

SUSTAINABLE GOALS





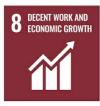
































To Readers Of The Report

Business and the public sector have a great impact on people, society, the environment, and animals and can both contribute positively to development, or negatively by causing harm. Businesses therefore hold a central role in achieving UN's Sustainable Development Goals (SDGs).

This report can be used as an account for the Transparency Act, but it has a broader scope with climate and the environment, circular economy, and anti-corruption indicators also being included. Our members are obligated to carry out due diligence and report annually on their work. Base level members also meet the Transparency Act's due diligence duty, and partially the Act's information duty.

Responsible business conduct is the systematic effort that businesses do to identify, prevent or mitigate adverse impacts and explain how they manage their risks of negative impact to people, society, and the environment as well as provide remediation where this is required. Norwegian authorities expect all businesses, regardless of their size, to carry out due diligence in accordance with the UN's Guiding Principles for Business and Human Rights (UNGP) and OECD's Guidelines for Multinational Enterprises. This applies to businesses, the public sector, and organisations.

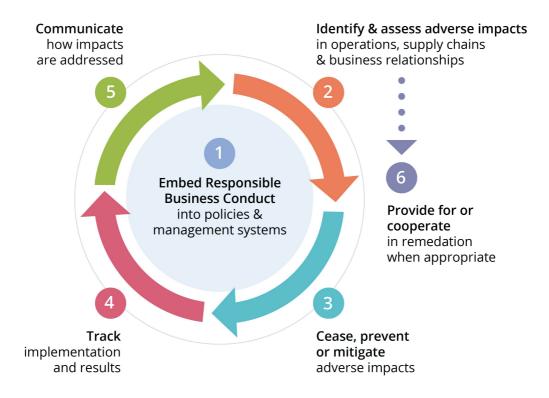
Ethical Trade Norway's Declaration of Principles (our Code of Conduct) covers the areas of decent work, human rights, environment/climate, anti-corruption, and animal welfare. This report is done in full transparency and in line with UNGP and OECD's guidelines. The reports of all members are publicly accessible on Ethical Trade Norway's website.

Heidi Furustøl Executive Director Ethical Trade Norway

Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



Preface From CEO

For us at Lekolar, it is essential to ensure that we do business responsibly. Therefore, we are constantly reevaluating our processes related to purchasing and have set long term goals linked to the Sustainable Development Goals. During 2022, we have continued to develop our work with increased transparency in the supply chain, as well as taking steps forward with regards to circular solutions and environmental product declarations.

In order to create decent working conditions and strict environmental demands throughout our supply chain, we work closely with our suppliers. As part of this work, we use our Supplier Code of Conduct that describes what we expect from Lekolar suppliers. Our Supplier Code of Conduct covers human rights, labor law, safety, health, environment and anti-corruption. We demand from our suppliers, as well as their subcontractors, that they shall fully comply with the requirements in our SupplierCode of Conduct. To ensure that the requirements we set are in line with the Transparency Act and best practice, we updated our Supplier Code of Conduct during 2022 and it is currently being distributed for signature to our suppliers.

"Responsible business practices and sustainability initiatives is key to our business success."

David Persson

CEO

Board Signature

Hin-Hall

Stockholm 10.02.2023

Company information and business context

Key company information

Company name	
Lekolar AB	
Head office addr	ress
Hallarydsvägen	8, 28336, Osby, Sverige
Main brands, pro	oducts and services offered by the company
Furnitures, toys	, arts
Description of co	ompany structure
Osby including v compliance. We	s product solutions and services for mainly schools and pre-schools. The head office is situated in warehouse, product development, customer service, purchasing, tender, managment and are operating in the four nordic countries; Denmark, Finland, Sweden and Norway. We conduct exclusively via tender agreements with municipalities in the Nordic countries. Lekolar is owned ment AB.
	our total purchased volumes originates from Asia. Therefore we have our own purchasing office hina. The rest of the products are mainly supplied from Europe.
	stainability & compliance team including five people responsible for sustainability questions. nanager reports directly to the CEO and is also a member of the Nordic management team.
Turnover in repo	rting year (NOK)
1 600 000 000	
Number of emplo	pyees
350	
Is the company c	covered by the Transparency Act?
Yes	

Major changes to the company since last reporting period

Lekolar has acquired the company Panduro AB. Panduro is a rather large company focusing on hobbyproducts like colors, paints etc. They have almost 100 stores. They have their headoffice in Malmö.

