

CSR Code

Nowy Styl Group
Sustainable Development Report
2016-2017

CSR Code

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Sustainable Development Report

2016–2017

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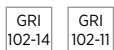
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Dear readers,

associates, friends, customers and business partners



In May 2017, 25 years had passed since Nowy Styl Sp. z o.o. was established in the Sub-Carpathian region. Within just a quarter of a century, we have managed to evolve from a small company that assembled chairs into a European leader in the furniture industry. Today, we are an international organisation which, thanks to foreign acquisitions, has enriched the Polish heritage with the competence, experience and stories of the employees and partners from Rohde & Grahl, Sitag and Grammer Office.

The anniversary gave us the impetus to reflect on what creates our company's organisational culture. We defined the values it relies on, such as honesty, tolerance, ambition and humility, and we described the behaviours and attitudes that characterise its creators and employees. We also considered our corporate documents that set out our ethical standards – the Code of Ethics and the Supplier Code of Conduct, as well as the strategic management of our social, economic and environmental impact, which we communicate through sustainable development reports, as the pillars of our company. We treat the reports very seriously, which is why, as the Management Board, we personally oversee the goals and implementation of the promises set in this area.

For us, however, CSR is also a response to the needs of our customers, in the project market in particular. International customers, especially from Western Europe, with which we see the company's greatest development potential, constantly increase their requirements concerning the quality, safety and environmental aspects of products. That's why we are becoming increasingly better at managing the certification and standardisation of our solutions. The consequences of the adoption of the Directive of the European Parliament and of the Council 2014/95/EU are also visible. In Poland alone, around 300 new entities were required to disclose their non-financial data, including ethics management, as well as environmental and social issues. As a transparent and responsible company, we are a reliable partner, and we help our customers achieve their sustainable development goals.

We believe that comfortable and environmentally friendly workplaces that provide their users with good health and well-being are, for many entrepreneurs, an important tool with which to win talents and build positive relationships with employees. Our strength is the knowledge of how to do this, not only thinking about the "here and now," but also about the future. In 2017, our Workplace Research and Consulting Department analysed business and economic processes and created a book of global trends – social phenomena that reflect the current and future needs of entrepreneurs and meet employees' business-related expectations. The most important are as follows: user experience, wellness, sharing economy, innovative economy, agile culture, green economy and storytelling. Based on the afore-mentioned trends, we have defined those that are strictly related to the office space; we use these to create our product and service solutions. At the same time, we share this knowledge with our customers in order to carry out our mission to arrange healthy, comfortable and safe workplaces responsibly.

We place our sustainable development goals and directions in the context of environmental and civilization challenges. In this report, we clearly show how our strategy overlaps with the tasks set by the UN Sustainable Development Goals for 2030. Among them, the most important aspects for our industry are the responsible management of resources and the implementation of the circular economy model. In 2017, we started the implementation of a several-year contract for the Dutch defence and infrastructure ministries based on the "6 loops of circularity" concept, which includes not only the supply of new equipment, but also its repair, renovation, redistribution and recycling. This implementation of the circular economy principles was a pilot project for us, but we will be able to offer the solutions we develop to other customers too. The creation of processes that will ensure effective sustainable management of office equipment is the main challenge for the furniture industry, and we want to face it head on in the coming years.

We hope you enjoy this report and find inspiration in reading it!

Management Board of Nowy Styl Group

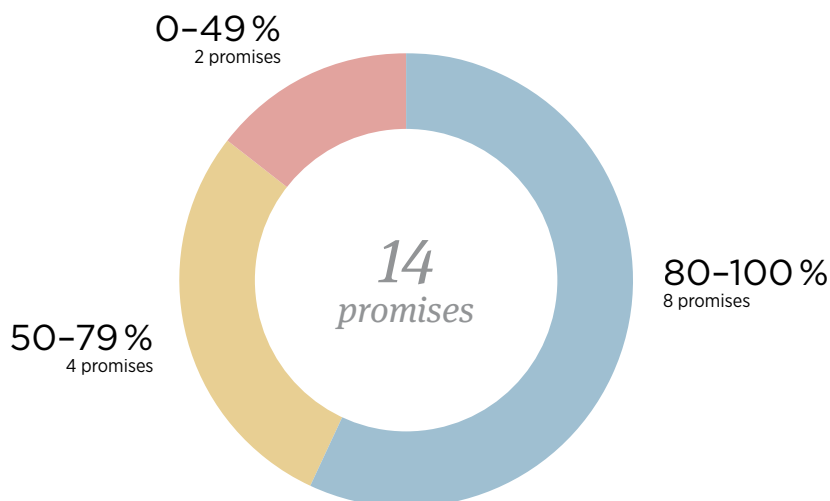
Adam Krzanowski
Jerzy Krzanowski
Rafał Chwast

Dariusz Frydrych
Roman Przybylski

Summary of our promises

We have managed to completely or almost completely (80–100%) achieve nine of the fourteen promises we made. The remaining five promises are still being worked on.

THE DEGREE TO WHICH WE REALISED OUR PROMISES



The tasks we realised 80–100%

Ethics / Corporate governance	We will announce and implement <i>the Nowy Styl Group Code of Ethics</i> that will strengthen our operational and communication standards.	➡ p. 17
Ethics / Corporate governance	We will implement <i>the Supplier Code of Conduct</i> in all Nowy Styl Group's subsidiaries – we will create an ethical assessment form for new suppliers and we will monitor our suppliers' observance of <i>the Code</i> during periodical meetings and audits.	➡ p. 80
HR	We will create an onboarding program for those employed in Poland.	➡ p. 51
HR	In the Polish market, we will implement Sports Cards for employees that will be 50% financed by the company.	➡ p. 57
HR	In Poland, we will continue the Management Staff Development Project and training courses for managers that are aimed at shaping leadership in the company.	➡ p. 53
OHS	In order to strengthen employees' involvement in safety at our factories, we will implement a program for reporting Potentially Accidental Events.	➡ p. 56
Customers and products	We will promote and develop competences in the field of innovative solutions concerning acoustics and low emission of VOCs.	➡ p. 36, p. 73
Social engagement	We will create a policy of social engagement and donations.	➡ p. 85
Social engagement	We will continue the Year of Music project.	➡ p. 87



The tasks we realised 50-79%

Customers and products	We will develop the base of knowledge concerning the requirements for products and product components that are binding in Europe and globally.	☞ p. 34
Customers and products	We will create descriptions with environmental data for other products from our portfolio.	We create the descriptions and make them available for our customers for a series of products for specific orders. Product specifications are collected in our internal database.
Environment	We will prepare a specification for suppliers concerning environmental requirements.	We have prepared purchase specifications. For selected products, we have started creating a BOM (Bill of Materials), which is a multi-level product structure where all components and materials have appropriate environmental documents.
Customers and products	For new products launched into the project market, we will provide documents confirming their quality, durability and user safety. They will also include information about the low emission of VOCs and the lack of hazardous substances.	We have started certification processes in the new system Blue Angel (XIO, XENIUM, XPENDO and SCUDO chairs, as well as XIO and K40 furniture); we have also expanded the list of products subject to Schadstoffgeprüft certification (5 lines by Grammer Office, 1 line by Rohde & Grahl) and the Ergonomie Geprüft certificate.



The tasks we realised 0-49%

Ethics / Corporate governance	Training courses concerning ethics	We have included the ethical issues in the implementation training courses organised in the Sales Department. By the end of 2017, we managed to create material that will be used for the first time in a series of training courses at the beginning of 2018. ☞ p. 18
Ethics / Corporate governance	In order to manage the CSR activities better, we will create a CSR strategy that will be combined with the company's business strategy.	When working on the CSR strategy, we decided to include its goals and activities in this report, which has become a document that is recognisable to our stakeholders.





WHO ARE WE and what are we going
to achieve?

1

Our market position

GRI
102-1

For a few years, Nowy Styl Group has been a European leader in comprehensive furniture solutions for office and public spaces. We are one of the most quickly developing furniture

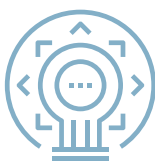
companies in Europe. Our business aim is to become the favoured supplier of office solutions for large and medium-sized companies in Europe.

WE BUILD OUR COMPETITIVE ADVANTAGE ON:



Global range of our activities

Our customers can count on a comprehensive, high-quality service, regardless of where they create their office; thanks to the scale effect and integrated internal processes, our solutions prove to be effective.



Knowledge and experience

We are happy to share our knowledge and experience with our customers if they need support, and we listen carefully to our customers' needs.



Local approach to customers

We have local employees who are close to our customers and who understand the specificity of the market; a meeting in our showroom, transport, project management, service and warranty repairs are all within our customers' reach.



Comprehensive product portfolio

Together with our customers, we define the optimal office project and offer solutions tailored to their needs and possibilities that will allow for the implementation of the project.



Production autonomy

Huge order volumes, also in the intervention mode, and customised products – thanks to our own production, we are able to meet great challenges.

Business strategy and development

GRI
102-10

We realise our business strategy in two segments: the commodity segment, in which we sell chairs to our end customers, and the professional segment, in which we sell a comprehensive service of equipping office and public spaces (☺ *CSR Code 2014–2015*, p. 14).

After years of dynamic expansion through the acquisition of well-developed companies in Germany, Switzerland and Turkey (☺ *CSR Code 2014–2015*, p. 15), for Nowy Styl Group, 2016 and 2017 were years of consolidation, integration and optimisation of internal processes (including investment in IT systems that automated

processes in logistics and product management). The aim was to help people function more effectively, expand their knowledge, and thus improve the performance of the whole company.

The effectiveness of our activities was particularly noticeable on the markets of German-speaking countries, where we managed to increase our sales significantly (the sales in Germany, Austria and Switzerland increased by 70% between 2014 and 2017). At the Group level, we maintained the company's growth (4% in 2016 and 6% 2017).

Financial results

GRI
102-7GRI
201-1

Nowy Styl Group	2016 (EUR thousand)	2017 (EUR thousand)
Direct economic value generated		
a) Net revenues from the sale of products and services	259,179.92	273,489.41
Economic value distributed		
b) Operating costs without employee wages and benefits	158,104.16	174,205.89
c) Employee wages and benefits	70,260.32	73,846.01
d) Payments to investors	6,876.05	10,252.92

We present the financial results based on consolidated data from the whole Group, which means from the companies that belong to the corporate group and for which we have 100% of the shares, and from the Hungarian company Telmex-Nowy Styl Zrt., which we run together with a Hungarian partner (50% of the shares), without the division into the countries in which we operate. This is the way in which we also analyse data for our internal purposes on an ongoing basis. This approach is very useful since it allows us to measure the value we generate for customers at the Group level. The data presented in this report is consolidated in this way too.

The increased revenues have allowed us to increase our participation in building the local economy – since 2013 our payment to the state and municipalities has grown gradually. In comparison with 2015, the value of our income tax has increased by almost half. The increase in the scale of our business activity allows us to optimise some of our costs. The ratio of operating costs to sales revenues is clearly decreasing year after year. This results from fixed costs making up a considerable share of the expenses structure (approx. one-third of the total) and the fact that the

increase in fixed costs is not associated with turnover. In addition, we continue to implement processes connected with centralising services such as IT, Purchasing and Marketing, which helps us realise them more effectively.

The best tests of the effectiveness of our processes are the contracts we enter into with global customers, such as those we initiated in 2017 for the Federal Employment Agency in Germany.

Business awards



Investor Without Borders by PTWP



Leaders of Tomorrow



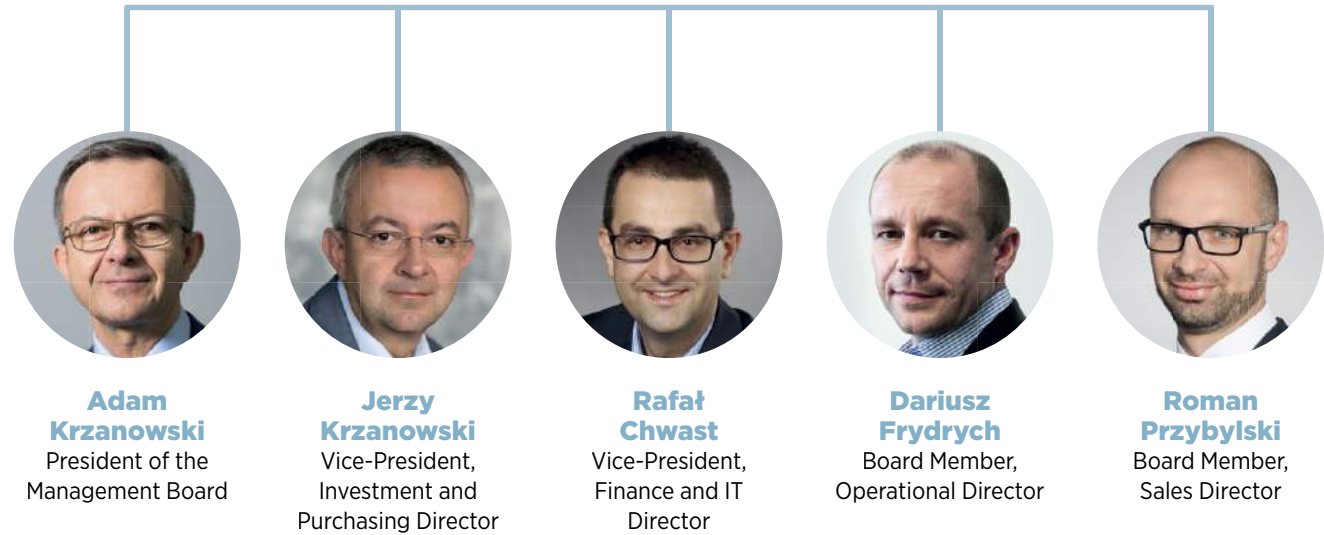
The One Who Changes Polish Industry

The Group's structure

GRI 102-18 The overall structure of Nowy Styl Group and its management structures did not change in 2016 and 2017. Nowy Styl Group is run by a five-person management board, led by the company's founders – Adam and Jerzy Krzanowski – as President and Vice-President. The members of the management board are responsible for different departments of Nowy Styl Group and its subsidiaries. They set strategic goals for the entire organisation

and supervise the implementation of various activities. The managing directors of subsidiaries report to Nowy Styl Group's Management Board. In addition, since the beginning of 2016, the Group has had a three-member operational management board, whose members are responsible for the functioning of the operation department in Poland and on other markets.

Nowy Styl Group's Management Board



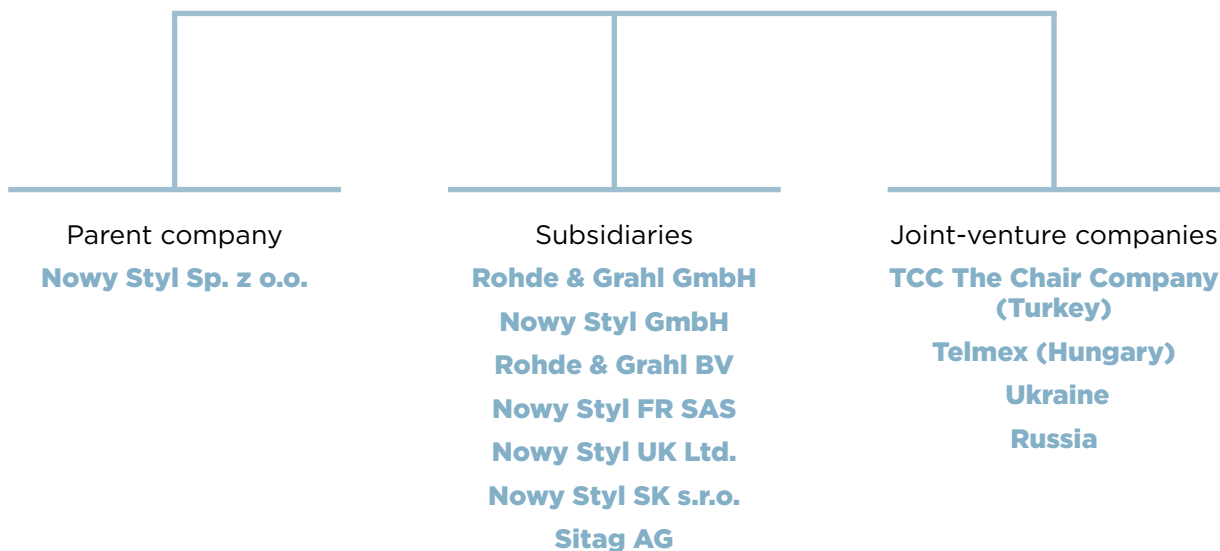
Nowy Styl Group's Operational Management Board



GRI
102-4

GRI
102-7

Nowy Styl Group's structure



GRI
102-5

GRI
102-45

Nowy Styl Group is a privately-owned company. In this report, in accordance with the principle of materiality and influence, we present data concerning the companies that focus on production – Nowy Styl Sp. z o.o. and the following subsidiaries: Nowy Styl GmbH and Rohde & Grahl GmbH

from Germany, as well as SITAG AG which operates in Switzerland and Austria. We also describe the business activity of Rohde & Grahl BV (the Netherlands), Nowy Styl FR SAS (France), Nowy Styl UK Ltd. (Great Britain) and Nowy Styl SK s.r.o. (Slovakia) to a limited extent.



Jasło – główna lokalizacja produkcyjna Grupy Nowy Styl

Range of activities

GRI 102-3 GRI 102-4 GRI 102-6 GRI 102-7

In 2016 our company employed 3,654 people, increasing to 3,771 in 2017. We supply our products and services all around the world. We have our own representative offices in 16 countries.

Legend:

- Branches
- Factories
- Showrooms

Our headquarters:

- Krosno – headquarters and the Board’s office
- Jasło – Nowy Styl Group’s main production location
- Cracow – the Board’s office

Our representative offices are located in:

- Austria
- Belgium
- Czech Republic
- France
- Germany
- The Netherlands
- Poland
- Slovakia
- Switzerland
- Great Britain
- Hungary
- Kazakhstan
- Russia
- Ukraine
- Turkey
- The United Arab Emirates



Investments

The competitive character of our solutions is based on advanced production technologies and the company's effective operations, among other things. We continually invest in production and IT infrastructure, which supports the management of internal processes. By purchasing state-of-the-art machines, we improve the effectiveness of using natural resources, primarily water and energy (☺ pp. 69 and 71). By automating our manufacturing processes and implementing modern tools (☺ *CSR Code 2014–2015*, p. 22), we increase the company's productivity and make working in our factories safer. Along with infrastructure development, we allow our employees to develop and offer new jobs to an increasing number of engineers and specialists.

Selected investments:

R+D Centre – In order to accelerate our company's technological development and facilitate the process of launching new furniture solutions into the market, we decided to build our own Research and Development Centre in Jasło. The investment, made mainly in 2016 and 2017, included building the new infrastructure, purchasing research equipment, creating a dedicated team of scientists (ultimately 200 people) and defining a several-year research agenda for such areas as ergonomics, acoustics, materials science and the natural environment. The constructors, technologists and acousticians who work at the Centre develop new prototypes and improve and optimise furniture production technologies. The budget amounts to over PLN 13 million and the project will be completed by autumn 2018. The project has received funding from the European Regional Development Fund.

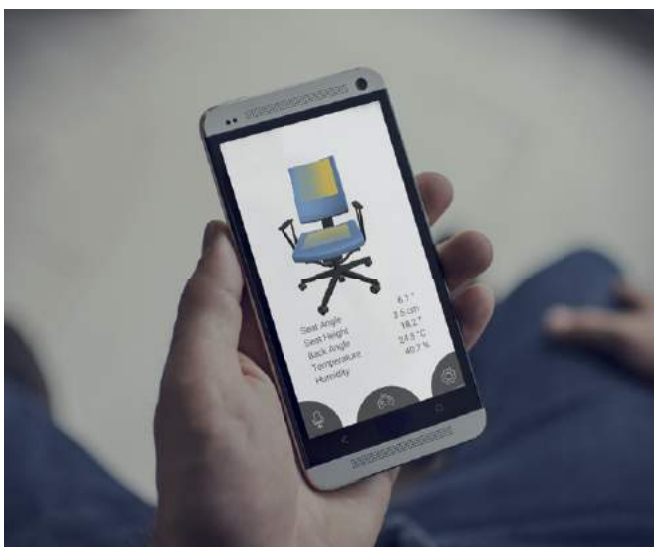
NavigoSmart – A prototype of a smart chair that we showed for the first time at the CES fair in Las Vegas at the beginning of 2017. This swivel chair is equipped with a microcomputer and ULE technology, which enables it to communicate with a computer or smartphone. The sensors in the chair make it possible to monitor the chair's settings and the user's behaviour, as well as measure the physical conditions of the workplace. The aim of the solution is

to support the user in maintaining an ergonomic body position and ensure optimal physical working conditions. NavigoSmart is one of the Internet of Things (IoT) solutions developed by Nowy Styl Group's Innovation and Development Department. It is a testing ground in the application of IoT technology and the process of looking for its practical use in the office space. One of our priorities for the coming years is the implementation of our own solutions from this field into the market.

3D printing – In recent years, we have purchased additional 3D printers, which has enabled us to extend the scope of their use in the daily activities of the Construction Department. Their main application remains the prototyping process: with the printers, we are able to prepare a prototype quickly and check its design and ergonomics, the kinematics of its parts and the assembly possibilities of its components. As a consequence, we can significantly reduce the number of changes required and accelerate the entire implementation process.

