



# Our work for sustainable development

Sustainability report 2023





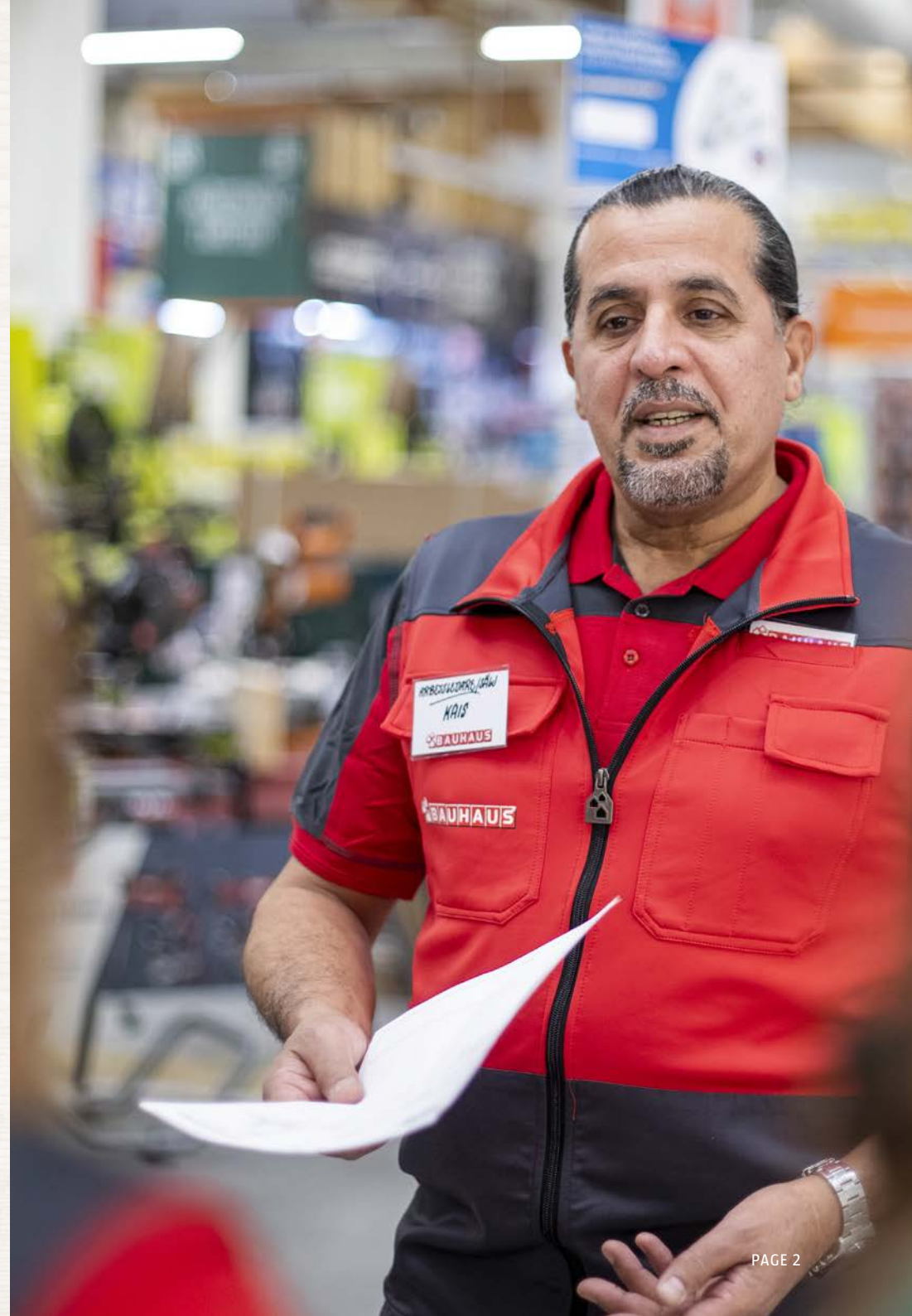
# About our report

This is BAUHAUS' annual sustainability report for the financial year 2023. 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 prepared in accordance with the Swedish and Norwegian Annual Accounts Acts, to which BAUHAUS & Co KB, company reg. no. 969630-6944 and BAUHAUS Norge KS, company reg. no. 889 800 542, are subject.

For several years, BAUHAUS has drawn up its sustainability report in accordance with the Global Reporting Initiative Standards on sustainability reporting at the "Core" level. 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 "by reference to GRI standards", which means that we do not fully comply with all criteria. The report is not externally certified.

If you have any questions about our Sustainability Report, please feel free to contact Anna Gustafsson, Sustainability Manager at BAUHAUS, via [agu@bauhaus.se](mailto:agu@bauhaus.se).







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# The year in brief



**10%**  
reduced energy  
consumption  
in retail stores



**7%** reduced waste  
in Sweden



**88%** fill rate in our  
own lorries from our central  
warehouse to stores

**100%**  
of our employees covered  
by collective agreements

**80%**  
of managers at BAUHAUS  
come from internal recruitment





# A challenging year is behind us

The past year has been tough for everyone, including us at BAUHAUS. We have clearly felt the effects of market downtrends, high interest rates and inflation. We are facing several challenges in an unstable market because of upheaval in the world at large. We have been forced to make significant cost reductions in response to the weak sales. This is something we will be continuing into 2024.

**"We will be focusing on our core business."**

## Expansion

Our expansion continued in 2023 and we opened two more new retail stores in Karlstad and Bromma. These expansions mark important steps forward and allow us to reach more customers and strengthen our local presence. We are aware that expansion requires a lot of work from the organisation and the workload is increasing. This was something we could clearly see in this year's employee survey, where the measure of ambassadorship was lower. We are working internally on measures to increase employee satisfaction, in part by improving the flow of information.

## New business system

In the autumn we implemented a new ERP system, as the old one had passed its expiry date. It has placed a degree of strain on the organisation, despite lengthy preparations and preliminary work. However, I am convinced that the new business system help will lay the foundation we need for the future.

## Our sustainability work yields success

We are pleased that, despite the prevailing circumstances, we have managed to achieve many important successes in our sustainability work during the year. Further streamlining of the logistics chain, reduced energy consumption, increased recycling, solar cells at our retail store in Uppsala and further expansion of charging stations in our car parks are some examples of what we have achieved during the year.





### Looking ahead to 2024

We are prepared for 2024 to be another challenging year. We need to continue measures to control our costs and develop processes to make our work more efficient. Throughout the year, we will be focusing on our core business and on meeting the demands of our stakeholders. Our efforts to move towards more sustainable consumption are relentless.

**"Despite a tough year,  
we have achieved success."**

We have a lot to achieve here, and to succeed we need to work together with our suppliers and customers. We continue to see major risks in the supply chain. To mitigate such risks, we are further strengthening cooperation within the organisation and with our sourcing partner in Asia. We want to increase the share of European suppliers, where we have less risk and greater control.

