A woman with long brown hair and glasses, wearing a red and black Bauhaus uniform, is smiling and interacting with a customer whose back is to the camera. She is holding a yellow and black handheld device. The background shows a hardware store with shelves of tools and a white toilet on a cart.

Our work for sustainable development

Sustainability Report 2022



ABOUT OUR REPORT

This is the BAUHAUS annual sustainability report for financial year 2022. Our sustainability report gives a presentation of our activities and what we need to do to continue developing BAUHAUS in a sustainable direction. We share the results, progress and challenges in our key environmental, social and economic sustainability issues. The report covers operations in both Sweden and Norway, unless otherwise indicated.

This report has been drawn up in accordance with Swedish and Norwegian annual report acts, to which BAUHAUS & Co KB, company reg. no. 969630-6944 and BAUHAUS Norge KS, company reg. no. 889 800 542 are subject. BAUHAUS' report is also in accordance with the provisions of the Norwegian Acts on Accounting and Transparency, Norwegian legislation regarding to annual reports, human rights and decent working conditions.

For several years, BAUHAUS has prepared its sustainability report in accordance with the GRI Standards: Core option. With the move to the new GRI Standards in 2022 and in anticipation of updated legal requirements under the European Corporate Sustainability Reporting Directive, this year we have opted for the less stringent GRI application level "with reference to the GRI standards", which means that we do not fully comply with all criteria. The report has not been externally certified.

If you have any questions about our sustainability report, please contact Anna Gustafsson, Sustainability Manager at BAUHAUS, at agu@bauhaus.se.

A woman with dark curly hair, wearing a green and grey work jacket and black gloves, is smiling and holding a potted plant. She is standing in front of a building with large windows and a green planter box filled with various plants. The background is slightly blurred, showing more of the building and some trees.

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The year in brief

2

new stores in Sweden:
Växjö and Umeå

-59%

CO₂e in own
operations

300

more than 300
employees in the talent
programme



new procedures for
supplier follow-up

1

new central warehouse
in Norrköping, Sweden

-13%

less waste in
Sweden

86%

Fill rate in own
lorries from our
central warehouse
to stores

1

new e-commerce
warehouse in Frogner
in Oslo, Norway



new code of conduct
for employees

2

new stores in Norway:
Haugesund
and Stavanger



-56% CO₂e from
internally owned lorries

Focused commitment to meeting challenges

2022 was a very eventful and challenging year for us at BAUHAUS. In the space of only eight months we opened four new stores, two in Sweden and two in Norway. We also took another step towards a more sustainable logistics solution by streamlining our flow of goods and merging six warehouses into a single new large-scale central warehouse in Norrköping. Achieving this in such a short time required a strong commitment from the whole organisation and our business partners. I am very proud of what we have accomplished and thank everyone involved!

Managing external challenges

Like most businesses, BAUHAUS has been impacted by the war in Ukraine. For BAUHAUS this has resulted in a shortage of raw materials, inflation and high energy prices. To drive the climate transition, we have implemented several pragmatic measures to reduce energy

use across the entire organisation. For example, we have lowered the temperature in our stores, reviewed the ventilation system and adjusted the lighting schedule. We are now taking a closer look at what investments would make us even more energy-efficient over the coming years.

"We have a significant transition ahead of us that demands cooperation internally and externally."

Kenneth Litland
CEO, BAUHAUS Sweden and Norway

Supporting our employees

All these challenges have, of course, been felt by our staff. At various times during the year, workload has been high and some staff have felt anxious. This has resulted in decreased employee satisfaction and increased employee turnover during

the year. The management team will examine what needs to be done to improve the working environment and increase the well-being of our employees. Our new Code of Conduct serves as the basis for how we will address this challenge and we will focus on one of the points in the Code at each workplace meeting. We also offer our employees anonymous and free counselling through an external service provider.





Efficient transport solutions yielding positive results

We have been in the process of developing new transport solutions to reduce environmental impact in our internal activities. Thanks to the new central warehouse, more efficient planning and higher vehicle fill rates, we have succeeded in reducing transport distances and thus our environmental impact. The test with a specially designed biogas-powered lorry with a double bed was successful and we plan to expand our fleet of these lorries in the future. We also hope to increase the percentage of train transports even more.

Looking forward in 2023

The most important, and perhaps the most difficult, area we need to continue working in is sustainable consumption. To reduce risks in the supply chain, we continue to develop procedures and processes in our procurement and endeavour to increase the proportion of European suppliers. We intend to strengthen cooperation with our purchasing partner in Asia and with BAUHAUS Germany in order to more effectively monitor supplier adherence to our Code of Conduct.

In 2023, we will also be increasing our focus on highlighting products with sustainability labels to guide our customers towards more sustainable choices. We will continue to look at ways to cut down our waste and find solutions to achieve circularity with products that we cannot sell in our own channels.

We have an important transition ahead of us, which we need to surmount together with our business partners, suppliers and customers. Through small, gradual improvements we will continue developing in the right direction!

Welcome to our sustainability report for 2022!

Kenneth Litland

CEO, BAUHAUS Sweden and Norway

This is BAUHAUS

BAUHAUS is one of Europe's leading DIY retail chains, with approximately 270 stores in 19 countries, including 23 in Sweden and four in Norway. The first consumer DIY store was inaugurated in Mannheim, Germany, in 1960.

BAUHAUS' business concept is to be the complete store for the workshop, home, and garden. Within our six specialised departments, we have a product range of nearly 100,000 items from around 600 suppliers. By gathering everything under one and the same roof, the BAUHAUS vision is to offer both private and corporate customers the greatest product range on the market.

BAUHAUS also offers a number of services. In cooperation with local building contractors, BAUHAUS customers can, for example, find assistance with renovate their bathroom or assembling or installing newly purchased products. Business customers are eligible for BAUHAUS corporate service, with streamlined order management and delivery to business addresses.

BAUHAUS Norway has been part of the Swedish organisation since 2020. Our four service centres are north and south of Stockholm and south-west of Oslo.

We own 18 of 27 properties in Sweden and Norway. The remaining locations and office space are leased from various property owners. BAUHAUS' central warehouse is located in Norrköping. In addition to this, we have six distribution centres and three e-commerce warehouses. The distribution centres are located in Stockholm, Gothenburg, Skåne och Norrköping. E-commerce warehouses in Sweden are located in Norrköping, Stockholm and in Oslo for Norway. In Sweden BAUHAUS has around 2,600 employees and around 400 in Norway.

"23 stores in Sweden, 4 stores in Norway."



BAUHAUS Value Chain

At BAUHAUS we seek to take responsibility for- and work to minimise our negative impact on people and the environment at all levels and in all areas of operations. We strive to contribute to sustainable development. Our initiatives and efforts range from the production of goods by suppliers to transport, health and safety, energy and waste management in stores and warehouses.



PRODUCTION & MATERIAL

There are environmental and social risks in our supplier chain, such as in the extraction of raw materials and manufacturing of components. Read more about our work on supply chain risks on page 18 and our climate strategy on page 42.



SUPPLIERS

BAUHAUS has a large number of suppliers around the world. Although most suppliers are based in Europe and the US, manufacturing of products takes place primarily in Europe and Asia. Read more about our supplier follow-up measures on page 20.



TRANSPORTS

With a global supplier base and many warehouses, transport-related issues are of great importance. We work for reduced climate impact and to take greater environmental responsibility throughout the transport chain. Read more about our climate-smart transport on page 35.



WAREHOUSES & LOGISTICS

Our central warehouse and distribution centres are the heart of the logistics flow of the business. Here we work on issues of transport optimisation and energy usage, as well as issues relating to the working environment. Read more about the central warehouse on page 37 and the working environment on page 25.



STORES

Our stores are large buildings with high energy demand that are open for business from morning until night. Employee health and safety, energy optimisation, and material and waste management are priority sustainability issues for us. Read more about how we are reducing energy usage on page 33.



EMPLOYEES

The success of BAUHAUS is entirely dependant on the commitment and willingness of our employees to develop with us. We make every effort to provide our staff with good conditions and opportunities for individual development. Read more about how we are working for an inclusive company culture and with continuous skills development on page 28.



CUSTOMERS

BAUHAUS wants to create value by offering customers the best range of products for the workshop, home, and garden. The work of creating value for our customers is key to all parts of our value chain. Read more about how we are guiding customers towards more sustainable choices on page 22.



WASTE

Our wide range of products generates a high volume of waste fractions. We work to continuously improve waste management for increased recycling and reuse. Read more about how we prevent and manage waste on page 38.

Our responsibility for sustainable development

Our ambition

BAUHAUS seeks to combine short- and long-term profitability with environmental consideration and social responsibility. Our work for sustainable business development focuses on the issues where our business can be of greatest benefit to society and the environment.



Sustainable Development Goals

The 2030 Agenda and the Sustainable Development Goals prepared by the UN, are intended for all states, companies and individuals with the aim to eradicate extreme poverty by the year 2030, reduce inequality and unfairness in the world, promote peace and fairness and solve the climate crisis.

“Through our sustainability work, we contribute to sustainable development and to achieving the goals in Agenda 2030.”

BAUHAUS has a responsibility and sees opportunities to contribute to the 2030 Agenda and the Sustainable Development Goals. Our most important positive contribution is linked to Sustainable Development Goals 3, 7, 8, 12, 13 and 15, involving sustainable consumption and production, combating climate change, energy efficiency, decent working conditions at supplier levels, health and well-being, and promotion of sustainable forestry.



