and 2 by 18% compared to 2021. These reductions have been enabled through investments in new lacquering systems, switching from ICE forklifts to electric, and implementation of heating and energy-saving projects, but also as a direct result of an increased focus on habits and behavior during our daily operations.

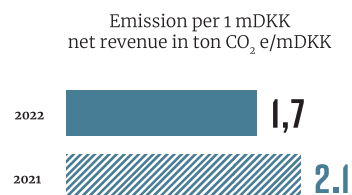
As part of this increased focus on habits, we have engaged our colleagues in idea generation on new ways to reduce energy consumption and CO<sub>2</sub> emissions. This has led to several tangible proposals for the optimization of our daily operations, which will support our continued focus on both investments in energy optimization and good behavior in terms of energy usage.

Finally phasing out the surface treatment system based on natural gas, as well as the transition from natural gas to district heating and heat pumps are all important contributors to the positive development. This has led to a reduction in gas consumption at our production sites corresponding to respectively 15–20% and a reduction in consumption of oil for heating by more than 80%.

Nonetheless, we have continued our search for energy savings and identified new potential CO<sub>2</sub> reductions that will contribute to lowering our total emissions. Examples are additional energy reductions on electricity and heating, transition to renewable energy sources, and signing a contractual power agreement ensuring that from January 1st, 2023, our electricity consumption will be fully covered by renewable energy certificates from wind and solar power.

Furthermore, TCM Group is following the Danish government's guidance on how to save energy and has reduced the temperature to 19 degrees Celsius to mitigate the increased energy costs for all of us.

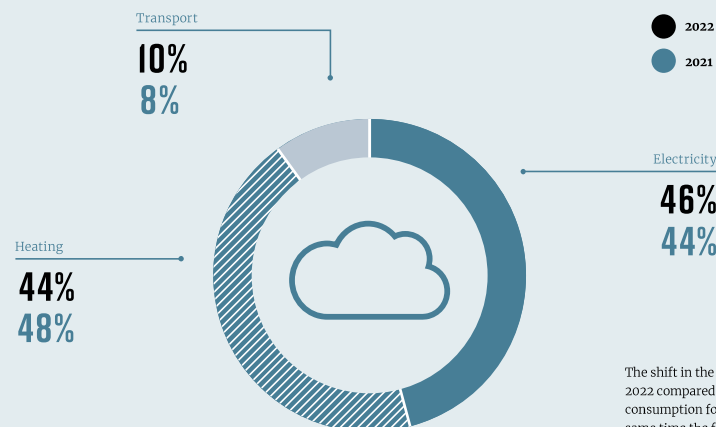
During 2022 TCM Group has started to analyze our scope 3 emissions. Our aim is that we no later than 2025 have a full understanding of our scope 3 emissions and will be able to report on our scope 3 ambition and progress.



## CASE: EMPLOYEE ENGAGEMENT IN ENERGY SAVINGS

Due to the increased societal focus on energy savings and optimization TCM employees have initiated electric walks in production. Electric walks are comparable to safety walks focusing on healthy work environments but only this time with healthy energy usage as the focal point. In practice, a cross-functional team of employees, management, and maintenance used their breaks to walk through our buildings looking for new ways to reduce our energy consumption and use the energy smarter. Several, both small and large, energy-saving projects were identified resulting in an increased focus on habits and behavior and a showdown with "what we usually do". Examples of identified savings potentials are idle consumption during lunch breaks and the timespan needed for pre-heating a selection of production equipment.

## DISTRIBUTION OF CO<sub>2</sub> EMISSION



The shift in the distribution of TCM Group CO<sub>2</sub> emission in 2022 compared to 2021, is a direct result from decrease of our consumption for both electricity and district heating. At the same time the fleet has increased.

### ELECTRICITY CONSUMPTION

The consumption of electricity in relation to revenue has decreased by 17% during 2022 compared to the year before. The direct savings was because TCM Group has made several investments to increase energy efficiency and actively promoted how daily awareness and behavior can affect energy efficiency at our production facilities. For now, we have seen a reduction in electricity consumption at our production sites corresponding to 14% compared to 2021 and we will keep searching for new ways to reduce it even further.

