

SUSTAINABILITY REPORTING

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SUSTAINABILITY AT DESENIO GROUP

At Desenio Group, sustainability is close to our heart, since our products would not exist without the natural materials originating from our forests. Creating beauty through art is our reason for being, and to do so sustainably means constantly striving to improve our production process and actively reducing its impact on our environment.

WE AIM TO DO ALL WE CAN to work towards a sustainable future and we remain conscious that many steps still lie ahead. With an emphasis on FSC® certified raw materials and sustainable production methods, we are actively taking steps to minimize our footprint, together with a select team of partners. We are also dedicated to reducing our impact on the environment by taking control of our carbon management through data collection, reduction strategies, and offsetting measures.

We focus our sustainability work in two main areas, **People and Planet**. People is related to Social Sustainability,

and Planet is related to Environmental Sustainability. Within People we are focusing on social compliance in our supply chain through our Code of Conduct, our Social Audit Program, and of course through close collaborations with our suppliers, as well as topics related to Human Resources. Within Planet we are focusing on our entire operation and reducing the impact it has on our environment. For example, we are focused on choosing the best raw materials, minimizing our carbon footprint, and partnering with relevant charity organizations to raise awareness and enable carbon offsetting within projects related to our core business.

HIGHLIGHTS



EMPLOYEES || 198

(2021 AVERAGE)

BOARD OF
DIRECTORS

43% WOMEN
57% MEN



MANAGEMENT
TEAM

43% WOMEN
57% MEN

TOTAL IN
THE GROUP

74% WOMEN
26% MEN

10.012 TREES
PLANTED



Initiated partnership with **Planetly** to improve our carbon management through data collection, reduction strategies, and offsetting measures.

Increased the percentage of factories participating in our **Social Audit Program** from 28% to 83%.

One hundred percent of our suppliers have signed our **CODE OF CONDUCT**

ART FOR OCEANS

In support of **Blue Marine Foundation**, Desenio Design Studio has created a collection of 26 art prints paying tribute to the life and beauty of our oceans.

FACTORY
LOCATIONS

54% EUROPE

46% ASIA

EXPANDED FSC® CERTIFICATE to include both brands of Desenio Group

GLOBAL
TRANSPORTATION

AIR 4%



SEA 48%

ROAD 48%



For our inbound deliveries, road and sea freight is always considered as a first choice. Air freight is only used exceptionally.

35 MARKETS
11 SUPPLIERS
13 FACTORIES



CARBON FOOTPRINT

The environmental responsibility of Desenio Group stretches beyond our own operations to include our entire supply chain from the factories we collaborate with to our end consumers. Measuring and managing the carbon footprint of our business is essential to Desenio Group's sustainability work.

Understanding our environmental impact is a prerequisite to making the correct decisions, creating relevant sustainability strategies, and deciding which actions to take in order to make our business more sustainable. In 2018 we performed our first carbon footprint project, where we collected data and calculated our CO2 emissions. This project focused mainly on the direct and indirect emissions from energy use, business travel, and procurement of office supplies. At that time we didn't have the system support to perform calculations of our supply chain, which means a large part of our footprint wasn't included. In 2019 we performed a more extensive carbon footprint project where we also incorporated the full supply chain including production and distribution. Due to insufficient data, both of the CO2 projects performed in 2018 and 2019 were partly based on estimations and assessments instead of actual figures. We recently continued our journey towards carbon neutrality in 2021, by partnering with German tech company Planety. They offer a carbon management software that helps us introduce and automate our carbon management, from data collection to carbon reduction strategies and offsetting measures. This software, together with extensive data collection from internal systems and external business partners, will provide us with an accurate measure of our carbon footprint. The software is built upon the standardized frameworks of GHG Protocol. GHG Protocol establishes global standardized frameworks to measure and manage greenhouse gas emissions and supply the world's most widely used standards for GHG accounting.

Since we embarked on this journey, we have initiated a carbon management project and worked hard to collect emission data from all parts of our business, as well as perform the calculations to determine our total emissions. However, we still have work left to perform before we can summarize 100% of our emissions for 2021. The data presented in this report contains emissions from all parts of our business, from the daily commute of our employees to the raw materials used in the production of our products, but some pieces of the puzzle are still missing. Regardless, we are proud to present a fair and accurate picture of the environmental impact of our business and we will continue working on this important topic going forward.

According to the data we have collected for the full year of 2021, our CO2 emissions amounted to 18 232,38 tCO2e. Of these emissions, 99,5% stems from Scope 3, while the remaining 0,5% stems from Scope 2. In 2021, Desenio Group had zero emissions in Scope 1. Below we will present the full carbon footprint of Desenio Group according to the categories established by GHG Protocol.