Stakeholder expectations

Our key stakeholders include our customers, employees, and suppliers. We maintain a dialogue with them not only through our daily contact, but also through interviews, employee reviews, workplace meetings, supplier discussions and customer- and employee surveys. The opinions of our stakeholders are of great importance to us, and we are continually weighing our operations against their expectations.

In 2021, we conducted an in-depth stakeholder dialogue with private customers, corporate customers and employees to gain a better understanding of their expectations of our sustainability work. We sent out questionnaires, conducted interviews and organised roundtable discussions. The table below presents stakeholder expectations of BAUHAUS.

			
PRIVATE CUSTOMERS	CORPORATE CUSTOMERS	EMPLOYEES	SUPPLIERS*
<ul style="list-style-type: none"> ■ Ensure goods produced with environmental consideration ■ Offer a sustainable range of products ■ Demand decent working conditions at supplier levels ■ Reduce waste quantities, recycle, and reuse ■ Business ethics and anti-corruption (fair business practices) 	<ul style="list-style-type: none"> ■ Ensure goods produced with environmental consideration ■ Reduce waste quantities, recycle, and reuse ■ Business ethics and anti-corruption (fair business practices) ■ Offer a sustainable range of products ■ Help customers make sustainable choices 	<ul style="list-style-type: none"> ■ A safe and healthy work environment ■ Reduce waste quantities, recycling, and reusing ■ Ensure environmental consideration in product manufacturing ■ Reduce our overall climate impact ■ Requirements for decent working conditions at supplier levels 	<ul style="list-style-type: none"> ■ Leading by example ■ Guidance on sustainability issues ■ Flexible delivery conditions to facilitate access to fossil-free transport ■ Cooperation to boost sales ■ Open, fair and transparent communication

*The table shows examples of questions raised by suppliers in self-assessment questionnaires and audits in 2022.

Our key sustainability issues

In 2021, we conducted a materiality analysis that, in addition to the stakeholder dialogue, included external trends, upcoming regulations and industry analyses, as well as discussion of BAUHAUS' actual and potential impacts, goals and strategies. Based on the materiality analysis we have identified four sustainability areas as the most essential to prioritise:

- **Create opportunities for sustainable consumption**
- **Offer an attractive workplace**
- **Develop a climate smart operation**
- **Deepen our partnerships for health & the environment**

By focusing our resources on the most essential sustainability issues, we can minimise negative impact and contribute to sustainable development. We strive to continuously improve, achieve customer satisfaction, and to develop. In certain areas, we have made considerable progress, while, in others, we still have work to do before being satisfied. On the next page, we summarise the main issues we are focusing on as part of our sustainability work.



“By setting clear targets and integrated approaches on sustainability issues, we will continue to develop. We are facing many challenges, but also share a willingness to contribute to the transition we know has to be made.

Anna Gustafsson, Head of Sustainability, BAUHAUS Sweden and Norway

HOW WE WANT TO TAKE RESPONSIBILITY

"Sustainability has to be an integrated and natural part of our operations."

- Working systematically for a more sustainable product range and responsible suppliers
- Developing strategies and activities for increased circularity
- Guiding our customers to sustainable choices

CREATING OPPORTUNITIES FOR SUSTAINABLE CONSUMPTION

OFFERING AN ATTRACTIVE WORKPLACE

- Ensuring a healthy and safe work environment
- Having an inclusive corporate culture
- Investing in continuous competency development

BAUHAUS®

- Making our stores more energy-efficient
- Reducing emissions from transport
- Increasing our recycling rate

DEVELOPING CLIMATE-SMART OPERATIONS

DEEPENING OUR PARTNERSHIPS FOR HEALTH AND THE ENVIRONMENT

- Sponsoring and partnering up at the national level
- Getting involved in local associations and activities

BAUHAUS' sustainability strategy

The BAUHAUS Code of Conduct clarifies the principles of how we work and relate to one another and the world around us. Roll-out of this year's updated code will take place in early 2023, when we communicate the code to our employees through mandatory training and via the employee app. The new version of the Code applies to all employees in Sweden and Norway. All employees must read, understand and follow the Code of Conduct. As a complement to the Code of Conduct, we have clarifying policies, guidelines and process descriptions.

Clear goals, KPIs, and follow-up

Sustainability has to be an integral and natural part of BAUHAUS' operations, which is why we have an over-arching management system. The system includes goals, key figures and action plans for each focus area.

We continuously follow-up on our work, and status is assessed in the management group. In some areas we have made progress and in others we still have a long way to go before we can feel satisfied.

Division of responsibilities

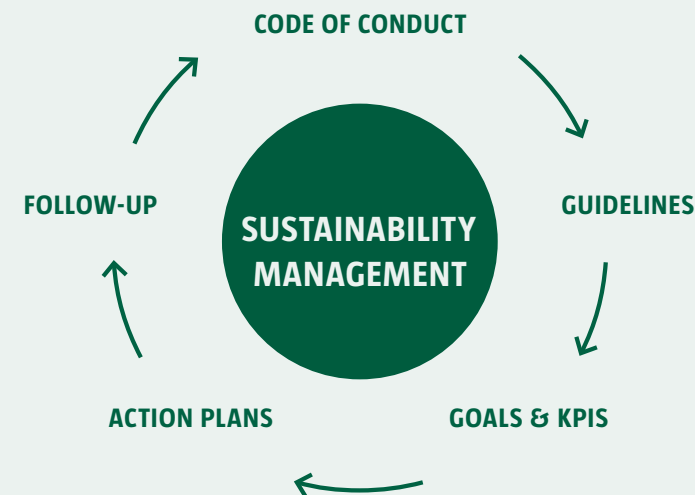
Ultimate responsibility for the implementation of the Sustainability Policy lies with the CEO of BAUHAUS. The Sustainability Manager is responsible for coordinating the work, and keeps management informed of activities

initiated to achieve sustainability goals. Operational managers for each sustainability area continuously monitor work, targets and key figures.

We want our employees to have an understanding of how they can contribute to achieving BAUHAUS' sustainability goals in their job roles and be involved in sustainability work. For example, employees are offered training in sustainability matters and information via the staff-app.

Reporting non-compliance

All employees are encouraged and expected to report non-compliance or potential violations of our policies and guidelines. In the first instance, employees shall address matters with their immediate supervisor, but they also have the option of reporting to the HR-department via the intranet. Employees can also anonymously report violations of the Code of Conduct via the whistleblowing function. Non-compliance is documented and, if needed, an action plan is prepared to prevent similar non-compliance in the future.



Risks and opportunities

We work continuously to monitor changes in our business and in the world. Risks are assessed, discussed, and managed at all levels of the organisation. The management team regularly discusses changes and risks as an integral part of planning and follow-up operations. The table on the next page presents some of our most significant risks and how we manage these.

RISKS	CONSEQUENCE	MANAGEMENT	ASSESSMENT*
SOCIAL RISKS AND DISASTERS	Societal emergencies and disasters (such as wars, pandemics, terrorism and cyber attacks) can lead to production stoppages, logistics problems, higher procurement prices and low availability of products and materials. They can also result in interruption of service, shutdowns, poor work environment, and property damage.	We continuously monitor changes in the world around us. We have established emergency management groups, emergency management plans, and emergency preparedness within the organisation.	<ul style="list-style-type: none"> ● Impact ● Probability ● Priority
STRICTER REGULATIONS	Increased requirements (such as sustainability reporting, supply chain transparency, credit lending and personal data management) require continuous oversight and updating of internal processes to ensure compliance. The implementation may result in changes to working methods and increased costs. Non-compliance with legal requirements may result in fines, reputational damage and negative consequences for people and the environment.	We consistently work to keep ourselves informed of current legal requirements and regulations. We reinforce the organisation with internal and external resources.	<ul style="list-style-type: none"> ● Impact ● Probability ● Priority
CHANGING PURCHASING BEHAVIOURS	Economic downturns, changing consumer trends and lifestyle changes can lead to changes in purchasing behaviour, such as reduced purchasing power or inadequate supply of products and services to meet customer expectations.	We constantly work to develop our product range to meet demand and reach new customers. We work systematically with stock status and pricing.	<ul style="list-style-type: none"> ● Impact ● Probability ● Priority
FAILURES IN THE PRODUCTION CHAIN	Should suppliers fail to comply with our Code of Conduct (such as with regard to working conditions, human rights and corruption) or demonstrate poor practice, the consequence can include violations of workers' rights, occupational accidents and environmental degradation. This can also result in damage to reputation.	Our Purchasing Department develops procedures that provide the basis for working systematically to set requirements and monitor the compliance of suppliers.	<ul style="list-style-type: none"> ● Impact ● Probability ● Priority
EFFECTS OF CLIMATE CHANGE	Natural disasters, rising average temperatures, extreme weather conditions and loss of biodiversity have a negative impact on nature, goods availability and our business. The effects of climate change can lead to production stoppages, logistics problems, low availability of products and materials, and higher energy and procurement prices. It can also result in a poor working environment and property damage.	We mitigate supply risks by using multiple suppliers within each product group. For staff and stores, we have safety procedures and a systematic health and safety programme.	<ul style="list-style-type: none"> ● Impact ● Probability ● Priority
NEGATIVE ENVIRONMENTAL IMPACT	Our own operations have a negative environmental impact, such as through inefficiency, waste and harmful materials in products that can have negative effects on human health and the environment. We also generate emissions from, for example, fuel, waste, business travel and the manufacture and use of products. If we fail to minimise our environmental impact, we risk causing greater emissions than what is in line with the Paris Agreement.	In order to reduce our climate impact, we have carried out a climate impact assessment and set climate targets. We train our staff and inform our customers of how to handle hazardous products. We want to increase sales of sustainability-labelled products. We work to increase our recycling rate and reduce waste.	<ul style="list-style-type: none"> ● Impact ● Probability ● Priority
NEGATIVE IMPACTS ON PEOPLE	A high workload can lead to stress in staff and workplace accidents. Unethical behaviour can lead to harassment and discrimination. Rights violations, stress, and workplace accidents can lead to a high employee turnover, absence, a poor work environment, injuries, and a negative corporate culture. Inadequate procedures or negligent behaviour can lead to injuries and accidents for both customers and staff.	We conduct systematic health and safety work and have close collaboration with external mental health partners. We have a whistleblower system that our employees are encouraged to use to report violations. We carry out regular safety inspections to ensure that our stores are safe for both customers and staff.	<ul style="list-style-type: none"> ● Impact ● Probability ● Priority
DEFICIENCIES IN BUSINESS ETHICS	Poor business ethics (such as corruption, conflicts of interest, cartels, theft) have a negative impact on society and business relationships and may result in fines, reprimands, price gouging, lost revenue and poor competition.	We have a clear policy regarding sound business ethics, we train our staff, and we set clear requirements for our suppliers and partners. Internal Audit monitors compliance.	<ul style="list-style-type: none"> ● Impact ● Probability ● Priority
CURRENCY RISKS	Changes in exchange rates can lead to higher procurement prices if we are not able to agree on payment in Swedish kronor. Higher procurement prices that cannot be passed on to the consumer can lead to reduced margins and weaker financial performance.	To minimise currency risk, we transact in Swedish kronor to the greatest extent possible. When negotiating prices in foreign currency, we account for possible fluctuations in exchange rates. We prioritise partnerships with Swedish suppliers and purchases directly from manufacturers instead of distributors.	<ul style="list-style-type: none"> ● Impact ● Probability ● Priority

