

# GUBI

## ESG REPORT

2021



3	INTRODUCTION
	CEO letter
4	Company Profile
7	GUBI Mission Statement
8	GUBI + Axcel: A Responsible Partnership
11	2021 Progress Report
12	GUBI: PART OF A GLOBAL MOVEMENT FOR POSITIVE CHANGE
16	2021 ESG REPORT
	Introduction
17	Environmental Report
26	Social Report
33	Governance Report
34	TCFD Report
37	CONCLUSION

## CEO LETTER

Founded back in 1967, GUBI is a company with a long history of creating beautiful and inspiring products. We can be proud that, throughout the world, the name GUBI is synonymous with timeless, visionary design, and high-quality craftsmanship.

Though we are a relatively small company, we are truly global in the way that we do business. From the places where we source raw materials, to the communities where our products are hand-crafted and assembled, to the more than 80 countries where our beautiful designs are sold, GUBI is making an impact on the world today. Operating in this way – across borders and in many different countries (each with its own laws and legislation) – means that it is crucial for each of us to work in a responsible way.

While we are very proud of our company history and the rich design heritage here at GUBI, we are equally excited about the inspired and innovative work we are doing today. Doing business in a more fair, ethical, and sustainable manner means thinking in creative new ways and taking real, practical steps towards better practices. It means taking a stand on principles and carefully considering – each and every day –

how what we do impacts people and the planet. The challenges of today and tomorrow are very real, and the consequences of inaction are dire.

But, I believe that the extraordinary individuals that make up the GUBI family are more than ready to overcome the challenges associated with doing business better in the 21st century because we truly believe that together – and only together – will we be able to make a positive and lasting impact that will inspire future generations.

In the pages that follow we have outlined GUBI's new ESG strategy which is inspired by the United Nations' 17 Sustainable Development Goals (SDGs).

Best regards,



Klaus Høeg-Hagensen  
Chief Executive Officer

## COMPANY PROFILE

GUBI is a design house renowned for designing, developing and marketing a daring and elegant collection of furniture, lighting and interior objects that resonate across the globe. Its signature pieces evoke emotion and tell meaningful stories that make them both timeless and enduring. GUBI brings forgotten icons of the past together with tomorrow's classics. The result is a visionary collection that spans almost 100 years of history and is sold all over the world.

Based in Copenhagen's docklands, GUBI HQ spans a 2,000-square-metre space in a former tobacco factory, renovated into an expansive, modern loft showroom. The GUBI Flagship Store is a 400-square-metre visual design universe located in the heart of Copenhagen's shopping district. Both locations are carefully curated and provide an atypical, colorful, and evocative backdrop for the mainstay of GUBI's Collection. Robert Dudley Best's Bauhaus-inspired Bestlite Lamp, originally designed in

1930, sits comfortably alongside GamFratesi's iconic 2013 Beetle Chair. The GUBI 3D Chair – designed in collaboration with Komplot Design in 2003, the first of its kind to use three-dimensional veneering technology, and now part of MoMA's permanent collection – complements future design icons such as GamFratesi's Epic Collection and Space Copenhagen's Stay Collection.

Founded by his parents in 1967 – the year that the current owner and creative director, Jacob Gubi, was born – GUBI originally focused on producing the family's own furniture designs and trading textiles within the retail sector. Over the years, Jacob Gubi's creative vision and courageous intuition has led GUBI to its current position in the global design scene, with a handpicked edit of high-quality furniture from all over the world, emerging from collaborations with archives and esteemed contemporary designers.





*Introduction*

## GUBI MISSION STATEMENT

*At GUBI, we aspire to challenge the status quo in everything we do. By nurturing a company-wide culture of respect, inclusion, and excellence, we are creating thoughtful, iconic design objects imbued with meaningful stories and crafted to last a lifetime.*

*Our belief in an honest and socially-conscious approach shapes the decisions we make every day, manifesting itself in a flourishing workplace and the highest quality craftsmanship.*

*Introduction*

## GUBI + AXCEL: A RESPONSIBLE PARTNERSHIP

GUBI is partly owned by the private equity firm Axcel, a leading Nordic private equity investor. Axcel has a long-standing commitment to sustainability and responsible investment practices. They have been signatories to the UN Global Compact since 2010 and committed to the Principles for Responsible Investment (PRI) in 2014.

