

Rethink Retail.  
Together.

Sustainability Report

2021



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# THIS IS ITAB



## ABOUT ITAB'S SUSTAINABILITY REPORT 2021

This is ITAB Shop Concept's Sustainability Report for the 2021 financial year. It comprises the Group's statutory Sustainability Report, which is a separate document from the Administration Report in the annual and consolidated accounts. The Sustainability Report covers the Parent Company, ITAB Shop Concept AB (publ), corp. reg. no. 556292-1089, and all entities consolidated in the Group's consolidated accounts as specified on page 74 in ITAB's Annual Report 2021, unless otherwise specified. The Sustainability Report has been prepared in accordance with the provisions of the Annual Accounts Act and has not been externally reviewed.

The Board of Directors for ITAB Shop Concept AB has approved the Sustainability Report in conjunction with the signing of the annual and consolidated financial statement. The auditor's statement in respect of the statutory Sustainability Report can be found on page 18.

*This report is in all respects a translation of the Swedish original Sustainability Report. In the event of any discrepancies between this translation and the Swedish original, the latter shall prevail.*

## ITAB IS WHAT WE CREATE TOGETHER WITH OUR CUSTOMERS

At ITAB, we help customers turn consumer brand experiences into physical reality with our know-how, solutions and ecosystem of partners.

Together with our customers, we create effective solutions that contribute to versatile and inspirational experiences.

Our offering includes solution design, customised shop fittings, checkouts, consumer flow solutions, professional lighting systems and digitally interactive solutions for the physical store.

We are currently helping customers within a number of sectors, with the principal sectors being: Grocery, Home Improvements, Consumer Electronics, Fashion, Café & Service Stations, and Pharmacy, Health & Beauty.

ITAB'S OPERATIONS



24 countries

PRODUCTION FACILITIES



15 locations in 12 countries

EMPLOYEES



2,930 people

## VALUE PROPOSITION

### ▶ THE DESIRED CONSUMER BRAND EXPERIENCE

Translating aspirations of the retailer's brand into a physical store experience, driving consumer footfall and retention.

### ▶ INCREASED CONVERSIONS AND SALES

Delivering a store format, department or range experience that influences consumer buying behaviour.

### ▶ IMPROVED OPERATIONAL EFFICIENCIES & SERVICE

Creating a seamless customer journey that increases throughput and improves the stores' efficiency and service levels.

### ▶ REDUCED OPERATIONAL COST

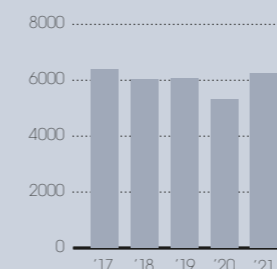
Improving the customer journey efficiency to influence store operating models and reduce cost.



## ITAB IN FIGURES 2021

NET SALES

SEK 6,245 million



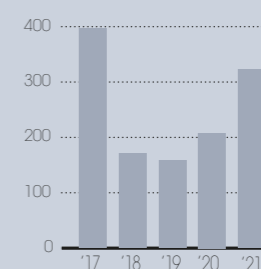
OPERATING MARGIN EXCL. NON-RECURRING ITEMS\*

6.2%



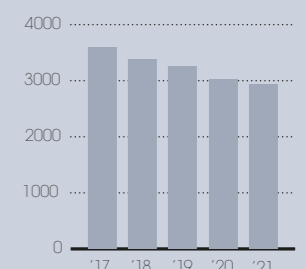
PROFIT AFTER FINANCIAL ITEMS EXCL. NON-RECURRING ITEMS\*

SEK 322 million



NO. OF EMPLOYEES (average)

2,930 people



\*In 2021, non-recurring items affected EBITDA by SEK -157 million (-202), operating profit by SEK -166 million (-205) and profit after financial items by SEK -166 million (-208). Non-recurring items primarily comprise restructuring costs within operating activities. See page 49 in ITAB's 2021 Annual Report.

# JOURNEY TOWARDS A SUSTAINABLE FUTURE

Following an eventful year that was characterised by operational challenges, it was pleasing to present a close to record-breaking conclusion to 2021 with favourable sales and earnings trends. ITAB's transformation work and investments for the future proceeded according to plan, and several important steps were taken to establish ITAB as the retail sector's leading solution provider with a focus on sustainable growth and more circular solutions for our customers.

## HEALTHY DEMAND AND POSITIVE EARNINGS TREND

The sales trend was strong for the full year 2021 and our focus throughout the year has been on supporting customers by providing them with the most complete solutions possible despite global supply disruptions. The positive earnings trend is mainly the result of increased sales and our ongoing efforts to transform our operations, including completed production relocations and cost adaptations, more shared ways of working and more efficient and flexible market cultivation. In terms of profit performance, ITAB's shift since we began the implementation of our One ITAB strategy in spring 2020 has generally been satisfactory, especially considering the global challenges we have faced that were not a part of our plan. Compared with 2019, EBIT excluding non-recurring items has increased by over 60 percent to SEK 390 million for 2021.

## FOCUS ON CONTRIBUTING TO A SUSTAINABLE FUTURE

Together with our customers and partners, we discuss sustainability issues on a daily basis and the development of more circular solutions with a reduced impact on the planet. Overall, 2021 was an important year for sustainability at ITAB. The first scoring in an external assessment of ITAB's sustainability efforts, the appointment of our first dedicated Sustainability Manager for the Group and a new set of short term and long term sustainable goals aligned with the UN's Sustainable Development Goals, have all contributed to a shift in sustainable mindset and efforts for ITAB.

The external sustainability assessment shows how the inclusion of "Sustainable Future" as one of our strategic priorities has started to embed sustainable thinking throughout the Group and all our operations. We consider it important to conduct reviews and assessments to help us continually improve, and to ensure that we have adapted ourselves and are prepared for the developments taking place in the field of sustainability.

