

# Plantasjen Sustainability Report 2017



**PLANTASJEN®**



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## Words from CEO Daniel Juhlin

2017 has been an exciting but challenging year. The prerequisite of retail is changing. Plantasjen has achieved great success during the year in giving more people the ability to enjoy living with green plants indoor, however the financial result has not been meeting the expectations.

Plantasjen aims to inspire and enable the many by sharing the simple joy of nature. Our main products - plants - benefit the environment and potentially the biodiversity. Also, it is documented that plants affect human wellbeing positively. For Plantasjen, 2017 has been the starting point of a more systematic approach to sustainability with a focus on laying the foundation and aiming at integrating sustainability into the core of our business. Benefits from such work are compliance, living up to demands and expectations, cost reduction and bringing more value to our stakeholders. This will be a journey and our first sustainability report will be used as a tool internally going forward.

### **What are Plantasjen's strategic priorities and key issues in sustainability?**

We want to enable people to live with more plants as it is scientifically documented to have a positive effect being surrounded by greenery. Further we aim to take responsibility for the total production, distribution and usage of our products. This is a wide scope and include a lot of activities, both present and future. To create meaningful and developing jobs for people with passion for plants is a mission for us as well as securing profitable and sustainable growth and contributing to society around us.

### **What are the trends prevailing in society that you find important to Plantasjen?**

I see digitalization now creating a shift in the retailing business. To improve access for the broader population we have opened small-



size stores in urban areas and also semi-sized plant stores in retail parks to come closer to customers not usually visiting garden centres. In 2017 we have started the preparation for a launch of an e-commerce business, to improve the access further. Connected to sustainability, I see wellness and urban farming as trends that link to Plantasjen and our strategy. To be successful today you need to be proactive and adapt to new trends, mitigate risks and seize opportunities.

### **Can you mention one big step taken in 2017?**

At Plantasjen, we have started a transformation of our supply chain. We are getting in direct contact with supplier overseas, where we buy young plants that are brought close to our markets where we grow them into full size plants that are then sent to our stores. This new set up gives us a better control of our supply chain and better possibilities to interact with actors in the back-end of our supply chain and improve on sustainability.

### **Anything else to add?**

Our employees are making the difference and thus are key to the company and its success. We want passionate people to thrive and have during the year continued to put effort in leadership training for store managers as well as store managers to be. During the year we have implemented a new set-up of policies as well as a code of conduct. We have also hired a Corporate Responsibility Manager.

## About this report

This is Plantasjen's first sustainability report that summarizes the sustainability measures the company has undertaken in 2017. It describes Plantasjen's opportunities, risks and progress made in the field of sustainability during 2017. This report covers the global activities of the Plantasjen group, i.e. Plantasjen Holding AS and its wholly-owned subsidiaries, including Plantasjen stores, offices in Europe, sourcing office in China and the Plantasjen-owned distribution centres in Norway, Sweden, Germany and the Netherlands. The report also covers Plantasjen's cultivation unit in Sweden.

The report does not cover outsourced distribution centre services. Also, the scope of the report excludes Saba Blommor AB, a company first acquired in 2017, which will not be fully integrated in Plantasjen's sustainability work until 2018. The focus in this report lies on Plantasjen's own activities. Operations beyond Plantasjen's direct control, such as suppliers and customers, are not included in the report. The Sustainability Report refers to the period from January 1 to December 31, 2017.



Plantasjen presents its sustainability information with the support of Global Reporting Initiatives' (GRI) standards, core level. The sustainability information presented in the sustainability report for 2017 has not been assured by an external party.

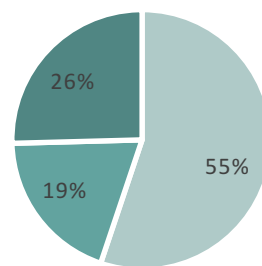
## About the company

Plantasjen Holding AS, hereafter called Plantasjen, is the leading brand for plants in the Nordic region (Norway, Sweden and Finland). Plantasjen has over 130 stores in different formats and a growing number of smaller shops. Plantasjen today offers a unique range of plants and solutions for plants, an offering that generated nearly 13 million customer transactions in 2017. Plantasjen was founded in Kongsvinger, Norway in 1986 and has since then grown to a pan-Nordic business. Plantasjen's is a Norwegian limited company owned by Ratos to 99%. Plantasjen's headquarter is located in Kongsvinger. As of 31 December 2017, Plantasjen had 136 stores, with 78 stores in Norway, 44 stores in Sweden and 14 stores in Finland and a wholesale business in Sweden. Besides the retail and wholesale businesses, Plantasjen operates five sourcing offices and logistics centres in Germany, Netherlands and China, Sweden and Norway as well as a production unit for plants in Sweden. During 2017, Plantasjen has opened 10 new stores and closed 1 store. In 2017 Plantasjen acquired Saba Blommor AB, a leading service provider of flowers and in-store solutions to primarily grocery stores in Sweden.

### The Products

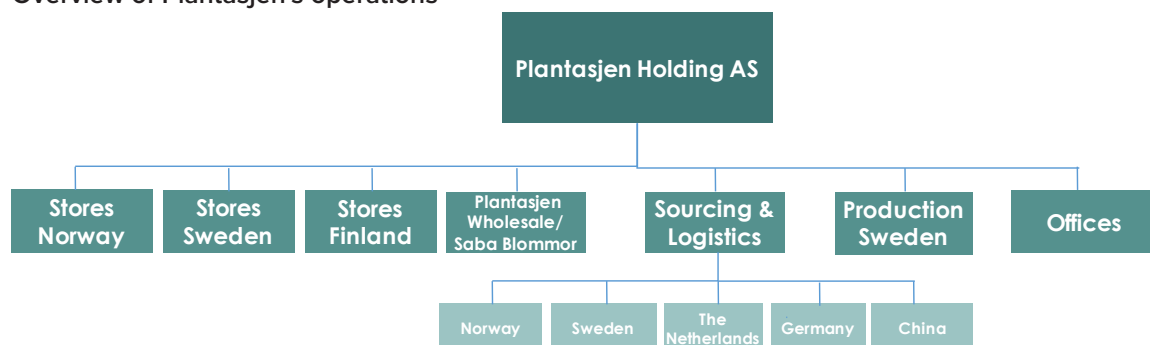
Plantasjen sells a wide range of plants (including outdoor plants, indoor plants and cut flowers) and accessories (such as soil, fertilizers, pots and artificial plants). In addition, Plantasjen sells complementary products (such as garden living products, garden equipment, interior decorations and pet products). In total 62 million pieces were sold in 2017.