Axcel develops strong companies in a responsible way. It is their ambition to ensure that its companies have the required foundation for long-term sustainable growth. Axcel believes that companies need to act responsibly to maintain their license to operate and mitigate

risks, and also, that effective ESG management enables companies to capture new opportunities and secure competitive advantage. Axcel sets requirements for all its companies including committing to the UN Global Compact and developing and implementing ESG related policies, procedures, strategies, KPIs, and reporting.

**AXCEL**





## 2021 PROGRESS REPORT

GUBI is proud to be part of the UN Global Compact, which we joined in 2019. We are committed to the Compact's Ten Principles for responsible business operations within human rights, labor, environment and anti-corruption.

Oversight of our work with ESG (Environmental, Social, and Governance) is anchored in our Board. Our executive leadership is responsible for ensuring the ESG strategy is implemented via our ESG committee.

Over the past year, our internal ESG committee has taken several important steps towards enhancing our ESG strategy and clarifying our goals for the future. This year's report is structured based on our learnings over the last year, with a defined focus on the three central factors of ESG.

Since last year we have taken a number of positive steps forward in the areas of impact assessment and team management. These highlights include:

1. Shifting from CSR (Corporate Social Responsibility) to ESG (Environmental Social Governance), an upgrade which provides a framework for better transparency and tangible, quantifiable efforts to be embedded into our core business strategy.

2. Establishing a new, expanded internal ESG Committee, consisting of six members, two of which are new this year and one of which is a legal advisor. This team has been tasked with clear goals and specific timelines and has conducted between 8-10 meetings in the last year. In addition to our internal team, GUBI has also contracted an external CSR consultant, who is assisting us with the FSC-certification process and product life cycle assessments (LCAs). Also, GUBI regularly works in close cooperation with Axcel's in-house sustainability expert.

3. The Board of Directors has recently approved our updated ESG strategy including our first ESG impact assessment, which considers the relevant risks and opportunities. The main conclusions from the ESG strategy are outlined later in this report.

4. Together with Axcel, GUBI has taken the first steps toward implementing the TCFD recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)<sup>1</sup>. Two scenarios for climate changes have been developed. One important finding is that GUBI is exposed to climate change risks and opportunities.

5. Creation and implementation of an expanded, company-wide Code of Conduct that builds upon our previous – simpler and less defined – GUBI Code of Conduct.

---

<sup>1</sup> In 2020 the Principles for Responsible Investment made reporting on the Task Force on Climate-Related Financial Disclosures (TCFD) mandatory for signatories.

GUBI:

## PART OF A GLOBAL MOVEMENT FOR POSITIVE CHANGE

### MAKING GLOBAL GOALS LOCAL BUSINESS

GUBI's new ESG strategy is inspired by the United Nations' 17 Sustainable Development Goals (SDGs) and is directly informed by the Ten Principles of the UN Global Compact (UNGC). In addition to these two UN initiatives, GUBI – along with our owner, Axcel – is also obliged to report to the Task Force on Climate-related Disclosures (TCFD), a global effort to improve and increase the reporting of climate-related financial information. These important initiatives are at the heart of our ESG strategy and have informed our decision making throughout.

Responsible Consumption and Production has also inspired our investment in carrying out Life Cycle Assessments (LCAs) on our products, becoming FSC-certified, and striving to be an active, positive influencer within the design industry.



### UN SUSTAINABLE DEVELOPMENT GOALS

The two UN Sustainable Development Goals that we have chosen to focus on for the foundation of our ESG strategy are SDG #8 (Decent Work and Economic Growth), and SDG #12 (Responsible Consumption and Production).

The original language of UN SDG #8 (Decent Work and Economic Growth) has directly informed both our Social and Governance standards and strategies. Because we want GUBI to be a great place to work, we have updated and expanded our company-wide Code of Conduct, have put new fair competition policies into place, and are continually working to improve compliance and transparency in all areas of our business.

The original language of UN SDG #12 (Responsible Consumption and Production) has directly informed our Environment standards and strategies. The vision of SDG #12 aligns perfectly with our mission of 'creating thoughtful, iconic design ... to last a lifetime.' This guide for

### THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

Additionally, the Ten Principles of the UNGC has directly inspired the development of the new GUBI Code of Conduct.