In addition, ITAB's priorities for a more Sustainable Future: Sustainable Business Development, Efficiency in the Value Chain, Good Working Conditions and Business Ethics now all have specific sustainable goals. These are listed in the various sections throughout this report, and we will continue to report on these upon every year until they have been achieved. Over the coming years ITAB will also add to these goals as our sustainability efforts progress and where new goals are relevant as the business continues its transformation.

## ITAB'S FOCUS IN 2022

We are halfway through our transition and One ITAB strategy, with the heaviest measures behind us, which focused on adapting our cost structure with the aim of stabilising ITAB's financial position. We have already begun the phase of investing in and developing new capabilities in 2021, which will remain the focus of our transformation work in 2022 and is expected to be concluded in 2023. In 2022, we will see continued expansion organically and through acquisitions, with a clear focus on Europe, and by following our strategic customers' global expansion. At the same time, the uncertainty in our operating environment and markets remains exceptional, and we are closely monitoring the development. Our proximity to our customers and our ability to rapidly adapt to external changes are the key to ITAB's success, and our goal is to continue to strengthen our customers' competitiveness in the best possible way.

As an integrated and crucial part of everything we do, we will continue working in accordance with our roadmap to achieve our sustainability goals and ambitions in the coming years. The Group's Sustainability Manager will, together with Group Management, lead the development and deployment of the roadmap that will allow us to realise our goals and enhance the strategy.

As we move forward CO<sub>2</sub> emissions and global climate change come to the forefront of my mind. ITAB contributes to this via the materials we use, our factories and fulfilment centers and in the distribution of goods and through the supply chain we use. However, to be able to improve our efforts in these areas we must first measure them. Hence, in 2022 we aim to set up monitoring throughout the Group and establish our baseline year, against which we will make reductions.

ITAB has an exciting year ahead and we understand the task at hand for us. I believe we can make an important contribution to both the planet and our society, and we are committed to the sustainable journey we have just started.

Jönköping, March 2022



Andréas Elgaard,  
President & CEO



# ESTABLISH THE BASELINE FOR OUR JOURNEY AHEAD

At ITAB we collaborate and continuously innovate for a sustainable future – for business, people and environment. We have clear goals and ambitions for our own operations.

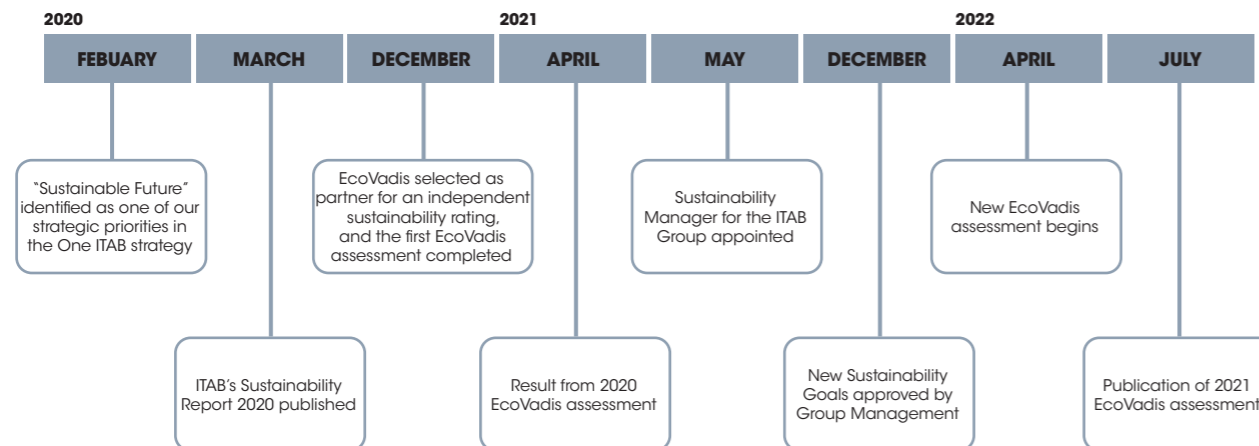
The aim with our sustainability efforts is to:

- Build trust with our stakeholders – customers, employees, suppliers, communities and owners.
- Achieve a more efficient supply chain with reduced impact on the planet.
- Be an attractive and diverse place to work, which encourages staff loyalty and commitment.

In order to achieve this, we have set a timeline and are now developing a clear roadmap for the future, with decisive actions – in part based our first EcoVadis rating.

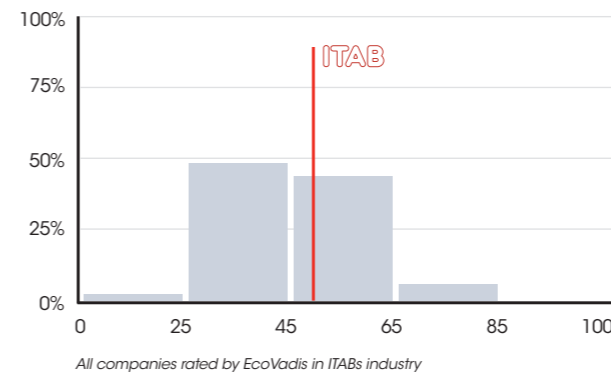
## TIMELINE

The timeline illustrates the main events in ITABs sustainability journey during 2020-2022.



## OUTCOME OF ECOVADIS AUDIT 2020 AND ROADMAP FOR THE FUTURE

The outcome of the first EcoVadis audit in 2020 was an overall score of 50/100. The individual area scores can be seen below. All categories and the overall score were above the average ratings given by EcoVadis.