In summary, I would again like to thank all our employees for your hard work and commitment. I have great hope that together we will be in a strong position when the market turns around.

**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 24 in Sweden and four in Norway. The first consumer DIY store was inaugurated in Mannheim, German, in 1960.

BAUHAUS' business concept is to be the complete retail 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 co-operation with local building contractors, BAUHAUS customers can, for example, get assistance with the installation of newly purchased goods. 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 28 retail 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, Växjö och Norrköping. E-commerce warehouses in Sweden are located in Norrköping, Stockholm and in Oslo for Norway. In Sweden BAUHAUS has around 2,500 employees and around 300 in Norway.

**"24 retail stores  
in Sweden,  
4 retail 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 retail 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 19 and our climate strategy on page 40.



## SUPPLIERS

BAUHAUS has a large number of suppliers worldwide. Most suppliers are based in Europe and the US, while the production of the goods takes place in Europe and to a large extent also in Asia. Read more about our supplier oversight measures on page 21.



## 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 35 and the working environment on page 29.



## RETAIL STORES

Our retail 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 25.



## CUSTOMERS

BAUHAUS aims 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 37.





# Our responsibility for sustainable development

## Our ambition

BAUHAUS seeks to couple 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

Agenda 2030 and the global goals for sustainable development, prepared by the UN, is 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 Agenda 2030 and the Global Sustainable Development Goals. Our most important positive contribution is linked to Global 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

- Ensure environmental consideration in product manufacturing
- 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)



## CORPORATE CUSTOMERS

- Ensure environmental consideration in product manufacturing
- 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



## EMPLOYEES

- Requirements for decent working conditions at supplier levels
- A safe and healthy work environment
- Reduce waste quantities, recycling, and reusing
- Ensure environmental consideration in product manufacturing
- Reduce our overall climate impact



## SUPPLIERS\*

- Open, fair and transparent communication
- Leading by example
- Guidance on sustainability issues
- Flexible delivery conditions to facilitate access to fossil-free transport.
- Cooperation to boost sales

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



# Our key sustainability issues

We focus our sustainability work in four areas. These four have emerged as a result of our materiality analysis which, in addition to the stakeholder dialogue, included external trends, the actual and potential impact of BAUHAUS and our business objectives and strategies.

- 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 take responsibility

**CREATING  
OPPORTUNITIES  
FOR SUSTAINABLE  
CONSUMPTION**

**OFFERING AN  
ATTRACTIVE  
WORKPLACE**

**DEVELOPING A  
CLIMATE-SMART  
OPERATION**

**DEEPENING  
PARTNERSHIPS FOR  
FOR HEALTH AND THE  
ENVIRONMENT**

## **SOME STEPS WE HAVE TAKEN**

- Created an internal development programme for managers
- Created a risk assessment model for suppliers
- Increased the fill rate of our transports
- Reduced energy use in retail stores
- Increased the recycling rate of our waste
- Contributed to Swedish sports and youth activities

## **WHERE WE NEED MORE FOCUS**

- Activities for increased circularity
- Employee well-being
- Reduction of risk in the supply chain
- Product safety and documentation
- Increasing fossil-free solutions for distribution between warehouses and retail stores.
- Ensuring compliance with forthcoming EU regulations



# 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. In 2022 we updated our Code of Conduct and in 2023 we implemented it in our operations. As well as being presented by the BAUHAUS CEO, it is used at our workplace meetings where we select one of the points to reflect and train on together. 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 shall be an integral and natural part of BAUHAUS operations. We therefore have a comprehensive 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.

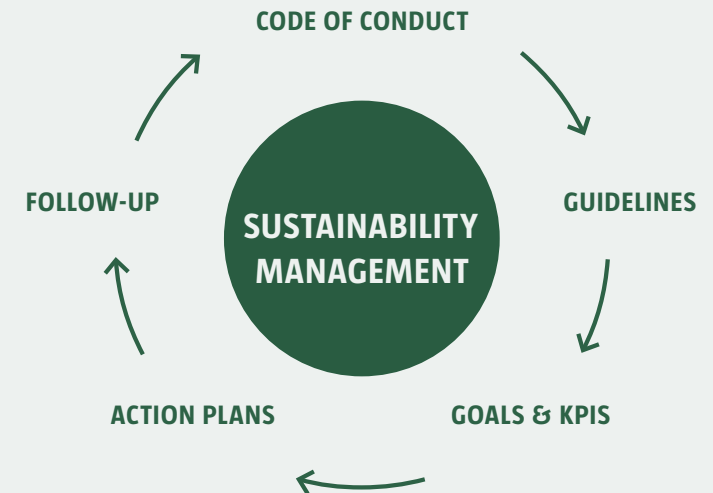
## Division of responsibilities

BAUHAUS' CEO is ultimately responsible for the sustainability work, and our Head of Sustainability is responsible for coordinating this work and keeping the management team informed of activities to achieve our 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 help achieve 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 any 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*
<b>SOCIAL RISKS AND DISASTERS</b>	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.	<div>● Impact</div> <div>● Probability</div> <div>● Priority</div>
<b>TIGHTENED REGULATIONS</b>	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.	<div>● Impact</div> <div>● Probability</div> <div>● Priority</div>
<b>CHANGING PURCHASING BEHAVIOURS</b>	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.	<div>● Impact</div> <div>● Probability</div> <div>● Priority</div>
<b>DEFICIENCIES IN THE PRODUCTION CHAIN</b>	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.	<div>● Impact</div> <div>● Probability</div> <div>● Priority</div>
<b>EFFECTS OF CLIMATE CHANGE</b>	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.	<div>● Impact</div> <div>● Probability</div> <div>● Priority</div>
<b>NEGATIVE ENVIRONMENTAL IMPACT</b>	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.	<div>● Impact</div> <div>● Probability</div> <div>● Priority</div>
<b>NEGATIVE IMPACTS ON PEOPLE</b>	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 conduct routine safety rounds to ensure that our retail stores are safe for both customers and staff.	<div>● Impact</div> <div>● Probability</div> <div>● Priority</div>
<b>DEFICIENCIES IN BUSINESS ETHICS</b>	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.	<div>● Impact</div> <div>● Probability</div> <div>● Priority</div>
<b>CURRENCY RISKS</b>	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.	<div>● Impact</div> <div>● Probability</div> <div>● Priority</div>

\*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.

