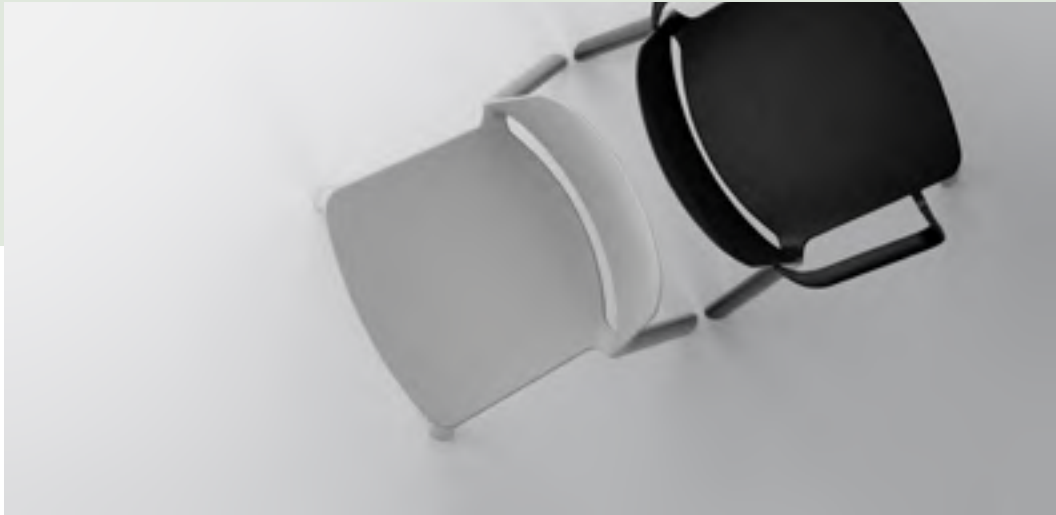


Sustainability Report





About Us	3	Sustainable Design	14	Energy and Emissions	24	Employees and Community	32
About the report	4	Sustainable design principles	15	Overview of CO ₂ emissions and energy consumption in 2022	25	Employee diversity	33
Sustainability as a Basis for Action	5	Raw materials	17	Energy consumed	26	Employees' well-being	35
NARBUTAS in brief	7	Low emissions of volatile organic compounds (VOCs)	20	Sustainable electricity	27	Employees' health	37
Overview of 2022	9	Packaging	21	CO ₂ and other Greenhouse gas (GHG) emissions	29	Fair salary	38
New furniture collections	10	Waste	22	Measures to reduce CO ₂ emissions	31	Additional benefits for employees	39
Our approach to sustainability	12	Waste recovery	23			Our supply chain	40
NARBUTAS sustainability areas	13					We are part of the community	41
						Support to organisations	42
						We support Ukraine	43
						Sustainability goals for 2023	44
						List of GRI Indicators	46

About Us



NARBUTAS, an international company specialising in the manufacturing of office furniture, is based in Lithuania. When creating furniture, we carefully analyse the needs of today's employees and global trends to ensure that our products are environmentally and consumer friendly. It is important to us that our furniture is functional, high quality and has an attractive design. Our design motto is 'Nothing unnecessary'! Our strategic goal is to be the best partner for our clients!



About the report

This is the third annual Sustainability Report of Narbutas International UAB. It covers the period from 1st January 2022 to 31st December 2022.

It presents the company's activities, key events in the year, key performance indicators, environmental and social policies. The names Narbutas International UAB and NARBUTAS are used synonymously.

The Sustainability Report has been prepared with reference to the latest version (2021) of the Global Reporting Initiative (GRI) Standards. The report contains the best information available to the company at the time of its publication. The report was not externally audited.

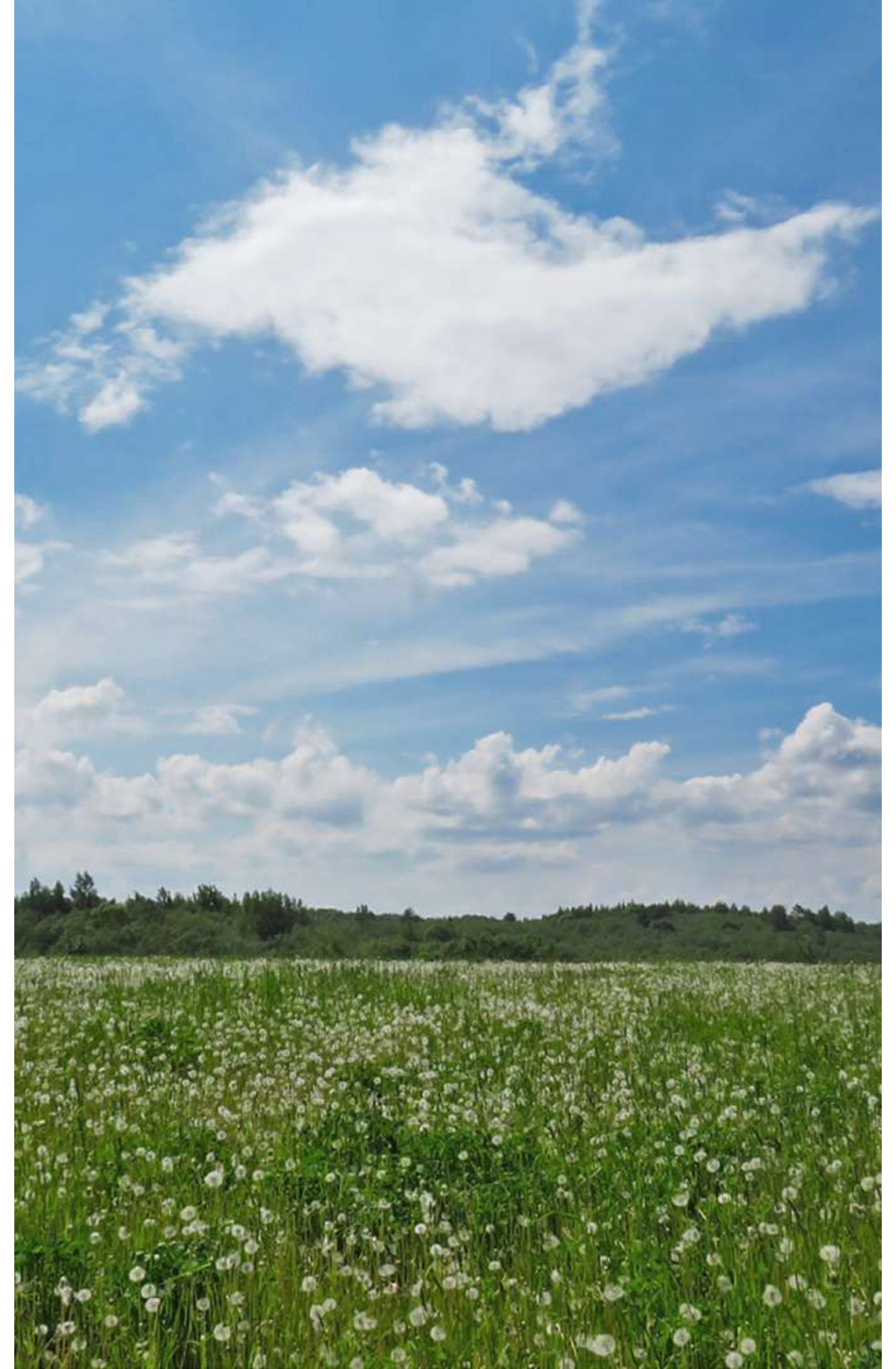
The report is available in Lithuanian, English, German and French, in electronic form only, and is made publicly available on the website www.narbutas.com

Stakeholders' opinions are important to us and we welcome your feedback or questions on sustainability by email: certification@narbutas.lt

Sustainability as a Basis for Action

2022 was full of extraordinary challenges. The world was shocked by the war in Ukraine, now in its second year, which has led to an energy crisis and broken supply chains. With the first days of the war, NARBUTAS ceased its activities in Russia and Belarus – we no longer fulfilled orders from these countries and refused their supply of raw materials. We lost 8% of the market, but this was successfully offset by increasing our sales in other countries. Last year we continued to grow, with a 32% increase in sales. We are proud to have supported Ukraine with almost €1 million over the last year and in the first months of 2023.

We are tackling the issue of rising electricity costs in line with our company's sustainability goals. We are trying to self-produce as much energy as possible. We use only energy from renewable sources in our production and at our public electric vehicle charging stations. One of our major sustainability goals – to replace our entire car fleet with electric vehicles – was half-achieved at the end of 2022. That is 55 vehicles belonging to Lithuanian NARBUTAS companies in total. Our stations can charge 26 electric vehicles at a time.



We believe that 2023 will be a peak year because we have already taken actions in 2022 that will serve as a springboard. We participated in Orgatec, one of the world's leading trade fairs, in Germany, which took place after a four-year hiatus, and we are feeling the huge positive impact of the event and getting many orders. Despite the turmoil and uncertainty brought by the war, we did not slow down our investments: new equipment was purchased and advanced technologies were deployed, which will start to pay off this year and make our production more efficient and sustainable. By increasing production efficiency and solving supply chain problems, we regained customer trust and satisfaction. And most importantly, we have undergone structural changes in the company, i.e. we are not only growing rapidly, but we are also implementing a structural and qualitative change, which will allow us to continue our managed expansion. It is not just this year that we have grown by more than 30%, as we have been expanding intensively for several years in a row. As we grow in production, we are aware of our environmental impact and responsibility, which is why sustainability is the company's strategic direction. Our long-term goal is to become a climate-neutral company. We are planning to expand the solar power plant. It currently operates on 7,000 m² of the factory's rooftop. The solar power plant is intended to be installed on a further 21,800 m² of the rooftop and a further 14,000 m² at a later date. Currently, the solar plant produces around 10% of the energy we need. This number will increase by 30–40% with the expansion of the power plant.

To reduce the environmental impact of transport, we are looking for ways to secure production closer to our main markets, so we are exploring opportunities in Germany. We are constantly investing in the quality and durability of our products, which is why we were able to introduce a 10-year warranty. This warranty also applies to the design of our products, as we do not follow short-term trends, but strive to create furniture that responds to long-term trends.

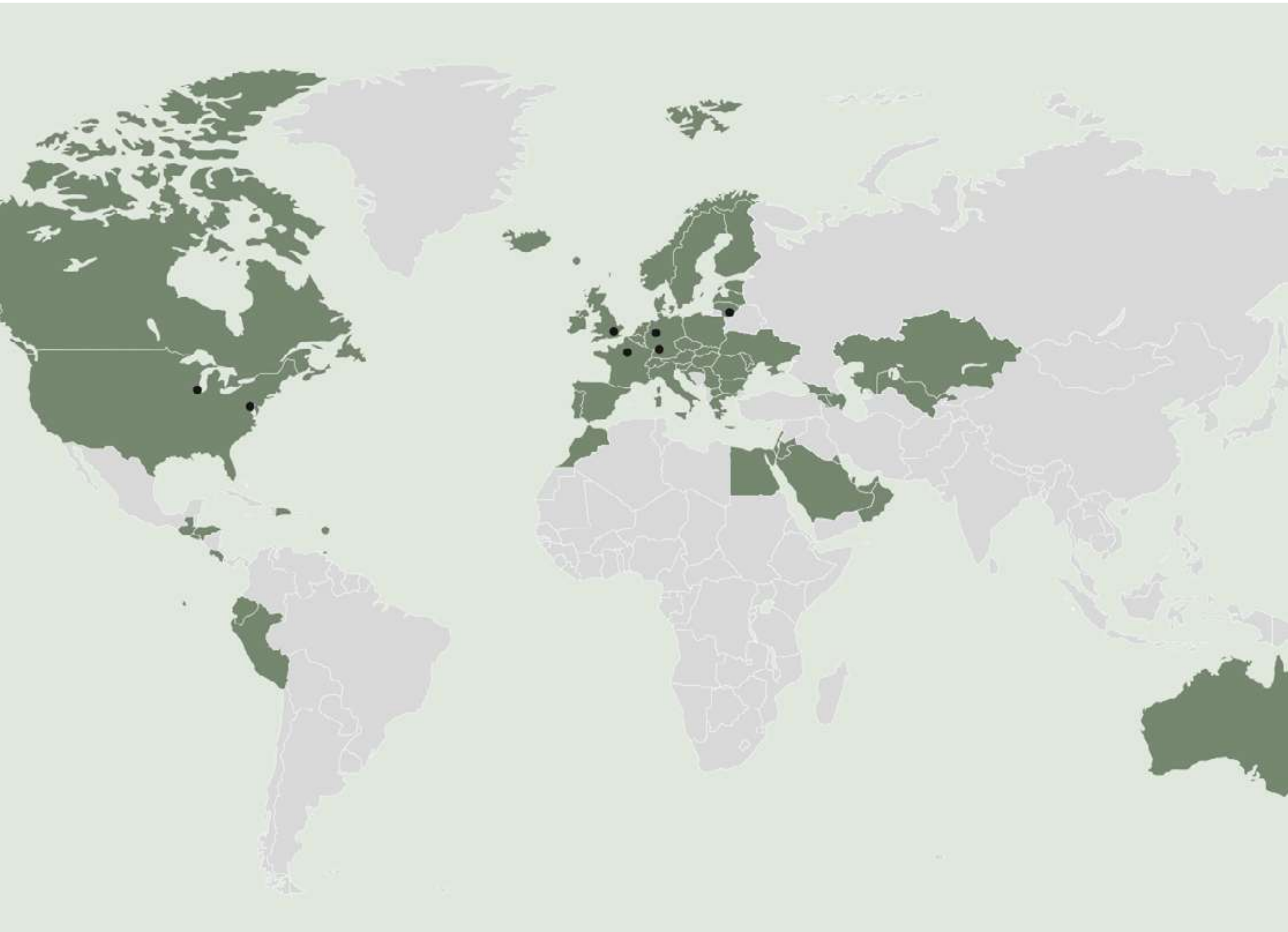


The company is constantly improving working conditions financially and physically, providing a safer, healthier environment, as well as psychologically. We pay particular attention to the recruitment and training of managers, as they make a key contribution to the climate of the organisation, the well-being and motivation of employees. It is not just our employees who are cared for. NARBUTAS is a long-time supporter and sponsor of Lithuanian football and invests in the country's future leaders by supporting the Junior Achievement Lithuania organisation.