CO2 EMISSIONS

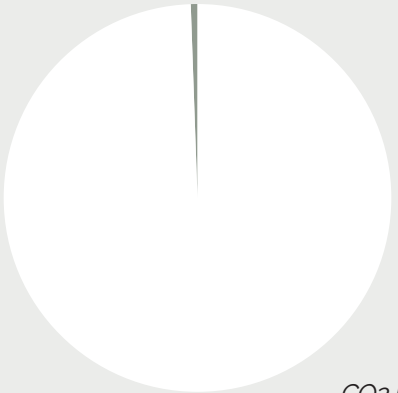
Categorized in three scopes according to the GHG Protocol standard:

SCOPE 1 Direct emissions from controlled sources.
Company vehicles & facilities.

SCOPE 2 Indirect emissions from the purchase of energy.
Purchased electricity, heating, steaming & cooling for own use.

SCOPE 3 Indirect emissions from the supply chain.
Upstream: purchased goods & services, capital goods, fuel & energy related activities, transportation & distribution, waste generated in operations, business travel, employee commuting, and leased assets.

Downstream: transportation & distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, leased assets, franchises, and investments.

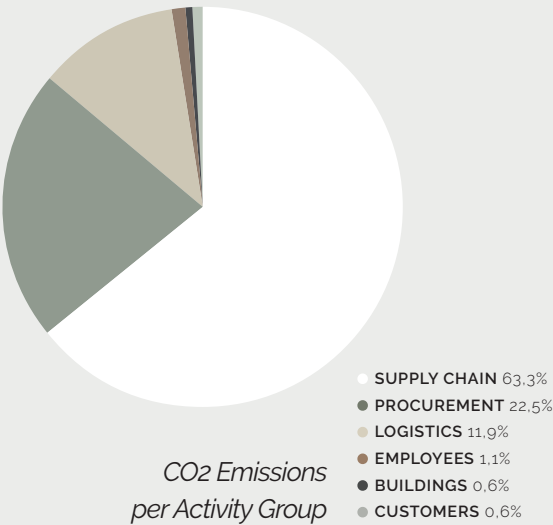


CO2 Emissions per scope

- SCOPE 3 99,5%
- SCOPE 2 0,5%

For Desenio Group, the vast majority of our carbon footprint stems from the production of our products and the supply chain required to distribute them from factories to end consumers. Of our total emissions, 63,3% are related to our supply chain, including but not limited to activities like the sourcing of raw materials and production procedures in the factories. On average, the production of one frame causes 235 grams of CO2 emissions, while the production of one single poster causes on average 45 grams of CO2 emissions. This includes the entire production chain from the paper mill to the printing, cutting, and transportation of the poster to our warehouse. Our largest supplier of posters in Sweden made some technical investments in 2021 which decreased the emissions significantly compared to previous years. The average CO2 emissions from the production of one poster in 2019 was 66 grams, which means a decrease in CO2 emissions of almost 32% in 2021 compared to 2019.

Procurement of services stands for 22,5%, which includes services like insurance, telecommunications, software licenses and consultancy fees. Logistics stands for 11,9% of our carbon footprint, including activities like packaging materials, warehouse handling, and freight. Desenio Group distributes millions of parcels annually to end consumers in 35 markets all over the world. The data collection and calculations required within this category are therefore



extensive and time consuming. As a result, logistics is one of the categories where we haven't been able to complete the carbon footprint for 2021. We are however still working on the calculations and will establish our complete logistics footprint before the end of 2022.

Our employees represent 1,1% of our emissions, which is related to business travel and employee commuting. In the category of business travel, 85 tCO2e derives from airplane travel while the remaining 8,8 tCO2e derives

CO2 emissions
per Activity



2021
tCO2E
18 069

"Our overall target within carbon management is to reach carbon neutrality."

SCOPE	GHG CATEGORY	TCO2E
2	2.02 Electricity (Market-Based)	21,14
2	2.03 Heating	74,89
3	3.01 Purchased Goods & Services	16 148,45
3	3.02 Capital Goods	11,74
3	3.03 Fuel- & Energy-related Activities	14,53
3	3.04 Upstream Transportation & Distribution	375,84
3	3.05 Waste Generated in Operations	10,38
3	3.06 Business Travel	93,80
3	3.07 Employee Commuting	99,76
3	3.08 Upstream Leased Assets	158,77
3	3.11 Use of Sold Products	107,99
3	3.12 End-of-Life Treatment of Sold Products	1 115,07

from hotel stays as well as travel by car and train. The majority of all employees at Desenio Group have been working from home either full time or periodically during the year of 2021, which had an impact on the emissions within this category. The total emissions in the category employee commuting were 99,76 tCO2e, distributed at 51,26 tCO2e related to working from home, and the remaining 48,50 tCO2e related to commuting. The buildings we use for office spaces and warehousing stands for 0,6% of our footprint. The final category, our customers, also represent 0,6% of our total carbon footprint. The emissions within this category are related to the online interaction of our customers at our websites.