The multi-year strategy of the UN Global Compact is to drive business awareness and action in support of achieving the Sustainable Development Goals of 2013.

About the Ten Principles: *'Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of*

*integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.'*

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

The Ten Principles of the UNGC provide ethical guidance for four key areas of principles-based approach to doing business: Human Rights, Labor, The Environment, and Anti-Corruption.

#### Human Rights:

Principles 1 – 2: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.

#### Labor:

Principles 3 – 6: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

#### The Environment:

Principles 7 – 9: Businesses should support a precautionary approach to environmental

challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption:

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

### TASK FORCE ON CLIMATE- RELATED DISCLOSURES

Participation in the TCFD – a global initiative – is the newest sustainability-related commitment made by GUBI, through our owner, Axcel.<sup>2</sup>

About TCFD: *'The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world.'*<sup>3</sup>

TCFD asks companies to make disclosures across four areas related to climate-related risks and opportunities. The four areas are (1) governance, (2) strategy, (3) risk management, and (4) metrics and targets.

See below for more on GUBI's TCFD-related aspirations and achievements.

<sup>2</sup> Axcel is a signatory to PRI (Principles for Responsible Investment) and in 2020 the PRI made reporting on the Task Force on Climate-Related Financial Disclosure (TCFD) mandatory for all signatories.

<sup>3</sup> TCFD text from [www.fsb-tcfd.org](http://www.fsb-tcfd.org).



*'At its heart, the [United Nations'] 17 Sustainable Development Goals (SDGs) are an urgent call for action by all countries – developed and developing – in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.'*

*'The SDGs build on decades of work by countries and the UN, including the UN Department of Economic and Social Affairs.'*



## INTRODUCTION

The pages that follow are a summation of our company ambitions, recent achievements, and future targets in the areas of environmental care, positive social culture, responsible corporate governance, and climate related risks and opportunities.

Each section highlights our growth and progress in a given area and features a relevant case study that illustrates our commitment to high ethical standards and the promotion of sustainable business practices around the globe.

## ENVIRONMENTAL REPORT

### ENVIRONMENTAL AMBITIONS

GUBI is dedicated to protecting the environment while we continue to create iconic design objects to last a lifetime. We bring this mission to life through our business, aiming to deeply integrate sustainability into our design process. We aspire to be fully compliant and transparent in our business, and we are committed to calculating our CO2e footprint so that, over time, we can continue to reduce our carbon footprint. Ultimately, our aim is to comply – if at all possible – with the Danish government's ambition of a 70% cut in CO2 emission before 2030. The next step toward this ambitious goal is to establish a more complete understanding of our CO2 emissions and then to create measurable strategies and commitments based on this data.

Establishing a better understanding means we must measure our most significant impacts on the environment in order to build a more responsible and circular approach to the use of resources. We pledge to offer more environmentally friendly products, promote our range of sustainable products with integrity, and over time disclose our impact on the environment. We also strive to actively encourage the development of environmentally friendly technologies and embed these in our designs where possible. Beyond our business, we seek to take a proactive role as an influencer of industries acting as sub-suppliers to the GUBI value chain.

*We aspire to be fully compliant and transparent in our business, and we are committed to calculating our CO2e footprint so that, over time, we can continue to reduce our carbon footprint.*

At GUBI we have a dual role, both within our business and as an influencer. In the main realms of design, energy consumption, raw materials, product development and gathering information, we are purposefully gaining knowledge and creating a clear strategy in order to implement changes directly. As an influencer, with regards to packaging, research and innovation, recycling and transportation, we will actively request more sustainable options where possible and influence our suppliers and other third-party collaborators to do the same.

## FOCUS AREAS



- GUBI Main topics
- GUBI as an influencer

## ENVIRONMENTAL ACHIEVEMENTS

Our environmental achievements to date include a range of measures and information gathering, such as:

- We have expanded our knowledge in order to respond accordingly in tangible, measurable ways. The data we gather ensures a transparent, open approach with real, positive impact.
- We have calculated our CO2e scope 1 and 2 footprint for the first time (see table):

KPI	CO2e, scope 1	CO2e, scope 2
2020	58,9	54,6
UNIT	Metric tons	Metric tons
EXPLANATION	Direct emissions resulting from the company's own combustion of fuels and materials	Indirect emissions resulting from the energy used to produce electricity, district heating, or district cooling, which the company has purchased for its use.