### ELECTRIC COMPANY CARS

TCM Group operates a company car fleet consisting of 20 mixed passenger cars and commercial vans. To reduce our impact, we have in 2022 introduced electric cars to our company car policy. Transition to electric cars will happen gradually and at the pace that follows the development of charging networks and the lead times for manufacturing and delivery of electric cars. We continuously monitor the technology, range, and infrastructure to support and promote the use of electric cars.

### WASTE

On our journey to use waste as a resource, we have in 2022 introduced new waste sorting bins in our office environment securing more comprehensive sorting and recycling going forward as well as maintaining our focus on finding new purposes for our production waste. At TCM Group manufacturing sites all waste is sorted in material fractions, which allows us to ensure that waste is used with the highest possible resource value. Our timber fraction is returned to our chipboard supplier and together with timber from Danish Recycling Center used for chipboard production. Timber from our worktop production of useable size finds new use as serving trays or is delivered to wood workshops at local schools.

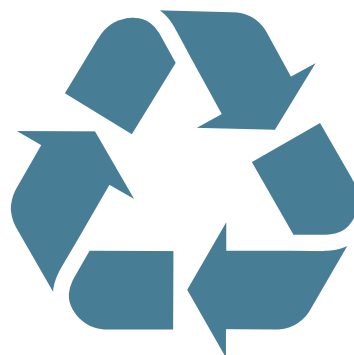
Even though we continuously find new purposes for our waste, we still have smaller material categories in our production currently used as energy recovery, or hazardous waste. However, we have in 2022 taken yet another important step towards our 2025 ambition of recycling 99.7% (based on weight) of all material categories.

### WATER MANAGEMENT

TCM Group uses very limited amounts of water for production. Water is primarily used for sanitation and heating purposes. Water used for production, is used to support our painting processes, any waste water in that respect is carefully sorted and disposed in right manner.

### IN 2022 THE DISTRIBUTION OF WASTE WAS AS ILLUSTRATED BELOW

\*Based on tons waste.



**90.3%**  
*Recycle*

**9.7%**  
*9.6% Energy recovery*  
*0.1% Hazardous waste*



SVANE KØKKENET  
INFINITY Leaf, REUSE

### CASE: FROM FOOD WASTE TO BIOFUEL

This summer we signed an agreement with DAKA ReFood on handling our food waste. The agreement with DAKA may only cover a small percentage of our total waste but it enables us to ensure that, yet another waste fraction finds new purposes. The collected food waste will be converted to either biofuel or used as part of plate materials. The collaboration was initiated in august 2022 and from august till year-end 1,958 tons of food waste from TCM factories was transformed into 77 days of energy for heating in a standard family home.



# NEW WAYS AHEAD



## UN Global Compact principles: 12

Innovation and new ideas are essential for sustainability as it helps find solutions to the environmental and resource challenges that we face. Innovation and product development have always been a part of our DNA. To accelerate our product development, we have included three focus areas in our current design and development process under the principle of New Ways Ahead.

### EXTENDED LIFECYCLE

In TCM Group, the design, development, and production of high-quality products with high durability are always in focus. An important part of decreasing our climate impact and maximizing product value is extending the life of our products, their design, and their use. Aesthetics however also plays a crucial role in terms of retrofitting existing kitchens to continuously match current living and design standards. In 2021 we defined a goal to ensure that all kitchen models produced from 2010 can be upgraded to extend their lifetime by 2023. We are happy to share that we have now met that goal. This enables all our kitchens produced in the last decade to stay relevant in the coming years. An example from 2022 is the launch of RE/DO under our brand Svane Køkkenet. The RE/DO concept enables us to actively help Svane customers upgrade their existing kitchens and it is not

limited to only supporting Svane kitchens. We will continue this journey to help our other brands and customers in the future.