For the coming years, carbon management will be increasingly important for Desenio Group, and we will work system-

atically to improve our data collection and reporting on this important topic. We will continue working to identify the best practice within carbon management, and to ensure that we can include 100% of our emissions in the sustainability report for 2022. Our overall target within carbon management is to reach carbon neutrality, through extensive work with carbon reduction in our supply chain in combination with carbon offsetting projects. Carbon offsetting is an excellent way of minimizing our carbon footprint, but it's equally important to target the source of emissions. Our first priority is, and will always be, to minimize our carbon emissions as far as possible, and to use carbon offsetting as complementary measures to reach our goal of carbon neutrality.



PEOPLE SOCIAL SUSTAINABILITY

Our vision is to be the employer of choice within affordable and sustainable wall art. We want to lead the way through a transparent supply chain where all people involved in our business have equal rights, beneficial working conditions, and equal possibilities of creating a bright future.

PEOPLE GOALS 2021

- 1 **LOWER SICK-LEAVE RATES**
Lower our sick-leave rates during 2021.
Status: Completed
- 2 **TRAINING**
Educate within crisis management, and work environment investigations. Status: Ongoing
- 3 **STRESS MANAGEMENT**
Educate the organization within stress management and time management.
Status: Completed
- 4 **ADAPTATION**
Adapt our workplaces to the new hybrid ways of working. Proactively work with our culture, communication, and productivity in regard to our policy for remote work. Status: Completed
- 5 **STAND TOGETHER**
Create and maintain shared processes and common goals within our different locations and brands. Always act on the behalf of our company values. Status: Ongoing
- 6 **CODE OF CONDUCT**
Ensure that 100% of our suppliers have signed our Supplier Code of Conduct before we enter into an agreement and place orders to this supplier.
Status: Completed
- 7 **SOCIAL AUDIT PROGRAM**
Ensure that at least 80% of our suppliers in high-risk countries have performed and passed an independent social audit within our Social Audit Program. Status: Completed
- 8 **ZERO NON-COMPLIANCES**
Work on continuous improvement together with our suppliers to ensure that we encounter zero non-compliances to our Code of Conduct.
Status: Completed



"Desenio Group is the place to impact, inspire, and grow, and our work environment thrives on the core foundation of passion, dedication, and friendliness."

WORK ENVIRONMENT

Our vision is to be a sustainable employer, a great place to work, with prerequisites for well-being and performance. A place to impact, inspire, and grow. To guide us in this work we have a Work Environment Policy. Our Work Environment Policy includes guidelines on how the working environment at Desenio Group should be, the goals for the working environment, and how the work environment initiatives should be conducted to achieve the goals. The aim of our Work Environment Policy is to create and develop an effective operation, in addition to creating a simple routine for supporting employees' health, safety, and well-being in the workplace. Both managers and employees contribute to creating and maintaining an engaging, proactive, and healthy work environment.

At Desenio Group, we do not tolerate harassment, victimization, or offensive discriminatory behaviour. Our action plan for Harassment & Victimization complements our Work Environment Policy and describes how managers and employees should act if cases of harassment or violation occur. We know that these issues constitute a serious threat to workplace happiness, health, and opportunities for development within the workplace. This also leads to decreased productivity and thereby affects our business. All managers are responsible for creating an environment that is friendly, open, and respectful. Together, we work to nurture a positive work climate, and it is up to every employee to align attitude and behaviour to the team values and to notify their manager if they see tendencies towards offensive discriminatory behaviour or harassment in the workplace. If any employee feels harassed or suspects that others may be harassed, we have a process in place to escalate and handle the issue internally.

At Desenio Group we strongly believe equality is an important part of creating an inclusive culture and a sustainable workplace. Our Equality Plan is therefore implemented as part of our Work Environment Policy to make sure we are actively and systematically working together to accomplish a great place to work, free from victimization. The Equality Plan includes guidelines on working conditions, salary and terms of employment, recruitment and career, competence development and training, opportunity to combine work and parenthood, and lastly external equality initiatives. The Equality Plan is evaluated once a year and concrete actions are documented and followed up.