*Impact: on BAUHAUS' operational goals, on people, and on the environment. Time horizon: next 1–3 years

● High ● Average ● Low

We create opportunities for sustainable consumption

Our ambition

We shall cooperate with responsible suppliers to offer a wide range of goods and services for workshop, home and garden.

We strive to increase sales of sustainability-labelled products through product development, clear communication, and guidance.



Sustainability requirements for suppliers

Global consumption is currently far from sustainable: resource consumption, waste and greenhouse gas emissions are continuously increasing as a result of increased sales of goods and non-circular business models. Sustainable development requires changes of both product range and consumer purchasing behaviour. BAUHAUS aims to sell durable goods and to offer products with sustainability labels or certifications issued by an independent third party. We acknowledge that we can do much more in this area, for example by developing our efforts to guide customers towards more sustainable consumption habits.



* BAUHAUS Sweden and Norway also buy goods through other entities of the Group. In some cases, goods are purchased via BAUHAUS purchasing partner in Hong Kong. Only suppliers with whom Sweden and Norway have agreements are included in the supplier assessment described on these pages.

SUB-GOALS 2022	GOAL FULFILMENT 2022	SUB-GOALS TO BE ACHIEVED IN 2023
<ul style="list-style-type: none"> ■ New purchasing agreements include the Code of Conduct for Business Partners. ■ All suppliers negotiated in Norway and Sweden undergo risk assessment. ■ Supplier audits are carried out according to plan. ■ Non-compliance from audits are remedied. 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> ■ All purchasing agreements include the Code of Conduct for Business Partners. ■ All suppliers negotiated in Norway and Sweden undergo risk assessment. ■ Supplier audits are carried out according to plan. ■ Non-compliance from audits are remedied.
<p>● Goal achieved ● Goal partially achieved ● Goal not yet achieved</p>		

BAUHAUS Code of Conduct for suppliers

The BAUHAUS Purchasing Department is responsible for 275 suppliers with whom BAUHAUS Sweden and Norway have agreements*. Most suppliers are based in Europe and the United States, while the manufacture of goods takes place in Europe and predominantly in Asia.

All suppliers with whom BAUHAUS signs contracts must adhere to the BAUHAUS Supplier Code of Conduct, which is based on the ten principles of the UN Global Compact (UNGC) and the 2030 Agenda. The Code outlines our requirements and expectations of our suppliers' sustainability work linked to social conditions, environment,

CODE OF CONDUCT FOR OUR SUPPLIERS

We demand that everyone we work with meet our requirements with respect to:

- Human rights
- Working conditions
- Health and safety
- Environmental consideration, including reduced climate impact
- Business ethics
- Structured sustainability work



climate, and anti-corruption. We also require that the supplier has its own code of conduct that reflects BAUHAUS requirements, that there are procedures in place to meet the requirements, and that the supplier in turn follows up with their own suppliers.

Clear anti-corruption guidelines

We strive to counteract all forms of corruption. In addition to our work with requirements on suppliers, we have internal guidelines for all employees. We apply the anti-corruption code in business (the Code to prevent Corruption in Business), administered by the Swedish Anti-Corruption Institute.

Supplier risk assessment

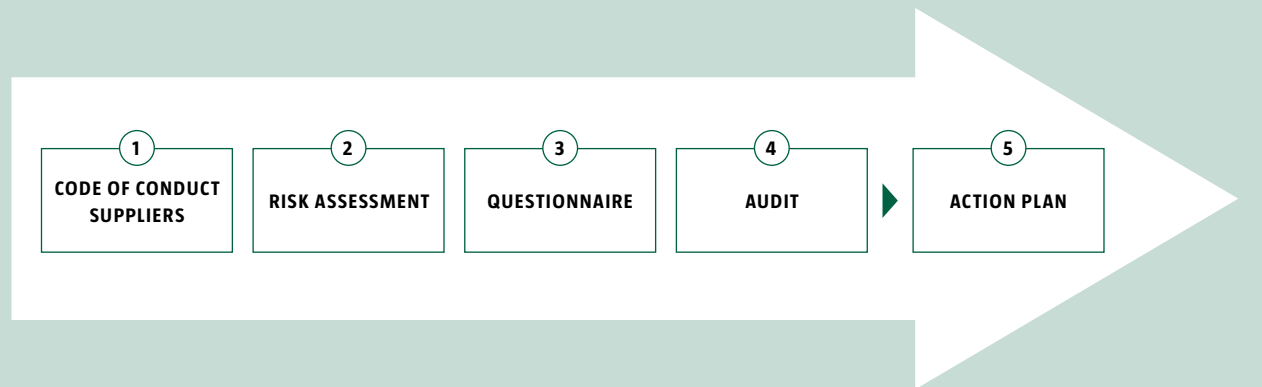
Our supply chain is complex because it has many tiers and because our products are made up of raw materials and components sourced from many different countries. We see risks in the supplier chain, both where raw materials are obtained and at the manufacturing stage.

The majority of all suppliers with agreements negotiated in Sweden and Norway are now risk-classified (93 percent). The analysis showed that 64 percent of the suppliers have production in risk countries and 24 percent have an increased risk of not adhering to the requirements of the BAUHAUS Supplier Code. We define risk countries using three indices: the World Governance Indicators, the ITUC Global Rights Index, and the Transparency International Corruption Perception Index. The risks relate to poor labour conditions, human rights, negative environmental impacts and corruption.

PARAMETERS OF OUR RISK ASSESSMENT

- Country of production
- Supplier's internal code of conduct for employees
- Supplier's routines for ensuring compliance with the internal Code of Conduct
- Supplier's sustainability requirements for its suppliers
- Supplier's follow-up with its suppliers

THE BAUHAUS MODEL FOR RISK ASSESSMENT AND SUPPLIER MONITORING



- 1. Supplier code of conduct:** Our environmental, social and ethical requirements for suppliers are set out in our Code of Conduct.
- 2. Risk assessment:** All suppliers with whom we sign agreements undergo risk assessment by our purchasing department.
- 3. Questionnaires:** Suppliers who have received elevated risk ratings in the risk classification (step 2) must answer in-depth questions in a self-assessment form.
- 4. Audit:** We conduct supplier follow-up through on-site audits.
- 5. Action plan:** Based on the answers in the self-assessment form and the outcome of the audits, concrete actions plans are created, which are then subject to follow-up by the purchaser in charge.

Supplier follow-up

BAUHAUS carries out supplier follow-up to mitigate risk. We also intend to increase the proportion of European suppliers over time, which will help mitigate risk of human rights violations, reduce transportation and increase flexibility in ordering.

Our supplier follow-up consists of questionnaire and audits. In 2022, BAUHAUS has evaluated around sixty self-assessment forms and conducted audits at nine selected suppliers with headquarters in Sweden and manufacturing in Asia.

As part of our audits, we focus on health and safety, anti-corruption, anti-discrimination, and environmental protection in internal (Swedish) operations, as well as procedures for communicating our sustainability requirements and follow-up through the supply chain. Common deficiencies relate to anti-corruption procedures, knowledge of sustainability risks in the supply chain, and follow-up of sustainability requirements for subcontractors.

Specific action plans

Both the supplier self-assessments and supplier audits result in action plans with concrete scheduled actions for suppliers to implement. Purchases monitor implementation status.

Our follow-ups showed that our suppliers have taken numerous actions, but that not all actions with a deadline in 2022 were implemented. We maintain dialogue with our suppliers. We may terminate partnerships with any suppliers who are not sufficiently transparent, provide inaccurate information or show a lack of commitment. No partnerships were terminated because of deficiencies in sustainability efforts in 2022.

Supplier follow-up is an area where we have the potential to do more and in the coming years we will develop our inspection procedure to better follow up on suppliers with high risk scores.



