

**louis  
poulsen**

**Sustainability  
Report 2021**



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# 1. Supply chain & the Paris agreement

# 1. Supply chain & the Paris agreement

The concept of the 'supply chain' became a household term in 2021. The constraints in supply driven by the COVID-19 pandemic exposed the downside of global supply chains and shortages of shipping containers, carriers and backups at ports. The fact that the ship Ever Given blocked the Suez Canal, one of the most important waterways in the world, in March 2021, did not help.

Louis Poulsen has, like many others, struggled with supplies, and supply chain disruption has caused a great deal of additional complexity and effort in order for us to honour our increased customer demand. 2021 was the best year ever for Louis Poulsen in terms of order value and invoiced sales, and the output from our production and assembly operation in Denmark has never been higher.

Despite 2021 being a busy year on the business front our focus on sustainability has remained high.

## Meeting up after the COVID-19 pandemic

Travelling to meet our colleagues around the world has been limited due to COVID-19 restrictions. Personally, I am really looking forward to visiting our organisational units and customers around the world again and exploring new trends and opportunities in metropolises and megacities. While travelling is now possible, we want to ensure we do it in a smart and sustainable way.

In 2021, we hosted our global sales conference in Denmark where most of our employees were able to meet and interact. Taking responsibility for the health and wellbeing of our employees is a key concern, and thanks to strict COVID-19 measures no one was affected at the event and everyone enjoyed the social interaction.



## Diversity

Research shows that diverse teams perform best. Following our Diversity Policy and new Diversity Recruitment Policy, we have put extra effort into ensuring that diversity and equal opportunities are taken into consideration in our hiring and retaining efforts. In 2021, we set a new target for gender diversity, to ensure at least 40% of managers are of the underrepresented gender by 2025, which is aligned with the recommendations of the Danish Business Authorities.

## Aligning our targets with global climate action

"A code red for humanity." That is how UN Secretary General António Guterres described the UN report released in August that concluded that humanity faces catastrophic climate change unless the emission of heat-trapping gases is slashed. Unfortunately, total carbon emissions increased in 2021 as the global economy roared back to life.

In 2021, Louis Poulsen reached carbon neutrality by offsetting in own operations, two years ahead of our target for 2023. Thus, we have decided to continue the journey by aligning the target for emissions from our own operations with the science-based targets, to reduce emissions in line with the aims of the Paris Agreement. To calculate the target, we have increased the scope of our emissions calculation and aligned with official guidelines as well as with Design Holding. In 2022, we aim to map our full value chain emissions.

## Further focus on closing the loop

In 2021 we tested the sales of the first product in our Take-Back scheme, the PH5 Retake RAW product, to get some practical experience before defining a strategy for

the next three years. The test was limited to Denmark and used PH5 products from scrap and claims. The market response was strong, thus we have decided to continue the journey. Life cycle assessments (LCAs) was another key area which was prioritised in 2021. Louis Poulsen integrated LCA calculations into the product development process, and we have developed the first Environmental Product Specifications to communicate LCA calculations to professionals as well as general consumers. The LCA calculations are based on the new EU PEF standard from December 2021.

We aim to reduce the share of virgin material used in our products. In 2021, we also started to document the use of virgin materials for cardboard and in 2022 we will expand the scope to cover steel, plastics, aluminium, brass and copper. We will define cascading requirements for our suppliers in order to drive the use of non-virgin materials.

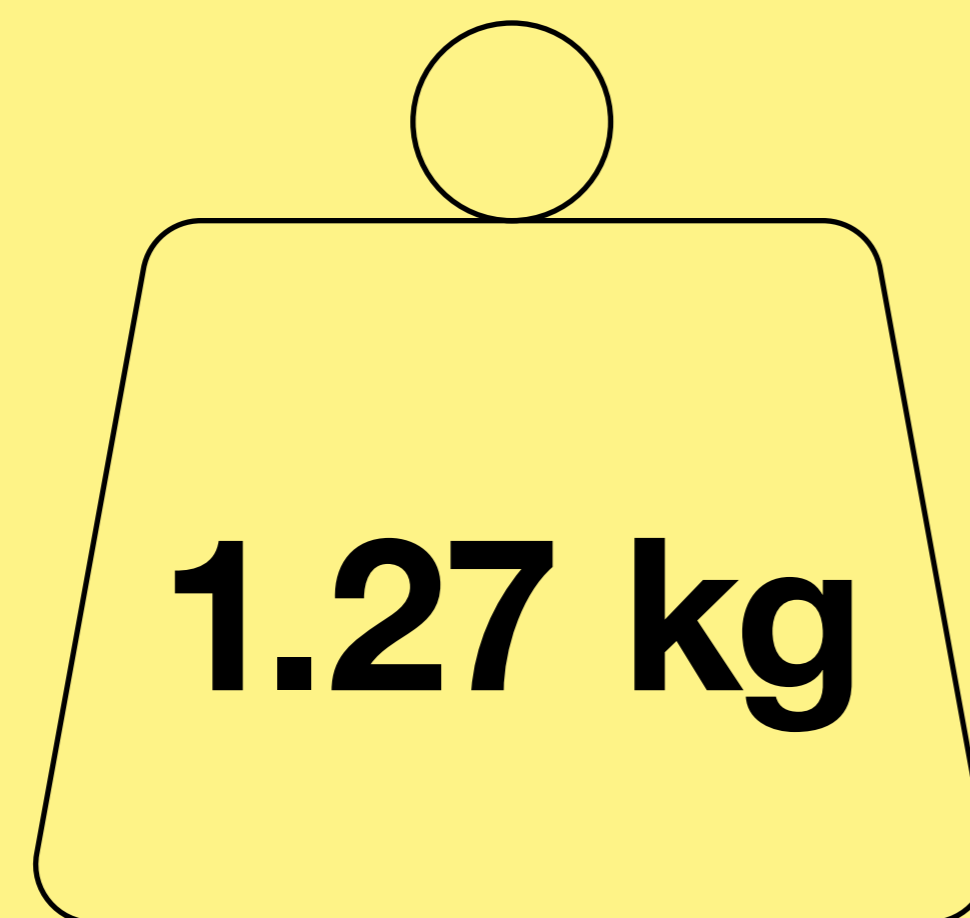
The focus for the future will be to continue our efforts on circular design and to optimise the use of raw materials, to reduce carbon emissions and to act as a responsible employer and company. We embrace a practical mindset and hands-on approach and will continue to prioritise internal initiatives while focusing on using cascading requirements to maximise our impact and influence.

*Søren Mygind Eskildsen*  
CEO

**Continue to grow Louis Poulsen as an internationally acclaimed high-end lighting brand. Building on our strong heritage, we aspire always to exceed expectations in delivering long-lasting design that shapes light for people and spaces. We envision a world with only good light and are committed to giving people a better quality of life through exceptional lighting.**

## ESG Vision

To help people achieve a better quality of life by offering long-lasting products designed to shape light. Acting as a responsible company, managing our impact on people and planet.



### Closing the Loop

Waste: 1.27 kg per product produced

#### 2023 target

Waste: 1.0 kg per product produced

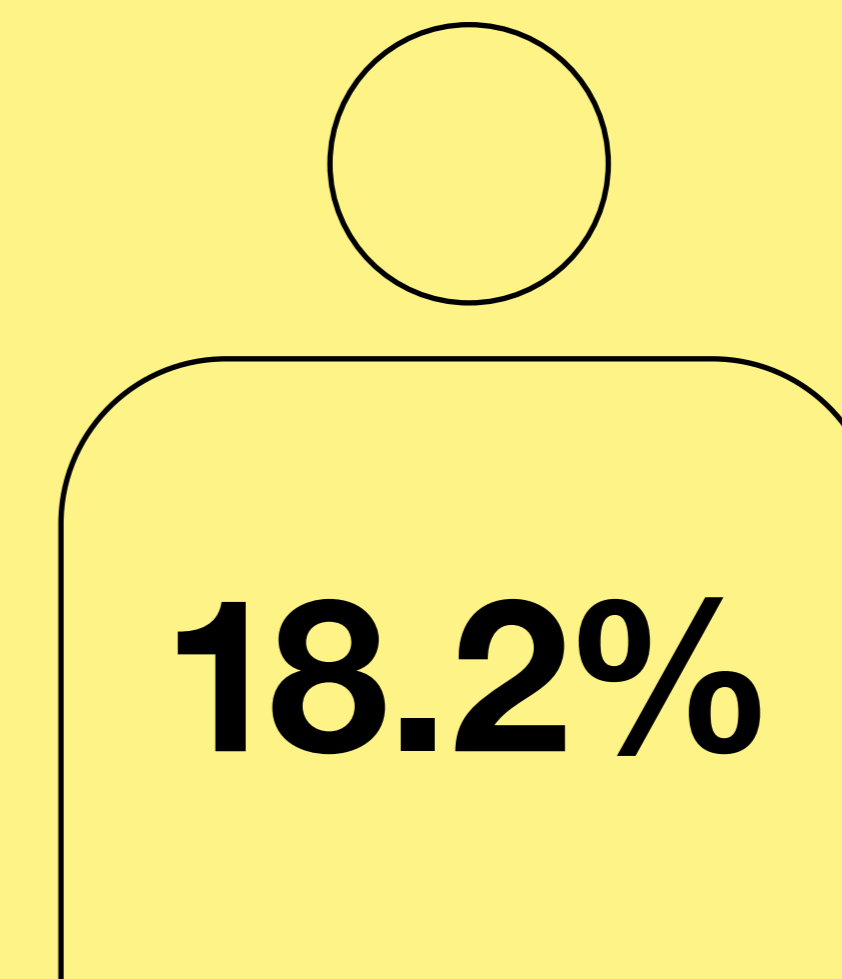


### Reducing Emissions

Emissions (Scope 1 and Scope 2): 2.47 kg CO<sub>2</sub>e per FTE

#### 2023 target

Emissions (Scope 1 and Scope 2): 2.2 kg CO<sub>2</sub>e per FTE



### Responsible Employer

Voluntary Turnover Rate: 18.2%  
(Blue collar 24.1%, White collar 13.7%)

#### 2023 target

Voluntary Turnover Rate: 10%

# 2. Louis Poulsen at a glance



## 2. Louis Poulsen at a glance

Louis Poulsen is proud to be a high-end Danish lighting brand. Our philosophy has deep roots in Scandinavian design tradition, where form follows function. Since Louis Poulsen was founded, we have sought not to design lamps, but to shape light.

Louis Poulsen is internationally recognised for providing our customers with exclusive lighting solutions of high quality and functional design. Our products are sold to both the consumer and commercial markets in Denmark and abroad. With our unique lighting and high quality, we serve the upper segments of both markets in the product categories of Decorative, Outdoor and Indoor Architectural. All our products meet the demand for a unique design as well as comfortable and glare-free lighting as well as fulfilling international demands for energy optimisation.

Louis Poulsen has a global distribution network serving more than 50 countries. We operate on a global scale with our ten subsidiaries and have showrooms in Copenhagen, Singapore, Seoul, Tokyo, Miami, Oslo and Düsseldorf. In 2022 we will open a new showroom in New York on Madison Avenue, and we have developed a roadmap with Design Holding to continue the showroom expansion, in North America and Asia.

At Louis Poulsen, our aim is to improve quality of life by providing functional products that make people feel good, both indoor and outdoor. Sustainability in terms of long-lasting products has always been a cornerstone of our business, and our products are long-lasting both in their durability and their design. Since Louis Poulsen was founded in 1874, timelessness has been a key element in our design philosophy, and we believe that the best designs are the ones that withstand the test of time.

Since 2018, Louis Poulsen has been fully owned by Design Holding S.p.A. which is indirectly, jointly controlled by the Carlyle Group and funds managed by Investindustrial. The Design Holding Group consists of complementary companies that all have a strong individual identity and significant design heritage. Design Holding is a global leader in high-end design with a cultural heritage of European origin. Louis Poulsen's management and sales operation are based in our headquarters in Copenhagen while our production facility is located in Vejen, Denmark.

This report constitutes Louis Poulsen's statutory reporting on corporate responsibility according to the Danish Financial Statement Act.



## Sustainability pillars – Design Holding

In 2022 Design Holding has developed a shared strategic framework for all group companies, and Louis Poulsen will in the next 6 months align our ESG pillars, targets and measures to reflect the following structure.



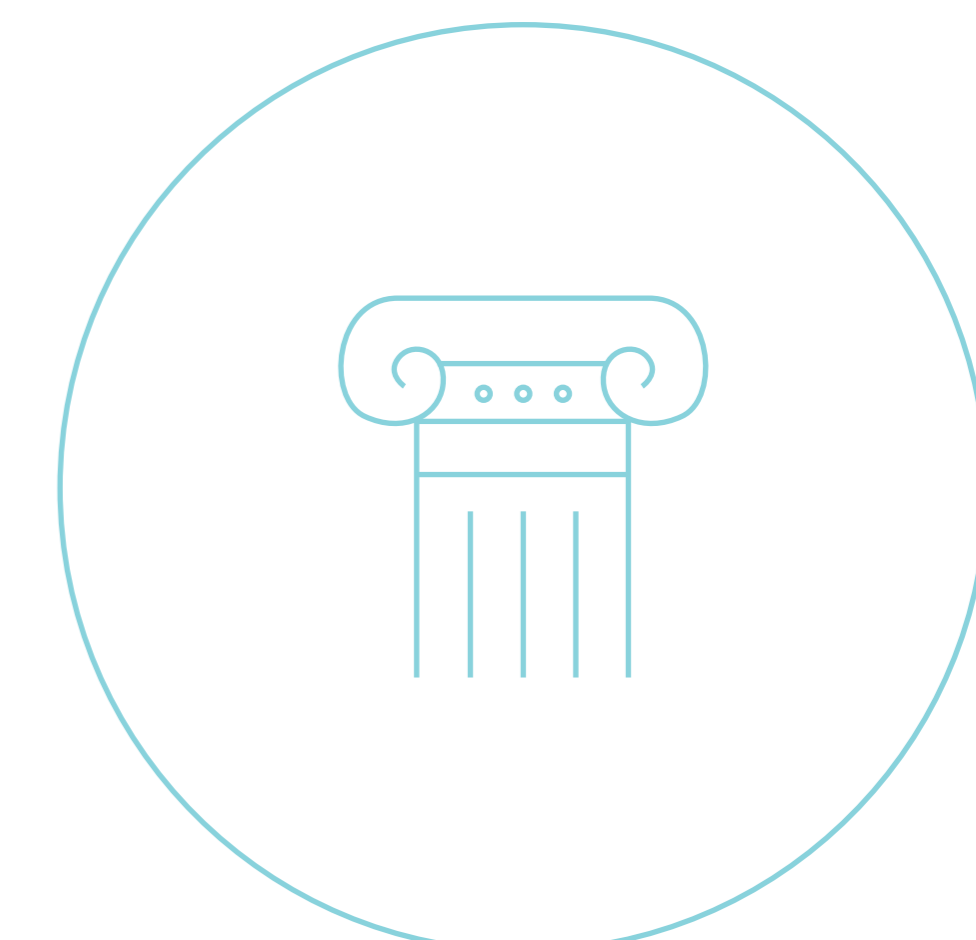
### Design for planet

To foster our commitment to sustainability, blending innovation, eco-design and circularity principles in our business activities, and throughout our value chain



### Design for people

To ensure a thriving workplace that guarantees fairness and inclusion as well as generating value to communities around the world



### Design for culture

To nurture our brands' identities by preserving craftsmanship and design heritage, from scientific research to the rescue of design leaders

# Compliance and Data Ethics

## Compliance program

As Louis Poulsen operates across several cultures, traditions, local laws and practices, it is important that we ensure that all employees are aware of the common set of principles, which provide guidance about what Louis Poulsen considers responsible business practices and ethical behaviour. These principles are outlined in our Code of Conduct (CoC). We have implemented measures to ensure that all employees are familiar with our CoC and that everyone reflects our policies. We consider the CoC to be a vital part of the organisation to ensure that we always work within the framework of the law and facilitate successful enforcement, in case of unethical or illegal conduct. The CoC is updated and improved on a regular basis to align with business requirements and stakeholder expectations.

## Data Ethics

Data ethics is an important area for Louis Poulsen, including specific protection of personal data. Louis Poulsen has defined and implemented a set of rules for data protection to ensure compliance in relation to the company's collection, processing and storage of data.

Louis Poulsen's set of data protection rules and related guidelines (GDPR and IT Policy), form the basis of the company's Data Ethics policy. With this basis for Data Ethics, Louis Poulsen respects the expectations of our partners to operate in accordance with legal and ethical standards and we establish a solid basis for a trusting cooperation with our customers.

Louis Poulsen is committed to ensuring that all business and services are conducted in an ethically and legally impeccable manner and aligns business activities with the relevant requirements.

Louis Poulsen uses the necessary data for operating the business such as customer, supplier, HR and regulatory data. The data consists of master data received from the involved stakeholders and operational data either received from the stakeholders or generated during the operational processes.

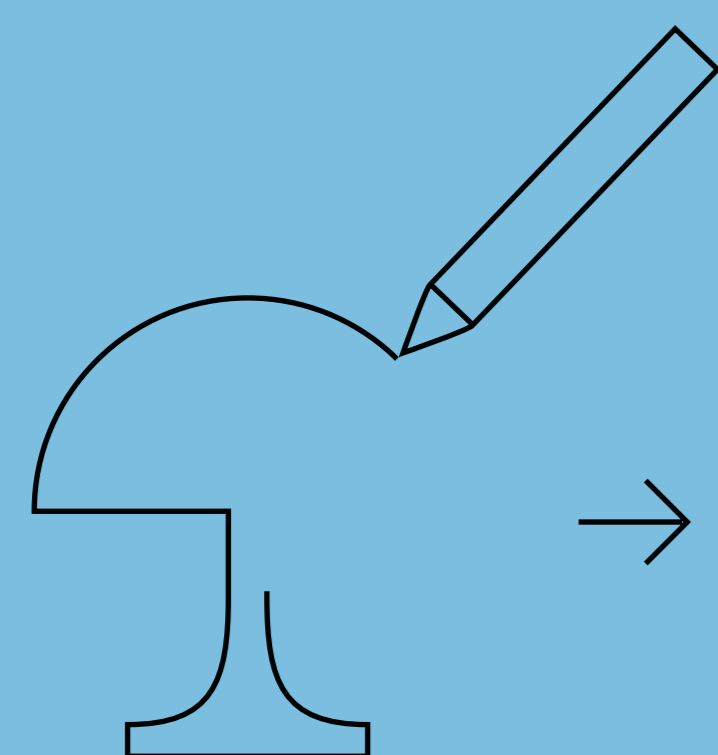
The processing of personal data, such as name, address, e-mail address or telephone number, is always in accordance with the general data protection regulation (GDPR) and the specific data protection rules of the country in question. The set of rules for data protection contains information about data controller and data protection consultant, data collection and data processing, duration of data storage and rights, etc.

Louis Poulsen's set of data protection rules also contains information on data protection for business associates.

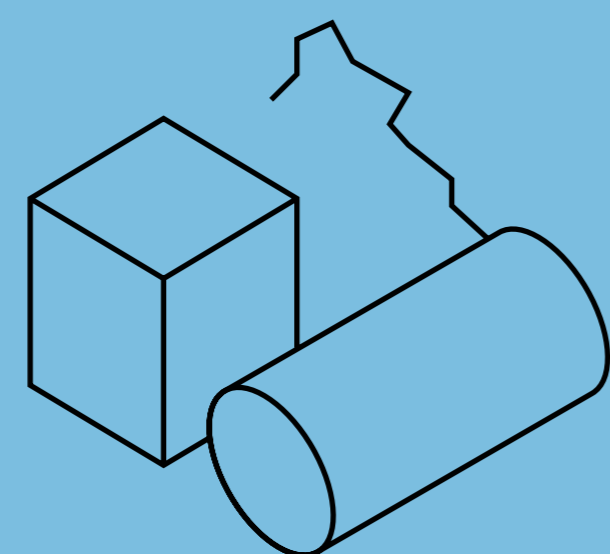
Louis Poulsen wants to ensure a fundamental development and permanent maintenance of suitable, target-oriented measures to raise the awareness of Louis Poulsen employees on data ethics.

Decisions about data use and new technology, including how the company's efforts and policies for data ethics are evaluated, are thus anchored in the organization through training and information, e.g. via intranet through the Louis Poulsen Group's Compliance rules.