Desenio Group closely follows the regulations on systematic work environment from The Swedish Work Environment Authority (AFS 2001:1). These regulations describe how the employer should systematically plan, implement, and follow up his or her activities to achieve a good work environment. These regulations mean that all employers must review the employees' work situation regarding workload, working hours and victimization and discrimination. This work is performed on three levels, organizational, social, and physical.

PEOPLE & CULTURE

Our business would not exist without the people in our organization. We want all our employees to feel welcomed and appreciated every single day. Because when they grow, so does Desenio Group. Desenio Group is the place to impact, inspire, and grow, and our work environment thrives on the core foundation of passion, dedication, and friendliness. During the year we were 198 employees at Desenio Group, from 32 different nationalities, and together we speak more than 23 different languages. We work together as a team, and we live by our values every day.

Our overarching goal within People & Culture is to achieve a great work environment that prevents health issues and accidents from occurring, as well as to create a workplace that encourages personal development and is stimulating for all employees. Desenio Group works deliberately, structured, and actively to create the foundation for a work environment that encourages teamwork, motivation, and professional development. Below we will describe some of the initiatives that we are focusing on to achieve our vision within People & Culture.

OCCUPATIONAL HEALTH & SAFETY (OHAS)

Our OHAS representatives are chosen by the employees in the organization. Their responsibilities include being a contact person for employees in questions or identified work environment issues, to share the information with relevant parts within the organization, and to be part of the yearly OHAS inspection for our organizational, social, and physical work environment. We also have a safety committee working systematically with topics related to occupational health and safety. The safety committee is made up of one OHAS representative, one employee representative, and one employer representative.

The sickness absence for Desenio Group was 3,39% during the year of 2021, which is in line with the average sick leave figures for Sweden in 2021, according to SCB (Statistics Sweden). The sickness absence decreased by 0,96 pp compared to last year.

"At Desenio Group we strongly believe equality is an important part of creating an inclusive culture and a sustainable workplace."



EMPLOYEE SATISFACTION

We measure our company culture's heart rate weekly using a system called Winningtemp, to keep track of our internal well-being in all teams. Each week, all employees get to answer four short questions, which only takes a minute. The regular feedback received gives valuable insights on the work situation and is a great way to simplify and start the dialogue about initiatives on how we can create a great work environment, together. The result is the basis for team workshops, where we discuss ups and downs and what initiatives to take to create an engaging place to work.

The well-being of our employees is measured in Winningtemp by a measurement called Temperature. Our average Temperature for 2021 is 7.2 (industry index 7.4). The strongest categories within Desenio Group are Leadership, Team Spirit, and Commitment. In Winningtemp, we also measure our Employer Net Promoter Score (eNPS). This score measures employee satisfaction and loyalty to the employer. Our eNPS for the year of 2021 was 3. The range is -100 to 100 and any score above 0 is considered higher than average.

The overarching aim for Desenio Group is to conduct business in an honest and direct manner. Our Employee Code of Conduct is available for all employees to take part of in our Employee Handbook. It contains guidelines within areas including but not limited to agreements with external parties, anti-corruption, work environment, and press requests. We are currently in the process of developing a whistle-blower process, which will be implemented in June 2022.



SUPPLY CHAIN

We work with a small select team of suppliers, based in Europe and Asia, with whom we have long-term relationships and close collaborations. During 2021, we have worked to consolidate our supplier base by cancelling agreements and transferring these order volumes to other suppliers in our supplier base. This means we have decreased our supplier base from 13 to 11 suppliers, and our factory locations from 16 to 13. We forge these relationships carefully and together we respect the important social and environmental responsibility requirements set out in our Supplier Code of Conduct. Our Code of Conduct has been signed by 100% of all suppliers producing for Desenio Group, and we always require a signed Code of Conduct before we enter into a new supplier agreement.

SUPPLIER CODE OF CONDUCT

At Desenio Group, it is important to take responsibility for our actions and the impact that we have on our surroundings. One of our main responsibilities is toward the people involved in the production of our products. To make Desenio Group's position clear and illustrate what we expect from our suppliers and business partners, we have set up our Code of Conduct. Our Code of Conduct applies to all suppliers and their subcontractors involved in the manufacturing or supply of products to Desenio Group. It is based on relevant UN Conventions and the International Labour Organization (ILO) Convention and sets forth the minimum requirements that all suppliers and subcontractors must meet in order to do business with Desenio Group. Our Code of Conduct consists of ten principles within the areas of social and environmental sustainability:

SUPPLIER CODE OF CONDUCT

1. No child labour
2. No bonded labour
3. Fair remuneration
4. Decent working hours
5. No discrimination
6. No precarious employment
7. Health & safety
8. Protection of the environment
9. Ethical business behavior
10. Freedom of association & collective bargaining