Distribution of categories in range: plants, accessories, complementary products based on sales figures:



■ Plants ■ Accessories ■ Complementary

### Overview of Plantasjen's operations



# The People

## Employees

(excluding Plantasjen Wholesale/SABA) In 2017 Plantasjen employed over 2000 people, of which about 1200 in Norway, 600 in Sweden and 150 in Finland and in total 30 employees in China, Germany and the Netherlands. The full-time equivalents (FTE) for all employees in 2017 were 1234, compared to 1168 in 2016. Due to the nature of the business there are variations in the number of employees over the year, with the number of temporary employees peaking in the spring and summer seasons (+15 %).

The difference between the total number of employees and full time equivalents is caused by a high number of employees working part-time.



People data has been compiled using figures of Head Count and has been collected from Human Resources' systems.

	Employees, total	Women/Men	Women/Men [%]	Permanent/ Temporary	Part-time/ full-time
Stores Norway	1,189	819/370	69/31	872/317	1,016/173
Stores Sweden	511	386/125	76/24	343/168	384/127*
Stores Finland	137	118/19	86/14	115/22	81/56
Other functions than store personnel, all regions	210	134/76	64/36	200/10	14/196
Total	2,047	1,457/590	71/29	1,530/517	1,495/553

\* estimated numbers, 90% of total temporary employees working part-time

# The Business

## Economic performance

Plantasjen's financial results are clearly limited to our business, in accordance with financial reporting and accounting laws and rules. Several actors are affected by the financials of Plantasjen, such as suppliers who are paid for products and services delivered, employees in terms of salaries for work performed, landlords concerning rent and owners in regard to return. The financial performance is of utmost importance for the wellbeing of the company and for sustainable development, in order to create positive value for shareholders but also for customers, employees, suppliers and other stakeholders. Internal financial goals are set, five-year plan and budget established, forecasts performed several times a year and follow up is mainly done by frequent reviews as well as audits.

## Revenue per country in NOK million:



## Financial information

(excluding Plantasjen Wholesale/SABA)  
Amounts in NOK million for Plantasjen Group  
(period 1 January to 31 December):

<b>Revenue</b>	<b>3,881</b>
Cost of goods sold	-1,956
Personnel expenses	-766
Other operating expenses	-862
Other operating income	20
Profit from associates	1
Net gain/loss	-2,1
<b>EBITDA</b>	<b>316</b>
Depreciation, amortisation and impairment	-112
<b>Operating profit</b>	<b>205</b>
Net financial items	-156
<b>Profit before tax</b>	<b>49</b>
Income tax expense	-24
<b>Profit</b>	<b>26</b>



# Business model and Strategy

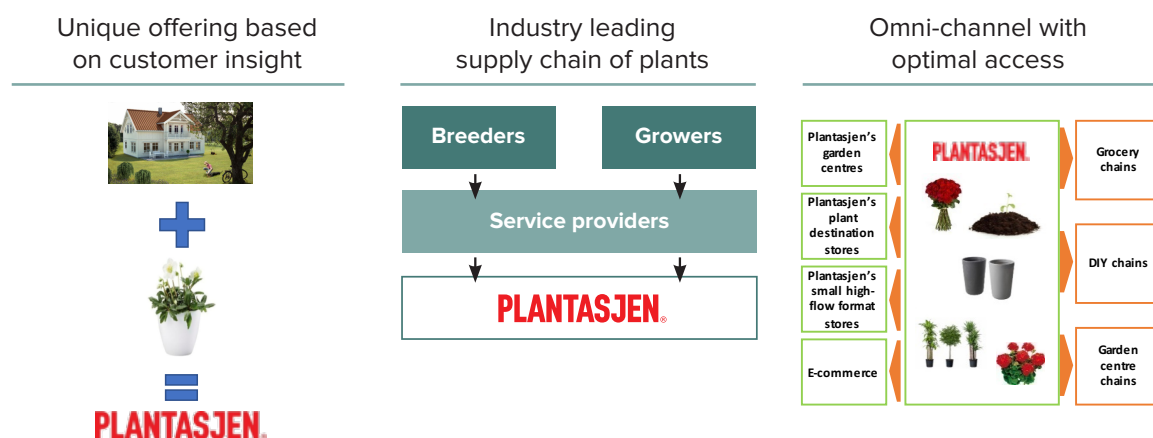
**Vision**  
The leading brand for life with plants.

**Mission**  
To improve life with plants for the many.

Plantasjen focuses on developing a unique offer of plants and solutions for plants, with a continuously more and more integrated supply chain as well as an increased number of both directly and indirectly controlled selling points. Plantasjen is evolving from a retail format towards the leading brand for plants.

To be able to fulfill Plantasjen's mission, to improve life with plants for the many, a three-pillar strategy has been set which outlines how Plantasjen will move from a garden centre concept with focus on plants to the leading brand for plants. Unique offering, disruption of the supply chain and omni-channel solutions will support the change.

## Plantasjen's strategy



To develop a unique offer of plants and plant solutions, means taking the customer offering from being generic to becoming an offer of new products, new solutions as well as a unique width and depth of the offer. Customer insight and adaptation to rapidly changing customer requirements is important to succeed. The driving force behind Plantasjen's supply-chain strategy is to increase the quality and control as well as to lower the costs. The approach is to further streamline Plantasjen's supply chain by working more directly and closely with leading growers, breeders and producers to develop preferred partnerships.