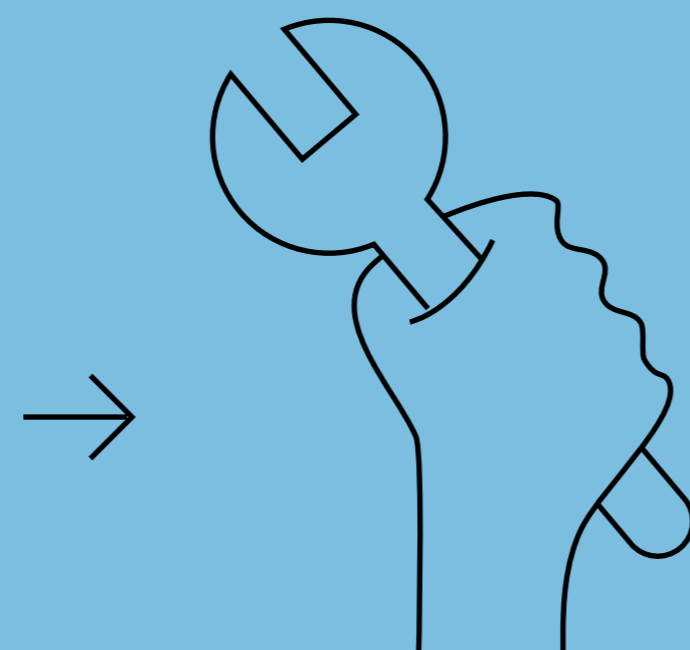
# Our value chain



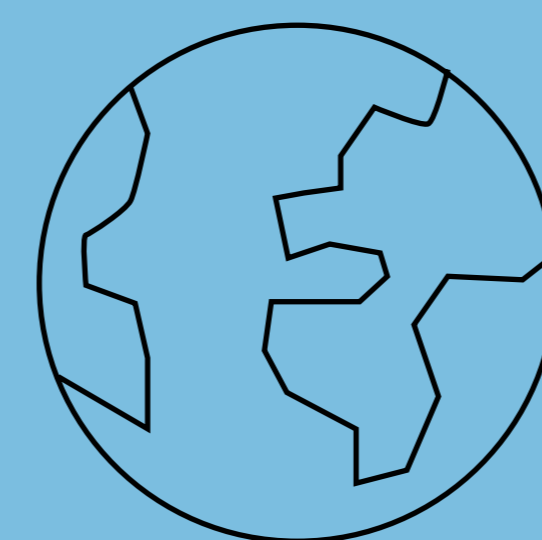
**Designing**  
our high-quality products



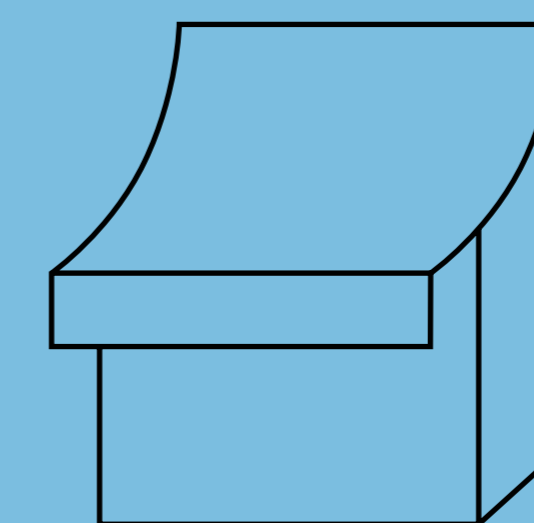
**Sourcing**  
raw materials and components



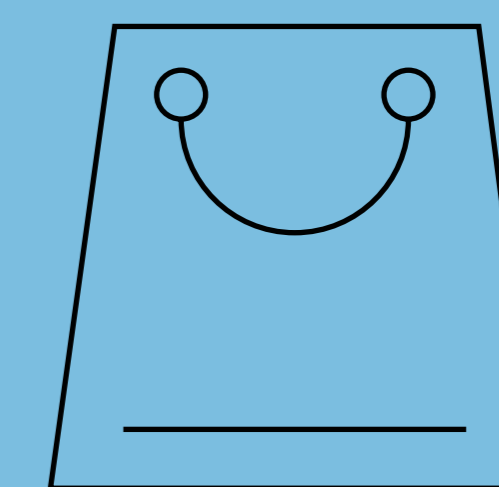
**Producing and assembling**  
inhouse products and components



**Selling and distributing**  
through our sales channels



**Reaching our customers**  
in commercial and private



**Consumers**  
use our products for more than 20 years

**Our metrics**

More than 100 years of history and over 65+ designs

40 strategic suppliers in: Denmark, Southern Europe and Asia

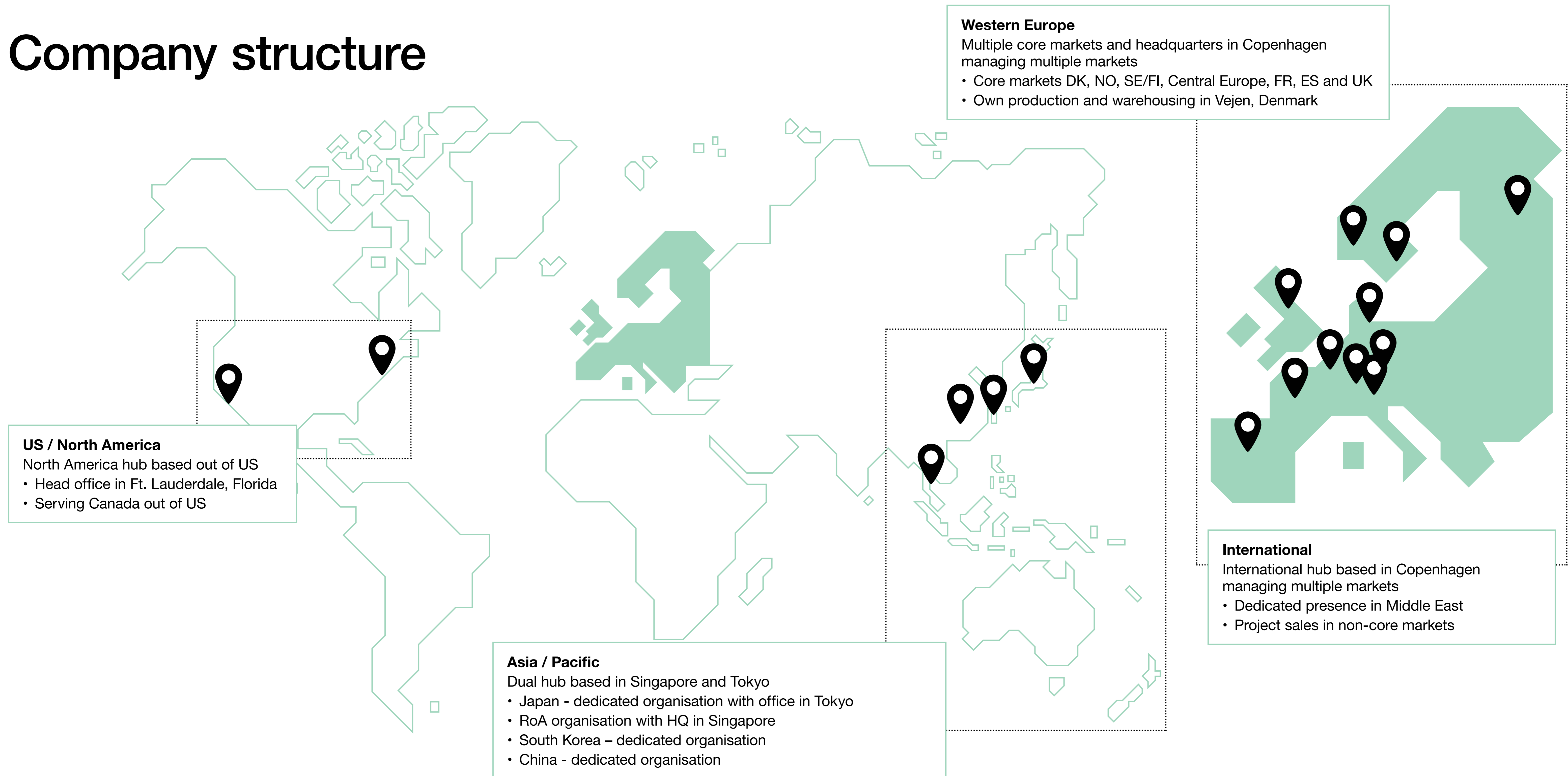
Employees in total (2021): 518  
Of these 230 are blue collar

Annual revenue (2021)  
EUR 147 million

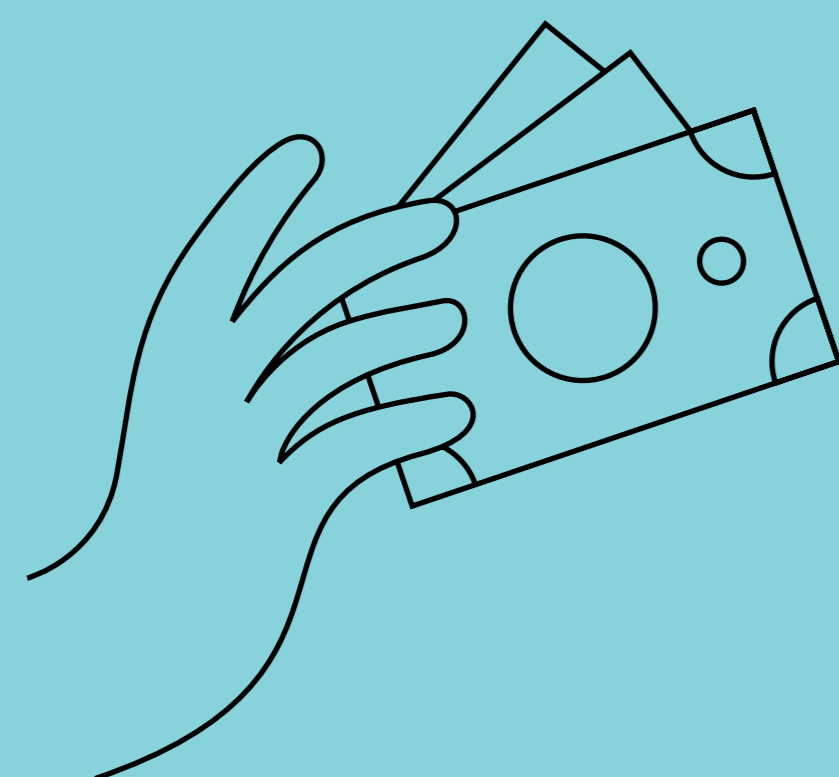
1,759 distribution points (2021)

500,000 products a year  
100,000 consumers reached

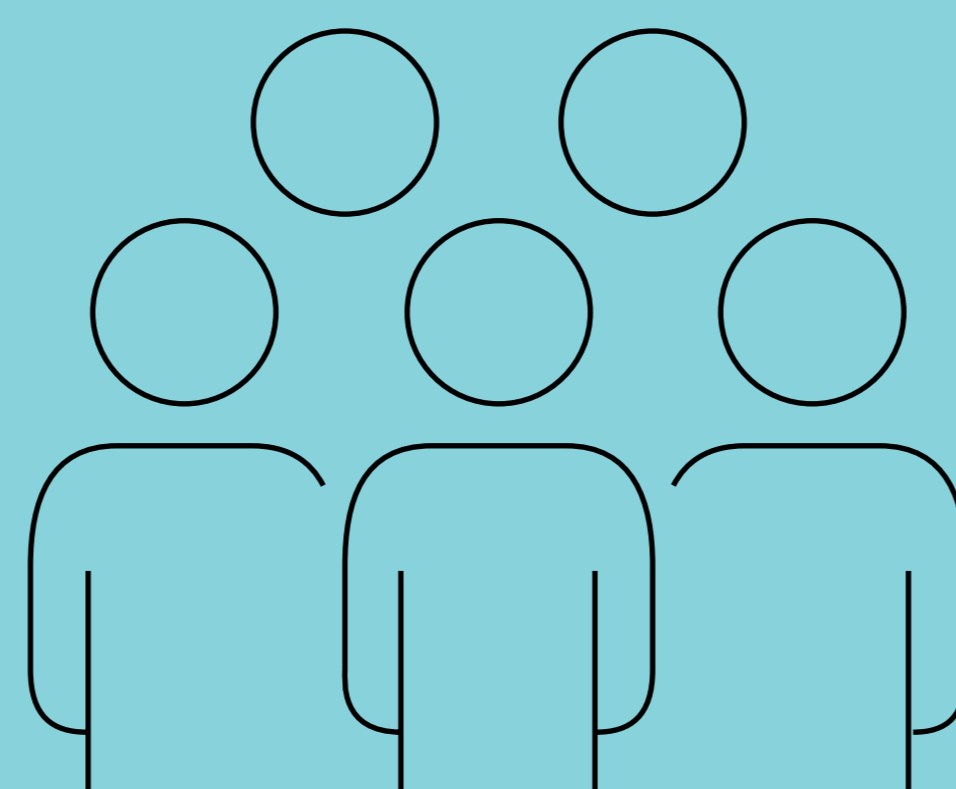
# Company structure



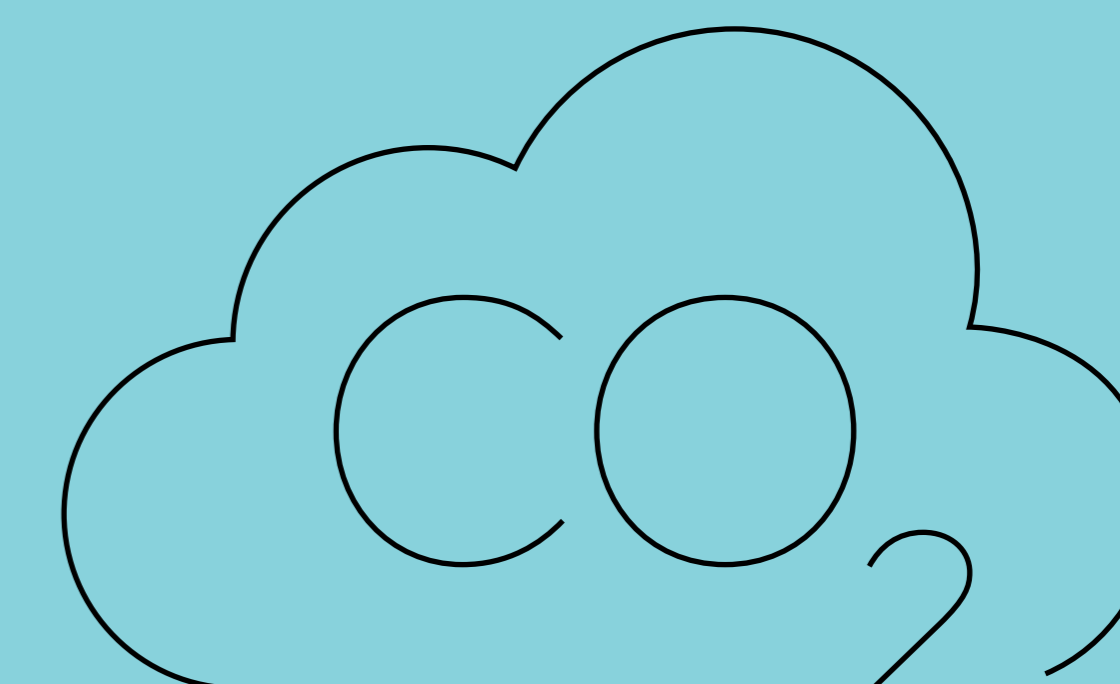
# Key highlights from 2021



Annual revenue in EUR  
**147 million**



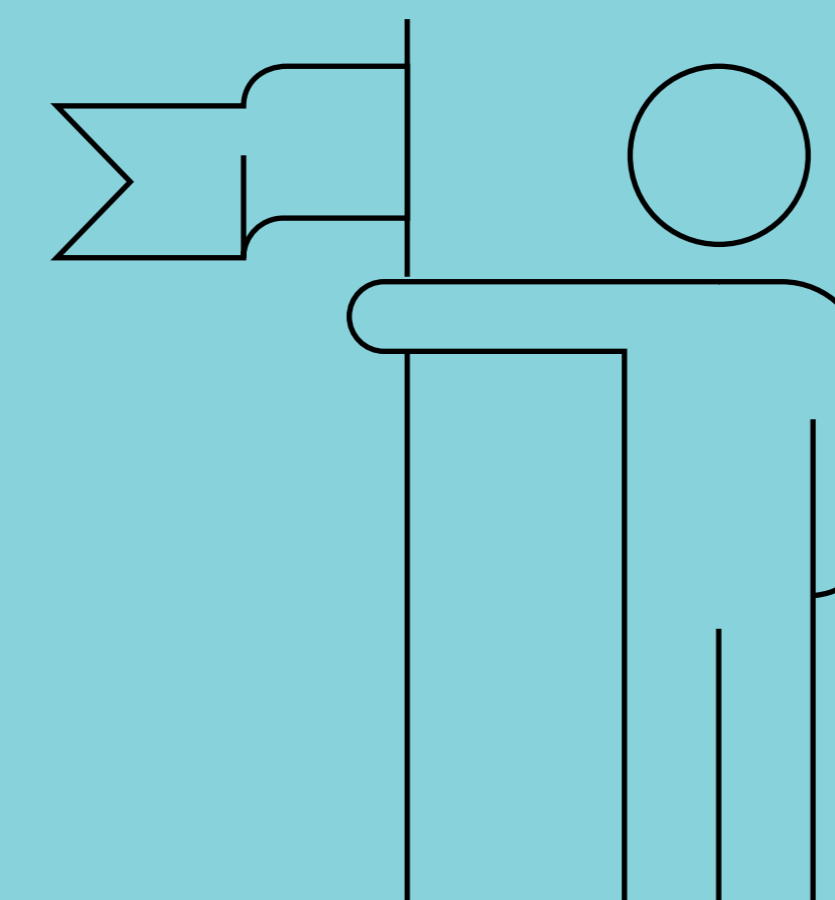
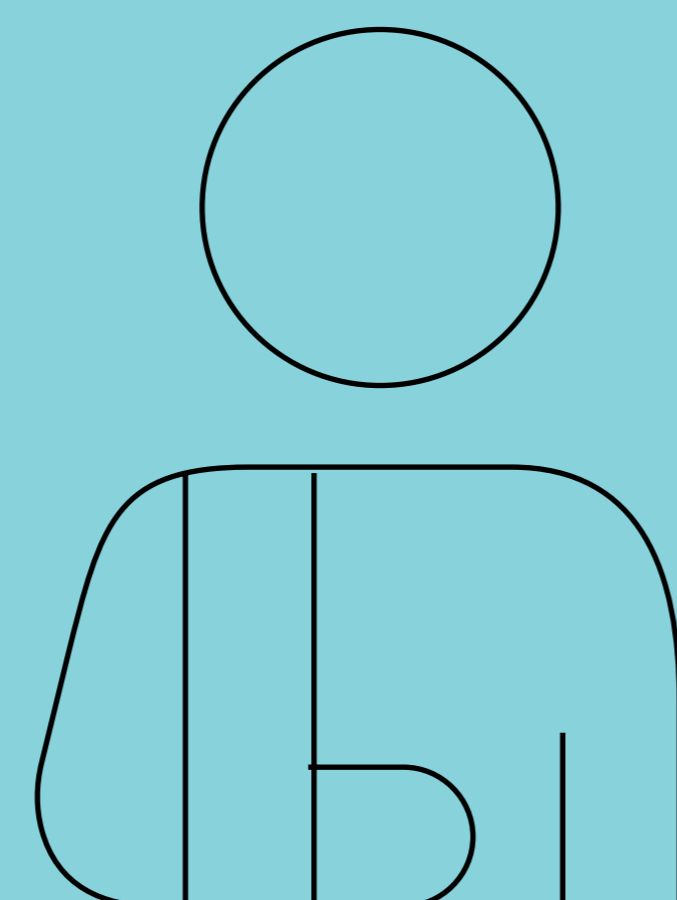
Number of employees  
**518**



Total greenhouse gas emissions  
**83,375 t CO<sub>2</sub>e**  
This reflects scopes 1, 2 & 3 emissions

LTIFR  
**Lost time injury frequency rate (LTIFR)** refers to the amount or number of lost time injuries, that is, injuries that occurred in the workplace\*

**3.4**



## Key activities performed in 2021

- Piloted product circularity scheme: PH 5 Retake
- Developed 3-year retake strategy
- Developed 17 environmental product specifications

\*calculated as amount of recordable work-related injuries divided by number of working hours times 1 million working hours)

**3.**

# **Sustainability at Louis Poulsen**

# 3. Sustainability at Louis Poulsen

Louis Poulsen is a responsible corporate citizen, employer and business partner. We have always aimed to create long-lasting products that help people to achieve a better quality of life while reducing our environmental impact. We strive to give our employees a fair and safe work environment and work with our business partners on cascading sustainability requirements.

We have been on the sustainability journey with our owners since 2018. In 2020, we took a large leap forward and sustainability was integrated into the overall business strategy for 2026. In 2021, we worked on actively pursuing sustainability targets we had set for ourselves, along with setting science-based targets, to ensure that we continuously live up to our responsibilities.