### CIRCULAR DESIGN

Circular design is important because it helps to create products and systems that are designed for sustainability. This can involve designing products that are made from renewable or recycled materials, that are durable and easy to repair or refurbish, and that can be reused, recycled, or repurposed at the end of their useful life. Circular design is really gaining momentum in TCM Group and in 2022 we have spent significant resources on mapping input materials, and energy sources used for material processing and considering proper disassembly and possibilities in terms of recycling at a component level. This is yet another important step towards our ambition, that in 2025 all our new designs will be 100% circular.

### A HEALTHY INDOOR CLIMATE

When creating better kitchen environments for the heart of our customers' homes daily thrive and a healthy indoor climate are both important factors. We constantly strive to positively impact the indoor environment via e.g., research and development within surface treatment and new materials. As a result of this, we have now phased out all acid-catalyzed varnish leading to reduced degassing, and included laminated tabletops in our range of certified products. We ensure valid and documented progress via third parties and external certifications. In 2022 we updated all external certifications and included all kitchen models in our range of certified products.

### INDOOR CLIMATE CERTIFICATE

# of certificate	8
% of Kitchen Lines covered by external validation	100%



SVANE KØKKENET  
INFINITY Leaf  
EVO edgeband

## CASE: INFINITY AND EVO EDGE BAND

When entering 2022, we set out to create a genuinely circular product, embracing as many details and materials as possible. Our research and development resources have worked all year to make this happen, and the result is our new product "INFINITY". In "INFINITY" a minimum of 90% of the chipboard is made up of crushed industrial waste and waste from recycling stations and the remaining 10% from fast-growing trees. Both waste and chipboards are sourced and produced locally. Lastly, Infinity is equipped with an EVO edge band a new type of PP ISSC-certified edge band with validated and certified recycled content (min. 50%). Infinity is both a fully circular product that can be recycled repeatedly and an important step on our path to more fully circular product ranges.



# TOGETHER WE IMPROVE



## UN Global Compact principles:

1, 2, 3, 4, 5, 6, 7, 8, 9, 10

Like with the impact of our activities, our responsibility and commitment do not stop at our gates. Thus, we work with ESG and sustainability across our value chain both upstream and downstream. Our largest environmental impact originates from the materials we source from suppliers and sub-suppliers. Therefore, close collaboration and partnership with suppliers and business partners are crucial to continuously move the needle in the right direction.

Transparency, valid data, and certifications are all crucial instruments to improve the performance of ESG parameters across our value chain. Besides supplier management in general we focus, in line with most material issues, on sustainable forestry, transport, and packaging.

## RESPONSIBLE FORESTRY

The world continues to face an increasing number of complex and interconnected challenges, with the climate crisis and loss of

biodiversity being the most critical. It is through climate change mitigation efforts and the use of responsible wood that we can have the greatest impact on biodiversity in TCM Group. TCM Group's



work with certified wood goes a long way back and the Group has been FSC® certified since 2010 but not for the entire product assortment. However, as timber is the primary material category of input to our production, it is very important to us to exclusively use timber from certified responsible sources. In addition to using a high level of recycled material.

In close collaboration with our suppliers, we have extended our certification to cover our entire product portfolio and reached the target to make all the timber we buy FSC® or PEFC®-certified. Due to increased market volatility and low stock conversion rate for some components, we still have some non-certified material in our inventories. We are determined to phase out these components to meet our target of 100% certified timber in our production.

## TRANSPORT

Inbound and outbound transportation across our value chain is another focus area in terms of reducing CO<sub>2</sub> -emissions. All our transport providers have as a minimum requirement signed our code of conduct. In 2022 we initiated a measurement of our other indirect (Scope 3) GHG emissions (GRI standard 305-3) with a focus on our impact from downstream transportation and distribution. We have now successfully established a baseline and engaged in a dialogue on electrification and alternative fuels with one of our larger carriers. As a result of this, we have decided to carry out a more comprehensive scope 3 analysis covering relevant needs and possibilities before both launching specific initiatives and maturing our future scope 3 path and ambition. No later than 2025 we will report on our scope 3 ambition and progress.