In our supplier base, 56% of factories are located in European countries that are considered low-risk. The remaining 44% are located in Asian countries that are considered high-risk. We demand that all factories in high-risk countries perform annual independent social audits to ensure their compliance with our Code of Conduct. From these audits in 2021, we have discovered some minor non-conformances in the factories within the areas of Fair Remuneration, Decent Working Hours, and Health & Safety. We did however discover zero major non-conformances and zero non-compliance issues in breach of our Code of Conduct during 2021. All non-conformances must be corrected by the supplier within the timeline decided by Desenio Group. The supplier provides an initial corrective action plan followed by a list of performed corrective actions including documentation as supporting evidence. The corrective actions and the supporting documentation are approved by Desenio Group once the non-conformances are closed.

In 2021, 83% of our factories in risk countries have performed and passed a valid social audit, compared to 28% in 2020. We have worked hard to include all factories in the Social Audit Program and promote the importance of their participation, which explains the increase in participation compared to last year. This increase can also be related to the consolidation of suppliers that we performed in 2021, where we terminated agreements with suppliers who were unable or unwilling to participate in our Social Audit Program. The remaining 17% of factories have previously performed audits which have now expired, but they will perform follow-up audits in Q1 2022. Because of the situation with Covid-19 and the strict lockdowns in parts of Asia where travelling has been difficult to perform, social audits have been delayed or cancelled. We are striving to perform valid social audits in 100% of all factories located in risk countries before the end of 2022. Factories who are unable or unwilling to perform a social audit before the end of 2022 will be replaced and will no longer receive orders from Desenio Group.

SOCIAL AUDIT PROGRAM

To ensure compliance with our Supplier Code of Conduct, we have put in place a Social Audit Program. We classify all our suppliers as low or high risk for social non-compliance based on the Worldwide Governance Indicators (WGI) that contains six different dimensions:

1. Voice & Accountability
2. Political Stability & Absence of Violence
3. Government Effectiveness
4. Regulatory Quality
5. Rule of Law
6. Control of Corruption

We use the country classification from Amfori BSCI to decide whether a country is considered low risk or high risk. Low risk countries have an average WGI rating above 60 and no more than two individual dimensions rated below 60. High risk countries have an average WGI rating between 0-60 and three or more individual dimensions rated below 60.

PLANET ENVIRONMENTAL SUSTAINABILITY

Our vision is to be top of mind within affordable and sustainable wall art by creating products that are produced using certified raw materials and environmentally friendly production methods, and by partnering with organizations who are dedicated to making our world a better place.

OUR PRODUCTION

We hold ourselves to high standards when producing our products and we value the craftsmanship behind every single component. Together with our suppliers, we continuously strive to improve the quality and lifetime of our products through careful product development. We are currently working with a supplier base of 11 different suppliers and 13 different factory sites, of which 56% are located in Europe and 44% are located in Asia. Desenio Group does not own any factories, but we have close collaborations and long-term relationships with our suppliers. Our supplier base is regularly managed and evaluated to ensure compliance with our highly set requirements for environmental sustainability, for example in relation to production methods and geographical locations.

In our Supplier Code of Conduct, we have defined the strict environmental requirements that all suppliers must comply with. Our suppliers must implement and maintain an environmental management system or equivalent to minimize environmental risks. They must also take adequate measures to minimize the negative impact on the environment throughout the value chain. This includes but is not limited to minimizing pollution, promoting a sustainable use of energy and water, and minimizing greenhouse gas emissions throughout the value chain. To ensure compliance with these requirements, all factories must be inspected by the local environmental authorities. In addition to these requirements, we have also defined how to handle chemicals when used in production. All chemicals must be handled, stored, and used with knowledge and care according to written procedures. We require that all suppliers must have a list of all chemicals used in production, including the name of the chemical product, the purpose of use, and a reference to the Material Safety Data Sheet. To en-



sure the safety of the workplace, all suppliers must provide safety training and Personal Protective Equipment (PPE) to all workers handling chemicals or performing any type of work where the use of PPE is recommended.