POTENTIAL VIOLATIONS OF HUMANS RIGHTS IN THE SUPPLY CHAIN

- **The right to protection of family life:** workers work excessively long days (overtime)
- **Right to freedom from slavery and forced labour:** employers withhold workers' ID cards, so they cannot leave their place of work; the employee has a debt to the employer that must be paid off
- **Right to freedom and personal safety:** the worker may not leave the factory area after working hours; risk of occupational injuries.
- **Right to freedom of association:** limitations from the state or employer against formation of trade unions
- **Right to decent living standards:** the employer pays wages that are not reasonable or that are impossible to live on
- **Protection against discrimination:** the employee is discriminated against on the basis of, for example, gender, religion or ethnicity

Cooperation within the group

During the year, we increased the level of our cooperation in responsible procurement with BAUHAUS Germany and our purchasing partner in Hong Kong. Our common goal is to map out supply chains, identify sustainability risks, and set and monitor clear sustainability requirements.

"We are a member of amfori BSCI."

Since 2022, BAUHAUS has been a member of the amfori Business Social Compliance Initiative (BSCI), which supports the social responsibility initiatives of members in their supply chains through a common supplier code, training for producers and coordination of factory audits. This past year, we began an inventory of which suppliers are part of the network and the outcome of their factory audits.

Handling of Russian and Ukrainian suppliers

As a result of the war in Ukraine, BAUHAUS discontinued its cooperation with suppliers and subsuppliers from Russia and Belarus. Barring Russian suppliers from our supplier base is a long-term strategic decision that we will uphold regardless of how the war develops in 2023.

BAUHAUS has a few suppliers from Ukraine, which primarily deliver wood products. In keeping with our belief in long-term cooperation, our purchasers are remaining in close contact with these suppliers and dealing with the situation as it unfolds.



An additional consequence of the war and the energy crisis is that procurement prices have increased for a large number of products, and availability of some products has been- and in some cases remains -a significant challenge. We have also observed that the war has led more customers to become increasingly aware of where goods are produced, which is generally a positive development.

Collaboration with building contractors

Through cooperation with local building contractors, BAUHAUS offers its customers construction services as well as assembly and installation of purchased products. As the construction industry is a high-risk industry,

particularly in terms of labour-related crime, workplace accidents and corruption, BAUHAUS spent time this past year developing a code of conduct for contractors. The code complements the requirements of the framework agreement with the contractor and covers topics of particular importance for us such as business ethics, working conditions, health and safety, customer care and environmental protection.

We have also reviewed our monitoring procedures and aim to monitor compliance even more closely in the future by checking, for example, certifications and certificates of competence, certificates of incorporation and self-assurance of compliance.

Strategy for a more sustainable product range

BAUHAUS' wide range of products poses a major challenge. Even though it is the supplier's responsibility to ensure compliance with legislation and regulations, it is our responsibility to set the right requirements, collect and review documentation, and do spot checks on products. During 2022, we have taken further steps to improve our internal procedures for collecting and compiling product information. This development will continue in 2023.

Another focus area for 2023 will be to review selected products under BAUHAUS' own brands and hold discussions with suppliers as to how products can be made more sustainable in terms of, for example, resource consumption, choice of materials, lifespan, recyclability and country of manufacture.

Making sustainable choices easy

Product-related sustainability labels or third-party certifications, such as the Nordic Ecolabel or FSC, make it easier for customers to opt for more sustainable products. Many of the products in our range already have such a labelling. BAUHAUS aims to increase the share and sales of third-party labelled products. As a step in this direction, during the year we produced a simplified guide to the most common labels, which can be found on the BAUHAUS website. We also guide our customers with BAUHAUS sustainability tips, which we regularly publish in our newsletters and on our website. The next step is to make it possible for our customers to filter for products with sustainability labels or certification on our website.



// Many of the products in our range already have an independent sustainability label or certification. By promoting these in our marketing, on our website and in our stores, we can guide the customer to making more sustainable choices.
Calle Ragnarsson, Head of Purchasing, BAUHAUS Sweden and Norway

Renting and re-using

Many of our customers do home- and garden project requiring special machines, tools and equipment. So that the customer does not have to buy a product that will only be used on a few occasions, BAUHAUS offers the possibility of renting equipment instead. We had a goal to review our rental concept in 2022, but had to put this on hold because of high workload with the establishment of new stores.

In Sweden we have been working with the re-use partner GIAB since 2021. The partnership is based on recirculating faulty products and other goods that are difficult to sell in our regular channels, such as goods with defective packaging or that have been damaged during transport. During the year we have connected several stores - at the end of the year 11 stores, the central warehouse and our e-commerce were connected. One challenge we want to solve before connecting the remaining stores is to find smooth and environmentally friendly logistics flows to deliver the goods to GIAB. The products are priced and sold through GIAB's channels. In 2022 GIAB handled around 3,000 products that were resold instead of being discarded.



SUB-GOALS 2022	GOAL FULFILMENT 2022	SUB-GOALS TO BE ACHIEVED IN 2023
<ul style="list-style-type: none"> ■ Sustainability tips on bauhaus.se. ■ Update the concept for rental of tools. ■ Connect all stores to the collaborative scheme with our re-use partner, GIAB. 	<p>●</p> <p>●</p> <p>●</p>	<ul style="list-style-type: none"> ■ Update the concept for rental of tools.
<p>● Goal achieved</p> <p>● Goal partially achieved</p> <p>● Goal not yet achieved</p>		

We offer an attractive workplace

Our ambition

BAUHAUS is a safe, developing and inclusive workplace. With active and systematic measures to improve working environment, we ensure a creative, health, and inspiring workplace.

Our stores, service centres, and other units are accessible and attractive to both employees and customers. We mirror society at large, which means that we value diversity and strive for equality in all parts of our operation.



A safe and healthy work environment



A safe and healthy workplace is a major priority for us. Nobody should feel bad or become ill as a result of their job. Identifying and handling working environment risks is an important aspect of our systematic working environment efforts. The HR department, safety representatives and the safety committee continuously review risks in our stores and take measures to prevent

“Nobody should feel bad or become ill as a result of their job.”

accidents. The most serious risks in the physical work environment relate to forklift driving, falls and heavy lifting when handling products, such as when handling countertops and working at the checkout.

For preventive purposes, we have therefore prohibited the operation of lift trucks after 10 AM and goods may

not be stacked more than two metres high. These measures are logistically challenging for us, but increase safety and security in our stores. As a complement to the safety rounds, the Safety and Internal Audit department (IA department) conducts annual audits at all workplaces in Sweden and Norway, where special focus is placed on management of work environment risks.

Training and workplace meetings

To raise awareness of health and safety issues among employees, we organise annual training courses on health, safety, stress and mental health. Routine workplace meetings also give employees regular opportunity to discuss health and safety issues. In workplace meetings, the BAUHAUS Code of Conduct is always at the centre of discussions on both the physical and psychosocial working environment.

SUB-GOALS 2022	GOAL FULFILMENT 2022	SUB-GOALS TO BE ACHIEVED IN 2023
<ul style="list-style-type: none"> No serious accidents, incidents, or work-related illnesses. 	●	<ul style="list-style-type: none"> No serious accidents or incidents. Less than 5% absence due to illness.
● Goal achieved	● Goal partially achieved	● Goal not yet achieved

"Workload has at times been high."

Reporting of incidents and accidents

We encourage all employees to report incidents in order to prevent serious workplace incidents or accidents. Our internal reporting systems are open to all staff, allowing reported incidents to be communicated so that all employees are made aware of existing risks.

In 2022 a total of 313 accidents with bodily injury were reported, which is a marginal increase compared with 2021 (307). Pinch- and cut injuries are the most common accidents. One accident and one incident of a more serious nature occurred during the year. The accident involved a fork-truck driving over an employee's foot. The incident occurred in connection with the incorrect handling of a paternoster system with roller mats. We always investigate the root cause of accidents, and we take action to reduce the risk of any such accidents occurring in the future.

Mental health support

We have also identified stress and mental health as risks. At various times during the year, workload has been high and some staff have felt anxious due to events in



// We encourage all employees to report incidents and accidents that could lead to serious accidents. We always investigate the root cause of accidents to reduce the risk that they will happen again.
Stefan Karlsson, HR Director, BAUHAUS Sweden and Norway

the world around them. Early in the year we launched a collaboration with Mindler, Sweden's largest digital psychology clinic, in order to support employees experiencing stress or other mental health problems. All employees in Sweden now have the opportunity to receive professional counselling anonymously and free of charge. As part of the cooperation, employees

are also given the opportunity to complete a self-help programme or attend lectures and training sessions on mental health. In 2023 we will be launching a similar programme for employees in Norway.

EMPLOYEE DATA	SWEDEN			NORWAY
	2022	2021	2020	2022*
Number of employees	2,580	2,804	2,690	391
Proportion with full-time contract	44%	48%	49%	53%
Average age	34 years	33 years	32 years	34 years
Percentage of employees covered by collective agreement	100%	100%		67%
Number of store employees	2,356			335
Number of service centre employees	224			28
Number of distribution employees**	82			15

HEALTH AND SAFETY	SWEDEN			NORWAY
	2022	2021	2020	2022*
Accidents resulting in physical injury	313	307	365	35
Incidents and accidents of a serious nature	2	2		0
Sick leave	6.4%	5.5%	6.6%	8.0%

*For Norway, data for 2021 and 2020 was reported in the Norwegian sustainability report

**Employee number distribution for Sweden is not included in the total number of employees for Sweden, as these do not relate to BAUHAUS & Co KB.