## PACKAGING MATERIAL

Our target on the packaging is that all material is recyclable by 2024. In 2022 we carried out a mapping of our packaging material to get a more valid and holistic overview of the current situation of the recyclability of packaging. The initial analysis is promising and indicates an already high pro-



## CASE: ENGAGING CUSTOMERS IN SUSTAINABLE FORESTRY

To engage the customers in our journey on sustainability the Nettoline brand initiated the planting of trees for each kitchen sold in support of Danske Folkeskove (woods for citizens). The customers were invited to join a “day in the forest” when the trees were planted. Sometimes many little things add up to a lot and 2,350 trees have been planted in the woods of Rugballegaard, Lundager, and Greve.

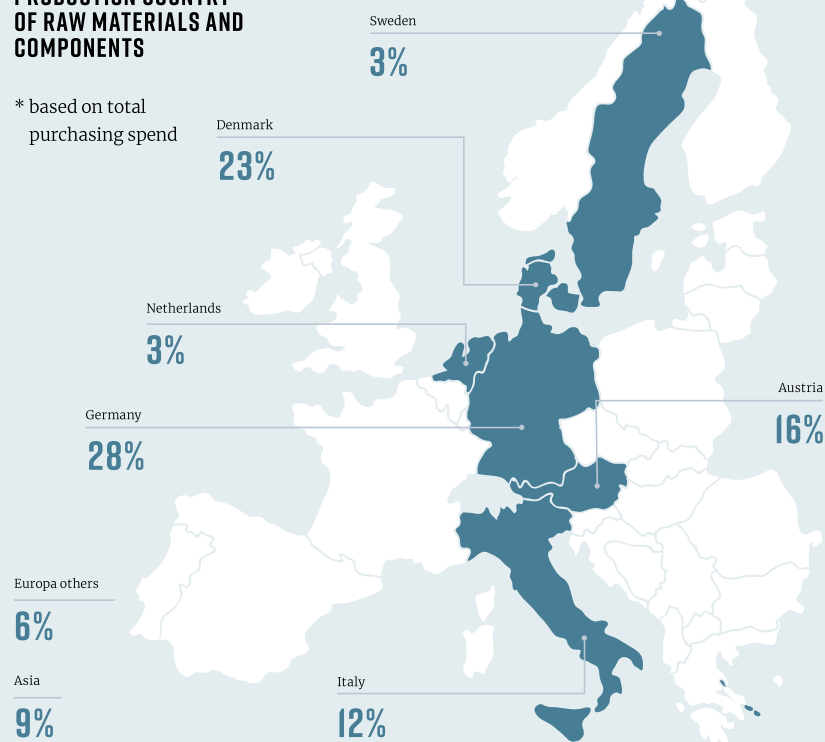


91%

*of all production of direct materials and components to our production is made in Europe.*

## PRODUCTION COUNTRY OF RAW MATERIALS AND COMPONENTS

\* based on total purchasing spend



portion of recycled content across our packaging. Another focus of our analysis is the “right” packaging volume. Here the focus is to hit the right balance between reducing the amount of packaging without jeopardizing that the product becomes damaged under transport. We expect to identify areas for optimizing the balance and thereby applying less packaging in the future than today.

### SUPPLIER MANAGEMENT

Our responsible sourcing practices are focused on environmental, social, and governance issues across our value chain. TCM Group is committed to respecting human rights as outlined in the

United Nations Universal Declaration of Human Rights and the UN Global Compact. The backbone of our work with suppliers on ESG matters is our Code of Conduct. The total share of TCM Group’s purchasing, covered by our Code-of-Conduct was 100% in 2022 which also covers all suppliers from non-EU countries. However, we are currently revising the Code of Conduct to ensure, among other things, an even higher strategic fit with our ESG strategy and an increased focus on human rights.

We have an ongoing dialogue with our suppliers about sustainability, ESG matters and human right, something that we intended to continue in 2023. In 2022, we have extended the focus on screening sub-suppliers e.g. suppliers of tabletops, mirrors, etc. based on the demands and provisions in the buildings certifications DGNB and the Nordic Ecolabel.