The aim of all our reorganisations, which began in 2022 and are continuing in 2023, is to be fully sustainable, competitive and successful in the new and changed global circumstances. This year, as last year, NARBUTAS will continue to support Ukraine until the victory of our civilised, democratic world. Our sustainability goals and a war being fought not far from here are incompatible. It is important for us to continue to take care of the environment and the Earth's resources, thinking of nature and all sentient beings, as well as future generations of people – what we will leave behind for them. That is why sustainability is at the heart and moral backbone of the company and the basis for our continued growth and actions.

NARBUTAS Executive Team

NARBUTAS in brief



Established in
1991

58,400 m²
factory in
Lithuania, Ukmergė

32 years
of experience

66
export markets

800+
partners

1200+
employees



Our vision

A sustainable, dynamic workspace solutions company, leading and desirable in the modern world.

Our mission

We are passionate about creating inspiring workspaces and strive to make them available to more people.



Our values



Trust
Responsibility
Teamwork
Honesty
Communication culture
Love

Overview of 2022

143 M

Sales revenue, €

+32%

Sales growth

9 M

Investments, €

TOP 5

Markets

United Kingdom, France, Germany, Lithuania, and USA.

4

New furniture collections



6

Renovated furniture showrooms

in Chicago, London, Paris, Stuttgart, Düsseldorf, and Ukmergė.

2

Exhibitions

NeoCon



3

Awards



10

year warranty



New furniture collections



POLYTONE

The chairs that feature modern design and create a perfect balance of style and practicality. This collection consists of three types of visitor, conference, and dining chairs made of plastic: POLYTONE-C (designed by Sandonà and Sabrina Bettini), POLYTONE-L (Scagnellato and Ferrarese Design) and POLYTONE-O (Orlandini Design). POLYTONE-O also stands out in the context of sustainability, as part of this collection is made from 100% recycled plastic.



ZEDO

An inspiring, distinctive desk system designed by the Italian designer Paolo Pampanoni. Carefully selected colourful accessories allow you to create workplaces with a distinctive character and additional extension tables allow you to use the desk system for both individual and team work.



SILENT ROOM XL

The addition of a large acoustic pod to the SILENT ROOM collection, which has already been well received by our customers. It is an oasis of silence and concentration for up to eight people. The air quality, visual and acoustic comfort allows you to concentrate on meetings, phone calls or creative work.



WORKLAB

A multifunctional, mobile piece of furniture created in collaboration with the Italian design studio Baldanzi & Novelli designers. WORKLAB is distinguished by its wide range of applications: it can be used as a conference wall, a whiteboard, shelves or a temporary workplace. These qualities allow you to create an environment that is dynamic, stimulates creativity and increases employee engagement.

Awards

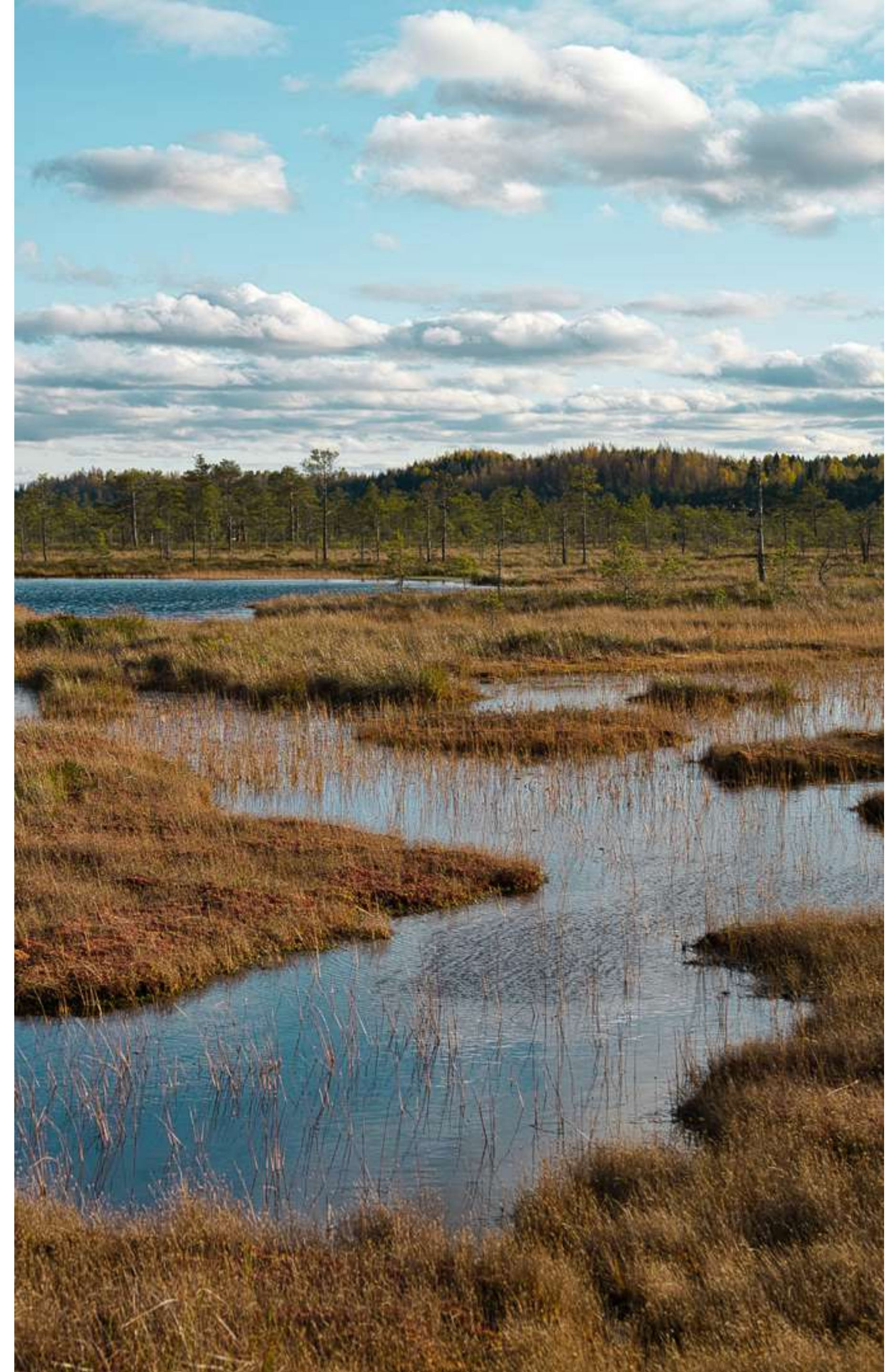
NARBUTAS triple success at the German Design Award

Very modern office furniture from NARBUTAS, which is multifunctional, mobile, instantly adaptable and able to meet changing needs, was submitted to the German Design Award. We are delighted that all the products submitted to the contest were noticed and awarded: the ZEDO desk system, the SURF collection of task chairs, and the NOVA Wood Multipurpose table. All of them were nominated in the Excellent Product Design, Office Furniture category. The ZEDO and SURF collections were awarded the Special Mention prize and NOVA Wood Multipurpose won the Winner award.



Our approach to sustainability

Sustainability is one of NARBUTAS strategic, long-term directions, so economic development, social responsibility and environmental protection go hand in hand in our company. We are growing at a very fast rate and we are aware of our impact on the environment and take responsibility we have in this regard. With each passing business day, sustainability touches more and more areas, from everyday office life to production. We have identified three key areas of sustainability: sustainable design, energy and emissions, employees and community.



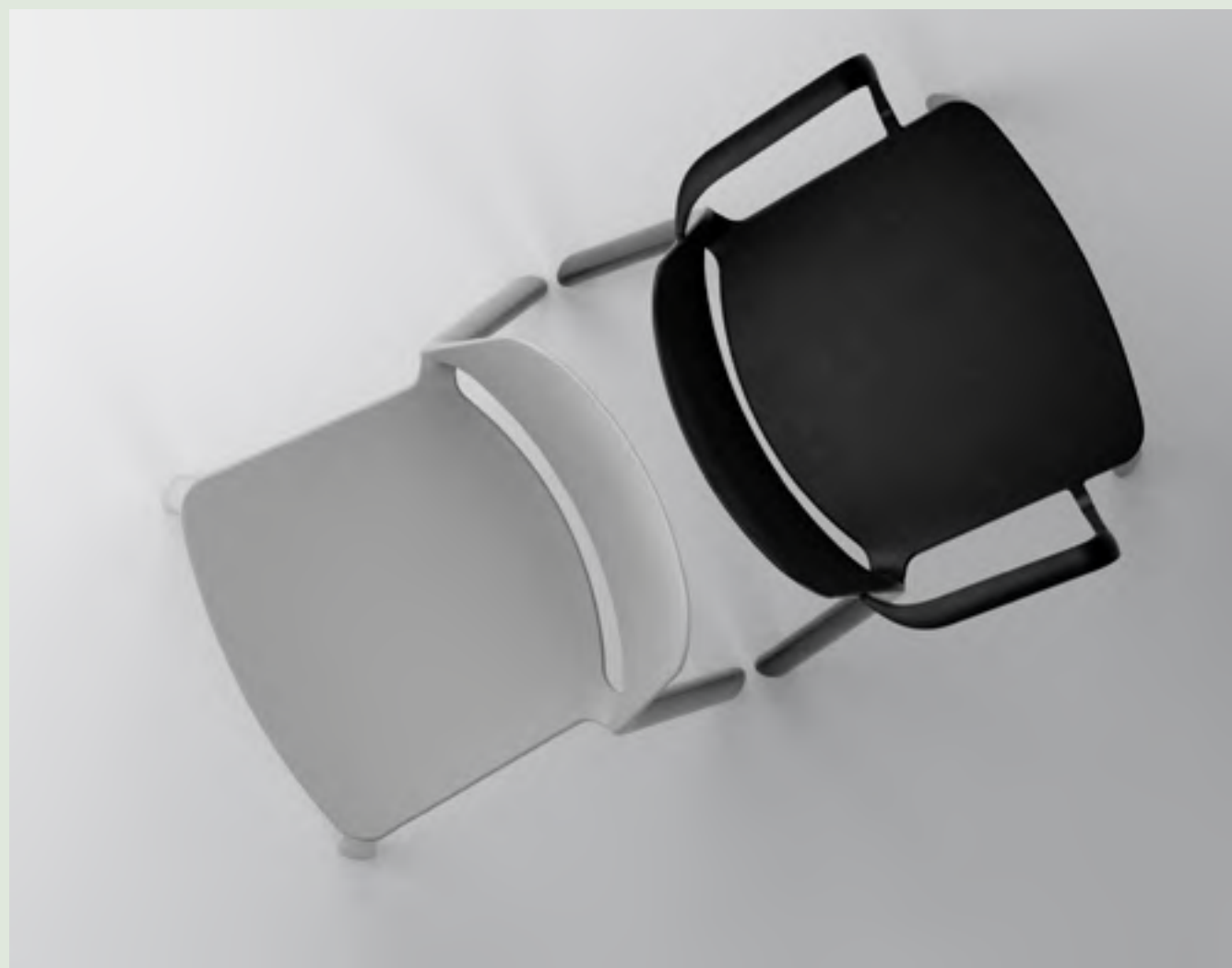


NARBUTAS sustainability areas



Sustainable design

We create thoughtfully designed and high-quality products using sustainable materials.