6 RENT VATTEN OCH  
SANITET FÖR ALLA



8 ANSTÄNDIGA  
ARBETSVILLKOR  
OCH EKONOMISK  
TILLVÄXT



12 HÅLLBAR  
KONSUMTION OCH  
PRODUKTION



13 BEKÄMPA KLIMAT-  
FÖRÄNDRINGARNA



15 EKOSYSTEM OCH  
BIOLOGISK MÅNGFOLD





# 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.

**"The BAUHAUS ambition is to sell long-lasting products."**

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 Code of Conduct for suppliers

The BAUHAUS Purchasing Department is responsible for 306 suppliers with whom BAUHAUS Sweden and Norway concluded contracts\*. Most suppliers are based in Europe and the United States, while the production of goods takes place in Europe and to a large extent also in Asia.

\*Agreements can also be signed by other countries within the group.



SUB-GOALS 2023	GOAL FULFILMENT 2023	SUB-GOALS TO BE ACHIEVED IN 2024
<ul style="list-style-type: none"> <li>■ All purchasing agreements contain the Code of Conduct for Business Partners.</li> <li>■ All suppliers negotiated in Norway and Sweden undergo risk assessment</li> <li>■ Supplier audits are carried out according to plan**</li> <li>■ Non-compliance items from audits are remedied**</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>—</li> <li>—</li> </ul>	<ul style="list-style-type: none"> <li>■ All suppliers have accepted our Code of Conduct for Business Partners.</li> <li>■ All suppliers negotiated in Norway and Sweden undergo risk assessment.</li> <li>■ Key figures to measure items within the EU are implemented.</li> <li>■ Sustainability disclosures have been implemented for products and suppliers within selected own brands.</li> </ul>
<p>● Goal achieved      ● Goal partially achieved      ● Goal not yet achieved</p>		

\*\*No internal audits were conducted in 2023.





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 Agenda 2030. The Code outlines our requirements and expectations of our suppliers' sustainability work linked to social conditions, environment, 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.

All of our pool suppliers have received the Bauhaus Supplier code of conduct and 81 per cent have confirmed it in writing. We will continue to work on getting all suppliers to accept the code.

#### CODE OF CONDUCT FOR OUR SUPPLIERS

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

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

# Supplier risk assessment

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

88 per cent of all suppliers with contracts in Sweden and Norway have undergone risk assessment. The remaining suppliers were enrolled in December, and will be assessed early in 2024. The risk analysis also showed that 67 per cent of the suppliers have production in risk countries, which is a slight increase from last year (64 per cent).

We define risk countries using three indices: the World Governance Indicators, the ITUC Global Rights Index, and the Transparency International Corruption Perception Index. This year we have divided countries into three classes instead of two: low-risk, medium-risk and high-risk, in order to emphasise the lower risk levels in Europe than in Asia. This risk classification will be applied from 2024 onwards.

## PARAMETERS OF OUR RISK ASSESSMENT

- Country of production
- Internal procedures related to freedom of association, health and safety, anti-discrimination, environmental protection and anti-corruption
- Sustainability requirements and monitoring of subcontractors
- Knowledge of product safety requirements

## 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:** Where necessary, follow-up is implemented through on-site audits at the supplier's premises.
- 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 managing purchasers.



Our intention is to increase the share of production in Europe over time, which will reduce the risk of human rights violations, reduce transport and labour costs, and increase flexibility in terms of ordering. In 2024, we therefore seek to develop a quantitative metric to measure the proportion of items produced in the EU and set a forward-looking target to drive progress.

At the end of the year, we started an in-depth mapping of risks in various countries- five in Europe, five in Asia and two in North America. The purchasing department will set priorities based on the results. In 2024, we will also roll out a new and improved version of the risk assessment.

#### HUMAN RIGHTS VIOLATIONS THAT MAY OCCUR 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 keep workers' ID cards, so they cannot leave their work; the worker has a debt to the employer which must be worked off.
- Right to liberty and security of person: the worker is not permitted to leave the factory area after working hours; risk of occupational injury.
- Right to freedom of association: restrictions by the state or employer to form trade unions.
- Right to an adequate standard of living: employer pays wages that are not reasonable or on which it is not possible to live.
- Protection against discrimination: the employee is discriminated against on the basis of, for example, gender, religion or ethnicity.



# Supplier follow-up

As previously described, our supplier monitoring consists of questionnaires and audits. In 2023, we worked on improving the self-assessment tool, this with the aim of improving the accuracy of high-risk suppliers.

Since 2022, BAUHAUS has been a member of the amfori Business Social Compliance Initiative (BSCI). This organisation supports members in their efforts to promote social responsibility in their supply chains. This is done through a common supplier code, training for producers and coordination of factory audits. BAUHAUS did not conduct any internal supplier audits over the year. However, we have started an inventory of which suppliers are part of the network and review reports from third-party audits of the BSCI network.

## **"BAUHAUS is a member of amfori BSCI."**

Both the supplier self-assessments and supplier audits result in action plans with concrete scheduled actions for suppliers to implement. The purchasing department monitors the status of the implementation. Our Asian suppliers are monitored by our purchasing partner in Hong Kong.

BAUHAUS 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 2023.

### **Handling of Russian and Ukrainian suppliers**

As a result of the war in Ukraine, BAUHAUS discontinued its collaboration 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. 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 co-operation with local building contractors BAUHAUS offers its customers assembly and installation



of purchased goods. As the construction industry is a high-risk industry, particularly in terms of labour-related crime, workplace accidents and corruption, BAUHAUS has developed a code of conduct for contractors. The code complements the requirements of the framework agreement with the contractor and covers matters that are particularly important to us such as business ethics, working conditions, health and safety, customer care and environmental protection. We have therefore implemented detailed follow-up procedures by checking, for example, certificates and authorisation certificates, registration certificates and self-assessment 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 2023, we have taken further steps to improve our internal procedures for collecting and compiling product information. This development will continue in 2024.

**"Our broad range is our biggest challenge."**

Over the course of the year, we analysed selected products under BAUHAUS' own brand Camargue. We have discussed with suppliers how products can be made more sustainable in terms of, for example, resource consumption, choice of materials, lifespan, recyclability and country of manufacture. In 2024, our ambition is to carry out several sustainability audits for products and suppliers within selected internal brands.

## 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. Our ambition in 2023 was to enable our customers to filter for products with sustainability labels or certification on our website, but unfortunately we had to de-prioritise this due to challenges with the new business system and thus limited resources.



■ ■ By working with responsible and transparent suppliers, we are able to build trust with customers and stakeholders and promote a more sustainable and ethical supply chain.

Matilda Hägg, Private Label Manager

# 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. In 2023, we instituted changes to the rental concept to broaden the range of products that can be rented. This is something we see great potential in, and will continue to work in the coming years to increase the proportion of tools that are rented instead of purchased.

Our e-commerce in Sweden has been working with the recycling partner GIAB for several years. 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 tested and evaluated whether we should also connect retail stores to GIAB. After a trial period, however, we chose not to include the retail stores, due to challenges with the logistics flow that made it unprofitable and increased emissions from transporting the goods. In 2023, the GIAB reused almost 5,000 products (3,000 in 2022) that were resold instead of being discarded.