Lekolar in Osby have moved to newly renovated offices. More or less all employees are now placed in the same building.

Contact person for the report (name and title)

Pierre Lennartsson, Sustainability manager

Email for contact person for the report

pierre.lennartsson@lekolar.com

Supply chain information

General description of the company's sourcing model and supply chain

Lekolar buys ready-made products directly from suppliers, both branded and unbranded. We also develop our own furniture range which appointed suppliers produce, mostly in eastern and northern Europe. Toys, arts and crafts, sensoric material etc are purchased either directly from producers or from distributors/agents. We have a purchasing office in Hangzhou, China.

Number of suppliers with which the company had commercial relations in the reporting year

712

Comments

Represents number of suppliers where Lekolar have done purchases

Type of purchasing/ suppliers relationships



Own or joint venture production



Direct contracting/purchas



Purchases through agents/intermediary/ importers/brands



Other

List of first tier suppliers* (producers) by country

Sweden:	298	
Austria:	1	
Belgium:	5	
Bosnia-Herzegovina:	1	
Bulgaria:	1	
China:	61	
Czech Republic:	4	
Denmark:	82	
United Kingdom:	47	
Estonia:	5	
Finland:	40	
France:	5	
Germany:	48	
Netherlands:	14	
India:	3	
Italy:	10	
Latvia:	5	
Lithuania:	3	
Norway:	12	
Poland:	19	
Romania:	1	
Serbia:	2	
Spain:	8	
Sri Lanka :	2	
Taiwan:	6	
Thailand:	2	
Turkey:	Ī	
USA:	7	
Vietnam:	1	
Hong Kong:	8	
Switzerland:	3	
	_	

Based on Lekolar's first tier suppliers.

State the number of workers at first tier producers that the company has an overview of, and the number of supplier this overview is based on:	
Number of workers	
19 853	
Number of suppliers this overview is based on	
246	
Numbers of workers per supplier (calculated average)	
81	
Comments to number of workers	
We ask the question in our self-assessment and have quantified the responses for 24	6 suppliers
Key inputs/raw materials for products or services and associated geographies	
wood-based, textiles, steel, electronics, plastics	Global
Raw materials are sourced from many different countries/regions.	
Raw materials are sourced from many different countries/regions. Is the company a supplier to the public sector?	
Is the company a supplier to the public sector?	
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Is the company a supplier to the public sector?	

Goals and progress

Process goals and progress for the reporting year

Goal: All employees to receive sustainability training

Status: Conducted via Teams for all employees.

Goal: All employees to receive training on anti-corruption

Status: E-learning set up almost finished. Training roll-out expected late January 2023.

Training in social and ethical supply chain risks conducted for all employees with purchasing Goal:

responsbility

Status: Training conducted for all with purchasing responsibility.

Goal for coming years



1.A Policy* for own business

1.A.1 Link to publicly accessible policy for own business

https://www.lekolar.no/om-lekolar2/etisk-handel/

1.A.2 What does the company say publicly about its commitments to respect people, society, the environment and climate?

Lekolar takes a proactive approach to its corporate responsibilities and seeks to promote sustainable development, both internally and externally. Lekolar upholds high moral and ethical standards as a natural part of the company's business activities. We are mindful of our co-workers and their well-being, and we always make every effort to comply with our policies concerning equality in the workplace, the working environment and workplace victimisation. We advocate the principle of personal responsibility, both with regard to working tasks and in our relations with one another. We do not tolerate any form of discrimination, and we work and live according to our corporate values. Knowledge, awareness and the sense of commitment shared by all Lekolar employees form the foundation on which we build for success in our sustainability work.

Our vision for the work we do on social and ethical responsibility throughout the supply chain is to support and encourage our suppliers to comply with the principles of the Lekolar Code of Conduct as a baseline requirement. By doing this Lekolar seeks to take its share of responsibility for ensuring that its suppliers and their sub-contractors pay due regard to basic human rights, healthy working conditions and concern for the environment. We do not tolerate child labour or any form of forced labour, and we demand a good working environment for all those employed by our business partners. The Lekolar Code of Conduct is based on the core conventions and documents of the United Nations and the ILO. All suppliers, manufacturers and other partners with whom Lekolar does business must, as a minimum requirement, comply with local and national laws in their respective countries, as well as international rules and regulations, and sign the Lekolar Code of Conduct.

1.A.3 How has the policy/commitment been developed and how is it embedded in the company?