Making shopping for plants easier and more convenient, with good and close accessibility to shopping outlets is seen as a critical factor in the new consumer landscape where people have less time to spare. In addition to the existing network of stores, Plantasjen has developed new store formats to make it more convenient to buy plants for as many people as possible. Development of the wholesale business as well as omni-channel sales is supporting the increased access as well.





# Sustainability at Plantasjen

Plantasjen is proud to be one of the bestknown brands for plants in the Nordic region and wants to continue managing the company and brand responsibly and sustainably. Plantasjen's operations with focus on life with plants is closely linked to sustainability, as plants can improve human wellbeing and help increase biodiversity.

Sustainability is an integral part of Plantasjen's business strategy and will increasingly impact the product offer, the operations and the partners. Plantasjen has spent the past two years laying a foundation by improving the levels of control over different parts of the business. The number of products, suppliers and purchasing markets have been significantly reduced. At the same time, Plantasjen has strengthened its competence and organisational capacity. The next step is to gear up for taking an even greater responsibility in production, distribution and use of Plantasjen's products.

## Stakeholders

Plantasjen engages in several different ways with its stakeholders. For example employees are engaged through employee surveys and performance appraisals. Customer interactions include meetings in the stores and dialogue via social media. With the suppliers Plantasjen connects on a regular basis and sustainability is addressed in the supplier mapping process as well as in factory and farm visits. The owners are represented in the board and thus active in discussions and steering the company and its sustainability agenda. Plantasjen's key stakeholders are shown in the picture below. Society include authorities, non-governmental organisations (NGOs) and local community.



Plantasjen is in the process of developing a more structured sustainability agenda. Plans are to be set as well as targets and routines for following up. As this more structured way of working with sustainable development is now

starting, Plantasjen has decided that today's channels for communication with stakeholders are currently enough and that a more thorough stakeholder dialogue will be carried out at a later stage.

# Materiality assessment

Plantasjen's extended management team, a group of 18 people, has together identified key topics for Plantasjen's work on sustainability. In this work the material aspects of the company's impact on sustainable development has been categorized and prioritized. The categorization was made from a customer, supplier and employee perspective to address different stakeholder interests, based on insights from existing stakeholder dialogues.

Plantasjen's material topics:

**1** Enable people  
to live with plants

**2** Take responsibility for total  
production, distribution and  
consumption of our products

**3** Create meaningful and  
developing jobs for people  
with passion for plants

## **Enable people to live with more plants**

An offer focused on plants and enablers that makes life with plants easier

## **Take responsibility for total production, distribution and consumption of our products**

A responsible supply process with focus on social sustainability in risk countries  
Responsible operations – focus on environment and efficient use of resources in our stores and transportation

## **Create meaningful and developing jobs for people with passion for plants**

A motivated and high-performing organization  
Equal opportunities for all employees

By working strategically in the three focus areas Plantasjen can create value for its key stakeholders and contribute to a reduction of the negative impact along the entire value chain.

## **Risk**

When conducting the materiality assessment a risk perspective has been included. The risks and handling of the same are outlined in connection to the material topics. From a risk perspective, Plantasjen sees working conditions at suppliers in risk countries, the use of chemicals in the production process and lack of transparency and traceability as important issues to work with.

# The 2030 Agenda for Sustainable Development

In 2015, the United Nations adopted 17 Sustainable Development Goals (SDGs). These goals aim to tackle the world's economic, social and environmental issues by 2030, to achieve long-term sustainable development. The goals shown below are, from a first assessment,

selected as the most closely related to the topics that have been identified as most relevant or prominent for Plantasjen. The company aims to develop the work on contributing to the 2030 agenda.



# Enable people to live with plants

## More plants – better life

Plantasjen's mission is to improve life with plants for the many. Plantasjen is convinced that living with plants brings both mental and physical health benefits as well as environmental benefits. Plants can help reduce stress, increase creativity and decrease CO<sub>2</sub>-levels (bind carbon dioxide, CO<sub>2</sub>). Further there are specific plants that bring extra value in terms of air-purifying properties, mould-inhibiting properties as well as maintain biodiversity as they attract pollinating insects.

From Plantasjen's perspective, selling more plants creates a shared value as the positive effects that plants are bringing in terms of human health<sup>1</sup> and biodiversity<sup>2</sup> is beneficial to the society. Nevertheless, it is important that Plantasjen investigates the products' impacts from production to find out how it affects people and planet. To increase customers' knowledge and confidence in a life with plants is important for Plantasjen to succeed with its mission.

## “Our thesis is simple. More plants – better life!”

The company's business strategy states that focus is on plants and how to make them more accessible for the broader population. A unique offering based on customer insight is one of three keystones. Tailoring Plantasjen's product offering for the many and facilitating that every product has a purpose is key to future success. Plantasjen is bringing customer-led innovation to the plant market when adding convenient all-season solutions for busy people to the offer. Examples are ready-made balcony collections as well as grow your own-products for urban farmers.



<sup>1</sup> NASA Technical Report Server (<https://ntrs.nasa.gov/>)

<sup>2</sup> <https://naturvernforbundet.no/hage/hjelp-humla-article31307-3649.html>  
<https://alltombiodling.se/bivaxter/>



## Enable people to live with plants

### Steering the offer towards more plants

Plantasjen's offer is focused on plants and enablers that makes life with plants easier. Plantasjen has reduced and optimised the number of products in range by half over the last three years. Focus has been to develop the range of plant products further. The range has been re-developed and re-launched in order to cater to a wider range of customer preferences.



Sales in Plantasjen group 2017, in million pieces

	2017
Plant products	35,5
Total	62,3
Plants share of total	56,9%

To steer the offer and the development thereof Plantasjen measures the development of the number of pieces sold as well as the total sales. Pieces has been chosen in stead of more commonly used volume or weight. The reason for choosing follow-up of pieces is that the volume of a plant is difficult to measure and the weight is mainly connected to humidity of the soil surrounding the plant and therefore not seen as the most relevant measure.