- The majority of the light sources at our head office and associated warehouse have been replaced with LED. In addition, control of all light has been implemented to reduce overall consumption and thereby emission.
- We have kickstarted the process of becoming FSC certified before the end of 2021.
- We have begun to make Life Cycle Assessments of our products, in order to gather the information we need to improve our sustainability.

## UTILIZING MÅLBAR CO2 EMISSIONS CALCULATOR

This year, we have invested in Målbar, a software that calculates CO2 emissions based on a Life Cycle Assessment. Using this software allows us to gain greater knowledge of our footprint and helps us to focus and prioritize. This software's 'Level 1' calculations have already given us valuable insights into where we can improve. We made it our first priority to get an overview of our core classics, starting with the Beetle and Multi-Lite ranges.

Before setting out our findings, we must note there are some challenges associated with the LCA calculations. Comparisons with other products on the market are difficult to make due to lack of data – currently all companies making calculations have to must partly rely on assumptions since there is not full data transparency, and still very limited data available on certain materials. In addition, the LCA calculations in this case focus on CO2 emission only, which does not give the fullest picture possible. The lifetime of a product is set at 15 years in these calculations, whereas GUBI aims for products that last a lifetime.

With the results mined from the Målbar CO2 Emissions Calculator, we are gaining a clearer understanding of how our products and processes impact the environment. This knowledge is helping us to better understand the specific consequences of each material choice we make for each of our products. This understanding is also helping us to set realistic targets for reducing the CO2 emissions resulting from our work.

## ENVIRONMENTAL CASE STUDY: BEETLE CHAIR LCA (LIFE CYCLE ASSESSMENT)

### About the Beetle Chair

With its striking, organic form, remarkable comfort and endless configurations, it took less than a decade for Danish Italian duo GamFratesi's Beetle Dining Chair to become a genuine design classic.

The Beetle Chair's durable outer shell is a continuous, curved form, reminiscent of the strong and graceful contours of the insect that inspired it. Despite its robustness, it is designed

to gently flex, providing comfort even after prolonged sitting, making it ideal for dining and meetings. Sleek and elegant conical metal legs add an overall lightness to the design, accentuating the 'beetle' aesthetic.

Simplicity of shape makes the Beetle Chair ideal for variation and customization. It can be fully upholstered, with a vast array of fabrics to choose from. It is also possible to upholster just the seat, or the front, revealing the subtly-textured matte plastic shell at the back. With so many possible combinations, there is a Beetle for every occasion, whether at home, work or in hospitality settings.



## Assessing the Beetle Life Cycle and Environmental Impacts

In doing this life cycle assessment, we set out to gain greater knowledge and insight into underlying drivers in order to reduce our CO2 emission. We realized it was crucial to include sales volume in this assessment, as only looking at material CO2 emission would not give an accurate indication of environmental impact. For example, products that have a lower footprint at a product level might have a much higher impact if they are bestsellers.

We learned a number of key points in relation to materials that will help us to make significant improvements. These discoveries include:

- Upholstery (especially leather) causes a clear increase in CO2 emission. We can make a notable impact with an upholstery strategy that favors more sustainable materials. For example, we discovered our wool boucle has a higher impact than our velvet upholstery.
- We assessed the impact of our bestseller Beetle Dining Chair in different iterations, calculating the footprint of each variant<sup>4</sup>:

1. Fully Upholstered (leather): approximately 230 kg CO2e (equals an average of driving 1,068 km by car or eating 21.9 red steaks (pcs. 300 gram)).

2. Fully Upholstered (textile): approximately 75 kg Co2e (equals an average of driving 350 km by car or eating 7.2 red steaks (pcs. 300 gram)).

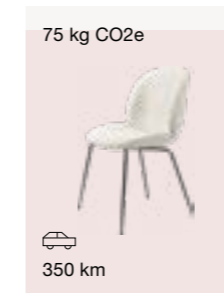
3. Un-upholstered (plastic shell): approximately 25 kg CO2e (equals an average of 118 km by car or 2.4 red steaks (pcs. 300 gram)).

- Using the information available from the Beetle and Multi Lite Pendant ranges, GUBI's yearly CO2 emission is currently estimated at between 7,4-9,4m kg depending on average CO2 pr. product (56 or 70 kg).
- Our bestsellers (Beetle Dining Chair – Fully Upholstered and Multi-Lite Pendant) are expected to account for approximately 20% of GUBI's total CO2 emission.