BY AREA	SCORE	MAX
Environment	50	100
Labour & Human Rights	50	100
Ethics	60	100
Sustainable Procurement	40	100
<b>Overall score</b>	<b>50</b>	<b>100</b>

After analysing the score card an action plan was created during the year to address some of the priorities. As a result of this ITAB has now developed and deployed a Sustainable Procurement Policy, a new Supplier Code of Conduct, a supplier risk assessment tool to determine if due diligence is required before on boarding a new supplier and a new supplier questionnaire with a focus on sustainability. In the

area of Labour & Human Rights, new safety standards have been developed and ready to deploy through the Group.

A roadmap for further actions is also being developed, based on the scoring criteria for ITAB to journey to a Platinum assessment. A summary of that roadmap is displayed below.

## ROAD MAP TOWARDS PLATINUM

A roadmap has been developed, based on the scoring criteria for ITAB to journey to a Platinum assessment.



## ECOVDIS RATING

EcoVadis is an independent and renowned provider of business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chains. EcoVadis provides reliable and easy-to-use corporate social responsibility ratings and scorecards for a large number of companies in many different industries on a global basis, which give a detailed insight into environmental, social and ethical risks factors thus helps to measure companies by their sustainability. The objective of the EcoVadis rating methodology is to measure the quality of a company's sustainability management system through its policies, actions and results. The assessments are made on an annual basis with the purpose of contributing to the continuous improvements and more sustainable businesses.

*"We have clear goals and ambitions for our operation when it comes to our areas of focus: sustainable business development, efficiency in the value chain, good working conditions and good business ethics."*

*Andreas Elgaard - President & CEO*

# CONTINUOUS DEVELOPMENT TOWARDS CIRCULAR ECONOMY

Sustainability refers to development that meets today's needs without jeopardising the ability for future generations to meet their own needs. Hence – as a proponent of sustainable development, ITAB takes responsibility for the way in which our business reaches its profitability goals. This responsibility spans the entire value chain – from manufacturer and supplier to consumer.

For ITAB, it is important to conduct an ongoing dialogue with its stakeholders and thereby build a relationship that incorporates their views, expectations and needs in the area of sustainability. The aim is that this should contribute to sustainable value creation.

ITAB's most important stakeholders are:

- Customers
- Employees
- Owners
- Suppliers
- The local community

In 2021, ITAB's sustainability programme was strengthened with the appointment of a Sustainability Manager for the Group. Working in close co-operation with the Group's Sustainability Council, the programme was also reviewed and redefined with a set of new and revised Sustainable Goals, approved by Group Management. In addition, for the first time the business' sustainability was rated by EcoVadis, an independent partner measuring the quality of a company's sustainability management system through its policies, actions and results, earning ITAB a bronze medal on the scoring criteria. The goals are highlighted throughout this report in the relevant sections and EcoVadis is presented on page 6. The focus for ITAB is now to further develop the roadmap going forward and take decisive actions that will allow ITAB to achieve its Sustainability Goals and lead to a higher score in the EcoVadis' future ratings.

In the development of our new goals an analysis of some of our largest customers own sustainability goals was done ensuring that ITAB's sustainability efforts to be complimentary to their CSR programmes. Other external and internal stakeholders have been involved at every stage of the development and deployment of the goals. The continued roadmap will consider the impact that the operations have on the economy, society, people and the environment, as well as those aspects that affect the stakeholders' decision-making and their expectations. The long-term focus areas that have been identified can be found on the next page.

## REPORTING AND FOLLOWING UP

Reporting on how well ITAB's sustainability work is proceeding takes place in line with Global Reporting Initiatives' (GRI)

guidelines for sustainability reporting. ITAB has developed a number of Key Performance Indicators (KPIs) for regular following up and reporting of the sustainability work. The KPIs are reported quarterly by each commercial company to the Parent Company, and are followed up in ITAB's Sustainability Council, in which all the Group functions are represented. The KPI's and the goals are shown through the four focus areas on the following pages.

## SUSTAINABILITY RISKS

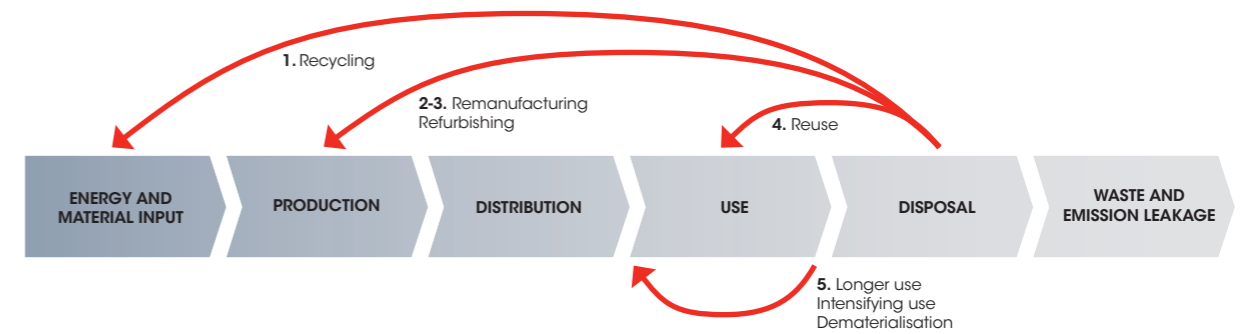
ITAB is continuing to work on reducing the risks as regards environmental and social issues in the value chain. The assessment of sustainability risks is an important part of the work on the materiality analysis and forms the basis for the sustainability programme and the priorities as regards our sustainable goals.

ITAB has operations in some markets that are associated with a raised sustainability risk. Issues relating to safety, working conditions and corruption are particularly important from a risk perspective. ITAB handles the risks through the activities in the sustainability programme and with the implementation of ITAB's Code of Conduct and the new Supplier Code of Conduct and Sustainable Procurement Policy. The actions from the EcoVadis assessment are also increasing the robustness of ITAB's policies and procedures in these areas. Several of ITAB's facilities located in countries associated with a higher risk are also covered by audits performed by several of ITAB's major international customers.