ART PRINTS

At Desenio Group, the sustainability of our products is at the heart of our mission. We are proud of the craftsmanship and expertise that goes into the production of our products. We are also proud to be a Forest Stewardship Council® (FSC®) certified company. We offer a wide selection of art prints in modern, on-trend designs. Among our posters you will find unique prints created by our very own Design Studio exclusively for Desenio Group, as well as popular posters from renowned artists and photographers. All our

PLANET GOALS 2021

- 1 FSC® Certification:** *100% of wood-based assortment certified by FSC®.*
Status: Ongoing
- 2 FSC® Certification:** *expand Chain of Custody certificate from single to multi-site.*
Status: Completed
- 3 Carbon Footprint:** *initiate project for data collection, calculation, and evaluation of our carbon footprint.*
Status: Completed
- 4 Inbound Air Freight:** *only to be used as an alternative freight method when other transport means are unfit or unavailable. Maximum 5% of all inbound shipments.*
Status: Completed
- 5 Outbound Air Freight:** *only to be used as an alternative freight method when other transport means are unfit or unavailable. Maximum 5% of all outbound shipments.* Status: Completed
- 6 Packaging:** *100% plastic free packaging materials in outbound distribution.*
Status: Ongoing

posters (with the exception of a few Handpicked designs) are printed on 200g/m2 uncoated premium paper. It has a matte surface with no glare, giving it a premium feel. Our paper is also age resistant. The paper is produced in Sweden, and the paper mill, the pulp used to make the paper, and the paper itself are all certified by FSC®. This guarantees that the trees used were harvested in compliance with all laws and regulations as well as the FSC® Organization's strict criteria on social and environmental sustainability.

All of our posters are printed in Sweden, with the exception of a few Handpicked designs. We use different print houses to achieve the best quality for each design, depending on whether it is a photo, graphic, or foil print. Our print houses use different types of ink according to the printing technique required, but it is always chosen in compliance with all relevant EU regulations (including but not limited to REACH). The ink is also 100% vegan. We are proud to say there is very little waste in our poster production, with excess paper recycled into newspapers by our print houses and paper mill.

FRAMES

We offer elegant wood and metal frames to suit all interior decor styles and have everything from smaller frames that are perfect for photos, to large frames that will take centre stage on your walls. Our frames are handcrafted by skilful craftsmen with high experience in frame production. All our wood and metal frames are FSC® certified and come in eight different sizes. All come with transparent acrylic plexiglass, which is lightweight and shatterproof. They all open at the back for easy insertion using turning clips, without the need for sharp metal pins.

Our wood frames are made from solid wood and come in black, white, oak, dark wood, and light wood. The wood frames are produced in Europe and Asia. Our oak frames are made from untreated oak, while our dark wood and black and white wood frames are from solid yellow poplar wood which is then painted. Our light wood frames are made from hard maple which is treated with a transparent coating for a natural finish. Our metal frames come in the colours black, gold, silver, and copper. They are produced in Europe and made from aluminium with a thin profile for an elegant look. The gold, silver, and copper-coloured frames have a high-gloss finish, while the black metal has a matte finish.

ACCESSORIES

We offer a range of accessories to add the finishing touches to your prints – from passepartouts, to hanging options such as wall hooks, clips, poster hangers, and washi tape, to ledges for display purposes. All of our passepartouts, poster hangers and picture ledges are FSC® Certified. Our high quality passepartouts are produced in Sweden. They enable

you to frame and accentuate a poster's design and add an exclusive touch. They come in both black and white and are true to colour throughout, with the black having a black core and the white a white core. The white passepartout comes in the exact same shade as our poster paper. Our passepartouts are acid-free, just like our art prints.

Our poster hangers are a stylish way to display art and make a great addition to a gallery wall. They are available in different lengths to fit our entire range of poster sizes and come in three colours: one made from untreated solid oak, and two made from pine wood, painted in either black or white. They come with brass screw hangers and faux leather bands for hanging in matching oak, white, or black. Magnets on either side hold the poster in place without damaging it. Our poster hangers and other wooden accessories are produced in Europe and Asia.

OUR DISTRIBUTION

For our inbound deliveries from the factory sites to our warehouses, we mainly use road and sea freight. In 2021 we shipped 48% of our inbound deliveries via road, 48% via sea and the remaining 4% via air. Air freight is only used occasionally for smaller orders where road and sea freight are not possible due to low order volumes. Road and sea freight is always considered as a first choice. All inbound deliveries within Europe are distributed via road freight. In 2021 we operated two warehouses, one in Stockholm, Sweden and one in Bor, Czech Republic. For outbound deliveries from our warehouses to our end consumers, we are working with a large number of freight forwarders to cover all 35 markets where we are currently operating. In 2021 we shipped 95.3% of all outbound shipments via road freight, and the remaining 4.7% via air freight. As with inbound shipments, we see air freight for outbound shipments as an alternative only to be used when other transport means like road and sea are unfit or unavailable for the transport type or destination.

We are constantly working on improving the packaging material used to protect our products during transport. We use several different packaging options to ensure that we have the optimal packaging for each product category. Based on the product category and the order composition of each order, we use different packaging options to ensure that we are minimizing the proportion of air in each packaging without compromising the quality of our products.