Energy and emissions

We conserve resources, reduce CO₂ emissions from production and recycle production waste.



Employees and community

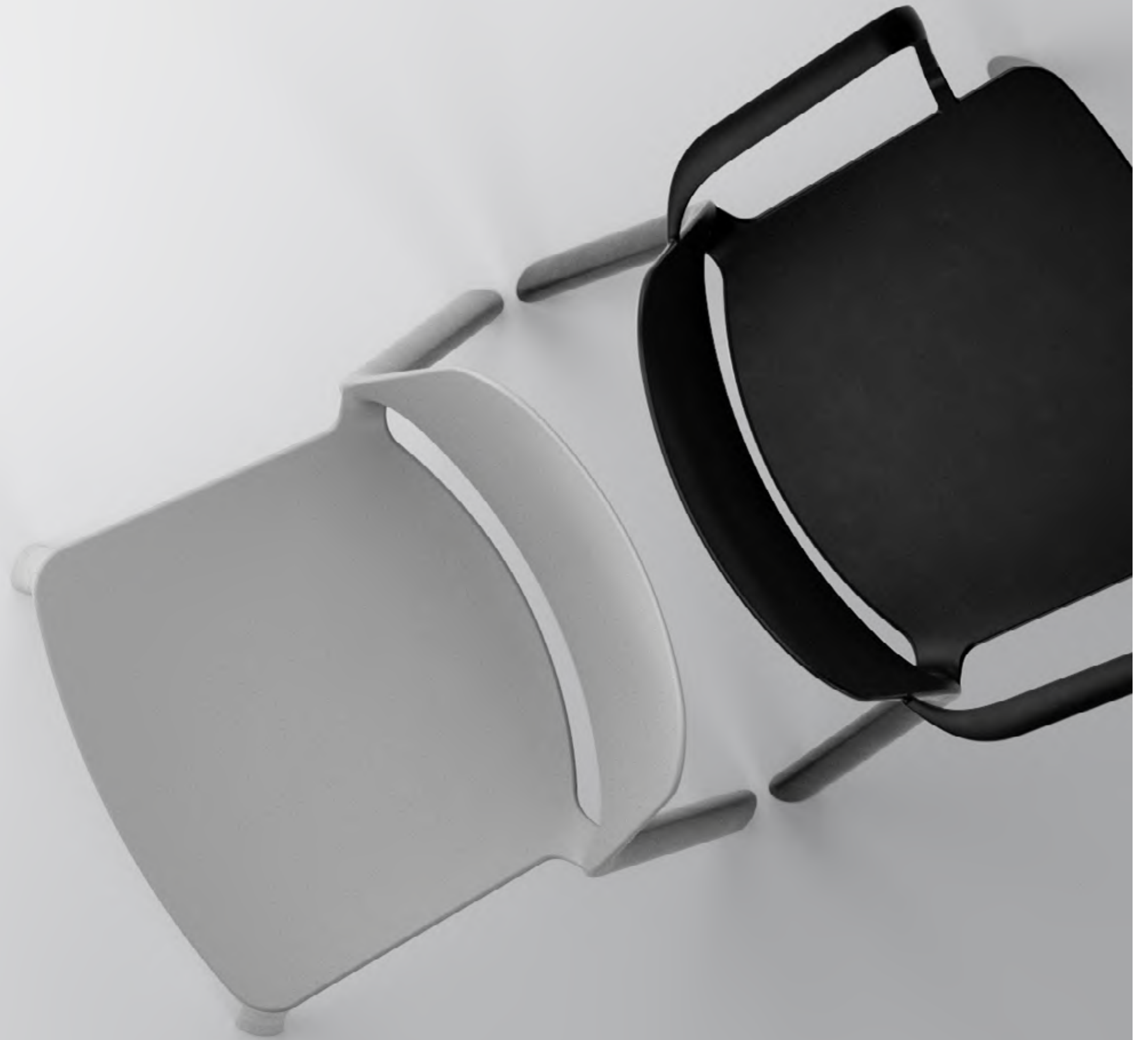
We contribute to the well-being, health, education and volunteering of our employees, the community, and young people.



Sustainable Design



The fundamental goal of sustainable design is to create products that have the lowest possible impact on the environment throughout their life cycle. Product design plays a key role in reducing environmental impact, as it is the design phase that determines the selection of raw materials, the length of the life cycle of a piece of furniture and other aspects that determine the extent of its environmental impact.



Sustainable design principles



Choosing raw materials with a lower environmental impact

More environmentally friendly raw materials;
Renewable raw materials;
Raw materials that require little energy to manufacture;
Recycled and recyclable raw materials.



Reduced environmental impact of the product

Energy from renewable sources;
Using energy efficiently;
Fewer product parts that need to be replaced (short-lived) or more sustainable choice of product parts (e.g. light bulbs).

Minimising the use of raw materials

Reducing weight;
Reducing volume (for transport).



Longer product lifetime

Reliability and durability;
Easier maintenance and repair;
Modular structure of the product;
Classic design;
Strong product-consumer relationship.

Reduced environmental impact during manufacturing

Using alternative technologies;
Fewer manufacturing steps;
Using less and clean energy;
Less waste.



Reduced environmental impact during transport

Less packaging materials, more sustainable packaging choices, reusing packaging;
Energy-efficient transport vehicles;
Organising energy-efficient logistics.



Optimising the end-of-life of the product

Reusing the product;
Renovating/repairing the product;
Recycling raw materials;
Safer incineration.

Sustainable design principles in our business



‘Nothing unnecessary’ is our design principle.

We set ourselves the goal of continuing to apply eco-design principles in product development for 2022. To achieve this, we implemented the following key initiatives:

- ✓ We introduced a 100% recycled plastic product – the POLYTONE-O chair.
- ✓ We collected information on the percentage of recycled content in our raw materials and increased it. See the section “Raw materials” →
- ✓ We introduced a 10-year warranty to reinforce the durability of our products.
- ✓ We switched to 100% water-based varnishes and paints for wood, thus reducing emissions of volatile organic compounds (VOCs).
See the section “Low emissions of volatile organic compounds (VOCs)” →
- ✓ We have planned areas for 2023 where we will continue to apply sustainable design principles.



10_{year}
warranty is valid from 2022.

Raw materials

Selection of raw materials

The furniture industry's choice of raw materials has a significant impact on the environment, so one of the most important principles of sustainable design is to use fewer raw materials. NARBUTAS design principle of 'Nothing unnecessary' perfectly reflects it. We also follow other sustainability principles when selecting raw materials – raw materials must be as environmentally, employee and consumer-friendly as possible. We give the priority to raw materials with environmental certification, renewable and recycled raw materials. We choose only trustworthy suppliers and sign a Supplier Code of Conduct with them.

The exact quantities of raw materials used can be found in the section “List of GRI Indicators” (GRI 301-1) →

In 2022, we set a goal to ‘Continue to increase the percentage of recycled content in all raw materials’. We took the following measures to achieve this goal:

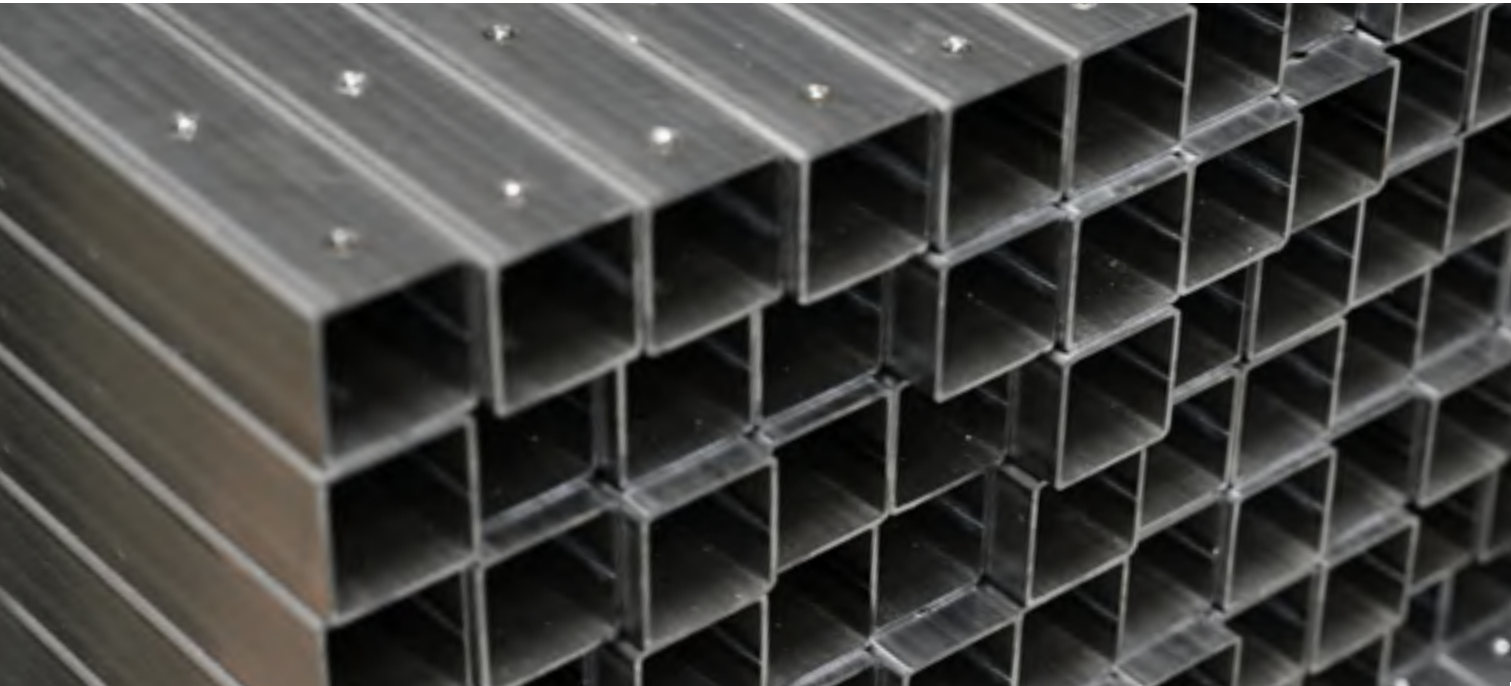
- ✓ We collected information on the percentage of recycled content in raw materials from our main suppliers.
- ✓ We included the percentage of recycled content as one of the selection criteria for purchases.
- ✓ We increased the use of PET felt, a raw material with more than 50% recycled content.

In 2023, we have set two more goals for increasing recycled content and recyclability:

- We will publish information on the composition of our products and the percentage of recycled content in our products.
- We will prepare disassembly and material sorting instructions for new furniture.



Our main raw materials



Wooden chipboard

- ❏ The recycled content is around 20%.
- ❏ It has extremely low formaldehyde emissions according to the American CARB II and German E05 standards.
- ❏ In 2022, we set a goal to ‘Assess and plan the implementation of FSC certification’. In early 2022, changes in the supply of wood raw materials due to the Russia-Ukraine war delayed the implementation of FSC certification. At the end of 2022, the analysis of certification possibilities was resumed and preparations for the FSC audit have started. The implementation of the certification is one of the sustainability goals for 2023.

