

Sustainability Report Synsam Group 2020

Introduction/About the Sustainability Report

In accordance with Chapter 10, Section 6 of the Annual Accounts Act, the Synsam Group has chosen to include its statutory sustainability report in the statutory Annual Report.

In 2020, the Synsam Group further developed and clarified its strategic efforts with respect to environmental and social responsibility, which also included more detailed reporting of goals and activities within prioritised areas. The development work will continue in 2021.

Business model and operations

Synsam is a leading and highly profitable lifestyle company in optical retail and eye health in the Nordics, with regards to adjusted EBITDA margin. The Group conducts its operations in local stores in Sweden, Denmark, Norway and Finland as well as online/omni-channel in each of these countries. Synsam has a unique offering of eye examinations, spectacles, sunglasses, sports glasses, contact lenses and accessories in optical retail as well as spectacles subscriptions, contact lens subscriptions and related services under the name Synsam Lifestyle™, which also includes Profil Optik Lifestyle in Denmark. Synsam offers a mix of well-known external brands as well as house brands. For a more detailed description of the operations, refer to the relevant sections of the consolidated annual report and www.synsamgroup.com.

The Synsam Group's business model and growth strategy are based on customer-driven development and value creation over time. The aim is to continue to strengthen our position as an industry leader in eye health, with a clearly integrated sustainability perspective throughout the value chain.

Sustainability work in brief 2020

- Decision to move production from Asia to the home market
- Opening of Synsam Recycling Outlet store
- Launch of Eye Health Report 2020
- Continued launch of circular collection, spectacles that are recycled and reused
- Membership of BSCI, programme for monitoring social conditions at production units
- Free activity glasses handed out to more than 25,000 children with the aim of promoting exercise
- Appointed Sweden's most sustainable optical retail chain in 2020 by the Sustainable Brand Index

Vision

We are the leading and most sustainable lifestyle company in optical retail and eye health.

Mission

We provide every customer with the best service and sustainable solutions to see and look their best.

Business concept

We are a customer-driven and sustainable lifestyle company that offers affordable eyewear, fashion and eye health solutions for the whole family through unique and innovative concepts for all moments of life.

The ambitions for the Synsam Group's sustainability work have been set high. The Synsam Group's aim is to be, and be perceived as, a long-term sustainable company. Work with environmental, social and ethical responsibility includes many different areas, which together aim to contribute to the sustainable development of society.

Our vision is to be the leading and most sustainable lifestyle company in optical retail and eye health. Our mission is to provide every customer with the best service and the most sustainable solutions to see and look their best. In 2020, Synsam Sweden was once again awarded the Sustainability Brand Index prize for Sweden's most sustainable optical retail chain. The prize is based on consumer perception.

The Synsam Group supports the UN Sustainable Development Goals (SDGs) of the 2030 Agenda, and the company has both a responsibility and potential to contribute to several of the goals. In particular, our focus is on Goal 12 “Responsible Consumption and Production” and Goal 3 “Good Health and Well-being”. We also support the Global Compact’s principles for responsible business.

Governance

Sustainability work is an integral part of the Synsam Group’s business and governance, in store operations in each country and in Group-wide functions. Group management has the ultimate responsibility for goals, implementation and follow-up.

Every manager and employee is to work in their role and area of responsibility towards environmental, ethical and social sustainability. The Synsam Group’s core values of *Customer Focus, Responsibility, Innovation* set the scope together with the company’s *Code of Conduct* and offer guidance in decisions and behaviour.

The Synsam Group’s Code of Conduct is based on the UN Declaration of Human Rights and accompanying UN Conventions, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. The Code applies to all employees and is part of the onboarding programme for new employees. If an employee is of the opinion that the Synsam Group is not acting in line with the Code of Conduct, he or she is encouraged to report this to the company’s internal control function.

In addition to the Code of Conduct, a number of Group-wide policies are in place in the following areas:

- Work environment policy
- Anti-corruption policy
- Equal opportunities
- Supplier Code of Conduct

Stakeholder dialogue and materiality analysis

The company’s stakeholder dialogues show that its stakeholders have high expectations of the Synsam Group’s sustainability work. These dialogues serve as the foundation for Synsam’s materiality analysis, with the following areas assigned priority in the company’s sustainability work:

- **Eye health**
- **Material and resource use**
- **Skills development and skills supply**

Material sustainability issues and sustainability risks

A summary is presented below of the material sustainability issues and risks for the Synsam Group, taking into account the areas subject to legislative requirements (Environment, Employees, Social Responsibility, Human rights and Anti-corruption) and based on the impact of the operations as well as stakeholder requirements and expectations.