Using 3D printing technology, we also prepare tools – both for making prototype elements and for targeted products. In some exceptional cases, we use 3D printers to produce elements of our chairs and furniture, which, thanks to the high quality of the equipment, have the same properties as the traditionally manufactured components.

UC (unified communication) system – On a daily basis we work in about 30 different locations; we only have multiple locations in Poland, where we have three offices in Cracow, one office in Jasło and one office in Krosno. In order to improve our internal communication and limit the number of domestic and foreign business trips, we implemented a videoconferencing system in April 2017. The application, which is easy to use and available on desktop computers, laptops and phones, has enabled us to transfer many phone calls and meetings to the virtual space. By the end of 2017, we had held a total of **1,335 online meetings that lasted 1,453 hours.**



NavigoSmart



3D printing





We act RESPONSIBLY

2



Strategic goals



Organisational culture

To promote Nowy Styl Group's organisational culture and its underlying values, such as ambition, honesty, humility and tolerance among employees and partners.



Ethical standards

To uphold ethical standards.



Our promises for 2018–2019

- | We will organise events and prepare materials promoting cultural diversity for employees and the local community.
- | We will expand the program of ethics training courses for employees.

Ethics in our organisational culture

GRI 205-2 GRI 102-16 GRI 102-17 2017 was a special year for Nowy Styl Group – it was the anniversary of the original company founded in Poland. Preparing the celebration of the company's 25th anniversary provided an opportunity not only to summarise all the company's successes, but also to reflect on the things that have changed and the Group's identity. The company's birthday

celebration with employees, which took place in June and October, focused on promoting Nowy Styl Group's organisational culture. The Management Board talked about the values the company's founders relied on, such as **honesty, tolerance, ambition and humility**, as well as the behaviours that have defined the Group's identity and contributed to its international success.



How did we manage to implement the new Code?

- | Project team: Management Board, Workplace Research and Consulting Department, HR Department, Marketing Department;
- | Consultations with members of the Ethics Officer Association (2016);
- | Consultations with employees: 4 meetings, 40 people from all the company's sectors and departments;
- | Tasks: to identify ethical threats in the company, to gather suggestions for changes to the Code, to appoint ambassadors of the company's ethics.

GRI 103-3 We have decided to incorporate our organisational culture into **the Code of Ethics**, which we had been working on since 2014 and which replaced *the Nowy Styl Group Code of Conduct and Employee Principle Card* in Poland in 2017.

The Code is a carrier of Nowy Styl Group's organisational culture and it defines ethical standards applicable in the following areas: internal relationships, the company's belongings, personal data protection, relationships with customers, relationships with suppliers, material benefits, conflicts of interest, competition, occupational health and safety, natural environment and local community.

The document has emphasised the role of the company's leaders in shaping ethical attitudes and promoting the organisational culture. It has clarified the acceptable value of the gifts given and received as part of official duties, as well as the mechanism for reporting potential conflicts of interest. The Code has also introduced a new function: **Ethics Officers** – two people located in the Sub-Carpathian region and in Cracow who make sure employees

comply with *the Code of Ethics* and who are responsible for dealing with reports of violation of its rules.

In addition to the Ethics Officers in Poland, there are counterparts in foreign companies. In Switzerland, this function is performed by employee representatives, a woman and a man, to whom employees can report any irregularities or ethical questions. In Germany, at our factories in Voigtei, employees have access to three trusted representatives from the areas of administration, production and logistics, who report any problems directly to the management board. Additionally, in both these countries, employees can also report their complaints, expectations and ideas by putting them into specially marked boxes.

All new employees in Poland are obliged to familiarise themselves with the Code. Its regulations are covered in our implementation training courses, but they are also available on Nowy Styl Group's websites, the company's Intranet and in printed format, in the offices of the company's factories.



”

We consider anonymity and openness as the most important principles of the ethics officers' activities, because we know that employees need a sense of security in order to entrust us with ethical issues, which are often very difficult and delicate. And it worked – after our first period of activity, we had the chance to solve several reported issues. I am sure that the process of disclosing and solving such problems on an ongoing basis brings the company great benefits: it helps the company grow in line with its values and minimise reputational risks.



Marcin Płoszaj
Ethics Officer

The provisions of *The Code of Ethics* are consistent with *The Supplier Code of Conduct*, which we implemented in 2015 (🔗 p. 80). Both documents are the basis for managing ethical standards within the company and in the value chain, especially in the area of human rights and fair business protection, as well as being a tool for preventing corruption. These standards are based on the provisions of the International Human Rights Charter and the declaration of the International Labour Organisation.

Some selected ethical issues are also the subjects of thematic training courses tailored to particular employees. For example, in

2016 we organised workshops titled “Competition and consumer protection in Poland – basic principles” for two groups: our sales representatives and the architects cooperating with us.

GRI
205-3

GRI
419-1

Due to the company's consistent implementation of the ethical policy, as in previous years, we did not record any violations of free competition rules, fair competition rules in the free market or behaviours presenting signs of corruption. There were also no penalties imposed on the company related to non-compliance with laws or regulations in the social and economic areas.

”

By implementing The Code of Ethics, we are making another consistent step towards strengthening our global and local responsibility, as well as our responsibility and respect in our mutual relations. The Code is a summary of everything that we have learned so far, but it also helps us look into the future, set further goals and decide who we want to be in the future. As one of the elements of our organisational culture, along with the values and features that describe it, the document helps us cultivate the developed paths connected with our activities and responsible development.

Extract from the introduction to *The Nowy Styl Group Code of Ethics*

Business responsibility



Business responsibility is part of our organisational culture. We are responsible for managing the influence we exert on the environment, and we would like to be an active player in shaping an environmentally friendly world for future generations.

KEY AREAS OF NOWY STYL GROUP'S INFLUENCE AND THE CREATION OF VALUES

Nowy Styl Group



Economic influence

- | Dominant employer in the region – creating new jobs;
- | Cooperation with local suppliers – our partners grow and develop together with us;
- | Remuneration and employee benefits;
- | Taxes that aid in developing national and local economies;
- | Sponsorship – development of culture, sport, design and the modern business services sector;
- | Membership in business and sector organisations – co-creating and promoting good business practices.



Social influence

- | Health and safety – educating about healthy workplaces; OHS activities; building a safety culture in workspaces;
- | Well-being – better quality of life and well-being thanks to healthy and effective workplaces;
- | Talent development – training courses and development programs for employees, cooperation with universities, traineeship programs and theses, scholarships for talented young people;
- | Social engagement – support for the development of sport, culture and health care, support for groups threatened by social exclusion.



Environmental influence

- | Emission of CO₂ and greenhouse gases – white certificates;
- | Emission of hazardous substances;
- | Waste production and recycling;
- | Energy and water consumption;
- | Consumption of materials (wood, leather, wool, steel, plastic).

GRI
102-12

The main tools for managing business responsibility are Nowy Styl Group's sustainable development reports, titled *CSR Codes*, which are issued biennially. Apart from data, the reports include our strategic goals and promises for the coming years, which we review meticulously.

Our sustainable development complies with the UN Global Compact initiative, to which we are a signatory, and the "Guiding Principles on Business and Human Rights" approved by the UN, while

our strategic goals are consistent with the following UN Sustainable Development Goals for 2030:

- | Good health and well-being,
- | Decent work and economic growth,
- | Innovation and infrastructure,
- | Responsible consumption and production.

We relate our activities to these goals, which we describe further in this report.

Awarded for CSR

We share our strategy and activities in the area of sustainable development and CSR with the public. We take part in external rankings related to corporate social responsibility and the review of good practices, as this is a great opportunity for us to have our activities verified by external experts and refer them to the market situation.

- | **EcoVadis** – We would like to make the process of assessing the company easier for our customers, therefore we voluntarily undergo evaluations carried out by independent experts from EcoVadis. Their survey is based on the GRI, UN Global Compact and ISO 26000 standards and consists of approximately 150 different criteria. As a result of the evaluation carried out in 2016, Nowy Styl Group received a Silver Certificate, and Rohde & Grahl, a company operating on the German market which was assessed individually, received a Gold Certificate. The EcoVadis platform is used in 140 countries.
- | **CSR Leaves** – The *POLITYKA* weekly assesses companies in six areas defined by the international social responsibility standard ISO 26000. In 2017 our company was part of the elite group of 13 Polish companies that were awarded the Silver Leaf.
- | **Responsible Companies Ranking** – A ranking prepared by Prof. Bolesław Rok from the Business Ethics Centre at Leon Koźmiński Academy, Deloitte and *Dziennik Gazeta Prawna*.

In 2016 we were in 29th place in the overall ranking (out of almost 70 qualified companies); in 2017, the ranking formula was changed and we were classified in the group of crystal companies, which included mature and CSR-active companies. Within the group we were placed 4th out of 39 entities.

- | **Best practices ranking** – A publication prepared by the Responsible Business Forum. Every year we enter several of our products into this ranking, which we want to use to inspire other companies with a similar business profile.

In 2016–2017 we were also awarded:

- | **Sustainable Development Leader** – We received this title from the jury of the Responsible Business Awards Competition for our corporate responsibility, care for social interests and environmental protection. The competition is organised by the Executive Club;
- | **Top 10 Employers of Poland 2017** – Our company was among the winners of the competition organised by PTWP Group (☺ p. 59);
- | **Corporate Bulletins Competition** – In the all-Poland competition, our "Spinacz" magazine for employees came 3rd in the "Printed Internal Bulletin" category.



Sustainable Development Leader



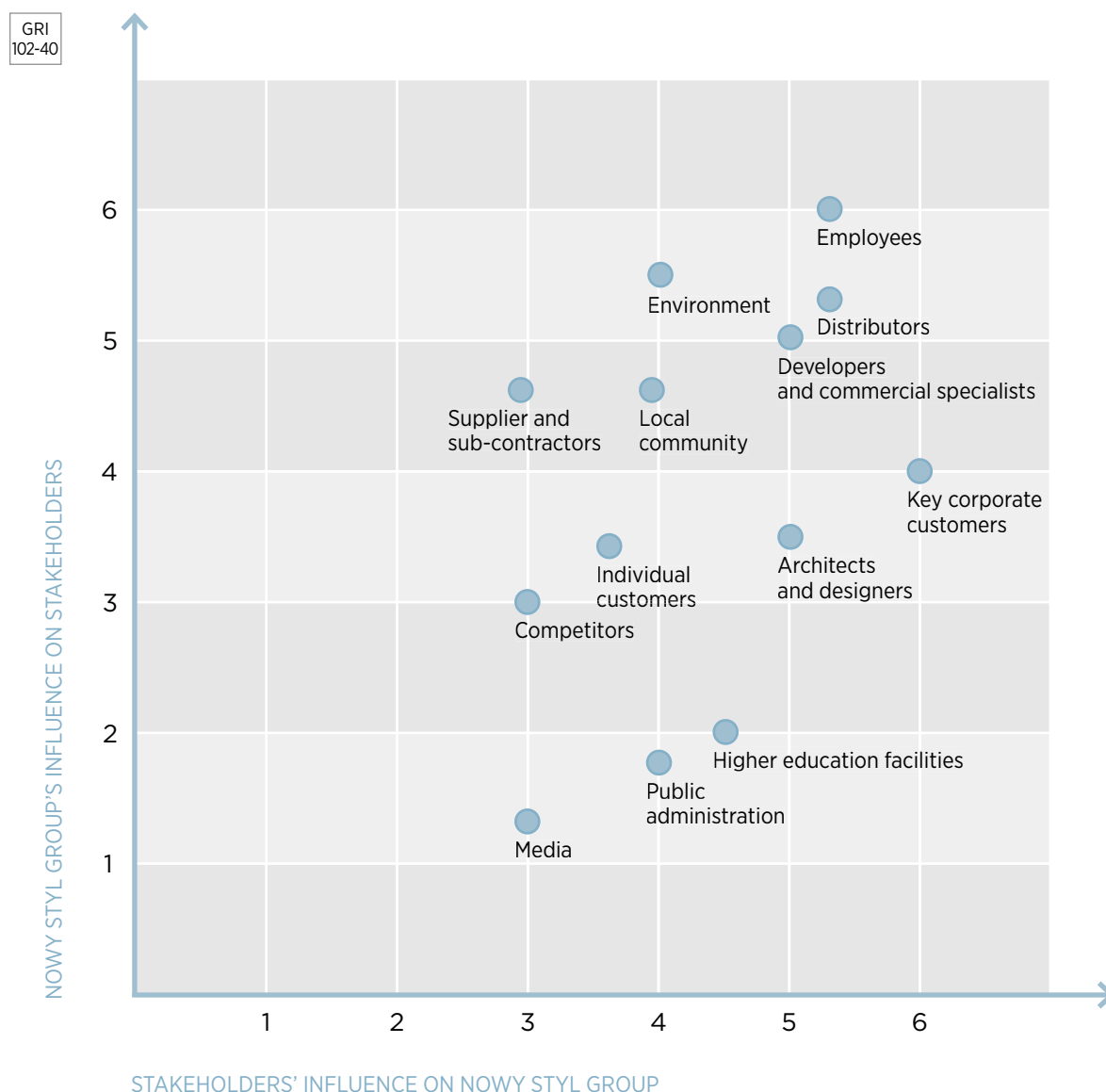
Top 10 Employers of Poland 2017

Dialogue with stakeholders

GRI 103-2 GRI 102-40 GRI 102-42 One of Nowy Styl Group's four values is humility. We believe that the basis of our success and sustainable development is the ability to listen to the environment carefully. The intensity of our dialogue with particular groups of stakeholders depends on their impact on our company and the influence our company exerts on them.

We conducted a process of mapping our stakeholders for this report. In line with the current business strategy, we have chosen the following groups of stakeholders: distributors, individual customers, corporate customers, developers and commercial specialists, and architects.

STAKEHOLDER MAPPING



GRI
102-43

Our business activity on the B2B market is based on meetings – both individual and those held during furniture industry events – therefore we are in close contact with the majority of our stakeholders. We can talk with them directly about their needs and expectations of our company. Our business partners are also important observers of our company's development, especially those from the real estate sector (commercial specialists, administrators, developers and contractors), as well as architects and designers.

We also review our customers' and partners' opinions in a regular and systematic manner that ensures the reliability of their responses. We do this through:

- | Questionnaires, including after-fair forms;
- | Surveys and interviews with distributors in Poland;
- | Flow surveys on websites;
- | Job fairs.

As in previous years, the process of compiling this report was for us a time of dialogue with our stakeholders. We prepared a special survey, in which we asked our key stakeholders – employees, customers, suppliers and members of the local community – to assess our previous CSR report (2014–2015) and express their expectations concerning the scope and content of this report. We also took the opportunity to ask them about their ideas for pro-social activities. We received over 150 completed questionnaire forms, most of which were the opinions of our employees and customers.

GRI
102-44

Selected conclusions drawn from the survey

- | Almost 100% of respondents consider Nowy Styl Group to be a responsible company, and the majority – 80% – gave the company a high or very high grade in this respect, representing an increase of 11% compared to the previous report. The number of people who assessed the Group as a little responsible or not responsible at all company has decreased four times (from 4% to 1%).
- | The proportion of positive opinions about the previous CSR report has also grown since the previous report – from almost 60% to 66%. At the same time, the percentage of people who did not know about the report has decreased (from 20% to 13%). What's more, the vast majority of respondents see the positive impact of publishing CSR reports: nearly 9 out of 10 respondents are convinced that the previous report has made the company more credible and transparent.
- | While Nowy Styl Group has garnered positive opinions in the fields of product responsibility, relationships with customers and working conditions, the company's engagement in the local community has been assessed less positive. More than half of respondents think that the company is not sufficiently involved in the life of the region, while almost 30% consider this area to be our weak point. Taking into account the considerable support the Group provides in the region, this may mean that we need to strengthen our communication activities around our pro-social projects.
- | The subjects our recipients said they find most interesting include:
 - › new technologies and eco-friendly solutions in production;
 - › employee development;
 - › the company's influence on the development of the environment and economy;
 - › care for customer health and safety;

- › employment structure and working conditions at Nowy Styl Group.

| Respondents paid relatively little attention to environmental issues, e.g. water consumption and waste and effluent management. This is a signal for us to emphasise the necessity and importance of pro-ecological actions in our communication activities.

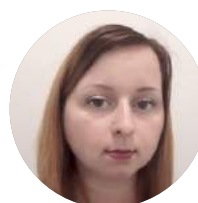
More than half of respondents read the previous CSR report in electronic format, which indicates how future issues should be distributed.

The survey shows that in 2016 and 2017 Nowy Styl Group managed to enhance its image of a responsible company. However, there are still some areas that need to be improved or communicated better. The conclusions drawn from the analysis will be taken into account while we carry out our current activities and set operating plans for the coming years. We relied on the conclusions from the survey when we were assessing materiality and choosing aspects to be covered in this report.

During the survey we asked our respondents to pinpoint the best CSR practices of our company and other organisations. We decided to award the most interesting responses; here is one of them:



I consider the creation of a new Code of Ethics and the unit responsible for it as the company's greatest success. The Group's determination and consistency in achieving the goal make us – employees – feel safe and comfortable. What's more, the company has become more transparent, especially for employees. You can feel like an important link, regardless of your position, be closer to the company, consider yourself a full member, but also become an example for other companies.



Joanna Śmietana
Complaint Department

International organisations



As the Group, and as individual companies functioning in different markets, we also join initiatives and organisations that define and help maintain the right standards for products and business practices – in particular including those of the furniture sector.

- | **UN Global Compact Initiative** – Since 2012 we have been a member of the international platform for companies and institutions that obey the UN universal regulations concerning human rights, employment standards, environmental protection and anti-corruption.
- | **FEMB** – European Office Furniture Federation – An organisation that represents the furniture industry in European institutions in the international arena, collecting standardised economic data.

Poland

- | **Polish Confederation Lewiatan** – One of the most influential Polish business organisations, embracing more than 4,100 companies that employ over 1 million people in total. The Confederation is also a member of the Social Dialogue Council.
- | **Executive Club** – A business organisation for executives of the biggest companies from Poland.
- | **Family Business Initiative Association** – Family-owned companies are at the core of European business. The current challenges of this sector in Poland include models of enterprise internationalization and succession. Our company's founders – Adam and Jerzy Krzanowski – joined the discussion about this, on panels in Sopot (EFNI 2016, EFNI 2017) and Katowice (European Economic Congress 2016 and 2017), as well as during closed business meetings.
- | **Sub-Carpathian Business Club** – An organisation that connects entrepreneurs and employers from the Sub-Carpathian region. Its co-founder is Jerzy Krzanowski, co-owner of Nowy Styl Group.
- | **Polish-Ukrainian Chamber of Commerce.**
- | **ASPIRE** – An association that embraces over 180 companies from the IT and advanced business services sectors.
- | **Pro Progressio Foundation** (☺ p. 30).

Germany

- | **iba** – Industrieverband Büro und Arbeitswelt e.V – A German organisation for office furniture manufacturers that conducts research and produces furniture industry statistics, promotes its members, represents members in standardisation institutions, and initiates sector projects. It initiated the creation of the OFML data standard and open applications for designing interiors.
- | **Quality Office** – We have certified Quality Office experts who train our distributors and customers in the fields of ergonomics, work organisation, furniture technology and safety at work.
- | **German Design Award** – Since autumn 2017 we have been a member of the German Design Council, which is one of the leading European organisations responsible for the development of design.

France

- | **l'UNIFA** – National Chamber of the French Furniture Industry.
- | **ARSEG** – Workplace Managers Association.

Great Britain

- | **BIFM** – British Institute of Facilities Management – An organisation that embraces between ten and twenty thousand companies and experts connected with facility management. It supports the development of competences and provides a platform for exchanging knowledge and experience.

The Netherlands

- | **MVO Nederland** – CSR Netherlands – In this network of companies, entrepreneurs and experts work together to develop tools and share good CSR practices.
- | **Committee for Office Furniture and Educational Institutions Standardisation at NEN** – NEN is a Dutch standardisation organisation. Hans Bloemendaal from Rohde & Grahl BV was the chairman of the committee that prepared the new standard NPR 1813, used for standardising office chairs.
- | **VIP** – An organisation for specialists in the field of office interior design.
- | **BNA** – An organisation for Dutch architects.

Switzerland

- | **«möbelschweiz»** – The Swiss Association of Furniture Manufacturers.





We create OFFICES that serve
people and companies

3



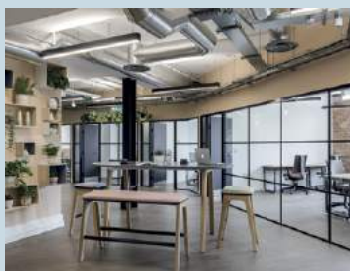
Strategic goals



More than a product

To develop competence and promote solutions in the following areas:

- › well-being
- › Internet of Things
- › acoustics
- › reduction of the use of hazardous substances in products
- › office space research and consulting



Up-to-date solutions

To optimise and facilitate the process of product implementation in order to respond dynamically to customers' needs and market changes.



Building awareness

Raising people's awareness of the impact the office space exerts on the fulfilment of its users' needs and the efficiency of business processes.



