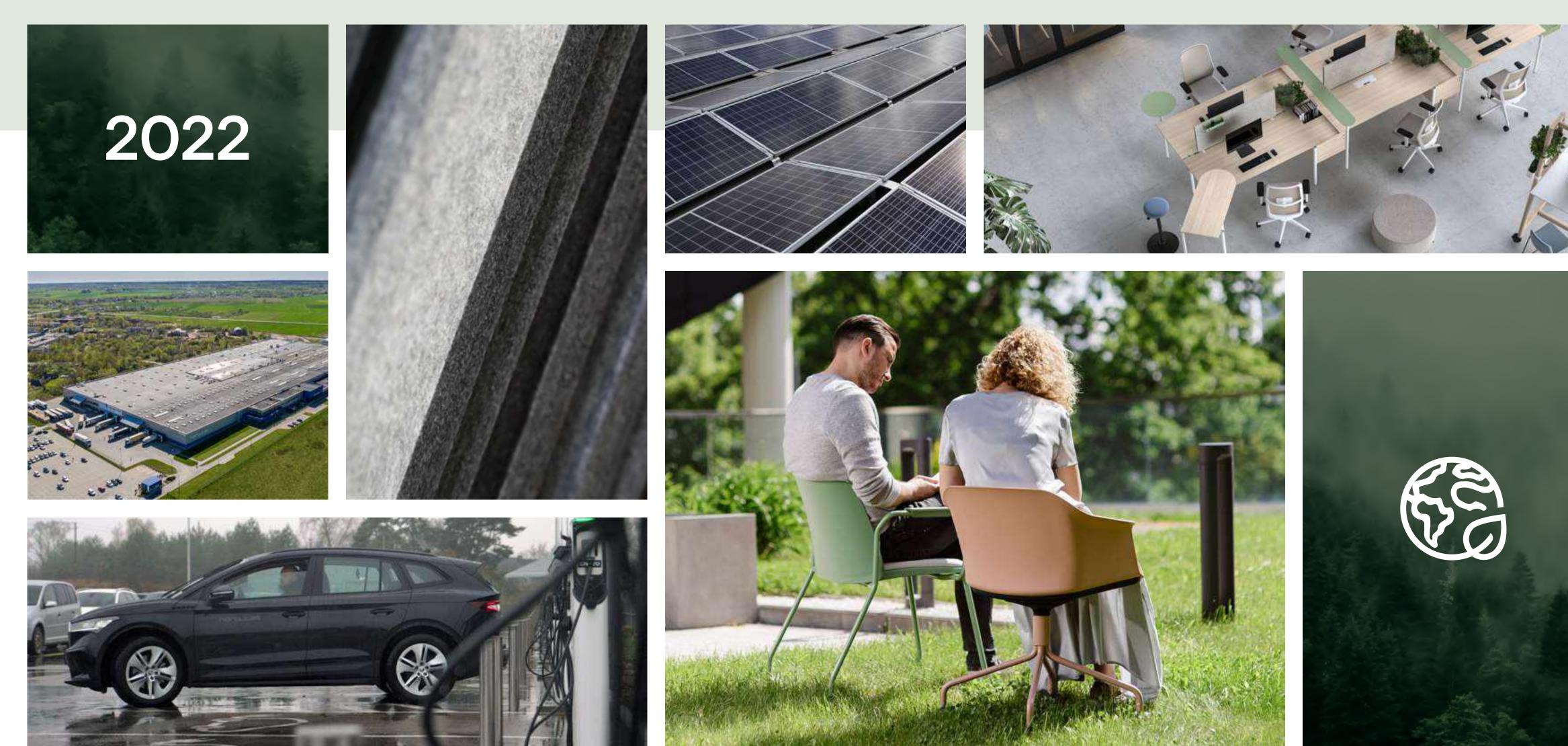
Sustainability Report







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Bekijk hier de volledige Narbutas collectie.









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Employees and Community

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About Us



NARBUTAS, an international company specialising in the manufacturing of office furniture, is based in Lithuania. When creating furniture, we carefully analyse the needs of today's employees and global trends to ensure that our products are environmentally and consumer friendly. It is important to us that our furniture is functional, high quality and has an attractive design. Our design motto is 'Nothing unnecessary'! Our strategic goal is to be the best partner for our clients!











Energy and Emissions

Employees and Comunity

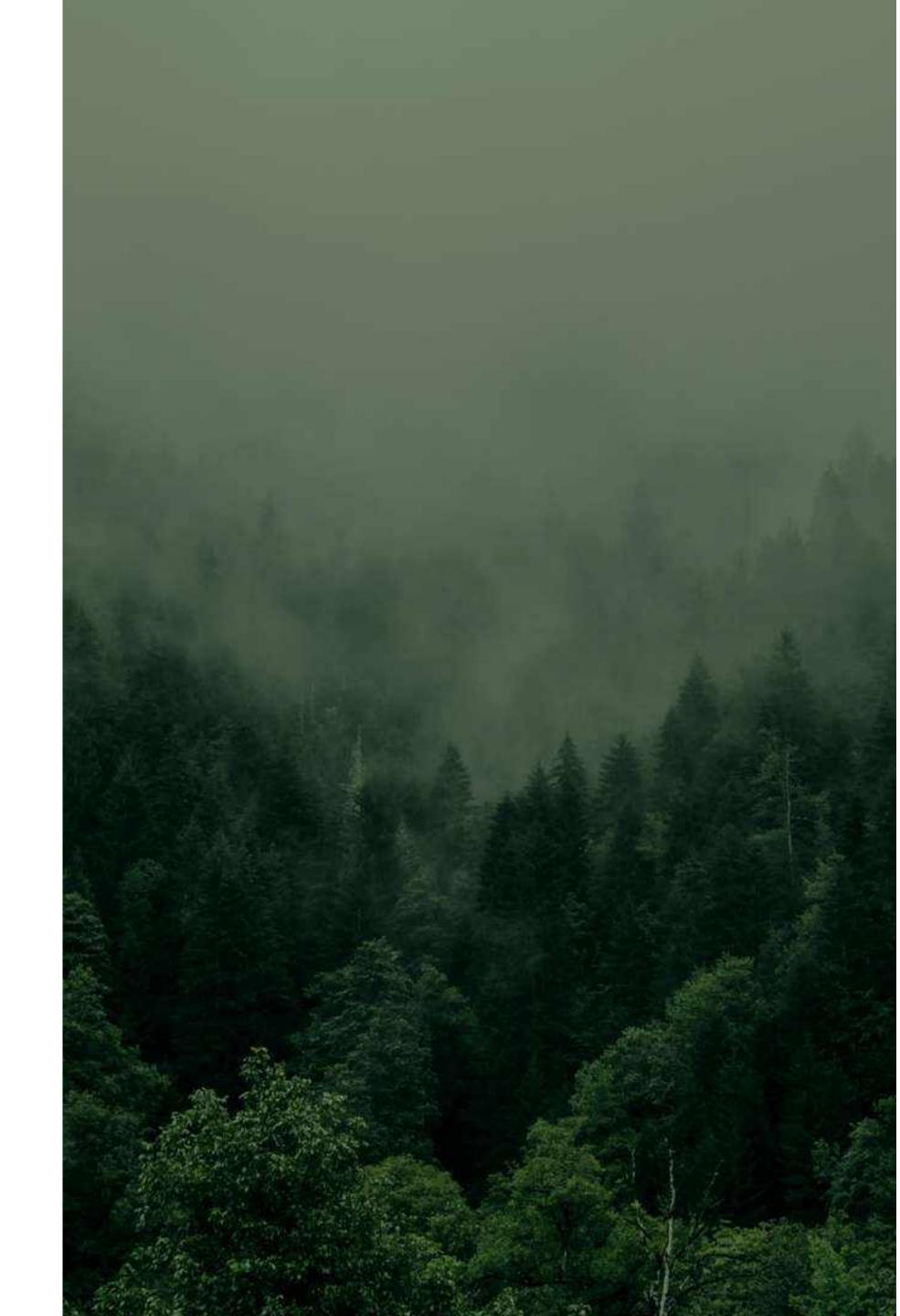


About the report

This is the third annual Sustainability Report of Narbutas International UAB. It covers the period from 1st January 2022 to 31st December 2022.

It presents the company's activities, key events in the year, key performance indicators, environmental and social policies. The names Narbutas International UAB and NARBUTAS are used synonymously. The Sustainability Report has been prepared with reference to the latest version (2021) of the Global

Reporting Initiative (GRI) Standards. The report contains the best information available to the company at the time of its publication. The report was not externally audited.





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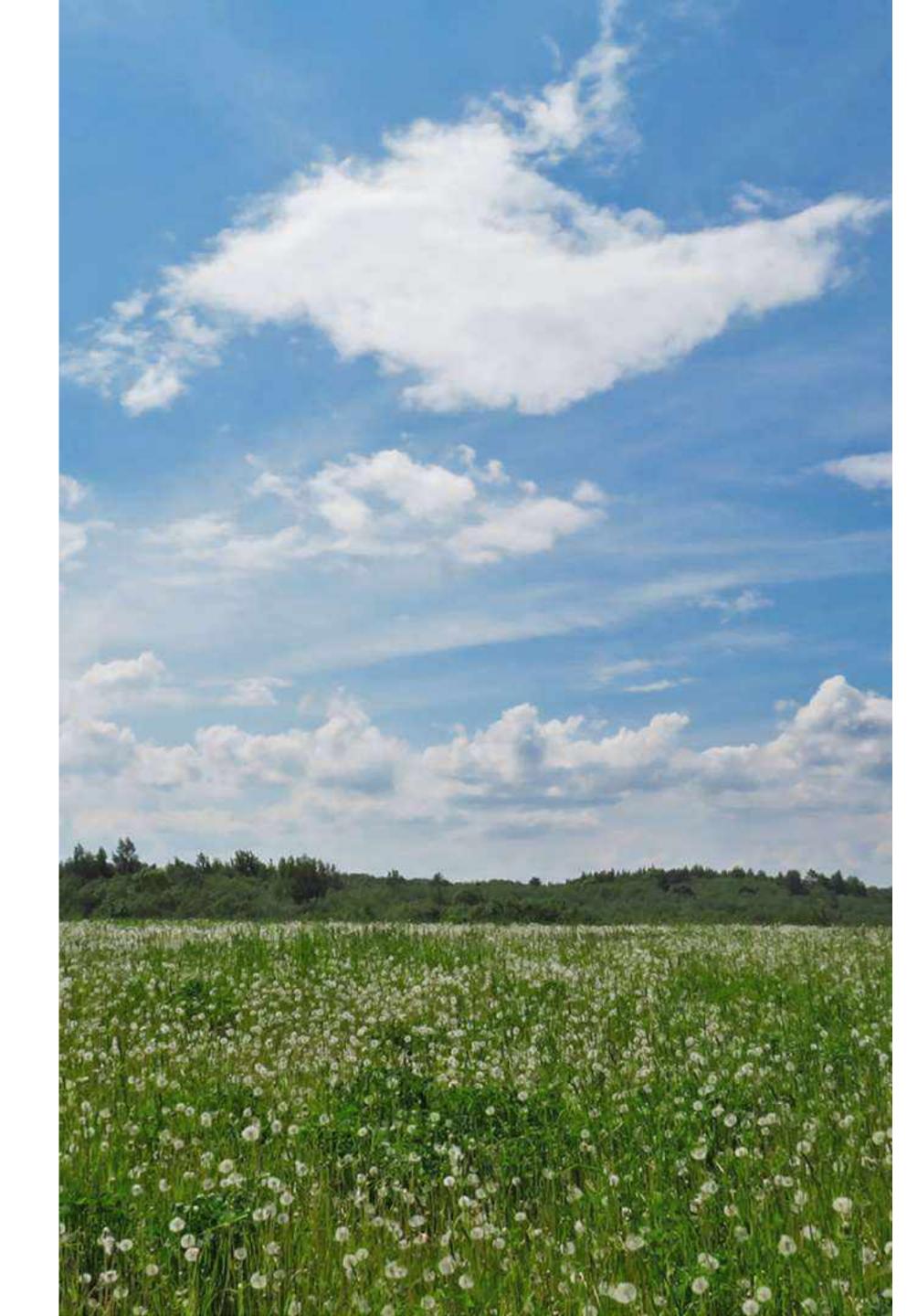
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Sustainability as a Basis for Action

2022 was full of extraordinary challenges. The world was shocked by the war in Ukraine, now in its second year, which has led to an energy crisis and broken supply chains. With the first days of the war, NARBUTAS ceased its activities in Russia and Belarus – we no longer fulfilled orders from these countries and refused their supply of raw materials. We lost 8% of the market, but this was successfully offset by increasing our sales in other countries. Last year we continued to grow, with a 32% increase in sales. We are proud to have supported Ukraine with almost €1 million over the last year and in the first months of 2023. We are tackling the issue of rising electricity costs in line with our company's sustainability goals. We are trying to self-produce as much energy as possible. We use only energy from renewable sources in our production and at our public electric vehicle charging stations. One of our major sustainability goals – to replace our entire car fleet with electric vehicles – was half-achieved at the end of 2022. That is 55 vehicles belonging to Lithuanian NARBUTAS companies in total. Our stations can charge 26 electric vehicles at a time.







