



GRAN LIVING APS COMMUNICATION ON PROGRESS

— COP REPORT 2021 —



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A LETTER FROM OUR CEO



2020 has together with the Corona-pandemic brought many changes and I think most can agree if I say the last year has been a bit of a challenge. Throughout the year we often had to adjust to changing circumstances starting with increased working from home and new rules if we meet in the office, travel restrictions and online meetings with suppliers and customers and delays because our factories and logistic partners had to deal with similar restrictions. While the pandemic showed our vulnerability it also raised awareness about the state of our planet and showed us that it is now we have to take action.

At Gran Living we are more than ever committed to support the 10 principles of the UN Global Compact and the 17 Sustainable Development Goals and we want to use this Communication on Progress report to share with you our achievements from 2020 and show you the path we are on for the current and coming year.

Our biggest achievement during the last year was getting the FSC certification. The FSC certification had been on our agenda already for the previous year but due to the corona outbreak we had to postpone it for some months. Now we are all the happier and proud that we managed to take this project up again during this challenging time and successfully got certified. The FSC certification will be a new quality standard for us and from now on all our new wood based products shall be certified.

Per Gran Hartvigsen
CEO, CSO

HIGHLIGHTS IN 2020

In 2019 we had huge plans for the last year but life happens and things change and especially the outbreak of the corona pandemic in early 2020 meant we had to postpone some of our projects and focus our energy on the most important projects.

For us this was to continue and further increase the work with the Business Social Compliance Initiative (BSCI) which we joined in 2019 and to acquire the FSC certificate.

FSC®: A DECISION FOR THE FUTURE

Already on our agenda for quite a while, we decided that 2020 will be the year we become FSC certified.

Though this project was threatened by the challenges 2020 unwrapped we started the process of getting FSC certified in the fall of 2020 and received the certificate in early 2021.

Read more about our FSC certification on [page 16](#).

THE SAME SOCIAL STANDARDS EVERY- WHERE WITH BSCI

In 2019 we joined the BSCI and since then encourage our suppliers to join this initiative and become audited.

In 2020 we initiated the first audits ourselves and asked all new suppliers if they are members or want to become members.

Read more about our work on BSCI on [page 12](#).



WE ARE A PART OF BSCI & FSC CERTIFIED



Member of amfori, the leading global business association for open and sustainable trade. For more information visit www.amfori.org





ABOUT GRAN LIVING

Gran Living is a Danish Design company for interior design and lifestyle products. The company was established in 2004 by the couple Per and Kathrine Gran Hartvigsen after coming back home from a stay abroad with the dream to design and distribute quality home accessories. Since then Gran Living has steadily grown and now offers work for 18 dedicated people in various departments, each playing a vital role for the success of the company. To this day Gran Living delivers a broad range of private label design products to medium and high-end brands in Northern Europe, and in 2015 we launched our own interior design brand: AYTM, which is quite simply a wordplay on the word "item".

The heart and soul of Gran Living rests in our design department, which is located in our headquarters by the harbour of Aarhus and deeply anchored in Danish Design. Since the beginning we have always tried to challenge our customers and ourselves by creating original, innovative and inspiring collections in high quality. With AYTM we want to reinvent and challenge the traditions in Danish design and give it a new perspective, by using simplistic shapes and structures in combination with bold, warm, and internationally inspired colours. Using pure and unusual materials every AYTM piece speaks of luxury and high quality.

In 2014 we opened our office in Shanghai to have local representatives in Asia and help secure improved contact and cooperation with the factories and handle our sales in China.



FOUNDED IN 2004
(17 YEARS OF EXPERIENCE)



HEADQUARTERS
IN AARHUS, DENMARK



INTERNATIONAL SALES
& REPRESENTATION



24 EMPLOYEES IN
DENMARK & CHINA



LIFESTYLE &
INTERIOR DESIGN



OUR APPROACH TO CSR & THE UNGC

At Gran Living, we acknowledge our responsibility to contribute to a better world within our scope of influence. To show our respect for the people and the planet, we take action and continuously seek to improve the conditions for the workers in our supply chain and reduce the environmental impact of our products. We know we are not perfect but we are always working on getting better and we believe that becoming sustainable is an ongoing process of improvements, which requires close collaboration and good communication with our producers and customers.