Our promises for 2018–2019

- | In order to facilitate the process of implementing products tailored to our customers' needs, we will create an internal knowledge base that will include the requirements of standards and certifications for groups of materials, products and components that are binding on particular markets.
- | We will continue to facilitate implementation processes and the flow of knowledge concerning products, by transferring the internal certification procedure for products and the base of certificates to the product lifecycle management system (PLM).
- | We will implement specifications of purchasing requirements for materials and components of the products designed for the project market in our purchasing procedure.

Our participation in the process of realising Sustainable Development Goals:



Comprehensive product portfolio

GRI
102-2

GRI
102-7

Nowy Styl Group is an expert in furnishing office and public spaces. The company offers products and services through the following six brands:

- | Nowy Styl – User-friendly chairs for any interior
- | BN Office Solution – Space without limits
- | Grammer Office – Comfort parameters. Perfect ergonomics.
- | Rohde & Grahl – Work comfortably!
- | Sitag – Swiss precision
- | Forum Seating – Sitting systems for demanding audiences

We sell our solutions in both the commodity and project segments, using direct and indirect channels – we have a wide circle

of well-qualified international distributors (3,500 partners in the EMEA region).

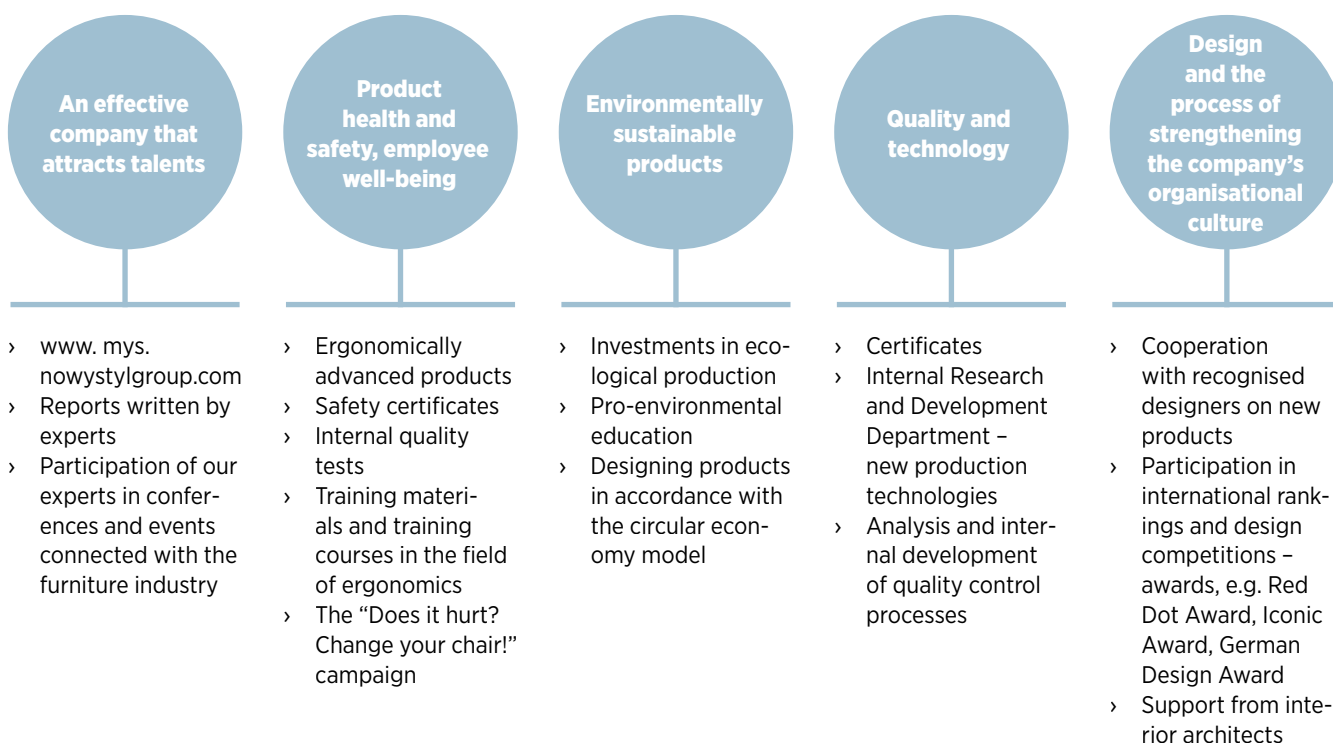
The Product Management Department is the unit responsible for implementing our strategic aims in the product area. The Product Council is also consulted on new projects. All product implementations are strictly tailored to our customers' needs and the changing market standards and requirements concerning environmental impact, as well as health and product safety. We have been collecting information about these issues in our internal knowledge base since 2017.

We KNOW HOW to #MakeYourSpace

When building relationships with customers we focus mainly on their permanence and make sure they are based on trust, which stems from the real benefits we offer the other party.

THE VALUES THAT ARE GENERATED BY AN OPTIMALLY DESIGNED OFFICE

We KNOW HOW to #MakeYourSpace



In accordance with our mission, we want the offices and public spaces we create to serve people best. Therefore, generating value for our customers is a key task for all of our departments. The direction of our long-term development in this area is determined by our strategic goals, which correspond to current trends and market challenges.

We are also aware of the social influence that we exert through the interiors we create. That's why we not only respond to our customers' needs, but also initiate responsible purchases, raising

people's awareness of the impact of office spaces and the available solutions.

We communicate our strategy through our motto "We KNOW HOW to #MakeYourSpace," which emphasises the fact that, thanks to our competence, knowledge and experience, we are not only able to provide a healthy, safe and high-quality product, but also become a responsible partner with whom customers can achieve business success.

Optimally designed office – our inspiration

We build our relationships with customers on a mutual understanding of needs and expectations.

As one of the largest experts in the furniture industry, we feel responsible for raising awareness of the important role office spaces have in meeting users' needs and increasing the efficiency of business processes.

When thinking about the optimal design for an office, we take into consideration the following three elements:

- | **People** – An office should not only be healthy and comfortable, but also ensure employees' well-being, which is understood as a sense of satisfaction and support for individual work styles, regardless of the generation they belong to. Such an office is not only an employer branding tool, but it also strengthens employee commitment and supports creativity.
- | **Process** – An ineffectively arranged office exposes the company to significant losses, while a well-designed office can support the company in implementing its business strategy and, through the right arrangement adjusted to individual departments, facilitate the flow of processes.
- | **Place** – An office space should be effective and functional. It should also be adjusted to the company's organisational culture and work styles. The space owned by the company should be used to the maximum extent possible.

In 2017, our experts from the Workplace Research and Consulting Department conducted an analysis in which they identified **global social trends** noticeable in each of these three areas. These economic, demographic and social phenomena shape the current and future needs of entrepreneurs, as well as employees' expectations of the office space, and thus constitute office trends that set the direction of the furniture industry's development (📄 p. 29).

We share our knowledge of this field not only with our customers, for whom we offer consulting services and workplace research, but also with the communities in which we operate and that we really want to inspire.

1. Research reports – A source of unique data and expert analyses, as well as a practical tool that makes it easier for our customers and partners to carry out office arrangement projects. The materials are available for free on the Internet and in printed format. They are also used during our lectures and discussions accompanying industry events.

How to create a great office space? There are five main employee needs you should keep in mind – A report compiled by Nowy Styl Group's experts, who used the research we conducted among our customers to define the five main problems of contemporary offices. The report includes tips, inspiring ideas and ready-to-use solutions that will help people deal with these problems or even avoid them.

What do programmers want? – This report was created with a view to juxtaposing stereotypes with the real expectations IT employees have of their office space and employer. We compiled the report in cooperation with the company Antal's Market Research Department. It was created on the basis of surveys and interviews with programmers.

CPL Jobs: Benefits and Motivation – A report based on the annual survey of employees' motivation in the CEE region; our experts supported the publication by pointing out solutions in the field of workplace organisation that increase employee engagement.

Offices: a new definition of space – A report that is part of a bigger project prepared by the magazine Harvard Business Review Poland. It presents the latest and most important trends in designing workspaces. We were a partner of this project and supported it with our expert knowledge.

Development of the BPO/SSC sector – A series of reports concerning the situation in the BPO/SSC sector in 2017 in the following regional capitals: Poznań, Warsaw, Wrocław, Lublin and Rzeszów. We were a content partner for the publication.



INFLUENCE OF GLOBAL TRENDS ON THE WORK ENVIRONMENT



PEOPLE



User experience

**Employee experience**

Wellness

**Wellbeing@work**

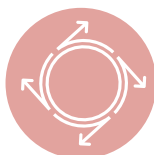
Sharing economy

**Desk sharing**

PROCESS



Innovative economy

**Innovative creative space**

Agile culture

**Agile working**

Growth mindset

**Communication hub**

Crowdsourcing

**Corpo-coworking**

PLACE



Green economy

**Biophilic design**

Storytelling

**Office-telling**

Work-life blending

**Third place**

2. Speeches made by our experts at industry events

For the real estate market and the business services (BSS) sector

For many years, large Polish cities have been among the most attractive locations for outsourcing centres in the EMEA region. The BSS/ITO sector is one of the most dynamically developing industries in terms of employment and, at the same time, it is transforming and becoming more professional. In order to get to know the challenges and expectations of the sector's customers well, in 2016 we entered into cooperation with the Pro Progressio Foundation and the ASPIRE Association – organisations that embrace companies from this industry and serve as a platform for sharing knowledge and supporting best practices.

- | In 2016, together with Pro Progressio, we initiated a series of regional meetings called “BPO Breakfasts.” We visited six cities: Gdańsk, Lublin, Poznań, Rzeszów, Wrocław and Warsaw; we shared our knowledge of effective office spaces, as well as their impact on employees and companies.
- | In 2017, we developed our strategy for the real estate and BSS sectors, supporting approximately 50 conferences and industry meetings in Poland with our expert knowledge.
- | Other important events held in different markets included, for example, the Real Estate Market Forum Stavěbné fórum and Workplace Solutions Forum in Bratislava and the Smart Workspace Design Summit in Amsterdam.



The BSS sector in Poland is undergoing constant change, including in particular the changes to the work environment that are implemented widely. These changes can be seen in companies' brand image, employer branding, work ergonomics and optimisation strategies. For several years, Nowy Styl Group has been conducting a number of initiatives aimed at educating managerial staff and employees, resulting in a visible improvement both in work ergonomics and the way people perceive the BSS sector – as a conscious and mature employer.



Wiktor Doktor

President/CEO, Pro Progressio Foundation

Training courses for distributors – We regularly conduct training courses for distributors from all markets. In Germany, we organised the “NEW WORK” series (training courses in Berlin, Stuttgart, Munich, Düsseldorf and Steyerberg) in 2016. Some of the issues discussed during the courses include a flexible world of work, Y + Z generations, an office layout and planning methods, an effective use of the workplace and the “office change management” concept.

Meetings and training courses with architects – The training courses are organised in cooperation with Chambers of Architects and the Association of Polish Architects (SARP) in Cracow. We participated in the most important European fairs: Orgatec 2016, Salone del Mobile in Milan 2017, Workspace Expo in Paris; and Polish events: 4 Design Days 2017 in Katowice, Łódź Design Festival 2016 and 2017, Lublin Design 2016. We co-organised the “Office Superstar 2017” competition, in which architectural studios and investors competed for the title of best office interior in Poland.

The press office of the magazine *Interni* was designed by Mac Stopa and furnished with our products Tauko and Tapa during the Milano Design Week 2017. The exposition was later given the IIDA Global Excellence Award by the International Interior Design Association (IIDA) from Chicago.



3. Professional cooperation with the media – our experts' articles and opinions can be found in leading titles in the following areas:

- | business
- | BSS/real estate
- | furniture industry
- | designers and architects
- | HR

4. Office Inspiration Centre in Cracow – In 2017 we opened our flagship showroom in Cracow – a space for inspiration. It is where we show the current office interior trends and display a model office divided into functional zones. It is where our experts from the Product Training Department and the Workplace Research and Consulting Department hold training courses. It is also where we organise conferences and internal training courses that allow us to meet with our customers and partners.

Home of Vision – In 2017 our brand Sitag opened a showroom called “Home of Vision” that presents solutions for effective office spaces. It is located at the brand's headquarters in Sennwald. The unofficial, almost home-like atmosphere of the showroom is a reflection of the concept of a modern office interior that stimulates employees' creativity.

Our office solutions are also presented in the other 26 showrooms located in the biggest cities in Europe and the Middle East (📍 See the map, p. 12). We continually refresh their decor and complement their offer with new products.



Office Inspiration Centre in Cracow

5. #OfficeVR – We presented this application for the first time at the 2016 ORGATEC fair in Cologne, providing our customers with the virtual experience of being in a functionally arranged office. They were able to change the colour concept, the furniture system and the layout of the office. The application was very positively received, so we decided to develop other versions of it in the months following the fair. Today, we offer our customers 3D renders in the form of 360° panoramas, which transfer them to a virtual office interior when viewed on their own smartphones through VR goggles. This tool makes it easier for our customers to move around a virtual space that has been specially designed for them, which in turn reduces the risk of improvements being needed at more advanced stages of the project. A stationary version of the #OfficeVR application is available in the Office Inspiration Centre.

6. Internet website

A. In 2016 we created an inspiring website – “Make Your Space” (www.nowystylgroup.com/mys), on which we presented our expert knowledge of workplace arrangement based on our “People, Process, Place” concept in an interactive form.

B. In 2017 we created a corporate website – www.nowystylgroup.com. A big part of the website was occupied by an inspiration zone: a base of articles written by our experts and examples of our completed projects. The website received an “Honourable Mention” and was also nominated for the “Site of the Day” award in the Awwwards.com competition.



Health, quality and safety of products

GRI
103-2

GRI
416-1

Ensuring health, safety and comfort of use for all of our products underlies the process of their design and manufacture.

Certificates and seals of approval

In maintaining the quality, safety and environmental aspects of our processes and technologies, we are supported by the implemented management systems based on several standards: Quality Management System standard ISO 9001, Environmental Management System standard ISO 1400 and FSC (selected factories), as well as the occupational health and safety management standards such as Factory Production Control, OHSAS 18001 and PN-N 18001. All of our production plants operate in accordance with these regulations.

Our products undergo tests carried out in our own research centre in Poland and in other external certified research units, both in Poland and abroad.

We also offer products that are covered by the European Union's "New Approach" directive concerning product safety. These are:

- | Tables and desks with electric height adjustment
- | Telescopic/mobile stands with electric drive

We ensure these products undergo the appropriate external tests and receive a CE mark.

Our wide product portfolio involves diverse products, from home-office products to products designed for the project market. We allow the home-office products to be sold on the basis of a structural assessment and a potential risk assessment. Internal tests cover all products made for the project market. Our internal research is also confirmed in part by reports from tests carried out by independent research institutions, including accredited units, which are authorised to issue certificates.

OUR PRODUCTS COMPLY WITH THE REQUIREMENTS SET OUT BY THE FOLLOWING EUROPEAN STANDARDS:

	Stationary chairs	Swivel chairs	Office desks	Storage furniture (cabinets, pedestals)	Café and conference tables
Resistance, durability and safety	EN 16139 EN 1728 EN 1022 EN 14703 EN 12727 EN 1729-2	EN 1335-2 EN 1335-3 EN 1022	EN 527-2 EN 527-3	EN 14073-2 EN 14073-3 EN 14074	EN 15372 EN 1730
Dimensions	EN 1729-1	EN 1335-1	EN 527-1		

CERTIFICATES

Resistance, durability and safety		
	Certification bodies	Country
GS Certificate (Geprüfte Sicherheit – GS)	TÜV Rheinland, TÜV SÜD	Germany
NF Office Excellence Certificate	FCBA	France
Certificates	<ul style="list-style-type: none">› Institute of Technical Supervision› COBRABID-BBC – Polish Centre for Research and Certification S.A.› Wood Technology Institute	Poland
	<ul style="list-style-type: none">› Szutest (Engineering Test Institute)	Czech Republic
Quality Office Certificate	Qualitätsforum	Germany

Ergonomic requirements

	Certification bodies	Country
Ergonomie Geprüft Certificate	TÜV Rheinland	Germany
Certificate of compliance with the standard NPR 1813	TÜV SÜD	Germany
Certificate of compliance with the standard PPP 51051A	TÜV SÜD	Germany
Ergonomic assessment protocols	Nofer Institute of Occupational Medicine	Poland

Safety related to hazardous substances and emissions of volatile organic compounds and formaldehyde

	Certification bodies	Country
Toxproof/Schadstoffgeprüft Certificate	TÜV Rheinland, TÜV SÜD	Germany
Blue Angel Certificate	RAL GmbH	Germany
Hygiene certificates – compliance with requirements for safety of use in public spaces in Poland		Poland
Hygiene class E1 (emissions of formaldehyde) based on the EN 717-1 standard	Wood Technology Institute	Poland

Resistance, durability, safety and low flammability for our upholsteries, including in terms of the lack of hazardous substances and environmental safety

	Certification bodies	Country
Oeko Tex Standard 100 Certificate	TÜV Rheinland, TÜV SÜD	Germany
EU Ecolabel Certificate	RAL GmbH	Germany

FSC Certificate (☺ p. 68)**Blue Angel**

Since the middle of 2017, six product lines by Rohde & Grahl have had this ecolabel, which is considered the oldest in the world. The label shows that our products have better environmental characteristics than those manufactured by our competitors; the assessment of the environmental impacts covered the whole product lifecycle.



Because we offer a wide product portfolio and want to provide our customers with reliable information about the certificates our products possess, we manage the information systematically using the SharePoint platform. It is a place where our employees can easily find the latest documents for our furniture and components, such as seals of approval, test reports, certificates and statements.

Forum Seating

Due to the character of the projects they are designed for, Forum Seating products are always tested at independent institutions for mechanical safety and ergonomics (in accordance with the standards EN 12727, EN 16139, EN ISO 9227, EN 13200-4, NF D 60-013, BS 5852, EN ISO 3385 and EN 1728, the Ergonomic Assessment Protocol and the Hygiene Certificate).

In addition, we verify the following:

- | content of heavy metals,
- | emissions of toxic combustion products (armchairs to be sold on the Polish market, according to the PN-B-02855 standard),

- | emissions of volatile organic compounds (VOC) (plywood, polyurethane foam and upholsteries with tests carried out by external manufacturers),
- | flammability (all products classified as hardly flammable according to the regional standards, including EN ISO 11925-2, EN 1021-1 and EN 1021-2, EN 13501-1, ISO 13823, ISO 1716, BS 5852, DIN 4102, DIN 53438),
- | acoustics – sound-absorption tests in a reverberation chamber (according to ISO 11654, ISO 354).

GRI 416-2

GRI 417-2

GRI 417-3

In 2016–2017, no incidents were recorded of non-compliance with regulations and voluntary codes concerning the impact of products and services on users' health and safety. There were also no violations of the labelling of products and services or the reliability of marketing information about them.

Ergonomics

Office ergonomics not only means a comfortable and well-adjusted chair; it is also a holistic view that allows for adjusting office devices and tools to people's physical and psychological features.

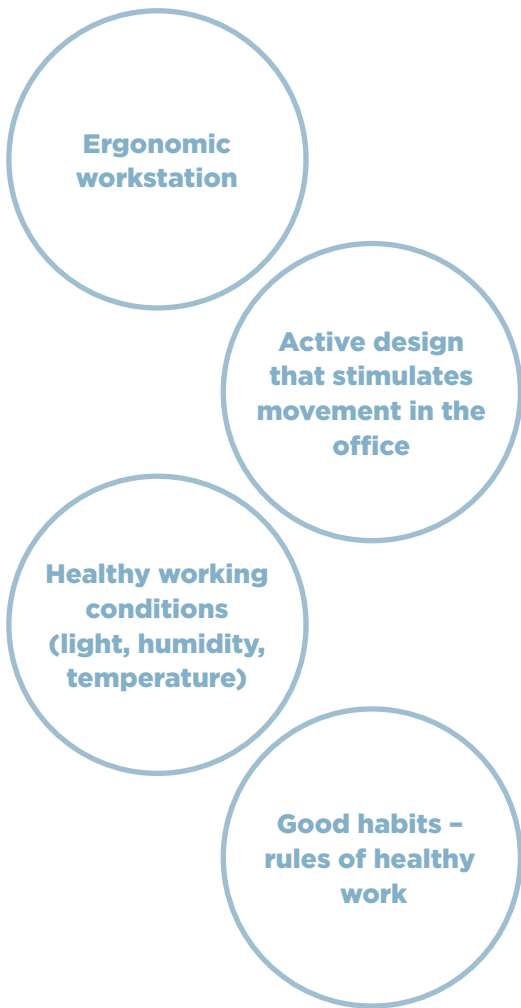
Our contribution to ergonomics begins at the design stage of our chairs and furniture. We design products thinking about the positive influence they can exert on end-users' health. Our products are made in accordance with the following standards: EN ISO 9241-1, EN 1335-1, EN 527-1 and NPR 1813.

An ergonomic chair is the basis of a healthy workstation, especially when it comes to professions that impose on employees the necessity to work at an individual desk for long hours. We offer office armchairs that are equipped with innovative systems supporting “dynamic sitting”:

- | GLIDE-TEC (used in products by the Grammer Office brand; patented solution)
- | Duo-back (used in products by the Rohde & Grahl brand)
- | S-MOVE (designed for the 4ME chair line by the BN Office Solution brand)
- | X-MOVE (movable connection of the backrest and the seat; patent pending)
- | AirShape (4-chamber adjustment of the backrest to the user's back; patented solution)
- | SITAG SPRING-MOTION (designed for the SitagWave chair line)

A **sit-to-stand desk** that allows the user to change their body position (from sitting to standing) quickly is perfect for a healthy workstation. In 2016, we implemented a new height-adjustable desk for the Play&Work system, so customers can now choose from four different models (eModel, Play&Work, Xio Motion and SitagActive Liftmatic).