Energy and Emissions

Employees and Comunity



We believe that 2023 will be a peak year because we have already taken actions in 2022 that will serve as a springboard. We participated in Orgatec, one of the world's leading trade fairs, in Germany, which took place after a four-year hiatus, and we are feeling the huge positive impact of the event and getting many orders. Despite the turmoil and uncertainty brought by the war, we did not slow down our investments: new equipment was purchased and advanced technologies were deployed, which will start to pay off this year and make our production more efficient and sustainable. By increasing production efficiency and solving supply chain problems, we regained customer trust and satisfaction. And most importantly, we have undergone structural changes in the company, i.e. we are not only growing rapidly, but we are also implementing a structural and qualitative change, which will allow us to continue our managed expansion. It is not just this year that we have grown by more than 30%, as we have been expanding intensively for several years in a row. As we grow in production, we are aware of our environmental impact and responsibility, which is why sustainability is the company's strategic direction. Our long-term goal is to become a climate-neutral company. We are planning to expand the solar power plant. It currently operates on 7,000 m² of the factory's rooftop. The solar power plant is intended to be installed on a further 21,800 m² of the rooftop and a further 14,000 m² at a later date. Currently, the solar plant produces around 10% of the energy we need. This number will increase by 30–40% with the expansion of the power plant.

To reduce the environmental impact of transport, we are looking for ways to secure production closer to our main markets, so we are exploring opportunities in Germany. We are constantly investing in the quality and durability of our products, which is why we were able to introduce a 10-year warranty. This warranty also applies to the design of our products, as we do not follow shortterm trends, but strive to create furniture that responds to long-term trends.



The company is constantly improving working conditions financially and physically, providing a safer, healthier environment, as well as psychologically. We pay particular attention to the recruitment and training of managers, as they make a key contribution to the climate of the organisation, the well-being and motivation of employees. It is not just our employees who are cared for. NARBUTAS is a long-time supporter and sponsor of Lithuanian football and invests in the country's future leaders by supporting the Junior Achievement Lithuania organisation.

The aim of all our reorganisations, which began in 2022 and are continuing in 2023, is to be fully sustainable, competitive and successful in the new and changed global circumstances. This year, as last year, NARBUTAS will continue to support Ukraine until the victory of our civilised, democratic world. Our sustainability goals and a war being fought not far from here are incompatible. It is important for us to continue to take care of the environment and the Earth's resources, thinking of nature and all sentient beings, as well as future generations of people – what we will leave behind for them. That is why sustainability is at the heart and moral backbone of the company and the basis for our continued growth and actions.

NARBUTAS Executive Team









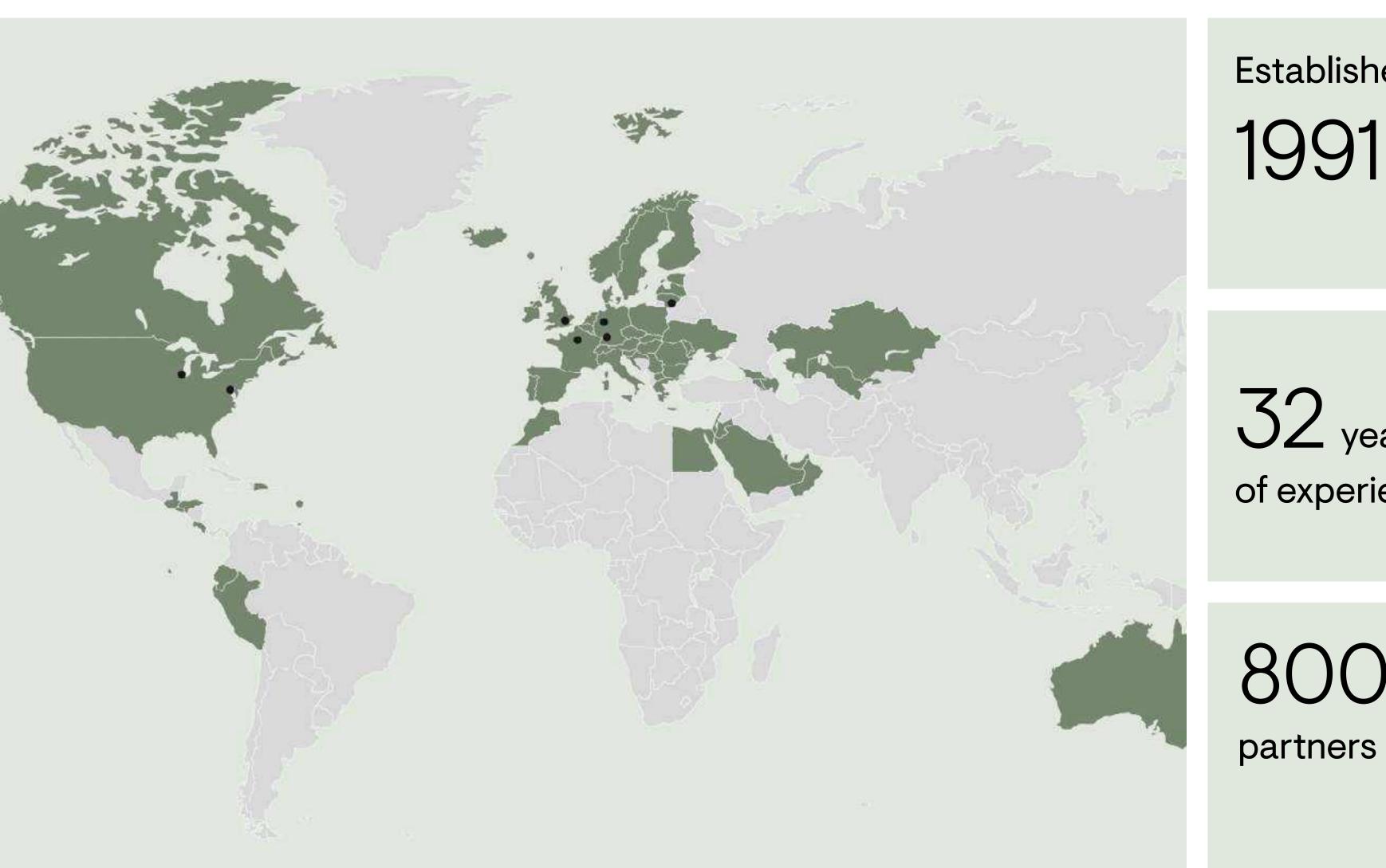
Energy and Emissions

Employees and Comunity





NARBUTAS in brief



Established in 1991

58,400 m²

factory in Lithuania, Ukmergė

 32_{years} of experience

0001

66 export markets

employees











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Comu Employee







Our vision

A sustainable, dynamic workspace solutions company, leading and desirable in the modern world.

Our mission

We are passionate about creating inspiring workspaces and strive to make them available to more people.



Our values

Trust Responsibility

Teamwork

Honesty

Communication culture

Love









Energy and Emissions

Employees and Comunity





Overview of 2022

143 M Sales revenue, €

+32% Sales growth 9 M



IU year warranty 6

Renovated furniture showrooms

in Chicago, London, Paris, Stuttgart, Düsseldorf, and Ukmergė.

2 Exhibitions

NeoCon





Investments, €

TOP 5

Markets

United Kingdom, France, Germany, Lithuania, and USA.

New furniture collections

3 Awards

















Emissions nd Ēŋ

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New furniture collections





The chairs that feature modern design and create a perfect balance of style and practicality. This collection consists of three types of visitor, conference, and dining chairs made of plastic: POLYTONE-C (designed by Sandonà and Sabrina Bettini), POLYTONE-L (Scagnellato and Ferrarese Design) and POLYTONE-O (Orlandini Design). POLYOTONE-O also stands out in the context of sustainability, as part of this collection is made from 100% recycled plastic.



ZEDO

An inspiring, distinctive desk system designed by the Italian designer Paolo Pampanoni. Carefully selected colourful accessories allow you to create workplaces with a distinctive character and additional extension tables allow you to use the desk system for both individual and team work.



SILENT ROOM XL

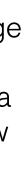
The addition of a large acoustic pod to the SILENT ROOM collection, which has already been well received by our customers. It is an oasis of silence and concentration for up to eight people. The air quality, visual and acoustic comfort allows you to concentrate on meetings, phone calls or creative work.



WORKLAB

A multifunctional, mobile piece of furniture created in collaboration with the Italian design studio Baldanzi & Novelli designers. WORKLAB is distinguished by its wide range of applications: it can be used as a conference wall, a whiteboard, shelves or a temporary workplace. These qualities allow you to create an environment that is dynamic, stimulates creativity and increases employee engagement.













Energy





Awards

NARBUTAS triple success at the German Design Award

Very modern office furniture from NARBUTAS, which is multifunctional, mobile, instantly adaptable and able to meet changing needs, was submitted to the German Design Award. We are delighted that all the products submitted to the contest were noticed and awarded: the ZEDO desk system, the SURF collection of task chairs, and the NOVA Wood Multipurpose table. All of them were nominated in the Excellent Product Design, Office Furniture category. The ZEDO and SURF collections were awarded the Special Mention prize and NOVA Wood Multipurpose won the Winner award.