2580 Employees at BAUHAUS Sweden 2022

100% Percentage of employees covered by collective agreement in Sweden

Inclusive corporate culture and skills development

BAUHAUS workplaces are characterised by a fast pace, a strong sense of community, and short decision-making paths. Our success is wholly dependent on our employees' desire to contribute and grow professionally with us. We make every effort to provide our staff with good conditions for continued individual development.

"The Code of Conduct clarifies our values."

Our Code of Conduct

The purpose of our internal code of conduct is to clearly define our values and provide guidelines for how we work at BAUHAUS. The Code of Conduct applies to all parts of our business and all employees in Sweden and Norway. All employees must read, understand and follow the Code of Conduct. The code is incorporated into all orientations, training, annual employee reviews, monthly manager-employee talks, and workplace meetings.

The BAUHAUS HR director is ultimately responsible for the implementation and it is the responsibility of each



department manager to ensure familiarity and compliance with the code. Follow-up takes place by employee reviews, among other things. During the year, the Code of Conduct was updated and, starting in 2023, a mandatory training programme will be rolled-out using the employee app.

OUR CODE OF CONDUCT

-  We contribute to a healthy corporate culture and a fun workplace
-  We recognise success and innovative ideas
-  We work for health and safety in the workplace
-  We have a zero-tolerance policy against harassment and discrimination
-  We condemn all forms of corruption
-  We work for sustainable development
-  We comply with policies, guidelines, and legal requirements



Read the full code of conduct

New whistleblower function

At the end of 2021, new legislation came into force in order to strengthen whistleblower protection, the so-called Whistleblower Directive. The BAUHAUS HR department, together with the Security and Internal Audit department, therefore worked actively over the course of the year to integrate the model developed for the Group to meet the regulatory requirements. Staff can now anonymously report violations of the Code of Conduct through our internal whistleblower function. BAUHAUS exercises a prohibition of retaliation, which means that there must be no repercussions for the reporting party.

Equality and non-discrimination

We know that different skills, backgrounds and experiences contribute to our success and development. We also want to reflect society and our customers. We therefore strive for diversity and equality in all parts of our organisation and actively work to prevent all forms of discrimination. Work takes place systematically and preventatively, in the areas of working conditions, recruitment and promotion.

In 2022, the proportion of women in company management was 18 percent. Store management groups in Sweden had a total of 48 percent female managers. The corresponding figure for Norway was 45 percent.

We exercise zero tolerance for harassment and discrimination, which is stated in our Code of Conduct. Unfortunately, employees have experienced

discrimination and sexual harassment in the workplace during the year. Two employees have been dismissed and disciplinary action has been taken against a further five employees. Working towards the goal of zero harassment is therefore a very high priority in 2023.

Collective agreements

All employees in Sweden are covered by collective agreements. With regard to white-collar workers there is the collective agreement with Unionen (Sweden's largest trade union) and for blue-collar workers with the Swedish Commercial Employees' Union. We are thus also a member of the interest groups Swedish Trade Federation and Confederation of Swedish Enterprise. In Norway we adhere to the collective agreement between Handel og Kontor, and Virke.

"All employees in Sweden are covered by collective agreements."

Compensation surveys are conducted within the framework of the collective agreements in both Sweden and Norway. These surveys are carried out to avoid unjustified pay differences based on gender. We prioritise neutral and objective wage-setting, and the outcome of the survey presented during the year did not reveal any inappropriate wage differences at the company level.



Regular employee review meetings

All employees are offered annual performance reviews where, among other things, personal objectives and development plans are discussed. There are also monthly 'My Status' meetings between managers and employees. These address work environment issues, follow-up of appraisals and feedback. The meetings are digitally logged and can easily be tracked by both managers and employees using the employee app. More employees had My-Status meetings this past year than in 2021.

Skills development and talent programme

Room for personal initiatives, opportunities for personal responsibility, professional challenges and development opportunities are core elements of BAUHAUS' company culture.

Plans for competency development and training are made during performance reviews. One important aspect when it comes to cultivating the next generation of managers and key persons is the internal talent programme, which aims to identify employees who want to develop their leadership skills. Since we primarily recruit leaders internally, the programme allows us to offer employees development and career opportunities throughout Sweden and Norway. The programme offers employees training, coaching and exercises in areas such as leadership, communication, work environment, labour law and customer care. In 2022, the talent programme covered 307 employees in Sweden and 16 employees in Norway. The target for 2023 is for at least 80 percent of our future managers to have participated in the programme.

Employee surveys

We conduct a wide-scale employee survey every two years. In 2022, the survey was conducted for both Sweden and Norway. The results showed only small changes compared to the previous survey.

The Employee Net Promoter Score is a measure of the extent to which employees are willing to recommend their workplace to a friend or acquaintance and is measured on a scale of -100 to +100. The eNPS in Sweden came out to 0, which is a decrease from the previous measurement and lower than the target of +10. Goals for leadership index and well-being index were not met, either.

We recognise challenges in the fact that fewer people recommend BAUHAUS as a workplace and that confidence in the management team has declined, albeit marginally, in both Sweden and Norway. The working environment and leadership will continue to be important areas where we are working towards the goal of recruiting managers internally. As part of assessing

an open corporate culture, from 2023 we will also be monitoring whether employees feel as though they are able to express their ideas and opinions.

Staff turnover

In 2022 our staff turnover increased from 15 to 19 percent. We take this increase seriously and are aware that work-related factors such as stress and rights violations can lead to high staff turnover and a negative corporate culture. In 2023, our focus is to improve the working environment, internal collaboration and dialogue through more structured follow-up of employee opinions and ideas.

SUB-GOALS 2022	GOAL FULFILMENT 2022	SUB-GOALS TO BE ACHIEVED IN 2023
<ul style="list-style-type: none"> ■ Less than 20% staff turnover. 	●	<ul style="list-style-type: none"> ■ Less than 15% employee turnover. ■ +10 Employee Net Promoter Score (eNPS). ■ No confirmed cases of discrimination.
<ul style="list-style-type: none"> ■ 80% of employees have completed mandatory training. 	●	<ul style="list-style-type: none"> ■ More than 80% of managers come from the talent programme. ■ All employees have undergone training in the Code of Conduct. ■ I can express my views and propose ideas. ■ There are good opportunities for skills- and career development.
<p>● Goal achieved ● Goal partially achieved ● Goal not yet achieved</p>		

STAFF TURNOVER, TALENT PROGRAMME AND REPORTED HARASSMENT

	SWEDEN			NORWAY
	2022	2021	2020	2022*
Staff turnover	19%	15%	14%	16%
Employees in the talent programme	307	82	136	16
Employees who reported sexual harassment	9	6	0	1
Employees who reported unfair treatment	4	2	9	0

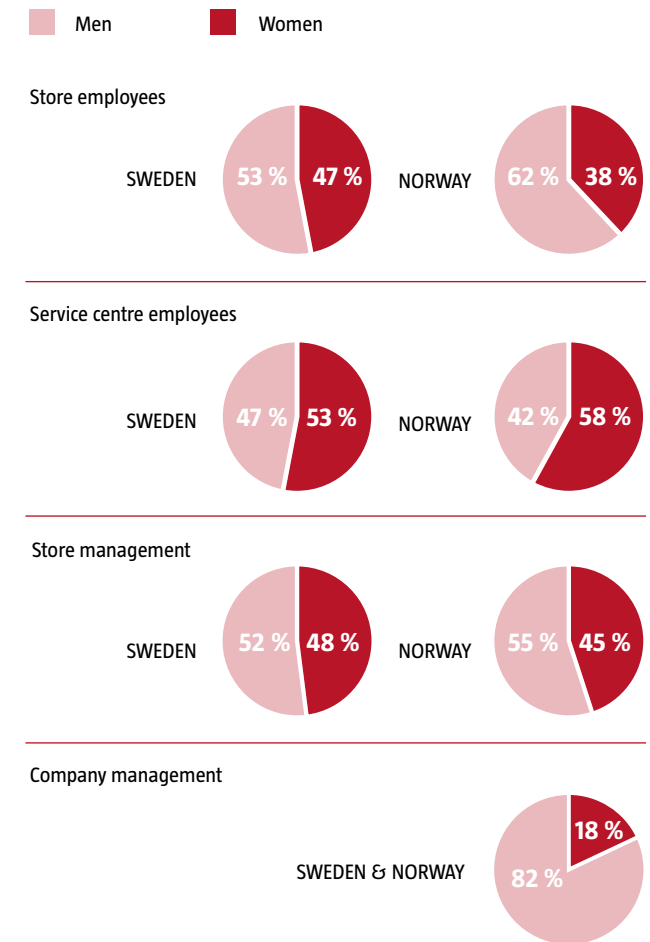
*For Norway, data for 2021 and 2020 was reported in the Norwegian sustainability report

EMPLOYEE SURVEYS

	SWEDEN		NORWAY	
	2022	2020	2022	2020
Employee Net Promoter Score (eNPS)	0	+ 10	+ 10	+ 20
Leadership index	47	48	49	50
Well-being index	66	68	70	68

323 of employees participated in the 2022 talent programme

GENDER DISTRIBUTION PER BUSINESS AREA 2022



Climate-smart operations

Our ambition

We are optimising energy efficiency in our stores and other properties and using electricity and heat from renewable energy sources to reduce our climate impact.

We set requirements for climate-smart transports with the highest vehicle fill rate possible. Our own distribution vehicles run on fossil-free fuel and we make it easier for our customers and employees to get to our stores in as climate-friendly a manner as possible.

We minimise our waste and sort so as to facilitate reuse, recycling and energy recovery.