HOW DO WE UNDERSTAND ERGONOMICS?



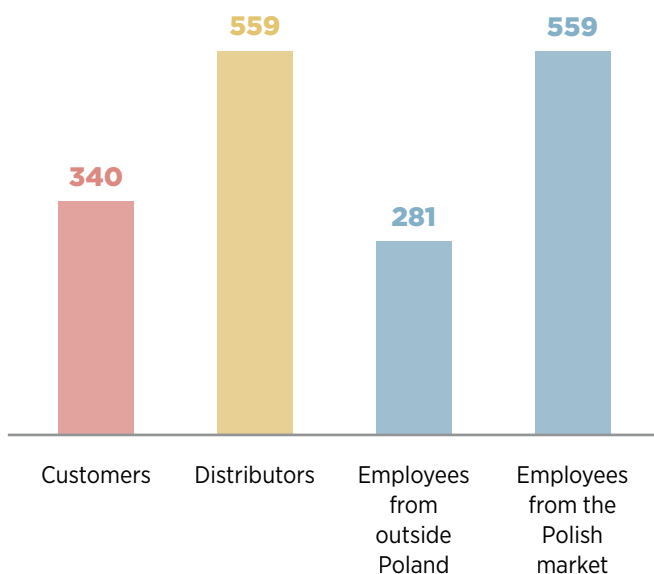


If a special need arises, we are also able to design chairs for people with unusual spine disorders – such products include Arthrodesis and MediTre.

In ergonomics, the key aspect is knowledge – both when designing and selling (selecting) ergonomic products and when using them. That's why we train employees, distributors and users comprehensively in this area.

The topic of workplace ergonomics is an inseparable element of any internal product training course. In 2016–2017, our Product Training Team conducted training courses for over 2,000 participants in total, including:

RECIPIENTS OF THE PRODUCT TRAINING COURSES



Examples of ergonomic initiatives we continued on the Polish market in 2016–2017 are the campaign “Does it hurt? Change your chair!” and the promotion of so-called “ErgoPoints” with a dedicated website – www.zmienkrzeslo.pl – among distributors.



Acoustics

Research shows that 85% of employees consider the low level of noise as one of the most important factors affecting their well-being in the office. Unfortunately, 31.6% of employees complain about problems connected with workspace acoustics (out of the approximately 2,500 employees we surveyed). The lack of silence prevents them from concentrating, which in turn leads to a decrease in their efficiency.

For several years, we have been developing internal competences intensively in order to respond to the need for acoustically comfortable offices in a professional and comprehensive way.

In 2014, we created a team responsible for dealing with the issues and implementations of acoustic products. Through research and training, the team developed their knowledge of the acoustic properties of materials and their arrangement.

- | In 2016, the team employed **specialists** educated in acoustics.
- | The team also purchased special **equipment and software** that allowed for measuring the acoustic parameters of office interiors.
- | We tested the acoustic parameters defined in the standards PN-EN ISO 3382-2 and PN-EN ISO 3382-3 using the 3D model of an open space office. We **analysed the impact that sound-absorbing products exert on acoustic conditions** in the office by comparing the results we achieved when applying different configurations of these products.

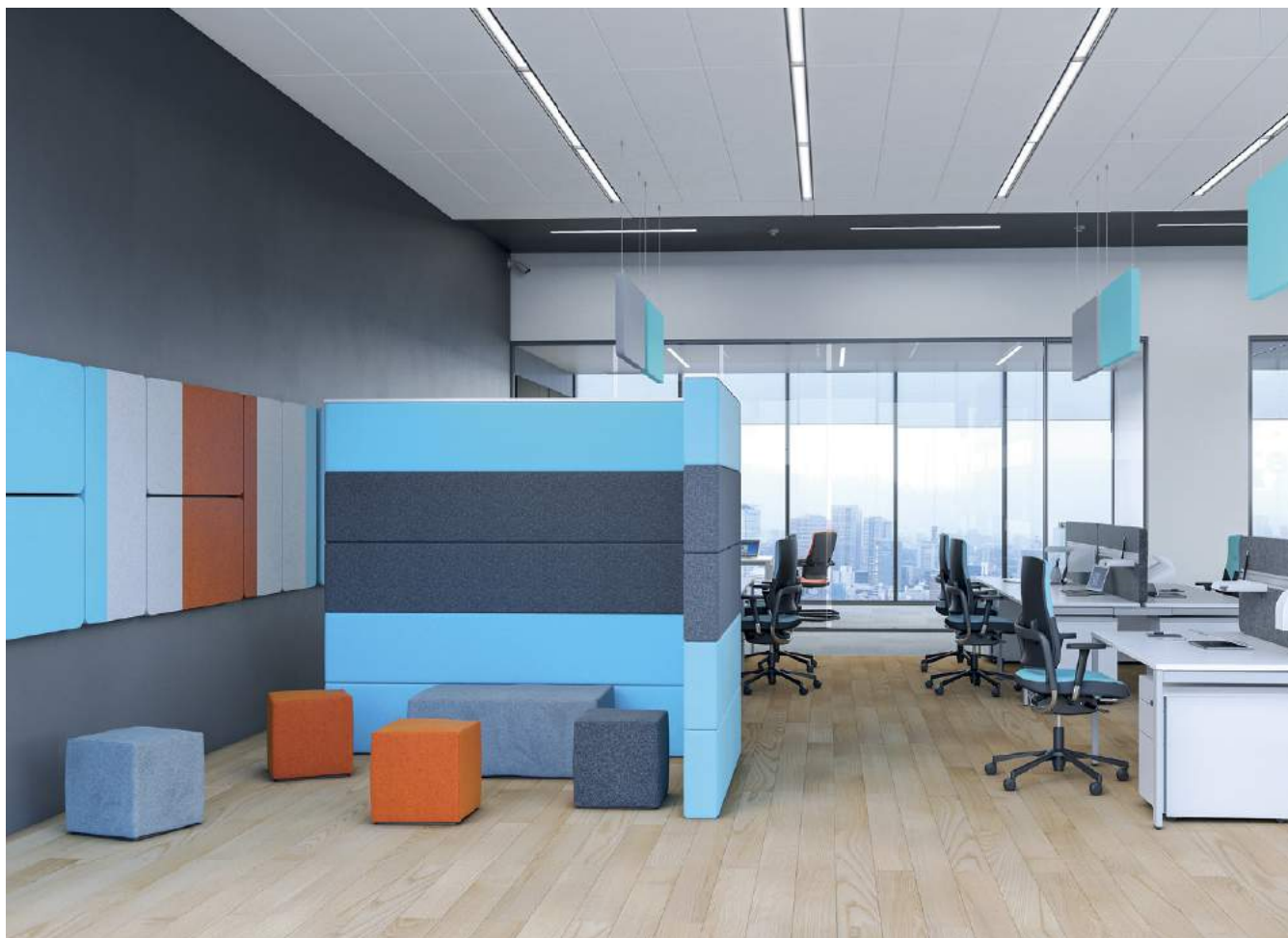
| At the beginning of 2017, we extended research services we offer our customers with an **acoustic research service**, which is an acoustic adaptation that allows our customers to comply with the guidelines stated in the standards PN-EN ISO 3382-3, DIN 18041, VDI 2569, as well as PN-B-02151-4, which is binding in Poland.

| We have also developed a **set of principles** that are applied at the stage of designing office interior equipment, when architects take into account the noise propagation limitation.

| We have also conducted **training courses** for the Space Planning Department and the Sales Department concerning the impact of noise on human beings, interior acoustics and acoustic products.

As in previous years, we carried out sound-absorption tests on our materials and products at external institutions. For products with increased sound-absorbing properties and selected interior equipment products, we conducted a series of acoustic parameters analyses. The results were included in the technical sheets of these products.

We are currently developing a line of sound-absorbing products for office and public spaces, which will be a response to their acoustic problems.



Sustainable products and services

When designing new products, we take into consideration the influence they exert on the natural environment at each stage of their lifecycle. We check the durability and recycling possibilities of the materials they are made of. We ensure our products have diverse functionalities, because we know that universal products can be used longer. We are constantly optimising our transport and packaging systems, so as to reduce the financial and environmental expenses.

We provide comprehensive information on the environmental properties of our products. We create environmental profiles for our products and label them in terms of their plastic content and recycling possibilities, in accordance with the standard ISO 11469.

To ensure the safety of our products and minimise their impact on the environment, we concentrate on selecting the appropriate materials and components (🔗 p. 67).

New solutions – which direction are we facing?

The process of designing products:

- | We conduct internal training courses on the influence our products have on the environment.
- | We modify our implementation processes – the Xilium chair line is made on the basis of the Bill of Materials, which includes the requirements for suppliers regarding the health and safety of the user (environment, toxicity, emissivity).

- | In 2017, we entered into cooperation with API'UP in France. The association specialises in upcycling and services for the development of the circular economy. Together we have created a catalogue of products, which includes furniture made of recycled wood, hangers and tables, as well as the services we offer our customers as an addition to our standard offer, such as the collection of old equipment.



The implementation of the Xilium chair line:

Compliance with **the guidelines of circular economy:**

- | Design for Durability/Upgradeability – a durable product designed so that it can be used for a long time. Thanks to this feature, products have longer warranty.
- | Design for Remanufacturing – easily accessible components, a simple way to replace them, an appropriate manual – the aim is to extend the product lifecycle.
- | Design for Recycling – an easy division of subassemblies into materials, a disassembly manual, and information on what percentage of the product comes from recycling and is recyclable.
- | A full list of materials used in the production of the chairs in this line (the Bill of Materials or BOM), together with the necessary statements from suppliers and other documents.



Good services

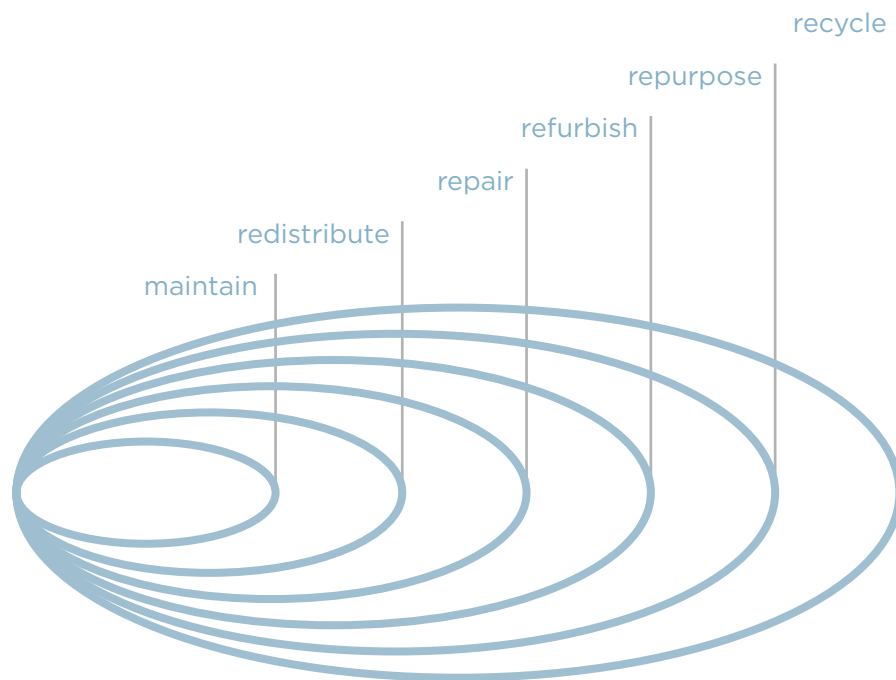
The strength of Nowy Styl Group is its dense network of distributors and partners, because of whom we can maintain our local service at a very high level. Warranty and assembly services, relocation support and locally-delivered logistics are not only cost-effective, but they also reduce environmental expenses.

In line with the development of the circular economy, we are working on new services that allow companies to manage their office equipment more sustainably.



At the end of 2017, for a governmental procurement project, the company Rohde & Grahl (which belongs to Nowy Styl Group) created a concept of managing furniture equipment based on the *6 loops of circularity* model, which takes into account the main principles of the circular economy.

6 LOOPS OF CIRCULARITY



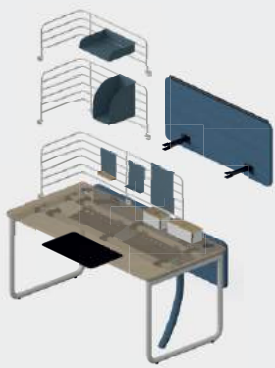



















Within the procurement project, we will not only supply our products, but we will also provide the following services:

- | furniture maintenance,
- | redistribution of unused items,
- | repairs of damaged parts,
- | renovation,
- | modification of product purposes,
- | recycling of the furniture unfit for further use.

All this will enable us to significantly extend the lifecycle of our products and reduce the amount of waste.

The procurement made by the Dutch government takes a well-considered and consistent approach to the implementation of the principles of the circular economy. For many customers, including international customers, we provide some of the above-mentioned services selected directly or together with our partners – local and domestic companies, which enable us to provide opportunities for new job creation.

Design

 <p>PLAY&WORK Jan Wertel & Gernot Oberfell WertelOberfell</p>	 <p>reddot award 2016 winner office design</p>  	 <p>TAPA Mac Stopa Massive Design</p>	  <p>2017 BEST OF YEAR AWARD by Interior Design magazine</p> <p>HIP AWARDS 2017 by Interior Design magazine</p> 
 <p>LEVITATE Jan Wertel & Gernot Oberfell WertelOberfell</p>	  <p>Focus Open 2017 Special Mention</p> 	 <p>SitagTEAM Dietmar Fissl & Angela Eberhardt 2DoDesign</p>	 <p>reddot award 2016 winner office design</p>  <p>HIP AWARDS 2017 by Interior Design magazine</p> 
 <p>CX 3200 Jen Korte</p>		 <p>TAUKO Mac Stopa Massive Design</p>	<p>2017 BEST OF YEAR AWARD by Interior Design magazine</p> <p>HIP AWARDS 2017 by Interior Design magazine</p> 





Together we make up a TEAM

4



Strategic goals



A place for talent development

Employer Branding – to work out a strategy aimed at building the image of Nowy Styl Group as an employer of choice and a leader in developing talent. The activities in this area will be divided into two groups:

- › external – activities that will support Nowy Styl Group in having an attractive image for recruitment purposes and help the company win new employees;
- › internal – activities that will be directed at current employees and aimed at creating an engaging work environment.



Safety culture

To continuously build a safety culture among our factory workers.



Our promises for 2018–2019

- | We will develop our cooperation with higher education facilities in order to match educational programs to the needs of employers and build relationships with potential employees.
- | We will be present on recruitment portals.
- | We will create a professional “Career” tab on our website.
- | We will continue the Talent Program for employees who will take part in interdisciplinary training courses and implement projects.
- | We will maintain internal communication with employees through our “Spinacz” magazine, the Intranet, the organisation of Open Days, etc.
- | We will develop our communication with international employees.
- | We will improve the workplace safety in our factories by conducting professional training courses on qualified first aid for employees, creating rescue teams and equipping our plants with R1 medical bags, as well as by providing employees who need them with corrective safety glasses.
- | For guests visiting our factories, we will create a video presenting the principles of safety.
- | With the health and comfort of employees working in the Office Furniture Factory in mind, we will create a “First Aid Room” for those who require it, as well as a “Rest Room” for pregnant women and nursing mothers.

Our participation in the process of realising Sustainable Development Goals:

8 DECENT WORK AND ECONOMIC GROWTH



3 GOOD HEALTH AND WELL-BEING



GRI
103-2

Nowy Styl Group's HR strategy falls under the company's business strategy. Managers are consulted on the aims, activities and initiatives in this area at the beginning of each year and approved by those who are in charge of the relevant sectors of the company. The policy underlying the HR activities is included in the procedures that define the way we achieve the company's objectives.

Employee representatives are also consulted on important decisions and the direction of activities, and every two to three years

we conduct a survey using questionnaires. In 2016, we carried out an Employee Opinion Survey, to which 59% of our staff responded. The anonymous questionnaires the employees were asked to complete aimed to measure their overall level of satisfaction and commitment. The aspects of work at Nowy Styl Group that employees assessed most positively included: cooperation, acceptance of diversity, and work-life balance.

The next step was to organise workshops for department representatives, during which we discussed development activities.



Employment

In line with our company’s development, the number of people employed increases every year (by 3% annually, on average – as in previous years). At the end of 2016, 3,654 people worked for Nowy Styl Group’s companies, while in 2017 the number amounted to 3,771.¹ A small group of staff is made up of self-employed people and those who are hired on the basis of civil law contracts. For us, the most important source of recruitment is the local market (the region where individual units operate). We employ the most people in Poland – 3,172 people, 95% of whom are in the Sub-Carpathian region where our largest factories are located. We are one of the dominant employers in this region.

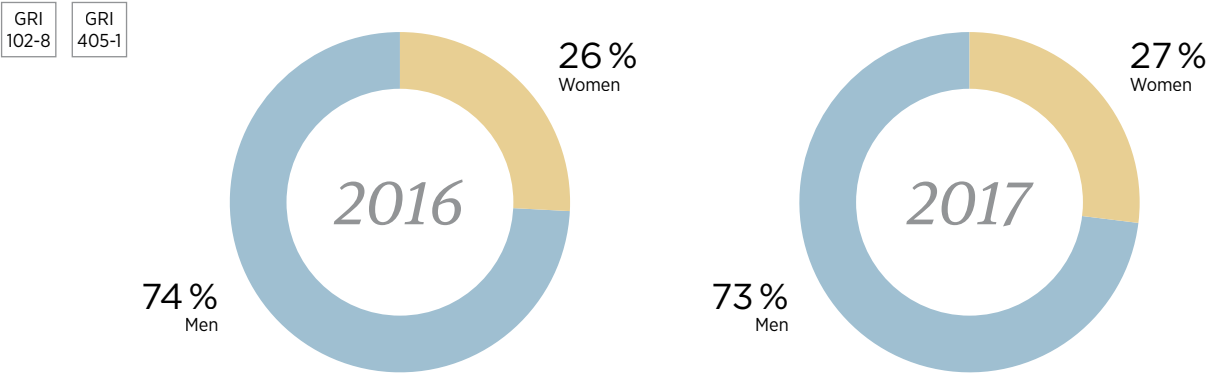
Equality policy

GRI 406-1 GRI 103-2 In accordance with our *Code of Ethics*, equal opportunities in terms of employment, remuneration, benefits, promotions and professional development are the basis of our relationships with employees. Decisions in this area are based on the knowledge and competence of a candidate or an employee, regardless of their gender, age, disability, race, faith, political views, social origins, nationality or appearance.

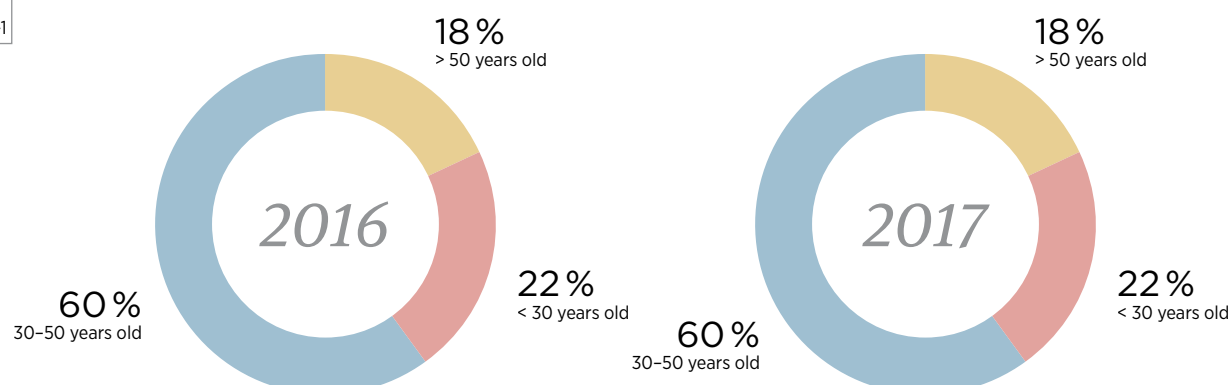
In 2016–2017, no incidents of discrimination were recorded at any of our companies.

The employment structure at Nowy Styl Group is similar to the structure in previous years. 62% of our employees have indefinite term contracts, and over 90% of them work full time.