## SUB-GOALS 2023

- Update the concept for rental of tools.

## GOAL FULFILMENT 2023



## SUB-GOALS TO BE ACHIEVED IN 2024

- Develop a communication plan for rentals.
- Launch reuse projects in retail stores.

● Goal achieved

● Goal partially achieved

● Goal not yet achieved



# 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 largely reflect the concerns of society, which means that we prioritise diversity and strive for equality in all parts of our operation.

3 GOD HÄLSA OCH  
VÄLBEFINNANDE



8 ANSTÄNDIGA  
ARBETSVILLKOR  
OCH EKONOMISK  
TILLVÄXT





# 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.

## 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 for all parts of our business and all employees in Sweden and Norway.

**"The Code of Conduct clarifies our values."**

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 review, among other things.



## Clear anti-corruption guidelines

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

## New whistleblower function

Staff can now anonymously report violations of the Code of Conduct through our internal whistleblower function. BAUHAUS observes a strict non-retaliation policy, which means that the act of reporting cannot entail negative consequences for the reporter.



## Equality and non-discrimination

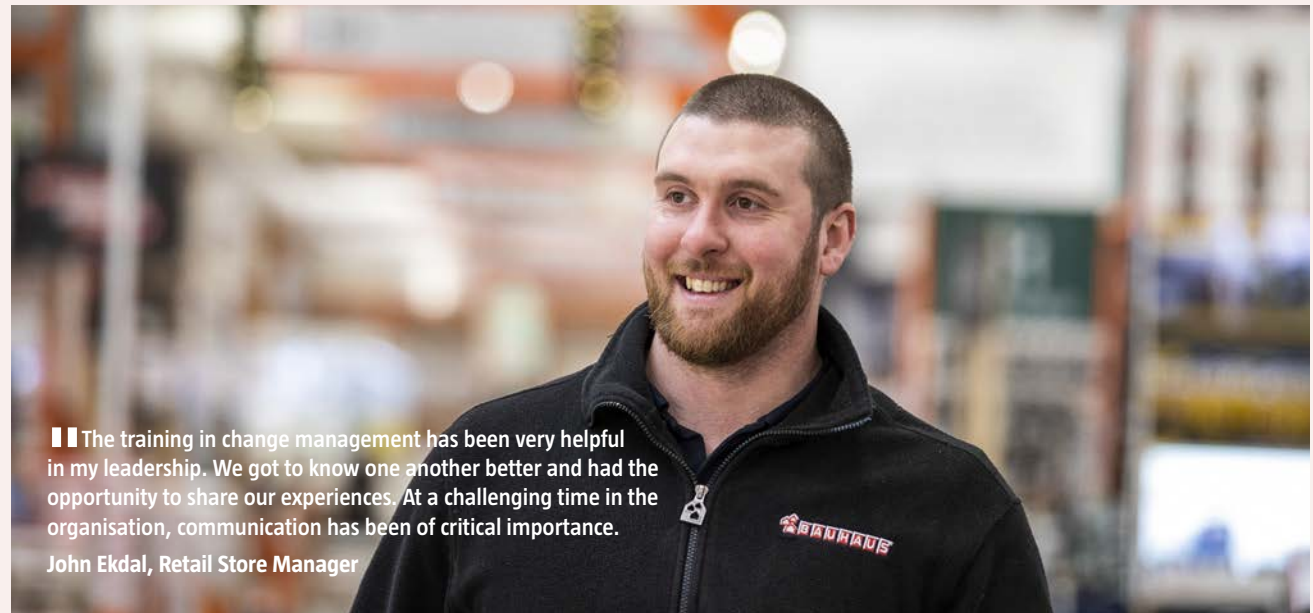
We know that different skills, backgrounds and experiences contribute to our success and development. We also want to reflect society and our customers. We therefore strive for diversity and equality in all parts of our organisation and actively work to prevent all forms of discrimination. Work takes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

In 2023, 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 per cent.

We exercise zero tolerance for harassment and discrimination, which is stated in our Code of Conduct. There were no confirmed cases of discrimination during the year. However, there have been complaints from employees about sexual harassment and unfair treatment, which we have investigated. The case found in 2022 has resulted in us working on the issue internally and, among other things, developing new material for our workplace meetings, training on the issue and encouraging everyone to report in HR support and the whistleblower system.

## 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 (Union of Employees in Commerce and Offices), and Virke (Federation of Norwegian Enterprise).

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 value neutral and objective pay, and the outcome of the survey presented during the year showed that the median pay gap between men and women is zero per cent at company level.

## 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. The target for 2023 was that at least 80 per cent of our future managers have participated in the talent programme, which we are very proud to have achieved.

### Regular employee review meetings

All employees are offered annual performance reviews where, among other things, personal objectives and development plans are discussed. There will also be monthly “my status” talks between the manager and the employee. These address work environment issues, follow-up of employee reviews and feedback. The meetings are digitally logged and can easily be tracked by both managers and employees using the employee app. We are still falling short of our target for every employee to have a My Status talk every month. We will continue to work towards achieving this in 2024.

### Training in change management

As part of replacing our business system, we have trained managers and key staff in change management during the year. The aim of the training was to prepare the organisation for the challenges that come with major changes, such as a system change.

### 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, down from

the previous measurement and lower than the target of +10. Goals for leadership index and well-being index were not met, either.

We see challenges with fewer people recommending BAUHAUS as a workplace and that confidence in the management team has decreased, 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 evaluating an open company culture, we monitored whether employees feel they can express their opinions and ideas, which the survey showed they can.

### Staff turnover

Staff turnover decreased slightly in 2023 to 18 per cent, compared to 19 per cent in the previous year. We aim to get back to a rate of 15 per cent, where we were in the year when the pandemic broke out. We are aware that work-related factors such as stress and rights violations can lead to high staff turnover and a negative corporate culture.