### Louis Poulsen 2026 Strategy

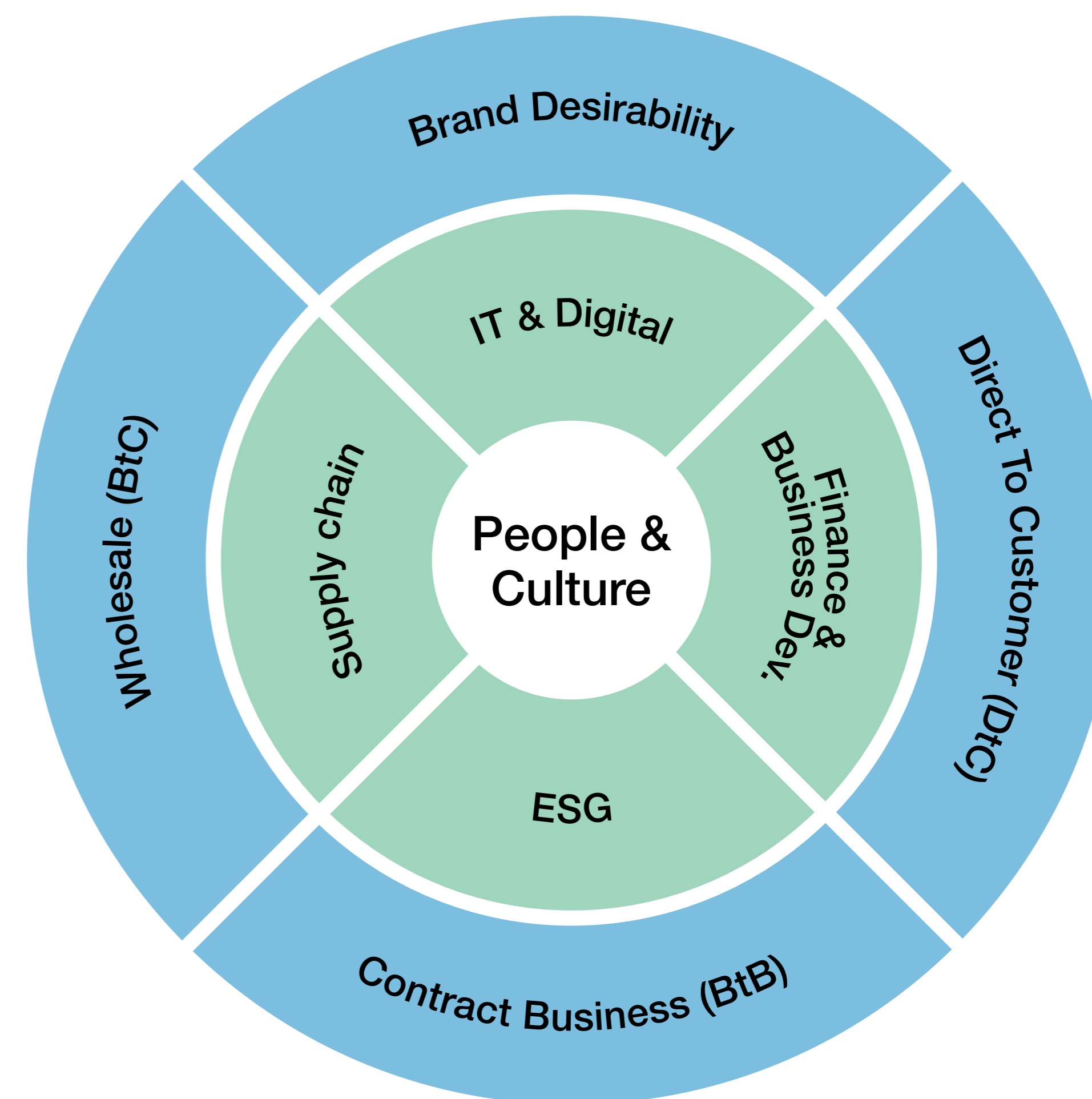
The purpose of our 2026 Strategy is to continue to grow Louis Poulsen as an internationally acclaimed high-end lighting brand. Building on our strong heritage, we always aspire to exceed expectations in delivering long-lasting design that shapes light for people and spaces. We envision a world with only good light and are committed to giving people a better quality of life through exceptional lighting.

The four revenue drivers are: Brand Desirability, Direct to Consumer (DtC), Develop Contract Business (BtB) and Wholesale (BtC). The enablers for this strategy and key focus areas to support our growth journey are: Digital and IT, Finance & Business Development, ESG, SCM and People and Culture.

### ESG – our strategic enabler

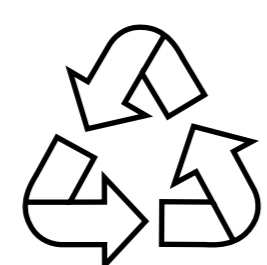
Our sustainability strategy comprises three main commitments: Closing the Loop, Zero Emissions and Responsible Employer, which we have identified as the most important areas for Louis Poulsen’s work with sustainability.

- We work towards Closing the Loop by designing long-lasting products, refurbishing old products using both recycled as well as recyclable materials, and reducing waste.
- We work towards Zero Emissions by increasing our energy efficiency, using renewable energy, and working towards reducing indirect emissions in our up and downstream activities.
- We act as a Responsible Employer by continuously increasing our efforts in developing our employees, creating an inspiring working environment, and always ensuring a safe and healthy workplace for our employees.





# ESG Scorecard – Targets



## Closing the Loop

Waste: 1.0 kg per product produced



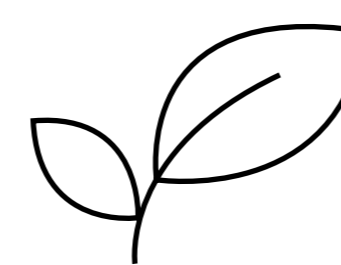
**Takeback scope**  
5 products (2023)



**Env. Prod. Spec. coverage**  
100% of Outdoor & Architectural



**Reduce scrap in own production**  
Reduce scrap by 50% (2023)



## Reducing Emissions

Emissions (Scope 1 and 2): 2.2 kg CO<sub>2</sub>e per FTE



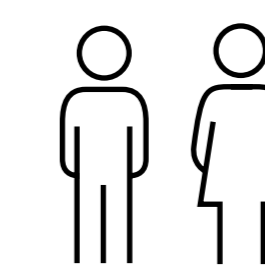
**Scope 1 - Gas and Fuel**  
5% reduction (2023)



**Scope 2 - Energy efficiency**  
5% reduction per Finished Good product (2023)



**Scope 3 - Reduce air freight emissions (prod.launch)**  
Air freight <10% of total m<sup>3</sup> (2023)



## Responsible Employer

Voluntary Turnover Rate: 10%



**Diversity**  
+40% female managers (L1+L2) (2025)



**HSE incidents**  
50% reduction in LTIRF (2023)



**Supplier CoC**  
98% coverage (spend) by (2023)

## Introducing Science-Based Targets

As part of Louis Poulsen's sustainability journey, we have decided to set emission reduction targets aligned with the Science Based Target Initiative (SBTi). The SBTi is a partnership between GDP, the United Nations Global Compact, World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF), with the aim of helping companies setting targets for reducing their greenhouse gas emissions in line with the Paris Agreement, to limit global warming to 1.5°C and prevent the worst effects of climate change.

For this year we have developed reduction targets aligning with SBTi criteria, with the future goal of committing and submitting our targets and having them validated by SBTi. We have started with setting reduction targets for our Scope 1 and 2 emissions. Louis Poulsen is currently working on mapping all our Scope 3 emissions, which will enable us to set a Scope 3 emission reduction target in 2022. Along with setting our own Scope 3 targets, we will also set a goal to ensure that our suppliers have set their own science-based targets.

We have chosen to set science-based targets to ensure that our efforts align with the Paris-agreement, and since we cannot drive the change alone it is also very important for us to work on influencing our suppliers to have a focus on sustainability.

**Limit global  
warming to 1.5°C  
and prevent the  
worst effects of  
climate change**

# We support the UN's Sustainable Development Goals

The world was introduced to the UN 2030 Agenda for Sustainable Development in 2015. As part of the agenda, 17 SDGs were established as a blueprint for achieving a better and more sustainable world.

They provide businesses, governments, individuals and other stakeholders with a common framework within which to align their actions. Louis Poulsen is committed to supporting the global pursuit of sustainable development.


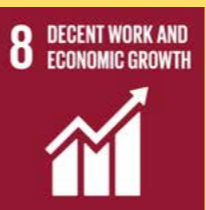


While Louis Poulsen contributes positively to a number of the SDGs, we are also aware that we have a negative impact on others. When considering the lifecycle of our products, the negative environmental impact is primarily driven by the use of our products, which accounts for approximately 70% of the total LCA emissions. Aside from this, the production and transportation of our products also has an impact.

We see it as our responsibility to ensure that our operations are conducted in a way that minimises this negative impact. Through our growing focus on innovation and circularity, we will continue to seek ways in which we can minimise our negative impact on the environment and the climate, as well

as continue to strengthen our positive contribution to a sustainable development. At the beginning of 2020, we identified the SDG goals and targets with the strongest association with our business activities. These are the ones we believe influence our sustainability work the most. The identified goals and targets cover issues that are core to our business activities and are integrated into the three strategic pillars of our sustainability strategy. We are committed to contributing to the SDGs by identifying initiatives that will help to improve our performance.

We have identified targets within each sub-target and identified our baseline. In the coming years we will report on the progress made within each of the sub-targets and the progress towards our overall target.

## Our work with the Sustainable Development Goals

SDG target	Description of SDG sub-target	Louis Poulsen Indicators	2020 Baseline	2023 Objectives	2021 Actuals
 7.3	By 2030, double the global rate of improvement in energy efficiency.	Energy intensity (total direct and indirect energy per FTE)	13.66 MWh per FTE.	10% reduction to 12.3 MWh per FTE.	13.77 MWh per FTE.
 8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular female migrants, and those in precarious employment.	Share of spend from suppliers covered by the policies of workers' rights (covered by signing Code of Conduct).  Number of work-related lost time injuries in own production.	96% of spend from suppliers covered.  Intensified the collaboration with the Elmegade institution to support employment of socially challenged people.  4 lost time injuries in own production.	98% of spend from suppliers covered.  Continuing target of 0 lost time injuries in production.	96% of spend from suppliers covered.  14 lost time injuries in production.
 12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Waste per product.	1.75 kg waste per product.	1.00 kg waste per product by 2023.	1.27 kg waste per product.
 12.2	By 2030, achieve the sustainable management and efficient use of natural resources.	Number of upcycled products sold (from take-back scheme).	No upcycled products sold.	Total of at least 1000 units of upcycled products sold.	54 upcycled products sold.

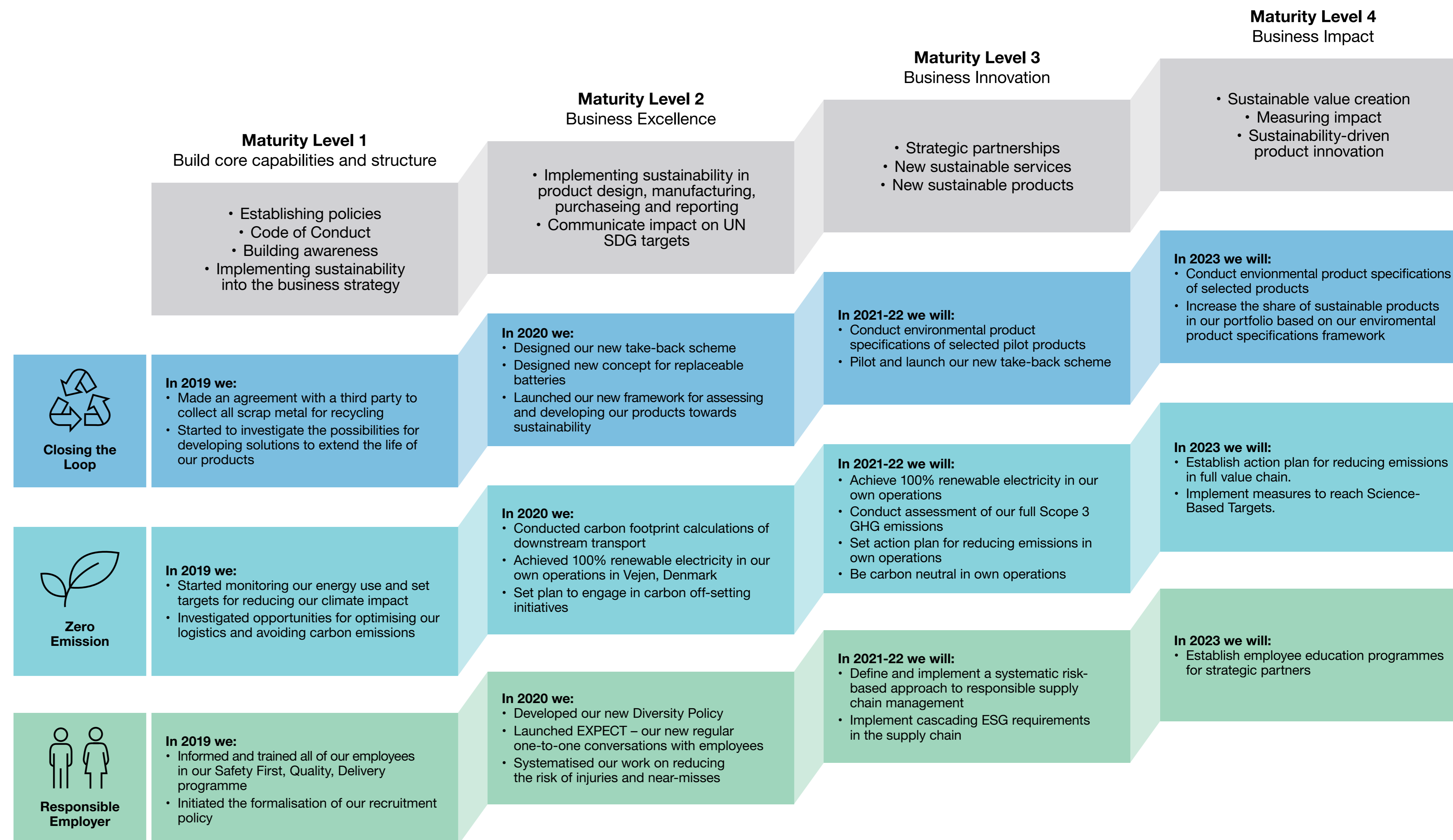
# Our strategic sustainability journey

As a part of our sustainability journey, we have developed a maturity model to guide our efforts towards a full integration of sustainability. We began our journey to build the foundation of our sustainability work by developing core capabilities and structures. We focused on establishing policies, creating awareness and integrating sustainability into our thinking. We have defined key focus areas, set goals and defined activities to achieve these.

To move to the second level in our maturity model we worked intensely on implementing sustainability into our business processes and designed frameworks for our work with sustainability.

In 2021, we took a step towards the 3rd maturity level by initiating the implementation of our sustainability frameworks. We still have some way to go in fully reaching the 3rd level and we expect to do so in 2022.

In the coming years we expect to reach a level of maturity where sustainability is part of our value creation and product innovation.



# Our journey towards Closing the Loop

## Take back scheme

In 2020, we designed our take-back scheme. This has allowed us to produce new raw design products from worn-out, damaged or returned products to increase the lifetime of our materials. Our take-back scheme will allow us to take responsibility for the environmental footprint of the entire life cycle of our products.

The planned and executed efforts from 2018 – 2020 are not reflected in our KPI, as we have increased the mass of scrap from production. However, in 2021 we are back at 2018 level and the total mass of scrap from our production in Vejen in 2021 was 479 tonnes and we have produced 375,693 products, which equals to 1.27 kg/product.

### What we did

- The take-back pilot was launched in Q4 2021 with a scope limited to 100 items and only selling products in Denmark.

### What we will do

- In 2022, we will further develop the take back scheme adding more products to the scope and develop a new concept to handle product returns from end consumers.

## Replaceable batteries

In the past year, we also took the next step in improving the climate footprint of our products with replaceable

batteries, increasing the lifetime of the products, and reducing the associated emissions.

### What we did

- In 2020, we assessed technologies and developed the specifications for a new battery platform.
- In 2021 we launched the first products on the new platform.

### What we will do

- In 2022 we will continue to launch new and existing products on the new battery platform.

## LCA calculations and Environmental Product Specifications

### What we did

- In 2020, we developed our Sustainable Products framework for assessing the environmental impact of the entire life- time of our products (LCA) and tracking our improvement.
- In 2021 we completed the Environmental Product Specifications for the first 17 products which are available for download on our company website.

### What we will do

- In 2022 going forward, our focus will be on increasing the coverage of Environmental Product Specifications.

# Key ESG Measure – Closing the Loop

## Objective

We strive continuously to develop our products to reduce their lifetime environmental impact and embrace the principles of the circular economy

## Measure

Waste (kg)/product (own operation)

## 2023 goal

1.00 kg waste/product



### Comment for development:

The mass of scrap per product from own operation has increased over the past years, however in 2021 we managed to reduce the volume from 1.75kg per product in 2020 to 1.27kg per product, a total reduction of 27%. We are focused on reducing this further in coming years, in alignment with our 2023 goal.

### Corrective actions:

New investments in painting technology have been improved and deployed in 2021, and we have mobilised a team to generate initiatives to improve current performance.

# Our journey towards Reducing Emissions

2020 was the year in which we changed the electricity used in our production to renewable energy sources, which we have continued to do in 2021.

In 2021 we continued to map our emissions in accordance with the Greenhouse Gas Protocol. Additionally, we remained carbon neutral, partially due to carbon offsetting. Even though offsetting will not contribute to reaching our science-based target, we will continue to take part in carbon offsetting projects. Participating in these projects has both a positive climate impact as well as a positive social impact for the local communities involved. We had a goal to map our full carbon footprint of our value chain in 2021, unfortunately this was not reached and we will continue this work in 2022 and go further by submitting our science-based targets.

## Scope 1 Emissions

All the direct emissions coming from the Group's operations (natural gas consumed for heating purposes, diesel and gasoline for the car fleet, etc).

## Scope 2 Emissions

All the indirect emissions coming from the Group's electricity and district heating consumption, purchased from the grid.

To evaluate emissions (Scope 1 & 2) we use the following denominators, Revenue, Number of products produced in Vejen and FTEs. If the measure for 2019 is index 100, then in 2021 the Revenue index shows a 36% reduction, the Product index a 53% reduction and the FTE index a 29% reduction.

Emissions Data	2021	2020	2019
kg CO <sub>2</sub> e emissions/revenue	Index 64 (-36%)	Index 73 (-27%)	Index 100
kg CO <sub>2</sub> e emissions/product	Index 47 (-53%)	Index 65 (-35%)	Index 100
kg CO <sub>2</sub> e emissions/FTE	Index 71 (-29%)	Index 76 (-24%)	Index 100

## Key ESG Measure – Reducing Emissions

### Objective

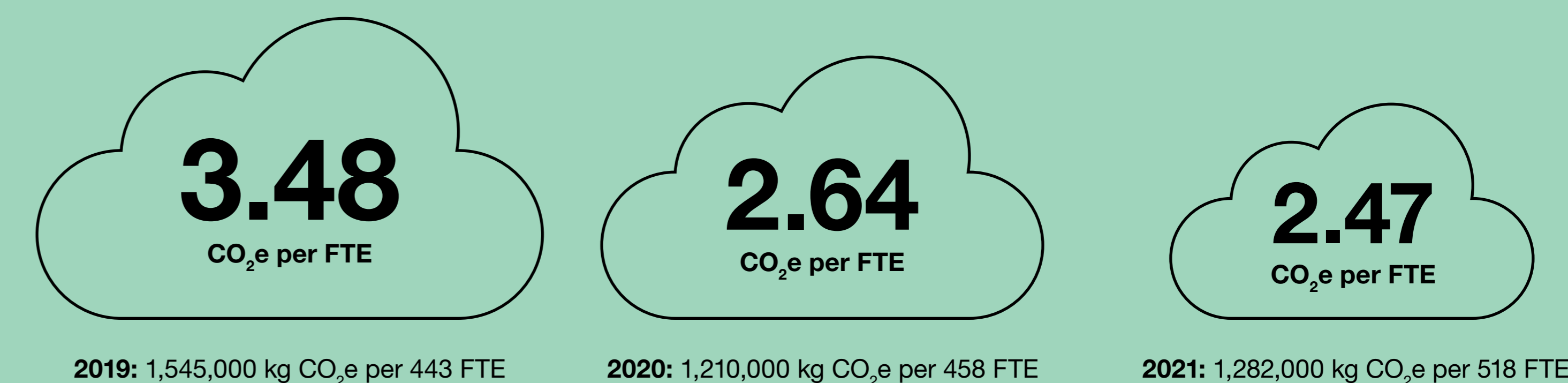
We commit to renewable energy at Louis Poulsen production sites in 2022 and to becoming CO<sub>2</sub> neutral in our own operations by 2023

### Measure

Scope 1 and Scope 2 (kg CO<sub>2</sub>e emissions/FTE)

### 2023 goal

2.2 kg CO<sub>2</sub>e / FTE



### Comment for development:

From 2020 to 2021 we have seen a decrease from 2.64 to 2.47. This covers Scope 1 and Scope 2 emissions. Please note that the baselines for 2019 and 2020 have been adjusted to reflect actual consumption.

### Corrective actions:

We will continue to work on reducing emissions from own operation.

# Carbon Offsetting Projects

Louis Poulsen's carbon neutrality is achieved by balancing our carbon emissions with carbon offsetting, which involves using carbon credits coming from positive impact projects. Each credit is certified according to international standards and corresponds to the reduction (or removal) of one ton of CO<sub>2</sub> (or equivalent). The two projects we are involved with are the Great Bear Forest Carbon Project and the Guatemalan Conservation Coast Project.

## The Great Bear Forest Carbon Project

The Great Bear Forest Carbon project aims at improving forest management in British Columbia (BC), the westernmost province of Canada. It aims to generate emission reductions through the protection of forest areas that were previously designated, sanctioned or approved for commercial logging. The project activities include changes in land-use legislation and regulation resulting in the protection of forest areas and reduction of harvest levels.

## The Guatemalan Conservation Project

The second project is the Guatemalan Conservation Coast project and addresses the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. The project has already produced significant results, with 2,406 ha being reforested, 658 locals receiving training, and 2,030 people benefiting from health services.



# Our journey towards being a Responsible Employer

As part of our commitment to being a Responsible Employer, we launched several different initiatives and policies such as a new Diversity Policy and EXPECT, our new guidelines for regular one-to-one conversations between employees and managers. In 2020, we also worked to systematise our initiatives on reducing the risk of injuries and accidents in our production.

The voluntary turnover rate was 17.8 % in 2021, representing 7.2% increase compared to 2020, which is significantly higher than our target of 10%. The main reason for this is the shortage of labour at our production facility in Vejen and we are working on multiple initiatives to improve the current result.