Solid wood

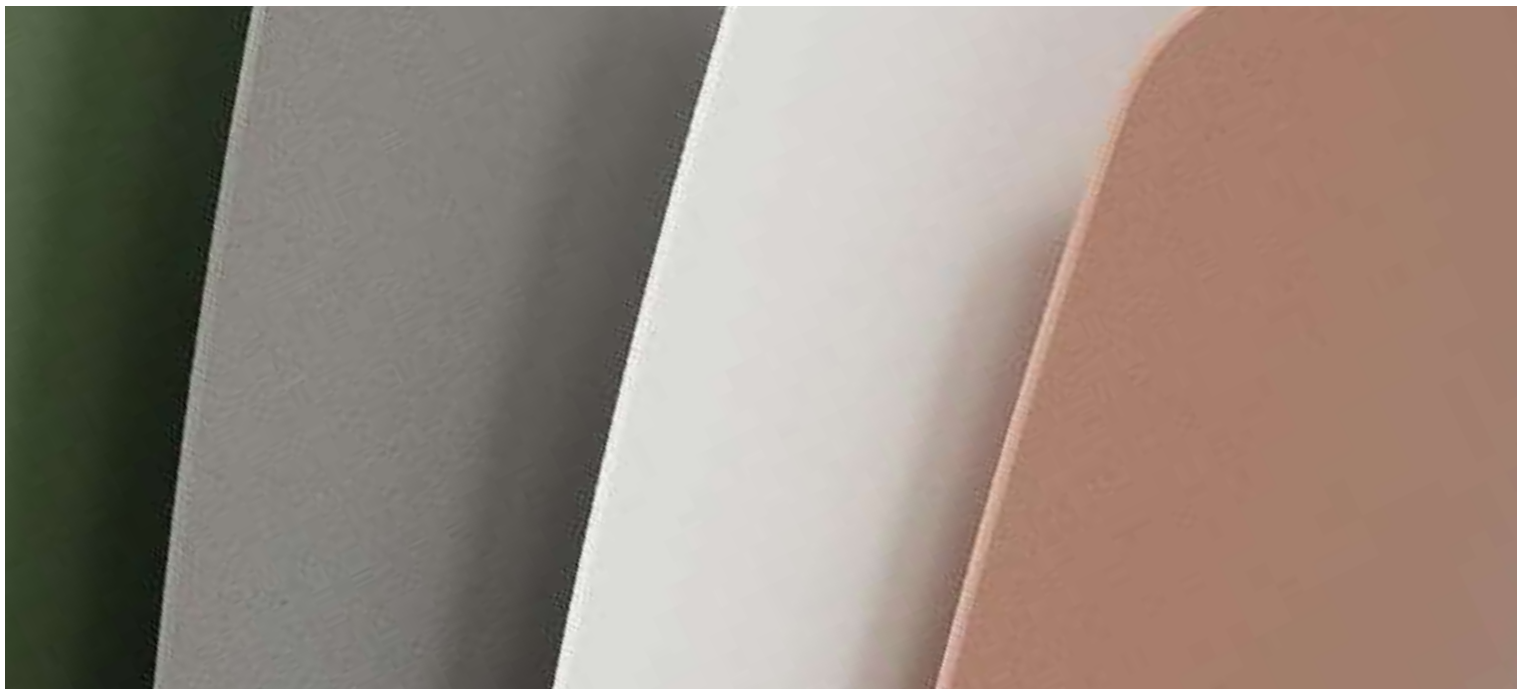
- ❏ Complies with the European Union Timber Regulation (EUTR).
- ❏ All wood paints and varnishes are water-based and therefore have extremely low emissions of volatile organic compounds.

Metal

- ❏ An extremely durable, long-lasting raw material.
- ❏ The percentage of recycled content is an important selection criterion when making purchases.
- ❏ The recycled content ranges between 20% and 100%, depending on the type of metal.
- ❏ Powder coated*.

* Powder paints have extremely low emissions of volatile organic compounds, making them more environmentally friendly and healthier for the end user and contributing to a healthier work environment. In addition, powder paints are extremely durable and long-lasting.

Our main raw materials



Plastic

- ❏ The plastic is phthalate-free.
- ❏ In 2022, we introduced a new product made from 100% recycled plastic – POLYTONE-O.
- ❏ The content of recycled plastic in other products varies between 0% and 100%, depending on the type of plastic.

PET felt

- ❏ Made of more than 50% recycled plastic.
- ❏ Introduced in 2020.
- ❏ PET felt was introduced in 2020 and its use in our furniture range is growing rapidly – in 2022, the colour palette of PET felt was updated to make it more attractive to consumers.
- ❏ Part of this raw material range is Oeko-Tex Standard 100 certified.

Textile

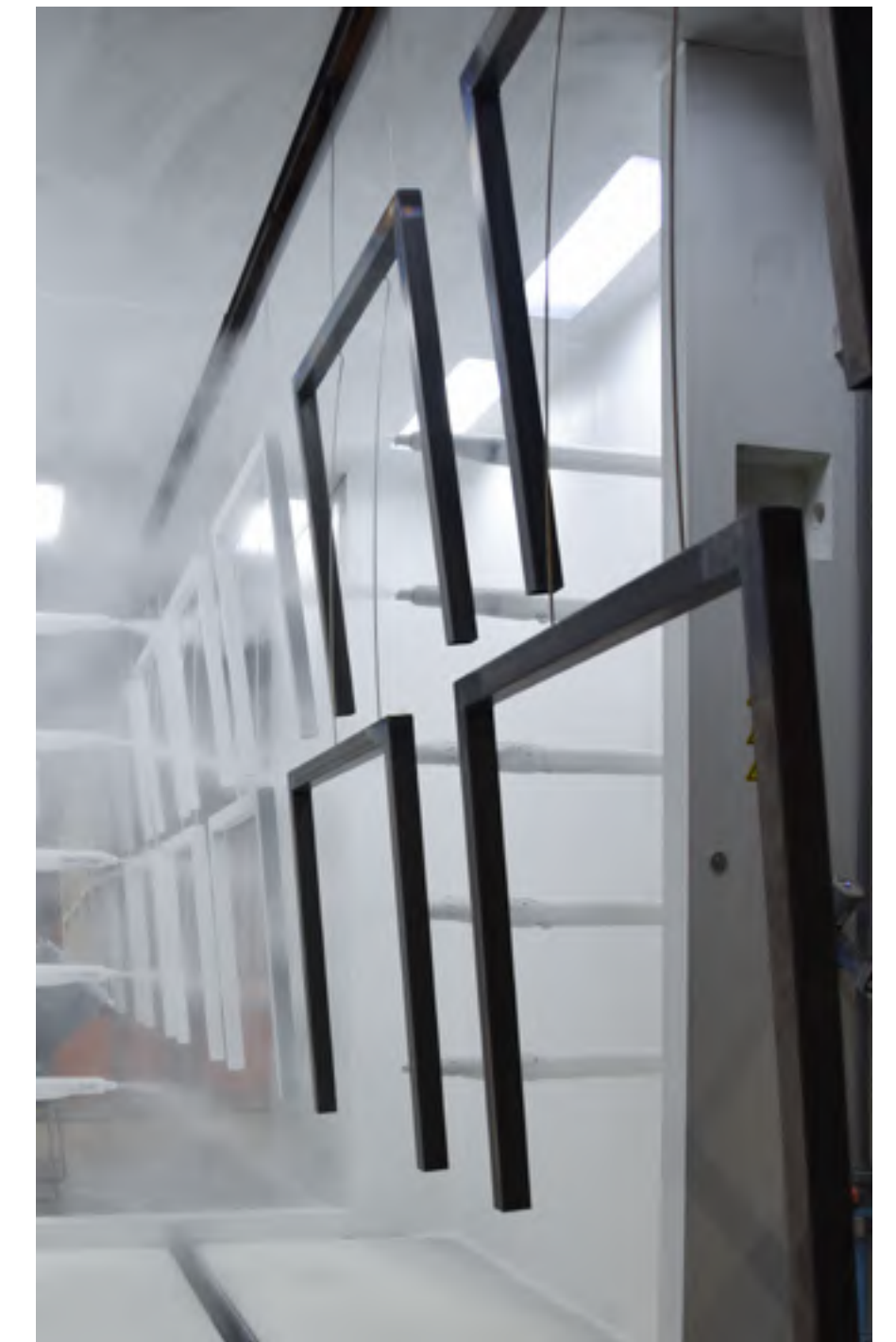
- ❏ All upholstery fabrics carry the EU Ecolabel/ Oeko-Tex Standard 100 certification. These certifications ensure that products do not contain harmful substances and are safe for both the environment and humans.
- ❏ Two new 100% recycled polyester collections are planned to be introduced in 2023.

Low emissions of volatile organic compounds (VOCs)

In order to ensure the quality and sustainability of products, it is important to take into account the characteristics specific to the furniture industry. A very important but lesser-known aspect of furniture sustainability is emissions of volatile organic compounds. Volatile organic compounds (e.g. formaldehyde) are airborne chemicals that, when present at high levels in the environment, can have adverse effects on human health.

To reduce emissions of volatile organic compounds, we are implementing the following measures:

- ✓ We replaced all wood varnishes and paints with water-based ones in 2022. Unlike conventional solvent-based varnishes, they have extremely low emissions of volatile organic compounds (e.g. formaldehyde) and are therefore considered healthy and safe for workers and end users.
- ✓ When painting metal, we use powder paints, which also have extremely low emissions of volatile organic compounds and are considered extremely durable.
- ✓ The adhesive used for the new ZEDO desk system, introduced in 2022, is Oeko-Tex certified, ensuring that it does not contain unacceptable levels of formaldehyde and other harmful chemicals.
- ✓ Wood boards comply with the CARB II and E05 low formaldehyde emission standards.



Packaging

Packaging must not only be convenient and protect the product from damage during transport, but also reflect the increasingly important aspect of sustainability.

We are constantly looking for sustainable packaging solutions:

- ✓ In 2022, we set ourselves the goal of improving our packaging solutions by introducing thinner bags made from 100% recycled plastic. This goal was successfully achieved in the first half of the year. The new bags are made from 100% recycled plastic, recyclable and thinner than the previous ones. This change saves 5 tonnes of plastic waste every year!
- ✓ We replaced plastic honeycombs with honeycomb cardboard for some of our table and desk packaging in 2022. Cardboard is a more sustainable material than plastic because it is produced from renewable sources and is easier to recycle and decompose than plastic. This change reduces plastic consumption and saves an additional 5 tonnes of plastic waste per year.
- ✓ Cardboard is a particularly important raw material for our packaging. We consumed 6.2 million m² of cardboard in 2022. All of this cardboard is made from 100% recycled materials and is 100% recyclable
- ✓ We plan to switch from polypropylene film to hot-melt adhesives for packaging in 2023, thus further reducing waste.

100%
recycled and recyclable
bags and cardboard.

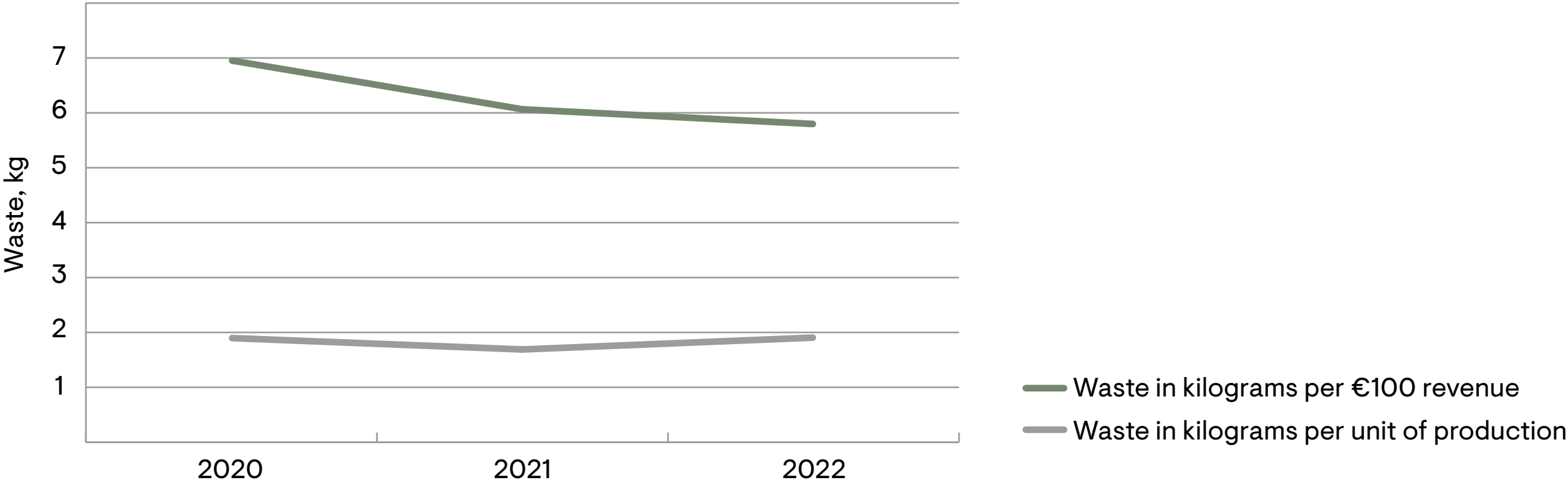


10 tonnes of plastic
saved per year thanks to the new
packaging solutions.



Waste

Relative amount of waste



We understand the environmental impact of waste, which is why we make sure that it is managed responsibly. The majority of the waste is sent to waste management companies and the rest is used internally for energy recovery. Waste management companies recycle some of the waste or use it for energy recovery. Waste records are kept using PPWIS (Product, Packaging and Waste Record Keeping Information System). The system collects data on the quantities of waste generated by the type of waste. To measure the amount of waste relative to production growth, we also calculate a waste intensity indicator. It shows the ratio between the annual amount of waste and the company’s economic performance indicators, i.e. annual revenue and production units.