SUB-GOALS 2023	GOAL FULFILMENT 2023		SUB-GOALS TO BE ACHIEVED IN 2024
	Sweden	Norway	
<ul style="list-style-type: none"> <li>■ Less than 15% employee turnover.</li> <li>■ +10 Employee Net Promoter Score (eNPS).</li> <li>■ No confirmed cases of discrimination.</li> </ul>	<div>●</div> <div>●</div> <div>●</div>	<div>●</div> <div>●</div> <div>●</div>	<ul style="list-style-type: none"> <li>■ Less than 15% employee turnover.</li> <li>■ Improved outcome on eNPS, +5.</li> <li>■ No confirmed cases of discrimination.</li> </ul>
<ul style="list-style-type: none"> <li>■ More than 80% of managers come from the talent programme.</li> <li>■ All employees have undergone training in the Code of Conduct.</li> <li>■ I can express my views and propose ideas.</li> <li>■ There are good opportunities for skills- and career development.</li> </ul>	<div>●</div> <div>●</div> <div>●</div> <div>●</div>	<div>●</div> <div>●</div> <div>●</div> <div>●</div>	
<div>● Goal achieved</div> <div>● Goal partially achieved</div> <div>● Goal not yet achieved</div>			



**STAFF TURNOVER, TALENT PROGRAMME  
AND REPORTED HARASSMENT**

	SWEDEN			NORWAY	
	2023	2022	2021	2023	2022
Staff turnover	18%	19%	15%	10%	16%
Employees in the talent programme	214	307	82	13	16
Employees who have reported unfair treatment or harassment.	9	13	8	0	1

**EMPLOYEE SURVEYS**

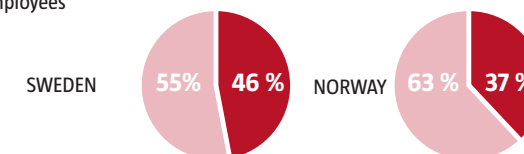
	SWEDEN		NORWAY	
	2022	2020	2022	2020
Employee Net Promoter Score (eNPS)	0	+10	+10	+20
Leadership index	47	48	49	50
Well-being index	66	68	70	68

The employee survey is conducted every two years

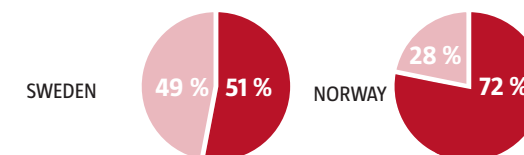
**GENDER DISTRIBUTION PER BUSINESS AREA 2023**

Men Women

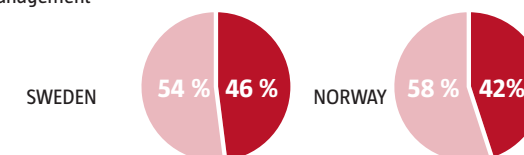
Store employees



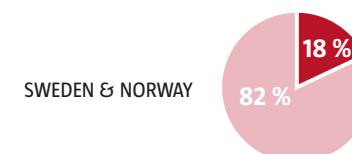
Service centre employees



Store management



Company management



# A safe and healthy work environment



A safe and health 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 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.

**"Nobody should feel bad or become ill as a result of their job."**

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 which increase safety and security in our retail 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 2023	GOAL FULFILMENT 2023	SUB-GOALS TO BE ACHIEVED IN 2024
<ul style="list-style-type: none"> <li>■ No serious accidents, near-miss events, or work-related illnesses.</li> <li>■ Less than 5% absence due to illness.</li> </ul>	<div> <div></div> <div></div> <div></div> </div>	<ul style="list-style-type: none"> <li>■ No serious accidents or near-miss events.</li> <li>■ No recorded cases of discrimination.</li> <li>■ Less than 5% absence due to illness.</li> <li>■ Less than 15% employee turnover.</li> </ul>
<div> <div></div> Goal achieved           <div></div> Goal partially achieved           <div></div> Goal not yet achieved         </div>		



### Reporting of near-near-miss events and accidents

We encourage all employees to report near-incidents that could lead to serious accidents or incidents. Our internal reporting systems are open to all staff, allowing reported near-miss events to be communicated so that all employees are made aware of existing risks.

In 2023 a total of 305 accidents with bodily injury were reported, which is down from 2022 (313). Pinch- and cut injuries are the most common accidents. One accident and one near-miss event of a more serious nature occurred during the year. One accident involved a forklift truck running over a worker's foot, the others were fall accidents where timber and a bathtub fell on workers from a height. The near-miss event occurred at a goods reception centre where a hazardous waste cabinet caught fire. In Norway, 17 accidents with injuries have been reported, but none of a more serious nature. 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. During the year, the workload was high due to reduced staffing and the complexity of a new business system. Some employees have felt anxious because of events in the world at large. 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. We were planning to launch a similar programme for our employees in Norway in 2023, but this has unfortunately been postponed due to the difficult economic situation.



**"We encourage reporting of near-miss events."**

**EMPLOYEE DATA**

	SWEDEN			NORWAY	
	2023	2022	2021	2023	2022
Number of employees	2,516	2,580	2,804	313	391
Proportion with full-time contract	45%	44%	48%	62%	53%
Average age	34 years	34 years	33 years	35 years	34 years
Percentage of employees covered by collective agreement	100%	100%	100%	100%	67%
	2,312	2,356		286	335
Percentage of store employees	204	224		27	28
Percentage of service centre employees	75	82		10	15
Percentage of distribution employees**					

**HEALTH AND SAFETY**

	SWEDEN			NORWAY	
	2023	2022	2021	2023	2022
Accidents resulting in physical injury	305	313	307	17	35
near-miss events and accidents of a serious nature	4	2	2	0	0
Sick leave	5.7%	6.4%	5.5%	9.7%	8.0%

\*Distribution employee count for Sweden is not included in the total number of employees for Sweden, as these do not relate to BAUHAUS & Co KB.

**2,829** Employees at  
BAUHAUS  
2023

**100%** Percentage of employees  
covered by collective agreements





# 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 correctly so as to facilitate reuse, recycling and energy recovery.

7 HÅLLBAR ENERGI  
FÖR ALLA



12 HÅLLBAR  
KONSUMTION OCH  
PRODUKTION



13 BEKÄMPA KLIMAT-  
FÖRÄNDRINGARNA





# Energy optimisation in our stores

A large part of BAUHAUS' activity takes place in large retail 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.

**"We have reduced our energy consumption by 10%."**

We have been working actively for several years to reduce energy consumption in our retail stores through preventive maintenance. We see positive effects, for example, from insulating roofs, optimising lighting and replacing old ventilation systems. A project is underway to implement centralised monitoring of the systems to ensure correct operational settings.

We are constantly reviewing how we can influence our usage levels, such as by lowering indoor temperatures, cleaning ventilation filters and ensuring correct lighting. During the year, we reduced our consumption on comparable units in 2022 by almost 11 per cent in Sweden. In Norway we only have a reduction of 1 per cent, so we will be looking at how we can achieve the same reduction as in Sweden. As a whole in the organisation, consumption has increased as we have opened new retail stores and central warehouses.