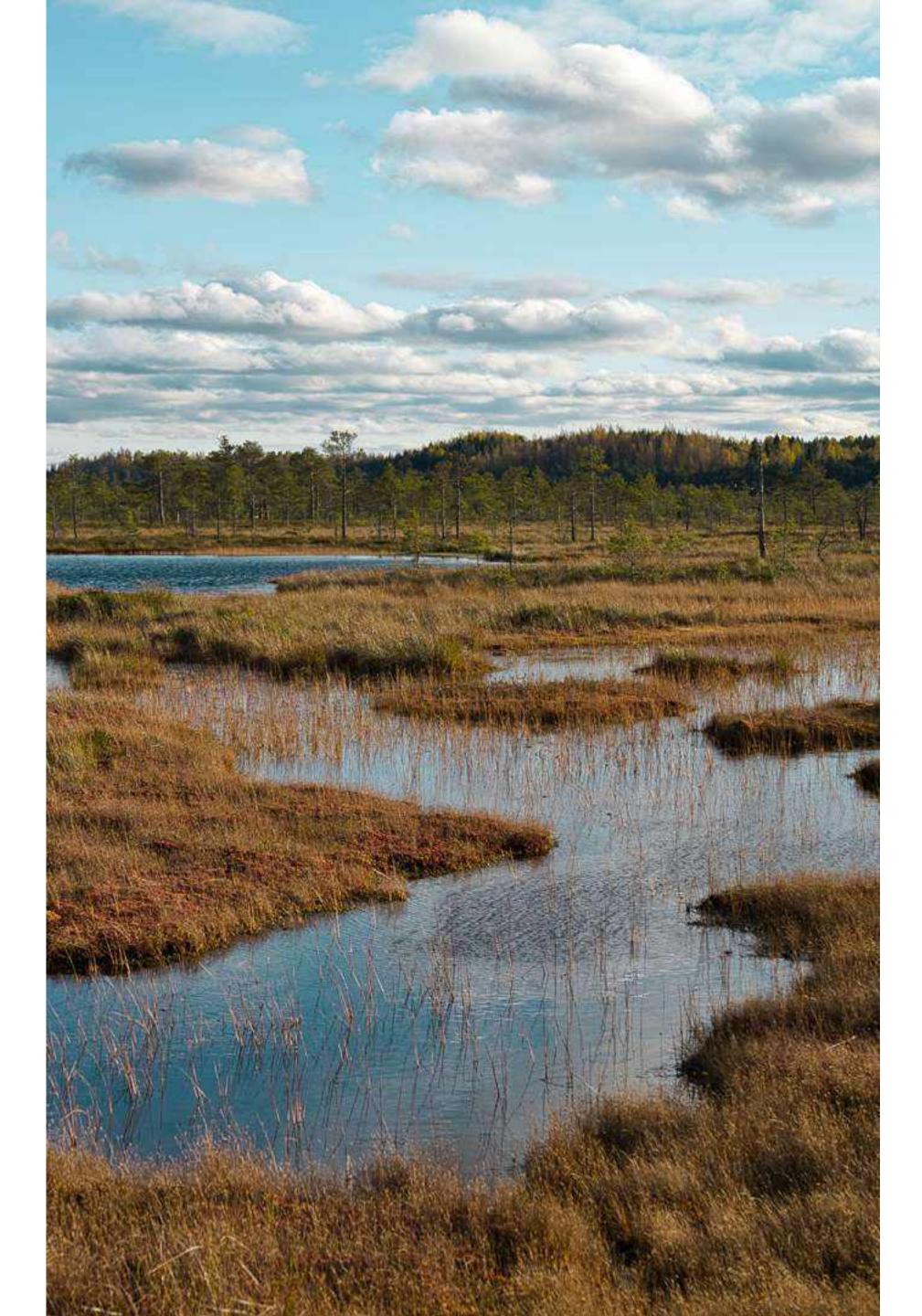
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Our approach to sustainability

Sustainability is one of NARBUTAS strategic, long-term directions, so economic development, social responsibility and environmental protection go hand in hand in our company. We are growing at a very fast rate and we are aware of our impact on the environment and take responsibility we have in this regard. With each passing business day, sustainability touches more and more areas, from everyday office life to production. We have identified three key areas of sustainability: sustainable design, energy and emissions, employees and community.









Energy and Emissions

Employees and Comunity







NARBUTAS sustainability areas



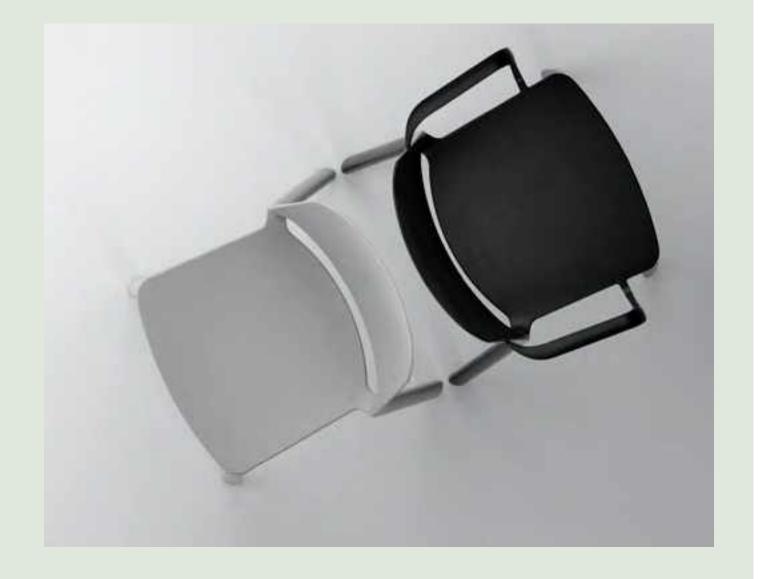
Sustainable design

We create thoughtfully designed and high-quality products using sustainable materials.



Energy and emissions

We conserve resources, reduce CO₂ emissions from production and recycle production waste.







Employees and community

We contribute to the well-being, health, education and volunteering of our employees, the community, and young people.







Sustainable

Energy and Emissions

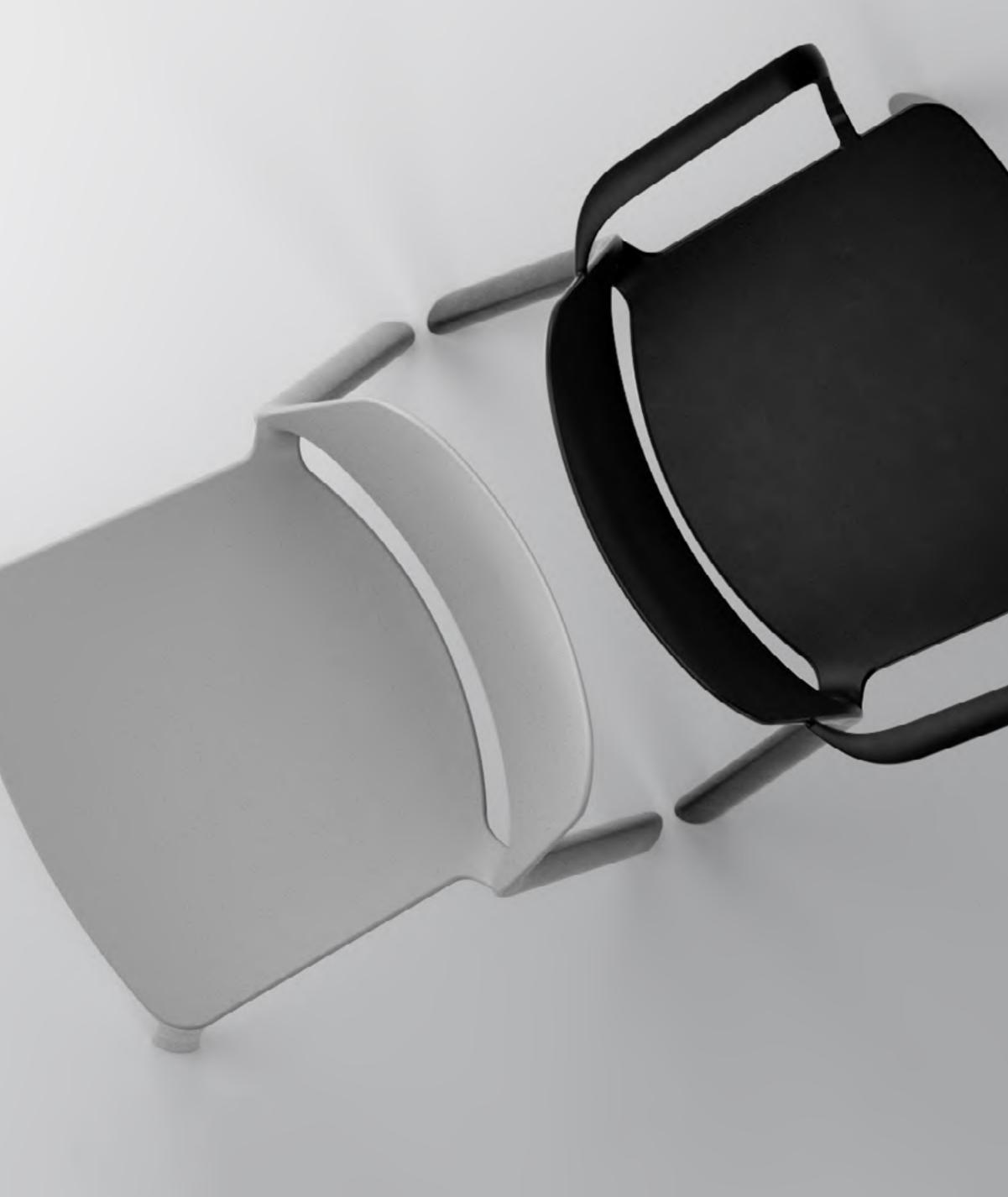
Employees and Comunity



Sustainable Design



The fundamental goal of sustainable design is to create products that have the lowest possible impact on the environment throughout their life cycle. Product design plays a key role in reducing environmental impact, as it is the design phase that determines the selection of raw materials, the length of the life cycle of a piece of furniture and other aspects that determine the extent of its environmental impact.



















Sustainable design principles

Choosing raw materials with a lower environmental impact

More environmentally friendly raw materials; Renewable raw materials;

Raw materials that require little energy to manufacture;

Recycled and recyclable raw materials.

Ninimising the use of raw materials

Reducing weight; Reducing volume (for transport).



Reduced environmental impact of the product

Energy from renewable sources;

Using energy efficiently;

Fewer product parts that need to be replaced (short-lived) or more sustainable choice of product parts (e.g. light bulbs).



🛇 Longer product lifetime

Reliability and durability; Easier maintenance and repair; Modular structure of the product; Classic design;

Strong product-consumer relationship.



Reduced environmental impact during manufacturing

Using alternative technologies; Fewer manufacturing steps; Using less and clean energy; Less waste.



Less packaging materials, more sustainable packaging choices, reusing packaging; Energy-efficient transport vehicles; Organising energy-efficient logistics.





Optimising the end-of-life of the product

Reusing the product; Renovating/repairing the product; Recycling raw materials; Safer incineration.















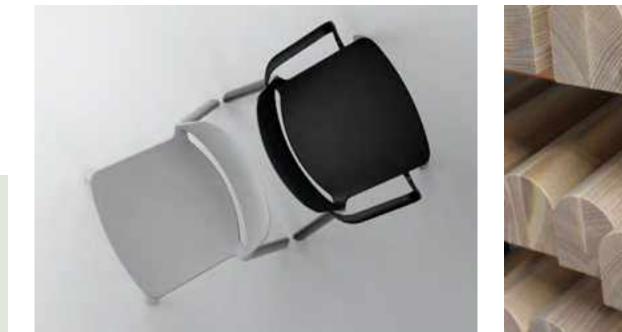
Sustainable design principles in our business

We set ourselves the goal of continuing to apply eco-design principles in product development for 2022. To achieve this, we implemented the following key initiatives:

- We introduced a 100% recycled plastic product the POLYTONE-O chair.
- We collected information on the percentage of recycled content in our raw materials and increased it. See the section "Raw materials" →
- \odot We introduced a 10-year warranty to reinforce the durability of our products.
- We switched to 100% water-based varnishes and paints for wood, thus reducing emissions of volatile organic compounds (VOCs). See the section "Low emissions of volatile organic compounds (VOCs)" →
- We have planned areas for 2023 where we will continue to apply sustainable design principles.



'Nothing unnecessary' is our design principle.







warranty is valid from 2022.