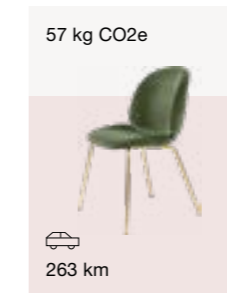
NOTE: This preliminary data is our first attempt at calculating the impact of our products and processes. As we refine our study and gain more exact insights, we expect to develop a greater, more detailed understanding of CO2 impact.

## Beetle Fully Upholstered

Wool / Conic Base



Velvet / Conic Base



Velvet / Wooden Base

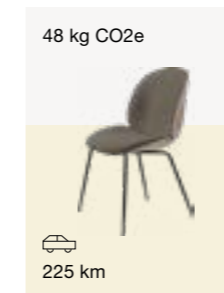


Leather / Wooden Base



## Beetle Front Upholstered

Conic Base



## Beetle Seat Upholstered

Conic Base



## Beetle Un-upholstered

Conic Base



Wooden Base



Plastic Base



<sup>4</sup> All data from calculations based on the Målbar methodology.



## FUTURE ENVIRONMENTAL TARGETS

Moving forward, we will need to go further, by calculating our total CO2 footprint, including scope 3, at the product level. By the end of 2021, we will have a baseline of our total CO2 emission, both direct and indirect – we expect that the vast majority of emissions will come from product suppliers and carriers.

*Part of our commitment includes taking our responsibility as an influencer seriously.*

In addition, we intend to create a clear overview and define our focus on sustainability. We will

create an internal benchmark, and embed the LCA calculations in the development process, using them as a guide in our decision-making and as a means of comparing alternatives. We will set our CO2 reduction target with the information we have gathered from LCA – for example, by investigating more sustainable upholstery textiles to reduce our impact. In addition, we will ensure all company cars are hybrid rather than purely gasoline or diesel.

Part of our commitment includes taking our responsibility as an influencer seriously. That crucial role includes championing greater sustainability in the realms of packaging, transportation and recycling of materials, using fewer materials to ease disassembly, and sustainable and certified raw materials. We pledge to take responsibility and share our knowledge and insight by educating all stakeholders and driving socially conscious behavior both within our business and with our partners.

## SOCIAL REPORT

### SOCIAL AMBITIONS

At GUBI we aspire to foster a positive and nurturing environment where GUBI employees' skills and creativity can thrive in a safe, stable, fair and inclusive workplace.

KPI	2020	UNIT
Full-Time Workforce	86	Full Time Equivalents (FTEs)
Gender diversity %	52%	%
Gender Diversity management %	50%	%
Gender Diversity board %	0%	%
Sickness Absence Days per FTE	8,5	Days per FTE
Rate of recordable work-related injuries	0	Number
Engagement score	22/7,6	eNPS
Participating rate	91%	%

### SOCIAL ACHIEVEMENTS

In order to assist us in our drive towards a thriving company culture, we conducted a detailed internal work environment study. The major findings in this study have enabled us to make a number of considerable improvements. These include:

- Offering all employees an ergonomic review of their workspace, both at the office and at home. All employees have been offered additional screens, headsets, and the option to buy tables, chairs and lamps at affordable prices.
- Our headquarters have been reviewed and improved with respect to lighting and noise levels, and an increased number of meeting rooms have been established.

- We have upgraded our GUBI working environment group, which now meets bimonthly.
- We are developing Job Descriptions for the majority of our employees that allow for greater company-wide alignment and a more positive impact on mental wellbeing at work.
- We have upgraded our ERP system, accelerating its response time. Prior to this upgrade, 68% of employees believed the ERP system to be slow and unstable. Our new, more efficient system allows for improved mental wellbeing within the workplace.
- A course was held to educate employees in the use of defibrillators, involving 14 participants.
- We have developed a new structured measure for employee sickness.
- Our employee handbook has been updated.
- Our managers have completed a distance management course aimed at supporting employees' wellbeing and performance during the Covid-19 pandemic.
- GUBI's first engagement survey has been conducted, resulting in an eNPS (employee Net Promoter Score) rating of 22. We have a long-term target of 40 or an average of 8. Specific milestones have been developed to help improve our score and to assist long term targets.