TCM Group suppliers are primarily located in Europe and a majority of these are located relatively close to our production sites in Tvis and Aulum. In 2022, 91% of materials directly used in our production are made in Europe, of which 54% originate from Denmark or our neighboring countries (DK, DE, SE).

### ANTI-CORRUPTION

TCM Group is exposed to the risk of non-compliance with anti-corruption rules and regulations for example by obtaining an advantage with illegal means, via our employees, suppliers, franchisees and dealers. In TCM Group we have a zero-tolerance approach to corruption and bribery. Thus, our policy is to comply with all applicable regulations and to promote anti-corruption behavior in all our business relations. Our Code of Conduct lay out our zero-tolerance approach to corruption for employees, suppliers, franchisees, and dealers. Besides having firm values and a strong culture we conduct internal controls and make our whistleblower hotline available to detect breaches. There have been no incidents violating the anticorruption policy in 2022. In 2023 we will continue our work with promoting anti-corruption in all our business relations.



SVANE KØKKENET  
NORDIC Eg  
CRAFT handle

# GOVERNANCE

## ORGANIZING ESG

Effective organization and management of ESG are essential to ensure steady progress on our ambitions and targets and to maintain and develop ESG as an integrated part of our way of doing business. TCM Group has defined an ESG Steering Committee that is organized about our strategic focus areas and with the involvement of the relevant stakeholders. It consists of the CFO, Head of Assortment, Head of Supply, and Head of HR. The ESG steering committee cover issues such as sustainability risks, and opportunities, as well as recommendations for further improvements, and convenes monthly.

The sustainability manager is responsible for strategy deployment as well as identifying and pursuing further strategic opportunities. Cross-functional teams from the line of business support the daily operation and ensure progress in each of the strategic focus areas.

Organizational, the Sustainability manager is placed with the assortment team, a department that is involved with the decision-making around TCM product assortment throughout the value chain.

To increase our efforts and integration of ESG even more we aim to integrate ESG oversight as part of the responsibilities of the audit committee in 2023.

## DIVERSITY POLICY

During 2022 we have formed a diversity and inclusion policy. [The policy is available on TCM Group homepage.](#)

## GENDER DIVERSITY ON THE BOARD OF DIRECTORS AND AMONG OTHER EXECUTIVES

When composing the members elected by the general meeting, TCM Group focuses on diversity as well as on the members' skills and experience. We aim for an equal gender composition, which also reflects essential competencies within TCM Group's focus areas.

To ensure that the group's board is composed of the right profiles and skills, TCM Group has defined a target for the board's gender and status as an independent. The Group wants a board where both sexes are represented and where all members are independent. We believe this can create the basis for the best debates and add different perspectives and input to how we run and develop the business and approach challenges.

For the board elected by the general meeting, TCM Group wants a representation of the underrepresented gender of at least 40%. With a distribution of 1 woman and 5 men of the 6 members elected by the general meeting in 2022, we did not meet our target and cf. the Danish Business Authority's definition, we do not have an equal gender distribution on the board. Within the coming 4 years and no later than 2026, TCM Group seeks to gradually change towards the target set for the gender balance of the board of directors.

## INCENTIVE PAY

In 2021 and 2022 ESG performance-related criteria with a target of a significant carbon emission reduction have been included in the long-term incentive program for TCM Group's executive management.

## TAX RESIDENCE

TCM Group A/S operates in Denmark and Norway, is listed on the Copenhagen Stock Exchange (Nasdaq MIDCAP Copenhagen), and pays taxes locally in Denmark and Norway. In 2022 TCM Group paid 39.1 mio. kr. in tax. 99.6% in Denmark and 0.4% in Norway. [Our tax policy is available at the TCM Group homepage.](#)

## DATA ETHICS POLICY

TCM Group collects data to ensure delivery of products and services within kitchen, bathroom and storage, and to service customers best in case of quality complaints or inquires regarding information on specific orders. TCM Group primarily uses the collected data in connection with order processing, ie. order confirmation and delivery, and in any follow-up complaints or inquiries. Data in the daily work and storage of data is operationalized and systematized via internal procedures and policies across the entire TCM Group. The overall responsibility for decisions, application and implementation of new technologies as well as the use of non-personally identifiable and personally identifiable data is anchored in TCM Group's executive management.