EMPLOYMENT STRUCTURE BY GENDER



EMPLOYMENT STRUCTURE BY AGE

GRI
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405-1

THE PERCENTAGE OF EMPLOYEES IN EACH AGE GROUP IN RELATION TO THE TOTAL NUMBER OF EMPLOYEES WORKING AT THE COMPANY

	2016			2017		
	<30	30-5	>50	<30	30-5	>50
Direct production employees	23%	58%	19%	24%	56%	20%
Indirect production employees	23%	55%	21%	25%	53%	22%
Specialists	28%	60%	11%	24%	65%	11%
Managers	3%	83%	14%	3%	83%	15%
Directors	0%	63%	38%	2%	60%	38%
Management Board	0%	60%	40%	0%	67%	33%

EMPLOYMENT STRUCTURE BY TYPE OF CONTRACT

GRI
102-8

2016

62.45 %
indefinite term
contract37.55 %
definite term
contract2.16 %
part-time
contract97.84 %
full-time
contract

2017

62.05 %
indefinite term
contract37.95 %
definite term
contract2.55 %
part-time
contract97.45 %
full-time
contract

EMPLOYMENT STRUCTURE BY TYPE OF CONTRACT

2016		Number of employees			
		full-time contract	part-time contract	indefinite term contract	definite term contract
Nowy Styl Sp. z o.o.	Women	780	6	481	305
	Men	2,266	3	1,331	938
Nowy Styl GmbH	Women	31	13	41	3
	Men	62	0	60	2
Rohde & Grahl BV	Women	6	12	5	13
	Men	22	1	3	20
Rohde & Grahl GmbH	Women	55	25	59	21
	Men	239	10	179	70
Sitag AG	Women	25	4	29	0
	Men	89	5	94	0
Nowy Styl Group	Women	897	60	615	342
	Men	2,678	19	1,667	1,030

2017		Number of employees			
		full-time contract	part-time contract	indefinite term contract	definite term contract
Nowy Styl Sp. z o.o.	Women	834	7	498	343
	Men	2,328	3	1,376	955
Nowy Styl GmbH	Women	25	13	35	3
	Men	62	0	57	5
Rohde & Grahl BV	Women	4	20	11	13
	Men	22	1	1	22
Rohde & Grahl GmbH	Women	54	25	59	20
	Men	241	17	188	70
Sitag AG	Women	23	4	27	0
	Men	82	6	88	0
Nowy Styl Group	Women	940	69	630	379
	Men	2,735	27	1,710	1,052

THE PERCENTAGE OF FOREIGNERS IN THE TOTAL NUMBER OF EMPLOYEES WORKING IN THE COMPANY

GRI
405-1

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

GRI
401-1

NEW EMPLOYEES

2016										
	New employees (expressed as the number of people) in particular groups	% of new employees	New employees (expressed as the number of people) in particular groups	% of new employees	New employees (expressed as the number of people) in particular groups	% of new employees	New employees (expressed as the number of people) in particular groups	% of new employees	New employees (expressed as the number of people) in particular groups	% of new employees
	Gender				Age					
	Men		Women		<30		30–50		>50	
Nowy Styl Sp. z o.o.	377	83%	77	17%	287	63%	157	35%	10	2%
Nowy Styl GmbH	9	69%	4	31%	8	62%	4	31%	1	8%
Rohde & Grahl BV	1	20%	4	80%	1	20%	4	80%	0	0%
Rohde & Grahl GmbH	39	85%	7	15%	19	41%	18	39%	9	20%
Sitag AG	15	79%	4	21%	4	21%	10	53%	5	26%
Nowy Styl Group	441	82%	96	18%	319	59%	193	36%	25	5%

2017										
	New employees (expressed as the number of people) in particular groups	% of new employees	New employees (expressed as the number of people) in particular groups	% of new employees	New employees (expressed as the number of people) in particular groups	% of new employees	New employees (expressed as the number of people) in particular groups	% of new employees	New employees (expressed as the number of people) in particular groups	% of new employees
	Gender				Age					
	Men		Women		<30		30–50		>50	
Nowy Styl Sp. z o.o.	345	75%	113	25%	258	56%	173	38%	27	6%
Nowy Styl GmbH	5	71%	2	29%	5	71%	2	29%	0	0%
Rohde & Grahl BV	0	0%	8	100%	1	13%	7	88%	0	0%
Rohde & Grahl GmbH	35	74%	12	26%	21	45%	19	40%	7	15%
Sitag AG	7	88%	1	13%	1	13%	5	63%	2	25%
Nowy Styl Group	392	74%	136	26%	286	54%	206	39%	36	7%

GRI
401-1

ENDED CONTRACTS

2016										
	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts
	Gender				Age					
	Men		Women		<30		30-50		>50	
Nowy Styl Sp. z o.o.	263	82%	58	18%	168	52%	121	38%	32	10%
Nowy Styl GmbH	5	38%	8	62%	5	38%	6	46%	2	15%
Rohde & Grahl BV	0	0%	1	100%	1	100%	0	0%	0	0%
Rohde & Grahl GmbH	23	66%	12	34%	11	31%	10	29%	14	40%
Sitag AG	21	78%	6	22%	5	19%	13	48%	9	33%
Nowy Styl Group	312	79%	85	21%	190	48%	150	38%	57	14%

2017										
	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts	Ended contracts (expressed as the number of people) in particular groups	% of ended contracts
	Gender				Age					
	Men		Women		<30		30-50		>50	
Nowy Styl Sp. z o.o.	278	83%	56	17%	178	53%	119	36%	37	11%
Nowy Styl GmbH	1	25%	3	75%	2	50%	2	50%	0	0%
Rohde & Grahl BV	1	20%	4	80%	1	20%	2	40%	2	40%
Rohde & Grahl GmbH	25	93%	2	7%	7	26%	14	52%	6	22%
Sitag AG	13	81%	3	19%	3	19%	6	38%	7	44%
Nowy Styl Group	318	82%	68	18%	191	49%	143	37%	52	13%

Remuneration

GRI 202-1 Our remuneration policy is based on the equal treatment of women and men for work of the same quality. The wages are adjusted to the local legal regulations and they depend on employees' experience, education, internship and the type of

work performed. Due to the lack of possibility to report the figures for all the companies that belong to the Group, we present the data that is available for some of them.

GRI 202-1 **THE RATIO OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE**

	Location	2016		2017	
		Women	Men	Women	Men
Nowy Styl Sp. z o.o.	Poland	142.02%	153.02%	141.00%	146.67%
Nowy Styl GmbH	Germany	144.68%	144.68%	139.03%	138.34%
Rohde & Grahl GmbH	Germany	107.29%	132.24%	102.83%	122.85%
Sitag AG	Switzerland	113.35%	140.13%	119.96%	143.28%

GRI 405-2 **THE RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN BY THE POSITION OCCUPIED**

		Direct production employees	Indirect production employees	Specialists	Managers	Directors
Nowy Styl Sp. z o.o.	2016	94.23%	97.83%	98.11%	98.68%	105.32%
	2017	96.94%	99.55%	95.47%	101.19%	114.49%
Nowy Styl GmbH	2016	98.81%	80.59%	79.78%	80.54%	n/a
	2017	98.81%	88.86%	89.43%	84.98%	n/a
Rohde & Grahl BV	2016	n/a	n/a	77.34%	n/a	n/a
	2017	n/a	n/a	77.12%	69.38%	n/a
Rohde & Grahl GmbH	2016	73.62%	76.97%	69.46%	78.42%	n/a
	2017	76.23%	78.34%	95.18%	n/a	66.05%
Sitag AG	2016	84.92%	86.05%	83.04%	n/a	n/a
	2017	94.63%	85.28%	81.36%	n/a	n/a

Good place for personal development

Nowy Styl Group's very dynamic character means the company requires highly committed employees. When recruiting new talents, we place great emphasis on them identifying with our values, such as ambition, humility, honesty and tolerance, as well as our work style, which is characterised by:

- | Teamwork
- | Openness to the world
- | Spirit of enterprise
- | Openness to change

- | Willingness to keep learning
- | Engagement
- | Work-life balance

We support employees' long-term commitment by creating a safe and motivating work environment where the process of achieving business goals translates into the personal development of each employee.



How do we introduce employees into the company?

Since 2017, we have conducted an onboarding process that facilitates the introduction of new employees into the company. The process is adjusted to different groups of employees, and it includes:

- | A folder with a package of basic information.
- | Implementation training courses at the Production Improvement Centre in Jasło and Rzepedź – all production workers take part in these courses in the first weeks of work. They become familiarised with Nowy Styl Group and learn about standards and the 6S system in a practical manner.
- | Implementation training courses for office workers – through training games, employees learn about the company's organisational structure and all stages of order completion.
- | Implementation training courses at the Office Inspiration Centre in Cracow – all employees from the Sales Department take part in these courses in the first few weeks of work.
- | A visit to factories – during their first month at the company, new employees are invited to visit our production plants in Rzepedź and Jasło. They are shown around the factories by senior colleagues who tell them about the technological process and answer questions.



The regular review of employees' competencies and skills is the starting point for making decisions about training courses, career paths and promotions. The formula, which is used in the Logistics and Quality Departments, divides reviews into a main interview (held at the beginning of the year) and a progress monitoring interview (held in the middle of the year).

Production workers receive feedback and an assessment of their skills, which is closely related to the matrix of skills developed for each of the production plants. Thanks to this approach, employees are aware of the degree to which they have already acquired the skills and the direction they should take to improve them.

Education and training courses

We support employees who want to develop and give them opportunities to improve the specialist, managerial and soft competences that ensure their personal development. The training courses and development projects we carried out in 2016–2017 were a continuation of the activities we started in previous years. All the training needs we gather are included in a Training Plan, which is compiled annually.

Our employees participated in internal and external training courses, workshops, conferences, and international, product and technological fairs.

The most important **types of training course** that were continued or developed in 2016–2017 were:

- | all-development courses (e.g. communication, change management, professional assessment interviews, self-presentation, chairing meetings);
- | specialist courses (e.g. knowledge concerning production, logistics, quality, trade and finance, workplace design, workplace optimisation strategy, office change management projects);
- | professional development – training courses held by the Production Improvement Centre;
- | technical courses (e.g. connected with implementing innovative software used by constructors);
- | sales courses (e.g. trade negotiations, sales techniques);
- | product courses;
- | domestic and international “know-how” workshops, which aim to encourage employees from different departments and working in different countries to share their sales experience;
- | language courses.

The structure of training courses and the methodology of measuring training hours are different in different companies. Therefore, the analysis of the absolute values presented in the table below requires additional detailed explanations.



GRI
404-1**AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER***

		Women	Men
Nowy Styl Group	2016	10.6	10.1
	2017	14.7	10.3

* Nowy Styl GmbH does not keep this kind of data, which is why the tables below do not include the company.

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY THE POSITION OCCUPIED

		Direct production employees	Indirect production employees	Specialists	Managers	Directors
Nowy Styl Group	2016	3.8	8.3	20.1	37.8	13.7
	2017	3.5	3.5	25.8	61.9	13.0

Development programs

GRI
404-2

In addition to training courses, our employees can take part in longer development programs, including the Key Competences Project, the Production Manager Competence Development Program (for about 90 masters, managers and production managers), the First Time Manager cycle and the Manager Academy (☞ *CSR Code 2014–2015*, pp. 53–55).

A good idea!

A spirit of enterprise and a willingness to keep learning are elements of our organisational culture. We promote them through initiatives like the Employee Suggestion Program (☞ *CSR Code 2014–2015*, p. 55) and the Program for Reporting Potentially Accidental Events, which is aimed at factory employees (☞ p. 56).

So far, we have not run programs supporting employees in managing their career endings.

**Development activities for managers**

In 2016–2017, we continued development activities for managers working in the Logistics, Supply and Production Planning, Distribution, Technical and Quality departments. The activities involved about 100 employees and were divided into three stages, during which the managers improved their leadership competences in terms of team and change management, employee engagement and communication. We perceived the activities not as single tasks, but as comprehensive training and development projects. We put a lot of emphasis on learning through experience, which is why an integral part of any developmental training was to practice and use new skills in the everyday work environment.

Safety culture

The safety of our employees is our highest priority and the basis of mutual trust in the employee-employer relationship. The new machines we invest in minimise occupational risks at the workplace. We train our employees and build a safety culture, emphasising the importance of employees' engagement in accident-free workplaces.

Control

GRI 103-2 Our safety management process conforms to the standards PN-N 18001 and OHSAS 18001. In Switzerland, annual controls are carried out by SUVA (Swiss Accident Insurance) and ISO OHSAS 18001 auditors.

Rate of injuries and occupational diseases

GRI 403-2 As in previous years, no instances of fatal accidents were recorded in our production plants in 2016 and 2017. In Switzerland, one accident was classified as serious. There were no records of occupational diseases.

In our annual incident analyses, we calculate the following coefficients that help us measure and monitor the safety level in our factories: the frequency coefficient (the number of accidents and the number of employees), the seriousness coefficient (the number of accidents and the number of working days lost) and the incident coefficient (accident seriousness and frequency).

ACCIDENT FREQUENCY COEFFICIENT*

	2016			2017		
	Women	Men	Total	Women	Men	Total
Nowy Styl Sp. z o.o.	7.63	8.81	8.51	1.19	12.44	9.45
Nowy Styl GmbH	22.73	16.13	18.87	0	16.13	10
Rohde & Grahl GmbH	12.5	52.21	42.55	0	81.4	62.31
Sitag AG	68.97	21.28	32.52	37.04	34.09	34.78

* Calculated as the total number of accidents x1000 divided by the total number of employees

ACCIDENT SERIOUSNESS COEFFICIENT**

	2016			2017		
	Women	Men	Total	Women	Men	Total
Nowy Styl Sp. z o.o.	53.83	64.15	61.77	122	52.48	54.8
Nowy Styl GmbH	6	4	5	0	10	10
Rohde & Grahl GmbH	15	18.9	18.64	0	20.14	20.14
Sitag AG	14.5	39	26.75	2	8.33	6.75

** Calculated as a quotient of the number of days of employees' incapacity to work and the total number of accidents

INCIDENT COEFFICIENT***

	2016			2017		
	Women	Men	Total	Women	Men	Total
Nowy Styl Sp. z o.o.	0.41	0.57	0.52	0.15	0.65	0.52
Nowy Styl GmbH	0.14	0.06	0.09	0	0.16	0.1
Rohde & Grahl GmbH	0.19	0.99	0.79	0	1.64	1.26
Sitag AG	1	0.83	0.87	0.07	0.28	0.23

*** Calculated as a quotient of the number of days of employees' incapacity to work and the total number of employees

- | In 2016, 26 accidents were recorded in Poland, in which 6 women and 20 men were injured. They resulted in 1,606 days of absenteeism. In 2017, the company noted 30 accidents (1 woman, 29 men, 1,644 days of absenteeism).
- | In 2016, the German company Nowy Styl GmbH noted 2 accidents that caused injuries (1 woman, 1 man, 10 days of absenteeism). In 2017, there was one accident recorded (1 man, 10 days of absenteeism).
- | In 2016, the company Rohde & Grahl GmbH noted 14 accidents (1 woman, 13 men, 261 days of absenteeism). In 2017, there were 21 accidents recorded (21 men, 423 days of absenteeism).
- | In our offices in the Netherlands no accidents resulting in people suffering injuries were recorded.
- | In 2016 and 2017, there were 4 accidents per year recorded in Switzerland (2016 – 107 days of absenteeism; 2017 – 27 days of absenteeism). In 2016, 2 women and 2 men were injured; in 2017, it was 1 woman and 3 men.

	2016	2017
Total number of accidents causing injuries	46	56
Total number of people injured	W: 10 M: 36	W: 2 M: 54
Total number of absenteeism days	1,984	2,104



Safety Tournament 2016 – providing first aid



In November 2016, employees from the Chairs and Armchairs Production Plant in Jasło celebrated 365 days without accidents.

How do we build a safety culture in our company?

- | **A visualisation promoting safe behaviours** – “You’re looking at the person who is responsible for safety” – OHS mirrors were placed at exits in employees’ dressing rooms. In each of our factories, we installed security boards with AED defibrillators.
- | **AED defibrillators** – Since 2016, all of our factories have been equipped with external portable AED defibrillators and orthopaedic stretchers. Resuscitation using external AED defibrillators is an effective way to increase the chance of survival during a sudden cardiac arrest. The AED defibrillators have been put in clearly marked places that are easily accessible for all employees. In Rzepedź, the AED defibrillator is in the porter’s lodge, which means it is also available for the local community.
- | **Qualified First Aid** – With a view to improving our employees’ safety, we decided to create a group of factory rescuers who

are able to provide first aid in an extended scope. The people interested were invited to participate in a professional qualified first aid training course, which ended with a state exam. The rescuers were able to present their newly acquired skills in Safety Tournaments held on our Open Days in 2016 and 2017.

- | **OHS cascade audits** – We introduced weekly OHS audits in production and storage areas. The audits are attended by the director of a given area, production managers, masters, technologists, employees responsible for maintenance services and OHS, and certain operators. Together, they analyse incompatibilities and take part actively in implementing solutions aimed at improving occupational health and safety. In 2017, we conducted 247 audits that resulted in over 1,900 issued recommendations. Cascade audits develop a sense of responsibility and increase employees’ safety awareness.



Program for Reporting Potentially Accidental Events

The aim of the program is to engage employees in building the company’s safety culture. The program is aimed at all employees working in our production plants, as well as visitors and subcontractors’ employees. When a dangerous situation is reported, it is recorded and then verified by the Management by Values Internal Units, and finally passed to the people responsible for undertaking preventive and corrective actions. Employees are given bonuses and prizes for reporting such situations. Implementation of the program has significantly increased the activity of employees in signalling dangerous situations – by the end of 2017 we had registered over 400 notifications.

THE NUMBER OF POTENTIALLY ACCIDENTAL EVENTS REPORTED



Occupational diseases

GRI 403-3 In 2016–2017, we did not report any cases of occupational diseases. The production processes carried out in our companies in Poland and Germany involve the occurrence of various factors that exceed threshold limit values (TLV): noise, mechanical vibrations, solid wood dust, industrial dust, chemical compounds, and electromagnetic field. Our calculations and updates of the occupational risk assessment related to the exposure are based on measurements of the work environment taken by external institutions.

According to the measurements, in Poland there were 351 people working in positions exposed to exceeded threshold limit values in 2016 and 2017. At the German company Rohde & Grahl, the number of employees exposed to hazardous working conditions was 151 in 2016 and 154 in 2017. No such positions were recorded in the Group’s other companies.

We undertake actions that limit the occurrence of harmful factors on an ongoing basis. Our preventive and pro-health activities are directed to all employees. We provide them with appropriate preparation for the work performed, periodic training courses, collective and individual protection measures and proper organisation of work.

Employee benefits

The employee benefits Nowy Styl Group offers support our employees' private lives and their comprehensive development.

GRI
401-2

In Poland, employee benefits include:

- | The MultiSport program, in which we offer our employees MultiActive cards. The cards are valid at selected sports facilities throughout the country. They are financed 50% by the company. We introduced the cards in 2016. In the first month – August 2016 – 189 employees joined the program, submitting a total of 6 accompanying people and 12 children. After one year – August 2017 – 253 employees, 6 accompanying people and 20 children were using MultiActive cards. Every month, more people want to use the cards.
- | Voluntary Group Life Insurance for employees, their spouses/ life partners and adult children.

- | Free flu vaccinations organised in the autumn at all our company's locations in Poland.
- | 40% discount on our products.

And the following benefits provided in accordance with the Regulations for Managing Nowy Styl Sp. z o.o. Company's Social Benefit Fund:

- | Additional financial benefits paid twice a year.
- | St. Nicholas' Day gift packages (for children up to 12 years old).
- | Summer camps for our employees' children aged 8 to 16 – the company covers 50%–90% of the costs.
- | Non-returnable financial grants for employees who are experiencing difficult life situations.



Every year, people working for our company get together at a family festive event organised at our factories. During the Open Days, employees show their families their workplaces. They can see the modernised production lines located in the other plants and take advantage of various attractions. In 2016, the event was held under the motto "Safe, healthy, sporty." The participants had the chance to take part in resuscitation training sessions and healthy food workshops, while the factory rescuers competed in the Safety Tournament. The runners who belong to our Sports Club organised a Safety Race – whole families ran the distance of 1.5 km, which went along the evacuation routes in our factories. Everyone became familiarised with our evacuation routes, received medals made in our production plants and took pictures holding plates with humorous slogans, e.g. "The boss told me to do that" or "I'm running faster with my daddy." The children also drew pictures that presented the idea: "My parents work safely."



Sports Club

If it hadn't been for the members' passion, commitment and success, our Sports Club would not be as strong as it is now. The amateur athletes from the NSG Running Team, NSG Football Team and NSG Cycling Team take part in local and international competitions wearing the same club colours; they practice together and motivate each other to achieve further successes.

The members also undertake their own sports initiatives, such as the **Nowy Styl Group Football Tournament**, during which 13 teams of employees fought for the cup in April 2017 in Krosno, or Endo-rivalry under the slogan **"Fresh thinking of sport,"** which included seasonal rankings of kilometres run and travelled by employees, as measured by the Endomondo system.

The Club is a place that helps employees integrate, build their physical culture and promote a healthy lifestyle. The Club's meetings are held live and online – on social media and on the Intranet – and are where the club's members share their feelings and opinions after competitions.

The most active and the fastest-growing section of the Sports Club is made up of runners. Over 40 people, mainly from the Sub-Carpathian region, regularly compete in races wearing the Club's T-shirts, and the group of active runners is much bigger. It has already become a tradition for the Polish-German-Dutch team to participate in the relay race at the DLL Marathon Eindhoven.

NSG RUNNING TEAM

The most active and the fastest-growing section of the Sports Club is made up of runners.

40 people regularly compete in races wearing the Club's T-shirts.

They competed in **206 sports events,**

including **30** marathon and ultramarathon **starts.**

They ran **21,700 km** in total.