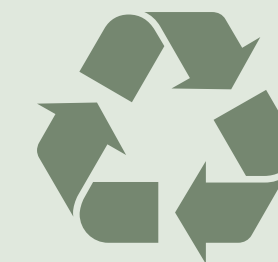
For data on the quantities of waste generated and its management, see ‘List of GRI Indicators’ (GRI 306-3, 306-4) →



Waste recovery

There are two waste-related goals for 2023:

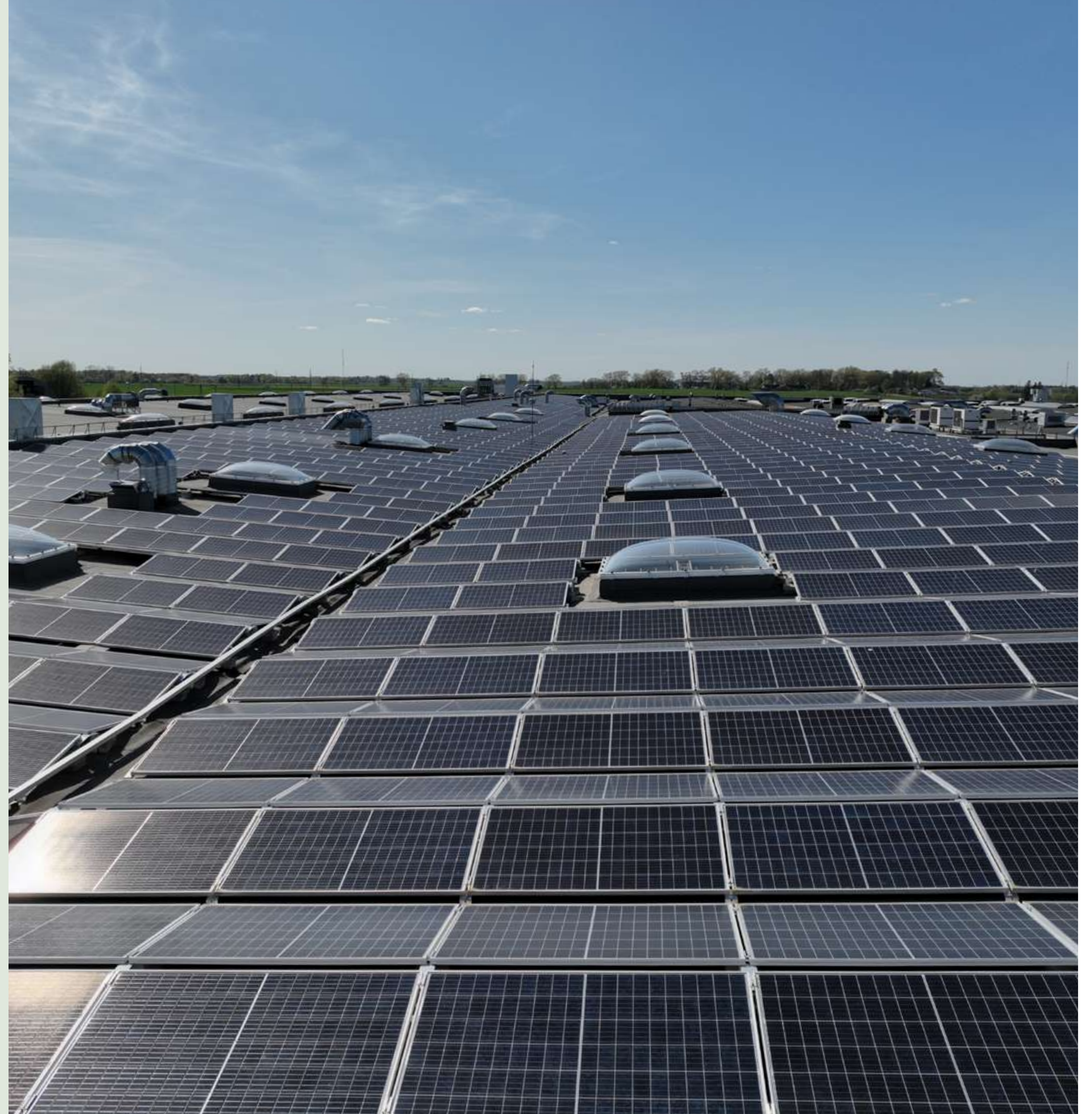
- We aim to reduce the amount of mixed municipal waste going to landfills by 60% (compared to 2021). We are planning to use this waste to recover energy in combined heat and power plants.
- We aim to reduce the amount of industrial waste sent for energy recovery by 5% (compared to 2021). This waste is planned to be recycled.



Energy and Emissions



As a manufacturing company, we inevitably use different sources of energy in our processes. We are constantly looking for solutions for sustainable energy use and making sure that relative energy consumption decreases as production rates increase.



Overview of CO₂ emissions and energy consumption in 2022

1,199.5 tonnes of CO₂ equivalents*

+28% since 2021



8.38 tonnes of CO₂ equivalents per €1 M revenue

-2% since 2021



58 MWh/ €1 M revenue

-16% since 2021



*CO₂ equivalents – a unit of measurement for greenhouse gases (GHG) - CO₂, CH₄, N₂O based on global warming potential.

Energy consumed

In 2022, electricity and gas consumption in the factory increased by 9% and 4% respectively compared to 2021, but furniture production grew by 8% and turnover increased by 32%.

Diesel and petrol consumption also increased in 2022, but the decision to switch to electric vehicles has been already taken at the beginning of 2022. Due to the longer than usual car production times, 25 electric cars only arrived at the end of 2022 and some will arrive in 2023. As a result of this change, we can expect to see a significant reduction in diesel and petrol consumption in 2023.

Energy for heating the factory comes from the combustion of industrial wood waste. This helps to reduce GHG emissions, as no fossil fuels are used for heating and only biogenic CO₂ is emitted.



Consumption of the key forms of energy

	2020	2021	2022
Electricity in the office, MWh	44	36	38
Electricity in the factory, MWh	5,518	7,169	7,823
Diesel, L	30,143	31,402	33,372
Petrol, L	31,764	43,655	54,485
Gas for industrial processes, MWh	2,533	3,358	3,646
Energy for heating the factory, MWh	2,794	3,497	3,634

Sustainable electricity



In 2022, we have implemented the following sustainable electricity initiatives:

- ✔ We have standardised the break times for standard and non-standard production, which saves electricity, as the dust extraction filters automatically switch off when machine tools are not running.
- ✔ We installed electric vehicle charging stations that are accessible to the public.
- ✔ We installed energy-efficient LED lights in some of the factory’s ancillary rooms. Automatic switching on and off of the lighting based on motion is also being installed in rooms where there is a need for it.
- ✔ We plan to install LED lighting in the rest of the factory’s ancillary rooms and the factory yard in 2023. This will enable 100% energy-efficient LED lighting in the Ukmergė factory and its outdoor areas.

13

electric vehicle charging stations were installed in 2022.



There are groups of employees within the company who commute to work together. This not only saves resources but also helps create a stronger community.

100%

of the lighting in the factory will be energy efficient by the end of 2023.

Sustainable electricity



Electricity is the main source of energy for manufacturing processes. We are proud that 100% of the electricity used in NARBUTAS manufacture comes from renewable energy sources (mainly wind, water, solar energy, and geothermal wells). Renewable energy we use comes in two ways:

- ✓ We buy energy certified with the Green Energy Label;
- ✓ We generate our own electricity using the solar power plant.

The energy generated by our solar panels accounted for 9% of the factory's electricity consumption in 2022. This percentage is much higher in summer, but drops to a minimum during the winter months due to little sunlight. 9% is the average for the whole year. Solar energy is one of the most sustainable sources of energy, which is why the development of renewable energy sources is one of the most important projects that we are currently implementing. By using renewable electricity, we are also contributing to reducing GHG emissions and halting climate change.



100%
renewable electricity at the factory.

9%
of all our
electricity is
self-produced.



CO₂ and other Greenhouse gas (GHG) emissions



NARBUTAS goal is to reduce CO₂ emissions and become a climate-neutral company by 2028.

Global climate goals are important to us. The European Union is committed to reducing emissions of CO₂ and other greenhouse gases and becoming a climate-neutral continent. This means that EU countries must dramatically reduce their GHG emissions and find ways to offset the remaining unavoidable amount in order to achieve net-zero emissions.

The first step towards reducing emissions is clear and transparent accounting of the emissions from the company. We calculate the company's Scope 1 and Scope 2 GHG emissions on an annual basis from 2020 based on the Greenhouse Gas Protocol. The majority of NARBUTAS emissions is CO₂, so the climate neutrality goal is formulated with a focus on reducing CO₂ emissions.

The calculation methodology is described in the section "List of GRI Indicators" (GRI 305-1) →



Greenhouse gas (GHG) emissions

CO₂ is the most important of the greenhouse gases; other gases such as methane (CH₄) and nitrous oxide (N₂O) are also included in the calculations. The final figure is given in CO₂ equivalents when summarising the data. CO₂ equivalents – a unit of measurement for greenhouse gases (CO₂, CH₄, N₂O) based on global warming potential.

In 2022, the factory’s equipment upgrade consumed a higher than normal amount of freon gas, resulting in an increase in Scope 1 GHG emissions. Scope 2 GHG emissions increased due to higher electricity and heating consumption in the Vilnius office. There are two reasons for this: the office space expanded by 400 m² in 2022 and a large number of the company’s employees has returned to work in the office after the end of the quarantine restrictions. In order to assess the amount of GHG emissions in relation to the growth of NARBUTAS, the emissions intensity indicator was calculated, i.e. the annual GHG emissions are compared to the company’s economic performance indicators in terms of revenue, production units and the amount of cardboard used for packaging.



GHG emissions in tonnes of CO₂ equivalents

	2020	2021	2022
Direct GHG emissions (Scope 1)	700.4	907.5	1,135.2
Indirect GHG emissions (Scope 2)	23.7	27.0	64.3
Total GHG emissions, tonnes	724.1	934.5	1,199.5
GHG emissions in tonnes per €1 million revenue	8.40	8.58	8.40
GHG emissions in kilograms per production unit	0.23	0.25	0.30
GHG emissions in kilograms per square metre of cardboard used for product packaging	0.15	0.16	0.19

Measures to reduce CO₂ emissions

We are taking steps towards climate neutrality by adopting annual emission reduction measures:

- ✓ We are committed to continuing to use 100% of our electricity from renewable energy sources.
- ✓ We replaced 25 company cars with electric vehicles in 2022. The renewal of the company's car fleet with electric vehicles was one of NARBUTAS sustainability goals for this year.*
- ✓ The company's fleet of electric vehicles will be further expanded in 2023, with the goal of 100% electric vehicle use at the company in Lithuania.
- ✓ We installed electric vehicle charging stations accessible to the public near our factory in Ukmergė in 2022. In this way, we are contributing to improving the country's electric vehicle infrastructure.
- We will calculate Scope 3 CO₂ and other GHG emissions in 2023.
- In 2023 we will set priorities for reducing Scope 3 CO₂ emissions.

* Electric vehicles emit fewer GHGs over their lifetime than conventional internal combustion engine cars. For this reason, electric vehicles contribute to reducing Scope 1 GHG emissions. Currently, only 0.46% of cars in Lithuania are electric and NARBUTAS is one of the first companies in the country to replace its car fleet with electric vehicles.



NARBUTAS is one of the first companies in Lithuania to replace its car fleet with electric vehicles.