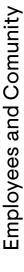
















Raw materials

Selection of raw materials

The furniture industry's choice of raw materials has a significant impact on the environment, so one of the most important principles of sustainable design is to use fewer raw materials. NARBUTAS design principle of 'Nothing unnecessary' perfectly reflects it. We also follow other sustainability principles when selecting raw materials - raw materials must be as environmentally, employee and consumer-friendly as possible. We give the priority to raw materials with environmental certification, renewable and recycled raw materials. We choose only trustworthy suppliers and sign a Supplier Code of Conduct with them.

The exact quantities of raw materials used can be found in the section "List of GRI Indicators" (GRI 301-1) →

In 2022, we set a goal to 'Continue to increase the percentage of recycled content in all raw materials'. We took the following measures to achieve this goal:

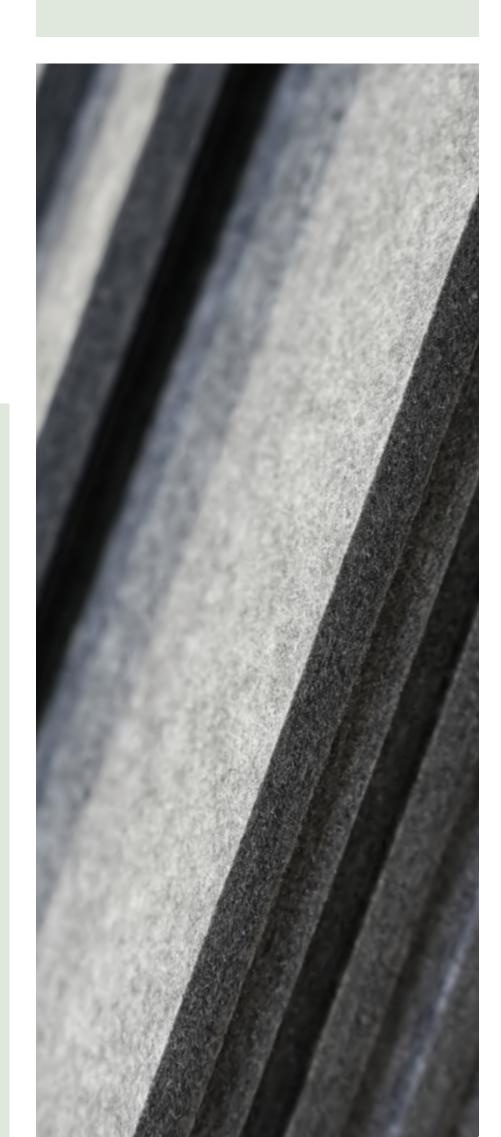
- We collected information on the percentage of recycled content in raw materials from our main suppliers.
- We included the percentage of recycled content as one of the selection criteria for purchases.
- We increased the use of PET felt, a raw material with more than 50% recycled content.

In 2023, we have set two more goals for increasing recycled content and recyclability:

We will publish information on the composition of our products and the percentage of recycled content in our products.

• We will prepare disassembly and material sorting instructions for new furniture.



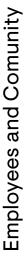
















Our main raw materials



Wooden chipboard

- \bigcirc The recycled content is around 20%.
- **It has extremely low formaldehyde emissions** according to the American CARB II and German E05 standards.
- S In 2022, we set a goal to 'Assess and plan the implementation of FSC certification'. In early 2022, changes in the supply of wood raw materials due to the Russia-Ukraine war delayed the implementation of FSC certification. At the end of 2022, the analysis of certification possibilities was resumed and preparations for the FSC audit have started. The implementation of the certification is one of the sustainability goals for 2023.

Solid wood

- Regulation (EUTR).
- volatile organic compounds.







© Complies with the European Union Timber

S All wood paints and varnishes are water-based and therefore have extremely low emissions of

Metal

- S An extremely durable, long-lasting raw material.
- S The percentage of recycled content is an important selection criterion when making purchases.
- S The recycled content ranges between 20% and 100%, depending on the type of metal.
- S Powder coated*.

* Powder paints have extremely low emissions of volatile organic compounds, making them more environmentally friendly and healthier for the end user and contributing to a healthier work environment. In addition, powder paints are extremely durable and long-lasting.

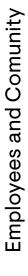










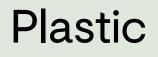






Our main raw materials





- S The plastic is phthalate-free.
- S In 2022, we introduced a new product made from 100% recycled plastic – POLYTONE-O.
- S The content of recycled plastic in other products varies between 0% and 100%, depending on the type of plastic.



PET felt

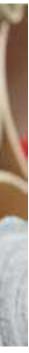
- S Introduced in 2020.
- S PET felt was introduced in 2020 and its use in our furniture range is growing rapidly – in 2022, the colour palette of PET felt was updated to make it more attractive to consumers.
- S Part of this raw material range is Oeko-Tex Standard 100 certified.



S Made of more than 50% recycled plastic. ■

Textile

- S All upholstery fabrics carry the EU Ecolabel/ Oeko-Tex Standard 100 certification. These certifications ensure that products do not contain harmful substances and are safe for both the environment and humans.
- S Two new 100% recycled polyester collections are planned to be introduced in 2023.

















Low emissions of volatile organic compounds (VOCs)

In order to ensure the quality and sustainability of products, it is important to take into account the characteristics specific to the furniture industry. A very important but lesser-known aspect of furniture sustainability is emissions of volatile organic compounds. Volatile organic compounds (e.g. formaldehyde) are airborne chemicals that, when present at high levels in the environment, can have adverse effects on human health.

To reduce emissions of volatile organic compounds, we are implementing the following measures:

- We replaced all wood varnishes and paints with water-based ones in 2022. Unlike conventional solvent-based varnishes, they have extremely low emissions of volatile organic compounds (e.g. formaldehyde) and are therefore considered healthy and safe for workers and end users.
- When painting metal, we use powder paints, which also have extremely low emissions of volatile organic compounds and are considered extremely durable.
- The adhesive used for the new ZEDO desk system, introduced in 2022, is Oeko-Tex certified, ensuring that it does not contain unacceptable levels of formaldehyde and other harmful chemicals.
- Wood boards comply with the CARB II and EO5 low formaldehyde emission standards.



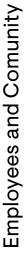


















Packaging

Packaging must not only be convenient and protect the product from damage during transport, but also reflect the increasingly important aspect of sustainability.

We are constantly looking for sustainable packaging solutions:

- ✓ In 2022, we set ourselves the goal of improving our packaging solutions by introducing thinner bags made from 100% recycled plastic. This goal was successfully achieved in the first half of the year. The new bags are made from 100% recycled plastic, recyclable and thinner than the previous ones. This change saves 5 tonnes of plastic waste every year!
- We replaced plastic honeycombs with honeycomb cardboard for some of our table and desk packaging in 2022. Cardboard is a more sustainable material than plastic because it is produced from renewable sources and is easier to recycle and decompose than plastic. This change reduces plastic consumption and saves an additional 5 tonnes of plastic waste per year.
- Cardboard is a particularly important raw material for our packaging. We consumed 6.2 million m² of cardboard in 2022. All of this cardboard is made from 100% recycled materials and is 100% recyclable
- We plan to switch from polypropylene film to hot-melt adhesives for packaging in 2023, thus further reducing waste.



100% recycled and recyclable bags and cardboard.





10 tonnes of plastic saved per year thanks to the new packaging solutions.



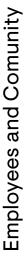










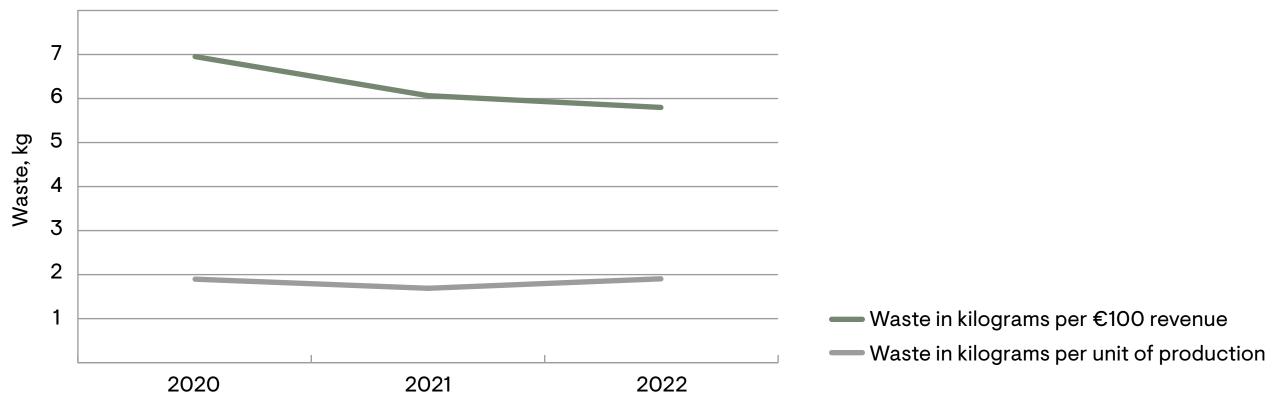






Waste

Relative amount of waste



We understand the environmental impact of waste, which is why we make sure that it is managed responsibly. The majority of the waste is sent to waste management companies and the rest is used internally for energy recovery. Waste management companies recycle some of the waste or use it for energy recovery. Waste records are kept using PPWIS (Product, Packaging and Waste Record Keeping Information System). The system collects data on the quantities of waste generated by the type of waste. To measure the amount of waste relative to production growth, we also calculate a waste intensity indicator. It shows the ratio between the annual amount of waste and the company's economic performance indicators, i.e. annual revenue and production units.

For data on the quantities of waste generated and its management, see 'List of GRI Indicators' (GRI 306-3, 306-4) →



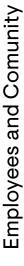
















Waste recovery

There are two waste-related goals for 2023:

- We aim to reduce the amount of mixed municipal waste going to landfills by 60% (compared to 2021). We are planning to use this waste to recover energy in combined heat and power plants.
- We aim to reduce the amount of industrial waste sent for energy recovery by 5% (compared to 2021). This waste is planned to be recycled.













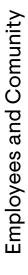
















Energy and Emissions



As a manufacturing company, we inevitably use different sources of energy in our processes. We are constantly looking for solutions for sustainable energy use and making sure that relative energy consumption decreases as production rates increase.

















Overview of CO₂ emissions and energy consumption in 2022

1,199.5 tonnes of CO₂

equivalents*

+28% since 2021





58 _{MWh}/ €1M revenue

-16% since 2021

*CO₂ equivalents – a unit of measurement for greenhouse gases (GHG) – CO₂, CH₄, N₂O based on global warming potential.

8.38 tonnes of CO₂ equivalents per €1M revenue

-2% since 2021



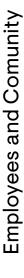
















Energy consumed

In 2022, electricity and gas consumption in the factory increased by 9% and 4% respectively compared to 2021, but furniture production grew by 8% and turnover increased by 32%.

Diesel and petrol consumption also increased in 2022, but the decision to switch to electric vehicles has been already taken at the beginning of 2022. Due to the longer than usual car production times, 25 electric cars only arrived at the end of 2022 and some will arrive in 2023. As a result of this change, we can expect to see a significant reduction in diesel and petrol consumption in 2023.

Energy for heating the factory comes from the combustion of industrial wood waste. This helps to reduce GHG emissions, as no fossil fuels are used for heating and only biogenic CO_2 is emitted.