>2,000 km – the distance covered by each of the three most active runners in 2017.





Łemkowyna Ultra-Trail

The route of the Łemkowyna Ultra-Trail race runs through the former grounds of the Lemkos, giving the event its name. In 2017, nearly 2,000 runners, including our Nowy Styl Group Running Team, faced the long distance, variable autumn weather, a muddy terrain and a rapid river. Łemkowyna is also a huge organisational challenge, and our Club decided to involve in it as volunteers. 12 people organised and operated the regeneration point located in Chyrowa, which was the finishing line for many participants. The tired runners were not only greeted with drinks and provisions, but there was also a beach with deckchairs, music and Hawaiian flowers waiting for them.

Employer branding

People open to new knowledge, ambitious and with the spirit of enterprise – these are the talents we look for. To find them, we undertake image activities in employer branding and cooperate closely with higher education facilities.



Top Employer

Model human resources management and a significant impact on the economic development of the region and the country are the main criteria for selecting TOP 10 Employers in Poland, awards granted by the PTWP Group. In 2017, our company was one of the competition's winners.

As part of our cooperation with the State Higher Vocational School in Krosno, we support students from the Rotor circle, who construct eco-friendly racing cars and take part in the Shell Eco-marathons.



We cooperate with high schools and universities. Together, we systematically organise **internships**, as well as student, graduate and diploma apprenticeships, within the following areas: production, logistics, quality, finance, marketing, IT, sales, trading and HR. The best trainees are offered a job at our company. We enable young people to become familiarised with the company's structure, as well as the organisational environment and culture, so that in the future, those who during the internships implement the school/university program, after the end of their education would be eager to come back to us as employees.

We also cooperate with governmental institutions of the labour market, such as the Labour Office, to organise internships for people seeking employment.

In Poland, the number of apprentices and trainees was 57 in 2016 and 46 in 2017. In Germany, there were 43 apprentices and trainees in 2016 and 42 in 2017.

We are also happy to share our knowledge and experience with students writing their **diploma theses**.



In 2016, together with the Stanisław Pigoń State Higher Vocational School in Krosno and the company IBS Poland, we introduced **dual studies at the university – Designing and manufacturing in a virtual environment as a field of the Mechanics and machine construction faculty**. The program combines the necessary engineering knowledge in the field of mechanics and construction with a huge number of laboratory classes on modern IT tools and practical vocational training during paid internships at Nowy Styl Group. The studies are also available in the “Studies 26+” formula, through which adults who study in the evening can become qualified constructors.



We also strive to inspire young people. Our specialists give guest lectures and conduct workshops. Several times a year, our showrooms are visited by students of managerial studies (faculties: management, HR, real estate), whom we tell about sustainable development, our company's business strategy and the impact workspaces have on business. In 2016–2017, we hosted groups from Italy (Universita Politecnica delle Marche in Ancona), Germany (Europäische Fernhochschule in Hamburg) and the Netherlands (Avans University of Applied Sciences in Breda).

Our factories are among the most modern in the region, so we organise visits for groups of students. In 2016, six groups were

shown around our production plants, and ten in 2017. The young people are not only able to see the technologies of office furniture production, but they can also become familiar with the principles of international business and the professional development opportunities our company offers.

We take part actively in local job fairs in order to understand the needs and expectations of future trainees, apprentices and employees. Our participation increases every year: we had a stand at three job fairs in 2016, increasing to seven in 2017.



Aleksandra Żarnowska In 2017 Aleksandra did a 5-month internship in the field of quality. Since May 2018, she has been working in the Systems Management Team.

What did you do during your internship?

During my internship at Nowy Styl Group, I had the opportunity to learn and work in many different departments. For example, following the established program, I participated in a product audit, which was a customer assessment. I was able to verify whether the product was complete and perform a trial assembly of the product in accordance with the enclosed user's manual. I was responsible for the quality acceptance of finished products based on the Control Cycle Sheet, and I also visually assessed the materials used in the production of armchairs and chairs using a light chamber. In the laboratory at the Wood Processing Plant, I was able to test the resin used in the production of plywood products.

What was the most surprising thing for you during your internship? What do you appreciate about your time as an intern?

The internship showed me how the different departments of a large company function and how business works. Now I know how much time you need to manufacture a particular product, and I understand how important the cooperation between teams is. I also met interesting people I could learn a lot from.



In the German company Rohde & Grahl, trainees and students of dual studies make up about 10% of the team.





We respect the ENVIRONMENT

5



Strategic goals



Energy efficiency of production

To reduce energy consumption through the use of energy-saving devices and increase the efficiency of production processes.



Efficient logistics and cleaner transport

To reduce fuel consumption of delivery trucks and minimise exhaust emissions.
To look for new methods of loading furniture in order to optimise the use of the available loading space.



Packaging reduction

To reduce the consumption of materials in packaging for finished products and the number of printed documents.



Our promises for 2018–2019

- | With a view to improving the working conditions of the employees at the Wood Processing Plant and reducing the electric energy consumption, we will replace the dust collection system in two production halls in Rzepedź with a system that will have a higher efficiency of extract air filtration.
- | We will continue the process of changing the lighting in the production and storage halls to LED light sources.
- | We will use an alternative packaging method on the German market. For the furniture range, we will use “L-shaped” pallets to make better use of the loading space, and for grupage orders, we will replace the stretch film with PP tape and limit the use of plastic packaging.
- | We will continue the implementation of advanced IT systems (Track&Trace, EDI, WMS), which facilitate logistics processes and reduce the number of printed documents.
- | We will create a logistics model that will include reverse logistics, which takes into account the second lifecycle of products; we will carry out a pilot project on the Dutch market.
- | We will develop a new logistics model that will include the use of the special corletta load carriers for transporting furniture.

Our participation in the process of realising Sustainable Development Goals:





The stork is unfortunately an endangered species, but it is protected. Because of this, we are very happy that a stork family decided to occupy a nest located on the inactive chimney of our factory in Rzepedź in 2017. In order to introduce a wide circle of people to our winged residents, we installed a camera that enabled all of us to watch the storks' spring flights and autumn migration, the incredibly fascinating births of their chicks and the couple's everyday activity in the care of their nest and offspring. Watching storks is not only very enjoyable, it also calms people down.


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The process of managing the influence our company has on the environment includes the identification and monitoring of the significant environmental issues, the analysis of processes that may affect them and the development of ecological solutions that minimise or neutralise our negative impact. Throughout the whole company, employees' work is based on the principles of the Environmental, Quality and OHS Management System (Integrated Management System Policy) based on the standards ISO 14001, ISO 9001 and PN-N/OHSAS 18001. It is the most important document that defines the objectives in the areas of quality, occupational health and safety and the environment, as well as in the aspects connected with energy, water, emissions, effluents and waste management, which is highly relevant to the company. The FSC®CoC Product Origin Control System (FSC Value Support Policy) is also applied across the entire company. In addition, we implemented a voluntary eco-management and audit scheme (EMAS) in one of our German production plants (Rohde & Grahl in Voigtei/Steyerberg), which

serves the German market (our largest market in terms of sales) in 2017. EMAS includes requirements significantly extending the scope of the standard ISO 14001.

We define our pro-ecological aims and monitor them on an ongoing basis through our Environmental Action Programs.

GRI
307-1

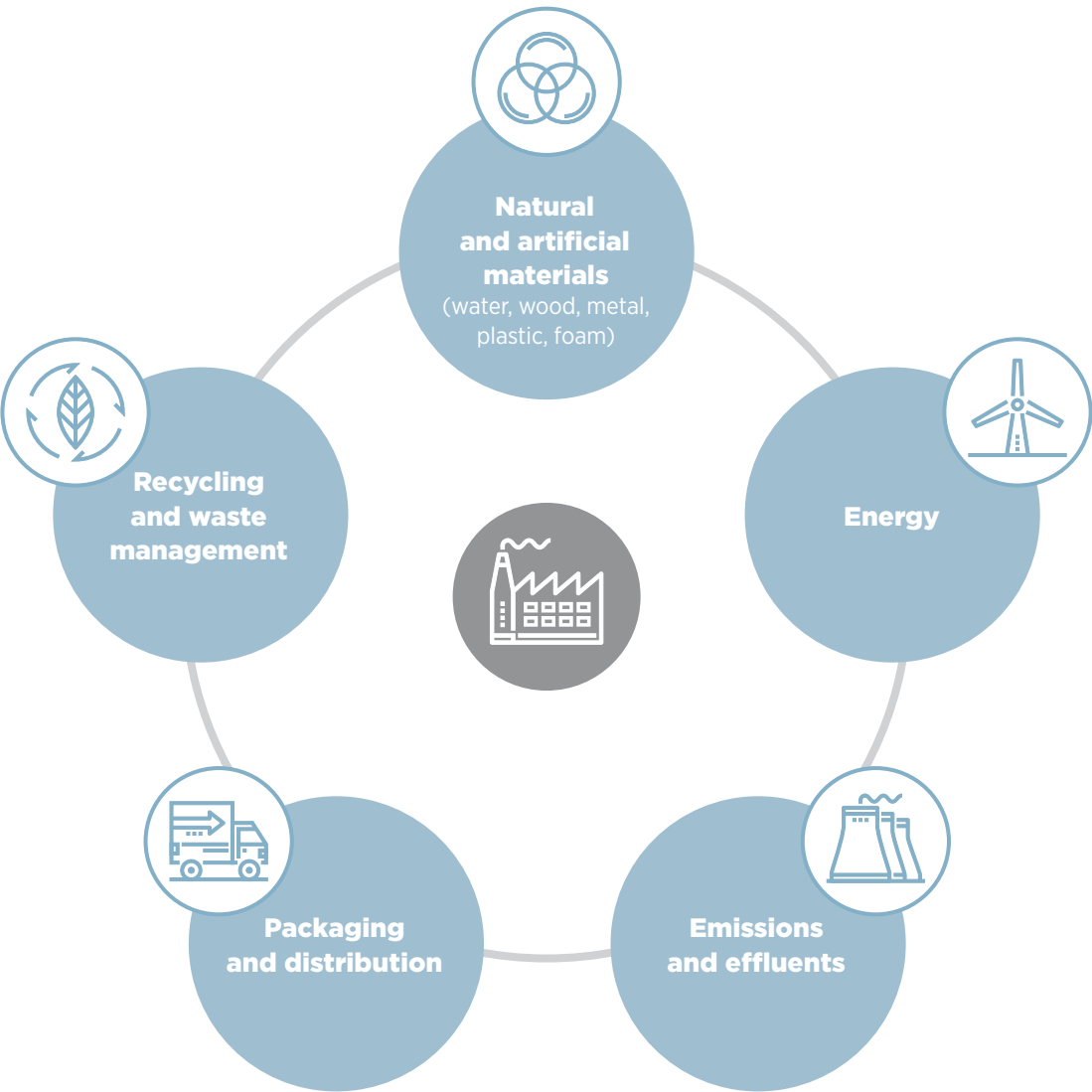
Because we operate in a systematic manner, we meet all legal environmental requirements. As in previous years, no penalties or other sanctions were imposed on any of our companies in this respect in 2016–2017. What's more, the audits of our management systems carried out periodically by external certification institutions always resulted in a positive recommendation and in the company retaining the certificates.

We also require all our suppliers to comply with environmental standards. We verify their compliance at the beginning of our cooperation and then during systematic controls.



In addition to the typical requirements concerning the environmental management system, the main aim of EMAS is to reduce the negative impact on the environment by improving the company's business activity. Besides compliance with the standard ISO 14001, EMAS sets out additional criteria connected with employee engagement, adjustment of the actions undertaken to meet legal regulations and the transparency of activities.

Environmental influences in production processes



Materials

One of Nowy Styl Group's strengths is production autonomy. We have our own tool shop and a multifunctional machine park for wood, metal and plastic processing. In our production processes, we use wood, chipboard, fibreboard, metal, textiles, plastics and polyurethane foam.

Our responsibility includes:

- | Monitoring the origin of the materials we use – ensuring that their extraction is done sustainably and without violating human rights; obtaining materials with certificates is a guarantee of this;
- | Making rational use of materials – applying the technologies that reduce the amount of production waste, and thus minimise the use of materials;
- | Designing products in accordance with the circular economy model (☺ p. 37).

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MATERIALS USED BY WEIGHT AND VOLUME*

	Wood (m³)			Plastics (t)	Metal (t)	Textiles (m²)	Polyurethane foam (kg)
2016	Fibre-board, chipboard and others (m³)	Timber material (m³)					
		with the FSC certificate	without the FSC certificate				
Nowy Styl Sp. z o.o.	13,422	4,985	16,038	3,236	11,573	1,669,085	1,071,160
Nowy Styl GmbH						18,398	8,270
Rohde & Grahl GmbH	2,619	–	–	791	132	n/a	217,810
Nowy Styl Group	16,040	4,985	16,038	4,027	11,705	1,687,484	1,297,240

	Wood (m³)			Plastics (t)	Metal (t)	Textiles (m²)	Polyurethane foam (kg)
2017	Fibre-board, chipboard and others (m³)	Timber material (m³)					
		with the FSC certificate	without the FSC certificate				
Nowy Styl Sp. z o.o.	17,154	5,023	16,663	2,973	11,907	1,709,134	1,051,822
Nowy Styl GmbH						14,207	5,781
Rohde & Grahl GmbH	3,634	–	–	927	58	n/a	231,960
Sitag AG	104,600	15,265	89,335	73	9,132	39,088	25,600
Nowy Styl Group	125,389	20,288	105,998	3,973	21,097	1,762,429	1,315,162

* The table does not include data for the company Sitag AG due to the difficulty in obtaining them.

By intensifying our production, we also increase the volume of the materials we use. Therefore, we monitor their origin, choose sustainable sources and constantly introduce technologies that rationalise their consumption.

Wood

All of the wood used at our production plant in Rzepedź comes from European Union forests and conforms to the requirements stated in the EUTR 995/2010 regulation, which focuses on eliminating illegal timber logging. During our manufacturing

processes, we also use FSC-certified solid wood and plywood, which guarantees the timber comes from sustainably managed forests. FSC-certified wood made up 25% of the total round timber purchase in 2016 and 24% in 2017.

Textiles

We use EU flower certified fabrics, textile products with the Oeko-Tex® certificate and wool (the popular upholsteries are Synergy and Blazer) which has the Wools of New Zealand label, indicating sustainable sheep husbandry.



The FSC® certificate (FSC-C120977)

applies to responsible forest management and the entire flow of raw materials from the forest to the customer. Each stage of the chain is monitored in terms of social, ecological and economic performance. A product can only be marked with the FSC label if it fulfils all requirements, giving customers a guarantee that the wooden product (made of raw timber or plywood) is eco-friendly. Until now, only our Wood Processing Plant in Rzepedź and its storehouses were covered by the certificate, so the FSC label could only be obtained by products completely manufactured on those premises. In 2017, we significantly increased the possibility to manufacture certified products, since we submitted further plants to the FSC audit, such as the Office Furniture Factory and the Chairs and Armchairs Production Plant in Jasło.

Plastics

The majority of the plastic waste we generate is processed into the elements of our chairs. Their armrests, covers and carcasses are made of regranulate, which we produce in our factories. In recent years, we modernised the machinery park at the Plastic Processing Plant in Jasło. We bought energy-saving injection moulding machines and grinders for plastic that helped us manage the production waste better and significantly optimise the material consumption in our production processes. 100% of the plastic parts manufactured in our factory are suitable for recycling.

As a result, despite the increase in production, our consumption of the stretch film decreased by 15% in 2017 compared to 2015. For us, this means saving costs, and for our customers it means less waste.

Eco-materials

An alternative material used at the Rohde & Grahl production plants is bamboo, which is used to produce chipboards. Bamboo is an exceptionally durable and solid material. It can be 100% recycled and its resources are quickly renewed.

Packaging

We offer alternative ways of packaging our products (e.g. the transport of furniture in special blankets (☺ *CSR Code 2014-2015*, p. 84)) and optimise the use of plastics in packaging. In recent years, we have bought special machines for stretching the stretch film, which means we get 3.5 m² out of 1 m² of the stretch film.

We do our utmost to use eco-friendly materials that do not contain harmful substances, and that have a limited impact on the environment during the degradation process. We manage the use of chemicals in accordance with the REACH directive and label our products and packaging in accordance with the principles of the CLP regulation.



The basic elements of the modular system Tepee are panels made of thermoformed felt – an innovative material made from PET bottles.

Water

We continuously improve standards, facilitate the technological processes in which water is used and strive to reduce its consumption. We use water resources for technological, social and living purposes.

The water used in our factories comes from two sources: the municipal water supply network (in all our locations) and surface water intakes (in the Wood Processing Plant in Rzepedź, which is equipped with own pumping station).

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TOTAL WATER WITHDRAWAL BY SOURCE*

Total water withdrawn by source (m³)		Total volume (m³)	
		2016	2017
Surface water	Nowy Styl Sp. z o.o.	54,049	51,542
	Rohde & Grahl GmbH	751	586
	Sitag AG	0	0
	Nowy Styl Group	54,800	52,128
Municipal water supplies	Nowy Styl Sp. z o.o.	55,604	56,055
	Rohde & Grahl GmbH	2,744	3,356
	Sitag AG	1,936	1,139
	Nowy Styl Group	60,284	60,550
Total		115,084	112,678

* The table does not include data for the companies Sitag AG and Nowy Styl GmbH due to the difficulty in obtaining them and their insignificant importance in terms of the entire company.

Effluents

We are always careful to ensure the right management and elimination of the effluents generated during our manufacturing processes. Sanitary wastewater is discharged to Municipal Services Department systems. Two of the factories in Poland have their own sewage treatment plants. In the first one, which is located at

the Wood Processing Plant in Rzepedź, domestic sewage is channelled to the Oslawica river following treatment. In the second, located at the Metal Processing Plant, industrial sewage generated during the manufacturing process goes to the Jasiółka river following treatment.

GRI
306-1

TOTAL WASTEWATER DISCHARGE BY DESTINATION*

Nowy Styl Sp. z o.o.

Wastewater discharge destination	Wastewater treatment	Volume (m³)	
		2016	2017
To surface water (lakes, rivers, etc.)	By the company	33,146	36,745
To municipal enterprises	By the sewage treatment plant	21,528	20,667
Total volume of wastewater		54,674	57,412

Rohde & Grahl GmbH

Wastewater discharge destination	Wastewater treatment	Volume (m³)	
		2016	2017
To municipal enterprises	By the sewage treatment plant	3,356	2,744
Total volume of wastewater		3,356	2,744

Sitag AG

Wastewater discharge destination	Wastewater treatment	Volume (m³)	
		2016	2017
To municipal enterprises	By the sewage treatment plant	1,939	1,139
Total volume of wastewater		1,939	1,139

Nowy Styl Group

Wastewater discharge destination	Wastewater treatment	Volume (m³)	
		2016	2017
To surface water (lakes, rivers, etc.)	By the company	33,146	36,745
To municipal enterprises	By the sewage treatment plant	26,823	24,550
Total volume of wastewater		59,969	61,295

* The table does not include data for the company Nowy Styl GmbH due to the difficulty in obtaining them and their insignificant importance in terms of the entire company.

Energy

Energy consumption is one of the key areas connected with our environmental impact. We monitor it in the following way:

- | we count it on the basis of our invoices,
- | we control the amount of heating energy,
- | we check the measurements from our factories,
- | we check how much energy is consumed by our key machines and processes.

We reduce our energy consumption

GRI 103-2 GRI 302-4 Our goals are increasing the energy efficiency of our production processes and factory buildings, using the renewable energy and reducing fuel consumption and the amount of emissions in logistics. Through these goals we are involved in the fight against global warming and the actions aimed at reducing the consumption of energy from non-renewable sources.

Heating energy from biomass and biogas

In Poland, we obtain a significant amount of heating energy from two boiler houses fuelled with biomass that comes from clean wood waste. They provide thermal energy for the needs of the technological process and the central heating.

In Germany, in Steyerberg, the heating energy is provided by a 230 kW bio-gasworks located on the premises of the Rohde & Grahl GmbH production plants, but operated by local farmers.

100% of green energy

In the Rohde & Grahl factory and offices located in Voigtei and Steyerberg (Germany), 100% of the energy consumed is green energy, obtained from renewable sources – mainly Scandinavian hydroelectric power stations. The “Ökostrom” certificate was confirmed by TÜV SÜD auditors.



Energy-saving machinery park

- | We have launched a **laser cutting line in the Metal Production Plant**. The technology of CO₂ lasers has been replaced with a fibre technology. The fibre laser ensures the same quality, and at the same time is more reliable, occupies a smaller area and – most importantly – needs twice less power. The fibre laser in a working mode consumes less energy than the CO₂ laser in a standby mode!
- | We have also modernised the park of sewing machines in the Chairs and Armchairs Production Plant. By replacing traditional engines with servo engines, we have reduced the energy consumption of these machines by 50%.

More efficient transport

The use of standard semi-trailers with double decks in the process of transporting chairs and furniture has allowed us to increase the use of the loading space.