Employees and Community

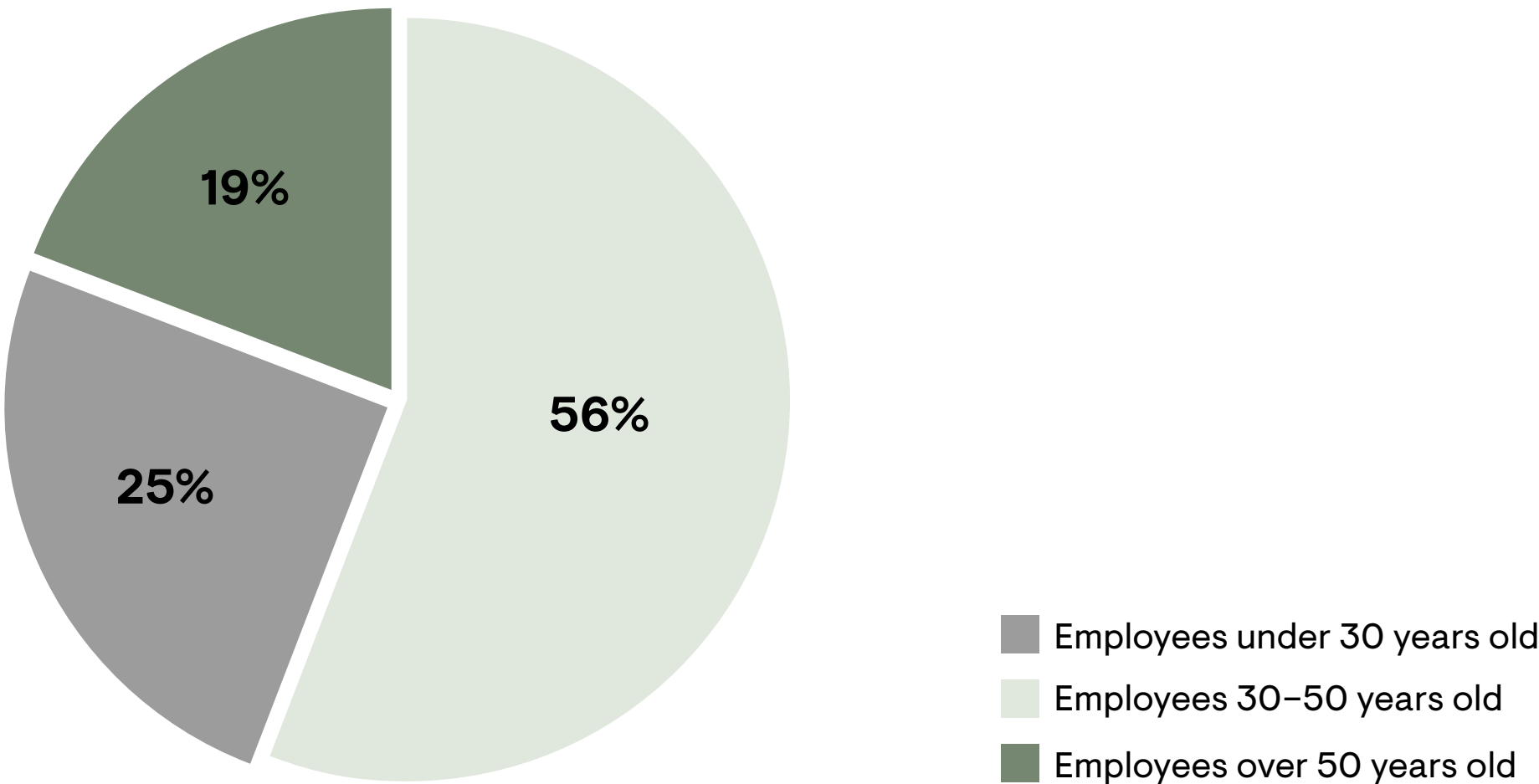


NARBUTAS main asset is its motivated, professional, and loyal team. All employment decisions are based solely on professional criteria. The company has an active Labour Council that represents employees' interests and defends their professional, economic, and social rights. The Labour Council represents all employee groups in the company equitably.



Employee diversity

Distribution of employees by age



The company employs 1,279 people (excluding those on long-term leave) Equality on the basis of age, gender, and other grounds is one of our values reflected both in our daily decisions and in the company’s statistics. The company employs 52% men and 48% women, compared to the Lithuanian manufacturing industry average of 57% men and 43% women. The largest group of employees by age category remains the same as in the previous two years, between 30 and 50 years old, accounting for 56% of the employees.



1,279
employees
working for the
company



52%
are men

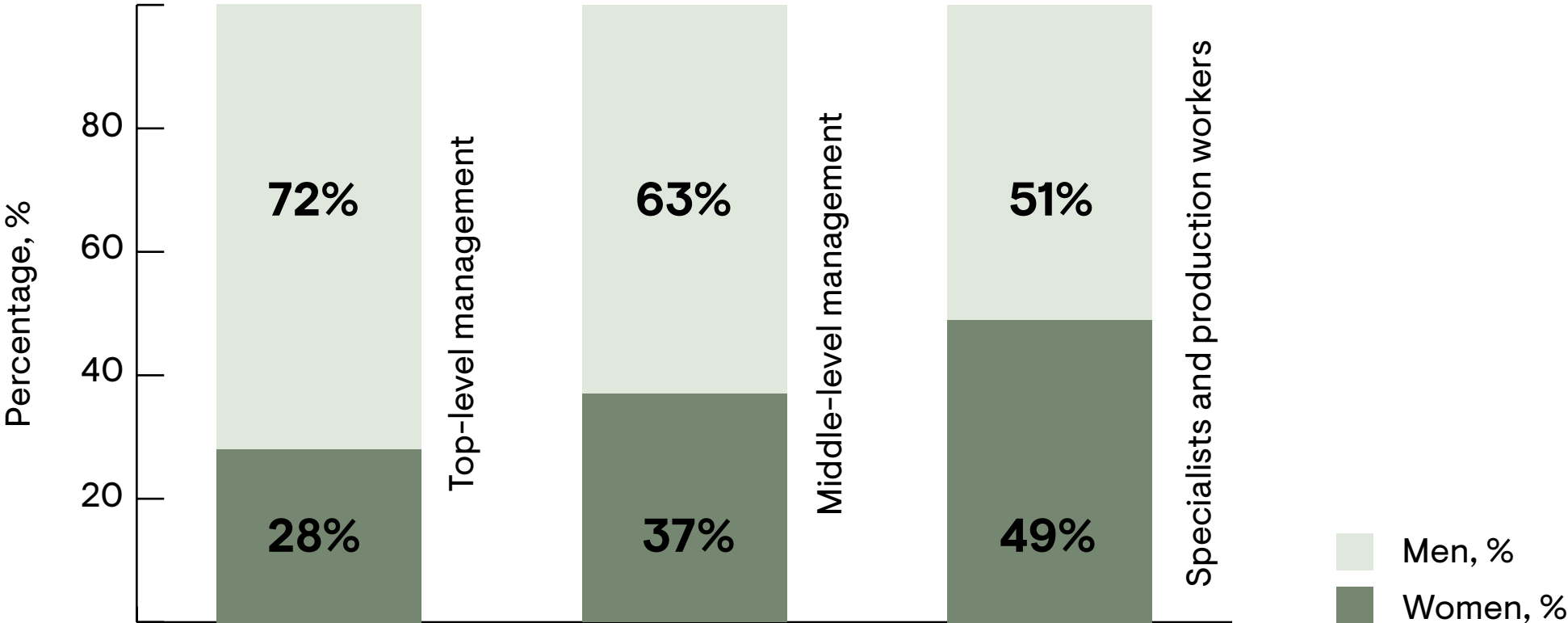
48%
are women

26%
of our employees have been with
the company for more than 7 years

Employee diversity



Staff gender diversity by position



We encourage internal career opportunities, so 55% of our managers are employees who have been with the company for more than 5 years. The gender distribution by position is shown in the graph ‘Staff gender diversity by position’. Women make up 28% of top-level management and are paid 2.4% less than men. 37% of middle-level management are women and their salaries are 3.7% lower. 49% of the women work as specialists or production workers and are paid 10.1% less than men. Data on the average salaries by gender from employers with at least 8 employees are publicly available from May 2021 in Lithuania. In 2022, the gap in the non-budget sector was as high as 15.9%, while the national average was 13.6%*. Lithuania currently has a particularly high female employment rate, second only to Sweden in the EU, and a slightly higher gender pay gap than the EU average (13%). Therefore, we can see that the gender pay gap in NARBUTAS is lower than the average in Lithuania or the European Union and this is particularly noticeable in the case of manager salaries.

For other detailed statistics on employee dynamics, see the section “List of GRI Indicators” (GRI 2-7) →

* Data from the Office of the Equal Opportunities Ombudsman.



Employees' well-being

At NARBUTAS, we firmly believe that an organisation is strong when its people are strong, as productive work is only possible when our people feel well. We value trust, responsibility, integrity, teamwork and a culture of respectful communication. We do not tolerate any form of violence or harassment. To reinforce these values and ensure a safe and healthy organisational climate, we have developed a document entitled 'Policy for the Reduction and Prevention of Tension at Work' in 2022. It encourages employees to share real-life situations they have encountered and recommendations for improving those situations. The company has several channels (email, telephone, and a special form) for contacting the responsible department to solve the problems.

In 2022, we launched a three-year, company-wide employee engagement survey that measures the following indicators: culture of engagement, strategic coherence, motivation and relationship within the team, and meeting expectations. The results show that the company has a relatively high level of employee engagement – 52%. By comparison, the average employee engagement rate in other companies calculated using the same methodology is 40%. The company's divisions developed action plans to strengthen employee engagement based on the results of the survey of 2022.



An employee engagement survey was launched.



A policy for the reduction and prevention of tension at work was developed.



Employees' well-being



Continuing to improve employee engagement in 2023 is one of NARBUTAS annual sustainability goals.

Five priority areas were identified at the enterprise level and actions have been implemented or are planned to improve these areas:

Communication

- ❏ In early 2023, the People and Culture Department will be joined by two new employees in charge of internal communications.

Salary

- ❏ Staff salaries were reviewed and salary adjustments were made.

Leadership and motivation

- ❏ Training for shift and team managers was conducted. A person will be recruited in early 2023 to be responsible for the development and implementation of the management development strategy.

Teamwork and collaboration

- ❏ The topic is included in the training for managers.

Our values

- ❏ NARBUTAS values will be reviewed in 2023.

Employees' health



Employees' health and safety is one of NARBUTAS priorities. It is primarily the responsibility of the Occupational Safety, Health and Environment Department, and health and safety representatives are elected in each division. The Labour Council also makes proposals to improve the safety and health status in the company. Employee health data is stored in accordance with the GDPR requirements.

All employees are required to undergo a pre-employment health check based on the occupational risk factors specified by the company. Once hired, they receive safety training (repeated every year) and hazardous work training with practical skills building. Fire safety and first aid training is provided periodically.

We pay particular attention to active incident recording, which is one of the key measures to prevent accidents. An incident under the laws of the Republic of Lithuania is defined as unsafe behaviour, unsafe working conditions, a minor injury or near miss. All factory workers can report an incident by scanning a QR code and filling in a special form. All reported cases are analysed and used as a basis for improving the employees' safety system. Accidents (i.e. incidents that occur at work in during the performance of a job function and result in damage to health, for which a certificate of incapacity to work is issued for at least one working day) are investigated and prevented in the future. There were 30 accidents in the company in 2022, all classified as minor accidents. For 2023, we have set a goal to reduce the number of accidents by 30% compared to 2021. The key measures we will take to reach this goal are to increase employee awareness and management involvement in safety issues, actively record incidents and improve in-factory traffic.

For detailed information on employee safety, see the section “List of GRI Indicators” (GRI 403-5, 403-6, 403-9) →



Fair salary

We aim to be a trusted employer with a transparent, fair and motivating reward system. We have set out clear rules on the payment of remuneration, which are accessible to our employees and apply equally to all. The essential criteria on which the reward and incentive system is based are the competence of the employee, the level of responsibility and complexity of the position, the employee’s personal achievements and the contribution to the overall performance of the company.

The reward system consists of the following:

- ❏ A basic salary that is calculated according to the publicly published salary system.
- ❏ A variable part of the salary that is paid for good work and the company’s performance.



17.2%
average salary
rise in 2022



In 2022, the average company salary rose by 17.2% and the highest salary – by 7.7%. The difference between the highest company salary and the average company salary is 5.2 times. This figure has fallen by as much as 12% since 2020.