## Key ESG Measure – Responsible Employer

### Objective

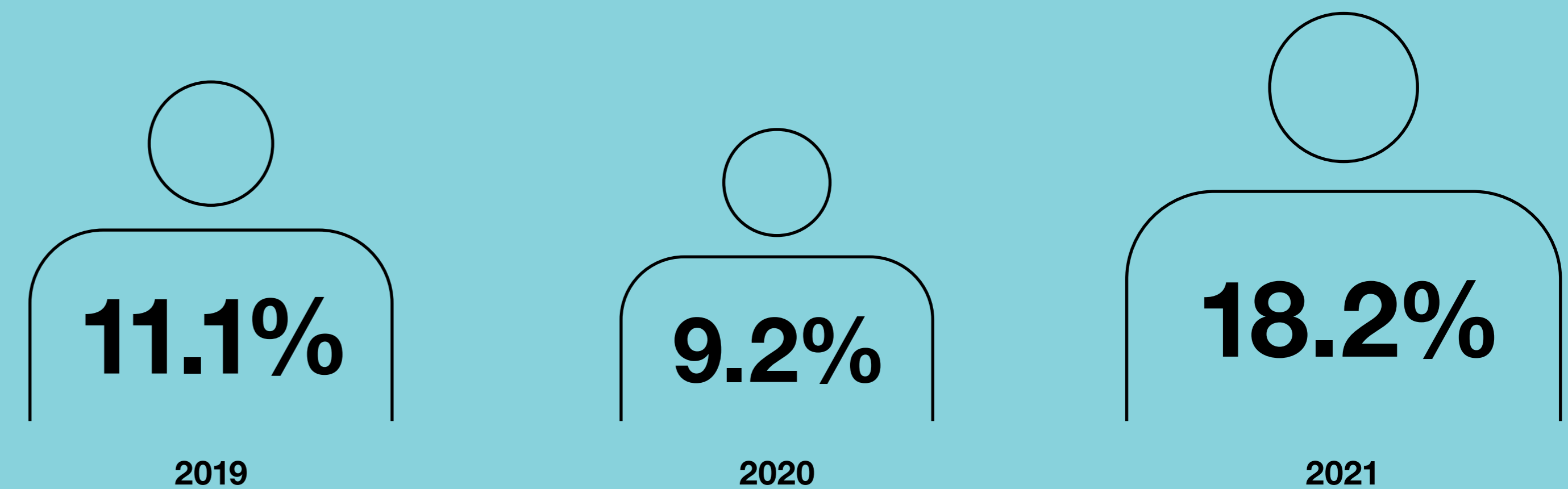
We aspire to be a truly united, motivated and healthy organisation by empowering employees and fostering a culture of learning, improvements and performance.

### Measure

Retention measured as Voluntary Turnover Rate %

### 2023 goal

Voluntary Turnover Rate 10%



#### Comment for development:

The Voluntary Turnover Rate has increased by 7.2% from 2020 to 2021, which is mainly driven by blue collar employees changing jobs to maximise earnings. We are actively working to reduce this and reach our target of 10% by 2023. Blue collar accounted for 24.1% while white collar was 13.7%.

#### Corrective actions:

We will continue to work on implementing key behaviours.



# Louis Poulsen Retake Strategy

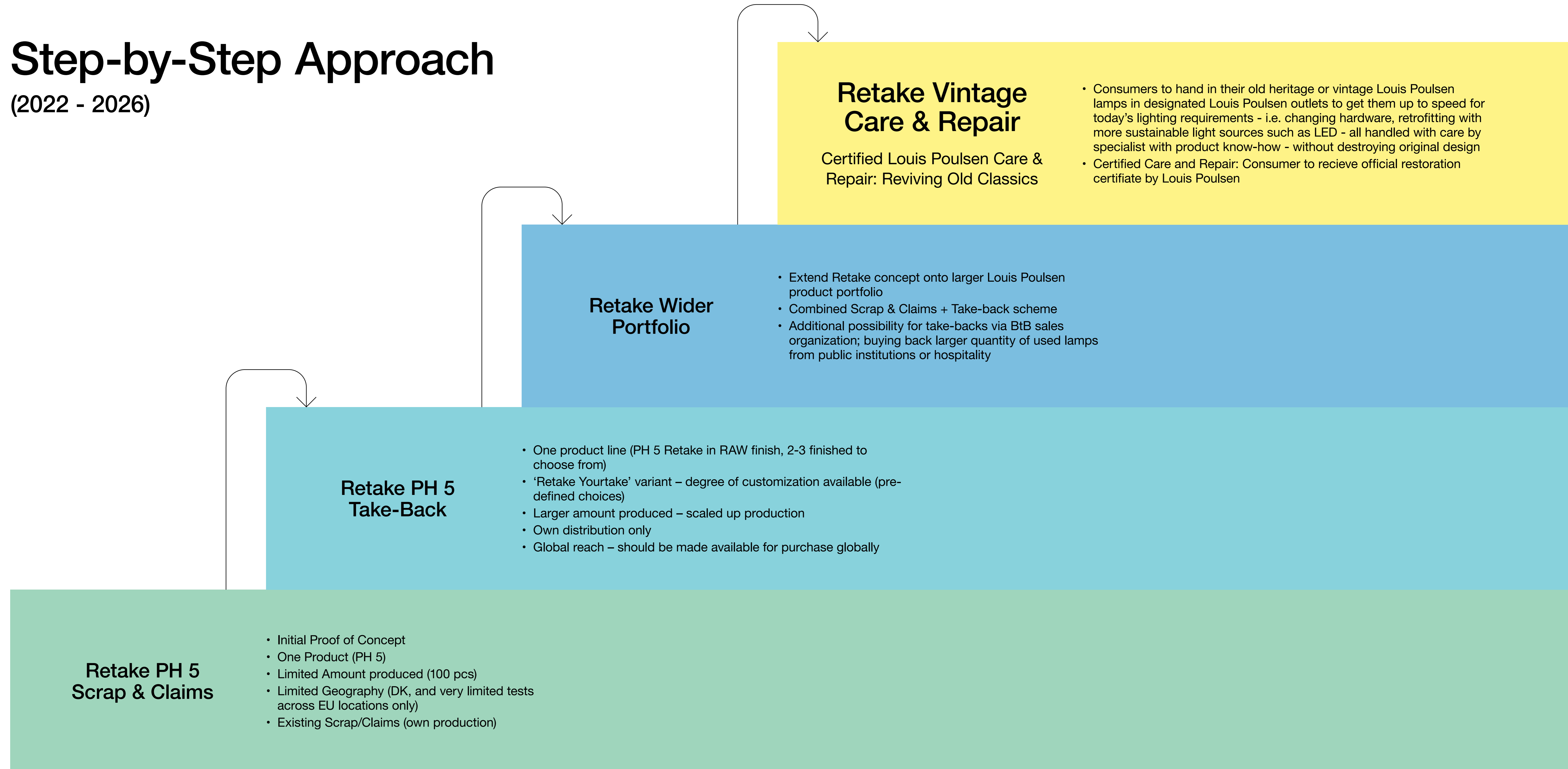
Retake is the name given to Louis Poulsen's concept for giving old or imperfect products a new life. To us, this means that we take old products, and recycle or upcycle them, restoring them with the latest technology, to give them a new lease on life and extend their lifetime value. It's a new operating model, a new way of thinking and the strategy provides a structure for our business when it comes to circularity and upcycling.

With Retake, we aim to shed light on the longevity of our products and the use of recyclable materials in the product designs, while also actively taking responsibility for facilitating and encouraging circular consumption.

The strategy is divided into 4 phases: PH 5 Scrap & Claims, PH 5 Take Back, Wider Portfolio and Vintage Care and Repair. In 2021, we launched the Retake concept with PH 5 Scrap & Claims as a proof of concept. In the coming years, we will commence the next phases, and in 2022 we are looking to launch the PH Take Back scheme.

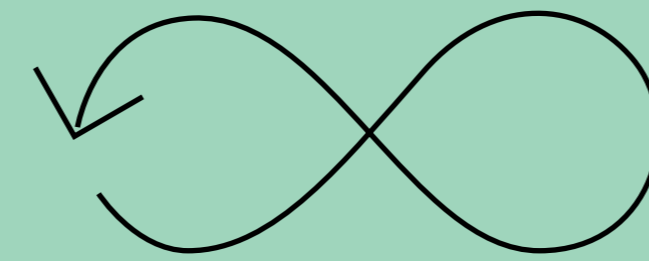
# Step-by-Step Approach

(2022 - 2026)



# Behaviours

Louis Poulsen’s culture is based on a strong, impassioned Danish heritage, a vision to exceed expectations, and distinct design that shapes light. We make Louis Poulsen by focusing on what matters most. A culture that thrives on empowering one another. Proactively sharing our experience, knowledge, passion and outlook to develop and grow one another. Wherever we work, whatever we do – to us, there are four things that really matter.



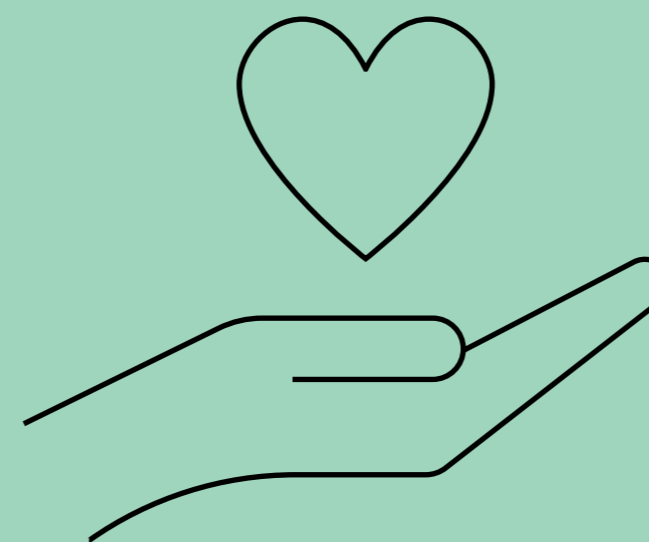
## Putting our customers first

With products, communications and experiences, we work together to give our customers a better quality of life through exceptional lighting. We are proud to always strive to exceed expectation.



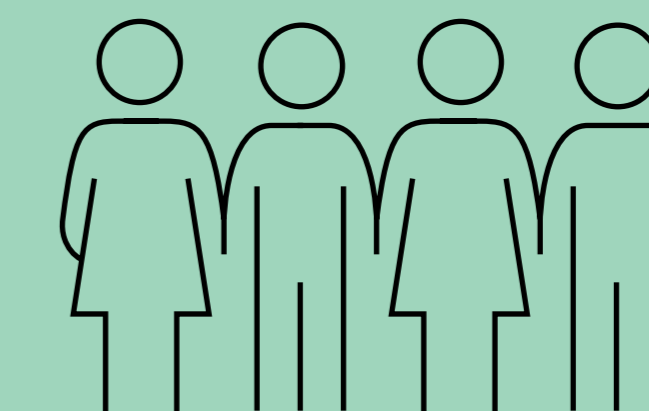
## Being bold and open to new ideas

We have the courage to find new possibilities and solutions, creating opportunities and dreams. We wonder and learn – in order to create growth. We are responsible, agile and transparent.



## Being accountable and responsive

We focus on quality and are determined to deliver our best. We are accountable, impassioned, proactive and celebrate an open, inspiring work environment.



## Being one team

We empower each other. We collaborate for the benefit of our customers. We build great relationships, and trust and appreciate each other. We grow together and are committed to everyone’s success.

# Sustainability governance model

The ultimate responsibility for sustainability management lies with the Group CEO, who approves policies and strategic targets. Responsibility for the sustainability strategy, ensuring progress and following up on performance lies with the sustainability steering group. The steering group was established in 2019 and mainly consists of executive management and professionals from different business functions such as HR, Supply Chain, Business Development, Product Design, Brand Management and R&D. The sustainability steering group is responsible for decision-making regarding strategy, targets, and initiatives, as well as allocation of necessary resources.

The steering group meets every other week to discuss progress and new initiatives. Our sustainability strategy and strategic targets are revised annually by the sustainability steering group and the sustainability key performance indicators are reported annually in our sustainability report.

## Guidelines for employees and external business partners

Our Code of Conduct defines the policies of good business at Louis Poulsen. The Code of Conduct was approved internally in the spring of 2020 by the Louis Poulsen Management Team. The Code of Conduct was signed by all employees and returned to People and Culture. For future recruitments, the Code of

Conduct will be communicated and signed at the beginning of the employment period.

To ensure that all employees and external business partners are familiar with the company's ethical standards and requirements, we have formalised an Employee Handbook and a separate Code of Conduct. These documents describe our expectations and guidelines for both parties. Throughout 2020 and 2021, we have focused on communicating these guidelines and expectations to all our employees.

We believe that open dialogue is the best way to ensure improvement and respect, which is why we always encourage people to speak up if they have any concerns related to the guidelines described in the documents. Currently, employees are encouraged to raise any concerns by sending an e-mail to the CEO. However, we have recently decided to implement the Get Ethics whistleblowing solution to ensure that all concerns can be reported easily and anonymously.



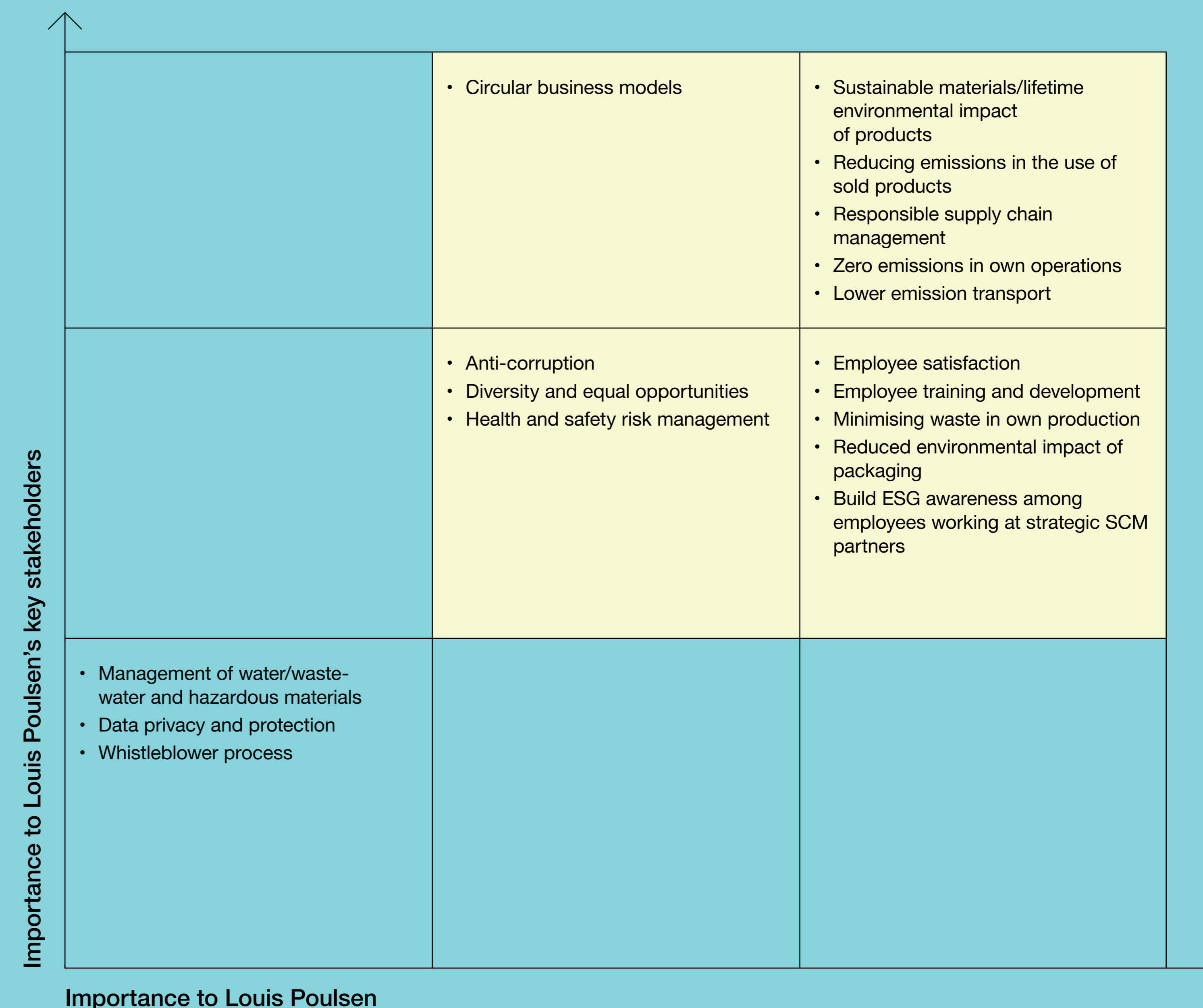
# Materiality assessment

In our sustainability work, we focus on the topics identified as most significant to key stakeholders and to our business. These priorities have been identified through an assessment of the most important sustainability topics, risks and impacts to be managed by our business. The assessment was initiated at the end of 2019 and finalised in early 2020 in an internal workshop and has been validated by executive management.

The level of materiality is based on the sustainability topics that are perceived as most important to Louis Poulsen’s key stakeholders and the company itself. The result of the materiality assessment is visualised in the figure below.

The last time the materiality assessment was validated by the Louis Poulsen sustainability steering group was in February 2022. No significant changes to the material topics were identified.

Moving forward, we will review and update our materiality assessment annually to ensure that we maintain our focus on the most important areas and that our activities remain aligned with the expectations of both internal and external stakeholders.



# Sustainability risk assessment

As part of assessing the sustainability topics that are most important to Louis Poulsen, we also assess the most material sustainability risks related to human rights, environment, social aspects and anti-corruption on an annual basis. The most material risks identified can be found in the table below. In Chapter 5, Sustainability in our own operations, we discuss the way in which these risks are managed in relation to our supply chain, the environment and our own employees.

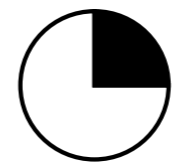
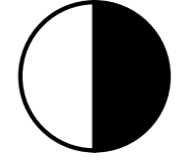
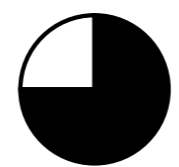
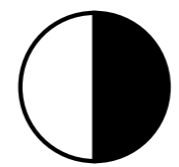
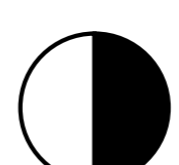
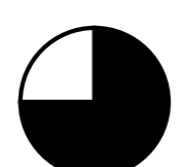
Topic	Identified risks	Material risk	Current mitigation activities
<b>Human rights</b>	<ul style="list-style-type: none"> <li>Violation of human rights (e.g. child labour, bonded labour or living wage) represent a risk to Louis Poulsen, especially within our supply chain, as we mainly operate in developed economies and have production in our home country, Denmark.</li> </ul>		<ul style="list-style-type: none"> <li>Supplier Code of Conduct including expectations and requirements related to human rights and labour rights</li> <li>Employee handbook</li> <li>Implementation of a process and tool for whistleblowing</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>The greatest climate impact of Louis Poulsen's operations derives from the energy consumed during use of the products.</li> <li>Risk of old electronic products not being disposed of properly by the end user and thereby contributing to negative environmental impact.</li> <li>We use metals that are generally associated with a higher environmental and climate impact in the coating of certain products.</li> <li>These impacts could lead to reputational risk if impacts not managed properly.</li> </ul>		<ul style="list-style-type: none"> <li>Monitoring stakeholder requirements and market trends</li> <li>Producing long-lasting solutions and starting initiative to expand product life-cycle by retrofitting.</li> <li>Ability to manufacture products with low carbon footprint by using more sustainable materials and ensuring energy efficiency in use phase. New framework established to support development of sustainable products.</li> <li>Implemented take-back strategy in 2021.</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>Louis Poulsen is greatly dependent on attracting competent employees, which can help our company grow. Our greatest risk is therefore a potential inability to attract the best people to our organisation.</li> <li>The health and safety of our employees is instrumental to our business we recognise that there is a higher health and safety risk related to specific work tasks.</li> </ul>		<ul style="list-style-type: none"> <li>Strong employer brand based on employee engagement</li> <li>Clear guidelines and rules for health and safety-related behaviour such as use of protective equipment</li> <li>Ensuring safety culture through health and safety management system</li> <li>Monitoring health and safety levels</li> </ul>
<b>Anti-corruption</b>	<ul style="list-style-type: none"> <li>Our greatest risks pertaining to corruption exist in our sales function and supply chain. We recognise that the risk of unethical behaviour is always present when dealing with third parties even though we mainly operate in developed economies and have production in our home country, Denmark.</li> </ul>		<ul style="list-style-type: none"> <li>Supplier Code of Conduct including expectations and requirements related to anti-corruption and bribery</li> <li>Employee Handbook containing clear guidelines regarding giving and receiving gifts and entertainment</li> </ul>

# Climate risk assessment

We have mapped our climate-related risks and opportunities according to the classification provided by the recommendations from the Task Force on Climate Related Financial Disclosure (TCFD). The TCFD recommendations classify climate risks as either transition risks, which are those that relate to the transition to a low-carbon economy such as increasing regulation, new technologies and changes in energy mix, or physical risks, which can be driven by either acute events or long-term shifts in climate patterns.

The climate-related risks that are most important to Louis Poulsen are transition risks. However, the transition towards a low-carbon economy involves both potential risks and opportunities for us. The most material climate-related risks and opportunities are visualised in the table below.

In 2021, we included an assessment of whether the identified risks are short (<5 years), medium (5-10 years) or long term (>10 years) risks. We assess that most risks and opportunities are relevant to Louis Poulsen already in the short term and thereby require timely monitoring and action.