## **SOCIAL CASE STUDY: THE NEW GUBI CODE OF CONDUCT**

The GUBI Code of Conduct provides a guide to professional ethics and compliance for all employees of GUBI Group (including those individuals employed at our Danish headquarters, in warehouse facilities, and at regional locations around the world) and individuals who are working for and on behalf of the GUBI Group, but are not directly employed by the GUBI Group.

### **GUBI's seven Code of Conduct Directives are:**

Our Employees  
Health and Safety  
The Environment  
Anti-Corruption and Sanctions  
Following the Law with Integrity  
Safeguarding Information  
Accounting and Reporting

The GUBI Code of Conduct describes our value system and approach to doing business. The GUBI Code of Conduct shall ensure that GUBI employees and all other stakeholders know

what GUBI stands for as a company and how we expect individuals to interact with colleagues, competitors, customers, and suppliers.

*The GUBI Code of Conduct describes our value system and approach to doing business.*

GUBI is a signatory of the United Nations Global Compact (UNGC) and is committed to the UNGC's Ten Principles for responsible business operation with regards to human rights, labor, the environment, and anti-corruption.

Our Code of Conduct directly incorporates the UNGC's Ten Principles alongside other important directives regarding Following the Law with Integrity, Safeguarding Information, and Accounting and Reporting.

The two sections of the GUBI Code of Conduct with the most direct, applicable connections to our ESG Social Aspirations for our company culture are: (1) Our Employees and (2) Health and Safety. Both sections are included below.

## OUR EMPLOYEES

GUBI supports and respects basic human rights for all and strives to uphold these essential rights in the ways that we conduct business. Violations of human rights are unacceptable and will, under no circumstances, be tolerated. The use of child labor of any kind is strictly forbidden.

GUBI shall be a great place to work, a place where employees' skills and creativity can thrive in a safe, stable, fair, and truly inclusive work environment. All GUBI employees shall be able to work under legal conditions where diversity is treasured, privacy of the individual is protected, and where freedom of association and collective bargaining is a common right. All GUBI employees are expected to interact with one another in a fair and respectful manner. Harassment of any kind is unacceptable, and grounds for reprisals and ultimately termination.

Employment and advancement within GUBI shall be based on professional capability and qualifications. GUBI is committed to developing a diverse workforce and providing a working environment in which everyone is treated fairly and with respect, irrespective of gender, ethnicity, nationality, class, color, age, sexual identity, disability, religion, marital status, or political opinion.

## HEALTH AND SAFETY

A safe and healthy working environment is fundamental for GUBI and is a right for all of our employees. Therefore, GUBI is committed to providing a safe and secure place to work and an environment that supports the health and well-being of all of our employees.

A proven record of safety and security performance is a deciding factor in the evaluation and selection process for all GUBI Group's contractors and business partners. In addition, GUBI is committed to helping support our employees and externals whether they are working on premises, remotely, or from their home.

All GUBI employees are expected to make health and safety a top priority while representing the GUBI Group. It is up to all of us to ensure that GUBI is a safe and positive place to work. We should always remain diligent to help prevent potential accidents from happening.

If an employee witnesses an incident of misconduct or risky / unsafe behavior, they are obliged to report all incidents of misconduct to [legal@gubi.dk](mailto:legal@gubi.dk).







## GOVERNANCE REPORT

### ASPIRATIONS FOR GOVERNANCE

We are passionately committed to ensuring GUBI is an ethical business that is fully compliant with all applicable rules, regulations, and laws. We champion diversity, encourage transparency and reject corruption in all forms, including bribery and extortion. We strive to conduct our business proactively in order to avoid any conflicts of interest.

### ACHIEVEMENTS IN GOVERNANCE

Our ongoing achievements in the realm of governance include:

- Ensuring compliance transparency to enable open communication without raising unnecessary concern.
- We have created a supplier portal allowing transparent collaboration with our suppliers and a platform for sharing information. This new initiative is a work in progress and requires further development in the months and years ahead.

- A drive to create transparency in both internal and external communications, and ensure documentation and certifications are available and easy to access, both internally and externally.
- The topics of anti-corruption and sanctions, following the law with integrity, safeguarding information, accounting and reporting are all included in the new Code of Conduct.
- A policy for sanctions and anti-bribery & corruption.