We have a supplier code of conduct, an internal code of conduct. Lekolar also has a specific policy for responsible business conduct. Due diligence process for the supply chain is established and policy commitment included in the Lekolar Supplier Code of Conduct.

Policys are developed with stakeholder interest and best practice in mind and are approved by the management team and signed-off by the CEO. Policy-training for employees is included in the on-boarding process as well as a when policies are updated. The policies are also part of the yearly appraisal dialogue with employees.

1.B Organisation and internal communication

1.B.1 How is the due diligence work organised within the company, and why?

Management level responsibility for responsible business conduct is divided between our CEO, HR manager and Sustainability manager. Day-to-day responsibility is delegated to business areas, compliance team and HR team.

1.B.2 How is the significance of the company's due diligence work defined and clarified for the employees through their job description, work tasks and incentive structures?

Introduction with new hires includes information on policies for responsible business conduct, the Lekolar values, information on work environment, ethical business conduct and sustainability. All new hires sign the Lekolar Code of Conduct. Managers are responsible for including relevant policies as part of the discussion in the annual staff appraisal meetings. Policies and guidelines are available to all employees through our Way of Working and everyone is encouraged to contact their manager if questions on practical implications of the policies occur.

1.B.3 How does the company make sure employees have adequate competence to work on due diligence for responsible business conduct?

Managers are responsible for making sure that employees have adequate competencies. In 2021 and 2022, training was held for product managers, on social and ethical risks in the supply chain and these trainings will be conducted for relevant employees continuously and as needed. Sustainability specialist underwent training in Due diligence human rights in January 2022.

1.C. Plans and resources

1.C.1 How are the company's commitments to respect people, society and the environment embedded in strategies and action plans?

The Lekolar sustainable business goals 2030 include the respect for people, society and the environment. These goals were approved by the board in 2019. In connection to review of the overall business plan 2022-2026, sustainability priorties based on the 2030 goals were derived for each business area. Follow-up is done yearly for most priorities/targets and twice a year for specific targets.

1.C.2 How is the company's strategies and action plans to work towards being responsible and sustainable followed up by senior management and the board?

A yearly business plan review is conducted with the board and the management team, including responsible business conduct. Each business area manager is responsible for incorporating sustainability into their business plan. Once a year a follow-up is conducted in the management team on environmental risk management, as part of the ISO 14001 management process.

The board does a follow-up of selected targets at least once a year, along with a wider range of ESG data.

1.D Partnerships and collaboration with business relationships, suppliers in particular

1.D.1 How does the company emphasise the importance of responsible and sustainable business conduct in its business relationships, particularly in the supply chain?

It's part of pre-contractual discussions with suppliers as self-assessment is carried out. In China, visits by China office staff are carried out before signing with a new supplier. The purchasing department is in constant dialogue with suppliers and emphazises the importance of sustainable business practices as part of this dialogue, as well as quality and price.

In 2021, we implemented sustainability factory checks made by China office staff during quality checks. This will be rolled out in Europe end of 2022, as part of regular factory visits by purchasers and technicians. All Chinese suppliers are required to engage in amfori BSCI, RBA, SA 8000, ICTI, Sedex/SMETA.

Indicator

Percentage of the company's suppliers that have accepted guidelines for suppliers



Number for 2022 shows the percentage of suppliers based on purchase value that have signed the 2019 or 2022 version of Lekolar CoC. Number for 2021 shows the percentage of suppliers based on purchase value that have signed the 2019 version of Lekolar CoC.

Number for 2020 show the percentage of total suppliers that have signed the new Lekolar code of conduct thus far (roll out started spring 2020). The code is sent out to all suppliers for signature. The old version of the code is valid as part of the supplier contract until implementation of the new code is completed.

1.E Experiences and changes

1.E.1 What experiences have the company encountered during the reporting period concerning responsible business conduct, and what has changed as a result of this?

As more dialogue with suppliers is needed regarding transparency and traceability in the supply chain, internal trainings have been conducted. More in-depth dialogue/training with suppliers planned.



2.A Mapping and prioritising

STATEMENT ON SALIENT ISSUES

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

2.A.1 List the company's prioritised risk of negative impact on people, society and environment. Take note that the prioritized risk that you list in the table below will be exported to step 3 of this report, where you will be asked to answer how you work with stopping, preventing, or reducing the negative impact.