By reducing the amount of articles in the assortments and with that the total number of suppliers, a higher degree of control has been achieved. Further a decision-making body for product development is used to decide on the range of products and secure that the offer is in line with the strategy set.

Plant products 2017	
Sales amount of plant products*/total sales	54,9%
Pieces of plant products*/total pieces sold	56,9%
*Definition of plant products: plants, trees, bulbs and seeds	

## Responsibility in the value chain

Plantasjen's core business has a close link to the environment, as plants is a living material growing in nature. Even though plants are a part of the circle of life, there are also impacts

on the environment from producing plants as well as the other products in the Plantasjen range. Besides the environmental impact, there is also a social impact in the value chain.



Plantasjen's operations impact environmental, economic and social sustainability in all steps of the value chain, from raw material to consumption and waste. In the first step of the value chain choices of raw material is of importance to develop the range responsibly. In the second step, selection of supplier is essential to find a business partner with whom improvement on sustainability topics can be made. For the non-plant business (i.e. pots, garden equipment, home decorations) Plantasjen has for many years worked systematically both with selecting and developing its suppliers. For the plant business sourcing traditionally has been more local and not regarded as high-risk as the non-plant business. Therefore the systematic work with sustainability in supply chain for plants is not as developed as for the non-plant business. Further, the choice of production method and production material, especially for plants (e.g. soil, pots, fuel), is an area where further work will be pursued going forward in order to improve traceability and get better control of the use of chemicals. Traceability is fundamental in taking responsibility for total production and distribution of Plantasjen's products.

Transport is also an important part of the operations, as goods are shipped through the chain of logistics to the stores. Transport is one major factor at Plantasjen connected to climate change. Plantasjen will set targets for reduction of emissions as well as for energy consumption connected to own operations.

Plantasjen's own operations covers the activities in our stores, logistics centres and offices. Here energy, emissions and waste are central. The majority of the stores are built as green houses that are energy intensive. Plantasjen is in the process of looking more into detail of how the energy can be used in an optimal way. In the last step of the value chain, the products are used and lastly recycled or discarded. Knowledge about how the product should be taken care of is very important to prolong the lifetime of plants and is an area where Plantasjen can use its expertise to guide customers in caring for their plants. In addition, guidance on how the products can be reused and recycled could be developed further.

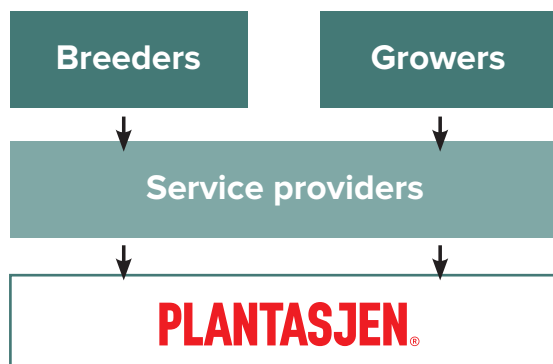
## Plantasjen is transforming a traditional supply chain

### Tropical sourcing

Sourcing is central to the company's operations, and Plantasjen has moved beyond borders and transformed the supply chain when developing a direct sourcing model that focuses on quality, efficiency and innovations. This direct sourcing model includes buying young plants overseas. The young plants sourced in Central America and China are carefully shipped to service providers (production units) in the Nordic countries where they are cultivated to full-grown plants that are sent to the stores. The new way of

sourcing plants means that relations are built with the suppliers on regional level and improves traceability. The overall goal is to take control over the end-to-end supply chain, develop a strong commercial offer, improve quality and decrease cost. The new sourcing model includes three suppliers in high-risk countries having ten farms in total. A framework for which standards to use when auditing plant suppliers is to be developed and full auditing of these suppliers still remain.

Plantasjen is changing the way of sourcing



### Sourcing of cut flowers in Africa

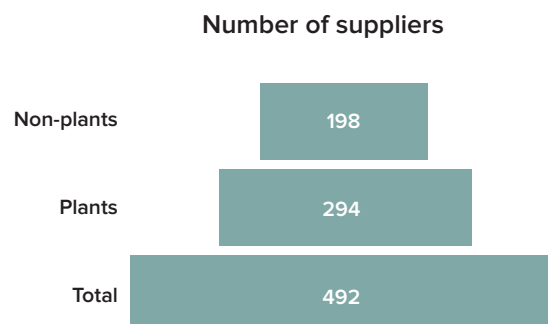
At present Plantasjen is working with its suppliers and to some extent its sub-suppliers, for example the farms producing roses in Africa. Plantasjen sells cut flowers grown in Ethiopia and Kenya. Roses are purchased from a trading company through which Plantasjen source flowers from 9 suppliers with in total 11 farms in Africa. All farms are certified according to MPS\* and five of the suppliers are Fairtrade-certified.

\* MPS A or MPS B, Milieu Project Sierteelt <https://www.my-mps.com/en/>

## Picture of Plantagen's suppliers

### Description of the supply chain

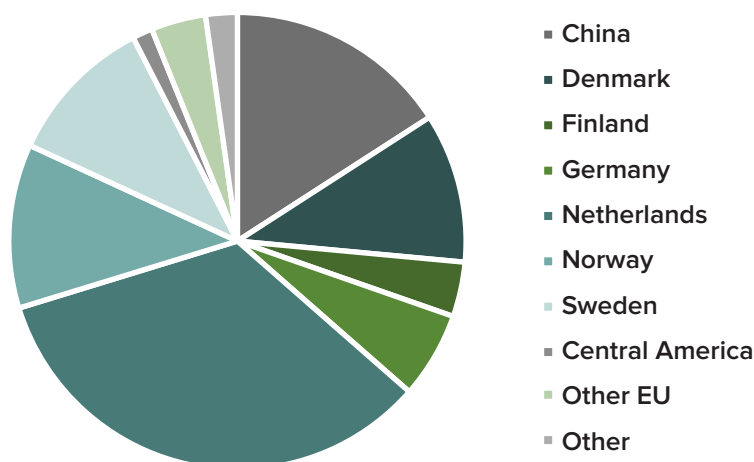
Plantasjen sells outdoor and indoor plants as well as complementary products such as garden equipment and interior decorations. The supply chains for plants and complementary products (non-plant products) differ a lot. Plants are mainly purchased in Europe whereas complementary products primarily are sources in Asia. In total Plantasjen purchased goods from almost 500 suppliers in 2017.