Consumption of the key forms of energy

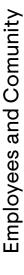
	2020	2021	2022
Electricity in the office, MWh	44	36	38
Electricity in the factory, MWh	5,518	7,169	7,823
Diesel, L	30,143	31,402	33,372
Petrol, L	31,764	43,655	54,485
Gas for industrial processes, MWh	2,533	3,358	3,646
Energy for heating the factory, MWh	2,794	3,497	3,634





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Sustainable electricity

In 2022, we have implemented the following sustainable electricity initiatives:

- We have standardised the break times for standard and non-standard production, which saves electricity, as the dust extraction filters automatically switch off when machine tools are not running.
- We installed electric vehicle charging stations that are accessible to the public.
- We installed energy-efficient LED lights in some of the factory's ancillary rooms. Automatic switching on and off of the lighting based on motion is also being installed in rooms where there is a need for it.
- We plan to install LED lighting in the rest of the factory's ancillary rooms and the factory yard in 2023. This will enable 100% energy-efficient LED lighting in the Ukmerge factory and its outdoor areas.



13

electric vehicle charging stations were installed in 2022.





There are groups of employees within the company who commute to work together. This not only saves resources but also helps create a stronger community.

100%

of the lighting in the factory will be energy efficient by the end of 2023.





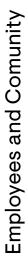
















Sustainable electricity

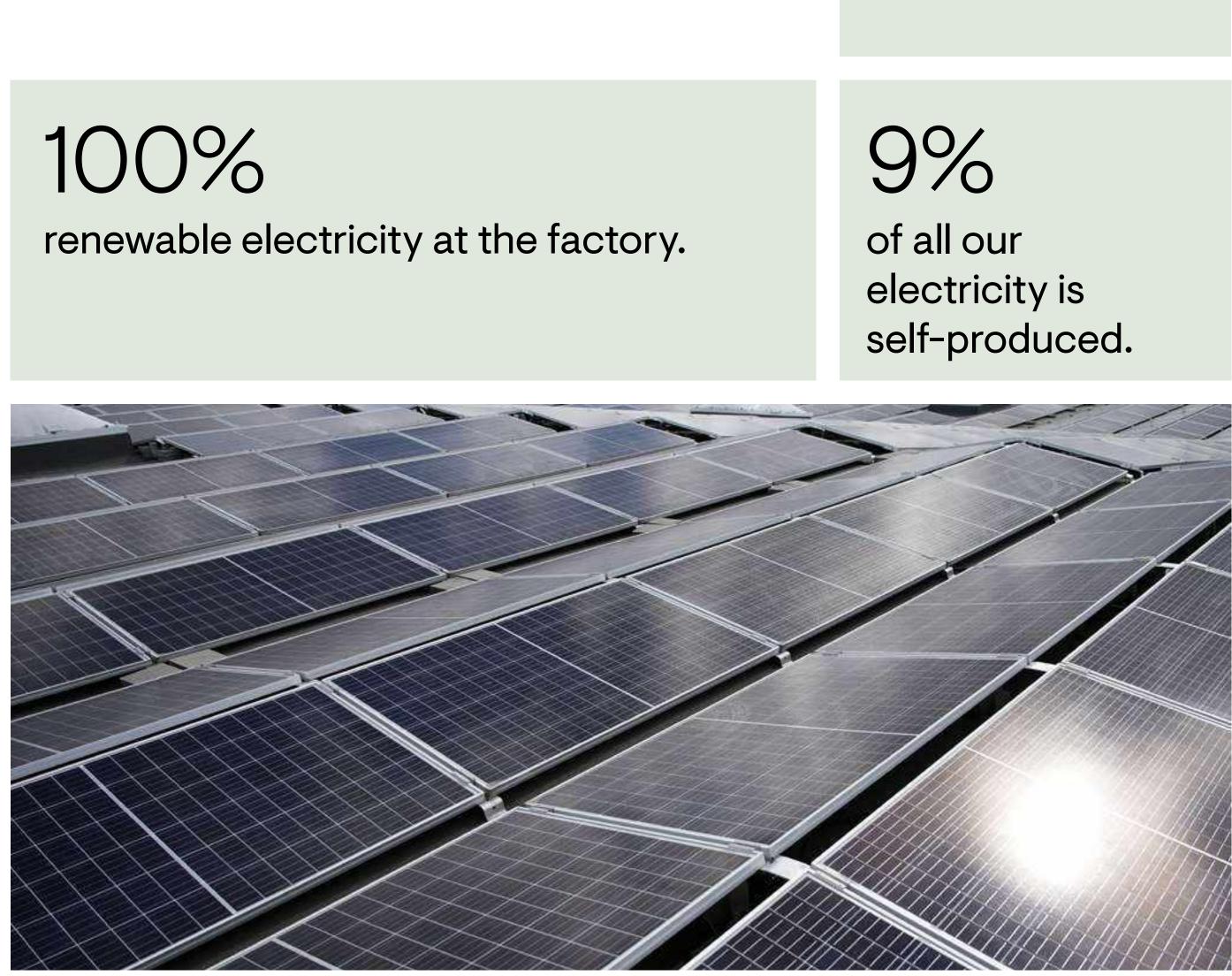


Electricity is the main source of energy for manufacturing processes. We are proud that 100% of the electricity used in NARBUTAS manufacture comes from renewable energy sources (mainly wind, water, solar energy, and geothermal wells). Renewable energy we use comes in two ways:

 \bigcirc We buy energy certified with the Green Energy Label;

 \bigotimes We generate our own electricity using the solar power plant.

The energy generated by our solar panels accounted for 9% of the factory's electricity consumption in 2022. This percentage is much higher in summer, but drops to a minimum during the winter months due to little sunlight. 9% is the average for the whole year. Solar energy is one of the most sustainable sources of energy, which is why the development of renewable energy sources is one of the most important projects that we are currently implementing. By using renewable electricity, we are also contributing to reducing GHG emissions and halting climate change.



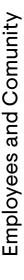
















CO₂ and other Greenhouse gas (GHG) emissions

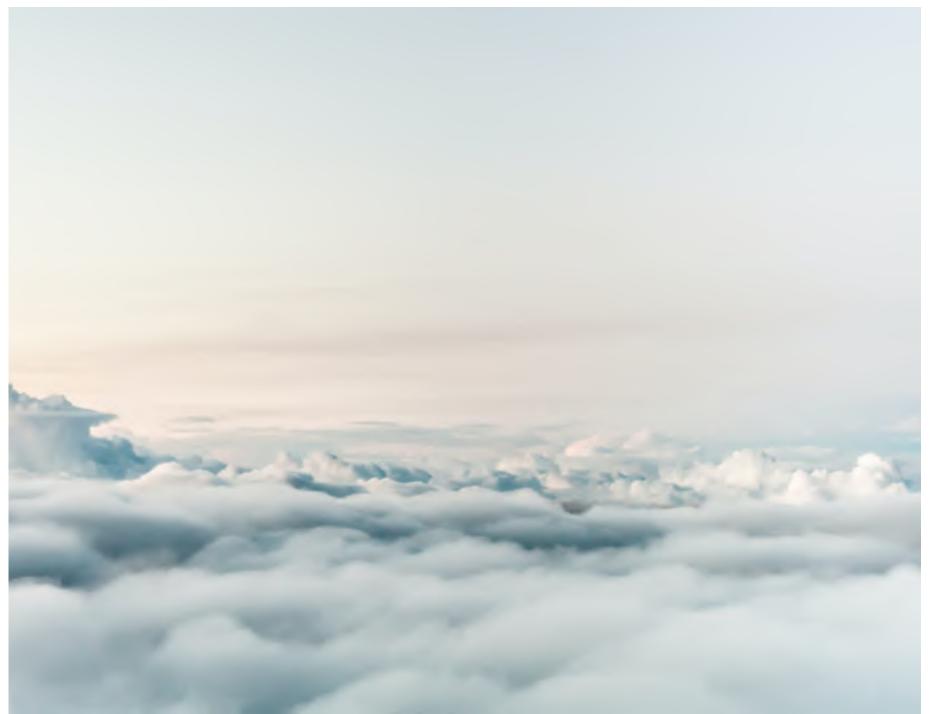
Global climate goals are important to us. The European Union is committed to reducing emissions of CO_2 and other greenhouse gases and becoming a climate-neutral continent. This means that EU countries must dramatically reduce their GHG emissions and find ways to offset the remaining unavoidable amount in order to achieve net-zero emissions.

The first step towards reducing emissions is clear and transparent accounting of the emissions from the company. We calculate the company's Scope 1 and Scope 2 GHG emissions on an annual basis from 2020 based on the Greenhouse Gas Protocol. The majority of NARBUTAS emissions is CO_2 , so the climate neutrality goal is formulated with a focus on reducing CO_2 emissions.

The calculation methodology is described in the section "List of GRI Indicators" (GRI 305-1) \rightarrow



NARBUTAS goal is to reduce CO_2 emissions and become a climate-neutral company by 2028.



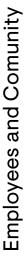
















Greenhouse gas (GHG) emissions

 CO_2 is the most important of the greenhouse gases; other gases such as methane (CH₄) and nitrous oxide (N₂O) are also included in the calculations. The final figure is given in CO_2 equivalents when summarising the data. CO_2 equivalents – a unit of measurement for greenhouse gases (CO_2 , CH₄, N₂O) based on global warming potential. In 2022, the factory's equipment upgrade consumed a higher than normal amount of freon gas, resulting in an increase in Scope 1 GHG emissions. Scope 2 GHG emissions increased due to higher electricity and heating consumption in the Vilnius office. There are two reasons for this: the office space expanded by 400 m² in 2022 and a large number of the company's employees has returned to work in the office after the end of the quarantine restrictions. In order to assess the amount of GHG emissions in relation to the growth of NARBUTAS, the emissions intensity indicator was calculated, i.e. the annual GHG emissions are compared to the company's economic performance indicators in terms of revenue, production units and the amount of cardboard used for packaging.





GHG emissions in tonnes of CO₂ equivalents

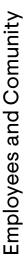
	2020	2021	2022
emissions (Scope 1)	700.4	907.5	1,135.2
G emissions (Scope 2)	23.7	27.0	64.3
missions, tonnes	724.1	934.5	1,199.5
ons in tonnes per €1 million revenue	8.40	8.58	8.40
ons in kilograms per production unit	0.23	0.25	0.30
ons in kilograms per square metre of cardboard used for product	0.15	0.16	0.19





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Measures to reduce CO₂ emissions

We are taking steps towards climate neutrality by adopting annual emission reduction measures:

- We are committed to continuing to use 100% of our electricity from renewable energy sources.
- We replaced 25 company cars with electric vehicles in 2022. The renewal of the company's car fleet with electric vehicles was one of NARBUTAS sustainability goals for this year.*
- The company's fleet of electric vehicles will be further expanded in 2023, with the goal of 100% electric vehicle use at the company in Lithuania.
- We installed electric vehicle charging stations accessible to the public near our factory in Ukmergė in 2022. In this way, we are contributing to improving the country's electric vehicle infrastructure.
- \bigcirc We will calculate Scope 3 CO₂ and other GHG emissions in 2023.
- \bigcirc In 2023 we will set priorities for reducing Scope 3 CO₂ emissions.

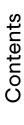


NARBUTAS is one of the first companies in Lithuania to replace its car fleet with electric vehicles.





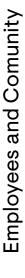
















^{*} Electric vehicles emit fewer GHGs over their lifetime than conventional internal combustion engine cars. For this reason, electric vehicles contribute to reducing Scope 1 GHG emissions. Currently, only 0.46% of cars in Lithuania are electric and NARBUTAS is one of the first companies in the country to replace its car fleet with electric vehicles.

Employees and Community



NARBUTAS main asset is its motivated, professional, and loyal team. All employment decisions are based solely on professional criteria. The company has an active Labour Council that represents employees' interests and defends their professional, economic, and social rights. The Labour Council represents all employee groups in the company equitably.