### FUTURE GOVERNANCE TARGETS

Following these valuable achievements, our further governance targets include implementing a whistleblower scheme, enhancing transparency for product compliance, and developing specific policies and guidelines to support our anti-corruption commitment.

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT (TCFD)

### TCFD AMBITIONS

GUBI is committed to making disclosures across the four areas related to climate-related risks and opportunities outlined in the TCFD:

1. Governance: the organization's governance around climate-related risks and opportunities.
2. Strategy: the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
3. Risk Management: the processes used by organizations to identify, assess, and manage climate-related risks.
4. Metrics and Targets: the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

### TCFD ACHIEVEMENTS

Together with our owner, Axcel, GUBI has now completed our first assessment of climate-related risks and opportunities in line with the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) together with Axcel.

We have assessed our exposure in two climate change scenarios, where one is a moderate scenario (Paris aligned 1.5°C - 2.0°C) and the second is a more challenging scenario (4°C).

The two scenarios have been structured in an opportunity and risk matrix categorizing our exposures into three types – low, moderate, and considerable – alongside three time frames, designated short, medium and long.

*We have assessed our exposure in two climate change scenarios.*

One key finding from this initial assessment is that GUBI is, in fact, exposed to climate-related risks and opportunities that should be addressed. Based on this first assessment, GUBI's most significant opportunities and risk (in a moderate scenario) are:

- Opportunity: By developing cost-effective products that have a low-carbon impact, we can help to shift customer preferences by demonstrating the possibilities of new means of production.
- Opportunity: If GUBI can demonstrate the successful management of climate-related risks and opportunities, then the cost of capital within the industry can be influenced in a positive way.
- Risk: The increased cost of raw materials with a lower CO2 impact can affect GUBI's profit margins.

GUBI's key risk exposures in the challenging scenario include:

- Risk: Increased severity of extreme weather events may affect sourcing and production.
- Risk: Elevated sea levels may affect company operations in Copenhagen.

### FUTURE CLIMATE-RELATED FINANCIAL DISCLOSURE TARGETS

The insights related to risks and opportunities outlined by the TCFD analysis will have a practical impact on our ongoing ESG strategy<sup>5</sup>. Furthermore, these findings and TCFD's disclosure recommendations will have a direct impact on our company governance and will

require a greater emphasis on target setting and risk management, specifically those risks related to climate.

Our next steps include the development of a detailed risk management strategy and the amending of our governance model so that, going forward, the GUBI board of directors will also be able to oversee risks and opportunities related to climate. Our specific climate-related strategy and future targets will be more clearly defined after more data is collected and assessed.



<sup>5</sup> The current GUBI ESG strategy was approved before the TCFD assessment of risks and opportunities.



## Conclusion

Since kicking off the GUBI CSR program in 2019 (now known as ESG), we have significantly increased our relevant base of knowledge – including a much greater emphasis on data collecting and analysis – and sharpened our focus with regards to the standards that guide us and the positive Environmental, Social, and Governance targets we hope to achieve.

*We know that this is a journey that will certainly lead us into challenging and exciting new territory, but it is a journey that we believe is absolutely essential.*

Additionally, the findings from our first TCFD assessment have helped us to begin to understand the climate-related risks and opportunities we face today and in the years

ahead. So far, this has been an enlightening and inspiring journey for our entire team. Much like the process of great design, which is essential to the GUBI DNA, it has required us to approach an important challenge with enthusiasm, open minds, and a collaborative, creative effort from a wide range of individuals.

Over the past two years, we have taken practical steps, moving forward in our ESG journey with regards to our corporate Environment, Social, and Governance standards and strategies. And, as we look to the future, we know that we have much to learn, but we are committed to growing as individuals, as a company, and as a member of the global design community.

Though the development of a formal ESG strategy is a relatively new endeavor for us at GUBI, we believe that striving to do more good for people and for the planet is a value that has long been at the heart of GUBI's mission to not only craft great products, but to tell great stories as well. We know that this is a journey that will certainly lead us into challenging and exciting new territory, but it is a journey that we believe is absolutely essential.

**GUBI**

**KLUBIENSVEJ 7-9 · 2150 COPENHAGEN · DENMARK**

**WWW.GUBI.COM · GUBI@GUBI.COM · +45 3332 6368 · CVR: 17940384**