## INCREASED VALUE THROUGH CIRCULAR THINKING

ITAB has a close dialogue with some of its major customers regarding the development of circular solutions, i.e. solutions where ITAB can deliver value to the customer by replacing parts of a product that have been consumed, for example replacing the CoB (Chip-on-Board) diodes on light fixtures for more efficient ones, rather than the whole fixture. Through our service offering we are also developing a CO<sub>2</sub>e assessment tool which will allow us to identify embodied carbon in customer stores at draft stage and design it out, making each generation of interiors, lighting and retail technology less impactful on the environment than the last.

## CIRCULAR ECONOMY



### 1. Recycle customer equipment

- Uplift all equipment, extensive sort and recycle program, zero waste to landfill offer

### 2. Hire and Leasing

- Lease equipment to customers over lifespan of equipment
- Design for reuse, replace the part(s) that needs update and lease again

### 3. Incentivised Return

- Offer a "buy back" of equipment
- Design for reuse, replace the part(s) that needs update and sell again

### 4. Asset Management Service

- Maximising product lifetime and minimising new purchase through tracking an organisation's assets, planning what can be re-used, repaired or redeployed at a different site

### 5. Long Life

- Products designed for long life, supported by guarantees and trusted repair services

## FOCUS AREAS

In 2015, the UN's member states adopted a universal agenda that incorporates the Global Sustainable Development Goals (SDG). There are 17 of these, acting as a guide for ITAB. There has been additional focus on four of these, with the most significant aspects set out below and described on the following pages. The new goals also highlight where the activity contributes to the other SDG.

### GOOD WORKING CONDITIONS

- Health and safety
- Skills development and career opportunities
- Equality and diversity
- Good conditions in the supplier stage

Read more on page 10

### BUSINESS ETHICS

- Code of conduct
- Compliance with laws and ordinances
- Anti-corruption
- Value platform

Read more on page 13

### EFFICIENCY IN THE VALUE CHAIN

- Minimise emissions from transports
- Energy-efficiency (production)
- Review of suppliers
- Collaborations in the value chain

Read more on page 14

### SUSTAINABLE BUSINESS DEVELOPMENT

- Sustainable products
- Systematic internal environmental work
- Climate-smart solutions
- Energy-efficiency (products)

Read more on page 15

# GOOD WORKING CONDITIONS

People are central to everything we do at ITAB, our employees are our principal asset, and we believe in taking meaningful action to be a responsible employer that attracts, retains and develops talent. ITAB aims to offer a pleasant and attractive workplace characterised by good working conditions, equal opportunities and a safe and healthy environment.



ITAB's Code of Conduct lays down the fundamentals for all employees to respect human rights in line with international conventions. This includes a zero tolerance policy for forced labour, child labour and work carried out through the use of coercion or threats of violence. The Code of Conduct also places value on diversity amongst our employees, the right to organise and negotiate collective agreements and the right to refrain from joining a trade union. Finally, we do not tolerate discrimination based on gender, marital status, ethnicity or national origin, sexual orientation, gender identity, religion, age or disability. Through our supply chain there were no reported cases of child or forced labour in 2021.

## EQUALITY & DIVERSITY

ITAB is striving to achieve a better balance between men and women, as this generates a pleasant working environment and a more dynamic workplace. ITAB is constantly working to provide support to recruiting managers to ensure a professional process. Each recruiting manager is supported by a recruitment guide and a recruitment tool, providing assistance during all recruitment to ensure correct processing in line with local legislation as well as support for the objective of guaranteeing diversity among the candidates.

At present, approximately 28 percent of the Group's workforce is made up of women and 72 percent men. The management teams in the Group's subsidiaries comprise of 126 persons from 24 countries, of whom 25 (20 percent) are women. By working to achieve diversity when recruiting managers, ITAB is now seeing results in terms of an increase in the proportion of women in leading positions, which is strengthening the goal of increasing diversity and equality in general.

The Group's Board of Directors comprises of nine persons, of which two are women. The Board applies the diversity policy advocated in the Swedish Corporate Governance Code.

At the start of 2020, a new organisational structure was launched to support ITAB's transformation. In 2021 four Vice Presidents of People & Culture were appointed within four of the five business units. There they form part of the senior management team of those business units as well as, with Pernilla Lorentzon, as the Senior Vice President - People & Culture they form the management team for the People & Culture Matrix. This Matrix leadership team is made up of 80 percent women. This team now leads ITAB to provide renewed and reinforced focus in areas such as diversity work and equality issues.

## THE GROUP'S EMPLOYEES

The average number of employees amounted to 2,930 during 2021. Approximately 50 percent of the Group's total number of employees work in China, Sweden, the Czech Republic, the UK and Germany. Staff turnover during the year has amounted to 19 percent and has been affected by ITAB's transformation for example the consolidation of factories in China, which account for the majority of the turnover. Around 15 percent of the Group's employees are 30 years or younger, while 62 percent are between the ages of 31 and 50, the remainder being over 50.

## HEALTH AND SAFETY

The local organisations have acted robustly and have adapted procedures and working methods according to the prevailing conditions in each country throughout the whole COVID-19 pandemic. Illness numbers have been higher this year compared to the previous year due to the pandemic. In order to support our activities and employees going forward ITAB has created a set of KPI's and goals around Good Working Conditions, of which Wellbeing is one of the focus areas.

Another one of the Goals that ITAB has established is the goal of Zero Lost Time accidents. ITAB currently is working to deliver a healthy, safe working environment. Within the ITAB Group, each company is responsible for ensuring a safe workplace that complies with local regulations. A collaboration with the business units, supported by the People & Culture Management Team, is looking to install Health & Safety Ways of Working, which will set a minimum requirement in certain areas for all ITAB local organisations. This will be a collaborative effort with the local companies to ensure that local legislation is reflected in the standards. The People & Culture Management team will then look for best practice in the Group and feed them back into the Ways of Working, aiming to continuously improving the Group via Ways of Working.