Conten⁻



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Energy and Emissions

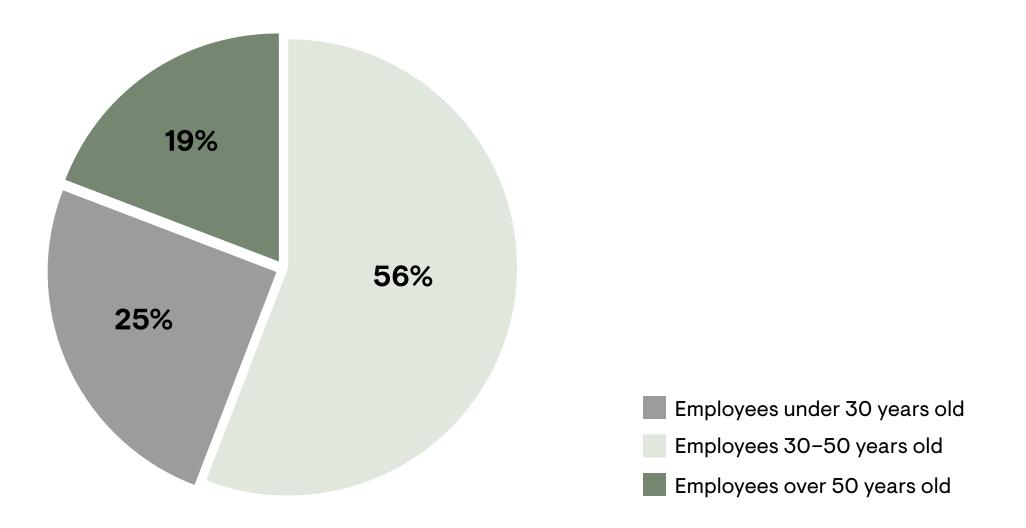
Employees and Comunity





Employee diversity

Distribution of employees by age



The company employs 1,279 people (excluding those on long-term leave) Equality on the basis of age, gender, and other grounds is one of our values reflected both in our daily decisions and in the company's statistics. The company employs 52% men and 48% women, compared to the Lithuanian manufacturing industry average of 57% men and 43% women. The largest group of employees by age category remains the same as in the previous two years, between 30 and 50 years old, accounting for 56% of the employees.



1,279

employees working for the company



52%

are men





of our employees have been with the company for more than 7 years





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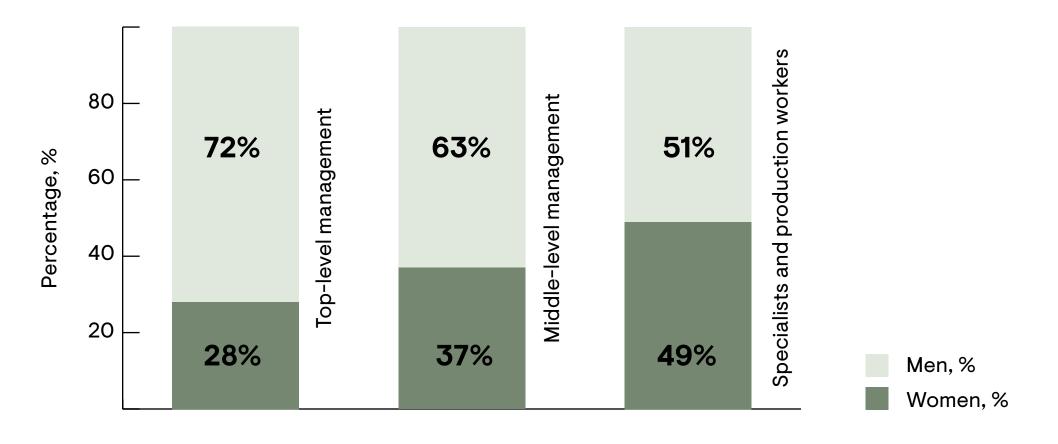
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Employee diversity



Staff gender diversity by position

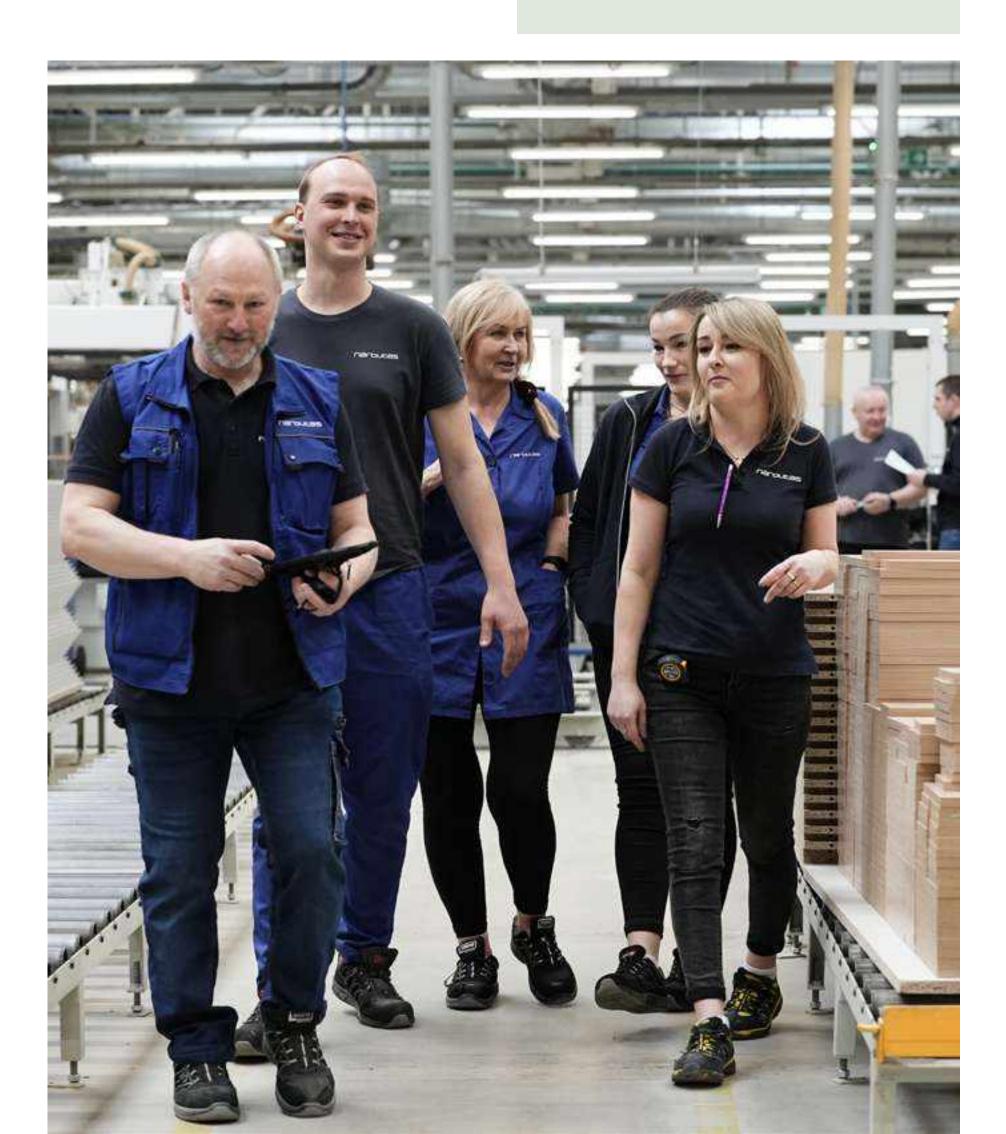
We encourage internal career opportunities, so 55% of our managers are employees who have been with the company for more than 5 years. The gender distribution by position is shown in the graph 'Staff gender diversity by position'. Women make up 28% of top-level management and are paid 2.4% less than men. 37% of middle-level management are women and their salaries are 3.7% lower.

49% of the women work as specialists or production workers and are paid 10.1% less than men. Data on the average salaries by gender from employers with at least 8 employees are publicly available from May 2021 in Lithuania. In 2022, the gap in the non-budget sector was as high as 15.9%, while the national average was 13.6%*. Lithuania currently has a particularly high female employment rate, second only to Sweden in the EU, and a slightly higher gender pay gap than the EU average (13%). Therefore, we can see that the gender pay gap in NARBUTAS is lower than the average in Lithuania or the European Union and this is particularly noticeable in the case of manager salaries.

For other detailed statistics on employee dynamics, see the section "List of GRI Indicators" (GRI 2-7) →

* Data from the Office of the Equal Opportunities Ombudsman.





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Employees' well-being

At NARBUTAS, we firmly believe that an organisation is strong when its people are strong, as productive work is only possible when our people feel well. We value trust, responsibility, integrity, teamwork and a culture of respectful communication. We do not tolerate any form of violence or harassment. To reinforce these values and ensure a safe and healthy organisational climate, we have developed a document entitled 'Policy for the Reduction and Prevention of Tension at Work' in 2022. It encourages employees to share real-life situations they have encountered and recommendations for improving those situations. The company has several channels (email, telephone, and a special form) for contacting the responsible department to solve the problems.

In 2022, we launched a three-year, company-wide employee engagement survey that measures the following indicators: culture of engagement, strategic coherence, motivation and relationship within the team, and meeting expectations. The results show that the company has a relatively high level of employee engagement – 52%. By comparison, the average employee engagement rate in other companies calculated using the same methodology is 40%. The company's divisions developed action plans to strengthen employee engagement based on the results of the survey of 2022.



An employee engagement survey was launched.



A policy for the reduction and prevention of tension at work was developed.







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Employees' well-being



Five priority areas were identified at the enterprise level and actions have been implemented or are planned to improve these areas:

Communication

S In early 2023, the People and S ■ Culture Department will be joined by two new employees in charge of internal communications.

Salary

Staff salaries were reviewed and salary adjustments were made.

Leadership and motivation



Continuing to improve employee engagement in 2023 is one of NARBUTAS annual sustainability goals.

N Training for shift and team managers was conducted. A person will be recruited in early 2023 to be responsible for the development and implementation of the management development strategy.

Teamwork and collaboration

The topic is included in the Q training for managers.

Our values

S NARBUTAS values will be ■ NARBUTAS values will be reviewed in 2023.



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Employees' health



Employees' health and safety is one of NARBUTAS priorities. It is primarily the responsibility of the Occupational Safety, Health and Environment Department, and health and safety representatives are elected in each division. The Labour Council also makes proposals to improve the safety and health status in the company. Employee health data is stored in accordance with the GDPR requirements.

All employees are required to undergo a pre-employment health check based on the occupational risk factors specified by the company. Once hired, they receive safety training (repeated every year) and hazardous work training with practical skills building. Fire safety and first aid training is provided periodically.

We pay particular attention to active incident recording, which is one of the key measures to prevent accidents. An incident under the laws of the Republic of Lithuania is defined as unsafe behaviour, unsafe working conditions, a minor injury or near miss. All factory workers can report an incident by scanning a QR code and filling in a special form. All reported cases are analysed and used as a basis for improving the employees' safety system. Accidents (i.e. incidents that occur at work in during the performance of a job function and result in damage to health, for which a certificate of incapacity to work is issued for at least one working day) are investigated and prevented in the future. There were 30 accidents in the company in 2022, all classified as minor accidents. For 2023, we have set a goal to reduce the number of accidents by 30% compared to 2021. The key measures we will take to reach this goal are to increase employee awareness and management involvement in safety issues, actively record incidents and improve in-factory traffic.