| Customer responsibility – values for a sustainable lifestyle | Environmental responsibility – operations within planetary boundaries | Social responsibility – employees and suppliers |
|---|---|--|
| Eye health | Material and resource use in production | Skills development and skills supply |
| Sustainable innovation and product development | Emissions and pollution in production | Health and safety |
| Product safety and Affordability | Transportation | Equal opportunities and non-discrimination |
| Treatment/equal opportunity | Energy consumption in stores | Gender equality and diversity |
| Privacy/information security | Waste and recycling in stores | Working terms and conditions in the supply chain |
| Community engagement | Packaging | Business ethics (anti-corruption and anti-trust) |

Sustainability goals

The Synsam Group works to achieve long-term sustainability goals based on the materiality analysis and sustainability agenda. Key performance indicators are being developed for these goals and will be distributed to the responsible key individuals in the organisation during the year, who will then be responsible for breaking the goals down into action plans and reporting their status to the head of sustainability on a regular basis. This work began in 2021.

Work in prioritised areas:

Customer responsibility – values for a sustainable lifestyle

The Synsam Group's mission is to provide every customer with the best service and solutions to see and look their best. The well-being of the eye is fundamental for much of what we do in life. A customer who comes to Synsam should be met by the highest clinical competence the industry can offer as well as the best choice of products, be it in terms of quality, design or sustainability, as in the case of recycled frames. The entire experience should be characterised by competence and quality.

Optician training is a basis for certification and opticians work according to the same quality standards as those that apply to health and medical care, but specifically adapted to the work performed by opticians. This means, for example, that opticians are required to observe patient confidentiality and keep journals. Integrity and information security of patient data are subject to legislation.

The Synsam Group's investment in Eye Health Centres enables more thorough examinations of the customer's eye health. Opticians not only use today's equipment to identify the most common and best-known eye diseases. Thanks to their high level of competence and new technology, opticians are also able to identify neurological conditions at an early stage, signs of MS and even various forms of tumour diseases that could result in a loss of sight. Well-trained opticians are a social resource, both in terms of helping people to see well, but also for the early detection of diseases of the eye.

The Synsam Group's offering of eye health and eye fashion on subscription ensures that the customer is invited for an eye examination annually. Helping people to regularly have their sight and eyes examined is important from a public health perspective. As the population becomes older and screen viewing increases, the Synsam Group's more than 800 opticians are a major social resource for good eye health. In the future, we foresee even closer cooperation between opticians and ophthalmologists – all to use the care chain as efficiently as possible for the customer's/patient's best.

Eye Health Report

In 2020, the Synsam Group launched Eye Health Report 2020/21. The aim of the report is to awaken people's curiosity and raise awareness of all the important developments in the field of eye health. The report was launched in each country in which the Group operates, with a clear focus on making the general public, the media and politicians aware about the escalating issue of poor eye health and actions that can be taken to prevent these issues, with the Synsam Group playing an important role in society in this regard.

Sustainable choices

Renting instead of owning: To the best of our knowledge, the Synsam Group was first in the world to offer subscriptions for eye health and eye fashion. By renting instead of owning, customers have the possibility to regularly test their sight and, when necessary, replace their lenses or contact lenses and/or return their spectacles for reuse or recycling.

Circular production: Together with our customers, we have launched Sweden's largest closed-loop solution for spectacles: the *Synsam Circular* concept. Through Synsam Circular, we contribute to circular production by recycling all of the large volume of spectacles dropped off by our customers at our in-store recycling boxes. Through cooperation with one of Sweden's foremost recycling centres for the sorting of material, all the various parts of the spectacles are sorted. All of the material is taken care of: acetate, metal, skews, hinges and glass. Circular Collection comprises recycled acetate frames.

Giving spectacles a second chance – launch of Synsam Recycling Outlet

The Synsam Group opened the Nordic region's first dedicated recycling and outlet store in Linköping during the year. Under the new Synsam Recycling Outlet store concept, Synsam's spectacles and sunglasses are being given a new lease of life. The store sells returned, defect-free products at lower prices. The chain's sustainable frame assortment is sold alongside well-known brands that have been discontinued from the normal range.

By helping to give spectacles a second chance with a new owner, Synsam contributes to the ultimate in sustainable solutions – reusing products that have already been manufactured. This initiative allows us to contribute to a number of

circular flows, enabling a reduction in the use of virgin material, a reduction in waste management and attractive customer offerings.