Currently, 50% of the packaging material used in our warehouse is made from recycled materials. We are working on eliminating the use of plastic in our packaging materials. Previously we have replaced the plastic tape used to seal our cartons with a 100% recycled paper-based tape. Replacing the plastic air-fill cushions was one of our goals for 2021, but it has been challenging to find an alternative product that lives up to the requirements on sustainability, durability, and cost. During 2021 we have also been working on a project to remove the plastic shrink-wrap covering our frames and wooden accessories. This shrink-wrap protects the products from damages during transport, but we are investigating whether it would be possible to remove the plastic without causing an increase of damaged products. We have performed several shipping trials during 2021 and will continue this work during 2022, to secure a solution here we can decrease or eliminate the use of plastic without causing an increase of waste in the form of damaged products. We will continue working towards a plastic-free distribution and strive to achieve this during 2022.

"We are proud to be an FSC® certified company since 2019, a natural step in our journey towards our sustainability goals."

OUR ENGAGEMENT

FOREST STEWARDSHIP COUNCIL® (FSC®)

As of 2019 we are a Forest Stewardship Council (FSC) Chain of Custody Certified company, a natural step in our journey towards our sustainability goals. FSC is a non-profit organization that sets high standards to ensure forestry is practiced in an environmentally responsible, socially beneficial way. In 2021 we expanded our certificate from a single-site certificate to a multi-site certificate, giving us the possibility of including all subsidiaries within Desenio Group and offer certified products to all 35 markets in which we are active. In Q4 2021 we included both Desenio AB and Poster Store Sverige AB in the certification, with the purpose of certifying 100% of the wood-based assortment. To date, we have included 85% of all wood-based product categories within Desenio AB in the FSC certification. This includes all posters (with the exception of a few handpicked designs), all wood and metal frames, all passepartouts, all poster hangers and all picture ledges. For Poster Store Sverige AB the number is 60%, which includes all posters and all metal frames. We will gradually include all wood-based product categories in the certification during 2022.

Being certified by FSC means we meet the high standards set by the FSC organization on environmentally and socially beneficial forestry. It also serves as a guarantee that the materials used in our production originate from sustainable FSC certified forests. FSC has a strong focus on securing workers' rights by incorporating core labour requirements into its system. These requirements include effective abolition of child labour, elimination of all forms of forced or compulsory labour, the elimination of discrimination in respect to employment and occupation, respect of freedom of association and the effective recognition of the right to collective bargaining. Furthermore, the work of FSC is helping achieve 40 targets under 14 different sustainable development goals (SDGs). FSC helps achieve sustainable forest management in the world, one of the targets of SDG 15 (Life on Land). The broad environmental, social, and economic focus of the FSC principles also contribute to the SDGs focused on poverty, equality, natural resources, production and consumption patterns, decent work, climate change, inclusive and accountable societies, and global partnerships.

Our FSC certification code:
FSC-COC-007047 (FSC-C153048)

BLUE MARINE FOUNDATION

Desenio Group has chosen to partner with Blue Marine Foundation (BLUE) in its mission to protect the ocean. BLUE is a charity and makes a difference by creating marine reserves, establishing sustainable models of fishing, and restoring vital marine habitats. Marine protected areas and sustainable fishing will not only heal the ocean, but they will also change our future. They also work tirelessly to raise awareness of these issues and influence decision makers. With our collection, Art For Oceans, we want to help BLUE draw attention to the crisis in the oceans and support a solution that preserves life and beauty beneath the ocean surface.



VI AGROFORESTRY

Desenio Group cares for the environment. To minimize our carbon footprint, we are since 2017 a proud supporter of Vi Agroforestry. The organization was founded in 1983 and has since planted more than 140 million trees to fight poverty and help families provide for their own living. By planting trees in Kenya, Rwanda, Uganda and Tanzania, Vi Agroforestry fights both climate change and poverty in these areas. Agroforestry is at the core of what Vi Agroforestry does. Agroforestry means that trees are planted together with other crops in areas where livestock graze, to create a balanced ecosystem that can withstand climate changes and contribute to increased biodiversity.

We are proud to support such an important cause. We plant two new trees for every tree used in the production of the posters we sell. During 2021, our contribution to Vi Agroforestry resulted in the planting of 10 012 trees resulting in both carbon offsetting and social benefits. Since the start of our partnership, we have planted more than 35 000 trees.



RISK MANAGEMENT

Risk management is a crucial part of our sustainability work, and it is incorporated into everything that we do. As an online retailer with a complex supply chain, we work together with many external parties within areas like sourcing, production, and distribution - to name a few.

With this in mind, we have performed a risk analysis of our business and supply chain to identify risk areas and remedy these risks. We are humble towards the fact that despite this, unforeseen events can still occur, and we are therefore constantly working on improving our risk assessment procedures.