**■ ■ We have made reducing energy consumption a major focus. Not only with regard to how we can influence the use in the retail stores, but also by recommending smart solutions to our customers. This can be anything from installing a air source heat pump to how to light a stove.**

**Martin Hansson, Acting Retail Store Manager**

SUB-GOALS 2023	GOAL FULFILMENT 2023	SUB-GOALS TO BE ACHIEVED IN 2024
<ul style="list-style-type: none"> <li>■ Reduce energy use in own retail stores in Sweden by 10% compared to comparable units from 2022.</li> <li>■ Reduce energy use in own retail stores in Norway by 10% against comparable units from 2022.</li> </ul>	<div>●</div> <div>●</div>	<ul style="list-style-type: none"> <li>■ 100% renewable heating, cooling and purchased electricity.</li> <li>■ Implement a new centralised management system.</li> </ul>
<div>● Goal achieved</div> <div>● Goal partially achieved</div> <div>● Goal not yet achieved</div>		





### Towards 100 per cent renewable

Our goal is for all heating, cooling and purchased electricity to come from renewable sources such as wind and hydropower. In Sweden, 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). In 2023, dialogues were held with energy companies and a project- and construction plan was developed so that the gas boiler can be decommissioned in 2024 and replaced by district heating. In Norway, due to extreme economic conditions, we have been forced to use non-renewable energy sources. However, the plan is to return to renewable sources once the economic situation improves.

We have installed roof-top solar panels on several of our retail stores in Europe. This is something we plan to install on our facilities in Sweden. The first photovoltaic installation was built on the roof of a retail store in

Uppsala in mid-2023. Given the size of the investment, we need to plan the projects based on the economic situation and the savings generated over the long term.

### "We installed built solar cells on roof in Uppsala."

We are now evaluating the pilot project in Uppsala and the experiences and effects, which will form the basis for building more retail stores. The solar plant in Uppsala has generated just over 200 MWh since June 2023.

At our central warehouse in Norrköping, which is operated by PostNord TPL, we have a solar cell installation in full operation with a maximum capacity of 6 million kWh.

ENERGY CONSUMPTION (MWH)	2023	2022	2021*
Purchased electricity	28,453	28,762	25,027
Purchased heating	12,425	11,246	11,872
Own heat generation**	262	255	397
<b>Total</b>	<b>41,139</b>	<b>40,263</b>	<b>37,296</b>

\*Relates to Sweden only. For Norway, data for 2021 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.

We have been working for several years on streamlining our logistics flow by increasing the fill rate. Each year we have optimised our logistics flow, and in 2023 we reached our target of increasing to 88 per cent from 86 per cent the year before. In order to succeed in increasing year over year, solid work has been done to optimise processes and procedures. A significant contributing factor to the increased fill rate is the implementation of steel cages, which together with an incentive-based monitoring model has made it possible to achieve this increase in fill rate. We reached the target of increasing the fill rate to 88 per cent in 2023, and therefore set the target to reach 89 per cent in 2024.

Our 90,000 m<sup>2</sup> central warehouse receives the majority of goods from our suppliers for reloading

and further distribution within Sweden and Norway. Delivery to the central warehouse as well as to distribution centres, web warehouses and retail 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. The challenge for 2023 has been to reorganise production to adapt it to the prevailing market situation. In 2024, there may also be an adaptation of processes and procedures based on our new business system.



SUB-GOALS 2023	GOAL FULFILMENT 2023	SUB-GOALS TO BE ACHIEVED IN 2024
<ul style="list-style-type: none"> <li>■ 88% vehicle fill rate of our own lorries from the central warehouse to our retail stores (90% by 2025).</li> <li>■ 100% fossil-free transport with all e-commerce lorries by 2025.</li> <li>■ Distribution by rail from the central warehouse in Norrköping to Umeå 90%.</li> <li>■ Distribution by rail from the central warehouse in Norrköping to Norway 50%.</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	<ul style="list-style-type: none"> <li>■ 89% vehicle fill rate in own lorries from our central warehouse to stores (90% 2025).</li> <li>■ Distribution by rail from the central warehouse in Norrköping to Norway 50%.</li> <li>■ Establish 1 transshipment logistics hub in Europe.</li> <li>■ Increase the share of non-fossil-free dispatches from central warehouses to retail stores from 15% to 20%.</li> <li>■ Deploy light electric lorry in 2024 for e-commerce distribution.</li> </ul>
<ul style="list-style-type: none"> <li>● Goal achieved</li> <li>● Goal partially achieved</li> <li>● Goal not yet achieved</li> </ul>		



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, the lorry fleet has for many years run on renewable fuel (HVO\*). In December we took the decision to return to traditional diesel, as we have a very strained economic situation in light of external factors such as higher interest rates, increased

## "We are shifting our focus to electric lorries."

inflation and a large loss of volume. Despite this, we met our target of refuelling our distribution vehicles with fossil-free fuel by 90 per cent for the year. We believe this will continue to be a challenge next year as well. We will switch to running electric lorries and the first vehicles will be deployed into operation in 2024. Replacing part of our vehicle fleet with electric vehicles is no small task. However, this should not stop us, as we believe this is the right way forward for a more sustainable business. Some of the issues that we have already started working on include:

1. Transport planning
2. Electric vs. diesel vehicle capacity
3. Charging facilities during transport
4. Charging facilities at the terminal
5. Staff expertise
6. Regulatory framework
7. Economic aspects

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. Three more vehicles were ordered and delivered 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 successfully tested two specially designed biogas-powered lorries with double load layers. The sides of the lorries can be opened, facilitating loading and unloading. Over the course of the year, the new lorries saved about 200,000 km of transport route, equivalent to around 196 tonnes of carbon dioxide. The plan is to expand the vehicle fleet with additional long-haulers in the future.

This past year, 90 per cent of the transports from the central warehouse to our new store in Umeå went by train. Our goal was for half of the transport from the central warehouse to Norway to go by train. We have not been able to make this a reality, as we have not found a supplier with a stable, operational solution. The 50 per cent target therefore remains until 2024.



### 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.



# Waste and recycling

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. We asked our staff where they could have the most impact, and waste management was high on the list among retail stores. This issue has therefore been particularly important for us.

**"Sorting correctly is an important concern for our staff."**

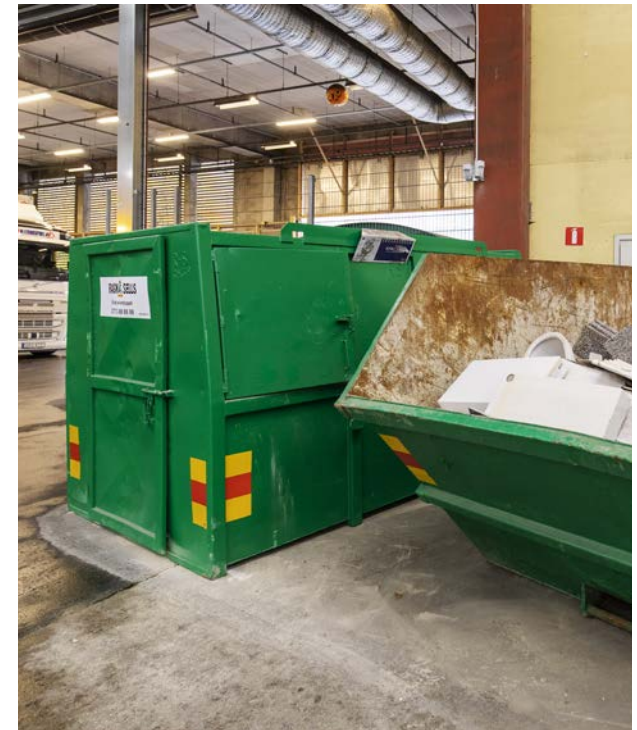
During the year, we have continued to focus on our efforts to reduce our waste volume and increase the recycling rate. Clear instructions are posted at the waste corners in the stores to facilitate sorting. Waste management training is mandatory for our employees and is also part of the on-boarding programme. Our partner, Ragn-Sells, supports us in our continued efforts to increase employee knowledge.