For detailed information on employee safety, see the section "List of GRI Indicators" (GRI 403-5, 403-6, 403-9) →





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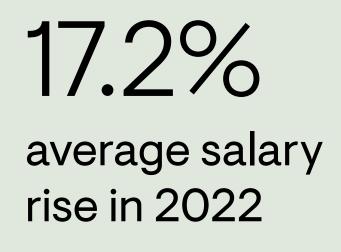
Fair salary

We aim to be a trusted employer with a transparent, fair and motivating reward system. We have set out clear rules on the payment of remuneration, which are accessible to our employees and apply equally to all. The essential criteria on which the reward and incentive system is based are the competence of the employee, the level of responsibility and complexity of the position, the employee's personal achievements and the contribution to the overall performance of the company.

The reward system consists of the following:

- S A basic salary that is calculated according to the publicly published salary system.
- S A variable part of the salary that is paid for good work and the company's performance.







In 2022, the average company salary rose by 17.2% and the highest salary – by 7.7%. The difference between the highest company salary and the average company salary is 5.2 times. This figure has fallen by as much as 12% since 2020.









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Additional benefits for employees





Promoting physical activity

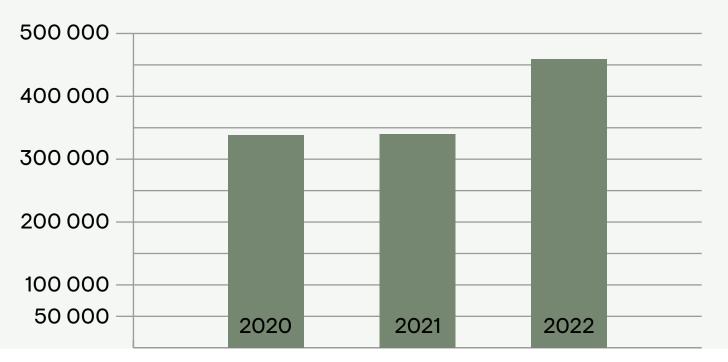
Physical activity is an important factor in maintaining good health and emotional well-being, which is why we encourage and partly fund active and healthy lifestyles of our employees and the citizens and visitors of Ukmergė. We have been an active contributor and participant in the six-round Cross-Country Cup of Ukmergė Factories for eight seasons now. Hiking was added alongside the running and cycling competitions in 2022, thus attracting an even larger number of participants to the event. More than 160 people from NARBUTAS participated in at least one of the rounds in 2022. NARBUTAS employees are also involved in several sports clubs (cycling, running, volleyball, basketball, hiking).

Financial benefits for major life events

events In addition to working together, we also enjoy and support each other in difficult moments by providing financial support for the birth of children, marriage, illness, and death of immediate family members, etc. These financial benefits for our employees amounted to more than €58,000 in 2022.



Amount paid for health insurance, $\ensuremath{\varepsilon}$



Health insurance



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Our supply chain

We choose the raw materials we use in our products and their suppliers very responsibly, because we understand that these choices have a significant impact on the environment around us. To strengthen mutual understanding with our suppliers on sustainability, we updated our Supplier Code of Conduct in 2021. It covers areas such as human rights, business ethics, and environmental protection. 50% of our suppliers had signed a Supplier Code of Conduct by the end of 2022. This process is ongoing and we have set a goal for 2023 to sign a Supplier Code of Conduct with 75% of our suppliers.



75%

of our suppliers signed a Supplier Code of Conduct is a 2023 goal.



of our purchases in 2022 were local.











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We are part of the community

We care deeply about the environment around us and every year we support organisations and initiatives that provide physical and psychological support to vulnerable social groups, foster creativity and learning of the younger generation and encourage them to be physically active. We helped 31 organisations in Lithuania and Ukraine with financial or in-kind support in 2022. We will continue to support socially responsible initiatives in Lithuania and abroad in 2023. On the next page, you will find a list of Lithuanian organisations to which NARBUTAS provided financial or in-kind support in 2022.



€614,671 was allocated for support in 2022.







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Support to organisations

Youth organisations

- S Junior Achievement Lithuania
- S Tulpiakiemis Children Day Care Centre
- S Kaunas Technical Vocational Training Centre
- Engineering Lyceum of Vilnius Gediminas Technical
 University
- Technologies and Business School of Ukmergė
- Naujėnai Gymnasium of Ukmergė District
- Utena Regional Vocational Training Centre
- Alanta Gymnasium of Molėtai District
- 🕟 Ukmergė Antanas Smetona Gymnasium
- 🕟 Ukmergė Dukstyna Primary School
- Aukštaitija Vocational Training Centre
- Preschool of Vilnius City "Bitutė"
- ♥ytautas Magnus University
- Preschool of Ukmergė "Eglutė" Progymnasium of Ukmergė "Šilas"

Community-based organisations

- 🛇 Club "Miško broliai"
- 🛇 Ukmergė Knight's Riflemen
- **W** Ukmerge Region Union of Disabled People
- **W** Ukmergė Culture Centre
- S Rehabilitation Centre "Nugalėtojų akademija"
- S Family and Child Welfare Centre of Vilnius District
- S Lithuanian Paraplegic Association
- 🛇 Ukmergė Animal Shelter "Klajūnas"

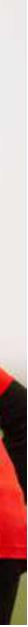






Sports organisations and events

- 🛇 Vilnius Football Club
- S Cross-Country Cup of Ukmerge Factories





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We support Ukraine

NARBUTAS ceased its activities in Russia and Belarus as soon as the war started. We do not accept product orders coming from these countries. No raw materials or components used in our production come from Russia or Belarus, as we have secured reliable, stable sourcing alternatives for raw materials and furniture components from other countries and are continuing with our growth plans. Since the beginning of the war, NARBUTAS has provided a wide range of support to the Ukrainian people and fighters.

Support to Ukraine

- S Blue/Yellow
- Strong Together
- National Bank of Ukraine
- Serhiy Prytula Charitable Foundation
- S Lithuanian Red Cross Society
- S Ukmerge District Municipal Administration



We fully support Ukraine.









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Sustainability goals for 2023

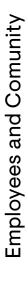


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Sustainability goals for 2023



- O Publish information on the composition of our products and the percentage of recycled content in our products.
- O Prepare disassembly and material sorting instructions for new furniture.
- Introduce two sustainable upholstery collections made from 100% recycled raw materials into our series production.

Obtain FSC Chain of Custody certification.

- Improve our desktop packaging solutions by replacing polypropylene film with hot-melt adhesives.
- Reduce the amount of mixed municipal waste sent to landfill by 60% compared to 2022.
- Reduce the amount of industrial waste sent for energy recovery by 5% compared to 2022.



- Calculate Scope 3 CO₂ and other greenhouse gas (GHG) emissions.
- Install 100% LED lighting in the factory and its outdoor areas for responsible use of electricity.

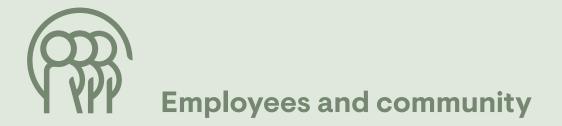
Long-term goal

become a climate-neutral company by 2028.



Energy and emissions

- Reduce CO₂ emissions and



- O Have 75% of our suppliers sign the NARBUTAS Supplier Code of Conduct.
- Reduce accidents by 30% compared to 2022.
- Set up a management development system.
- O Support socially responsible initiatives in Lithuania and abroad.
- Increase employee engagement.
-) Elect sustainability representatives for the company's divisions.

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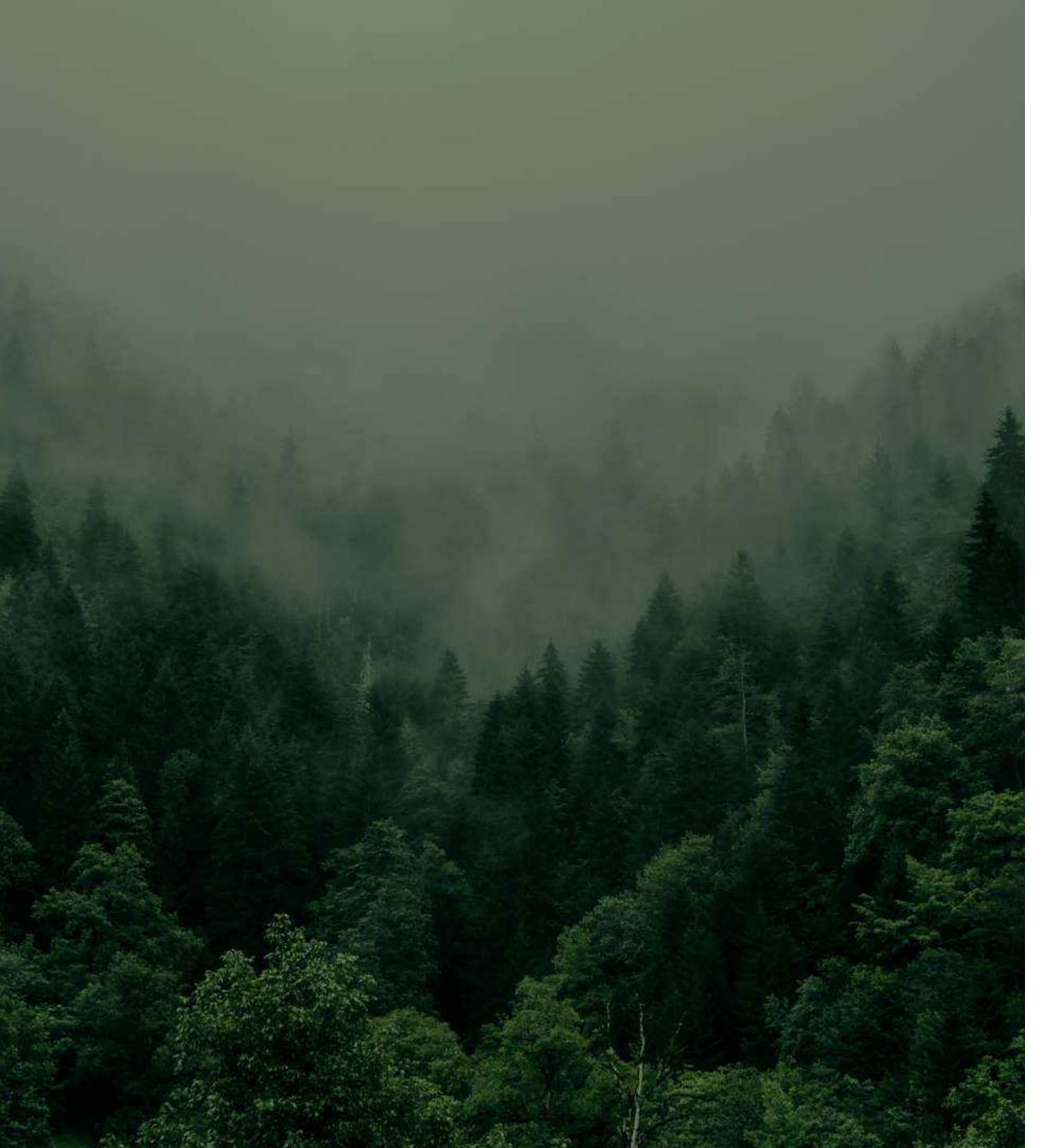
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List of GRI Indicators





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0 dicat





List of GRI indicators

GRI indicator number	GRI indicator name	Notes and refer
1	GRI content index with reference	NARBUTAS has r December 2022
1	Sector-specific GRI Standards	No sector-speci p. 4
2	General Disclosures	
2-1	Organizational details	The company's r
		The short form N
		Factory address
		Headquarters ac
		p. 7
2-2	Entities included in the organization's sustainability reporting	p. 4
2-3	Reporting period, frequency and contact point	p. 4
2-4	Restatements of information	GRI 301-1 has be polyurethane pro
		GRI 306-3 has b
2-5	External assurance	The report was r
2-6	Activities, value chain and other business relationships	pp. 7, 40



erences in the report

s reported the information cited in this GRI content index for the period 1st January 2022 to 31st 22 with reference to the GRI Standards. 4 p.

cific standards were applied.

s name is Narbutas International, UAB (a private limited liability company).