Energy optimisation in our stores



A large part of BAUHAUS’ activity takes place in large stores with high energy demands, that are open 6 AM to 8 PM most days of the week, requiring many hours of active indoor lighting and ventilation. To reduce electricity consumption, we are continuously working on energy-saving measures in our properties. In Norway, we have therefore developed a checklist of concrete measures for store staff on how to reduce energy use.

“We have drawn up an action list to reduce energy consumption.”

In 2022, for example, we improved the insulation of around half of the stores we own in Sweden, which

is estimated to reduce energy demands for heating by around 12 percent. Another measure implemented in Sweden and Norway this past year was our reduction of indoor temperature in all our stores to 18 degrees.

During the year, we also continued our work to optimise lighting, while also replacing old ventilation systems in stores and improving control over both ventilation and consumption of energy and water. We have also carried out preventive maintenance work in our stores to prevent unnecessary energy use.

Despite the establishment of two new stores in Sweden and two in Norway, total electricity consumption in our stores has decreased by 468 MWh, equivalent to a 2 percent decrease.

SUB-GOALS 2022	GOAL FULFILMENT 2022	SUB-GOALS TO BE ACHIEVED IN 2023
<ul style="list-style-type: none"> 100% renewable heating, cooling and purchased electricity. 	●	<ul style="list-style-type: none"> 100% renewable heating, cooling and purchased electricity. Reduce energy use in our own stores in Sweden and Norway by 10% compared to 2022.
<p>● Goal achieved ● Goal partially achieved ● Goal not yet achieved</p>		



Towards 100% renewable energy

BAUHAUS strives to use only energy from renewable energy sources. Our goal for 2022 was for all heating, cooling and purchased electricity to come from renewable sources such as wind and hydropower. This has been achieved in all stores with the exception of Löddeköpinge, where the store is heated by its own gas boiler, fuelled by natural gas (fossil fuel). During the year, we held dialogues with the energy company, which is planning to expand district heating in the area, and developed a project and construction plan to replace the gas boiler.

One plan for the coming years is to install solar panels on 18 company-owned stores in Sweden. As this is a major investment, we need to plan the projects according to the economic situation and based on the savings generated over the long term. This project will kick off in 2023 with our store in Uppsala. Experiences and outcomes will be evaluated and serve as the basis for projects for the remaining stores.

“We strive to use only energy from renewable energy sources.”

ENERGY CONSUMPTION (MWH)	2022	2021*	2020*
Purchased electricity	28,762	25,027	25,512
Purchased heating	11,246	11,872	10,533
Own heat generation**	255	397	212
Total	40,263	37,296	36,257

*Relates to Sweden only. For Norway, data for 2021 and 2020 was reported in the Norwegian sustainability report.

** Own heat generation refers to a boiler in one of BAUHAUS’ stores. This is run on natural gas (fossil fuel).

Optimisation of logistics

Logistics and transportation are a central aspect of BAUHAUS' business operations and sustainability work. With increased sales volumes, more stores, a larger share of direct imports and a successful e-commerce channel, it becomes even more important to ensure that transport flows operate smoothly and with optimal efficiency. By aiming for fewer reloads and a higher level of cargo fill, we can cut down on the overall number of transports and thereby help reduce greenhouse gas emissions. In 2022, we achieved an average vehicle fill rate of 86% on routes from the central warehouse to stores, thanks to more efficient use of cargo space. The goal for 2023 is 88%.

This past year we opened a 90,000 m² central warehouse in Norrköping operated by PostNord TPL. The majority of goods come here from our suppliers for reloading and further distribution within Sweden and Norway. Delivery to the central warehouse as well as to distribution centres, e-commerce warehouses and stores is fulfilled by carriers engaged by our suppliers or directly by BAUHAUS. The majority of our transport is made by lorry, reliance on train transport is increasing.



SUB-GOALS 2022	GOAL FULFILMENT 2022	SUB-GOALS TO BE ACHIEVED IN 2023
<ul style="list-style-type: none"> ■ 85% vehicle fill rate of our own trucks from the central warehouse to our stores (90% by 2025). ■ 100% fossil-free transport with BAUHAUS' own e-commerce lorries. ■ 50% of distribution to Umeå by rail. 	<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> ■ 88% vehicle fill rate in own lorries from our central warehouse to stores (90% 2025). ■ 100% fossil-free transport for all e-commerce lorries by 2025. ■ Distribution by rail from the central warehouse in Norrköping to Umeå and Norge reaching 90% and 50%, respectively.
<p>● Goal achieved ● Goal partially achieved ● Goal not yet achieved</p>		

Climate-friendly e-commerce transport

The transport of e-commerce goods from the e-commerce warehouse to the customer relies largely on BAUHAUS' own lorries, although in some locations we cooperate with local carriers. In Sweden, BAUHAUS' lorry fleet operates only on renewable fuel (HVO*). In Norway we still have ongoing leasing agreements for fossil-fuel vehicles.

BAUHAUS imposes non-fossil fuel requirements on the vehicles driven by external carriers performing e-commerce distribution, and aims for this to reach 100 percent by 2025. To achieve this goal, we need to improve the requirements for transporters travelling longer distances for these carriers to switch to gas and electric lorries. The challenge we face is that this transition is partly dependent on fuel availability/infrastructure.

The first electric long-hauler in Sweden

We see a rapid development of electric vehicles for long-distance transport. In 2022 BAUHAUS and PostNord put the first electric heavy lorry adapted for long-haul routes into service. Over the course of the year we ordered another three vehicles for delivery in 2023.

Biogas-powered lorry with double load deck

One common constraint on the fill level of a lorry is that goods cannot be overstacked without risk of breakage. In cooperation with PostNord, BAUHAUS has therefore tested a specially designed biogas-powered lorry with a double load deck this past year. The sides of the lorry can be opened, facilitating loading and unloading. Over the course of the year, the new lorry save approx. 100,000 km of transport route, equivalent to around



98 tonnes of carbon dioxide. The plan is to expand the vehicle fleet with additional long-haulers in the future.

More trains for long-distance transport routes

In 2022, 11 percent of deliveries to the central warehouse were made by train. For example, all tile deliveries from Italy go together by train to Norrköping. BAUHAUS plans to establish a new logistics hub to increase the percentage of rail transport to the central warehouse.

This past year, 70 percent of the transports from the central warehouse to our new store in Umeå went by train. We are proud to have surpassed our target of 50 percent for 2022. Our 2023 target for train transport to Umeå is 90 percent. We also aim to carry out half of the transport from the central warehouse to Norway by train.

Improved packaging

In order to minimise the amount of packaging used to ship our products, BAUHAUS collaborated with PostNord to develop a number of different boxes sized to fit some of our best-selling products down to the millimetre. Another example of more sustainable packaging is our use of recycled corrugated cardboard that is 'crumpled' by machine as a filler instead of plastic or polystyrene. Some of our products are delivered on loading pallets. Where possible, BAUHAUS uses cardboard pallets instead of heavy wooden pallets. The reduced weight means fuel savings. Another advantage is that these are more customer-friendly since the customer can easily recycle the cardboard.

* HVO stands for hydrotreated vegetable oil, and is a type of biodiesel that is chemically identical or very much like fossil diesel and can thus replace fossil diesel to 100 percent.

Working together with our partner PostNord, we put our new 90,000 m² central warehouse in Norrköping into operation in early 2022.

"The central warehouse is the heart of our logistics work."

Why did you move the central warehouse and what are the main advantages of this?

– Our central warehouse is the heart of BAUHAUS logistics. From our journey of expansion, we came to see the need to move to a larger warehouse so as to optimise our logistics. In concrete terms, we are now able to receive larger deliveries from our suppliers, which leads to fewer unloads and increased vehicle fill rates for direct deliveries to our stores, and ultimately improved profitability. A higher degree of automation and improved controls also reduce internal errors.

How does the new central warehouse help BAUHUAUS reduce its environmental impact?

– The central warehouse gives us the ability to accelerate our sustainability work in logistics. We hope to increase the already high vehicle fill rate in the vehicles, thereby reducing greenhouse gas emissions. It is also easier for us to plan distribution with our biogas- and electric-powered lorries.

What are you doing to reduce packaging and wrapping?

- By using our new steel cages as load carriers for transporting general cargo, we can reduce our waste in the form of single-use packaging, plastic and cardboard. At the same time, they provide more efficient and ergonomic conditions for picking the goods on the shelves in the stores and at the distribution centres. We are also looking at alternatives to cardboard.

Daniel Åsander, Head of logistics and distribution for BAUHAUS Sweden and Norway



Waste and recycling



“If we are serious about creating a sustainable society, we need to make sure that the raw materials we already have are used as many times over as possible. This demands improved waste management and, above all, cleaner waste sorting. BAUHAUS is well on the way to reaching its goals thanks to a genuine interest and high level of engagement both locally and centrally.

Cédric Rives, Key Account Manager, Ragn-Sells

BAUHAUS’ wide range of products results in a large amount of various waste fractions in stores and warehouses. We continuously work to minimise the amount of waste generated by our operations and are moving towards a waste management system with maximum recycling.

Clear instructions are posted at the waste corners in the stores to facilitate sorting. In 2021 employees in Sweden underwent internal training in our goals and guidelines for material and waste handling. The training is now included in the orientation programme for new employees. Our business partner in Sweden, Ragn-Sells, is assisting us in the continued work of increasing employee awareness.

Different ways of reducing waste

Packaging, such as stretch film, cardboard or broken pallets are major sources of waste. This past year we took multiple steps to reduce packaging. For example,

by setting requirements on our suppliers who deliver directly to the stores, to reduce the use of packaging and to take back packaging after unloading. Another important measure our use of load carriers (cages) instead of traditional pallets for our own transport from our central warehouse to stores. These load carriers are circulated internally and significantly reduce packaging requirements.