## 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 retail 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 retail stores. These load carriers are circulated internally and have significantly reduced the need for packaging, increasing the fill rate at the same time.

Some transport packaging is comprised of wood, such as the joists between decking boards and planter boxes. Instead of throwing it away, we try to sell it as waste wood. We also sell damaged soil and pellet sacks for hand sorting. Our customers appreciate this and we can reduce our waste - it's a win-win.



SUB-GOALS 2023	GOAL FULFILMENT 2023	SUB-GOALS TO BE ACHIEVED IN 2024
■ Increase the recycling rate by 10% compared to 2022.	●	■ All stores have a recycling rate of at least 40%.
<span>● Goal achieved</span> <span>● Goal partially achieved</span> <span>● Goal not yet achieved</span>		



BAUHAUS has the goal of reducing the share of waste going to incineration and increase the share going to recycling. In collaboration with Ragn-Sells, our sustainability manager conducts quarterly follow-up of waste volumes and recycling rates. The total amount of waste in Sweden amounted to 7,501 tonnes, which

### "We are reducing our waste and increasing our recycling rate."

is 7 per cent less than in 2022, with the same turnover, despite the establishment of new retail stores. On average, 35 per cent of waste is recycled, which is the best result since BAUHAUS started measuring in 2019.

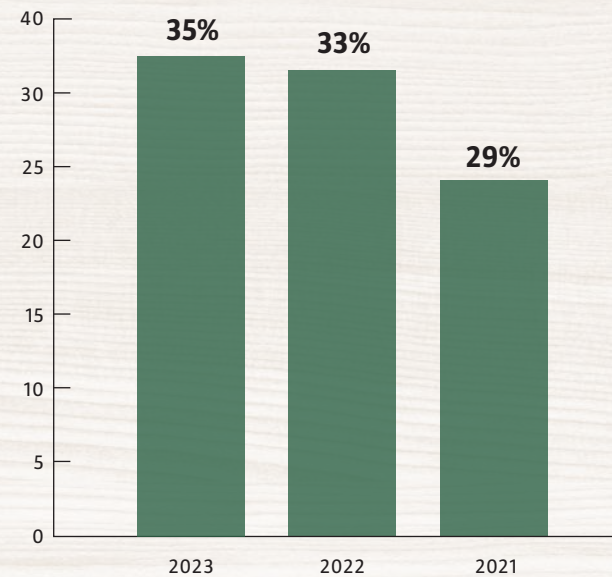
#### Focus on retail stores falling short of the target

We see a large variation in the recycling rates among the retail stores, with some reaching over 50 per cent while others falling short of 25 per cent. Here we will focus resources on increasing the recycling rate of the stores that are lagging behind so that we can reach our target.

The challenge is that our largest fraction, untreated wood waste, is not recyclable in Sweden and goes to energy recovery.

In the summer, we implemented the same waste management in Norway as in Sweden. We will present Norwegian figures in the 2024 report, as they will be more fair and reflect the entire year.

#### MATERIAL RECYCLING SWEDEN %.



WASTE MANAGEMENT SWEDEN*	2023	2022	2021
Energy recovery	52% 3,909 tonnes	56% 4,520 tonnes	54% 4,953 tonnes
Material recycling	35% 2,633 tonnes	33% 2,686 tonnes	29% 2,689 tonnes
Further sorting at external plant	7% 543 tonnes	5% 382 tonnes	9% 806 tonnes
Landfill	6% 414 tonnes	6% 471 tonnes	9% 788 tonnes
Biogas/compost	0% 12 tonnes	0% 12 tonnes	0% 20 tonnes
Incineration	0% 2 tonnes	0% 2 tonnes	0% 1 tonne
Total	7,513 tonnes	8,073 tonnes	9,255 tonnes

\*Waste volumes for Norway are reported from 2024 onwards.



# 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 CO<sub>2</sub> emissions, and include Scope 1, 2 and 3. Calculations are presented in tonnes of carbon dioxide equivalent (CO<sub>2</sub>e). Subject to availability from the Swedish Transport Administration, the Swedish Energy Agency, scientific reports and other sources, the calculations have been made on lifecycle-based emission factors with regard to the entire lifecycle, such as the so-called Well-to-Wheel (WTW) modelling for fuels.



SUB-GOALS 2023	GOAL FULFILMENT 2023	SUB-GOALS TO BE ACHIEVED IN 2024
■ Reduce emissions from Scope 1 and 2 by 50% compared to 2020.	●	■ Reduce emissions from Scope 1 and 2 by 50% compared to 2020.
● Goal achieved	● Goal partially achieved	● Goal not yet achieved



## Calculating climate emissions

BAUHAUS' greenhouse gas emissions from its own operations (Scope 1 and 2) amounted to a total of 5,675 tonnes CO<sub>2</sub>e in 2022, of which emissions in Sweden account for 42 per cent. As a result of cost-saving measures, emissions in scope 1 and 2 increased by 221 per cent compared to 2021. This is due primarily to the fact that retail stores in Norway no longer have green electricity, while also facing an increase in fuel consumption for their own lorries in Norway. Scope 1 greenhouse gas emissions represent a small part of the total emissions of the organisation. The absolute majority of the climate impact arises as indirect emissions in the BAUHAUS value chain, Scope 3. The results of the climate calculations show which areas we need to prioritise in order to reduce our 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

TOTAL EMISSIONS OF GREENHOUSE GASES (TONNES CO <sub>2</sub> E)	2023	2022	2021
<b>DIRECT EMISSIONS, SCOPE 1</b>			
<b>Our own vehicles</b>			
Lorries (E-commerce)	150	112	255
Lift trucks	87	88	310
Company cars	67	103	75
Assembly service vehicles	0	34	22
<b>Own generation of heating and cooling</b>			
Boiler	53	55	83
<b>Total scope 1</b>	<b>357</b>	<b>393</b>	<b>745</b>
<b>INDIRECT EMISSIONS, SCOPE 2</b>			
<b>Purchased energy</b>			
Electricity	3,093	708	2,826
District heating	1,022	666	703
<b>Total Scope 2</b>	<b>4,116</b>	<b>1,373</b>	<b>3,529</b>
<b>TOTAL SCOPE 1 AND 2</b>	<b>4,473</b>	<b>1,776</b>	<b>4,336</b>

# 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 retail stores. We create employment and are committed, along with local stakeholders, to sustainable development of society.