Fibre laser at the Metal Processing Plant



**ENERGY CONSUMPTION WITHIN THE ORGANISATION
BY TYPE OF MATERIAL***

Total consumption of the energy from non-renewable materials (own or purchased) by type of material		Volume (MWh)	
		2016	2017
Non-renewable	Coal	2,719	2,946
	Natural gas	6,394	6,830
	Heating oil	161	157
	Fuel oil		
Total consumption		9,274	9,933
Total consumption of the energy from renewable materials (own or purchased) by type of material		Volume (MWh)	
		2016	2017
Renewable	Biomass	41,547	42,216
	Other (t)	1,020	1,030
Total consumption		42,567	43,246
Total consumption of the energy (own or purchased) by electric energy and heating energy		Volume (MWh)	
		2016	2017
Electric energy		29,521	30,450
Heating energy (including the use of steam and cooling energy)		51,841	53,179
Total consumption		81,362	83,629

* The table does not include data for the company Nowy Styl GmbH due to the difficulty in obtaining them and their insignificant importance in terms of the entire company.



Photo by Bartłomiej Winkajtis – in 2016 the picture was awarded in a corporate photography competition with the theme nature.

Emissions

Reducing the emission of pollutants into the atmosphere is one of the most important aims of our Environmental Policy. An accredited laboratory takes emissions measurements at our production plants once a year, in conformity with the requirements of the Environmental Protection Law. The measurements are based on standard emission indicators, according to the National Centre for Emissions Balancing and Management instructions, and on

the indicators defined in permits for the emission of dust and gas into the air for particular systems and production plants.

We make particular efforts in the area of logistics since in our value chain transport is the most significant source of the emissions of carbon dioxide – a greenhouse gas responsible for global warming.



GRI
302-2

Transport vehicles with double decks

We often equip semi-trailer vehicles with double decks, which allow for placing products on two levels – the upper and the lower. The hard construction of the decks at a height of 2 x 180 cm and the use of a hydraulic lift ensure the goods are well protected and the distribution process is efficient. **In this way, we increase the loading capacity for euro pallets (120 x 80 cm) by 63%.** It is the perfect solution for customers who require the delivery of products of certain height due to their own internal conditions.

According to our calculations, the reduction in transport vehicle traffic that results from this solution allows us to reduce the emission of harmful exhaust fumes by 40%.

Also our marketing activities are educational and have a smaller environmental impact. In Germany, we compensate for the emissions connected with the printing of marketing materials and corporate documents by supporting environmental programs (Climate Partner Certificate). We only print our materials using recycled paper.

We are continuing our efforts to minimise the emissions of volatile organic compounds (VOCs). We are reducing the consumption of

adhesives in our products and replacing solvent-based adhesives with water-based adhesives that are free from VOCs (☺ *CSR Code 2014–2015*, p. 75).

We cooperate only with suppliers who do not use freons (CFC and HCFC) that deplete the ozone layer, heavy metals and brominated substances in the foam.



We know how dangerous formaldehyde can be to people's health. It is a component of furniture boards, but it can also be found in building materials, cosmetics (e.g. nail polishes) and cleaning agents. Therefore, the restrictive control of its emission is key. In 2016, we opened an **internal Laboratory with a chamber for testing formaldehyde emissions at our Wood Processing Plant** in Rzepedź. In this lab, we can test plywood and wood-based components in terms of their safety on an ongoing basis (by the end of 2017, we had conducted 89 tests). Moreover, we periodically verify our internal tests through external tests carried out by an independent accredited research unit.

GRI
305-1**TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS**GRI
305-3

	Greenhouse gas emissions (tCO ₂ e)	
	2016	2017
Direct emissions		
Emissions connected with the production of heat and with the technological process*	15,644	13,471
Emissions connected with the transport of materials, products and waste – internal transport**	589	570
Total direct emissions	16,233	14,042
Indirect emissions		
Emissions connected with the transport of materials and products – external transport (estimates concerning the three main carriers)**	3,552	3,793

* Data based on emission measurements, KOBIZE emissivity indicators, consumption of materials and the working time of systems.

** Data estimated on the basis of fuel consumption and KOBIZE CO₂ emissivity factors.

The table does not include data for the company Nowy Styl GmbH due to the difficulty in obtaining them and their insignificant importance in terms of the entire company.

GRI
305-7**NITROGEN OXIDES (NO_x), SULPHUR OXIDES (SO_x), AND OTHER SIGNIFICANT AIR EMISSIONS***

Volume of the significant air emissions (in kg)	2016	2017
CO	43,920	34,503
NO _x	37,286	31,546
SO _x	3,434	3,446
Volatile organic compounds (VOCs)	42,800	43,415
Dust (PM)	40,328	38,484

* Data based on emission measurements, KOBIZE emissivity indicators, consumption of materials and the working time of systems.

The table does not include data for the company Nowy Styl GmbH due to the difficulty in obtaining them and their insignificant importance in terms of the entire company.



Photo by Caroline Wirtz – in 2016 the picture was awarded in a corporate photography competition with the theme nature.

Waste

For us, the group of waste materials includes the waste from our production processes and the products that we are not able to use again or process, and which end their lives in landfill or stored under special conditions (hazardous waste).

According to the circular economy model, such waste should not occur at all (the zero-waste concept). To follow this trend, we carry out a series of activities that are aimed at minimising waste.

Foams, scraps, leather and fabric snips – in many cases, we are able to use them again in our production process. In order to recover heating energy, for example, we burn shavings and sawdust in boiler rooms located at our factories. The surplus is given to people who use these waste materials in their household central heating systems.

At the same time, we uphold the highest standards of recycling and management of the waste materials that we are not able to reuse: we hand them over to external companies that provide comprehensive solutions in this area.

We are well organised in managing used oils and fluorescent lamps – they are disposed of in accordance with legal requirements.

We also help our customers utilise products properly. We determine the extent to which they can be recycled, e.g. by marking them in terms of the plastic content according to the standard ISO 11469. We also mark components to facilitate their segregation.

GRI
306-2

TOTAL VOLUME OF WASTE BY TYPE AND DISPOSAL METHOD*

Volume of waste (t)	2016		2017	
	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste
Reusing	199.60	0.00	212.40	0.00
Recycling	4,609.61	420.23	5,283.03	390.38
Recovery (including energy recovery)	24,359.17	0.00	23,660.39	0.00
Combustion (or using as fuel)	2,217.19	0.00	2,828.02	0.00
Storage in landfill	3.07	0.00	114.70	0.00
Storage at the production plant	0.00	19.90	0.00	10.50
Total	31,388.63	440.13	32,098.54	400.88

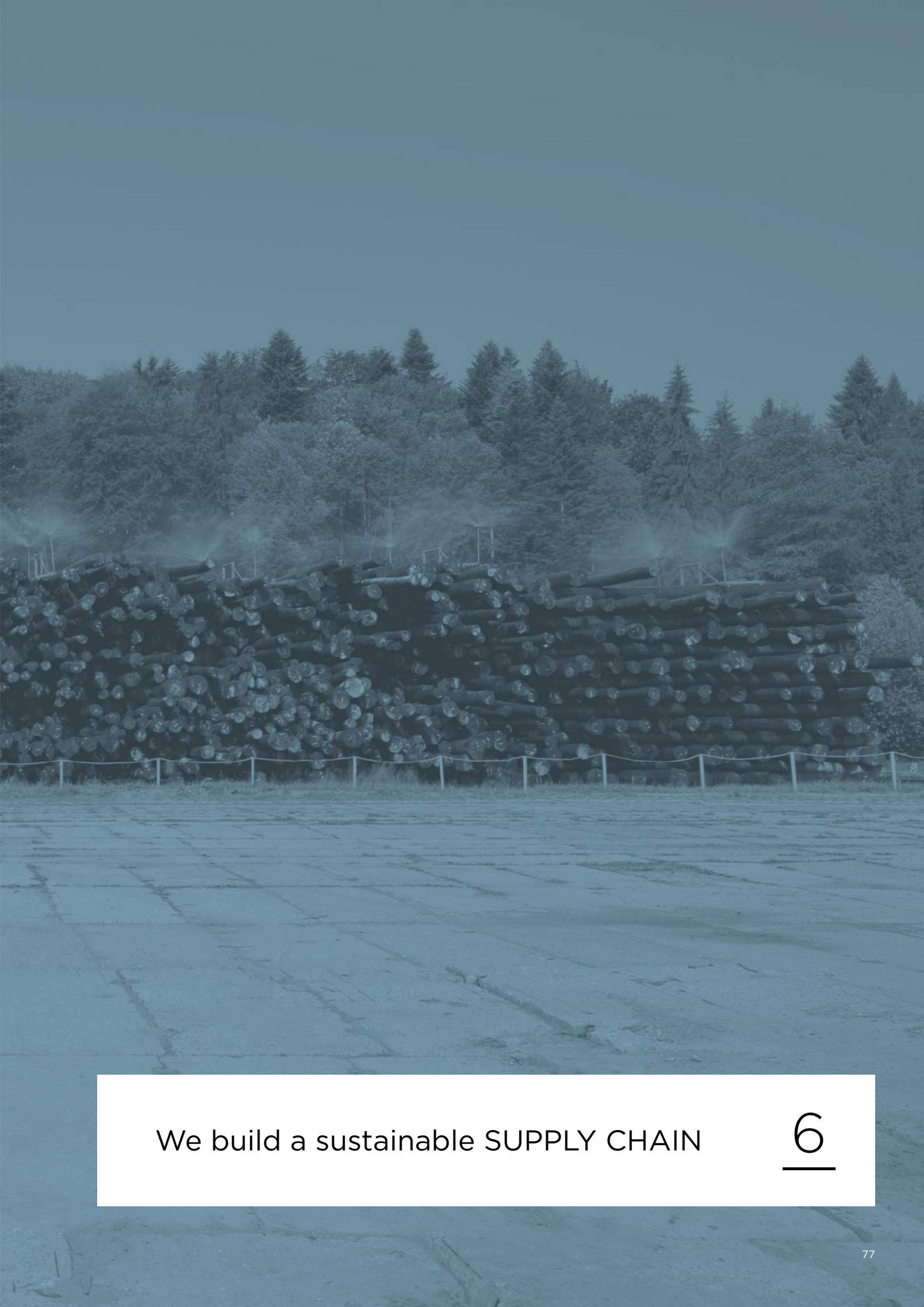
* The table does not include data for the company Nowy Styl GmbH due to the difficulty in obtaining them and their insignificant importance in terms of the entire company.

GRI
306-2

TOTAL VOLUME OF WASTE BY TYPE

Waste volume (t)	2016	2017
Non-hazardous waste	5,882	7,108
Hazardous waste	420	390





We build a sustainable SUPPLY CHAIN

6



Strategic goals



To concentrate on cost-effectiveness and timely implementation



To centralise the purchasing function management



To specify buyers in certain purchase categories



To manage strategies/categories and the supplier database



Our promises for 2018-2019

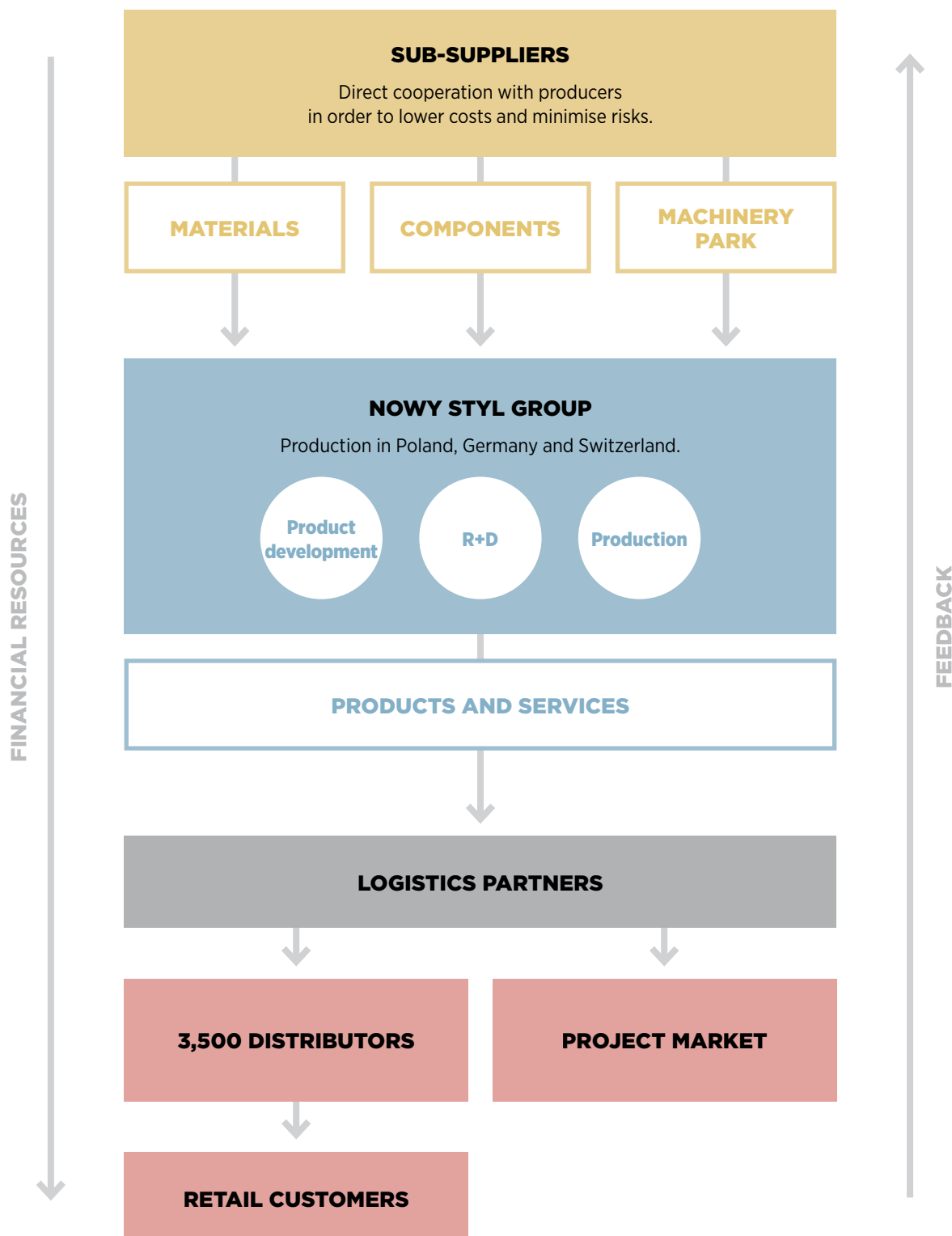
We will continue to develop purchase strategies for individual categories. We will create and implement purchasing processes on the IT platforms. In cooperation with the Logistics Department, we will deal with the optimisation of the following commercial parameters: LT, MOQ, payment deadlines and purchase cost.

GRI 103-2

GRI 102-9

Every day, we are constantly in touch with the entities that provide us with materials necessary for production, components or services, e.g. in the field of logistics and technological processes. In total, we cooperate with over 2,000 companies.

NOWY STYL GROUP'S SUPPLY CHAIN



Supplier of the Year

Suppliers are our strategic partners, and we build long-term relationships with them.

In the “Supplier of the Year” competition, we reward the companies that contribute to the high quality and safety of our products, as well as ensuring the timely implementation of our customers’ orders. When selecting the award-winning companies, we take into consideration environmental issues, innovative recycling solutions and energy-efficient production.

The winning companies in 2016 were Camira, a British textiles manufacturer, and Hettich, a German company.

When using Camira fabrics, we create products that are more environmentally friendly. The Synergy and Blazer materials are made of certified wool that ensures sustainable sheep husbandry. Camira received the Queen’s Award for Sustainable Development from Queen Elizabeth II for initiatives like natural cultivation, recycling and upcycling of materials, and energy-saving production.

The furniture elements supplied by Hettich (such as the stop-control-plus system and the soft-close system) increase the safety and functionality of our products. The waste recycling rate of 97% and the energy-efficient building of the Hettich headquarters in Kirchleugern show that the company is effective in its sustainable development activities.

Purchasing policy

GRI 103-2 We managed supply safety, which is the basis of our company’s functioning, by creating purchasing procedures based on the standard ISO 9001:2008. The main principle is supplier diversification: we maintain a wide portfolio of material suppliers in different countries, unify products and create a base of alternative technologies. We have similar production technologies at our factories located in different countries (Germany, Ukraine and Russia). Moreover, we transfer some aspects of production to our suppliers, which provides protection in case of emergencies.

We also continue the supply centralisation process, which enables us to control the expenses of the whole Group and use the scale and synergy effect more effectively. This means the same purchasing strategy can be implemented throughout the whole company.

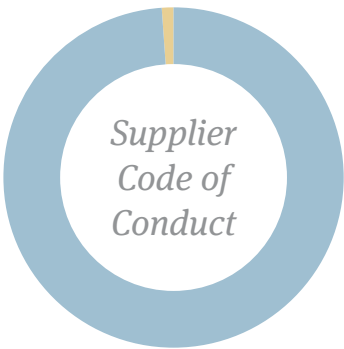
Out of concern for the environment

GRI 308-1 All entities with whom we enter into cooperation are obliged to undergo a verification process in terms of their fulfilment of environmental criteria. In this way, we are able

to maintain our environmental standards in the supply chain. In 2016 and 2017, a group of our suppliers was enriched with 24 new companies. Each of them passed the verification process.

Shared standards

GRI 414-1 At the beginning of 2016, we published *the Nowy Styl Group Supplier Code of Conduct* – a document that defines ethical regulations, as well as social, economic and environmental responsibility standards for our suppliers. They all are based on the principles we believe in, respect and want to share with the companies we cooperate with. From the very beginning, we knew that the document had to be universal. We treated its effective implementation as one of our most important promises. Within two years, the document was accepted by nearly 100% of our key suppliers in Poland and abroad. We are pleased that our action has been met with full understanding by the other party, resulting in the feeling that together we support the healthy rules of running a business.



99 %
In the last two years, *the Supplier Code of Conduct* has been signed by 99% of our direct suppliers.

Common growth

GRI 103-2 As a European leader in the furniture industry, we always feel responsible and care about the development of local business, where the story of our company began over a quarter of a century ago. The majority of our suppliers are local companies, which means those that operate in Poland and Germany – close to our main production locations in Jasło, Voigtei/Steyerberg and Sennwald.

GRI 204-1 The products and services from local suppliers constituted over 50% of the company's expenses in 2016–2017. In Poland, it was 54% in 2016 and 52% in 2017, while in Germany it was 58% in 2016 and 65% in 2017.

Our development acts as an accelerator of local business growth. We know many cases when our suppliers evolved from “garage” companies into thriving enterprises, winning both domestic and foreign markets in just a few years. A model, though not the only example, of such development is the company Fabryka 4x4 located near Krosno, which at the beginning was solely connected with the automotive industry (off-road equipment production). After entering into cooperation with Nowy Styl Group, the company became a leading supplier of laser cutting services within just four years.



Thanks to Nowy Styl Group, we are now a completely different company.

Nowy Styl Group asked us for a quote in the second month of our business activity. At that time, we had a small office at Kazimierza Pużaka Street in Krosno. We hired about 20 employees and had one laser for providing a metal cutting service. The idea of their enquiry was to supply details made using this technology. The quote presented by FABRYKA 4X4 was accepted, and this is how we established a cooperation that continues to this day. Nowadays, however, we are a completely different company. We employ over 50 people and we have moved to a hall that was built from scratch in the investment zone near Krosno. We have four lasers and two press brakes, with which we are able to fulfil orders for a wider circle of recipients, including foreign companies from outside Europe. We continuously develop and implement new technologies, the proof of which is the start of another investment – the construction of a hall covering an area of 1,000 m² and the purchase of a new laser for processing pipes and profiles. I don't want to hide the fact that we undertake these activities with a view to expanding our cooperation with Nowy Styl Group, which has had a huge impact on who we are today. I am convinced that new projects will soon result in mutual benefits.



Paweł Majka

President of the Management Board, Fabryka 4x4





We give an impulse to
LOCAL development

7



Strategic goals



To get involved in local development effectively



To support young talents;
to encourage culture development



Our promises for 2018–2019

We will support the passion and development of talented young people.

Our participation in the process of realising Sustainable Development Goals:

8 DECENT WORK AND
ECONOMIC GROWTH



GRI
413-1

We are an active member of the social environment. We are mainly involved in local communities, in which our offices and factories operate and on which our activities have a strong influence.

We strive to not disturb the existing balance (including the environmental balance). We also do our best to use the potential of the community and contribute to shaping its future.

According to the **Donation and Sponsorship Policy**, which was accepted by the Management Board in 2017, our social engagement is guided by the principles of:

- | Locality – the company concentrates its social commitment on initiatives at the regional and local level (at the locations

where the company operates and to the extent adequate to its business activity);

- | Continuation – being aware of the importance of stability and predictability of our social engagement for the local community, we strive to maintain the established relationships.

The areas and priorities of our engagement were selected in relation to the social needs recognised as the most important for the community. We also took into account the possibilities of Nowy Styl Group and the effectiveness of its impact in a given area.

Our decisions about supporting new undertakings are made on the basis of donation or sponsorship request applications, which help us assess their compliance with the “Policy.”

AREAS OF OUR SOCIAL ENGAGEMENT

Education of children and teenagers, including young disabled people

We invest in the development of children and teenagers, in particular in equalising educational opportunities. We treat this as a long-term action, which is an indication of our concern for integrated development of the whole region.

Sport promotion and support

We promote physical activity as a tool for preventative health support and an area that shapes people's characters and improves the quality of their lives.