During 2021, the number of accidents fell to 60, compared to 82 in 2020, a reduction of over 25 percent. During 2022, ITAB will continue its work of reviewing the safety procedures for those companies that report a higher number of accidents.

## SKILLS DEVELOPMENT AND CAREER OPPORTUNITIES

An employees motivation, job satisfaction, commitment and participation are central factors when it comes to being able to contribute and grow within the ITAB Group, as well as an important element in the Group's ability to continue to develop.

The potential to build a career and receive training is decisive when it comes to attracting and retaining employees. Within the ITAB Group, it is the responsibility of each and every manager to ensure that their employees' development and career are in line with the individual's and the company's goals. This is followed up through ongoing performance reviews.

As part of the ITAB strategy and the implementation of Sales Academy, we have conducted nearly 6,000 hours of training in 2021. This encompassed representatives from the Group Management, Sales Managers and Salespeople through the organisation.

## GOOD WORKING CONDITIONS IN THE SUPPLY CHAIN

For ITAB as a manufacturing company, it is important to ensure that consideration is given to various sustainability aspects throughout the value chain. For this reason, ITAB's responsibility also extends to ensuring good conditions for the Group's supplier chain. The Group's companies mainly use suppliers with operations in Europe. A new Sustainable Procurement Policy and Supplier Code of Conduct were developed in 2021 and more can be read in the Efficiency in the Value Chain section of this report.

In March 2021 the EU announced legislation to ensure the respect for human rights and the environment throughout the entire supply chain. This legislation, EU Directive on Mandatory Human Rights, Environmental and Good Governance Due Diligence looks set to be approved in 2022. ITAB will monitor this and reflect the outcome of the legislation in future Sustainability Reports.

KPI	2022 TARGET	2023+ GOALS	ACTIVITY	SGS GOAL
Well Being	Determine baseline	To be defined in 2022	<ul style="list-style-type: none"> <li>Implement measuring method and tools</li> <li>Targets and goals to be developed once baseline established</li> </ul>	 
Accidents	Zero Lost Time Accidents	Zero Lost Time Accidents	<ul style="list-style-type: none"> <li>Cooperation between People &amp; Culture and Operations country level establishing proactive action plan</li> </ul>	 
Women in Senior Management	20%	To be defined in 2022	<ul style="list-style-type: none"> <li>Further targets and goals for continued improvement to be defined</li> </ul>	 

# ITAB'S PLATFORM FOR A COMMITTED AND ENERGETIC ORGANISATION

Think Ahead, Think Consumer, Think Together are concepts that ITAB's employees use in their day-to-day work, providing guidance towards common goals. These concepts are summarised in **ACT!**

The meaning **Think Ahead** refers to ITAB's long-term focus on business, people and the environment, such as thinking carefully first and developing smart, efficient working methods and sustainable solutions. We are all consumers and we can

help to understand the needs of other consumers, to see trends and thereby help our customers create an attractive shop environment. We call this **Think Consumer**. Working closely together within the Group, as well as creating long-term relations with both customers and partners, are all contained within the concept **Think Together**.

By focusing on **ACT**, all employees are helping our customers to deliver a strong Consumer Brand Experience.



# BUSINESS ETHICS

Through ITAB's Code of Conduct, all employees have a clear set of regulations for areas such as business ethics. The Code of Conduct has been used as the basis for the new Sustainable Procurement Policy and Supplier Code of Conduct which will be used for all new suppliers and a robust roll out program is being devised for current suppliers. According to the Code of Conduct, ITAB has a zero tolerance policy regarding all forms of bribery and corruption. ITAB regularly reviews and evaluates internal checks in all subsidiaries, which provides reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances.

The managing director of each individual company within the ITAB Group is responsible for ensuring compliance with local regulations. All of ITAB's employees are covered by the Group-wide Code of Conduct, and everyone also has to sign to confirm that they are complying with the Code. The Code of Conduct focuses on aspects such as the importance of each and every employee, the fact that the Group offers a safe and healthy working environment and that it is working to reduce its environmental impact. It also points out that ITAB stands for straightforward, honest communication and that all employees have to respect commercial confidentiality. If an issue relating to business ethics arises at company level, there is a system in place detailing how employees should report directly to the Group and how such issues will be handled.

By the end of the year, around 94 percent of the Group's employees had signed up to the Code of Conduct. ITAB's objective is for everyone in the Group to sign the Code. Generally speaking, when a new employee joins one of the Group's companies, it is the responsibility of their immediate superior to ensure that the employee studies and signs up to the Code of Conduct. To support this going forward ITAB has committed to a short and long term goal. In 2022 the target is to have more than 95 percent of all employees signed and the goal is that 100 percent of all employees will sign the Code of Conduct with 6 weeks of joining the company.

No known cases of corruption have been discovered in the Group during the year. ITAB has conducted separate reviews and training in respect of anti-corruption, primarily in countries where the Group is facing the greatest risks. Following on from this good work ITAB has now added short and long term goals and targets to expand this work.

Looking at our supply chain ITAB wants to audit 100 percent of suppliers in high risk countries by the end of 2022, with a goal of auditing all suppliers in high and medium risk countries by 2025. Assessment of country risk will be done using the Transparency.org rankings and takes into account government ownership, government officials involvement and the industry sector. Also using the same country ranking we are committing to conduct Business Ethics training in all high risk countries by the end of 2022 and all employees by the end of 2025.

In line with the new EU laws on whistleblowing, ITAB updates its processes and tools derived from the recent legislation changes.

ITAB's tool for internal control is based on the COSO framework. This is a framework for evaluating a company's internal control over financial reporting. The framework streamlines the work on the internal control. The internal audit programme has been revised during the year, primarily on the basis of business risks. The internal audit now also covers the following up of the sustainability programme and the Code of Conduct.