	Identified risks and opportunities	Material risk or opportunity	Time horizon	Current actions to address risk or opportunity
<b>Climate risks</b>	<ul style="list-style-type: none"> <li>• <b>Policy and legal risk:</b> Increased regulation and new policies on greenhouse gas emissions from logistics and airfreight may pose a risk to Louis Poulsen in terms of increasing costs for logistics and the need to reduce the use of airfreight.</li> </ul>		5-10 years	<ul style="list-style-type: none"> <li>• Reducing climate impact of our logistics by optimising transportation. Louis Poulsen only uses airfreight for transportation in exceptional situations and is working on further reducing the need for airfreight by more accurate production planning. Due to the exceptional situation created by the global pandemic in 2020 we used more airfreight than in previous years.</li> <li>• Using consignment stock agreements with supplier warehouses in the Nordics and thereby optimising logistics.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Technology risk:</b> There is a risk that in the future new technologies for lightning solutions with lower carbon footprint will compete against technologies traditionally used by Louis Poulsen.</li> </ul>		<5 years	<ul style="list-style-type: none"> <li>• Monitoring the market and use of new technologies adhering to high energy efficiency requirements.</li> <li>• Taking whole product life-cycles into account in the design phase, including retrofitting of old products.</li> <li>• Looking into alternative battery solutions that enable longer product life cycles.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Market risk:</b> Consumers are becoming more and more climate conscious in their consumption habits. For example, preferring more local supply chains. In order to ensure consumer trust, Louis Poulsen must live up to sustainability-related expectations and transparently communicate with stakeholders.</li> </ul>		<5 years	<ul style="list-style-type: none"> <li>• Systematic monitoring of stakeholder expectations related to sustainability aspects of products as well as Louis Poulsen as a company.</li> <li>• Foreseeing and meeting market demand by developing sustainability profile of products and by integrating circularity into design and product life cycle.</li> <li>• Increasing the share of sourcing from within the EU region.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Reputational risk:</b> If sustainability and environmental impacts are not managed correctly, there is a risk of negative reputation, which can result in financial underperformance.</li> </ul>		< 5 years	<ul style="list-style-type: none"> <li>• Systematic monitoring stakeholder expectations related to sustainability aspects of products as well as Louis Poulsen as a company.</li> <li>• Transparent communication and reporting on products sustainability profile and key sustainability metrics regarding Louis Poulsen products and operations.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Physical risk:</b> Both acute and chronic climate-related events such as rising sea levels or an increased number of hurricanes can hamper the supply chain and own production capacity of Louis Poulsen. The mining sector is especially exposed to the physical effects of climate change.</li> </ul>		< 10 years	<ul style="list-style-type: none"> <li>• Identifying and monitoring potential areas of concern in our own operations such as our facilities in US Florida, which are more exposed to extreme weather events such as hurricanes. Identifying areas of potential concern in our supply chain such as our glass supplier in Venice, which is an area that is expected to become gravely affected by rising sea levels.</li> </ul>
<b>Climate opportunities</b>	<ul style="list-style-type: none"> <li>• <b>Opportunity related to products and services:</b> Opportunity to gain increased revenue due to growing customer interest and requirements for sustainable solutions.</li> </ul>		< 5 years	<ul style="list-style-type: none"> <li>• Producing long-lasting solutions and looking into expanding product life cycle by retrofitting.</li> <li>• Producing products with low carbon footprint by using more sustainable materials and ensuring energy efficiency.</li> <li>• Establishing a framework and piloting a take-back scheme to take responsibility for sold products.</li> </ul>

# 4. Sustainability in our solutions



## 4. Sustainability in our solutions

We promote circular and sustainable consumption and take action to eliminate poor product quality by delivering high-quality designs.

We provide our customers with high-quality and functional design. Our products are long lasting in their service life and design. This means that our timeless products can be handed down from one generation to the next.

We aim to create products with a smaller environmental footprint and greater importance to quality of life. This entails integrating sustainability into all stages of our product life cycle: from design and choice of raw materials to transport, use, maintenance and finally end-of-life disposal or recycling.

We acknowledge that choosing the most sustainable solutions is not always straightforward and might result in tradeoffs between various factors. We seek to identify sustainable solutions that do not compromise our core principles of high quality or durability. Sometimes this entails compromising on certain sustainability considerations such as choosing a virgin fibre with a larger environmental footprint over a recycled material to achieve the durability required.

As part of our work on integrating sustainability into our business processes and products, we have developed a framework for assessing the environmental impact of our products in the life cycle.

The first step was to define and introduce guiding ESG Design principles towards designers and business partners.

We are now at the next steps, where we are working active with circular design in our product solutions towards a circular business model, where we take care of the product life cycle from the start to the end.

We conduct environmental product specifications as a part of product development and a continuously updating existing products with environmental documentation.



# Guiding ESG Design principles

## A – Design

### **Timeless and long lasting**

Building on our strong heritage, we aspire to deliver long-lasting design that shapes light for people and spaces.

### **Light experience**

The form of the products is designed not for its shape, but for the shape of the light it produces. The quality of the light determines and defines every surface and every curve. We design to shape light and to create a glare-free, pleasant atmosphere that meets the requirements.

### **Durable – quality and tear and wear**

Quality will always be reflected in our products. We are conscious that a reputation for quality is something earned over time and something that we must always continue to earn. It is both a measure of current excellence and a distinct part of our legacy.

### **Design for a circular business model**

- Design for durability
- Design for repair
- Design for disassembly
- Design for recycling

## B – Materials

### **Sustainable raw materials (reused (non-virgin/degree of recycled, upcycled, material availability, CO<sub>2</sub> emission)**

We strive towards the majority of our raw materials being sustainable and obtainable. We use recycled and non-virgin materials when possible and seek to use materials with a low CO<sub>2</sub> footprint.

### **Traceability and transparency**

By using documentation Louis Poulsen will strive towards having full traceability of materials and components used in our products. This is to provide transparency of their environmental impact.

### **Sustainable surface treatment (chrome, coating and painting)**

We aim at changing less sustainable surface treatments for a more environmental friendly solution. We are taking measures to find suitable techniques with a footprint that is as small as possible.

### **Packaging, consumption, recyclable and bulk packaging for larger projects**

We strive to use packaging that is more environmentally friendly – by using recycled materials that can be disposed of and recycled after use. We seek to optimise our packaging solutions in the best possible way and also to bulk products for larger projects whenever possible. Both ease unpacking and limit packaging volumes.

### **Toxicity**

We are working on decreasing the overall toxicity emission linked to our products and processes.

## C – Components and electronics

### **Standard, certified, and high-quality**

Louis Poulsen chooses standard electronic components of high quality. This ensures longer durability and performance of the components resulting in a longer life cycle between replacements.

### **Replaceable batteries, LEDs, PCB etc.**

With the long-lasting designs of our fixtures, electronic components can be replaced at the end of their life. This ensures that electronic components do not limit the overall life of the product.

### **Ease of maintenance and ability to change/upgrade parts**

Maintenance is key to ensuring the long life of a product. This is particularly important in harsh environments. All products are designed and developed to ensure that life-extending maintenance and upgrades are possible.

### **Low emission**

Electronic components are carefully selected not only to have a high durability and quality but also to achieve the highest efficiency. This results in products with the lowest emission possible for the designed geometry and light quality of the product.

### **Reusability (Ease to segregate)**

All designs and developments work towards mechanical construction which avoids the use of adhesives. This ensures ease of segregating components and materials at the end of their life – either for recycling or upcycling.

We have also developed a framework enabling us to assess our products and to develop environmental product specifications. This covers the life cycle of our products divided into four different categories: design, procurement and manufacturing, outbound logistics and use and recycling. Within each of these categories, we have identified areas of importance in order to ensure more sustainable product development and operations.

Case:

# Sustainability in the Lighting Industry - The GreenLight Alliance

Sustainability is key in every industry, and lighting is no different. The question is, how do we create something that is both energy efficient and will stand the test of time? The GreenLight Alliance aims to help everyone in the lighting industry understand their role in adopting and promoting a circular economy. Additionally they work towards industry standards that are universally recognised, trusted and sought after. We asked Emilio Hernandez from GreenLight Alliance about sustainability in the lighting industry now and in the future.

## How is sustainability in lighting addressed and measured now?

Currently, measuring sustainability is a largely frontloaded process, with limited practical feedback. New tech platforms that utilise Internet of Things and blockchain to assess real-time performance, will provide in-use measurements, which are particularly important as energy prices rise and environmental performance is in focus.

## Which needs does the specifier (interior designers/architects) community have, in relation to documenting overall environmental impact?

The specifiers' greatest need is finding an easy and efficient way to educate themselves. Understanding the relationship between the fluidity of embodied carbon and aspects such as the products and materials used, the manufacturing method and location, as well as transport and in use/end of life journey will allow them to make informed decisions about the products they select.

Another important focus area is production processes which increase durability, longevity and therefore make the products more circular. The aggregate outcome of the production processes should be measured and captured in an LCA for a strategic approach to sustainability.

## What's your opinion on circular products and how do you see this marketed by manufacturers?

As an industry, we haven't yet found the sweet spot in lighting design and manufacture. The market for circular products and circular design varies significantly, with small independent brands as well as larger manufacturers moving into the

space. Many manufacturers and specifiers have increasing focus on understanding and adjusting their processes to increase sustainability, and this is mirrored across the industry. For example, Lighting Europe has introduced new guidance about Eco Design and Eco Labelling as well as developing a best practice for LCA. Meanwhile, specification platforms have also introduced elements to support circularity, such as circular economy checklists etc.

## What are your thoughts on future requirements, standards or legislations?

It's hard to say. With any legislation there's a difficult balance between the simplicity of use and diversity needed for the wide range of products on the lighting market. However, there is no doubt that carbon reduction is a priority in the industry.

In Europe there is a lot of suggested legislation focusing on areas such as product efficiency, lifetime, circularity and measures to prevent the destruction of unsold consumer goods. The US market however is a little slower at suggesting and implementing this kind of legislation on a federal level, however at a state level, there are clear recommendations and requirements which promote LCA adoption.



# Designing for sustainability

The EU Commission has estimated that more than 80% of a product’s environmental impact is already determined in the design phase. We continuously work to integrate the principle of circularity into our design philosophy. Following the practices of a circular economy entails transitioning from a traditional take-make waste model to one that minimizes waste and enables circular material flows. We want to be practical in incorporating sustainability into our solution design. We therefore aim to make decisions that will extend the life of our products or ensure higher levels of recyclability at the end of their life.

## Aiming for circularity in the materials we use

Resource depletion is one of the main challenges currently facing our world. Half of all greenhouse gas emissions and more than 90% of biodiversity loss and water stress come from resource extraction and processing. At Louis Poulsen, the use of materials is embodied in our design philosophy, and we want to be responsible in our use of materials. The main materials used in our solutions are plastic, brass, copper, aluminium, glass and steel.

The recyclability of materials, particularly of metals, is of great importance in order for Louis Poulsen to ensure sustainable products and operations. The mining of metals is not only a very energy-intensive process, but is also associated with other issues, including human rights issues within the metals supply chain.

As a result, Louis Poulsen has set a strategic target of using no virgin aluminium, brass or copper.

One benefit of these metals is the almost infinite recyclability that is possible under the right conditions. Recycling these metals and eliminating the use of virgin material has many environmental benefits such as significantly reduced energy use, protecting natural resources and diverting waste from landfill.

In the case of aluminium, the majority of the material used is already recycled. On the other hand, it is difficult to find a recycled alternative to brass and copper that would meet the requirements of our quality standards. This is something we want to challenge going forward. This will be complex as there are many aspects to take into account in our decisions to use certain materials, such as the durability and availability of the material as well as how suitable it is for its intended purpose.

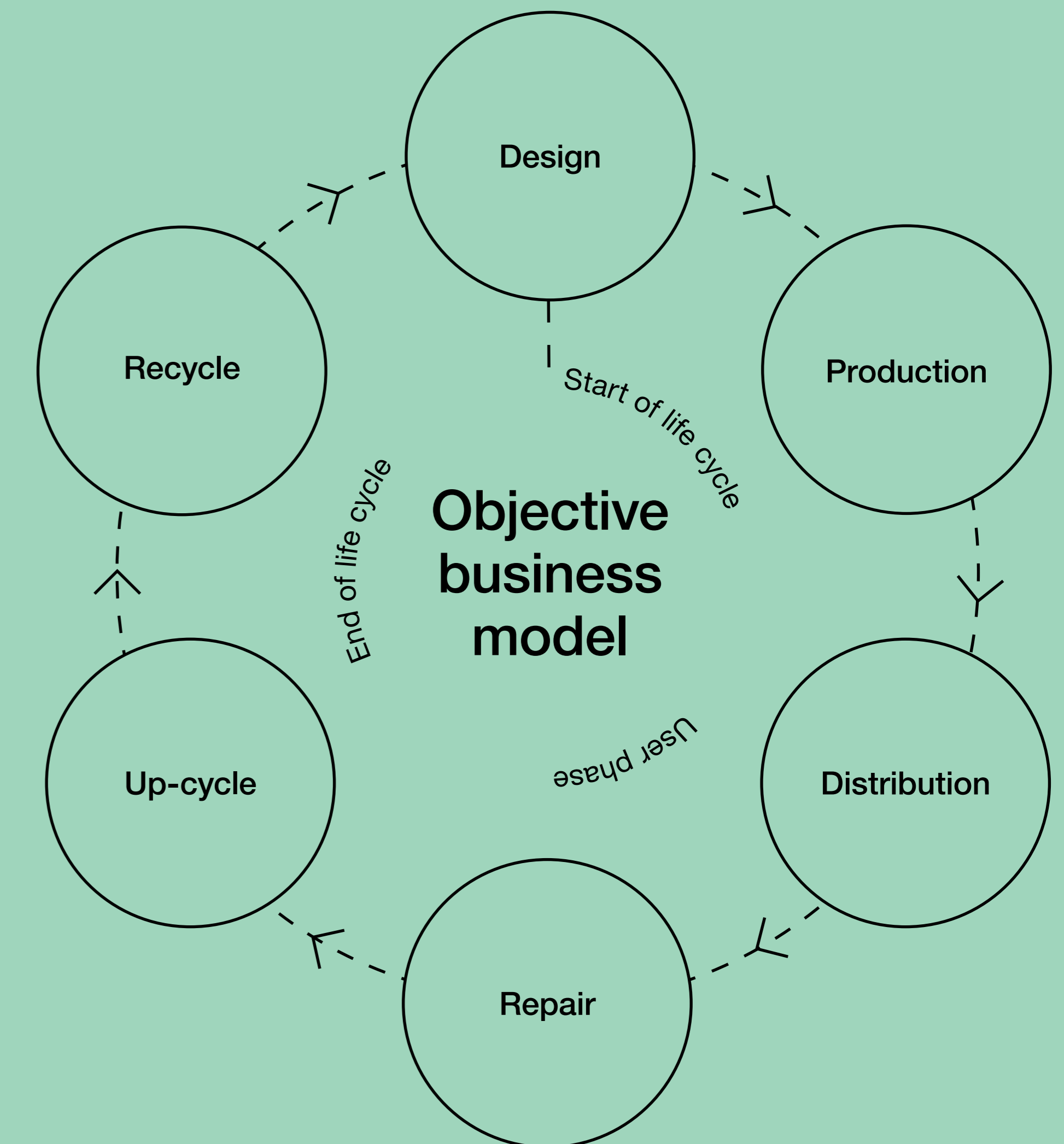
We have decided to use a industry standard entitled: ‘Creating a Circular Economy in the Lighting Industry’, TM66 describes a Circular Economy’s main aims, how it can be achieved and what it’s practice will mean to the different branches of our industry like specifiers, manufacturers, contractors and Facilities Managers.

## What we will do

In 2022, we will define targets for each category after having assessed current status and defined a baseline.

In 2022, we will implement new industry methods for Circular Design Checklist (TM66) and continue developing long-lasting products by using our circular design guide and design for a circular business model, with a construction based on these principles:

- Design for durability
- Design for repair
- Design for disassembly
- Design for recycling



# Cascading Requirement

## **Cascading Requirements – making a larger impact together with our suppliers**

We are seeing an increased focus on companies to set climate targets in line with the Paris Agreement on both the climate impact of their own operations as well as the climate impact of their up and down stream value chain. For Louis Poulsen, a considerable part of our environmental impact lies in our value chain, particularly in relation to the extraction of raw materials and components manufactured by subcontractors. For us to be able to reach our own environmental targets and adhere to new regulation, we also need our business partners and suppliers to adhere to increasingly strict environmental requirements. Requirements that pass on from us to our partners are what we call cascading requirements. Solving complex sustainability challenges requires a joint effort.

## **EcoDesign**

Eco-design, according to the European Environmental Agency, considers environmental aspects at all stages of the product development process, aiming at products that make the lowest possible environmental impact throughout the product life cycle. Design Holding has defined a shared initiative to define and implement an eco-design framework across all group companies.

The European Commission is working on additional regulation on EcoDesign for Sustainable Products (ESPR) to promote products that are more friendly to the environment, circular, and energy efficient

throughout their whole lifecycle from the design phase through to daily use, repurposing and end-of-life.

## **What we will do**

In 2022, Design Holding group companies will develop a shared framework, and a clear structure and approach to address Eco-Design in our business models.

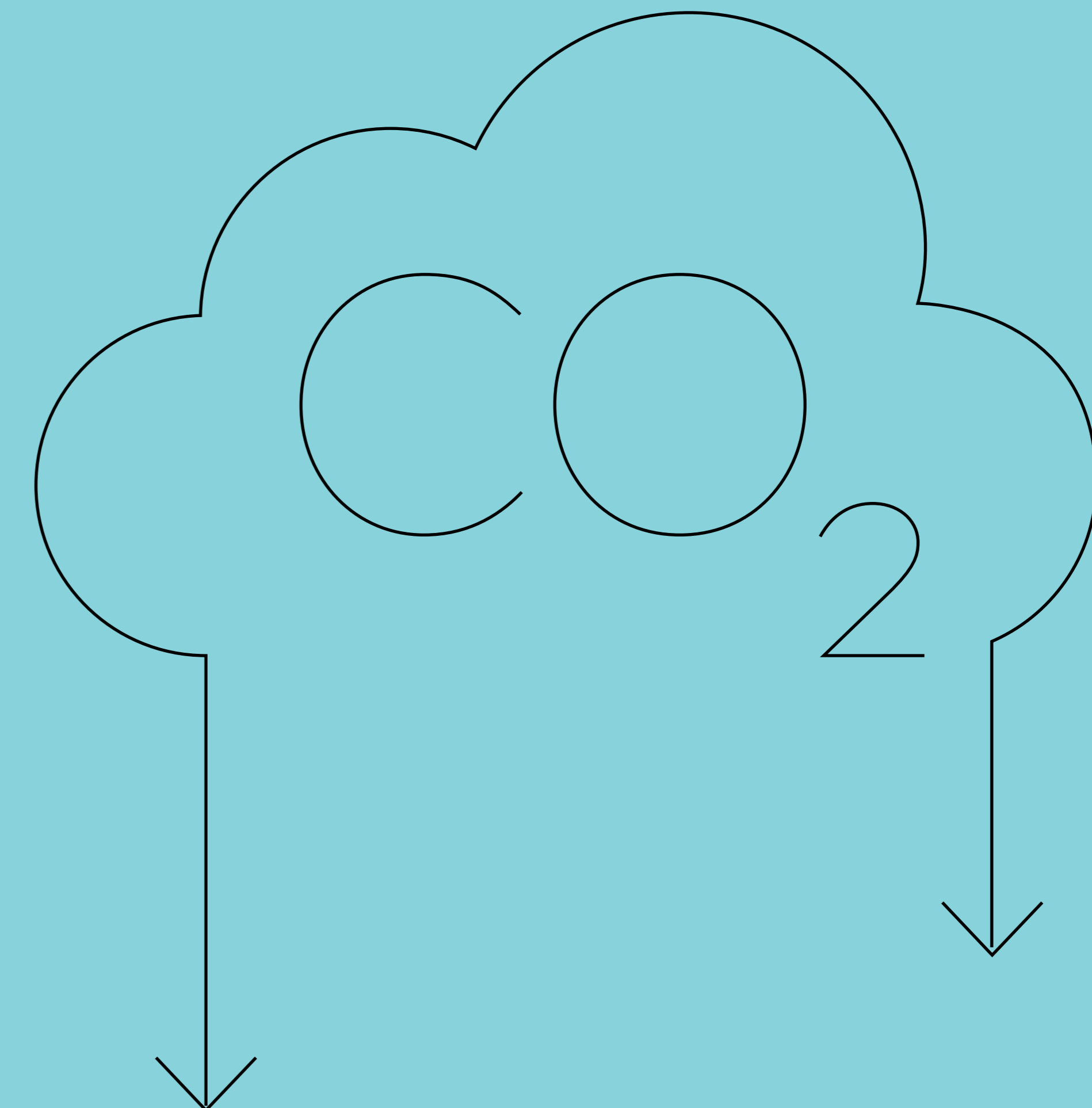
## **Life Cycle Assessments**

Together with strategic suppliers, we work on developing environmental life cycle assessments (LCA's) linked to the manufacturing process of our products. The results are combined with the other life cycle stages of the product to cover the full environmental impact over the product lifetime. The assessments will provide us with the knowledge to focus the reduction at the most environmentally costly areas.

## **Supplier code of conduct**

We want to ensure that our biggest suppliers are working to improve their environmental impact and have a company policy stating how they are working with this.

We expect our suppliers to establish adequate processes to manage all significant potential and actual adverse impacts on the external environment as covered by the principles in the Rio Declaration on Environment and Development.



# Understanding the environmental impact of our products

We acknowledge that the creation of our products comes at an environmental cost. Therefore, we strive to minimise the environmental impact of our solutions. To do that, we first need to understand how our products impact the environment. One direct impact is the greenhouse gas emissions linked to the life cycle of our products.

An illustration of the different steps in the value chain of our products, showing the estimated proportion of greenhouse gas emissions deriving from each step. In the coming years we will use our newly established framework for assessing and scoring the level of sustainability for each of our products to support sustainable decision-making in the design of our products. The framework takes into account the whole product lifecycle starting from design, including materials, components and electronics to production, produced services and components and finally product use phase and end of life. The rating of products is based on a weighted score for each of the dimensions according to their environmental impact.