Culture support

We provide selected cultural institutions and undertakings with financial and in-kind support. We do this because we are aware of the influence they have on social development.

Enterprise support

We engage in initiatives that promote the spirit of enterprise and educate young people in the field of economics. We do this because we believe that a responsibly and efficiently run business is the basis of the economy and social well-being.

Health care

As much as we can, we support the initiatives of healthcare institutions, in particular through in-kind donations that increase the comfort of working and staying in the facilities.

GRI
413-1

The biggest local community, in which we have been functioning for 26 years, consists of inhabitants of the Sub-Carpathian region located in the south of Poland. We use the region's natural resources and we are one of the most dominant employers, with over 3,100 employees from Krosno, Jasło and neighbouring towns. By paying tax locally, our company participates in shaping the region's economy to an increasing extent. We also influence the local economy indirectly through our suppliers – over 50% of them are local entrepreneurs who are developing their potential through their cooperation with Nowy Styl Group (☺ p. 81).

Being rooted in the life of the Sub-Carpathian region, we understand its needs and problems, and we are able to fully participate in its development (☺ CSR Code 2014-2015, p. 109).

Selected projects

We provide support through long-term strategic projects, as well as by supporting the bigger and smaller initiatives of our social partners. The most important are:

Janusz Korczak Foundation

Created by Adam and Jerzy Krzanowski, the Foundation supports the development of young people from the Sub-Carpathian region. For many years, the Foundation has been running a scholarship program for pupils and students. In 2016, 47 people used the program, increasing to 50 people in 2017. We subsidise tuition at universities, and we also support training courses that help young people be admitted to university.

SIEMACHA Association and DEMOS Foundation

SIEMACHA and DEMOS projects not only provide a sense of security and regular care, but also trigger passions and stimulate the development of children and teenagers who are experiencing difficult life situations. A modern children's home in Odporyszów, where only pupils and carers cook and clean, modern sports facilities, including the Horse Sports Centre, travels, activities in the "new generation yards," or in shopping malls – these and other innovative forms of social assistance convinced us to support this organisation.

Charity Ball 2016 and 2017 in Krosno

Every year our New Year's event is attended by approximately 1,000 children, including disabled children, from Sub-Carpathian educational care centres and family-type children's homes.

In 2016, the main motto of the event was: "Musical St. Nicholas' Day" – the guests had fun while discovering the music and dance from different parts of the world.

The families that belong to associations for disabled people and their carers emphasise the great integration function of the Ball and the fact that the children in their care can meet with such a large group of non-disabled people. Everyone at the Ball has equal rights. If necessary, the disabled children receive additional help. They also have many opportunities to show their talent. In 2016, they were the front runners in music corners.

In 2017, the Ball participants played "On the Business Floor." In a light-hearted and pleasant way, we presented the rules that govern the world of finance, showed the methods of recognising counterfeits, and talked about the currencies of different countries and the rules of the stock exchange.

We invited participants to prepare for the Ball:

We asked them to design new banknotes – among the work we received, there were some unique nominal values, as well as a completely new currency – "NS-złoty," the banknotes of which were decorated with the images of our company's chiefs.

We invited them to take part in a **competition for the best business plan**, in which they were able to win "Our Business" micro grants. The participants presented projects that their organisations wanted to implement: they indicated the potential benefits of the project, its detailed cost estimate, and the way in which they would collect the required 20% of the budget by themselves. The award-winning ideas included a new basketball court, a trip to the Copernicus Science Centre and the equipment for a multimedia room.

Our business partners supported us in organising the Ball – the "World of Money" Foundation, the PKO BP Bank Foundation, Citi Handlowy Bank, the National Bank of Poland, BZ WBK Bank (its Department in Jasło) and the Accountants Association in Poland all supported the event.



Economic education

The spirit of enterprise is one of the features of our organisational culture. We believe that a good understanding of the rules of economics aids in making good life decisions, so it is worth learning them from a young age. In 2014, Jerzy Krzanowski and his daughter Patrycja Krzanowska created the book "The World of Money." It is a colourful story about the history and importance of money in people's everyday lives, told for children (the illustrations were made by famous illustrator Magda Grabowska-Wacławek alias Grabowska). Entrepreneurs and children were delighted with the book. Several of the largest Polish companies ordered an additional printing for their own needs. The publication was promoted by the World of Money Foundation. To date, the book has sold 50,000 copies.

Two years later, the book was published in Belarusian and Russian language versions. A decision was also made to create a **lesson program for primary schools** based on the book. Since

September 2016, fifth-grade pupils at the Primary School No. 14 in Krosno were able to attend economics classes. The curriculum covered 35 teaching hours and was enriched with visits to Nowy Styl Group's production plants in Jasto. The pilot classes were used to create didactic materials for teachers, which they can use to conduct similar lessons at other schools. The World of Money Foundation and Nowy Styl Group also strive to introduce these kinds of classes in Krosno.

Our charity activities are focused on the initiatives aimed at helping young people who are threatened by social exclusion, people who suffer from ill health and those who are poor. We provide them with **goods-in-kind and financial support**. In total, in 2016 and 2017, we donated over 1,000 pieces of furniture to schools, health centres and social organisations.

In Germany, we support the children's hospice Löwenherz, for example.

DONATIONS

Nowy Styl Sp. z o.o. (PLN)	2016	2017
Including:	840,919.23	500,457.39
Charity Ball	177,838	182,017
Scholarships and social projects realised by the Janusz Korczak Foundation	177,521	158,740
Goods-in-kind	110,470.79	148,440.95

The Krzysztof Penderecki European Centre for Music in Lusławice

Nowy Styl Group has been a patron of the Centre's educational and concert programs for four years. Thanks to our support in 2016–2017, the organisation was able to organise 182 concerts and performances which gathered together over 60,000 music lovers, as well as 80 concerts on various stages across Lesser Poland as part of the Emanacje festivals. The music facility in Lusławice was visited by leading symphony orchestras, world-famous chamber music stars, outstanding soloists and the most talented musicians of the younger generation.

Where the masters are born

The Centre founded by Prof. Krzysztof Penderecki is most famous for its master courses. Famous tutors from around the world – masters of performance art and composers – come to Lusławice to meet with very talented musicians, pupils and students from all over Poland and Europe. For a few days, they improve their skills, acquire knowledge, prepare a concert program and inspire each other. For young people, a meeting with a master is an event that shapes their artistic personality and often determines their future.

We are happy to support the organisation of courses that are at the highest level, making them available even for less affluent young people. We believe the European Centre for Music provides the best possible environment for shaping young talents, and thus significantly affects the development of the Polish school of virtuosos.



The Young Arts Festival in Krosno – Held as part of the Emanacje festival organised by the Centre in Luślawice, this was a new event on the cultural map of not only Krosno, but also the whole region, promoting classical music. The first edition of the festival took place in the summer of 2016 and, thanks to a huge attendance and many positive reviews, it was continued a year later.

The festival, which lasted several days, was divided into two parts: workshops for young musicians from all over Poland, and open-air concerts for the public. The music was played not only in concert halls, but also in surprising locations. For example, the concert of pianist Leszek Możdżer took place in the air hangar! In the hall, there was enough room for crowds of music lovers, and the masterly performed music revived the unknown interior.

The open-air event, which was held in the heart of the old town, turned out to be equally surprising and popular. Together with the festival's students and teachers, several dozen residents – children and adults – presented their music skills. The great jam session was seen by several hundred attendees.

The final concert of the first edition of the festival, which was held at the market square, remained in residents' memory for a long time. The audience saw a performance by an orchestra composed of young music protégés under the baton of Krzesimir Dębski. The musicians presented refreshed arrangements of well-known pieces of classical music, convincing the attendees that "classical music is also music," which was the main idea of the event from the very beginning.



2016 AND 2017 IN LUSŁAWICE

182 concerts and performances for **>60,000** music lovers

119 master courses that gathered together

2,800 participants

>100 masters

Selected courses:

- | Winter Music Academy
- | Luśławice Talents Orchestra
- | Shanghai Quartet Chamber Music Master Course
- | Summer Music Academy
- | Ensemble OPUS workshops
- | Santander Orchestra
- | Composers' workshops during the Film Music Festival



Sports promotion and support

We engage in the world of sport in terms of business and because of the spirit and passion for sport that we wish to promote as a whole company.

We combine our business goals and the willingness to support local initiatives by sponsoring sports projects and institutions, including the Krosno Basketball Club, the Association of the Krosno Sport Development, the University Club AZS of the University of Rzeszów, and the Krosno Runners Club. We are one of the sponsors of the Juvenia Kraków rugby club, whose players

compete in the Polish Rugby Ekstraliga. In Germany, we support local football and horse riding clubs.

For a few years, we have been supporting the organisation of the Independence Run, which takes place in November in Krosno, and the Magura Ultramarathon in Krempna. We also sponsored the Smith's Race in Jedlicze, the Łemkowyna Ultra-Trail and the Night Charity Swimming Marathon.

We use our Sports Club as a platform for promoting physical activity among our employees (🔗 p. 58).



Tom Lüthi and Sitag – a strong team

What does an office furniture expert such as Sitag have in common with a motorcycle racer like Tom Lüthi? Far more than one might first expect. The assumption that professionals rely on quality is the first thing that comes to mind. Tom Lüthi – like thousands of other SITAG customers – sits when he's working and has a lot of requirements.

Therefore, it's not without reason that since 2014 Sitag has maintained a successful sponsoring partnership with Tom Lüthi. Nowy Styl Group's Swiss brand and the motorcycle racer share above-average endurance and an unconditional willingness to become perfect. This similarity is proudly communicated through various channels during marketing events, on social media and via advertisements. Together with Tom Lüthi, Sitag presents its line of office swivel chairs SITAGWAVE and the SITAGACTIVE LIFTMATIC desk with automatic height adjustment. Lüthi's photo also features in the sought-after Sitag annual calendars, and he is the guest of honour at prestigious events, such as the "AGV meets SITAG & Tom Lüthi" event, which was held in 2017. The slogan: "Sitting like a world champion. Tom Lüthi at work" perfectly reflects the successful cooperation between Sitag and the famous sportsman.



Eisenhut 2014
Suter-Moto2



Koźmiński Foundation

A foundation that runs initiatives supporting the development of local and business communities in Poland. Jerzy Krzanowski is a member of the Foundation's Council.

Our commitment is also visible on other local markets in the countries in which our company operates. We entrust our local managers in Germany, France and Great Britain with the choice of initiatives and groups of recipients who need our support.



Cooperation between Rohde & Grahl GmbH and Lebenshilfe Nienburg GmbH

The organisation Lebenshilfe Nienburg GmbH works with disabled people. It strives to provide them with opportunities for personal development and social integration. The company Rohde & Grahl in Germany has been cooperating with Lebenshilfe for years, offering its members jobs that help them become more independent. At the same time, our employees in Germany had the chance to get closer to people with physical and mental disabilities.



Over 3,000 adults and children attended the Charity Ball in Krosno and the Open Day event in Rzepedź.





About the report

7

GRI 102-50 **GRI 102-51** **GRI 102-52** This is the third corporate social responsibility report compiled by Nowy Styl Group. It includes the results of the business activity conducted by Nowy Styl Sp. z o.o. and its subsidiaries within the period 01/01/2016 to 31/12/2017. The report is issued biennially. The previous report, *CSR Code*, which covered the calendar years 2014 and 2015, was based on the GRI G4 Guidelines and was published in 2017.

GRI 102-54 **GRI 102-56** This publication has been prepared in accordance with the basic option (Core) of the new GRI Standards. Compliance of the report's methodology with the above-mentioned standards and the authenticity of the data included have been verified by independent auditors from Deloitte Advisory Sp. z o.o. The financial data presented in the report have been taken from our financial reports audited by independent expert auditors (PwC Sp. z o.o.). This assures us and the recipients of the report that the data included in the report and connected with the following key areas of sustainable development – relationships with employees, influence on the environment, local community and the market, and the effectiveness of the management of these aspects – are complete and reliable.

GRI 102-46 The indicators presented in the report have been chosen according to the expectations of our key stakeholders (☺ p. 21), including our customers, employees, partners and suppliers. The selection has also been influenced by the benchmarking of our competitors and Nowy Styl Group's policy.

In accordance with the GRI methodology, we have selected the sustainable development aspects and issues important for our company through a three-stage process:

- | identifying key indicators for the whole industry according to the current benchmarking of competitors and our previous *CSR Code* reports;
- | prioritising aspects based on our dialogue with stakeholders (meetings with the company's representatives and a questionnaire survey open to everyone) (☺ p. 21);
- | holding validating consultations with the Management Board, during which we determined the scope of the report and particular indicators.

GRI 102-47 **GRI 102-49** **GRI 103-1**

	Indicators identified as key for the company (high level of importance)	Aspects assessed as less important for the company
Economic	Economic performance, Presence on the market, Procurement practices, Anti-corruption activities	Indirect economic influence
Environmental	Materials, Energy, Water, Emissions, Effluents and waste, Supplier Environmental Assessment	Products and services, Overall, Biodiversity, Compliance with regulations
Employees	Employment, Occupational Health and Safety, Education and training courses, Diversity and equal opportunity, Anti-corruption activities	
Society	Local community	Compliance with regulations, Supplier Social Assessment
Product responsibility	Customer health and safety, Product and service labelling	Marketing communication, Compliance with regulations

In accordance with the principle of materiality, in this year's edition of the report we focused on the key aspects for our company, describing them accurately and vividly. At the same time, we have limited the number of indicators in order to keep the message legible.

Nowy Styl Group's Sustainable Development Report is a highly analytical document and describes all the activities undertaken by the company cross-sectionally. Therefore, its creation involved employees from all the company's departments and external stakeholders. The report is global, which is why we took into consideration the initiatives undertaken in all of our main markets

when presenting the results of our business activity. We engaged employees from our companies in Germany, the Netherlands, Switzerland, France, Great Britain, Czech Republic and Slovakia in compiling the document. Unfortunately, we were not always able to present the overall data for the whole Group. Therefore, in some parts of the report we have shown data regarding selected companies, setting ourselves the aim to collect the overall information in the coming years.

We would like to thank all those whose commitment made this report possible.

GRI
102-53

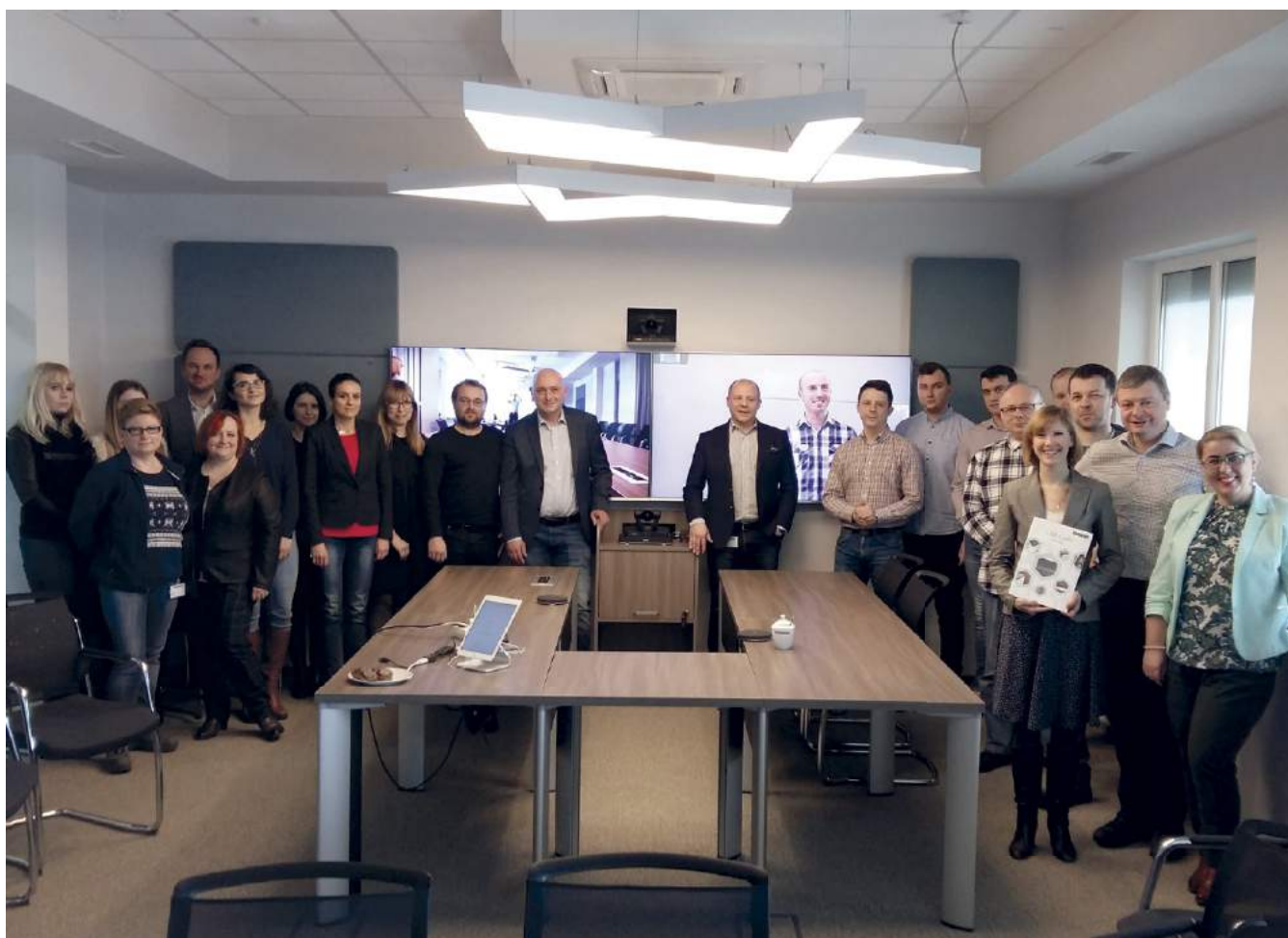
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Verification of the report

GRI
102-56

Deloitte.

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Independent Limited Assurance Report on Indicators Presented in the Sustainability Report of Nowy Styl Group for the year 2016 and 2017.

To the Management Board of Nowy Styl Sp. z o.o.

ul. Pułaska 49
38-400 Krośno

Scope of work performed

We have undertaken a limited assurance engagement on the indicators presented in the Sustainability Report of Nowy Styl Group „CSR Code 2016-2017” for the period from 1st January 2016 – 31st December 2017 (the “Sustainability Report”), developed by Nowy Styl Sp. z o.o. (the “Company”) and marked with “*” symbol in a column “Disclosure Number” in table “GRI Index” that is a profile disclosures and material specific indicators: 204-1, 205-2, 205-3, 301-1, 302-1, 303-1, 305-1, 305-2, 307-1, 308-1, 401-1, 403-2, 404-1, 404-2, 405-1, 405-2, 413-1, 415-1, 416-2, 417-2, 417-3 and 419-1 (“Selected Indicators”). The indicators have been reported on the basis of Sustainability Reporting Guidelines GRI Standards for “Core” option, issued by Global Reporting Initiative (GRI).

Responsibility of the Management Board of the Company

The Management Board of the Company is responsible for the preparation and presentation of the indicators presented in the Sustainability Report in accordance with Sustainability Reporting Guidelines GRI Standards for “Core” option, issued by Global Reporting Initiative (GRI). This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for reliable, correct and fair information and for correct preparation of the documentation provided to us.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In compliance with International Standard on Quality Control No 1, issued by International Federation of Accountants Deloitte maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the indicators as marked in the GRI Index presented in the Sustainability Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the selected indicators presented in the Sustainability Report are free from material misstatement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

In order to form our conclusion on the indicators as marked in the GRI Index presented in the Sustainability Report, we undertook in the period 1 March 2018 – 27 July 2018 the following procedures:

- Through inquiries, obtained an understanding of Nowy Styl Sp. z o.o. control environment and information systems relevant to reporting the indicators under review, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.

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Deloitte.

- Obtained an understanding through inquiries, analytical procedures, observation and other applicable evidence gathering procedures on a sample basis on the key structures, systems, processes, procedures and internal controls relating to collation, aggregation, validation and reporting of data for the indicators under review.
- Evaluated whether Nowy Styl Sp. z o.o. methods for developing estimates are appropriate and had been consistently applied. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Nowy Styl Sp. z o.o. estimates.
- Compared the information included in the Sustainability Report to internal documentation of the Company.
- Undertook site visits to assess the completeness of the indicators under review, data collection methods, source data and relevant assumptions applicable to the indicators.

Limitations

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Our limited assurance engagement has been limited to the indicators as marked in the GRI Index presented in the Sustainability Report and does not extend to the rest of the information included in the report nor the report as a whole. Accordingly, our conclusion below covers only these indicators and not all data presented or any other information included in the Sustainability Report.

The process the organization adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the Sustainability Report are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information.

Conclusion

Based on our work we have obtained limited assurance that the information concerning the indicators as marked in the GRI Index included in the Sustainability Report developed by the Nowy Styl Sp. z o.o. are not inconsistent with Sustainability Reporting Guidelines GRI Standards for “Core” level issued by Global Reporting Initiative and no matters has come to our attention to cause us to believe that the reviewed indicators presented in the Sustainability Report are materially misstated.

Deloitte Advisory
Deloitte Advisory Sp. z o.o.
Warsaw, 27 July 2018

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* Indicators subject to verification by Deloitte Advisory Sp. z o.o.

GRI
102-3

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