KPI	2022 TARGET	2023+ GOALS	ACTIVITY	SGS GOAL
Code of Conduct ("CoC")	CoC signed by 95% of all employees in the Group	CoC signed by 100% of all employees within 6 weeks of joining the Group	• Implement processes to get all employees to sign CoC	
Audits of suppliers in "high risk" countries	100% of suppliers in "high risk" countries audited	100% of suppliers in "high risk" countries audited 100% of suppliers in "medium risk" countries audited by 2025	• Using the Transparency.org rankings assess all suppliers, for country risk rating • Perform site audits of all suppliers identified	
Business Ethics training in "high risk" countries	Training for 100% of employees in "high risk" countries	Training for 100% of all employees in the Group by 2025	• Create training package covering whistleblowing and anti-corruption	
Whistleblowing	Update the processes and tools for whistleblowing	Zero whistleblowing cases reported	• Update processes and support systems in the Group inline with EU regulations	

# EFFICIENCY IN THE VALUE CHAIN

ITAB's efficiency for the entire value chain has been enhanced this year with the addition of the Category Manager role for which multiple positions have been created. They will, through responsible choices of suppliers, raw materials, production processes and transport and Supplier Code of Conduct ensure that the Sustainable Procurement Policy is enacted throughout our value chain.

## SUSTAINABILITY DEMANDS ON SUPPLIERS

A new Sustainable Procurement Policy was developed by ITAB in line with ISO 20400, Sustainable Procurement. Ensuring sustainability throughout the entire value chain is important for ITAB. Therefore, ITAB are creating a short term goal that Partner suppliers are audited within 2022 and then from that foundation a long term goal will be established. To support the roll out of the new Supplier Code of Conduct a short term goal and a long term goal has been created.

## ENERGY

Reducing energy consumption is something that each individual company within the Group is focusing on, with an emphasis on both costs and the environment. All the investments made are intended to generate efficiency and thereby reduce energy consumption and time in the production processes. In the 2020 report the aim was for 50 percent of our electricity consumption to be green in 2021. At the end of 2021 we achieved 28.8 percent versus 33.3 percent in 2020. This reduction has come about from the sale of and the acquisition of some companies, changing the balance of green energy in the estate. There has also been increases in energy consumption from some facilities that are not supplied with sustainable energy, all contributing to the decrease in 2021.

To support this activity going forward ITAB will develop a roadmap for how we are to achieve the longer term goal of 100

percent sustainably sourced electricity across the entire estate. We are firmly committed to achieving 100 percent sustainable electricity by 2025, as committed to in the 2020 Sustainability Report. In addition to this ITAB is committing to a 50 percent reduction in Scope 1 and Scope 2 CO<sub>2</sub> emissions by 2030. This CO<sub>2</sub> reduction program will form part of the roadmap mentioned above and the priority for 2022 will be the creation of the monitoring required.

## TRANSPORTS

Transport Management is outsourced to our 4th Party Logistics partners (4PL). This makes it possible to achieve better control over freight spend and freight data. Currently around 30 percent of transport spend is managed by 4PL, a figure that is expected to grow to around 90 percent by the end of 2022. This is to support our long-term goal around Scope 3 emissions reduction. 2022 will become the base year to measure our Scope 3 transport emissions and working with the 4PL's we will establish a suitable goal for CO<sub>2</sub> reduction in transport. In 2021 the 4PL's have been able to provide ITAB with load fill data, CO<sub>2</sub>e data and consolidated load data, all of which will be used to determine our Scope 3 strategy in the future.

# SUSTAINABLE BUSINESS DEVELOPMENT

Sustainable business development means that ITAB, with its solution and product portfolio, is developing the shop solutions of the future through energy and cost-saving products and systems that contain increasingly sustainable materials.

When a product is designed and developed, the design is adapted in order for the product to be sustainable and energy efficient. The use of raw materials for the product is optimised with regard to their impact on the environment and customer requirements. Product development is usually performed in very close collaboration with the customer, with the focus lying on well thought-through solutions, good function, user friendliness, ergonomics and efficiency.

## ASSESSMENT OF CARBON EFFICIENCY

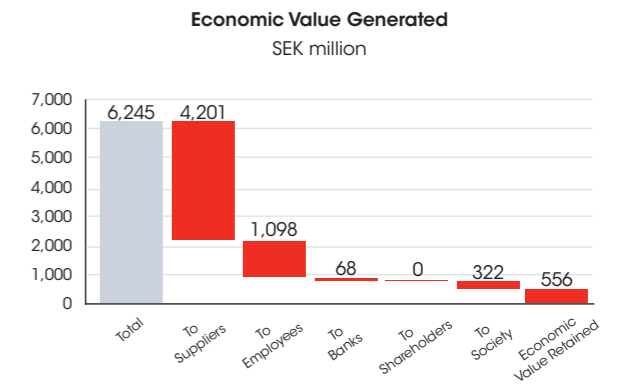
CO<sub>2</sub> reporting is becoming more and more important to our customers and with that in mind ITAB is now actively searching for tools that allow us to assess the Carbon Dioxide equivalent (CO<sub>2</sub>e) of all of the products we design and supply to our customer. To support our customers in their long term sustainable goals we have committed to developing, in the short term, a CO<sub>2</sub>e assessment service for our customers and in the long term building sustainability into the design by using this assessment to help our customers achieve their Carbon Zero goals.



By assessing a store's carbon efficiency, targets can be established for phased improvements through iterations of the equipment supplied to our customers. By identifying what equipment can be reused and designing to make it easier to achieve, ITAB and our customers can develop further towards a circular economy and sustainable business development.