Additional benefits for employees



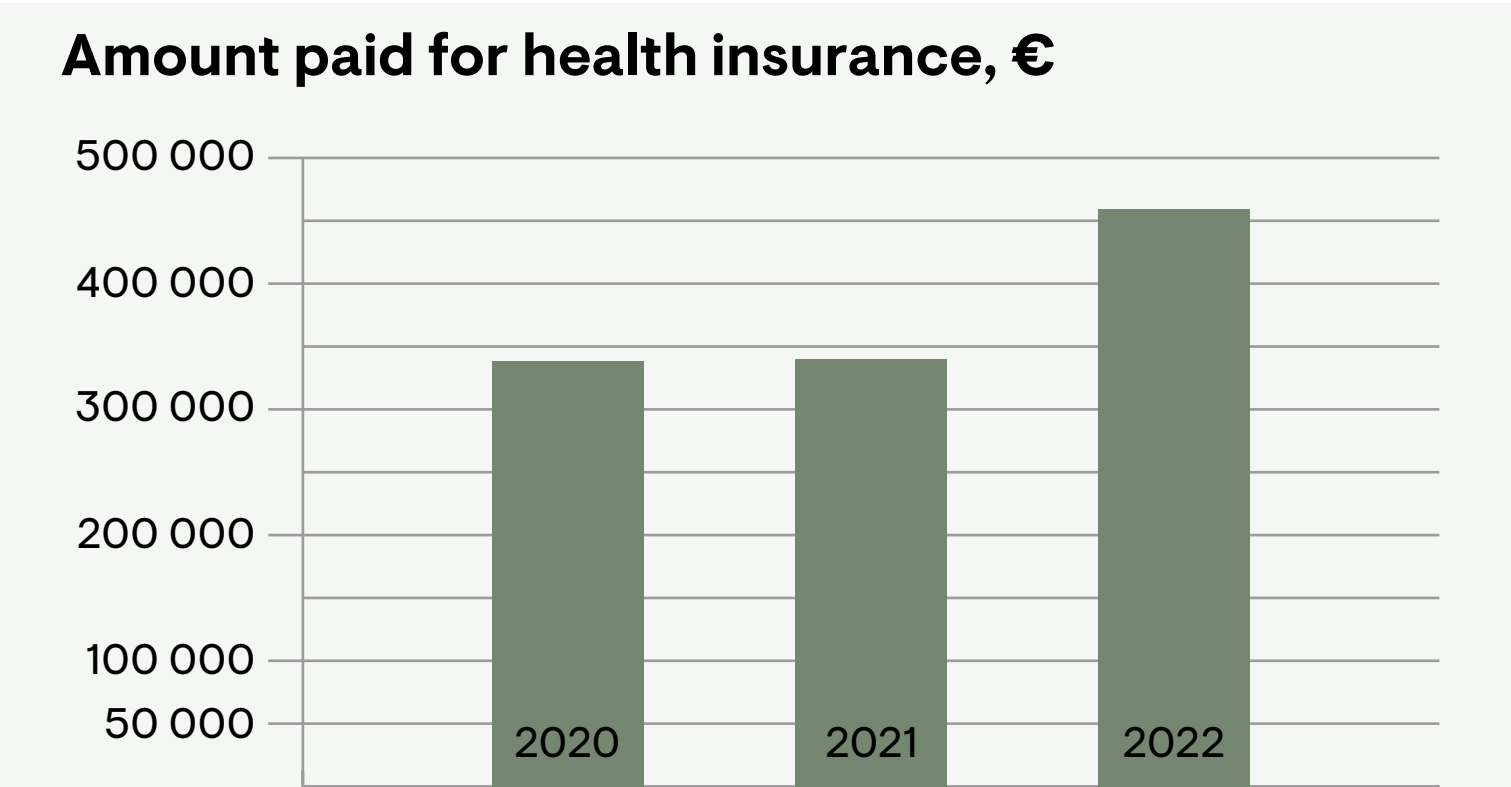
Promoting physical activity

Physical activity is an important factor in maintaining good health and emotional well-being, which is why we encourage and partly fund active and healthy lifestyles of our employees and the citizens and visitors of Ukmergė. We have been an active contributor and participant in the six-round Cross-Country Cup of Ukmergė Factories for eight seasons now. Hiking was added alongside the running and cycling competitions in 2022, thus attracting an even larger number of participants to the event. More than 160 people from NARBUTAS participated in at least one of the rounds in 2022. NARBUTAS employees are also involved in several sports clubs (cycling, running, volleyball, basketball, hiking).



Financial benefits for major life events

In addition to working together, we also enjoy and support each other in difficult moments by providing financial support for the birth of children, marriage, illness, and death of immediate family members, etc. These financial benefits for our employees amounted to more than €58,000 in 2022.



Health insurance

NARBUTAS cares about its employees' health and provides supplementary health insurance to all employees who have been with the company for more than 3 months. The insurance covers both physical and emotional health, with access to a psychologist. Employees are increasingly taking advantage of the opportunity to get a health check and improve their health, with the amount paid out for health insurance in 2022 increasing by as much as 35% compared to 2021.

Our supply chain



75%
of our suppliers signed a Supplier Code
of Conduct is a 2023 goal.

53%
of our purchases
in 2022 were
local.



We choose the raw materials we use in our products and their suppliers very responsibly, because we understand that these choices have a significant impact on the environment around us. To strengthen mutual understanding with our suppliers on sustainability, we updated our Supplier Code of Conduct in 2021. It covers areas such as human rights, business ethics, and environmental protection. 50% of our suppliers had signed a Supplier Code of Conduct by the end of 2022. This process is ongoing and we have set a goal for 2023 to sign a Supplier Code of Conduct with 75% of our suppliers.



We are part of the community



€614,671
was allocated for support in 2022.

We care deeply about the environment around us and every year we support organisations and initiatives that provide physical and psychological support to vulnerable social groups, foster creativity and learning of the younger generation and encourage them to be physically active. We helped 31 organisations in Lithuania and Ukraine with financial or in-kind support in 2022. We will continue to support socially responsible initiatives in Lithuania and abroad in 2023.

On the next page, you will find a list of Lithuanian organisations to which NARBUTAS provided financial or in-kind support in 2022.



Support to organisations

Youth organisations

- ❑ Junior Achievement Lithuania
- ❑ Tulpiakėmis Children Day Care Centre
- ❑ Kaunas Technical Vocational Training Centre
- ❑ Engineering Lyceum of Vilnius Gediminas Technical University
- ❑ Technologies and Business School of Ukmergė
- ❑ Taujėnai Gymnasium of Ukmergė District
- ❑ Utena Regional Vocational Training Centre
- ❑ Alanta Gymnasium of Molėtai District
- ❑ Ukmergė Antanas Smetona Gymnasium
- ❑ Ukmergė Dukstyna Primary School
- ❑ Aukštaitija Vocational Training Centre
- ❑ Preschool of Vilnius City “Bitutė”
- ❑ Vytautas Magnus University
- ❑ Preschool of Ukmergė “Eglutė”
- ❑ Progymnasium of Ukmergė “Šilas”

Community-based organisations

- ❑ Club “Miško broliai”
- ❑ Ukmergė Knight’s Riflemen
- ❑ Ukmergė Region Union of Disabled People
- ❑ Ukmergė Culture Centre
- ❑ Rehabilitation Centre “Nugalėtojų akademija”
- ❑ Family and Child Welfare Centre of Vilnius District
- ❑ Lithuanian Paraplegic Association
- ❑ Ukmergė Animal Shelter “Klajūnas”



Sports organisations and events

- ❑ Vilnius Football Club
- ❑ Cross-Country Cup of Ukmergė Factories



We support Ukraine

NARBUTAS ceased its activities in Russia and Belarus as soon as the war started. We do not accept product orders coming from these countries. No raw materials or components used in our production come from Russia or Belarus, as we have secured reliable, stable sourcing alternatives for raw materials and furniture components from other countries and are continuing with our growth plans. Since the beginning of the war, NARBUTAS has provided a wide range of support to the Ukrainian people and fighters.

Support to Ukraine

- 📄 Blue/Yellow
- 📄 Strong Together
- 📄 National Bank of Ukraine
- 📄 Serhiy Prytula Charitable Foundation
- 📄 Lithuanian Red Cross Society
- 📄 Ukmergė District Municipal Administration



We fully support Ukraine.



Sustainability goals for 2023



Sustainability goals for 2023



Sustainable design

- Publish information on the composition of our products and the percentage of recycled content in our products.
- Prepare disassembly and material sorting instructions for new furniture.
- Introduce two sustainable upholstery collections made from 100% recycled raw materials into our series production.
- Obtain FSC Chain of Custody certification.
- Improve our desktop packaging solutions by replacing polypropylene film with hot-melt adhesives.
- Reduce the amount of mixed municipal waste sent to landfill by 60% compared to 2022.
- Reduce the amount of industrial waste sent for energy recovery by 5% compared to 2022.



Energy and emissions

- Calculate Scope 3 CO₂ and other greenhouse gas (GHG) emissions.
- Install 100% LED lighting in the factory and its outdoor areas for responsible use of electricity.

Long-term goal

Reduce CO₂ emissions and become a climate-neutral company by 2028.

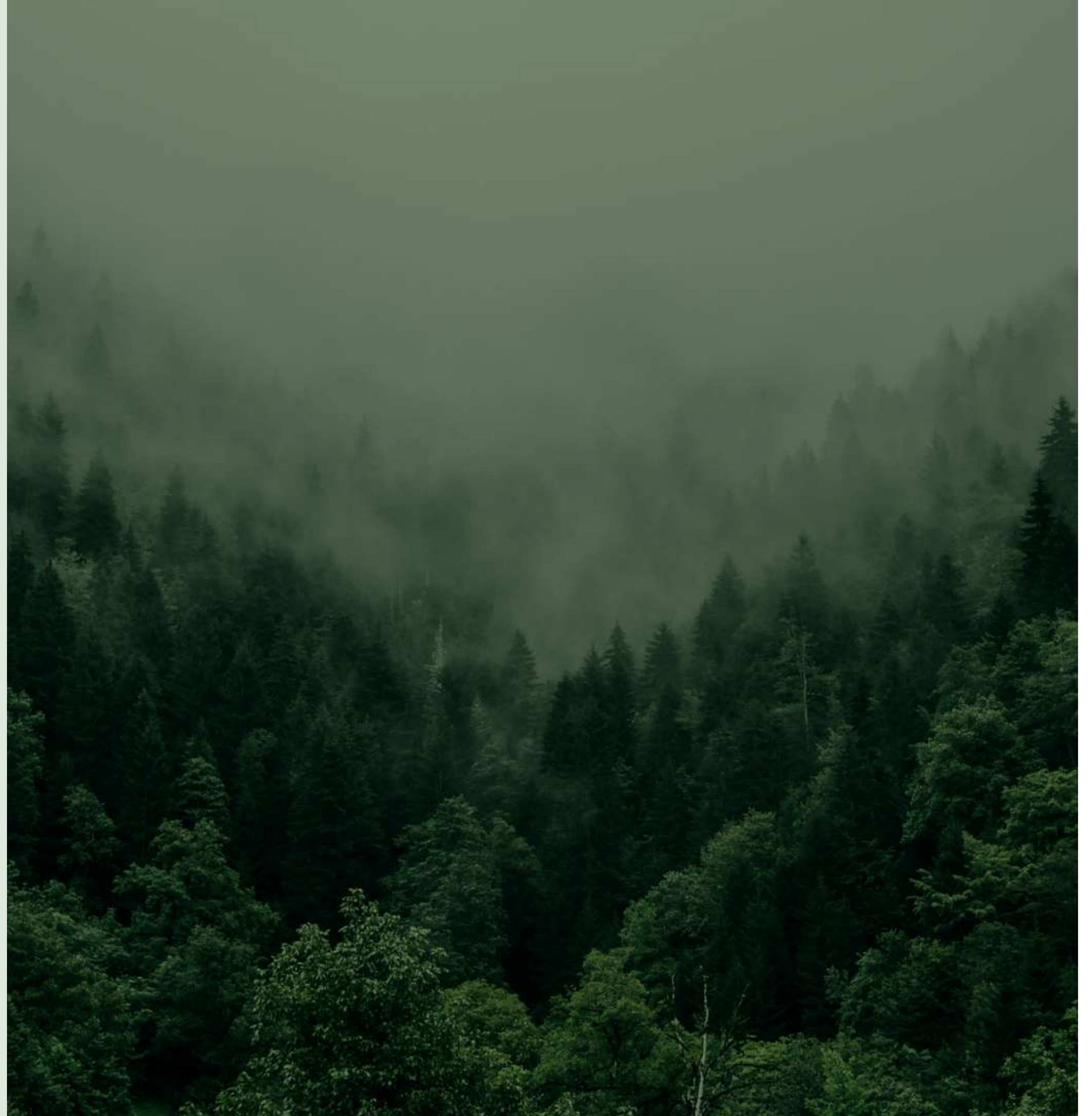


Employees and community

- Have 75% of our suppliers sign the NARBUTAS Supplier Code of Conduct.
- Reduce accidents by 30% compared to 2022.
- Set up a management development system.
- Support socially responsible initiatives in Lithuania and abroad.
- Increase employee engagement.
- Elect sustainability representatives for the company's divisions.