## EU TAXONOMY

In 2021 TCM Group reported on EU Taxonomy eligible turnover, OpEx and CapEx as required by the EU Regulation (EU 2020/852, article 8, the "EU Taxonomy"). The EU regulation applies to listed companies with more than 500 employees. In 2022 TCM Group had less than 500 employees and therefore did not fulfil the requirement of entities in scope of the Regulation. TCM Group will reassume Taxonomy reporting by 2025 or if

TCM Group before 2025 falls within the reporting requirements according to the Corporate Sustainability Reporting Directive (CSRD).

TCM Group will continue to develop and optimize internal processes to ensure alignment to EU Taxonomy.

## WHISTLEBLOWER SYSTEM

TCM Group whistleblower system is available for internal and external reporting of any witnessed activities or reasonable suspicion of serious and reprehensible conditions or illegalities to the group.

All TCM Group employees, customers, suppliers, advisors, and other individuals with a connection to the company can access the whistleblower system through an externally hosted website. The system is anonymous, and all communication is encrypted, which means that TCM Group is not able to trace any specific whistleblower report back to the reporting individual.

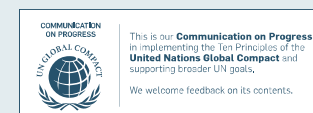
[TCM Group Whistleblower system can be access here.](#)

To remove potential barriers to reporting TCM Group has in 2022 upgraded the reporting platform, to make sure that the process is as intuitive as possible, and expanded the number of local languages to make sure that it is possible for everyone who may have concerns to report in their local languages.

Internally the reporting platform has been promoted to make sure that employees at TCM Group know that there is an anonymous platform available.

# 0

In 2022 there has been no reported cases



# ESG KEY FIGURES

## ESG PERFORMANCE

We continuously seek to improve our data registration, collection, and reporting of relevant ESG indicators, and provide data that can be measured year after year. The ESG data collection and reporting support our business to direct action plans and it provides transparency for all stakeholders in our sustainability work.

	UNIT	2022	2021	2020	REFERENCE STANDARD	UNGC PRINCIPLES ALIGNMENT	REFERENCE REPORT PAGE	ACCOUNTING PRACTICES
CLIMATE AND ENVIRONMENT								
CO <sub>2</sub> -emissions					GRI 305 Emissions	Environment principles 7, 8, 9	page 31	
CO <sub>2</sub> e, Scope 1 [ton]	tCO <sub>2</sub> e	1,032	1,299	1,435				
Vehicles	tCO <sub>2</sub> e	184	174.5	210				
Natural gas	tCO <sub>2</sub> e	836	1,077.5	1,191				
Others	tCO <sub>2</sub> e	12	47	34				
CO <sub>2</sub> e, Scope 2 [ton]	tCO <sub>2</sub> e	892	1,041	1,703				
Electric power	tCO <sub>2</sub> e	888	1,035	1,698				
District heating	tCO <sub>2</sub> e	4	6	5				
CO <sub>2</sub> , total Scope 1+2	tCO <sub>2</sub> e	1,924	2,340	3,138				
CO <sub>2</sub> -e intensity (revenue)	ratio	1.7	2.1	3.1				Emission per 1m DKK net revenue /ton CO <sub>2</sub> e
Energy							page 31, 32	
Energy consumption	MWh	7,294.3	8,490.8	8,749.9				
Renewable energy	%	82	82					Standard energy market mix in Denmark, Environmental product declaration ENERGINET per 1st of June 2021
Electricity consumption/revenue	ratio	6.4	7.7	12.8				Electricity consumption (kWh) / net revenue (kDKK)
Resources								
Water								
Water consumption	m <sup>3</sup>	5,899.86						
Waste					GRI 306-5 Waste		page 32	
Recycling	%	90.3	92.1	96.9				
Energy recovery	%	9.6	7.3	2.3				
Landfill	%	0	0	0				
Hazardous waste	%	0.1	0.6	0.8				