“BAUHAUS is well on the way to reaching its goals thanks to a genuine interest and high level of engagement.”

In 2023, we will review waste management in Norway and implement improvement measures in close concert with our Norwegian stores.

SUB-GOALS 2022	GOAL FULFILMENT 2022	SUB-GOALS TO BE ACHIEVED IN 2023
<ul style="list-style-type: none"> 50% material recycling per store in Sweden. 		<ul style="list-style-type: none"> Increase the level of material recycling by 10% compared to 2022.
<ul style="list-style-type: none"> ● Goal achieved ● Goal partially achieved ● Goal not yet achieved 		

Challenges in reaching our ambitious goals

BAUHAUS' goal is to reduce the proportion of waste that goes to incineration and increase the proportion that goes to material recycling.

In collaboration with Ragn-Sells, our sustainability manager conducts quarterly follow-up of waste volumes and recycling levels in Sweden.

"13% less waste in 2022."

Company waste generated in Sweden amounted to 8,073 tonnes, which is 13% less than in 2021, with equivalent turnover. On average, 33% of waste is recycled, meaning that we did not reach our 50% target, though it is not only a clear improvement compared to 2021 (29%), but also the best result since BAUHAUS started measuring in 2019. The challenge is that our largest fraction, untreated wood waste, is not recyclable in Sweden and goes to energy recovery. Through various measures, we aim to reduce wood waste so that by 2023 we increase the share of material recycling by 10 percent.



In 2022 BAUHAUS launched various initiatives in its stores to reduce waste and increase reuse.

Why have you started to sell waste wood?

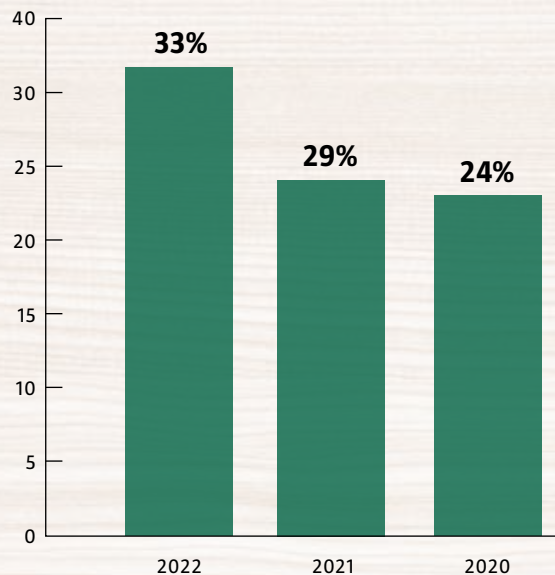
– When we cut wood for our customers in the store there is often waste. Some transport packaging is comprised of wood, such as the joists between decking boards and planter boxes. Instead of throwing all this away, we have now started to sell the cut-offs. Our customers appreciate this and we can reduce our waste - it's a win-win.

Why are you investing in promoting your bargain corner?

- Taking care of faulty products and products with damaged packaging makes up part of our daily operations. In the past, our clearance offerings were boring and a bit messy, and we wanted to change that. So we have tested a new, updated concept in our shop. This proved to catch the attention of our customers, and many less-than-perfect or discontinued products have been given a second chance. In 2023, we will be rolling out the concept to other stores.

John Ekdahl, Store manager for BAUHAUS Sickla

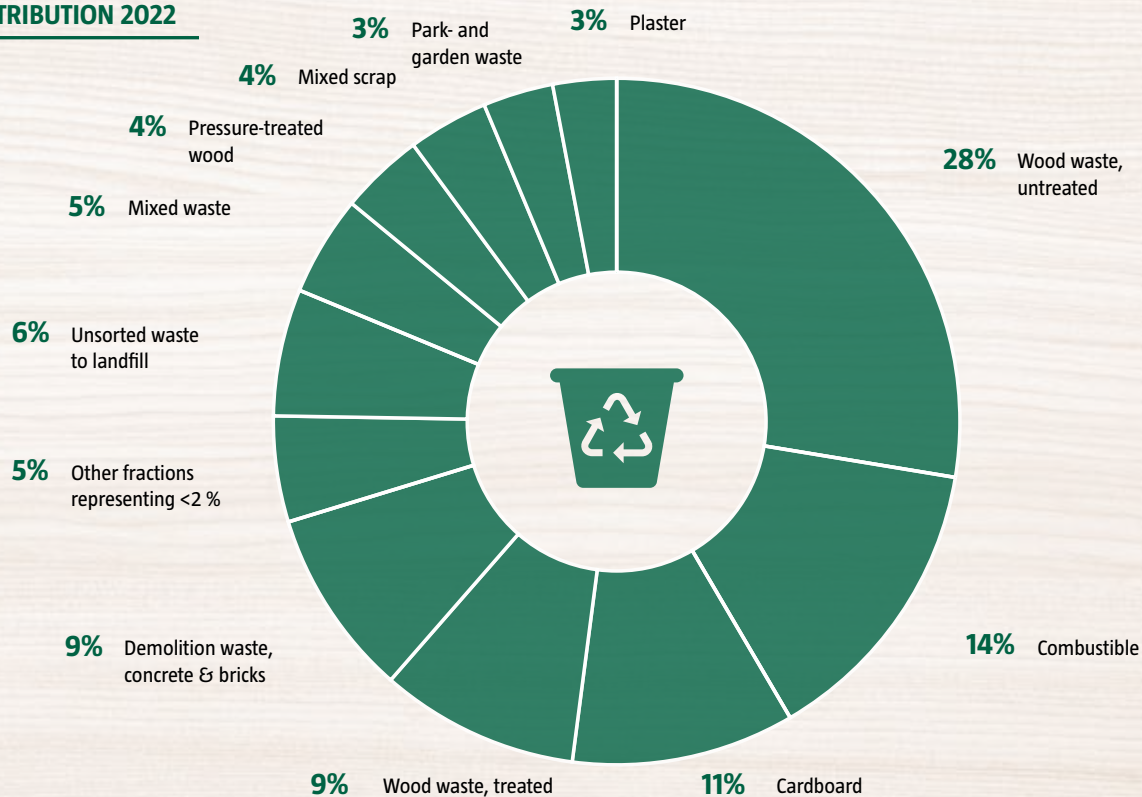
MATERIAL RECYCLING %



WASTE MANAGEMENT SWEDEN*	2022 (%)	2022 (tonnes)	2021 (%)	2021 (tonnes)	2020 (%)	2010 (tonnes)
Energy recovery	56	4,520	54	4,953	54	5,005
Material recycling	33	2,686	29	2,689	24	2,226
Further sorting at external plant	5	382	9	806	9	838
Landfill	6	471	9	788	14	1,279
Biogas/compost	0	12	0	20	0	17
Incineration	0	2	0	1	0	1
Total		8,073		9,255		9,365

*Waste volumes for Norway are reported from 2023 onwards.

WASTE DISTRIBUTION 2022



Climate strategy

Climate change is one of the main challenges of our time, and like all other players in society, we must take our responsibility for reducing climate impact.

"Climate change is one of the greatest challenges of our time."

BAUHAUS climate mapping

BAUHAUS' climate mapping shows that the largest emissions associated with the business are rooted in the supply chain, the extraction of raw materials and the manufacture of purchased goods. The mapping and calculations of climate impact have been carried out in accordance with the Greenhouse Gas (GHG) Protocol, the global standard for calculating and reporting CO₂ emissions, and include Scope 1, 2 and 3. Calculations are presented in tonnes of carbon dioxide equivalent (CO₂e). Subject to availability from the Swedish Transport Administration, the Swedish Energy Agency, scientific reports and other sources, the calculations have been based on lifecycle-based emission factors with regard to the entire lifecycle, such as the so-called Well-to-Wheel (WTW) values for fuels.



Calculating greenhouse gas emissions

BAUHAUS’ emissions of greenhouse gases from own operations (Scope 1 and 2) amounted to a total of 1 766 tonnes of CO₂e, in 2022, of which emissions in Sweden account for 95 percent. Emissions decreased by 61 percent compared to 2021, primarily due to contracted green electricity for Norway's stores, and increased use of fossil-free fuel in company-owned lorries. Scope 1 emissions of greenhouse gases account for a small fraction of the business’ total emissions. The vast majority of climate impact arises as indirect emissions in BAUHAUS’ value chain, Scope 3.

Results from the climate calculations to the right show the areas in which BAUHAUS needs to prioritise to reduce its climate impact.

FOCUS AREAS TO REDUCE OUR ENVIRONMENTAL IMPACT

- Optimise logistics flows, increase fill levels
- Fossil-free distribution
- Increase rail transport
- New European logistics hub
- Install solar panels on our stores
- Suppliers with their own climate goals by 2025
- Increase sales of products with independent third-party sustainability labelling or certification

59% Less emissions from own operations (Scope 1 and 2)

56% Less emissions from internally owned lorries

TOTAL EMISSIONS OF GREENHOUSE GASES (TONNES CO₂E) IN SWEDEN

	2022	2021	2020
DIRECT EMISSIONS, SCOPE 1			
Our own vehicles			
Lorries (E-commerce)	112	255	406
Lift trucks	88	310	364
Company cars	103	75	56
Assembly service vehicles	34	22	20
Own generation of heating and cooling			
Boiler	55	83	44
Total scope 1	393	745	890
INDIRECT EMISSIONS, SCOPE 2			
Purchased energy			
Electricity	666	703	639
District heating	1373	1840	1768
Total Scope 2	1766	2585	2658
TOTAL SCOPE 1 AND 2			

We are deepening our partnerships for health and the environment

Our ambition

We support Swedish sports from grassroots to elite level and other organisations that promote public health or work with environmental issues.