List of GRI Indicators



List of GRI indicators

GRI indicator number	GRI indicator name	Notes and references in the report
1	GRI content index with reference	NARBUTAS has reported the information cited in this GRI content index for the period 1st January 2022 to 31st December 2022 with reference to the GRI Standards. 4 p.
1	Sector-specific GRI Standards	No sector-specific standards were applied. p. 4
2	General Disclosures	
2-1	Organizational details	The company's name is Narbutas International, UAB (a private limited liability company). The short form NARBUTAS is used synonymously in the report. Factory address: Žiedo g. 14, Ukmergė, Lithuania. Headquarters address: Ukmergės g. 308, Vilnius, Lithuania. p. 7
2-2	Entities included in the organization's sustainability reporting	p. 4
2-3	Reporting period, frequency and contact point	p. 4
2-4	Restatements of information	GRI 301-1 has been supplemented by the quantities of the following raw materials consumed: solid wood, polyurethane products manufactured in our factory, cardboard, varnishes, glues, paints. GRI 306-3 has been supplemented by the quantities of wood waste that was used for in-house energy recovery.
2-5	External assurance	The report was not externally audited.
2-6	Activities, value chain and other business relationships	pp. 7, 40



GRI indicator number	GRI indicator name	Notes and references in the report																																	
2-7	Employees	<p>p. 34</p> <table><tr><td>FTE</td><td>1</td><td>0,75</td><td>0,5</td><td>0,25</td></tr><tr><td>Permanent employees</td><td>1264</td><td>3</td><td>3</td><td>3</td></tr><tr><td>Temporary employees</td><td>6</td><td>1</td><td>0</td><td>0</td></tr></table> <table><tr><td>Total number of employees</td><td>1,279</td></tr><tr><td>Total number of female employees</td><td>608</td></tr><tr><td>Female employees under 30 years old</td><td>119</td></tr><tr><td>Female employees 30–50 years old</td><td>371</td></tr><tr><td>Female employees over 50 years old</td><td>118</td></tr><tr><td>Total number of male employees</td><td>671</td></tr><tr><td>Male employees under 30 years old</td><td>197</td></tr><tr><td>Male employees 30–50 years old</td><td>348</td></tr><tr><td>Male employees over 50 years old</td><td>126</td></tr></table>	FTE	1	0,75	0,5	0,25	Permanent employees	1264	3	3	3	Temporary employees	6	1	0	0	Total number of employees	1,279	Total number of female employees	608	Female employees under 30 years old	119	Female employees 30–50 years old	371	Female employees over 50 years old	118	Total number of male employees	671	Male employees under 30 years old	197	Male employees 30–50 years old	348	Male employees over 50 years old	126
FTE	1	0,75	0,5	0,25																															
Permanent employees	1264	3	3	3																															
Temporary employees	6	1	0	0																															
Total number of employees	1,279																																		
Total number of female employees	608																																		
Female employees under 30 years old	119																																		
Female employees 30–50 years old	371																																		
Female employees over 50 years old	118																																		
Total number of male employees	671																																		
Male employees under 30 years old	197																																		
Male employees 30–50 years old	348																																		
Male employees over 50 years old	126																																		
2-21	Annual total compensation ratio	p. 38																																	
2-22	Statement on sustainable development strategy	pp. 5-6																																	
2-28	Membership associations	Main memberships of NARBUTAS: Association of Waste Managers and Holders Lithuanian Marketing Association Association of Lithuanian Wood Industry Companies “Lietuvos mediena” Association of Personnel Management Professionals																																	
2-29	Approach to stakeholder engagement	<p>Our stakeholders are the people who influence our business or who are affected by our activities, products or services.</p> <p>Our key stakeholders are the following: employees, the local community, partners and clients, suppliers and contractors, public authorities.</p> <p>pp. 40-43</p>																																	

GRI indicator number	GRI indicator name	Notes and references in the report
3	Material topics	
3-1	Process to determine material topics	pp. 12 -14, 24, 32, 45
3-2	List of material topics	pp. 12 -14, 24, 32, 45
3-3	Management of material topics	pp. 12 -14, 24, 32, 45
201	Economic Performance	
201-1	Direct economic value generated and distributed	p. 9
201-4	Financial assistance received from government	A financial assistance of €94 931 was received from the state in 2022.
203	Indirect Economic Impacts	
203-1	Infrastructure investments and services supported	p. 9
204	Procurement Practices	
204-1	Proportion of spending on local suppliers	p. 40
205	Anti-corruption	
205-3	Confirmed incidents of corruption and actions taken	No cases of corruption have been reported in 2022.
206	Anti-competitive Behavior	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal infringements were recorded in 2022.

GRI indicator number	GRI indicator name	Notes and references in the report																																																												
301	Materials																																																													
301-1	Materials used by weight or volume	pp. 17-21																																																												
		<table><tr><th>Type of raw material</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Board, m2</td><td>1,410,506</td><td>1,715,458</td><td>1,996,249</td></tr><tr><td>Solid wood, kg</td><td>108,508</td><td>225,648</td><td>271,834</td></tr><tr><td>Edging, m</td><td>1,817,980</td><td>2,706 375</td><td>5,900,33</td></tr><tr><td>Furniture fittings, pcs.</td><td>11,412,297</td><td>13,419,967</td><td>13,484,646</td></tr><tr><td>Furniture fittings (profiles), m</td><td>64,191</td><td>67,898</td><td>67,125</td></tr><tr><td>Metal tube, m</td><td>1,502,997</td><td>1,650,377</td><td>2,034,434</td></tr><tr><td>Upholstery fabrics, m</td><td>332,048</td><td>353,530</td><td>386,121</td></tr><tr><td>PET felt, m2</td><td>0</td><td>2,986</td><td>11,900</td></tr><tr><td>Foam, kg</td><td>136,830</td><td>137,811</td><td>158,011</td></tr><tr><td>Polyurethane products, kg</td><td>60,955</td><td>94,722</td><td>115,464</td></tr><tr><td>Adhesives, kg</td><td>84,595</td><td>111,242</td><td>107,883</td></tr><tr><td>Varnishes, L</td><td>10,654</td><td>16,229</td><td>16,896</td></tr><tr><td>Paints, kg</td><td>83,991</td><td>84,017</td><td>82,667</td></tr><tr><td>Cardboard, m2</td><td>4,944,552</td><td>5,777,866</td><td>6,210,311</td></tr></table>	Type of raw material	2020	2021	2022	Board, m2	1,410,506	1,715,458	1,996,249	Solid wood, kg	108,508	225,648	271,834	Edging, m	1,817,980	2,706 375	5,900,33	Furniture fittings, pcs.	11,412,297	13,419,967	13,484,646	Furniture fittings (profiles), m	64,191	67,898	67,125	Metal tube, m	1,502,997	1,650,377	2,034,434	Upholstery fabrics, m	332,048	353,530	386,121	PET felt, m2	0	2,986	11,900	Foam, kg	136,830	137,811	158,011	Polyurethane products, kg	60,955	94,722	115,464	Adhesives, kg	84,595	111,242	107,883	Varnishes, L	10,654	16,229	16,896	Paints, kg	83,991	84,017	82,667	Cardboard, m2	4,944,552	5,777,866	6,210,311
Type of raw material	2020	2021	2022																																																											
Board, m2	1,410,506	1,715,458	1,996,249																																																											
Solid wood, kg	108,508	225,648	271,834																																																											
Edging, m	1,817,980	2,706 375	5,900,33																																																											
Furniture fittings, pcs.	11,412,297	13,419,967	13,484,646																																																											
Furniture fittings (profiles), m	64,191	67,898	67,125																																																											
Metal tube, m	1,502,997	1,650,377	2,034,434																																																											
Upholstery fabrics, m	332,048	353,530	386,121																																																											
PET felt, m2	0	2,986	11,900																																																											
Foam, kg	136,830	137,811	158,011																																																											
Polyurethane products, kg	60,955	94,722	115,464																																																											
Adhesives, kg	84,595	111,242	107,883																																																											
Varnishes, L	10,654	16,229	16,896																																																											
Paints, kg	83,991	84,017	82,667																																																											
Cardboard, m2	4,944,552	5,777,866	6,210,311																																																											
301-2	Recycled input materials used	pp. 17-21																																																												
302	Energy																																																													
302-1	Energy consumption within the organization	pp. 25-28																																																												
302-4	Reduction of energy consumption	pp. 25-28																																																												

GRI indicator number	GRI indicator name	Notes and references in the report
305	Emissions	
305-1	Direct (Scope 1) GHG emissions	<p>pp. 29-30</p> <p>The methodology for calculating GHG emissions is based on the Greenhouse Gas Protocol.</p> <p>CO₂ is the most important of the greenhouse gases; other gases such as methane (CH₄) and nitrous oxide (N₂O) are also included in the calculations. The final figure is given in CO₂ equivalents when summarising the data. CO₂ equivalents – a unit of measurement for greenhouse gases (CO₂, CH₄, N₂O) based on global warming potential.</p> <p>Scope 1 refers to direct emissions. It covers GHG emissions directly attributable to the company's activities that are within its control, e.g. company-owned transport and equipment used in the production of products. Scope 2 covers indirect GHG emissions from off-site production of electricity or heat used by the company. The figure in the company's GHG emissions table is based on the market-based method, i.e. based on actual energy purchases. The location-based method would result in GHG emissions of 258.8 tonnes of CO₂ equivalents.</p> <p>Scope 3 covers GHG emissions from the value chain, i.e. from the manufacturing of raw materials for products, their transport, use, etc.</p>
305-2	Energy indirect (Scope 2) GHG emissions	<p>pp. 29-30</p>
305-5	Reduction of GHG emissions	<p>p. 31 p.</p>
306	Effluents and Waste	
306-1	Waste generation and significant waste-related impacts	<p>pp. 21-23</p>
306-2	Management of significant waste-related impacts	<p>pp. 21-23, 45</p>

GRI indicator number	GRI indicator name	Notes and references in the report
306-3	Waste generated	pp. 21-22
306-4	Waste diverted from disposal	pp. 21-23

GRI indicator number	GRI indicator name	Notes and references in the report								
401-3	Parental leave	<table><tr><td>Male employees who took parental leave</td><td>1</td></tr><tr><td>Female employees who took parental leave</td><td>17</td></tr><tr><td>Male employees returned after parental leave</td><td>1</td></tr><tr><td>Female employees returned after parental leave</td><td>16</td></tr></table>	Male employees who took parental leave	1	Female employees who took parental leave	17	Male employees returned after parental leave	1	Female employees returned after parental leave	16
Male employees who took parental leave	1									
Female employees who took parental leave	17									
Male employees returned after parental leave	1									
Female employees returned after parental leave	16									
403	Occupational Health and Safety									
403-1	Occupational health and safety management system	<p>p. 37</p> <p>At national level, the occupational health and safety system is regulated by the Labour Code of the Republic of Lithuania and the Law of the Republic of Lithuania on Safety and Health at Work. At the enterprise level, the occupational health and safety system is regulated by the following: Occupational health and safety instructions; Hazardous work training; Occupational risk assessment documentation; Pre-employment occupational health check-up; Internal procedures: internal traffic procedures, safety signs, issue of personal protective equipment, etc.</p>								
403-2	Grėsmių identifikavimas, rizikos valdymas, nelaimingų atvejų tyrimas	<p>p. 37</p> <p>An occupational risk assessment assesses the following factors: physical, biological, chemical, ergonomic, physical, psychosocial. Risk factors are managed by collective (ventilation, air-conditioning, dust and fume extraction systems) and personal (hearing and respiratory protection, protective work clothing) equipment, rotational working and special breaks. Incidents are investigated using the PDCA (Plan, Do, Check, Act) method.</p>								
403-3	Occupational health services	<p>p. 37</p>								
403-4	Worker participation, consultation, and communication on occupational health and safety	<p>pp. 35, 37</p>								
403-5	Worker training on occupational health and safety	<p>p. 37</p> <p>The company carries out the following occupational health and safety training: first aid training; manual handling, working in noise, working with chemicals, fire safety, working at height, working with electric forklift trucks, electric trolleys and platform trucks; occupational health and safety training for team managers. All of these trainings are free of charge and take place during working hours. A knowledge check (in the form of a written test or written questions) is carried out after all the training sessions.</p>								

GRI indicator number	GRI indicator name	Notes and references in the report
403-6	Promotion of worker health	p. 39
403-9	Work-related injuries	There were 1,793,560 hours of work and 30 accidents (the ratio is 0.02) occurred at the production facilities in 2022. The three main types of accident are a wound, contusion and sprain. There were no serious or fatal accidents. There were no incidents involving the factory's visitors or contractors during the year.
405	Diversity and Equal Opportunity	
405-1	Diversity of governance bodies and employees	pp. 33-34
405-2	Ratio of basic salary and remuneration of women to men	p. 38
406	Non-discrimination	
406-1	Incidents of discrimination and corrective actions taken	p. 36
414	Supplier Social Assessment	
414-1	New suppliers that were screened using social criteria	p. 40
414-2	Negative social impacts in the supply chain and actions taken	p. 40
416	Customer Health and Safety	
416-1	Assessment of the health and safety impacts of product and service categories	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	We did not receive any warnings or financial penalties for product quality defects or non-compliance in terms of product safety in 2022.
417	Marketing and Labelling	
417-2	Incidents of non-compliance concerning product and service information and labelling	The company received no warnings or financial penalties for mislabelling, misleading advertising or competition infringements in 2022.
417-3	Incidents of non-compliance concerning marketing communications	The company received no warnings or financial penalties for mislabelling, misleading advertising or competition infringements in 2022.
418	Customer Privacy	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	The company received no complaints of breaches of customer data privacy in 2022.