\* In 2021 there has been made an registration error of the amount of waste generated. This has lead to an update of the values and distribution of the waste generated in 2021 in 2022



(ESG KEY FIGURES CONTINUED)	UNIT	2022	2021	2020	REFERENCE STANDARD	UNGC PRINCIPLES ALIGNMENT	REFERENCE REPORT PAGE	ACCOUNTING PRACTICES
SOCIAL DATA								
<b>Diversity</b>						Labour 3, 4, 5, 6	page 29, 30	
Full-time employees, end of the period	# FTE	482	504	483	GRI 404 Diversity and Equal Opportunity			Number of full-time employees. Calculated excluding temporary and short-term employments
Blue collar workers	%	23%						% of total FTEs
White collar workers	%	77%						% of total FTEs
Flex jobs etc.	#	5						Number of employees on flex job contracts or similar by the end of the financial year
Trainee, interns, apprentices	#	6	13	16				Number of employees on trainee contracts by the end of the financial year
Gender diversity overall	%	36	32	29				All TCM Group employees
Gender diversity, other management levels		4 of 14 (28%)	3 of 14 (21%)	4 of 15 (27%)				Management (executive mgmt. and mgmt group), m/f
Pay gap between genders, white collar		1.18						Average pay, white collar m/f (minus executive management)
<b>Occupational health and safety</b>						Labour 3, 4, 5, 6	page 29, 30	
Absence ratio related to sickness in 2021	%	4.38	3.3	2.9				Sickness related absence (excl. absence due to sick children and maternity leave)
Sickdays caused by work accidents	#	47	21	34				Absence related to work accidents (number of days)
Absence ratio related to work accidents	%	0.1	0.006	0.03				Total number of working hours/absence related to work accidents
Near-miss work accident registrations	#	937	896	1,159				Number of Near-miss work accidents registered during the financial year
Employee engagement score	(5-point scale)	-	4.2	-				Engagement score based on a 5-point scale. Performed every second year (next time year 2023)
Engagement survey participation	%	-	92	-				% of employees that have participated in the engagement survey Performed every second year (next time year 2023)

(ESG KEY FIGURES CONTINUED)	UNIT	2022	2021	2020	REFERENCE STANDARD	UNGC PRINCIPLES ALIGNMENT	REFERENCE REPORT PAGE	ACCOUNTING PRACTICES
<b>GOVERNANCE</b>								
<b>Composition of the board of directors</b>								
Members of the board of directors	#	6	5	5			page 20 – 22	TCMs board members at publication date
Board meetings	#	12	11	8			page 20	Number of TCM board meetings held. Does not cover other board seminars or committees
Board meeting attendance	%	100%	100%	97.5%			page 22	Number of board meetings attended relative to number of board meetings held.
Gender diversity, board of directors	#	1 of 6	1 of 5	1 of 5			page 29, 36	Distribution of women and men on TCM' Board of Directors.
	%	17%	20%	20%				
Percentage of independent board members	%	100%	100%	100%			page 22	Distribution of independent and non-independent board members
<b>Risk and regulation</b>								
						<b>Anti-Corruption 10</b>	<b>page 34-36</b>	
Suppliers covered by CODE of CONDUCT, signed	%	100	100	100				
Whistleblower reports	#	0	0	0			page 36	Whistleblower reports to TCM falling within the correct use of the whistleblower scheme
Whistleblower cases resolved	%	100	100	100			page 36	% of Whistleblower reports to TCM falling iwthin the correct use of the whistleblower scheme resolved
<b>Remuneration</b>								
Shares held by members of the board of directors		40,625	38,125	38,125			page 22	Number of shares held by members of the Board of Directors as a percentage of the total number of shares
Shares held by the executive management		91,602	49,902	49,902			page 23	Number of shares held by members of the Executive Management as a percentage of the total number of shares.
CEO total compensation relative to FTE average total compensation		7.9	8.8	-			page 30	Based on average salary of an employee of TCM (excluding members of the Executive Management)