Salient issue	Related topic	Geography
Forced labour of ethnic minorities (withholding of ID papers or migration fees)	Forced labour	China Thailand
Soil and water contamination (heavy metals)	Environment	Global
Health and safety of steel manufacturing employees in factories (lack of safety training, fires in factories, occupational accidents and deaths)	Occupational Health and safety	China Thailand

These are a selection of the most salient issues known to take place in connection to the type of production related to our products. We do not have any such confirmed cases in relation to our suppliers. These issues are currently handled through risk assessment procedures, dialogue with suppliers and through audits. However, we recognize the importance and difficulty to solve the issues mentioned.

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe: a) the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period: b) eventual aspects of the company that have not been covered in this report (product groups, own products, departments etc.) and why you not chose to prioritize these in the continued work: c) how information was gathered, what sources were used, and which stakeholders have been involved/consulted: d) whether you have identified areas where information is lacking in order to get an overview, and how you are planning to proceed to collect more information/handle this.

Through publicly available sources, self-assessments and audits performed. With a diverse supplier base, critical issues differ between geographic areas and sectors.

ADDITIONAL SEVERE IMPACTS

2.A.3 Describe any other negative impacts on people, society and the environment that were identified in the mapping of the business, supply chain or other business relationships during the reporting period and how these have been handled.

The most common non-compliances found in audits relate to fire hazards, lack of safety equipment/safety equipment not in use, excessive overtime and delayed overtime payment. These are handled in dialogue with the supplier. The issue in China concerning the lack of freedom of association is a difficult issue and is not addressed directly by Lekolar, but rather through our membership in Ethical Trade Initiative.



3. A Cease, prevent or mitigate

3.A.1 For each salient risk, add a goal, progress status and describe the measures you have implemented to handle the company's prioritized negative impact on people, society and the environment

Salient issue	Forced labour of ethnic minorities (withholding of ID papers or migration fees)
Goal:	We have not set a specific goal for this salient issue. However, it falls under the overarching goal of having audited 80% of our suppliers (based on purchased value. Audits in turn will be prioritized based on a supplier risk assessment.
Status :	Goal will be reviewed and refined as: 80% of identified medium-high and high-risk suppliers are covered by third-party sustainability audits (in the last 5 years) (100 % signed CoC). Today, the status of this goal is approx 20%.
Goals in reporting year :	

Completed measures and reasoning:

This salient issue is addressed via third party audits, which are in turn based on supplier risk assessments.

Goals and activities for the coming reporting year:

Salient issue	Soil and water contamination (heavy metals)
Goal:	We have not set a specific goal for this salient issue. However, we aim for all suppliers to work systematically with environmental management and to encourage their own suppliers to do the same.
Status :	N/A
Goals in reporting year :	N/A

Completed measures and reasoning:

We highly encourage our suppliers to adopt a formalized environmental management system, such as the ISO 14001 or EMAS.

Goals and activities for the coming reporting year :

Salient issue	Health and safety of steel manufacturing employees in factories (lack of safety training, fires in factories, occupational accidents and deaths)
Goal:	No specific goal is set for this salient issue. However, it is addressed in dialogue with suppliers and through audits. Also relates to the overarching goal of 80% of suppliers having been audited by 2030 (based on purchase value). Risk assessment will form a basis for prioritized audits.
Status :	N/A
Goals in reporting year :	

Completed measures and reasoning:
Goals and activities for the coming reporting year :

Salient issue	
Goal:	
Status:	
Goals in reporting year :	
Completed measures and	d reasoning:
Goals and activities for the	he coming reporting year :

OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

Describe the company's general measures to cease, prevent or mitigate negative impacts, including in the supply chain.

3.B.1 Reduction of nature- and environmental impact

We have set 2030 goals in 4 areas that aim to lower our negative impact. The goals address: Lowering CO2 emissions, audits at high-risk suppliers, no PVC in products, FSC/PEFC certified wood-based products and packaging, and a move towards a more circular approach and environmentally better materials in our products.

3.B.2 Reduction of greenhouse gas emissions

3.B.3 Adapting own purchasing practices (sourcing)

Continuous dialogue with strategic suppliers (that constitute 80% of the Lekolar purchase volume) on possible issues/complications for suppliers connected to Lekolar orders. Active management of lead times, prices and quality issues. Continuous compliance efforts with focus on chemical management and electronics. Staff in China carry out supplier visits and sustainability factory checks in connection to shipments and new suppliers.

3.B.4 Choice of products and certifications

We are working to further implement circular economy related aspects in our product design process as part of the ongoing circular economy project.