We apply the same quality and sustainability standards to our brand AYTM and our private label customers and there is a strong influence between the two parts of our business. Some of our sustainability initiatives started as a request from our private label customers and some are a decision made by us for AYTM. But we do not make a difference and once we decided to implement an initiative all our producers and products will be included. By this we also try to push some of our customer that do not have the same sustainability standards yet to adopt them.

By committing to the UN Global Compact (UNGC) we are obligated to actively work towards complying with the Compact's 10 principles on human rights, labour rights, environmental rights, and anti-corruption. The 10 principles are embedded in our supplier code of conduct and we have formulated policies for each of the four areas that are essential for everything we do. Additionally, we also committed to the 2030 Agenda for sustainable development and actively strive to take action on the Sustainable Development Goals (SDGs) on which we have an impact through our work.



HUMAN RIGHTS

At Gran Living we care about the safety and well-being of our employees at all times and will not conduct business with any supplier engaging in or benefiting directly from human rights abuses. We expect all suppliers to support and respect the protection of internationally declared human rights stated in the International Bill of Human Rights.



ENVIRONMENT

At Gran Living we care about the environment with concern for the future. We focus on the long-term consequences of our activities and strive to prevent, minimize and remedy adverse impacts our activities place on our earth, and we expect the same from all parties throughout our supply chain to secure the best possible conditions for future generations.



LABOR RIGHTS

At Gran Living we support and act in compliance with internationally declared labor rights and expect our business partners to do likewise. We strongly repudiate child- and forced labor and acknowledge diversity and the rights of employees. Therefore, we will not accept any kind of discrimination or violations of rights.



ANTI-CORRUPTION

At Gran Living we refrain from corruption and bribery in any form. We believe in ethical and fair business practices, and expect from both our own employees and external business partners to avoid any kind of unethical business practices.



GRAN LIVING & THE SUSTAINABLE DEVELOPMENT GOALS

At Gran Living, we wish to minimize the negative and maximize the positive impact of everything we do and we think it is important to communicate this in a simple way everyone can relate to. Over the last years the 17 Sustainable Development Goals (SDGs) – a framework to end poverty, protect the planet and create prosperity for everyone - have reached global recognition and help create a common understanding about sustainability

All our actions directly impact at least one of the SDGs and in most cases there are cross-references or indirect impacts on several other SDGs. Due to how we work, our products and the production of them, we selected three of the SDGs that are most relevant goals for us to work with in the coming years.



DECENT WORK AND ECONOMIC GROWTH

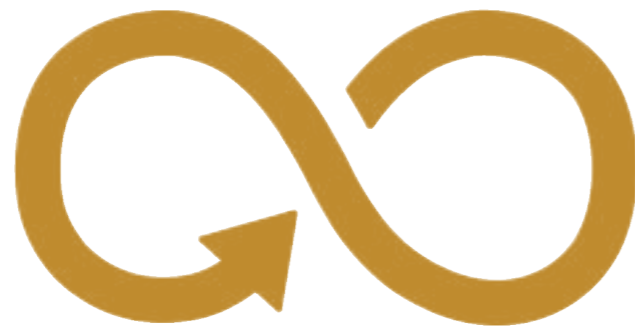
WE CHOSE GOAL 8:

Decent work and economic growth because it addresses a topic that is close to our hearts. For us decent work conditions, including a fair wage, a safe working environment, and complying with human and labour rights are a prerequisite for any business relation.

This means we do not accept any kind of modern slavery through forced labour or child labour and through our work we actively want to support youth employment, education, and training. To help us monitor this, we work with the BSCI and make regular company audits at our suppliers and we support organizations such as GoodWeave.