The framework will be used to support decision-making in the design and production of our products. The framework is inspired by and based on chosen impact categories from the Product Environmental Footprint (PEF) ISO-14067 method developed by the European Commission.

## What we did

In 2021 we have completed the LCAs and documentation of 17 products. As part of the documentation, we aim to map the greenhouse gas emissions deriving from our product lifecycles.

In 2021, we have integrated sustainability into the research and development processes and design phase of the products. This we have done by establishing policies, instructions, frameworks and guidelines on how to include the sustainability parameters in our designs. We have started the process of documenting the environmental impacts of our products through the development of environmental product specifications.

## What we will do

In 2022, we will continue our focus on material transparency and documenting the environmental impacts with a focus on B2B products, architectural and outdoor products. We will continue to calculate the environmental impacts and use it for benchmarking the solution in research and development processes and supply chain setup, and we will reflect additional customer – and regulatory requirements to secure scope and quality of our product environmental documentation.

## Overview of greenhouse gas emission sources related to the value chain of our products

### Extraction of raw materials

Steel, aluminium, plastic, glass

### Manufacturing

Manufacturing of compounds and assembly of lamps

### Packaging

Packaging made of cardboard and plastic

### Transport

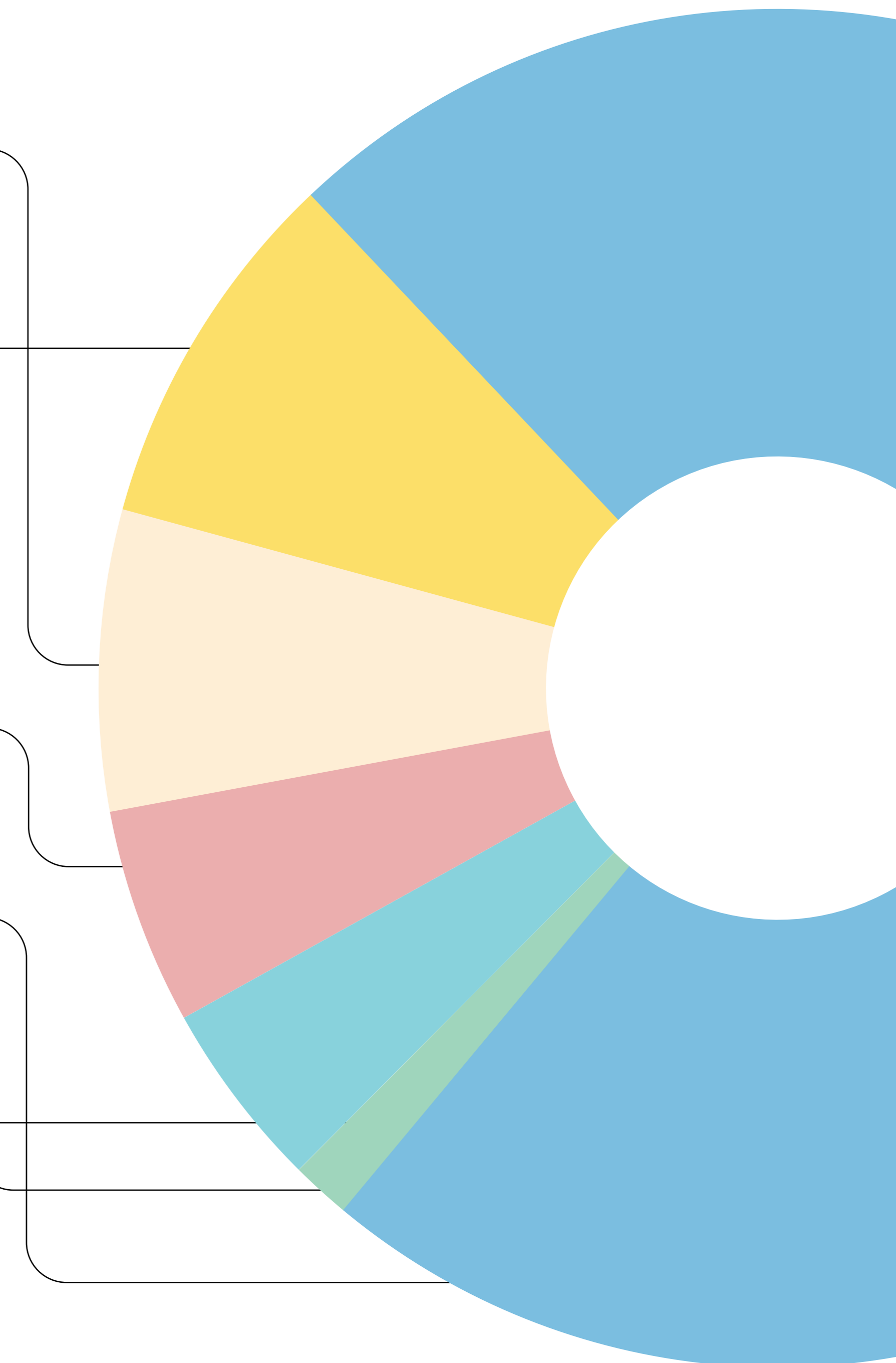
Upstream and downstream logistics and transport of products

### Use of product

Energy used by lamp during its life

### End of life

Landfill, recycling, incineration



This picture illustrates the different steps in our products' value chain, scaled in an estimated proportion of greenhouse gas emissions deriving from each step. It is based on our estimate and not measured emissions.

We are  
**responsible**  
for the entire  
**product life**  
**cycle.**

## Extending the life of existing products

The responsibility we have for our products does not end when the product leaves the store. We are responsible for the entire product life cycle. We aim to examine the ways in which Louis Poulsen can take responsibility for our products in the most sustainable way possible.

To maximise product life, we have developed a model for a take-back scheme and have started to investigate the use of replaceable batteries. Giving a product a second life makes the manufacturing of another lamp unnecessary. Reuse saves scarce resources and valuable materials and reduces greenhouse gas emissions.



Case:

# NEW AARCH – Aarhus School of Architecture

Denmark's new school of architecture in Aarhus is a raw industrial building with large, high-ceilinged spaces that house workshops, design studios, exhibition spaces and a lecture hall. At the heart of the building is the canteen which has a soft, intimate atmosphere thanks to extensive reuse of old furniture and Louis Poulsen lamps.

When Aarhus School of Architecture moved to Godsbanen, the school was very keen to reuse the school's old fixtures and fittings both to celebrate history and to build sustainably:

*"We have, of course, purchased many great items since the school started in Nørreport in 1965. Reusing as much as possible seemed an obvious approach. It really speaks to the importance of standing on the shoulders of history and building on it as we have had many people study with us over the years,"* says Vice Principal Kristine Leth Juul.

## **Sculptural element**

The school had a large number of Louis Poulsen lamps in different designs that they wanted to use in the new building. Architectural advisors Arkitema suggested mixing the many white lamps in the canteen to make them into a sculptural element in the high-ceilinged space. *"Each type of lamp is suspended at a different height. The lamps have also been mixed and matched across the space. We have four types. Some lamps we only have two of while we have many of others. This has a great effect and would not have worked in the same way if we had only had a couple of lamps. But because we have so many, the lamps become a motif in themselves,"* says Kristine Leth Juul.

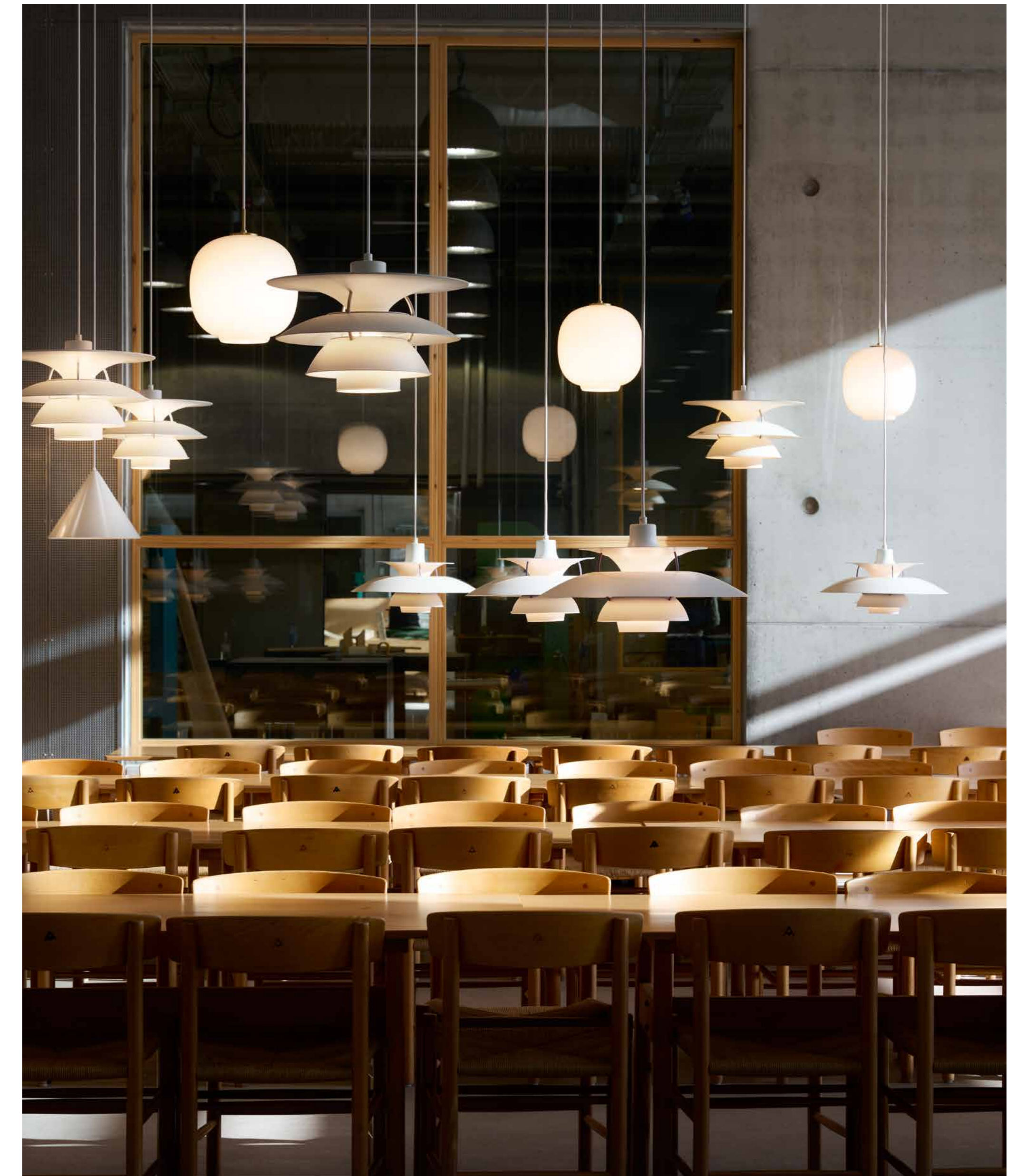
## **Cosy and intimate atmosphere**

The white lamps have been given new cords and sockets with LED lights so that they can be controlled intelligently and only require low levels of energy. The light from the lamps provides an intimate framework around the dining tables, explains Sanne, who is a second-year architecture student:

*"The lamps create a soft contrast with the concrete so that we create a cosy and intimate atmosphere for eating. We have an almost sacred hour between noon and 1 pm when the school comes together to eat. The fact that you are able to recognise the lamps from the old building also gives the space a kind of authenticity."*

The Louis Poulsen lamps have also been reused in the school's meeting rooms where the lamps are suspended above the tables to create a space for confidential conversations and the exchange of ideas. The lamps alternate in design and size from room to room so that each meeting room offers a new experience.

*"The pendants above the table give the room atmosphere. Everything becomes more intimate. We are also able to dim the light to create precisely the ambience we want. That gives the place positive energy,"* concludes Kristine Leth Juul.



# Focusing on sustainable packaging

Packaging keeps our products intact and is an essential part of our product experience. However, it also contributes to a large share of the environmental impact of our products. As part of the EU Circular Economy Action Plan, the EU Commission is working to reduce waste from packaging and working towards better design on re-use and recyclability of packaging, including the complexity of packaging materials such as the number of different polymers used.

There are two factors that affect the sustainability of packaging: the amount and the type of materials used. To address the first factor, we aim for optimal sizing of our packaging to reduce the materials used and decrease our environmental footprint, while balancing this with customer appeal. To address the latter, we have decided to place greater emphasis on sustainable materials. For us, sustainable materials are renewable or recyclable and sourced in a responsible manner.

In recent years, we have started to investigate possible sustainable materials solutions. Our aim is to increase the recyclability of the packaging by looking at options to decrease the share of fossil-based plastics currently used in our packaging and increase the use of recycled materials such as recycled cardboard. However, in replacing packaging materials it is important always to consider the given business case and quality of the materials to ensure optimal protection for our products.

We believe that the best sustainable solution is to reduce the number of damaged products rather than use more sustainable packaging material that does not deliver the same quality.

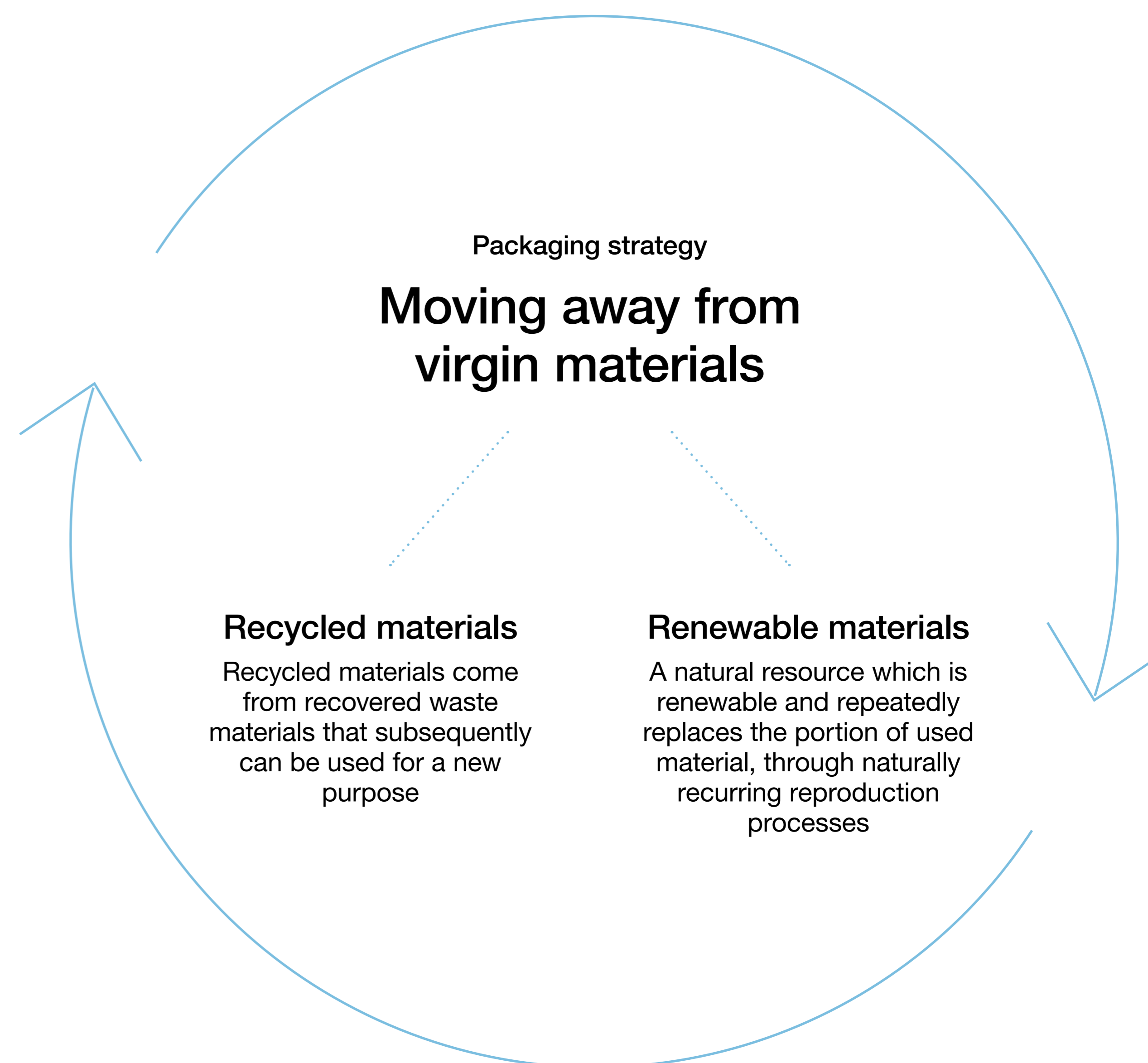
During the year, we investigated packaging solutions to reduce the carbon footprint. Going forward we will focus on co-operating and discussing the most sustainable packaging solutions with our suppliers, and we will replace glossy white color printed packaging with brown boxes.

### What we did

In 2021, we standardized the requirements for our packaging solutions so that we can perform a repeatable drop test that reflect the market requirements, this ensure that we reduce the number of damaged products that reach customer. Cardboard materials from the production site in Denmark are 55-65% from recycled materials, the rest comes from renewable and sustainable sources which are FSC certified.

### What we will do

In 2022, we focus on reducing the consumption of virgin materials by replacing non-sustainable material with renewable or recycled materials. Increase the use of cardboard materials that comes from externally certified sources.



# Understanding the environmental impact of our products

We acknowledge that the creation of our products comes at an environmental cost. This is why we strive to minimize the environmental impact of our solutions. To do that, we first need to understand how our products impact the environment. One direct impact of our products is the greenhouse gas footprint linked to the life cycle of our products.

In the coming years we will use our newly established framework for assessing and scoring the level of sustainability for each of our products to support sustainable decision-making in the design of our products. The framework takes into account the whole product life cycle starting from design, including materials, components and electronics to production, produced services and components and finally product use phase and end of life. The rating of products is based on a weighted score for each of the dimensions according to their environmental impact. The framework will be used to support decision-making in the design and production of our products. The framework is inspired by and based on chosen impact categories from the Product Environmental Footprint (PEF) and ISO-14067 method developed by the European Commission.

As part of this framework, we aim to map the greenhouse gas emissions deriving from our product life cycles. Our first step is to calculate the life cycle assessment (LCA) carbon footprint of selected products. In the coming years, the next step is to conduct LCA assessments for more product categories and eventually we aim to map the greenhouse gases of our total product portfolio.

## What we did

In 2021, we integrated sustainability into the research and development processes and design phase of the products. This we have done by establishing policies, instructions, frameworks and guidelines on how to include the sustainability parameters in our designs. We have started the process of documenting the environmental impacts of our products through the development of environmental product specifications.

## We will continue to focus on

In 2022, we continue focus on material transparency and documenting the environmental impacts with a focus on B2B products, architectural and outdoor products. Continue calculating environmental impacts and use it for a benchmarking the solution in research and development processes and supply chain setup. Continuously following the increased and updated customer and regulatory requirements in relation to having the necessary and correct product environmental documentation.

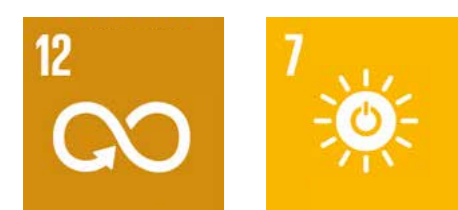


# 5. Sustainable operations

## 5. Sustainable operations

Being a responsible company entails considering a wider spectrum of stakeholders in our decision-making. We want to do business in a way that minimises negative impact on people and the environment and supports positive value creation. However, we acknowledge that we still have a long way to go in implementing systematic sustainability management in line with best practice. This is why we have set up an action plan to define and implement required activities to take the necessary steps in the right direction.





## 5.1. Addressing our impact on the climate and the environment

Our goal is to reduce the environmental impact of our value chain and improve resource efficiency. The main risk of negatively impacting the environment and climate relates to energy use, waste from our operations, transport of our products and the business travel undertaken by our employees. Our environmental and climate policy addresses our responsibilities as they relate to our products and our operations. In line with our environmental policy, we strive towards continuous improvement in our day-to-day operations where we focus on reducing waste, energy use and greenhouse gas emissions.

### Carbon neutrality

The main source of greenhouse gas emissions involved in our operations is the electricity and district heating used in our production facility in Denmark, and our sales offices in different countries.

Additionally, our greenhouse gas emissions stem from the use of natural gas for central heating and kilns as well as emissions deriving from business travel. We categorise our greenhouse gases in accordance with the Greenhouse Gas Protocol. Direct emissions (Scope 1) include the use of natural gas and use of fuel for company cars, indirect emissions from purchased energy (Scope 2) consist of only electricity and district heating. Other indirect emissions (Scope 3) consist of other emissions deriving from fuel and energy-related activities (Category 3) upstream transportation and distribution (Category 4), waste generated in operations

(Category 5), business travel (Category 6), and employee commuting (Category 7).

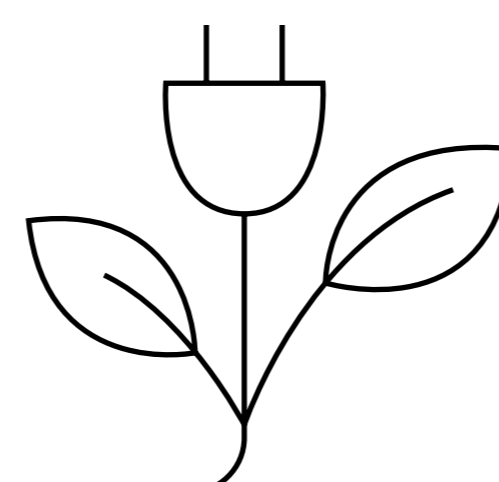
We are net carbon neutral in our own operations, and we plan to reduce energy consumption using a step-by-step approach. We are continuously focusing on improving energy efficiency at our production site in Denmark.