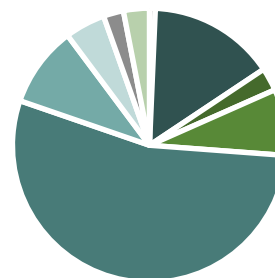
The main part of Plantasjen's supply stock consist of plant suppliers in Scandinavia and northern Europe. The suppliers, from which goods are sourced directly, categorized as situated in risk countries\* are about 90 and the production facilities in risk countries slightly over 110.

### Number of suppliers divided by country

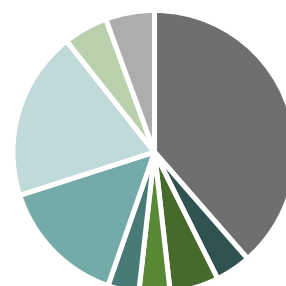
#### All suppliers



#### Plant suppliers



#### Non-plant suppliers\*\*



\* Risk countries are China, Honduras, Guatemala, Vietnam and India

Definition of risk country according to amfori BSCI, Business Social Compliance Initiative

\*\*Non-plant products include pots, garden equipment, furniture, pet food etc.



## Social responsibility in supply chain



### **A responsible supply process with focus on social sustainability in risk countries**

Working conditions in risk countries is seen as a risk that needs to be managed. To secure decent working conditions and prevent the risk of violation of human rights Plantasjen works in several ways. Plantasjen's Code of Conduct is a fundament in our supplier agreements. To follow up on the suppliers' performance regarding social sustainability, Plantasjen uses supplier assessments and audits, both amfori BSCI audits and Plantasjen's own audits. For the complementary assortment, such as pots and garden equipment this work is systematically performed since many years. For plants, where Plantasjen's purchasing behaviour has recently been changed, a more thorough supplier mapping and auditing remain.

Plantasjen's ambition is to promote sustainable and responsible business practices in its supply chain by choosing and rewarding partners who act responsibly and comply with Plantasjen's Code of Conduct. The Code of Conduct is based on the UN Declaration of Human Rights and the labour standards of the International Labour Organization (ILO) as well as on national regulations. Plantasjen wants to ensure safe and high-quality goods for its customers delivered with respect for people and nature.

The sustainability strategy states that Plantasjen shall have a supply process with a high degree of control and responsibility. Social conditions in the product supply chain are a major challenge for Plantasjen and the industry at large. There is a risk of human rights violations in the supply chain, all the way down to the production of raw materials, especially in risk countries\*. Plantasjen only focuses on suppliers in risk countries when doing audits.

### Factory audits

Plantasjen is since 2010 a member of the amfori Business Social Compliance Initiative (amfori BSCI). Amfori BSCI is a business-oriented co-operation initiative aimed at improving working conditions, protecting employees' rights and promoting a safe and secure work environment.

Key Performance Indicator (KPI)	
Share of suppliers* in risk countries** that have been 3rd party socially audited in 2017	64,8%
Share of suppliers* in risk countries** with a valid 3rd party social audit protocol	70,5%
Share of production units (factories/plantations)* in risk countries** that have been 3rd party socially audited (amfori BSCI, MPS *** or similar)	70,5%



In 2017 Plantasjen conducted 69 factory audits according to the amfori BSCI protocol. A BSCI audit (or equivalent auditing system) is to include human rights, working conditions (including child labour and forced labour), and environmental performance, among other things. Audits also include health and safety aspects such as chemicals management, ventilation and fire safety. The factories audited belong to 57 unique suppliers in risk countries. There have been no significant actual and potential negative social impacts identified in the supply chain during 2017.

There are of course social sustainability risks connected to suppliers in the Nordics, Europe and countries not defined as high-risk. Agreements with Plantasjen's suppliers including a Code of conduct and requirements are signed with suppliers regardless of high-risk country or not. Audits are only carried out at production units in high-risk countries at present.

\*directly sourced by Plantasjen

\*\* Risk countries are China, Honduras, Guatemala, Vietnam and India

\*\*\* MPS, Milieu Project Sierteelt <https://www.my-mps.com/en/>

# Responsible operations

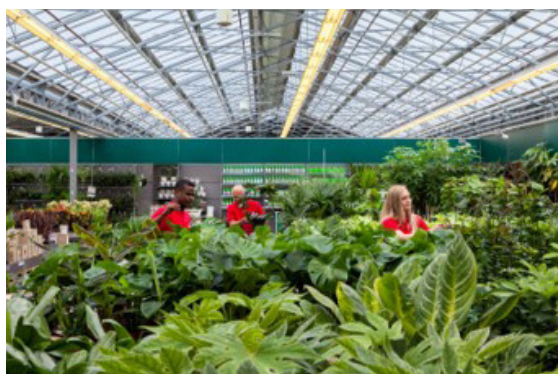


## Environmental impact from own operations

Plantasjen's sustainability strategy is the basis for the company's work on environmental matters. The aim is to take responsibility for production, distribution and consumption of all our products.

Plantasjen shall contribute to reduce climate and environmental impact, both in its own operations and the indirect operations. It is important both for Plantasjen as a company and for society in general to secure a long-term sustainable development and a healthy and viable planet. Plantasjen has decided as a first step to focus on environmental impact from its own operations, mainly energy use, emissions and waste from our stores. As a next step Plantasjen will focus at its indirect operations around the world to also affect those acting on behalf of the company.