3.B.5 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation

Expressed in Lekolar supplier code of conduct. Focus in audits.

3.B.6 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

No current capacity building program in place other than one on one discussions with suppliers.

3.B.7 Combatting corruption and bribery in own company and supply chain.

Policy for anti-corruption is included in both the internal Lekolar Code of Conduct (for which e-learning is about to be conducted for all employees) and the Lekolar supplier Code of Conduct. Description of responsibility and prioritized activities can be found in the documentation uploaded. A third party whistleblowing service is available both internally and externally. Follow-up of anti-corruption policy and guidelines are done through internal audits, supplier audits as well as through supplier self-assessment.

3.B.8 Other relevant information concerning the company's work to reduce, prevent, and manage negative impact on people, society and environment



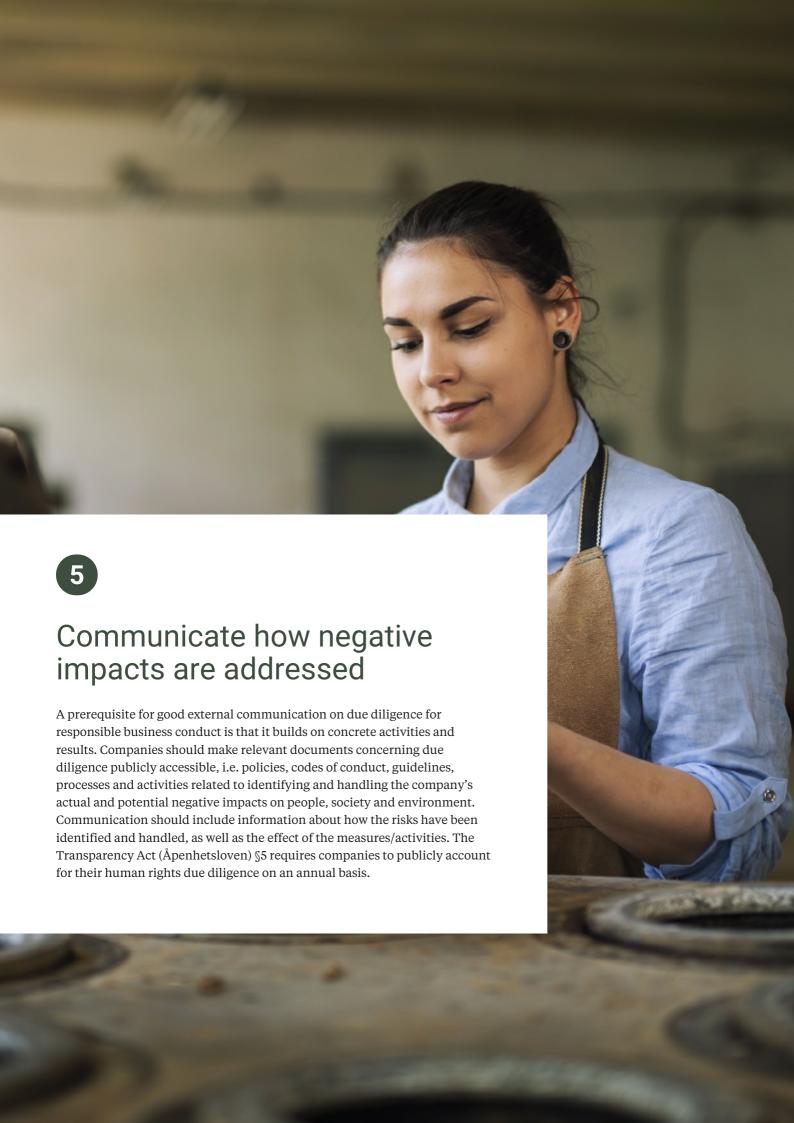
4.A. Track and assess

4.A.1 Describe the assignment of responsibility for tracking the effect of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, society and the environment, as well as how the tracking is done in practice

General management performance evaluation and follow-up done in management team and management review. Through internal audits and external audits, we evaluate process effectiveness.

4.A.2 Describe how the company ensures that measures taken to identify, prevent and reduce negative impact actually work

Risk assessment process is evaluated in connection with general year-end reviews, as well as through internal audits.