Frames of ocean plastic: It is forecast that in a couple of decades, there will be more plastic than fish in our seas. To help our customers to make sustainable choices, we launched Synsam *Fellepini x Sea2See*, a collection of spectacles made out of plastic recovered from the sea, in spring 2019. These are climate-friendly spectacles frames that have been produced in collaboration with the Spanish organisation Sea2See, which cooperates with local fishermen who collect plastic drifting in the ocean. During the year, the collection contributed to 40 tonnes of plastic being removed from the Mediterranean Sea and the coast off Northwest Africa. The collection is very popular, which indicates that people who wear spectacles want to make environmentally friendly choices.

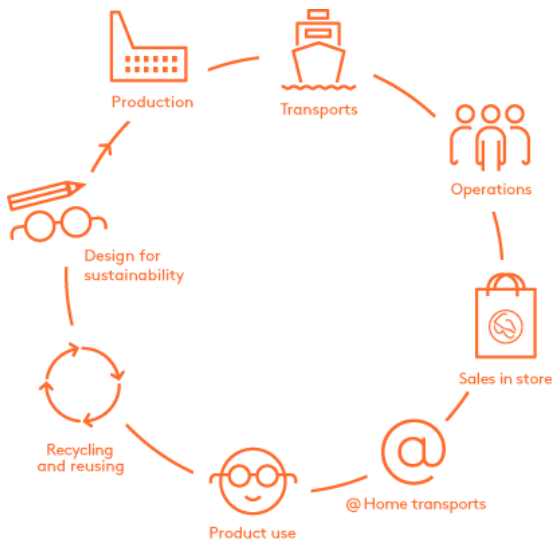
Values for a sustainable lifestyle – community engagement

Movement on equal terms: Sedentary children represent one of the greatest challenges of our time. To increase the motivation to have active leisure time – where problems with vision should never stand in the way of movement on equal terms – the Synsam Group has launched a social initiative known as *Alla ska se* (“Everyone should see”). Through *Alla ska se*, we offer activity glasses free of charge to children aged between five and 12 who have vision problems. Activity glasses are specially designed to withstand sports activities, outdoor games, jumping and play. Approximately 25,000 pairs of activity glasses have been handed out to date.

The initiative was conducted in cooperation with selected partners in our various countries of operation and in Sweden, this included Generation Pep.

Environmental responsibility – operations within planetary boundaries

The environmental impact of the operations arises in connection with manufacturing operations and transportation of goods, from energy use and waste in stores and offices, and from end-of-life products. The Synsam Group’s value chain is the foundation of our sustainability work and we place high demands on ourselves and our suppliers. Our “sustainability spectacles” will review all stages of our business: from design development, raw materials sourcing, production and transport, through operations and sales, to product use and reuse and recycling. For each stage of our value chain, processes and approaches have been identified to enable continuous improvements to be made.



The Synsam Group relocates production from Asia to Sweden

The Synsam Group works continuously to take an inventory of all stages of the company’s value chain in order to initiate further improvement measures for environmental and social conditions. As part of this work, the Synsam Group has analysed the possibility of moving the company’s spectacles production from Asia to Sweden. This major change to the operations will contribute to more sustainable local production with a closed-loop approach, fewer and shorter transportation journeys and new job opportunities. This will help to significantly reduce the company’s climate footprint.

In autumn 2020, the company held a dialogue with Ockelbo Municipality to discuss the possibility of opening a facility in the area. However, the municipality’s proposal was rejected by the administrative court. The company therefore resumed

and expanded its dialogue with Östersund, which had been involved in the previous assessment process. On 24 February 2021, the Group announced the plans to build a new plant and innovation centre at Frösö Park in Östersund, Sweden. A letter of intent has been signed and a final decision is scheduled for the second quarter of 2021. The transaction involves a private deal in which Hangar 90, which previously belonged to the Jämtland air force wing, will be transformed into an ultramodern innovation centre and spectacles production plant, with approximately 200 new job opportunities.

Synsam's new plant and innovation centre, which will also include an eye health training centre and serve as a destination for customers and the business community, is expected to be ready for production to begin in early 2022 and will make a positive contribution to Synsam's sales and profitability.

Reduced number of transportation journeys

During the year, a number of needs-based deliveries were made to the company's stores. By better meeting customers' needs for various products based on the season, we can reduce the number of unnecessary transports.

To reduce the amount of air transport, which is objectionable from both a sustainability and a cost perspective, we have begun using more efficient packaging material for deliveries from our central warehouse to our stores. We have also increased the fill rate in our transports by switching to flat spectacles cases.