Plantasjen's operations not only include use of energy. The company's ambition is to significantly improve in the following areas:



Plantasjen's code of conduct supports the company's work on environmental matters. Work is being done to decrease use of energy and improve handling of waste in the stores. Plantasjen's ambition is to set policies and procedures that reflect its environmental responsibilities, and from that be able to implement accurate measures to prevent or minimise adverse effects on the community, natural resources and the overall environment. It is Plantasjen's aspiration to set targets connected to environmental sustainability, i.e. energy, emissions and waste.

It is currently not possible for Plantasjen to calculate reliable aggregated data for the use of energy in stores and emissions of CO<sub>2</sub> (carbon dioxide) from energy use in stores consequently. Values are to be reported in the sustainability report for 2018.

## Transports

Transport of goods is a service Plantasjen buys from different transportation partners. Plantasjen does not own any vehicles for goods transport. At present there is not complete data available for transports. Emissions from transports will be reported in future sustainability reports.

## Waste

Waste handling in the stores is an area where responsible actions creates a positive impact on the environment and expenses. Steering towards separation of waste into different fractions to reduce environmental impact and cost is one way for Plantasjen to act responsibly.

## Meaningful and developing jobs for people with passion for plants

**A motivated and high-performing organisation**  
Plantasjen shall be a good place to work. The employees are Plantasjen's greatest asset and by putting effort into developing and motivating the staff a foundation of a sound and prosperous business is being laid. It is the employees in Plantasjen's stores that creates customer experiences - every day. In 2017 Plantasjen had approximately 2,000 employees with the majority employed in the stores.

At Plantasjen a motivated and high-performing organization is seen as the company's key to success and the foundation of a sound business. Plantasjen is in several ways working to motivate and develop its employees and help them reach their full potential. Through regular performance appraisals and employee surveys, a dialogue is on-going to develop the people working for Plantasjen. As a result, specific development measures can be defined individually that address the company's needs and the employees' potential. Talent review is a means to systematically identify talents to develop and retain highly motivated people within the company. The result of the group's talent review gives a foundation for succession planning and a clear picture of what investments in education is needed.

### Plantasjen Business School

To meet the employees' needs even more specifically, Plantasjen is continuously reviewing its learning offer in Plantasjen Business school. In 2017 there were 1100 e-learning completed. There are 22 unique e-learning held through Plantasjen Business School. For example introduction courses for new employees.

The leader development program in Norway has run over the past ten years with 18-24 leaders a year. The more than 200 executives that have undergone this program, using the models from the program in the daily work have resulted in the development of a common practice of leadership. In Sweden, a leadership development program has been introduced in Plantasjen Business School in 2017, with the first training running in the first quarter of 2018.

Performance appraisals are to be offered Plantasjen's employees and the objective is that appraisals are held once a year. The performance appraisals are important to ensure that all employees continue to develop and to assist in achieving Plantasjen's common business goals. The employee survey shows 73% of employees had a performance appraisal last year, to be compared with 66% in the previous survey (2015).



The nominating procedures for Plantasjen's employee of the year is an appreciated event. Each store is nominating their hero, who is competing with heroes from other stores and regions. In the end there are three winners, the employee of the year from Norway, Sweden and Finland respectively. The three winners travel together to London and Chelsea Flower Show to get inspiration and new experiences.



## Meaningful and developing jobs for people with passion for plants

	Female leaving	Male leaving	Total number of employees leaving	Female new hires	Male new hires	Total number of employees beginning	Rate of employee turnover	Rate of new employee hires
Norway	62	26	88	57	21	78	9,6%	8,5%
Sweden	48	15	63	34	13	47	13,6%	10,2%
Finland	10	3	14	14	6	20	11,1%	15,9%
Other countries	2	1	3	3	1	4	11,1%	14,8%

### Personnel turnover (permanent employees)

In general Plantasjen's employees are staying for a long time within the company. Almost 30% of the permanent employees have worked at Plantasjen for ten years or more. Most employees find their work interesting and rewarding and the commitment is as high as 82% (from the employee survey 2017).

People data has been compiled using figures of Head Count and has been collected from Human Resources' systems. From a sustainability perspective it is advisable to use Head Count as it includes all the employees, regardless of whether or not they work full time.

### Employee survey

Plantasjen's employees are very important for the success of the company. Therefore, it is key for Plantasjen to continuously evaluate how things are and what potential for improvement there is. An employee survey is conducted biennially, and was performed in 2017 with a response rate of 95%. The 2017 results were as follows.

Employee Satisfaction Index, ESI	2015	2017
Total	73	74
Leadership	73	75

The Employee index is a measure of engagement. It is built up by questions from six index areas: vision and goals, organisation, work climate, physical work environment, leadership and customer focus. The Plantasjen rating 2017

was 74%, which is classified as an approved result. The survey helps to create a platform for dialogue and the results are used to create continuous improvements and to develop the company and its teams.

### Equal opportunities for employees

Plantasjen aims at having equal opportunities for everyone that shares a passion for plants. The company is seen as a workplace where everyone has equal opportunities to develop regardless of ethnicity, gender, transgender identity, sexual orientation, religion or age (85% from employee survey 2017). Of the 185 managers working in Plantasjen in 2017, 101 was women.



### Gender breakdown of employees and managers at all management levels

	Women	Men
Total	71%	29%
Managers	55%	45%

### Health and Safety

All employees shall be provided with a safe and healthy working environment and Plantasjen take action to prevent workplace accidents or illnesses. Working in stores is in general physically demanding. To address topics related to the working environment in a systematic way Plantasjen works with health and safety. The procedures slightly differs between countries to meet the local legislation and standards. One area where a thorough work is conducted is in the field of working incidents and accidents. Frequent work-related injuries occurring in Plantasjen includes cuts, foot and leg injuries and fractures.