### Carbon offsetting

One of the key elements in Louis Poulsen's carbon neutrality, is the carbon offsetting scheme. We will continue to support the carbon offsetting initiative Guatemalan Conversation Coast Project to be able to offset the emissions that cannot be reduced at this point.

In 2021, we expanded the scope of our carbon footprint calculations and included further locations and greenhouse gas emissions sources.

In 2021, the total carbon footprint of our operations was 83,375 tons of CO<sub>2</sub>e. In 2020, the total carbon footprint was 5,662 tons of CO<sub>2</sub>e. Due to the inclusion of more Scope 3 categories, the total carbon footprint cannot be directly compared to 2020. The actual increases in greenhouse gas emissions are mainly due to an increase in sales in 2021 and consequently an increase in production.



# What we did

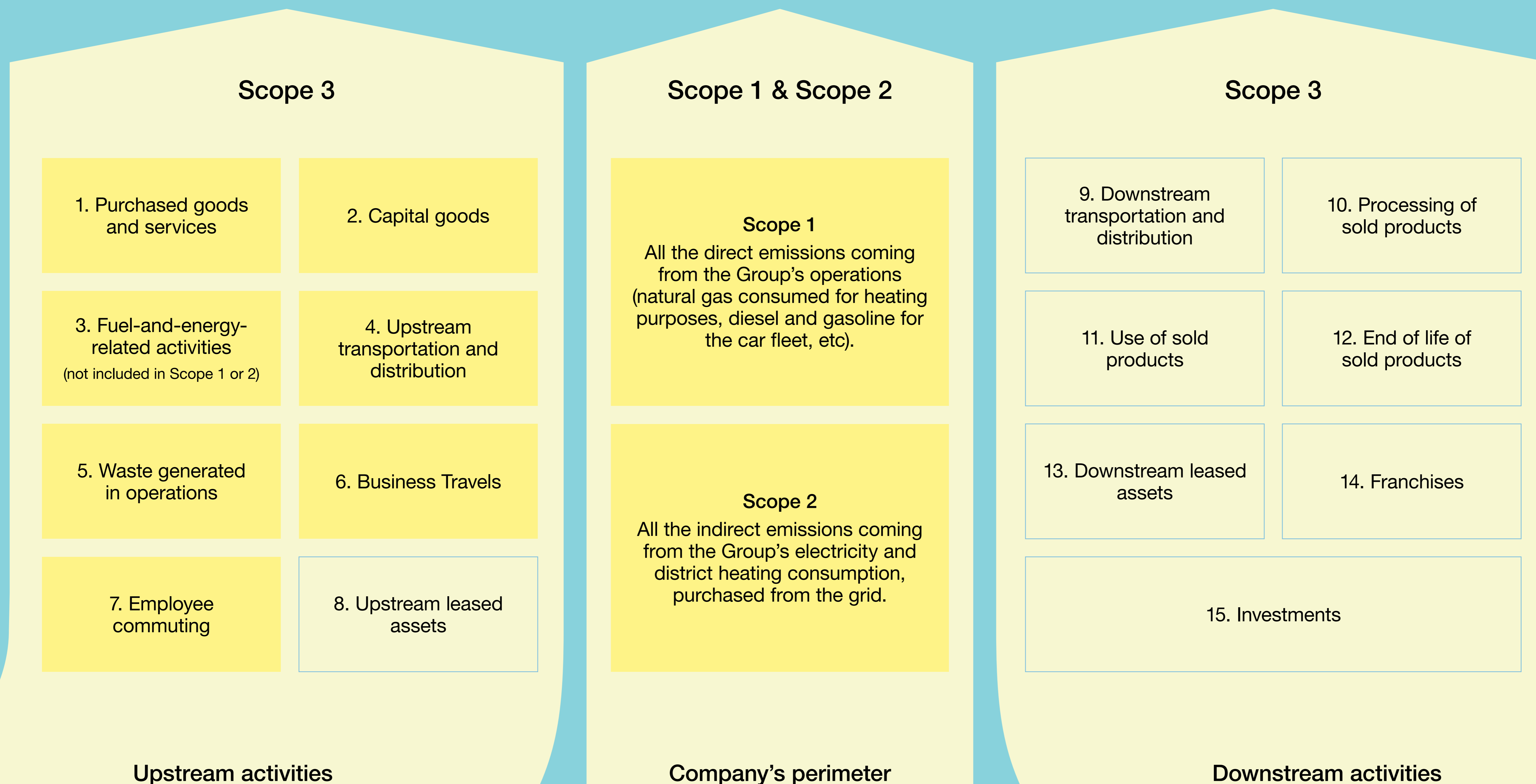
In 2020, we converted to the use of only renewable electricity in our production in Vejen, Denmark, through a Power Purchase Agreement. We expanded our climate accounting and included more categories for other indirect emissions (Scope 3).

In 2021, we invested in the Guatemalan Conservation Coast Project to offset our greenhouse gas emissions for the year ending 2020.

# What we will do

In 2022, we will continue to reduce our energy consumption and where possible move to greener energy sources.

## We categorise our greenhouse gases in accordance with the Greenhouse Gas Protocol



## Cutting climate impact from logistics by optimising transportation

The logistics and transportation of our products have a large environmental footprint and contribute to our climate impact. We seek to reduce the impact of our logistics by optimising transportation. This entails optimising packaging sizes and the number of products transported per cubic metre. We also strive to select the form of transportation that involves the lowest carbon output while still considering other business aspects such as service concepts, lead times for customers and cost. Specifically, we aim to reduce the share of products transported by air and choose logistics involving a lower carbon footprint. Air freight does not form part of our transportation strategy and should only be used in exceptional circumstances when short delivery times are required. Nevertheless, in recent years we have experienced a slight increase in air freight due to urgent demands and insufficient supply chain flexibility and capacity.

In the coming years we will focus on concrete measures to decrease freight by air. One such measure is entering into consignment stock agreements with key suppliers, obligating them to establish stock close to our main production facilities. The consignment stock concept will ensure that we will be able to absorb higher fluctuations in sales, and the supplier will be able to ship large quantities of products to the production facilities by sea. In the coming years we will also introduce cascading ESG requirements for our logistics providers to drive low emission transportation and alignment with local, regional and global freight frameworks.



## Minimising waste in our operations

Waste that cannot be reused or recycled is a burden on the environment. We constantly monitor the waste levels of our own operations and seek to ensure that materials we cannot use ourselves are reused or recycled to the widest possible extent. The waste generated from our operations comes mainly from different types of metals that are left over from the manufacture of our products. Our waste also consists of chemical waste, paper, cardboard, and other packaging materials.

For metal waste, we have a recycling agreement in place with a third party. In 2021, the total amount of waste generated from our activities was 479 tons, compared to 446 tons in 2020. The increase in the amount of waste is primarily due to increased production in 2021. Recyclable materials left over from our processes are sold as scrap. This mainly applies to metals. We aim to reduce the amount of waste being sold for scrap which will require rethinking work processes to reduce waste.



# What we did

In 2020, we ensured that all scrap metal collected from our production sites is recycled through a certified partner.

In 2020, we initiated work on assessing and identifying potential areas for reduction of scrap in our production.

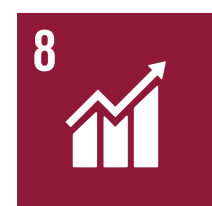
In 2021, we improved the painting process by implementing new ventilation and by building walls to protect from dust.

In 2021, we started to work with our suppliers to increase the use of recycled raw materials. The first category was paper fibres.

# What we will do

In 2022, we will continue work on reducing scrap in the production for example, by improving the quality of the painting process.

In 2022, we will increase the focus on using non-virgin raw materials and we will increase the scope to include aluminium, copper, brass, and steel.



## 5.2. Passionate employees are our most valuable asset

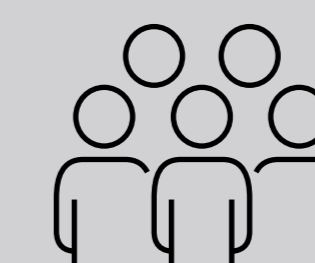
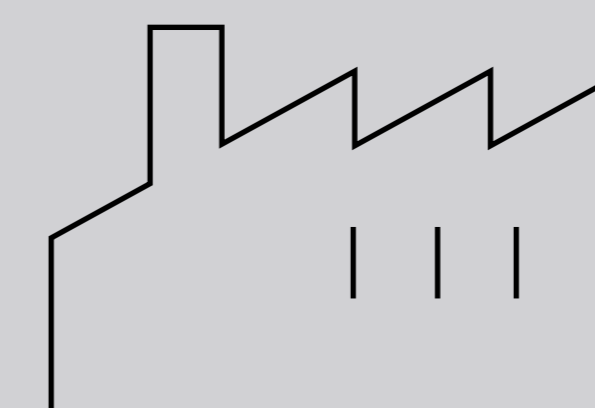
At Louis Poulsen, we want to provide a working environment that is interesting, exciting, and stimulating for all employees. We believe that an excellent work-life balance ensures employees' well-being and motivation at work. A motivated and engaged workforce is the source of creativity and good business.

We have identified that the material social impacts related to our employees are health and safety, employee satisfaction, development, and equal opportunities. Our HR policies provide clear guidelines and expectations on how to handle each issue in our day-to-day business operations.

Louis Poulsen has 518 employees of whom 138 are employed in subsidiaries abroad. The majority of the Danish employees work in the company's production facility in Denmark. Almost all of our employees are permanent workers and more than 96% work full-time.

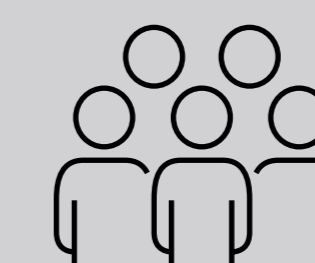
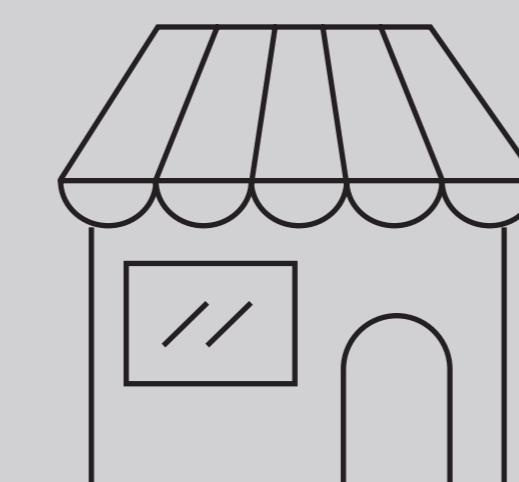
Taking care of our people and improving health and safety on an ongoing basis is a top priority.

### Employees distribution



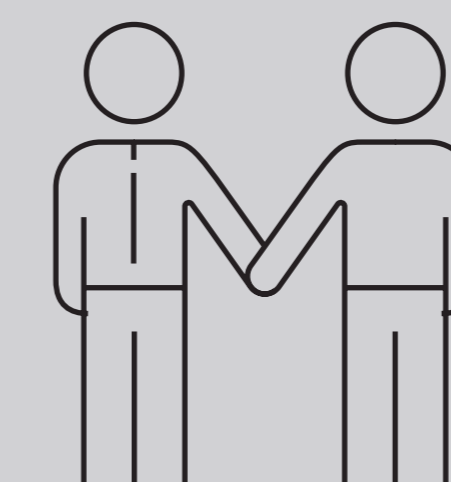
**380**

Employees at Louis Poulsen in Denmark



**138**

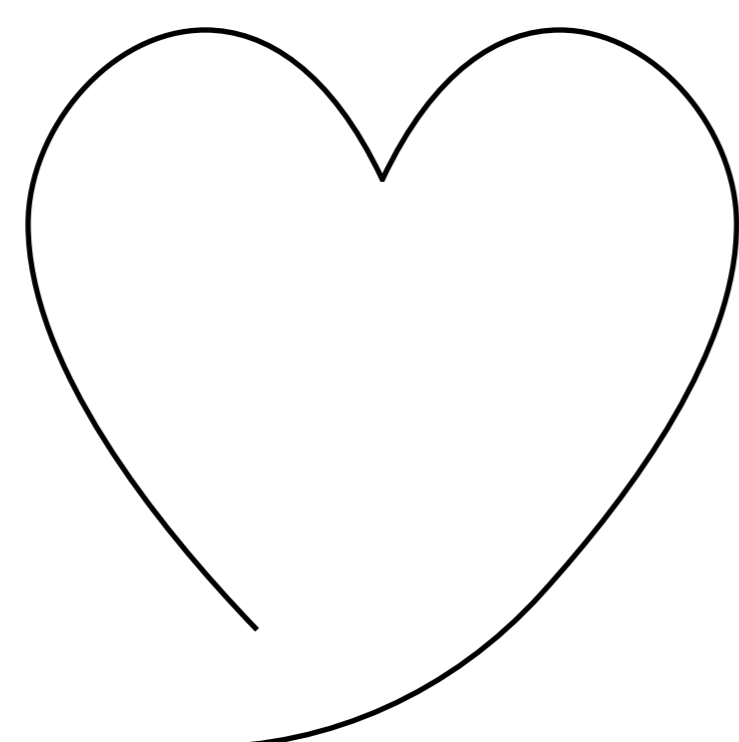
Employees in our subsidiaries worldwide



**99%**  
permanent workers

**96%**  
full time

# Taking care of our people and improving health and safety on an ongoing basis is a top priority.



Ensuring an engaging, healthy, and safe work environment is a basic right for all our employees. Louis Poulsen has a clear ambition of providing the best possible setting for employees to thrive in relation to engagement, mental wellbeing, personal development, and other areas impacting the general work environment.

Louis Poulsen has adopted an employee feedback platform that aims to drive change and growth. This is provided through an employee-centric, data driven and automated tool that measures and responds to real-time employee feedback and creates a culture of productivity, engagement, and belonging. The platform makes it easy for people leaders to put insights to work and take actions that improve employee engagement. All departments at Louis Poulsen actively work with the targets that are continuously set in this process, and we expect to see significant improvements in employee well-being over time.

Due to the nature of our company, we have a risk of injuries in our production facilities. We work continuously to identify potential hazards and ensure a culture that supports safe conduct in the workplace. We focus on preventative measures to avoid employees being exposed to repetitive strain and incurring work-related injuries. All our locations have a health and safety committee that handles all workplace safety issues. In our operational premises in Denmark, we have a health and safety management

system in place. We monitor incidents and report on the rate of recordable work-related injuries and lost time injury frequency rate (LTIFR) on an annual basis at our production site in Denmark. Our goal is zero accidents and to achieve that we have clear safety rules, first aid training and repeated fire drills in place at all our locations. All activities and monitoring of health and safety levels at Louis Poulsen are driven by our internal occupational health and safety organisation who refer to the Chief Operating Officer.

We have various employment policies including, but not limited to, health and safety, and have established clear rules on safety conduct and protective equipment to be followed at our premises. To prevent any injuries related to sedentary work, the company also organises short mandatory group workouts every day. The Lost Time Injury and Medical Treatment Injury Frequency Rate was 591 in 2021, a decrease from 1212.6 in 2020.

In 2021 Louis Poulsen received two work environmental related fines to a total of €16,000. Both fines were related to insufficient security protection of drilling machines, and both cases were resolved immediately.

In 2021 our working environment committee has held various meetings over the year. We will keep meeting frequently over the next year to establish a safety culture where all employees take responsible for their own and

colleagues' health and safety. We have a proactive approach to sickness absenteeism and continuously introduce initiatives to follow up on absence, including wellbeing interviews for employees exceeding a 4% absence. In 2021, our absenteeism for production workers decreased to 5.7% from 6,4% in 2020.

Due to the extraordinary COVID-19 situation in 2021, Louis Poulsen introduced various measures like remote working, self-testing, face mask requirements, regulations surrounding hygiene in the canteen etc.

# What we did

In 2021 we launched an employee engagement platform through Peakon, in order to monitor and support the work environment at Louis Poulsen globally.

In 2021, we developed a new policy for remote working to support work-life balance and a company car policy to reduce the emissions from commuting from home to work.

In 2021, we determined the ambition level for our health and safety work and updated our Health, Safety and Environment (HSE) policy.

In 2021 we introduced and implemented safety training and guidelines on safety for all visitors to Louis Poulsen facilities.

# What we will do

In 2022, we will further develop and implement our systematic follow-up on near misses, minor injuries and lost time injuries at our sites in Denmark. This includes a communication campaign to ensure that all near misses are recorded.

In 2022, we will continue to work on a safety instructions for all visitors who visit our facilities.

In 2022, we will introduce quarterly pulse surveys and continuously follow up on employee engagement and wellbeing.

# Enhancing employee engagement through occupational development

Developing our people and building highly skilled and engaged teams is one of the key drivers in creating greater products and results. We want our employees to feel motivated and engaged in their work for Louis Poulsen.

To retain our valuable employees, we actively work to promote job satisfaction through personal development. At Louis Poulsen, we support leadership that not only empowers employees, but also ensures that we have a strong team across all business activities. Going forward, we want to focus increasingly on developing the skills of individual employees and strengthening the ability of our managers to drive change and support employee development.

We support our employees in developing the necessary skills to achieve success in their job function. To ensure that our employees stay up to date and qualified for their job requirements, we encourage them to participate in various courses or undertake other educational activities. We believe that the need for skill development should be assessed not only in connection with our annual development reviews but should be an ongoing dialogue between the employee and the employee's immediate manager. The purpose of these one-to-one meetings based on the EXPECT guidelines is to discuss ambitions, potential, development and collaboration with the employee.

## What we did

In 2021, we implemented the EXPECT guidelines for one-to-one interviews in Denmark.

## What we will do

In 2022, we will define and implement a leadership model and a talent management program. We will offer development initiatives and coaching to talents and potential managers. In 2022, we will implement the EXPECT guidelines in our global subsidiaries.

# Diversity and equal opportunities

At Louis Poulsen, all employees are appreciated for their skills, experience, and unique points of view regardless of gender, age, nationality, religion, sexual orientation, language, political views or disabilities. We are committed to creating and maintaining a workplace in which all employees have the opportunity to participate and contribute to the success of the business and are valued for their skills, experience and unique perspectives. Our commitment to our employees, forms part of our company policy and the way we do business at Louis Poulsen.

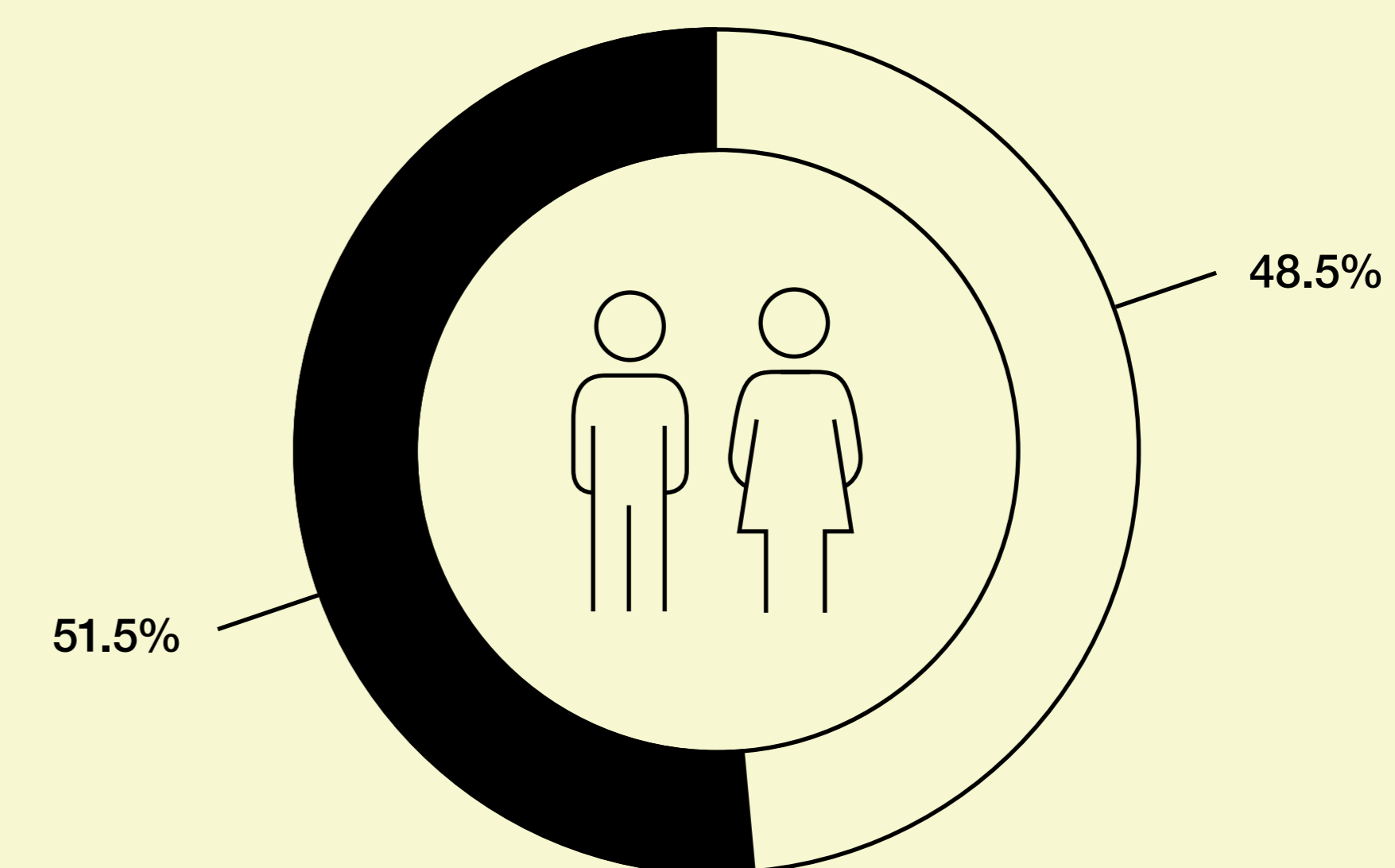
At Louis Poulsen, we believe that a diverse workforce helps the company perform better in the long run. We therefore encourage everyone with the right skills to apply for our vacancies. To facilitate this development, we initiated the formalisation of a recruitment policy for leadership positions. According to our policy at least one applicant of each gender must be invited for a job interview when qualified applicants from both genders are available.