In our own offices we want to lead by good example and strive to give young professionals a chance to develop their career. We offer internships to help young people develop their professional skills and several of our former interns are now working fulltime at Gran Living.





RESPONSIBLE CONSUMPTION & PRODUCTION

WE CHOSE GOAL 12:

Responsible Consumption and Production because we are concerned about the rapidly growing resource depletion and want to challenge it by improving the material and energy efficiency of our products. With our own designs, our purchases and our sales we believe we have a responsibility to make an impact in this area. For our products we strive to make long lasting design and use quality materials and sustainable materials where possible, such as FSC certified wood. We use a lot of time to research alternative materials and discuss with our suppliers why sustainable materials and resource efficiency are important and how we can work together on it.

Topics such as circular economy, circular design, and upcycling are of great interest for us and they are deeply embedded in the hearts of our design team. In the coming years we want to work on more upcycling projects and collaborate with old and new business partners to increase the awareness about resource consumption and help them use sustainable materials, reduce waste and recycle together with us but also in their own area of operation. We are constantly seeking for new ideas, materials and partners and for this reason we have joined the Upcycling Forum, a local organisation to connect businesses working within the area of circular economy to share leftover materials.



PARTNERSHIPS FOR THE GOALS

WE CHOSE GOAL 17:

Partnerships for the goals because we think partnerships are essential to achieve the Sustainable Development Goals as well as our own CSR objectives. We want to do everything we can to support the SDGs and contribute to a sustainable future but as a relatively small company we are aware that our resources and influence are limited. Thus, it is even more important for us to engage in partnerships with our business partners and industry networks and organizations. Being a member of the amfori BSCI, the Upcycling Forum and participating in industry associations gives us the opportunity to collaborate with others and together we have a larger power to mobilize sustainable development.

In addition we also engage in partnership with institutions such as Design School Kolding to both help teach and develop young talents and share our passion for sustainable development with them and learn from the students that bring new ideas, knowledge, and methods with them and often challenge how we do things at Gran Living.

THE SAME SOCIAL STANDARDS EVERYWHERE WITH BSCI

Not having our own production we rely on partners in Europe and Asia to manufacture our products. Working with many different producers from around the world, it is important for us that all of them live up to some minimum standards. To better manage our supply chain and ensure socially responsible operations, we decided in 2019 to become members of the amfori Business Social Compliance Initiative (BSCI), which is based on 11 principles addressing human and labour rights, environmental compliance, and anti-corruption standards, and take advantage of the collective supply chain management system to ensure our suppliers are audited on a regular basis.

In the BSCI scheme a producer is linked to one or more members. One member is assigned the responsibility for this producer and has to make regular audits and follow-up audits to ensure the producer fulfils the code of conduct and implements continuous improvement plans if something is not as it should be. The audit results are then shared in the BSCI platform and all the related members can access the information and make a supplier assessment.

Becoming a member of the BSCI we decided to make the BSCI audit a requirement for all our new suppliers located in Asia. The reason for this is that countries in Asia often have more issues with labour rights and corruption and a third party audit can help us assess a supplier before we become business partners. Nevertheless it is also important that our European supplier accept our code of conduct, which incorporates the BSCI principles. Since we joined the initiative we are also in dialogue with our existing suppliers and continuously increased the amount of them getting audited, because we also want our existing supplier to live up to the same rules and make further improvements to drive a sustainable development.

The pandemic unfortunately also made it harder to keep up with factory audits due to local lockdowns and travel restrictions. But using local auditors the factory audits could still be conducted though some had to be postponed until the strict measures were lifted.

In addition to the amfori BSCI we have also just joined amfori BEPI (Business Environmental Performance Initiative). We have not actively started working with it, but we hope to get started soon and share more with you in next year's COP report.