	Accidents*
Norway	6
Sweden	4
Finland	5
Total	15

\*Number of accident at the workplace requiring one day or more absence from work, 2017

### Collective bargaining agreements

Freedom of association and protection of employees' right of being members in trade unions and conduct collective bargaining is fundamental for Plantasjen. Most employees in Sweden, Norway and Finland are covered by collective bargaining agreements (100% in Sweden, 100% in Norway and 92% in Finland). Trade unions which are party to collective bargaining include but are not limited to The Norwegian Union of Commerce and Office Employees (HK), The Commercial Employees' Union (Handels in Sweden) and the Service Union United PAM (Finland). In Germany, Holland and China none of the employees are covered by collective bargaining agreements.

Sick-leave**	2016 [%]	2017 [%]
Norway	7,9	5,6
Sweden	4,0	4,6
Finland	3,6	3,9
Total	6,1	5,0

\*\* permanent employees

## Human rights

### **Risk of violating human rights in supply chain**

Operating, especially in risk countries, means that you as a company have to be aware of and work to prevent human rights violations. Recently there is also a greater awareness of human rights violations within Europe. Our operations in Asia, with membership in BSCI as a cornerstone, are systematically reviewed as social auditing of the suppliers of Plantasjen's complementary products are being made. To minimize the risk of violating human rights code of conduct and purchasing agreements covering human rights aspects are besides social screening and auditing of suppliers included in Plantasjen's work to prevent violations. During 2016 and 2017, Plantasjen transformed the supply chain and made major changes in the way of buying green plants. Plantasjen has approached growers in Latin America, which increases traceability as well as the ability to influence and control. New ways to purchase plants open up for greater opportunity to influence and increased possibility to act and control. Development of a structure to set and follow up social and environmental requirements in the supply chain for plants lies ahead of us. Plantasjen has not done a systematic assessment of human rights risks for the company but find the biggest risk of violating human rights lying in the supply chain.

### **Discrimination and #metoo**

At Plantasjen there is zero tolerance to discrimination which has been communicated for several years. It is clearly written in Plantasjen's Code of Conduct which also states the procedures according to which any violence to this code shall be reported. Plantasjen has had zero reports during 2017.

In the employee survey where questions on

equality are raised the employee index for equality is 85% (83%). When breaking this question down into the seven grounds on discrimination covered by the law, employees who feel that everyone has not an equal opportunity states gender as the first reason. All managers have a responsibility to work with their teams with equality and especially when the employee survey indicates that there is a lack of equality. This is an area where even more focus will be put and more detailed questions raised in the next employee survey, to further explore what challenges there may be which are not today reported.

There is no external whistleblowing system implemented.

The #metoo campaign has put focus on discrimination and sexual harassment. Plantasjen's management has been instructed to secure that all employees shall know about the Plantasjen non-tolerance statement, as people shall feel safe at Plantasjen.

## Business ethics and governance procedures

Solid corporate governance built upon ethical values and compliance with laws and regulations, is a good foundation for a successful business. Plantasjen believes governance done well strengthens management accountability, fosters responsible decision-making in execution and increases public trust.

### Governing policies

Plantasjen Governing policies include a Code of Conduct, Code of Ethics, Anti-corruption and Bribery policy as well as a range of other policies. The code of conduct describes Plantasjen's commitment and requirements in connection with issues of an ethical nature that relate to business practice and personal conduct. Plantasjen's Code of Conduct and Anti-Corruption and Bribery policy demonstrates the company's position against corruption.

During 2017 Plantasjen's Code of Conduct as well as anti-corruption and bribery policy have been updated. The policy has been communicated and signed by the board, management and all employees across all regions. There are no reported or confirmed incidents of corruption during 2017. A routine to inform new employees about the code of conduct and its content has been introduced. The Code of conduct and governing policies are reviewed once a year.

Generally the risk of corruption within Plantasjen has been evaluated as rather low, but areas to pay attention to are contacts with suppliers of goods and services. To combat the risk of corruption in the supply chain, policies and audits are used.



### Precautionary principle and Product safety

At Plantasjen the legislation and standards in the countries where the company operates are followed. Plantasjen is striving to have a precautionary approach and also to offer a more sustainable alternative in each product category. Sometimes Plantasjen sells products only on some markets. This is the case with a weed-control product, Roundup, that is sold on the Norwegian and Finnish markets but not in Sweden since 2015. The product is complying with both EU- and country legislation but has been discussed during the year.

The precautionary principle is applied in Plantasjen's work with product safety and compliance. Prior to release of new products

belonging to the complementary assortment the item is assessed in order to assure the right product quality. Product tests and spot-checks are carried out to ensure that the products do meet standards and do not contain hazardous chemicals or other harmful substances.

### Use of chemicals during production of plants

Legislation is setting boundaries both for what chemicals can be used and how chemicals used in horticultural industry are to be managed and by who. MPS-ABC or similar environmental certificate includes recording of chemicals used. 62 % of Plantasjen's plant suppliers have an environmental certificate e.g. MPS-ABC\* or KRAV\*\*. Supplier-visits and residual tests are used as measures to follow-up.



### Incident with insects

In June 2017 there was an incident with Plantasjen's plants (*Polyscias Fabian*) arriving in Norway. Insects classified as quarantine pest were detected, resulting in destruction of all plants deriving from the specific batch and also plants that could have been infected by pest. The Norwegian authority Mattilssynet was involved as the insects were found at Plantasjen's Norwegian distribution centre. Also Danish authorities were involved as infected plants were produced by Plantasjen's service provider in Denmark. Plantasjen's policy for crisis management and procedures for incidents regarding product quality were followed and supporting the handling of this case.

## Governance

The Board of Directors, the highest governance body, is ultimately responsible for Plantasjen's work on sustainability. The Board is a diverse group of individuals who are elected by Ratos. In 2017 the Board consisted of eight members. There is no specific committee responsible for decision-making on sustainability topics. All topics are handled by the board as a whole. The gender breakdown of the Board can be seen in the table.