In 2021, top management consisted of one female and five males, and the gender diversity of the management team is 32% female and 68% male. Overall, 51.5% of our employees are women and 48.5% are men. During the year, we implemented our new diversity policy and recruitment guidelines on diversity and inclusion.

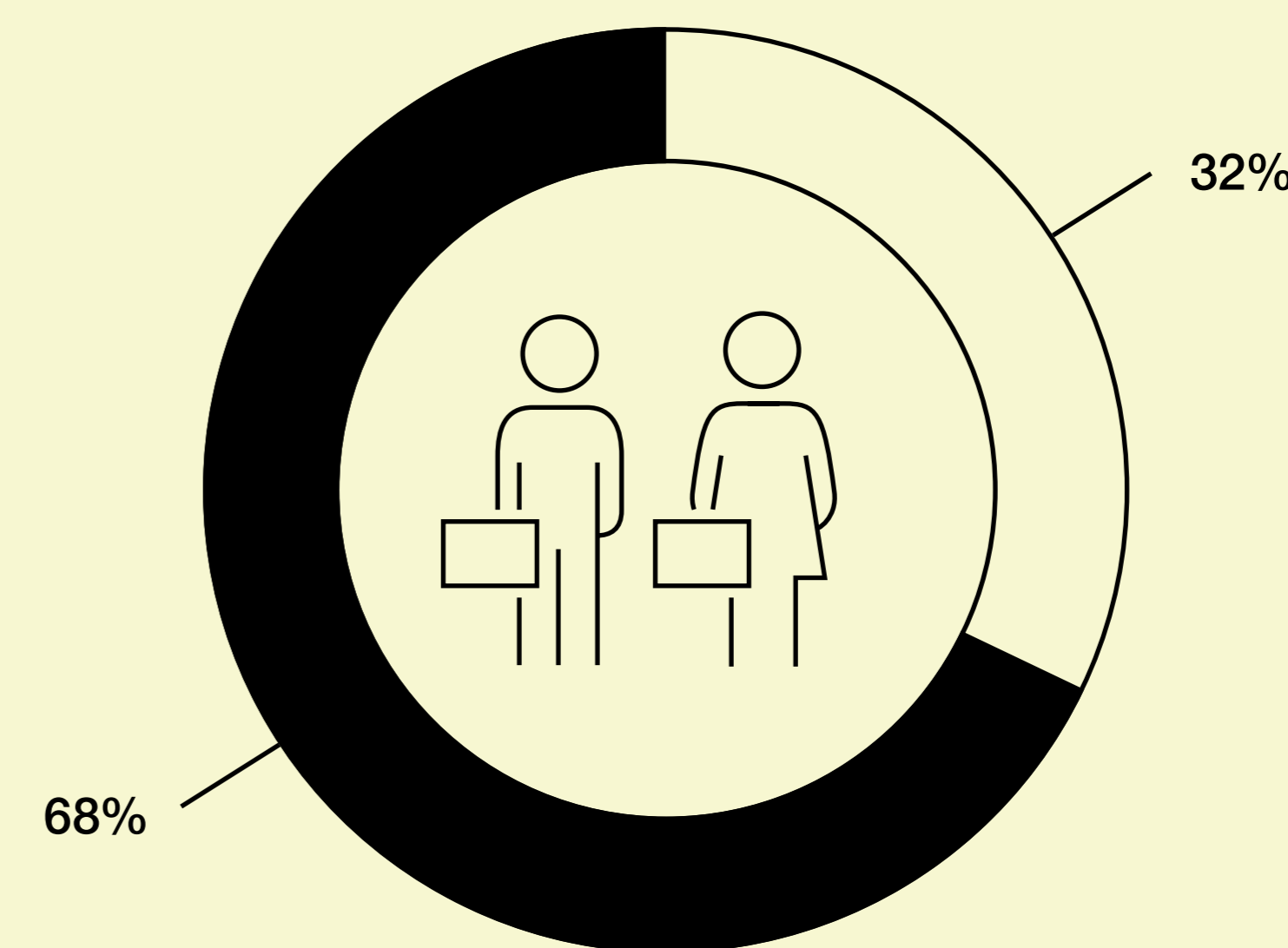
The policy aims to ensure that all Louis Poulsen employees are treated equally, irrespective of gender, age, race, religion etc., thereby ensuring equal opportunities for engagement, terms of employment, training and promotion.

We wish to ensure a high level of diversity, but not at the cost of required skill sets. We always hire the most qualified candidate for the job, regardless of any political, religious or personal orientation. We strive to provide equal opportunity for development, addressing inclusive behaviour, unconscious biases, and cultural understanding. Only by acknowledging and harvesting from different perspectives and experiences will we gain competitive advantage and leverage the effect of diversity for business growth. This requires a focus on equal opportunity throughout the organisation.

## Gender Balance Employees



## Gender Balance in Management Roles



# What we did

In 2021, we implemented a new Diversity Policy and recruitment guidelines on diversity and inclusion.

# What we will do

In 2022, we will continue to appoint and promote employees by evaluating a broader group to ensure equal access to more responsibility for all talents regardless of gender, age, nationality, religion, sexual orientation, language, political views or disabilities.

Additionally we will clearly encourage all candidates to apply for positions regardless of gender, age, nationality, religion, sexual orientation, language, political views or disabilities, and we will enhance the current HR processes and policies for recruitment, maternity leave and discrimination as well as introducing new programs for people development.



## Responsible supply chain management

Respecting human rights and fighting corruption in all its forms is at the centre of our values. We believe this is not just the best, but also the right way to do business.

We strive to conduct business in a responsible and sustainable manner by acting with integrity and upholding a high degree of business ethics.

This includes our supply chain management and procurement of materials and components used in our products. Louis Poulsen is committed to acting ethically when dealing with suppliers, customers, government representatives and all other third parties.

Having suppliers in key markets such as Europe, China and Taiwan, we realise that our supply chain generates a potential risk of Louis Poulsen indirectly violating human rights, environmental standards and anti-corruption principles through our procurement activities. In order to mitigate the risk of our suppliers

and business partners engaging in unethical business practices on our behalf, we have developed a Supplier Code of Conduct which covers expectations and requirements related to human rights and labour rights, environment and anti-corruption. This includes the establishment of adequate processes to manage all significant potential and adverse impacts related to these topics. The requirements of the Supplier Code of Conduct extend to all Louis Poulsen's suppliers.

In 2021, we had 241 suppliers, of whom 102 have signed our Code of Conduct representing 96% of total spend.

A target of 98% of the total purchasing volume will ensure that all suppliers with a yearly purchasing volume of above DKK 100,000 will be covered.

Suppliers  
accounting for  
96% of our total  
purchasing  
volume have  
signed our Code  
of Conduct

# What we did

In 2020, we developed a new framework for categorising suppliers, as preferred, standard or sub-standard suppliers. In 2021, we rolled out this classification framework and informed suppliers.

In 2021 we developed a process and system support to run a Code of Conduct self-compliance declaration process which is scheduled to be executed in Q3 2022.

# What we will do

In 2022, we will implement cascading ESG requirements for all of our suppliers, requiring them to live up to a set of minimum standards.

In 2022, we will establish our new Supplier Quality Engineering function and as part of this function, start to conduct audits (aligned with Design Holding Principles) on suppliers who have signed the Supplier Code of Conduct to ensure that they also follow it.

# Anti-corruption and bribery

Louis Poulsen does not tolerate any form of corruption or bribery. Generating results in an ethical manner is of high importance and forms a key part of our company values.

At Louis Poulsen, we distance ourselves from corruption and bribery in every respect. It is of the highest importance that our employees share this commitment and maintain a high degree of business ethics in all our day-to-day operations. We only provide and accept occasional gifts and entertainment that does not exceed a purely symbolic value. All guidelines are extensively described in our newly implemented Code of Conduct which all employees are encouraged to consult in case of any uncertainty.

We realise that our supply chain poses a potential risk to Louis Poulsen indirectly violating human rights, environmental standards and corruption principles through our procurement activities. In order to mitigate the risk of our suppliers and business partners potentially engaging in unethical business practices on our behalf, we have a Supplier Code of Conduct that includes expectations and requirements related to human rights and labour rights, environment and anti-corruption. This includes the establishment of adequate processes to manage all significant potential and actual adverse impacts related to these topics.

In 2021, we did not identify any breaches of our internal Code of Conduct or our Supplier Code of Conduct.

# What we did

In 2020, we adopted a Code of Conduct for employees. During the year this was sent out to and signed by all employees.

In 2020, we produced our Employee Handbook, which covers guidelines on gifts, entertainment and conflict of interest. The Employee Handbook was also sent out to and signed by all employees.

In 2021, we implemented a whistle-blower solution for anonymous reporting of potential unethical behaviour in our operations.

# What we will do

In 2022, we will develop an internal communication program to address anti-corruption and bribery and to emphasise internal policies.

# 6. About this report

## 6. About this report

This report covers the relevant and material social, ethical and environmental issues for the financial year 1st January to 31st December 2021. It provides our stakeholders with an overview of our performance within the three areas and complements our Annual Report which primarily covers our financial performance.

This report focuses on the topics that we consider most important to our business and to society. It is based on a variety of inputs, including, but not limited to, the topics identified in the materiality assessment and in alignment with the UN Global Compact.

The ESG figures represent all locations under Louis Poulsen's operational control. The figures for 2021 include production in Denmark, all offices and showrooms and small production facilities in the United States.

Read more about the scope of each indicator in the accounting practice on page 64.

Environment data	2021	2020	2019
Scope 1 emissions (tCO <sub>2</sub> e)	1,055	941 <sup>1</sup>	825 <sup>1</sup>
Category 1: Heating (tCO <sub>2</sub> e) (Natural Gas)	741	566	501
Category 2: Leased cars (tCO <sub>2</sub> e) (Diesel)	307	375	324
Category 3: Refrigerants	7	-	-
Scope 2 emissions (tCO <sub>2</sub> e) (location-based)	636	546	694
Scope 2 emissions (tCO <sub>2</sub> e) (market-based)	227	269	720
<b>Total Scope 1 and 2 emissions (tCO<sub>2</sub>e)</b>	<b>1,282</b>	<b>1,210<sup>2</sup></b>	<b>1,545<sup>2</sup></b>
Emissions intensity (Scope 1 and 2 kg CO <sub>2</sub> e per FTE)	2.48	2.64 <sup>3</sup>	3.94 <sup>3</sup>
<b>Total Scope 3 emissions (tCO<sub>2</sub>e)</b>	<b>82,093</b>	<b>4,820</b>	<b>689</b>
Category 1: Purchased goods and services	62,232	-	-
Category 2: Capital Goods	2,702	-	-
Category 3: Fuel- and energy-related activities (WTT)	256	198	-
Category 4: Upstream transportation and distribution (WTT)	16,064	4,354	-
Category 5: Waste generated in operations	14	16	-
Category 6: Business travel	571	37	689
Category 7: Employee commuting	253	215	-
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>83,375</b>	<b>6,030<sup>4</sup></b>	<b>2,234<sup>4</sup></b>
Electricity consumption (MWh)	3,165	2,944	2,751
Fuel for cars (Mwh)	1,210	1,473 <sup>5</sup>	1,238 <sup>5</sup>
Natural Gas (Mwh)	4,045	3,026	2,680
District heating (Mwh)	165	220	263
<b>Total own energy consumption (MWh)</b>	<b>8,585</b>	<b>7,663<sup>6</sup></b>	<b>6,932<sup>6</sup></b>

<sup>1</sup> Scope 1 emissions for 2019 and 2020 have been restated because of access to more accurate data on diesel consumption for leased cars.

<sup>2</sup> Total Scope 1 and 2 emissions for 2019 and 2020 have been restated due to the restated Scope 1 emissions.

<sup>3</sup> Emissions intensity for 2019 and 2020 have been restated due to the restated Scope 1 emissions.

<sup>4</sup> Total emissions for 2019 and 2020 have been restated due to restated Scope 1 emissions.

<sup>5</sup> Fuel for cars for 2019 and 2020 have been restated because of access to more accurate data on diesel consumption for leased cars.

<sup>6</sup> Total own energy consumption for 2019 and 2020 have been restated due to restated fuel for cars.

Environment data	2021	2020	2019
Renewable energy %	36.1	37.4	0
Energy intensity (energy consumption Mwh per FTE)	13.77	13.66	13.02
Total waste generation (tons)	479	446	313
Waste per product (kg)	1.27	1.75	1.47
Products produced in Vejen (number)	375,693	255,466	213,002
Total mass (gross) of sold products (kg)	668,126.99	593,650.16	558,030.6
Total mass (net) of sold products (kg)	408,711.1	374,661.51	357,303.5
Number of upcycled products sold	54	-	-
kg CO <sub>2</sub> e emissions per FTE (index)	71	76	100
kg CO <sub>2</sub> e emissions per revenue (index)	64	73	100
kg CO <sub>2</sub> e emissions per number of products produced in Vejen (index)	47	65	100

Miscellaneous Data	2021	2020	2019
Company cars	55	59	60
Cars emission (tCO <sub>2</sub> e)	307	375	324
Annual Revenue (€)	147 M	122 M	113 M
Wholesale distribution points	1,762	1,779	1,650
Confirmed incidents to breach of business ethics	0	0	0
Share of spend covered by supplier Code of Conduct (%)	96	96	96
Suppliers having signed our supplier Code of Conduct	102 out of 241	76 out of 217	-

Employment data	2021	2020	2019
Total Employees (FTE)	518	458	443
Employees (FTE) per country			
Denmark	380	332	312
Japan	34	29	37
USA	42	42	42
Germany	14	14	14
Norway	8	8	9
Sweden	8	8	11
Singapore	9	8	8
Netherlands	3	3	3
Switzerland	3	3	3
Finland	3	3	3
UK	1	1	1
China	3	1	-
Belgium	2	1	-
France	2	2	-
Spain	1	1	-
Middle East	1	1	-
Rest of Australasia	4	1	-

Employment data	2021	2020	2019
Voluntary Turnover Rate (%)	18.2	9.2	11.1
Voluntary Turnover Rate % - White Collar	13.7	9.2	-
Voluntary Turnover Rate % - Blue Collar	24.1	9.3	-
Lost time injury (1 day or more)	14	4	3
LTIFR	16.9	5.2	6.7
Absentee rate due to illness (%)	5.6	4.1	3.0
Employee training hours (Blue collar)	3,549	3,066	2,769
Gender balance in Board of Directors (number of women/men)	1/5	0/5	0/5
Gender balance in Senior Management (number of women/men)	1/5	1/5	1/5
Gender balance in Management Team (MCM) (% share of women/men)	32%/68%	28%/72%	-
Gender balance for all employees (% share of women/men)	51.5%/48.5%	43%/57% <sup>7</sup>	48%/52% <sup>7</sup>

<sup>7</sup> Gender balance for all employees have been restated to align with new accounting practice using FTEs instead of headcounts.

## About this report

### Accounting practice

The following table provides definitions of the Louis Poulsen sustainability KPIs and explains how they are calculated.

Environment data	
Scope 1 emissions	Total amount of emissions from natural gas and fuel used for company owned or leased cars. The fuel usage has been calculated on an assumption of the amount of kilometers driven. The calculation has been made in following the GHG Protocol Corporate standard. <i>Source of emission factors: DEFRA (2021)</i>
Scope 2 emissions	Total amount of emissions from electricity and district heating purchased. The calculation has been made following the GHG Protocol Corporate Standard for both the location-based and market-based approach. Source of emission factors: Denmark – Location-based Energinet (2021) market-based Energinet (2020) Denmark – District heating Energistyrelsen (2019) Singapore – Location-based and market-based Energy Market Authority (2019) Unites States – Location-based United States Environmental Protection Agency (2020) Unites States – Market-based Center for Resource Solutions (2019) Germany – Location-based, market-based and district heating AIB Residual Mix (2020) Japan – Location-based and market-based Climate Transparency (2020)
Emissions intensity (Scope 1 and 2 per million revenue)	Scope 1 and 2 emissions in kg CO <sub>2</sub> e divided by number of products sold. Scope 2 emissions are calculated using the market-based approach.
Emissions intensity (Scope 1 and 2 per product)	Scope 1 and 2 emissions in tons CO <sub>2</sub> e divided by revenue in million EUR. Scope 2 emissions are calculated using the market-based approach.
Scope 3, C1: Purchased goods and services	Total amount of emissions from categorised spend data. <i>Source of emission factors: DEFRA (2011)</i>
Scope 3, C2: Capital goods	Total amount of emissions from categorised spend data. <i>Source of emission factors: DEFRA (2011)</i>
Scope 3, C3: Fuel- and energy-related activities	Total amount of well to tank emissions from energy activities related to Scope 1 and 2 energy use. <i>Source of emission factors: DEFRA (2021)</i>
Scope 3, C4: Upstream transportation and distribution	Total amount of emissions from upstream transportation and distribution, provided by the suppliers.
Scope, C5: Waste generated in operations	Total amount of emissions from waste from the production facility in Denmark. <i>Source of emission factors: DEFRA (2021)</i>
Scope 3, C6: Business travel	Total amount of emissions from business travel by air and car. The emissions from air travel are calculated based on supplier data and spend data. The emission from car travel is based on an assumption of kilometers driven. <i>Source of emission factors: DEFRA (2011 &amp; 2021)</i>
Scope 3, C7: Employee commuting	The figure for employee commuting has been estimated based on assumptions of average amount of kilometers driven per employee. <i>Source of emission factors: DEFRA (2021)</i>
Total emissions (tCO <sub>2</sub> e)	Sum of Scope 1, 2 and 3 emissions. For the Scope 2 emissions, the market-based approach is used.
Electricity consumption (kWh)	Total amount of purchased electricity for own operations. The electricity for offices and showrooms in Japan, United States and Singapore has been estimated based on average consumption per square meter of the office in Germany. These figures are based on available data for the most recent year.
Fuel (Mwh)	Total amount of fuels used in company owned or leased cars. Estimated based on kilometers driven. Assumed that fuel used in cars is diesel.
Natural Gas (Mwh)	Total amount of natural gas used in own operations.
District heating (kWh)	Total amount of district heating purchased. The figure for Germany is based on available data for the most recent year.
% Renewable energy	Percentage of energy purchased that is renewable.
Energy intensity	The amount of energy consumption related to production in Mwh divided by number of FTEs
Total waste generated (tons)	Generated waste from production, offices and canteens including landfill, recycling, incineration and scrap. The waste only covers production facility in Vejen.
Waste per product (kg)	Waste generated in production facility in Vejen per product produced in the production facility in Vejen.
Share of outdoor and architectural products covered by retrofitting programme (%)	Products from the outdoor and architectural designs with retrofitting kits available.
Number of upcycled products sold	Number of products that are upcycled through the take-back scheme sold.



## About this report

### Accounting practice

The following table provides definitions of the Louis Poulsen sustainability KPIs and explains how they are calculated.

Social data	
Total Employees (FTE)	Total number of Full Time Equivalent employees at 31st December 2021. Including part-time, student and part-time employees. Excluding temporary workers.
Turnover Rate	Number of voluntary terminations divided by total number of permanent Full Time Equivalent employees at 31st December 2021.
Lost time injury (1 day or more)	Include all employees and contractors who work under direct supervision or is injured at the Louis Poulsen premises: based on local jurisdiction; include fatalities; include injuries as a result of commuting incidents only where the transport has been organised by the company. Include accidents which have resulted in one day or over one day absence from own work.
LTIFR	Total days off related to Lost Time Injuries multiplied by overall number of hours worked during the reporting period multiplied by 1,000,000. Los time injuries are including all permanent and contractors who work under direct supervision.
Rate of recordable work-related injuries	A recordable work-related injury that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness. Calculated by the total number of recordable work-related injuries multiplied by 1,000,000 divided by overall no. of hours worked during the reporting period. Including all permanent and contractors who work under direct supervision.
Absentee rate due to illness	Calculated as total lost days due to illness, injuries etc. (excluding entitlements to periods of paid leave of absence from work (e.g. paid vacations, paid sick leave, public holidays), divided by days scheduled to be worked by the workforce. This is based on Danish locations only.
Employee training hours blue collar	Total number of employee training hours for blue-collar workers.
Gender balance in Board of Directors	Total number of women and men in Board of Directors based on headcount at 31st December of the previous year.
Gender balance in Senior Management	Total number of women and men in senior management based on headcount at 31st December of the previous year.
Gender balance in the Management team (MCM)	Percentage of women and men in the management committee based on headcount at 31st December of the previous year.
Gender balance for all employees	Percentage of women and men according to FTEs at 31st December of the previous year.
Governance data	
Confirmed incidents related to breach of business ethics	Total number of cases identified within Louis Poulsen own operations or supply chain which relate to breach of ethical business practices and Louis Poulsen Code of Conduct such as corruption and bribery or violation of human rights.
Share of spend covered by supplier code of conduct	The total percentage of spend data from suppliers having signed supplier Code of Conduct
Amount of suppliers having signed supplier Code of Conduct	The total amount of suppliers having signed supplier Code of Conduct

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