At our online warehouse, we have continued our efforts to reduce the use of plastic and filling material, and aim to reuse as much material as possible. We have decided to use a brand new packaging material for deliveries to end consumers, manufactured exclusively from recycled corrugated cardboard.

The Group's goal is to transport our products using the method with the lowest climate impact, such as by boat. Air transports are accepted for new launched and in exceptional cases, such as in the event of severe delays, where the third party, the customer, is affected. In our e-transports, we have transitioned to green contracts.

We work continuously to reduce business travel and wherever possible to use digital technology for meetings. Hardly any travel took place during the year due to the pandemic.

Reduction of plastic

The operation has reduced its use of plastic by replacing most of the traditional inflatable plastic material in our packaging with paper packaging. The plastic bags and gift cards that we use are now made of degradable biomaterial. The Code of Conduct for suppliers includes requirements to comply with applicable environmental legislation and to minimise the environmental impact of hazardous substances.

Social responsibility - employees and suppliers

Synsam's focus area in social responsibility is to develop a sustainable employee and management responsibility, and through our supplier Code of Conduct, and certification system and audits, take responsibility for working terms and conditions in our supply chain. Synsam does not own any plants of its own, but works closely and in well-established cooperation with the suppliers we choose for the manufacturing of our products.

Skills development and skills supply

One crucial success factor is to successfully attract, develop and retain motivated employees with the right qualifications and insight into the needs of our customers. The aim is to be the most attractive company in the industry, and to build a strong value-driven culture. The Synsam Group works proactively to provide a good work environment, health initiatives, skills development as well as diversity and equal opportunities. There is zero tolerance for harassment.

The fact that Synsam genuinely values training and skills is something that is also apparent in the ambitious further training programme offered to employees. In our internal training programme, Synsam Academy, a broad range of important courses is constantly being launched for our employees.

Another skills development area is the Group's Eye Health Centres, where some of the country's foremost opticians are able to work with the most advanced equipment. The Synsam Group currently has about 30 Eye Health Centres and we plan to open more in 2021. In total, the Synsam Group has more than 860 opticians.

Employee index – impressive results in employee survey

A Group-wide employee survey was conducted during the year. The response rate was 83 percent, which reflects a high level of engagement.

The employee index is a measurement that we monitor and set targets for. The index is based on questions related to the areas of leadership, visions and goals, work climate and organisation. The company received a consistently strong score in the area of leadership, and the employees' confidence in the company's management teams and Group management is high. We are also doing well at communicating and working toward our goals in the Group and in our various teams. The results in the areas of work climate and organisation were also generally strong, but with greater scope for improvement.

The Synsam Group's target for 2023 is to have an employee index of 80 percent, compared with an index of 78 percent for 2020.

Membership of BSCI

The Synsam Group's most important supplier categories are glass and spectacles frames. A large share of the Group's spectacles frames sold are produced in Asia. Risks of deficiencies in social conditions, human rights and environmental responsibility exist in the supply chain. Responsibility is regulated in the Synsam Group's Code of Conduct for suppliers, which is part of the agreement signed with each supplier. The purchasing department is responsible for follow-up and has the right to verify compliance. Regular factory visits are conducted to manufacturers of the Synsam Group's house brands.

To be able to make a difference for the people who manufacture our products, we at the Synsam Group need to have tools that steer towards constant improvements. Accordingly, the Synsam Group resolved on full membership of the Business Social Compliance Initiative (BSCI). BSCI is a system to ensure responsibility in the supplier chain, which is based on 11 principles that prohibit, for example, child labour, forced labour and corruption, and place demands on safety and reasonable working hours. With BSCI, our production units will be audited regularly and an assessment made of their compliance with the 11 principles. The inspection and assessment are called a BSCI audit.

In 2020, the ongoing pandemic limited the inspectors' ability to travel and their visits were not as comprehensive. Our largest suppliers were visited 9 times. The visits followed BSCI or Sedex, the world's largest partnership for increased transparency for responsible purchasing. Factory inspections are conducted by accredited third-party social accountability accreditation services (SAAS). Any deviations detected during a factory inspection are to be corrected and monitored through a follow-up inspection. No reports of deviations were received in 2020.

Anti-corruption

The Group's anti-corruption policy regulates the giving and receiving of benefits or presents as well as rules and regulations for agents and other intermediaries. The policy stipulates that the Synsam Group has zero tolerance for bribes, corruption and other forms of unethical behaviour in business relationships. All employees are informed about the policy, and training is provided for employees who are at particular risk given their roles. These include functions in purchasing and marketing as well as people working in high-risk countries. During the year, the Synsam Group has not been made aware of any attempts or suspicions of corruption or bribery among employees.