We are a positive force locally, where we have our stores. We create employment and are committed, along with local stakeholders, to sustainable development of society.



Social engagement

BAUHAUS has been working with partnerships and sponsorship for several years. We have a well-developed organisation and strategy to benefit both grassroots and elite levels. Sport and associations in general help contribute to positive social development. Our initiatives and collaborations also engage our employees in many ways.

Guidelines for our work in athletics

BAUHAUS' sponsorship work should provide us with good opportunities to create, maintain and strengthen long-term relationships, both with customers and business partners. We therefore established a sponsorship policy in 2022 to clarify our overall guidelines for the types of organisations we work with and how the sponsorship process should function.



PRINCIPLES FOR OUR SPONSORSHIP

- We support organisations that promote public health or work for the environment.
- We provide sponsorships at both the company and local level.
- We work on the basis of a gender and equality perspective.
- We are committed to productive dialogue and regular contact with our partners.

SUB-GOALS 2022

- BAUHAUS initiates/participates in sustainability projects together with our partners.
- All stores have held at least one activity day with a local club.
- 80% of employees have participated in a sustainability activity during their time working.

GOAL FULFILMENT 2022



SUB-GOALS TO BE ACHIEVED IN 2023

- BAUHAUS initiates/participates in sustainability initiatives with business partners that promote the environment and /or health.
- All stores have held at least one waste collection day with a local association.
- 80% of staff have participated in a well-being activity.

● Goal achieved

● Goal partially achieved

● Goal not yet achieved

"I think RedLockers is a great initiative."

As part of our sustainability work, with a focus on increased gender equality and positioning BAUHAUS as an attractive workplace, in 2022 we installed feminine hygiene product dispensers in staff areas in all stores and services centres in Sweden.

With RedLocker's distribution solution, 40 athletics secondary schools also got free access to feminine hygiene products. Together with BAUHAUS, several well-known sports stars also gave their support to the initiative. We asked Caroline Seger about her involvement in this initiative:

What made you want to be part of our initiative with RedLocker?

– I think it's a great initiative that hopefully can make everyday life easier for young girls and women. It's fantastic that BAUHAUS is making it possible for sports-centred secondary schools to be even more inclusive and create better basic conditions for the girls attending them.

What do you think this can mean for Swedish girls in athletics?

- Hopefully, this will lead to dispensers in all public spaces and changing rooms in the near future, so that those who need sanitary protection can always feel confident that it will be readily available. For our Swedish female athletes, I hope that this will make them feel that the sports world also recognises their needs.

What effect might this initiative have outside athletics?

- It opens up conversations about menstruation and, ideally, helps break down the taboos that still exist on the subject. I hope that feminine hygiene products will become as much of an automatic as toilet paper!

Caroline Seger, Football player





Avicii Arena for improved mental health

We have long been one of Sweden's largest sponsors of athletics, putting particular focus on youth activities. Mental health is a serious and increasingly widespread problem among young people, so initiatives that drive and inspire young people to lead an active lifestyle are an obvious choice for us. Through cooperation between the Tim Bergling Foundation, Stockholm Live and Trygg-Hansa, we are endeavouring to raise awareness of the issue in the world of education and athletics and help improve the groundwork for sound mental health among young people.

"The athletics club is open to both employees and others."



BAUHAUS Athletics club

In 2022 we started our own athletics club. The athletics club is a facility in Avicii Arena that offers training, competition and exercise, along with mental health education for young people, parents, leaders, managers and other adults. Our ambition for 2023 is to recruit additional members across Sweden, both employees and others. We believe the athletics club can be an important element in engaging employees and achieving goals of participation in activities that promote health and wellness.



Swedish Childhood Cancer Fund

We have been a corporate partner of the Swedish Childhood Cancer Fund since 2011. Our partnership engages both our staff and customers. Our fundraising activities over the year have raised over one million SEK, and since the start we have raised almost 30 million SEK. Customers can donate "10 for life" and during the same period we donate 10 SEK every time an employee exercises at least 30 minutes a day.



BAUIS ski school

Together with the Swedish Ski Association, we give preschools the opportunity to try cross-country skiing free of charge. We have six ski packages that rotate during the winter at preschools that have applied to participate. The packages include complete cross-country skiing equipment for ten children, coaching materials and certificates. The number of applicant pre-schools has steadily increased. A total of more than 5,000 children have participated in BAUI'S ski school.

Swedish national clean-up team and Norwegian national clean-up team

In 2022 we carried out environmental initiatives at 21 locations where BAUHAUS has stores, in collaboration with Städa Sverige and sports teams from each municipality. We also created two national clean-up teams in the form of Svenska städlandslaget in Sweden and Norske ryddelandslaget in Norway. More than 1,600 young athletes, coaches and store volunteers participated in various ways to remediate littering, with teams picking up a total of more than 1,000 bags of litter.

"We have long been one of Sweden's largest athletics sponsors."



GRI-index

STATEMENT OF USE	BAUHAUS has reported the information referred to in this GRI Index for the period 1 January - 31 December 2022 with reference to the GRI Standards.
GRI 1- FOUNDATION	GRI 1: Foundation 2021

DISCLOSURE		COMMENT	PAGE REFERENCE
GRI 2	GENERAL DISCLOSURES 2021		
2-1	Organisational details		2, 7
2-2	Entities included in the organisation's sustainability reporting		2
2-3	Reporting period, frequency and contact point		2
2-4	Restatements of information	No changes	
2-5	External assurance		2
2-6	Activities, value chain and other business relationships		7 - 8, 18
2-7	Employees		27, 31
2-13	Delegation of responsibility for managing impacts		14, 28
2-16	Communication of critical concerns		29, 31
2-22	Statement on sustainable development strategy		5 - 6
2-23	Policy commitments		14, 18, 28, 44
2-24	Embedding policy commitments		14, 18 - 20, 28, 44
2-25	Processes to remediate negative impacts		29
2-26	Mechanisms for seeking advice and raising concerns		28 - 29
2-28	Membership associations		21, 29
2-29	Approach to stakeholder engagement		11
2-30	Collective bargaining agreements		27, 29

GRI 3		MATERIAL TOPICS 2021	
3-1	Process to determine material topics		11 - 12
3-2	List of material topics		13
3-3	Management of material topics	See respective topic line below	14, 16 - 47
GRI 205		ANTI-CORRUPTION 2016	
205-2	Communication and training about anti-corruption policy and procedures		18, 28
205-3	Confirmed incidents of corruption and actions taken	None	
GRI 302		ENERGY 2016	
302-1	Energy consumption within the organisation		33- 34
302-2	Energy consumption outside the organisation		36, 42
302-4	Energy savings		33, 35 - 37
GRI 305		EMISSIONS 2016	
305-1	Direct greenhouse gas emissions (Scope 1)		41 - 42
305-2	Indirect greenhouse gas emissions (Scope 2)		41 - 42
305-3	Other indirect greenhouse gas emissions (Scope 3)		41 - 42
305-5	Reduction of greenhouse gas emissions		41 - 42
GRI 306		WASTE 2020	
306-1	Waste generation and significant waste-related impacts		38 - 40
306-2	Management of significant waste-related impacts		38 - 40
306-3	Total waste generated		39 - 40
306-4	Waste diverted from disposal		39 - 40
306-5	Waste directed to disposal		39 - 40

GRI 308	SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	
308-1	New suppliers screened using environmental criteria	18 - 21
308-2	Negative environmental impacts in the supply chain and actions taken	18 - 20, 22 - 23, 35 - 37
GRI 401	EMPLOYMENT 2016	
401-1	New employee hires and employee turnover	30 - 31
GRI 403	OCCUPATIONAL HEALTH AND SAFETY 2018	
403-1	Occupational health and safety management system	25 - 26
403-2	Hazard identification, risk assessment, and incident investigation	25 - 26
403-3	Occupational health services	26
403-4	Worker participation, consultation, and communication on occupational health and safety	25 - 26
403-5	Worker training on occupational health and safety	25
403-6	Promotion of worker health	25 - 26
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	25 - 26, 46
403-8	Workers covered by an occupational health and safety management system	All workers
403-9	Work-related injuries	27
403-10	Work-related ill health	27
GRI 404	TRAINING AND EDUCATION 2016	
404-2	Programs for upgrading employee skills and transition assistance programs	29 - 31
404-3	Percentage of employees receiving regular performance and career development reviews	29

GRI 405	DIVERSITY AND EQUAL OPPORTUNITY 2016	
405-1	Diversity of governance bodies and employees	31
405-2	Ratio of basic salary and remuneration of women to men	29
GRI 406	NON-DISCRIMINATION 2016	
406-1	Incidents of discrimination and corrective actions taken	29
GRI 407	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	19 - 20
GRI 408	CHILD LABOUR 2016	
408-1	Operations and suppliers at significant risk for incidents of child labour	19 - 20
GRI 409	FORCED OR COMPULSORY LABOUR 2016	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	19 - 20
GRI 413	LOCAL COMMUNITIES 2016	
413-1	Operations with local community engagement, impact assessments, and development programs	43 - 47
GRI 414	SUPPLIER SOCIAL ASSESSMENT 2016	
414-1	New suppliers that were screened using social criteria	18 - 21
414-2	Negative social impacts in the supply chain and actions taken	18 - 21



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