Members of the Board	2017	2016
Women	38%	38%
Men	62%	62%

The Board has during 2017 had five meetings. At two of the board meetings sustainability has been on the agenda/addressed/discussed. For example, policies and a new Code of Conduct have been approved.

Ratos is the largest owner (99%) of Plantasjen and is, as part of the board, active in steering Plantasjen in how to work with sustainable development. Plantasjen reports to Ratos who, as a listed company, is publicly reporting.

Within the business, overall responsibility rests with Plantasjen's CEO and Management Team.

Plantasjen's aim is to integrate sustainability in all parts of the company. The CR Manager is responsible for leading, coordinating and developing the Corporate Responsibility (CR) agenda within Plantasjen. The business units are responsible for acting responsibly and continuously improving the work on sustainability.

# GRI Content Index

GRI Standard	Number of Disclosure	Disclosure	Comments/Omissions	Page number (s) and/or URL(s)
GRI 102: General Disclosures	102-1	Name of the Organisation		5
	102-2	Activities, brands, products and services	corporate website <a href="http://www.plantasjen.com">http://www.plantasjen.com</a>	5, corporate website (see comment)
	102-3	Location of headquarters		5
	102-4	Location of operations		5
	102-5	Ownership and legal form		5
	102-6	Markets served		5
	102-7	Scale of the organization		5, 6, 7, 13
	102-8	Information on employees and other workers		6
	102-9	Supply chain		16
	102-10	Significant changes to the organisation and its supply chain	Acquisition of Saba Blommor AB Plantasjen is transforming a traditional supply chain (Tropical sourcing)	5, 15
	102-11	Precautionary Principle or approach		24
	102-12	External initiatives	amfori BSCI	18
	102-13	Membership of associations	amfori BSCI Svensk Handel, the Swedish Trade Federation Virke, the Enterprise Federation of Norway Finnish Commerce Federation	18
	102-14	Statement from senior decision-maker		3
	102-16	Values, principles, standards and norms of behaviour		24
	102-18	Governance structure		25
	102-40	List of stakeholder groups		9
	102-41	Collective bargaining agreements		22
	102-42	Identifying and selecting stakeholders		9
	102-43	Approach to stakeholder engagement		9
	102-44	Key topics and concerns raised		10
	102-45	Entities included in the consolidated financial statements		5, 7
	102-46	Defining report content and topic Boundaries		10
	102-47	List of material topics		10
	102-48	Restatements of information	Not relevant. This is Plantasjens first sustainability report.	
	102-49	Changes in reporting	Not relevant. This is Plantasjens first sustainability report.	
	102-50	Reporting period	The report concerns the fiscal year 2017.	
	102-51	Date of most recent report	Not relevant. This is Plantasjens first sustainability report.	
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	<a href="mailto:sustainability@plantasjen.com">sustainability@plantasjen.com</a>	
	102-54	Claims of reporting in accordance with the GRI Standards	The report is prepared in accordance with GRI Standards: Core option.	4
	102-55	GRI content index		26
	102-56	External assurance	The report has not been assured by an external party. However, our accountants have reviewed the report to secure that it meets the legal requirements regarding non-financial reporting.	

GRI Standard	Number of Disclosure	Disclosure	Comments/Omissions	Page number (s) and/or URL(s)
<b>Material Topics</b>				
<b>Economic standards</b>				
GRI 201: Economic Performance	103-1	Explanation of the material topic and its Boundary		7
	103-2	The management approach and its components		7
	103-3	Evaluation of the management approach		7
	201-1	Direct economic value generated and distributed		7
GRI 205: Anti-corruption	103-1	Explanation of the material topic and its Boundary		24
	103-2	The management approach and its components		24
	103-3	Evaluation of the management approach		24
	205-2	Communication and training on anti-corruption policies and procedures	a) and b) Communication of anti-corruption policies and procedures: - Governance bodies: 100% (185+8 people) - Employees: 100% (2047 people) d) Governance body members that have received training on anti-corruption: 0% e) Employees that have received training on anti-corruption: 0%  Omission: c) Plantasjen is not reporting on business partners that anti-corruption policy have been communicated to due to that data is not available. Plantasjen will explore the possibility of collecting this data during 2018.	24
	205-3	Confirmed incidents of corruption and actions taken		24
<b>Environmental standards</b>				
GRI 302: Energy	103-1	Explanation of the material topic and its Boundary		19
	103-2	The management approach and its components		19
	103-3	Evaluation of the management approach		19
	302-1	Energy consumption within the organisation	Omission: Information unavailable. It is currently not possible to calculate reliable aggregated data for the use of energy in Plantasjen's own operations. Values are to be reported for 2018.	19

GRI Standard	Number of Disclosure	Disclosure	Comments/Omissions	Page number (s) and/or URL(s)
<b>Social standards</b>				
GRI 401: Employment	103-1	Explanation of the material topic and its Boundary		20
	103-2	The management approach and its components		20
	103-3	Evaluation of the management approach		20, 21
	401-1	New employee hires and employee turnover	Omission: Plantasjen is not reporting new employee hires and turnover divided by age group, as data is not available at present. This data will be reported 2018.	21
GRI 406: Non-Discrimination	103-1	Explanation of the material topic and its Boundary		21, 23
	103-2	The management approach and its components		23
	103-3	Evaluation of the management approach		21, 23
	406-1	Incidents of discrimination and corrective actions taken		23
GRI 414: Supplier Social Assessment	103-1	Explanation of the material topic and its Boundary		17
	103-2	The management approach and its components		17
	103-3	Evaluation of the management approach		18
	414-2	Negative social impacts in the supply chain and actions taken	Topic boundary: suppliers in risk countries	18
<b>Own topic</b>				
Own topic: Plant products	103-1	Explanation of the material topic and its Boundary		12
	103-2	The management approach and its components		13
	103-3	Evaluation of the management approach		13
	Own topic	Plant material in the offer	Own indicator is being used: Pieces of plant products*/total pieces sold	13
* All disclosures used in the GRI Content Index correspond to the GRI Standards of 2016.				