## ECONOMIC VALUE GENERATED AND DISTRIBUTED TO STAKEHOLDERS

Economic value generated and distributed is a measure that shows the value we create through all of our operations and then the allocation of that value through our stakeholders. Our stakeholders are made up of our employees, our suppliers, our owners, our banks and society. The below graphic shows the distribution of that value for 2021.



KPI	2022 TARGET	2023+ GOALS	ACTIVITY	SGS GOAL
<b>1. Energy Consumption % renewable</b> <b>2. Energy Consumption Absolute</b>	1. Create roadmap for achieving KPIs 2. Establish monitoring in all locations	By 2025 - 100% Sustainable electricity in consumption	<ul style="list-style-type: none"> <li>Focus in 2022 is to research all countries route to achieving the goals at the lowest possible delivered cost</li> </ul>	
<b>Emissions</b> <b>1. Scope 1 GHG</b> <b>2. Scope 2 GHG</b> <b>3. Scope 3 GHG</b>	Monitoring in place of all Scope 1 & 2 Scope 3 Transport under management %	50% reduction in Scope 1 & 2 to 2030 TBC% reduction in Scope 3 by 2030	<ul style="list-style-type: none"> <li>Based on electrical and gas consumption and owned vehicle usage, the focus in 2022 is get the correct conversion factors for each country and automate collation process</li> </ul>	
<b>Onsite audits of Partner suppliers</b>	75% of Partner suppliers audited	To be defined in 2022	<ul style="list-style-type: none"> <li>Further goals to be defined</li> <li>Definition of partners to be finalised</li> <li>Audits of partner facilities</li> </ul>	
<b>Supplier Code of Conduct ("Supplier CoC")</b>	Supplier CoC signed by: 100% of Partner suppliers 80% of Preferred suppliers	Supplier CoC signed by: 100% of Partner suppliers 100% of Preferred suppliers 100% of Approved suppliers	<ul style="list-style-type: none"> <li>All new suppliers to sign the 2021 Supplier CoC</li> <li>Development of a programme for existing suppliers to sign the 2021 Supplier CoC</li> </ul>	

KPI	2022 TARGET	2023+ GOALS	ACTIVITY	SGS GOAL
<b>CO<sub>2</sub>e in design</b>	Service creation of CO <sub>2</sub> e assessment for customers to aid baseline CO <sub>2</sub> e	Sustainability in design CO <sub>2</sub> e quoted CO <sub>2</sub> e installed.  Working with our customers to achieve their carbon zero goals	<ul style="list-style-type: none"> <li>Using a CO<sub>2</sub>e assessment tool to achieve a base line rating of partners stores</li> <li>Based on assessment output, define sustainable design goals with partner for the "next gen" of interiors.</li> </ul>	



# SUSTAINABLE FUTURE - ONE OF ITAB'S STRATEGIC PRIORITIES

The core of the 'One ITAB' strategy is to evolve ITAB's business to a solution-based and more agile business model. This is built on the Group's intrinsic knowledge base and its success in delivering innovative solutions, and at the same time the Group's management, operational and cost structures are re-aligned in accordance with the strategy. To do this we need to expand on and strengthen our existing capabilities in relationship management, solution and service sales, knowledge sharing, common core processes and IT systems. We have phased our priorities to support the needs of the business - first to stabilise our financial position, then to build new foundational and differentiating capabilities and finally moving into our expansion phase.

## THE VALUE OF STRATEGY LIES IN ITS DELIVERY

We have identified seven Strategic Priorities to streamline and help drive growth and change in the Group. Specific goals and detailed action plans have been prepared for the strategic initiatives under the leadership of Group Management. The changes are implemented in close co-operation with the leaders in each of the market regions and strategic business units to realise our plans and achieve the goals quickly and efficiently.

Sustainability is an essential part of the strategic priorities in ITAB with the aim of contributing to the economic, environmental and societal needs of the company and our customers, now and in the future. The sustainability efforts have been strengthened in 2021 with the appointment of a Sustainability Manager for the Group and a number of new initiatives and actions.

## SUSTAINABLE FUTURE

At ITAB we collaborate and continuously innovate for a sustainable future. We have clear goals and ambitions for our own operations in terms of sustainable business development, efficiency in the value chain, good working conditions and business ethics.

Progress to date includes:

- Assessment of our sustainability programme by an independent partner, EcoVadis, contributing to our roadmap for the future.

- Development and deployment of a new Sustainable Procurement Policy and Supplier Code of Conduct.
- Training initiatives to strengthen operations in production and logistics, comprising nearly 6,000 hours of training.
- Development of carbon assessment services for our customers.

## BEING A SOLUTION PROVIDER

This is all about how we approach problem solving for our customers, and create measurable ROI for ITAB's solutions. We start by understanding our customers' strategic goals and challenges, and through a holistic dialogue we co-create solutions.

## EMPOWERING PEOPLE AND COMMON WAYS OF WORKING

Through clear KPIs, common ways of working and access to the right information at the right time, our people will be able to make good business decisions. Our aim is to make all ways of working parallel, collaborative, cross-functional and transparent.

## DEVELOPING AN ECOSYSTEM OF PARTNERS

Building a robust ecosystem of partners will enable us both to deliver the complete solutions required by our customers, and to reduce our supplier numbers to drive out complexity and improve predictability.

## EXPANDING OUR MARKET POSITION

Currently, our main differentiator is our know-how, our customer relations, and our comprehensive portfolio, which is unique in the market. We will build on these strengths and make them a reality in all our regions, thereby expanding our market position.

## EXCELLENCE IN OPERATIONS

Excellence in operations means that we take pride in "first time right" and "in the agreed time", and use Lean methodologies when we design our common ways of working. We will continue to focus on reducing lead times, improving quality and eliminating waste in our operations.

## RE-ENGINEERED COST STRUCTURE

We are re-aligning the Group's management, operational and cost structures with the revised 'One ITAB' strategy, way-to-play and differentiating capabilities. Our focus will be to ensure profitable and sustainable growth going forward.