PEOPLE

Within the area of social sustainability, we have identified two main risks, one related to work environment issues within our organization, and one related to non-compliance with our Supplier Code of Conduct.

Within our organization, discrimination and inequality are two areas we deem as the two main areas of risk. We consider the risk of discrimination and inequality to occur within our organization to be small, but we are still actively working to prevent these issues from occurring. We believe equality is an important part of creating an inclusive culture and a sustainable workplace, and we consider it a human right to be free from discrimination in the workplace. To ensure that all employees are treated equally, we have implemented our Equality Plan. The purpose of the Equality Plan is to make sure we actively and systematically are working together to create a great place to work where equality is natural. To ensure that we can eliminate all types of discrimination, Desenio Group closely follows the regulations on systematic work environment from The Swedish Work Environment Authority (AFS 2001:1). We also measure the well-being of our employees on a weekly basis using a system called Winningtemp, which provides us with the tools to identify and remedy potential issues at an early stage.

Within our supply chain, non-compliance with our Supplier Code of Conduct is considered as the main risk. This is mainly linked to human rights, wellbeing, the safety of the factory workers employed by our suppliers, and also to anti-

corruption and the overall ethical business behavior of our business partners. This includes all ten areas presented in our Supplier Code of Conduct, for example issues related to child labour, corruption, working hours, living wages, and workers' safety. We consider the risk of non-compliance with our Supplier Code of Conduct to be small, but we still have procedures in place to ensure that we can prevent these issues from occurring. As an online retailer with a complex supply chain, we use factories located in different parts of the world. As a result, differences in local laws and regulations can be challenging to keep up with. We must always ensure compliance with local laws, but in cases where local laws are inferior to the requirements in our Supplier Code of Conduct, we must also ensure that our suppliers are compliant with the minimum requirements in our Supplier Code of Conduct. Therefore, it is very important that we carefully investigate and manage these risks. We have done this through our Social Audit Program, where all suppliers in high-risk countries must perform independent third-party social audits on an annual basis. During these audits, all areas listed in our Supplier Code of Conduct are closely monitored and evaluated, resulting in a detailed description and grading of the supplier's status in each area. This provides us with the information needed to identify potential issues and to swiftly correct any non-conformances.

PLANET

Within the area of environmental sustainability, the two main risks that we have identified are non-compliance with environmental laws, regulations, or the requirements listed in our Supplier Code of Conduct. This applies both on an organizational level as well as within our supply chain.

Within our organization, the risks related to non-compliance with laws and regulations are mainly linked to our internal procedures within environmental sustainability,



and the complexity of the different laws and regulations in the global markets in which we operate. Since we have a presence in 35 markets worldwide with differing levels of environmental sustainability legislations and regulations, we see a risk of non-compliance with local laws and regulations, for example within producer responsibility, sustainability reporting, and distribution. As an FSC® certified company, we must also closely follow and respect the requirements in the FSC standards relevant for our certification. These requirements often go above and beyond the legislated level of compliance. To ensure that we are compliant with all local laws and regulations, we carefully investigate all local requirements before entering a new market. For existing markets, we regularly perform market surveillance to ensure that we are compliant with any new laws and regulations within the environmental area. Because of these measures, the risk of non-compliance with environmental local laws and regulations is considered small. To minimize the risk of non-compliance towards our FSC® certification, we have created a substantial process mapping of all procedures performed within the scope of this certification. These procedures are regularly performed according to a fixed schedule, and the process descriptions are regularly updated and maintained to ensure that they are always valid and correct. We also perform an annual independent audit within our organization where all procedures and documentation are closely checked and approved by the FSC organization. Because of these measures, the risk of non-compliance with regu-

lations from the FSC organization is also considered small. Within our supply chain, the risks related to non-compliance with our Supplier Code of Conduct are mainly linked to the external environmental processes performed by our suppliers and business partners. We see a risk of our suppliers violating our Code of Conduct by being non-compliant with our environmental requirements, or with local environmental laws and regulations. To ensure that all environmental requirements are being followed, all suppliers must implement and maintain an environmental management system or equivalent to minimize environmental risks. All suppliers must also take adequate measures to minimize the negative impact on the environment throughout the value chain. This includes but is not limited to minimizing pollution, promoting a sustainable use of energy and water, and minimizing greenhouse gas emissions throughout the value chain. All nationally applicable laws and regulations for the environmental impact of the supplier's operations must be followed. To ensure compliance, all factories must be inspected by the local environmental authorities. Because of these measures, we believe that the risk of non-compliance with environmental laws or regulations is small.