3 GOD HÄLSA OCH  
VÄLBEFINNANDE



13 BEKÄMPA KLIMAT-  
FÖRÄNDRINGARNA



15 EKOSYSTEM OCH  
BIOLOGISK MÅNGFOLD





# 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. We aim to involve our employees in our sponsorship work, and in 2024 we will therefore place even greater emphasis on the participation of our employees in the activities we organise.

### 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 2023	GOAL FULFILMENT 2023	SUB-GOALS TO BE ACHIEVED IN 2024
<ul style="list-style-type: none"> <li>■ BAUHAUS initiates/participates in sustainability projects together with our partners.</li> <li>■ All retail stores have held at least one activity day with a local club.</li> <li>■ 80% of employees have participated in a sustainability activity during their time working.</li> </ul>	<div>●</div> <div>●</div> <div>●</div>	<ul style="list-style-type: none"> <li>■ BAUHAUS initiates/participates in sustainability initiatives with business partners that promote the environment and/or health.</li> <li>■ All retail stores have held at least one cleaning day with a local association.</li> <li>■ 80% of staff have participated in a sustainability activity during their working hours.</li> </ul>
<div>● Goal achieved</div> <div>● Goal partially achieved</div> <div>● Goal not yet achieved</div>		





### 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 constantly increased. In total, more than 5,000 children have participated in the BAUIS ski school.

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

We carried out environmental initiatives at all locations where BAUHAUS has stores this year as well, 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. Nearly 2,000 young athletes, coaches and retail store volunteers participated in various ways to remediate littering, with teams picking up a total of more than 1,250 bags of litter, equivalent to more than 12.5 tonnes.

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







### 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. We want to recruit more 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 the main partner of the Swedish Childhood Cancer Fund since 2011. Our partnership engages both our staff and customers. Since inception, we have raised more than SEK 30 million. In 2023, we raised almost one million through activities with customers and employees. During the year, customers could donate "a 10 for life" and during the same period we donate 10 SEK every time an employee exercises at least 30 minutes per day.



# GRI-index

APPLICATION REPORT	BAUHAUS has reported the information referred to in this GRI Index for the period 1 January - 31 December 2023 with reference to the GRI Standards.
GRI 1- FOUNDATION	GRI 1: Foundation 2023

DISCLOSURE		COMMENT	PAGE REFERENCE
<b>GRI 2</b>	<b>GENERAL DISCLOSURES 2023</b>		
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, 17
2-7	Employees		28, 31
2-13	Delegation of responsibility for managing impacts		14, 29
2-16	Communication of critical concerns		25, 30
2-22	Statement on sustainable development strategy		5 - 6, 10
2-23	Policy commitments		14, 17, 25, 42
2-24	Embedding policy commitments		14, 17, 25, 42
2-25	Processes to remediate negative impacts		21, 26, 30
2-26	Mechanisms for seeking advice and raising concerns		25
2-28	Membership associations		21, 26
2-29	Approach to stakeholder engagement		11
2-30	Collective bargaining agreements		26, 31



<b>GRI 3</b>	<b>MATERIAL TOPICS 2021</b>		
3-1	Process to determine material topics		11 - 12
3-2	List of material topics		12 - 13
3-3	Management of material topics	See respective topic line below	14, 16 - 42
<b>GRI 205</b>	<b>ANTI-CORRUPTION 2016</b>		
205-2	Communication and training about anti-corruption policy and procedures		25
205-3	Confirmed incidents of corruption and actions taken	None	
<b>GRI 302</b>	<b>ENERGY 2016</b>		
302-1	Energy consumption within the organisation		33 - 34
302-2	Energy consumption outside the organisation		36
302-4	Energy savings		33 - 36
<b>GRI 305</b>	<b>EMISSIONS 2016</b>		
305-1	Direct greenhouse gas emissions (Scope 1)		39 - 40
305-2	Indirect greenhouse gas emissions (Scope 2)		39 - 40
305-3	Other indirect greenhouse gas emissions (Scope 3)		39 - 40
305-5	Reduction of greenhouse gas emissions		40
<b>GRI 306</b>	<b>WASTE 2020</b>		
306-1	Waste generation and significant waste-related impacts		37 - 38
306-2	Management of significant waste-related impacts		37 - 80
306-3	Total waste generated		38
306-4	Waste diverted from disposal		37 - 38
306-5	Waste directed to disposal		37 - 38



<b>GRI 308</b>	<b>SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>		
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
<b>GRI 401</b>	<b>EMPLOYMENT 2016</b>		
401-1	New employee hires and employee turnover		27 - 28
<b>GRI 403</b>	<b>OCCUPATIONAL HEALTH AND SAFETY 2018</b>		
403-1	Occupational health and safety management system		29 - 30
403-2	Hazard identification, risk assessment, and incident investigation		29 - 30
403-3	Occupational health services		30
403-4	Worker participation, consultation, and communication on occupational health and safety		29 - 30
403-5	Worker training on occupational health and safety		29
403-6	Promotion of worker health		29 - 30
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		29 - 30, 44, 46
403-8	Workers covered by an occupational health and safety management system	All workers	
403-9	Work-related injuries		31
403-10	Work-related ill health		31
<b>GRI 404</b>	<b>TRAINING AND EDUCATION 2016</b>		
404-2	Programs for upgrading employee skills and transition assistance programs		26 - 27
404-3	Percentage of employees receiving regular performance and career development reviews		27



<b>GRI 405</b>	<b>DIVERSITY AND EQUAL OPPORTUNITY 2016</b>	
405-1	Diversity of governance bodies and employees	26, 28
405-2	Ratio of basic salary and remuneration of women to men	26
<b>GRI 406</b>	<b>NON-DISCRIMINATION 2016</b>	
406-1	Incidents of discrimination and corrective actions taken	26, 28
<b>GRI 407</b>	<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	19 - 20
<b>GRI 408</b>	<b>CHILD LABOUR 2016</b>	
408-1	Operations and suppliers at significant risk for incidents of child labour	19 - 20
<b>GRI 409</b>	<b>FORCED OR COMPULSORY LABOUR 2016</b>	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	19 - 20
<b>GRI 413</b>	<b>LOCAL COMMUNITIES 2016</b>	
413-1	Operations with local community engagement, impact assessments, and development programs	42 - 44
<b>GRI 414</b>	<b>SUPPLIER SOCIAL ASSESSMENT 2016</b>	
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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