5.A External communication

5.A.1 Describe how the company communicates with affected stakeholders about managing negative impact

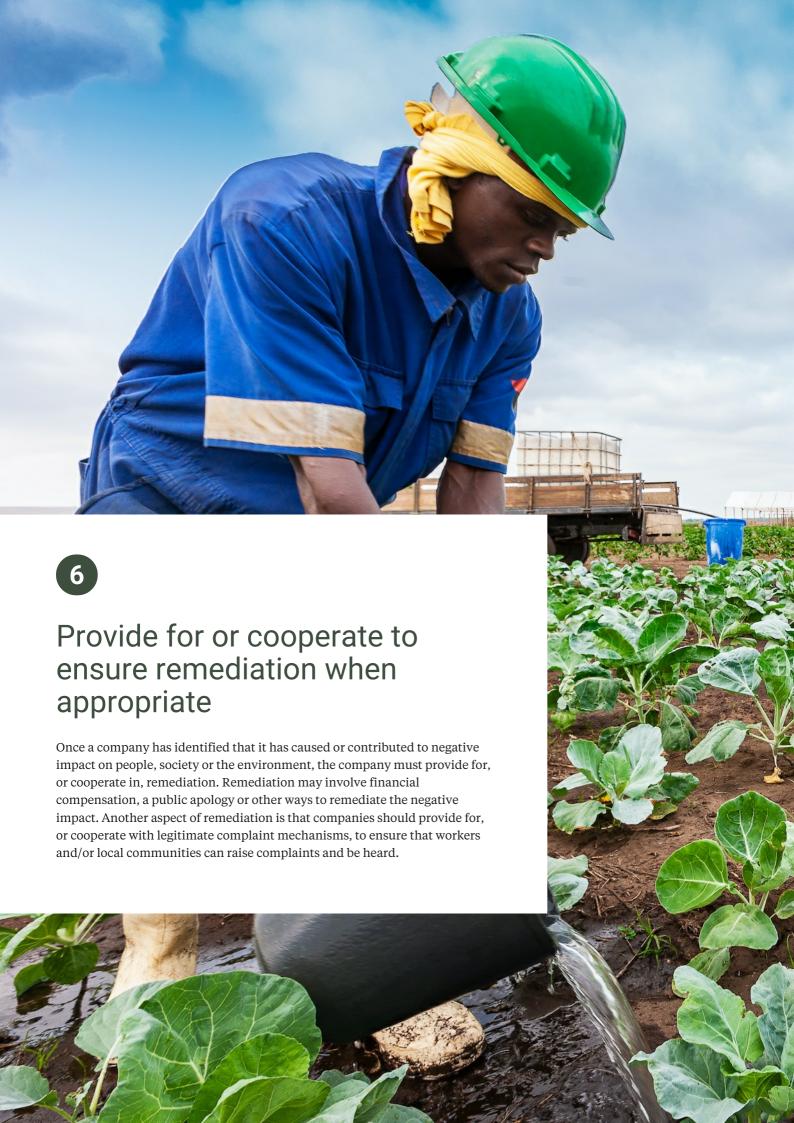
The implementation of the supplier code of conduct is one step we are taking to inform our suppliers of the level of responsible business practice we expect. Our purchasing department is in constant contact with suppliers and for those suppliers where audits have been performed, we have talked with the supplier about managing salient issues, based on the supplier's specific situation.

5.A.2 Describe how the company publicly communicates its own work on identifying and managing negative impact/harm

As part of our yearly sustainability report and the report according to Åpenhetsloven we have included some information on our supplier assessment process but not yet communicated in-depth about identification and management of salient issues.

5.A.3 Describe the company's routines for maintaining and answering external inquiries related to the information requirement imposed by the Transparency Act

Requests for information regarding supply chain transparency may be directed to either Lekolar Norway or to Lekolar Group. After the RFI has been received in writing, Lekolar will first respond within no later than 3 weeks. If the complexity of the RFI requires more in depth investigation by Lekolar, an adequate and comprehensible response shall be communicated no later than 2 months after the initial request.



6.A Remediation

The Lekolar supplier code of conduct and Policy for responsible business conduct includes measures for		
remediation.		
.A.2 If relevant, describe cases of	of remediation in the reporting year	
emediation has not been made	during 2022.	

6.B. Ensure access to grievance mechanisms

6.B.1 Describe what the company does to ensure that workers and local communities have access to effective grievance mechanisms when this is needed An externally available whistleblowing channel is available via the Lekolar web, for all suppliers.

Contact details:

Lekolar AB
Pierre Lennartsson, Sustainability manager
pierre.lennartsson@lekolar.com