# TAXONOMY

On 6 July 2021, the European Commission adopted the Delegated Act supplementing Article 8 of the Taxonomy Regulation ("the Disclosures Delegated Act"), which requires large financial and non-financial companies to provide information to investors about the environmental performance of their assets and economic activities. The Delegated Act became applicable on 1 January 2022.

## ITAB QUALIFIES UNDER THE TAXONOMY REGULATION

Article 8 paragraph 1 (Article 8(1)) of the regulations states that "large undertakings" that are required to publish non-financial information under the Non-Financial Reporting Directive (NFRD) are now required to also disclose information on how and to what extent their activities are associated with environmentally sustainable economic activities as defined by the regulation.

Large undertakings must exceed at least two of these three criteria:

- (a) balance sheet total: EUR 20,000,000;
- (b) net turnover: EUR 40,000,000;
- (c) average number of employees during the financial year: 250.

Conclusion: ITAB meets these criteria.

Article 8(2) requires that the business discloses the turnover from products or services that are aligned to Articles 3 and 9 in the legislation.

Conclusion: Eligibility of ITAB's activities for 2021 is reported below. Alignment will be reported in the 2022 report as per the timeframe required.

Article 8(3) states that if a non-financial report is published by a large undertaking (qualification is an average of 500 employees), as required by Article 19a of Directive 2013/34/EU then the Taxonomy information must be published in that report. Article 19a requires a publication of a company's activities relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

Conclusion: ITAB meets this criterion and the information will be reported in the annual Sustainability Report.

## TIMEFRAME AND REPORTING 2021

From January 2022 qualifying businesses must report the taxonomy eligibility of their activities for 2021. From January 2023 the eligibility and the alignment of the activities must be reported for the 2022 activities.

Section 3.5 of Annex 1 of the Technical Screening Criteria of the Taxonomy Regulation lists a number of economic activities that, based on their industry classification code according to the EU (NACE), are eligible under the regulation at present. Under this criteria, the ITAB Group's manufacturing of lighting equipment for retailers (NACE code C27.40) is eligible under the Taxonomy, whereas the Group's manufacturing of other retail technologies and interiors is not eligible at this time and under current technical screening criteria. According to Sections 7.3 and 9.1 of Annex 1 of the Technical Screening Criteria, eligibility also covers installation, maintenance and repair of energy efficiency equipment as well as research, development and innovation in conjunction with these activities.

	Total (SEK million)	Proportion of economic activities	
		Eligible under Taxonomy	Not Eligible under Taxonomy
Net sales	6,245	9%	91%
Operating Expenditure	5,729	9%	91%
Capital Expenditure	91	9%	91%

In the 2022 Sustainability Report ITAB will publish the alignment to the Taxonomy of the Group's activities.

# GLOBAL REPORTING INITIATIVE (GRI)

ITAB presents its sustainability information with the support of Global Reporting Initiatives' (GRI) standards, core level. The Sustainability Report is prepared annually as a separate document from the Annual Report. The sustainability information presented has not been reviewed by an external party.

The information in this Sustainability Report is to provide a comprehensive overview of ITAB's work within the framework of social, financial and environmental sustainability. The sustainability information in this report has been defined and delimited on the basis of an analysis of ITAB's most essential issues, and describes the impact both within and outside of the organisation.

GRI's fundamental principles for sustainability reporting form the basis for the preparation of ITAB's GRI report. This includes consideration having been given in order to ensure good reporting quality and to delimit and define the content of the report.

## ► CONTACT PERSON, GRI

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## THE AUDITOR'S STATEMENT IN RESPECT OF THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of ITAB Shop Concept AB (publ), corporate reg. no. 556292-1089

### ASSIGNMENTS AND DIVISION OR RESPONSIBILITY

The Board of Directors is responsible for the statutory Sustainability Report for 2021 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

### OPINION

A statutory sustainability report has been prepared.

### FOCUS AND SCOPE OF THE EXAMINATION

Our examination has been conducted in accordance with FAR's statement RevR 12 Auditor's report on the statutory sustainability report. This means that our examination of the sustainability report has a different focus and a significantly reduced scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination provides a sufficient basis for our opinion.

Jönköping, 30 March 2022  
Ernst & Young AB

Joakim Falck  
Authorised Public Accountant

# GRI-INDEX

The index below refers to this Sustainability Report and the separate Annual Report 2021. The page references show where mandatory standard information and selected indicators based on the materiality analysis are reported in these reports.

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102-10 Significant changes to the organisation during the accounting period		36, 63	
102-11 Application of the precautionary principle	14-15		
102-12 External regulations, principles or standards that the organization follows			
102-13 Membership of external organisations			Nothing relevant in this respect
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102-14 Statement by the CEO	4	6-7	
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102-42 Identification and selection of stakeholders	8-9	18-19	
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102-46 Process for defining content and limitations of aspects	8-9	18-19	
102-47 List of significant identified aspects	9	19	
102-48 Effect of amended information that has been submitted in previous reports and explanations for this			There have been no changes
102-49 Significant differences compared to previous reporting		56	
102-50 Accounting period	20		
102-51 Date of most recently submitted report		See comment	8 February 2022
102-52 Accounting cycle	18	35	
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102-54 Account in accordance with selected GRI level	18		
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302-1 Energy consumption in the organisation	14		
308-1 Number of new suppliers that are screened using environmental criteria	14		
403-2 Extent of injuries, work-related illness, lost working days, absence and the total number of work-related fatal accidents per region	11		
404-2 Programme for further development and learning for employees	10-11		
405-1 Composition of Board of Directors and management with regard to gender, age group and other diversity indicators	11	68	
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This Sustainability Report aligns with ITAB's Annual Report 2021 and refers to the period 1 January to 31 December 2021.

Publication date: 31 March 2022