



# Modern Slavery & Human Trafficking statement for Nobia AB

## Statement for financial year 2017

This statement has been developed in accordance with the Modern Slavery Act 2015 and sets out Nobia Group's commitment and actions to understand and, as far as possible, prevent the risk of modern slavery and human trafficking taking place anywhere in our operations or supply chains.

Modern slavery is a crime that encompasses slavery, servitude, forced labour and human trafficking'. Modern slavery has no place in our business or supply chains and Nobia Group has a zero-tolerance approach to Modern Slavery and welcomes the requirements of Section 54 of the UK Modern Slavery Act.

We acknowledge the risk of forced labour occurring in global supply chains and understand that Modern Slavery risk is not static, hence we will continue to develop and strengthen our practices to protect people from unlawful and immoral practices. We are strongly committed to playing our part in eradicating modern slavery.

### **Our business**

Nobia is a leading European kitchen provider and its operations span from development and manufacturing to distribution and sales. Kitchen solutions are sold under some fifteen brands as well as under private labels. Nobia has production facilities in several European countries, where the kitchens are manufactured and assembled. Sales to private individuals are conducted through own stores and a network of franchise stores and retailers. Nobia's products are also sold to professional players such as construction companies and property developers. Our supply chain is global.

Nobia is organized so that the first stages of the value chain; product development, sourcing, production and logistics have Group-wide management functions. The group wide structure enable capitalization on scale and the possibility to a harmonized and structured approach to risk assessment and due diligence.

Our production facilities are in the Nordics, UK and in Central Europe. In total Nobia has around 6,000 employees, of which about half work in administration and sales and half in production and logistics. Nobia mainly has permanent employees, with only around 1 percent of employees being temporarily employed.



Nobia has around 560 suppliers in its supply chain, of which the great majority are based in Europe. The core components of the products, such as chipboard, MDF, paint, hinges, drawer units, edging and worktops, are supplied by European companies. Product categories manufactured in Asia include screws, some interior fittings and LED lighting, and these products are purchased principally via European wholesalers based on detailed product descriptions that include EU requirements and local regulations. Our supply chain extends across different markets. To govern this environment, we have a policy framework and processes to support our ambition to promote business ethics, respect for human rights, and the environment in our supply chains.

We understand that our biggest exposure to Modern Slavery is in our supplier's operation, hence, we are taking several steps to mitigate the risk of modern slavery in our supply chain. Centralised sourcing provides Nobia with the opportunity to apply a structured work method in terms of setting requirements, and monitoring and developing suppliers' work.

### **Our policy framework**

Corporate responsibility and corporate sustainability is anchored in Nobia's corporate culture and is underpinned by a policy framework:

- Code of Conduct; our Code of Conduct govern all business and operations and is based on the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD guidelines for multinational enterprises.
- Supplier code of conduct; our supplier code of conduct is a binding part of our supplier agreement and regulates and govern Nobia's requirements on suppliers with regards to labour conditions, human rights, business ethics, environmental performance etc.
- Sustainability strategy; our sustainability strategy is our roadmap with four long term focus areas. One focus area is responsible sourcing.

### **Our way of working**

#### **Sustainability and social responsibility integrated in to business and operations**

Sustainability is an integrated part of our business and all our employees have a responsibility to contribute to our sustainability agenda, which covers human rights, labour conditions, environmental issues, climate change and anticorruption, and extends beyond our direct business. Our commitment has been implemented in our policy framework and working methods. At group level, we have a central sustainability function and on each home market we have people responsible for sustainability related issues.

#### **Supplier sustainability program**

As part of the monitoring of suppliers we have developed a new Supplier Approval Form (SAF) that determines the risk status of a supplier. Using this risk approach, high-risk suppliers are



identified, reviewed and where necessary audited in depth. Our scoring system is based on algorithms to make the supplier approval process more objective. The SAF is an extensive risk assessment evaluating primary suppliers and secondary suppliers with regards to, among other things, modern slavery.

Purchased materials and components are carefully specified and suppliers are risk assessed, inspected and evaluated in accordance with our guidelines on the environment, work environment, human rights and business ethics. There is a specific department responsible for supplier evaluations within Nobia's sourcing organisation.

We know that auditing our suppliers helps to bring accountability and deliver credibility to the supply chain by helping us to understand the overall direction of improvement. However, we understand that audits are not an end in themselves, providing only a snapshot in time, and work best as part of a broader approach to engagement, collaboration and continuous improvement. We therefore strive to proactively and ongoing engage with our suppliers on sustainability issues.

#### **Training, awareness raising and competence development**

We provide employees with regular Code of Conduct training, both online and face-to-face, designed to address key risks and user needs. Corporate leaders, such as our management teams, also receive training. Apart from our Code of Conduct workshops and training, sustainability trainings, including human rights training, are developed and carried out.

#### **Grievance channel for employees**

We offer an anonymous communication tool to our employees to raise issues and concerns related to our Code of Conduct in a simple manner. We monitor the number and type of employment-related grievances received each year. This allows us to gain a better understanding of which issues are being raised, where they are being raised and how issues are being resolved to help prevent the need for further grievances to be raised.

#### **Grievance channel for suppliers**

We wish to advocate business ethics, taking responsibility, and transparency throughout our supplier chain. That is why we have implemented an anonymous communications tool for reporting behaviour that violates our Code of Conduct for Suppliers. Our Supplier Code of Conduct regulates and governs Nobia's requirements for suppliers about working conditions, human rights, business ethics, environmental performance, and so on. Our suppliers in turn should pass on these expectations to their suppliers, to ensure observance throughout the supply chain. Through the new communications tool, suppliers can report any irregularities, completely anonymously, and there are internal structures for managing cases.

#### **Mergers and acquisitions**

New business activities such as mergers and acquisitions or country and market expansion can carry additional risks which require increased focus. In mergers and acquisitions, for example, we ensure that our due diligence process looks at issues such as employment contract status of



all the workforce and any ongoing disputes or issues. In some circumstances, we address concerns by commissioning an expert review and investigation.

### **Follow up and reporting**

We monitor compliance with and results of our sustainability framework both annually and on a continual basis. Through our annual reporting, we follow up on and communicate the results of our commitments in social, economic, and ecological sustainability annually. During the end of 2017 Nobia joined the UN Global Compact and is annually communicating its progress within the field of the 10 principles of the UN Global Compact. We also continuously monitor compliance with our Code of Conduct and Supplier code of conduct through our reporting channels of rules violations.

### **Next step**

No one company or sector can successfully address these issues alone. That is why we will continue to work with our business partners and other stakeholders to promote responsible business practices and the respect for human rights.

This statement was approved by the Board of Directors of Nobia AB in April 2018.

Signed



Morten Falkenberg, President and CEO