NARBUTAS is used synonymously in the report.

ss: Žiedo g. 14, Ukmergė, Lithuania.

address: Ukmergės g. 308, Vilnius, Lithuania.

been supplemented by the quantities of the following raw materials consumed: solid wood, products manufactured in our factory, cardboard, varnishes, glues, paints.

been supplemented by the quantities of wood waste that was used for in-house energy recovery.

not externally audited.







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GRI indicator number	GRI indicator name	Notes and references in the report				
2-7	Employees	p. 34				
		FTE	1	0,75	0,5	0,25
		Permanent employees	1264	3	3	3
		Temporary employees	6	1	0	0
		Total number of employees	1,279			
		Total number of female employees	608	-		
		Female employees under 30 years old	119	•		
		Female employees 30–50 years old	371	•		
		Female employees over 50 years old	118	_		
		Total number of male employees	671			
		Male employees under 30 years old	197			
		Male employees 30–50 years old	348			
		Male employees over 50 years old	126			
2-21	Annual total compensation ratio	р. 38				
2-22	Statement on sustainable development strategy	pp. 5-6				
2-28	Membership associations	Main memberships of NARBUTAS: Association of Waste Managers and Hold Lithuanian Marketing Association Association of Lithuanian Wood Industry Association of Personnel Management Pr	Companies		diena"	
2-29	Approach to stakeholder engagement	Our stakeholders are the people who infl services. Our key stakeholders are the following: en contractors, public authorities. pp. 40-43				

our activities, products or

nd clients, suppliers and



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lindicators GRI





GRI indicator number	GRI indicator name	Notes and references in the report
3	Material topics	
3-1	Process to determine material topics	pp. 12 -14, 24, 32, 45
3-2	List of material topics	pp. 12 -14, 24, 32, 45
3-3	Management of material topics	pp. 12 -14, 24, 32, 45
201	Economic Performance	
201-1	Direct economic value generated and distributed	p. 9
201-4	Financial assistance received from government	A financial assistance of €94 931 was received from the state in 2022.
203	Indirect Economic Impacts	
203-1	Infrastructure investments and services supported	p. 9
204	Procurement Practices	
204-1	Proportion of spending on local suppliers	p. 40
205	Anti-corruption	
205-3	Confirmed incidents of corruption and actions taken	No cases of corruption have been reported in 2022.
206	Anti-competitive Behavior	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly	No legal infringements were recorded in 2022.
	practices	



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GRI indicators





GRI indicator number	GRI indicator name	Notes and references in the report			
301	Materials				
301-1	Materials used by weight or volume	pp. 17-21			
		Type of raw material	2020	2021	2022
		Board, m2	1,410,506	1,715,458	1,996,249
		Solid wood, kg	108,508	225,648	271,834
		Edging, m	1,817,980	2,706 375	5,900,33
		Furniture fittings, pcs.	11,412,297	13,419,967	13,484,646
		Furniture fittings (profiles), m	64,191	67,898	67,125
		Metal tube, m	1,502,997	1,650,377	2,034,434
		Upholstery fabrics, m	332,048	353,530	386,121
		PET felt, m2	0	2,986	11,900
		Foam, kg	136,830	137,811	158,011
		Polyurethane products, kg	60,955	94,722	115,464
		Adhesives, kg	84,595	111,242	107,883
		Varnishes, L	10,654	16,229	16,896
		Paints, kg	83,991	84,017	82,667
		Cardboard, m2	4,944,552	5,777,866	6,210,311
301-2	Recycled input materials used	pp. 17-21			
302	Energy				
302-1	Energy consumption within the organization	рр. 25-28			
302-4	Reduction of energy consumption	рр. 25-28			



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GRI indicators





GRI indicator number	GRI indicator name	Notes and refer
305	Emissions	
305-1	Direct (Scope 1) GHG emissions	рр. 29-30
		The methodolog
		CO ₂ is the most are also included equivalents – a u
		Scope 1 refers to that are within its Scope 2 covers figure in the com purchases. The l
		Scope 3 covers their transport, u
705.0		nn 00 70
305-2	Energy indirect (Scope 2) GHG emissions	pp. 29-30
305-5	Reduction of GHG emissions	р. 31 р.
306	Effluents and Waste	
306-1	Waste generation and significant waste-related impacts	pp. 21-23
306-2	Management of significant waste-related impacts	pp. 21-23, 45

ogy for calculating GHG emissions is based on the Greenhouse Gas Protocol.

st important of the greenhouse gases; other gases such as methane (CH_4) and nitrous oxide (N_2O) led in the calculations. The final figure is given in CO_2 equivalents when summarising the data. CO_2 a unit of measurement for greenhouse gases (CO_2 , CH_4 , N_2O) based on global warming potential.

to direct emissions. It covers GHG emissions directly attributable to the company's activities its control, e.g. company-owned transport and equipment used in the production of products. rs indirect GHG emissions from off-site production of electricity or heat used by the company. The ompany's GHG emissions table is based on the market-based method, i.e. based on actual energy e location-based method would result in GHG emissions of 258.8 tonnes of CO₂ equivalents.

rs GHG emissions from the value chain, i.e. from the manufacturing of raw materials for products, t, use, etc.



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GRI indicator number	GRI indicator name	Notes and references in the report				
306-3	Waste generated	pp. 21-22				
		– – – – – – – – – –		0001		
		Type of waste/amount in tonnes	2020	2021	2022	
		Wood waste (sent to waste management companies)	3,969	3,717	4,836	
		Wood waste (used for energy recovery in the factory, tonnes are calculated based on the amount of energy recovered)	838	1,049	910	
		Total wood waste	4,807	4,766	5,746	
		Paper and cardboard waste	575	697	867	
		Metal waste	310	334	632	
		Plastic waste	167	169	102	
		Hazardous waste	69	82	100	
		Mixed municipal waste	36	36	71	
		Waste not otherwise specified (foam, PET felt, upholstery fabrics, etc.)	46	185	257	
		Total waste	6,010	6,269	7,775	
306-4	Waste diverted from disposal	pp. 21-23 Type of waste	Waste,	+	Recycled waste, t	Disposed waste, t*
		Wood waste (sent to a waste manager)	4,836	<u> </u>	0	4,836
		Wood waste (used for energy recovery in the factory, tonnes are calculated based on the amount of energy recovered)	910		0	910
		Total wood waste	5,746		0	5,746
		Paper and cardboard waste	867		867	0
		Metal waste	632		632	0
		Plastic waste	102		102	0
		Hazardous waste	100		0	100
		Mixed municipal waste	71		0	71
		Waste not otherwise specified (foam, PET felt, upholstery fabrics, etc.)	257		0	
		Total waste	7,775		1,601	6,174
		* Sent to landfills or incinerated with energy recovery.				



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GRI indicators





GRI indicator number	GRI indicator name	Notes and references in the report		
306-5	Waste directed to disposal	pp. 21-23		
		Type of waste	Waste, t	
		Hazardous waste	100	
		Reuse	0	
		Recycling	0	
		Incineration with energy recovery	100	
		Landfilling	0	
		Non-hazardous waste	6,765	
		Reuse	0	
		Recycling	6,437	
		Incineration with energy recovery	257	
		Landfilling	71	
401-1	New employee hires and employee turnover	рр. 33-34		
		Total number of newly hired employees	433	To
		Total number of newly hired women	172	То
		Newly hired women under 30 years old	55	Re
		Newly hired women 30–50 years old	86	Re
		Newly hired women over 50 years old	31	Re
		Total number of newly hired men	261	То
		Newly hired men under 30 years old	127	Re
		Newly hired men 30-50 years old	95	Re
		Newly hired men over 50 years old	39	Re
		Total number of employees at the end of the yea	r 1,279	

Total number of resigned/dismissed employees	410
Total number of resigned/dismissed female employees	
Resigned/dismissed female employees under 30 years old	48
Resigned/dismissed female employees 30–50 years old	46
Resigned/dismissed female employees over 50 years old	19
Total number of resigned/dismissed male employees	
Resigned/dismissed male employees under 30 years old	147
Resigned/dismissed male employees 30–50 years old	113
Resigned/dismissed male employees over 50 years old	37



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GRI indicators





GRI indicator number	GRI indicator name	Notes and references in the report
401-3	Parental leave	Male employees who took parental leave1Female employees who took parental leave17Male employees returned after parental leave1Female employees returned after parental leave16
403	Occupational Health and Safety	
403-1	Occupational health and safety management system	p. 37
		At national level, the occupational health and safety system is regul of Lithuania and the Law of the Republic of Lithuania on Safety and occupational health and safety system is regulated by the following Hazardous work training; Occupational risk assessment documenta check-up; Internal procedures: internal traffic procedures, safety sig etc.
403-2	Grėsmių identifikavimas, rizikos valdymas, nelaimingų atvejų tyrimas	p. 37 An occupational risk assessment assesses the following factors: physical, psychosocial. Risk factors are managed by collective (ven extraction systems) and personal (hearing and respiratory protection rotational working and special breaks. Incidents are investigated us
403-3	Occupational health services	p. 37
403-4	Worker participation, consultation, and communication on occupational health and safety	рр. 35, 37
403-5	Worker training on occupational health and safety	p. 37 The company carries out the following occupational health and safe working in noise, working with chemicals, fire safety, working at heig electric trolleys and platform trucks; occupational health and safety trainings are free of charge and take place during working hours. A test or written questions) is carried out after all the training session

gulated by the Labour Code of the Republic nd Health at Work. At the enterprise level, the ing: Occupational health and safety instructions; ntation; Pre-employment occupational health signs, issue of personal protective equipment,

physical, biological, chemical, ergonomic, ventilation, air-conditioning, dust and fume ction, protective work clothing) equipment, using the PDCA (Plan, Do, Check, Act) method.

safety training: first aid training; manual handling, neight, working with electric forklift trucks, fety training for team managers. All of these A knowledge check (in the form of a written ons.



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indicators GRI





GRI indicator number	GRI indicator name	Notes and refer
403-6	Promotion of worker health	p. 39
403-9	Work-related injuries	There were 1,793 in 2022. The thre accidents. There
405	Diversity and Equal Opportunity	
405-1	Diversity of governance bodies and employees	pp. 33-34
405-2	Ratio of basic salary and remuneration of women to men	р. 38
406	Non-discrimination	
406-1	Incidents of discrimination and corrective actions taken	р. 36
414	Supplier Social Assessment	
414-1	New suppliers that were screened using social criteria	p. 40
414-2	Negative social impacts in the supply chain and actions taken	p. 40
416	Customer Health and Safety	
416-1	Assessment of the health and safety impacts of product and service categories	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	We did not recei product safety ir
417	Marketing and Labelling	
417-2	Incidents of non-compliance concerning product and service information and labelling	The company re infringements in
417-3	Incidents of non-compliance concerning marketing communications	The company re infringements in
418	Customer Privacy	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	The company re

93,560 hours of work and 30 accidents (the ratio is 0.02) occurred at the production facilities nree main types of accident are a wound, contusion and sprain. There were no serious or fatal re were no incidents involving the factory's visitors or contractors during the year.

ceive any warnings or financial penalties for product quality defects or non-compliance in terms of y in 2022.

received no warnings or financial penalties for mislabelling, misleading advertising or competition in 2022.

received no warnings or financial penalties for mislabelling, misleading advertising or competition in 2022.

received no complaints of breaches of customer data privacy in 2022.





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