GOODWEAVE

In 2016 we decided to work together with GoodWeave, an NGO fighting child, forced or bonded labour in the rug industry. GoodWeave makes unannounced inspections at our supplier to ensure that they comply with their standards and no child, forced or bonded labour is used in the making of the product. All of our rugs are certified with the GoodWeave label that carries a unique ID code and can be traced back to the certified producer.

Through the support of partners such as Gran Living for their supply chain monitoring and certification scheme, GoodWeave addresses the root cause of child labour and invest in education and health programs for communities surrounding the production. Over the years GoodWeave rescued more than 7500 child labourers and provided education for more than 35.000 children in South Asia.

During the pandemic when many production had to lock down, GoodWeave stepped in and provided food aid for workers and family members that had lost their income and secured e-learning for more than 6.000 children. Many at Gran Living have children themselves and the fight against child labour and support of youth education is close to our hearts. Thus, we are very proud of this collaboration and want to support GoodWeave also in the year to come.



FSC®: A DECISION FOR THE FUTURE

The FSC certification had been our main objective for 2020 and though we had to postpone it, we still managed to pick it up again and get certified, though if we are honest we only received the official certificate 2 weeks into 2021. Nevertheless, we are super happy and proud to have reached this achievement more or less in our set timeline.

The Forest Stewardship Council® is an organization that sets standards for environmentally appropriate, socially beneficial, and economically viable forest management worldwide. This includes measures for protecting biodiversity, water resources, and endangered species and securing decent work conditions and support for local communities. Everyone working with FSC is contributing to this mission and help preserve the world for future generations. Thus using FSC certified product is for us a decision for the future.

Having received the FSC certificate for Gran Living, we decided that from now on all new products containing wood or paper should be FSC certified no matter if the product is for our own brand AYTM or our private label customers. This does not mean that from now on all our wood products are certified because we still have wooden products in our warehouse from before we were certified but all the new products coming in shall be certified and we believe that until the end of 2022 we will only have certified products on our shelves.



A SECOND CHANCE FOR FORGOTTEN GEMS

Over the last years we have collected several pallets of products that could not be sold. Though we try to minimize over production this cannot be 100% avoided due to small quality issues, products going out of collection but being left in stock, or product having a lower demand than expected. Over time these leftover products were growing and became a burden for our warehouse, and we decided that they eventually had to go. However, we used a lot of precious time and resources on these products and we do not want to throw them away to get burned or destroyed. Instead we wanted to give our products a second chance. Throughout 2020 we engaged in the following initiatives to save our forgotten gems.



OUTLET SALE

In the autumn of 2020 we arrange a big outlet sale in a pop-up store next to our office location which was open for 4 weeks.

Though we had to follow the local restrictions and could only welcome few customers at a time, our shop was well visited and about 70% of our products found a new home.



ART COLLABORATION

For several years we have a collaboration with a Danish Artist, who created unique floral designs for some of our products. Having several large CIRCUM mirrors with small quality issues, we came up with the idea to decorate them with the same floral design to create a unique piece of art to complement our new collection.

Using our mirrors as the canvas, the art is hand drawn on the glass and only available in a limited amount and on request.



SCHOOL DONATIONS

Later, in November we contacted several local schools to hear if they could use some of our products.

Following this we decided to donate some of the products that did not find a new home in the outlet to the schools, where the kids used them in art projects to create decorations for their classrooms or Christmas gift for their loved ones.

Based on the feedback we received from the schools, the donations were well received and appreciated by both students and teachers.



NEW WAYS OF WORKING

The outbreak of the corona pandemic has from one day to the other brought drastic changes to how we work and interact. In some cases this has been an eye-opening and we started to question some of our actions if we really need them or if we can achieve the same in other ways. As a result the pandemic has brought us many new ways of working that as we believe have a positive environmental impact on us and help reduce the cost of our operations, thus we do not see the need to return to business as usual.

ONLINE TOOLS TO MEET AND WORK TOGETHER

Already prior to the pandemic we occasionally used online tools such as teams and zoom to communicate with our partners from across the world and we had the possibility to connect to our server from wherever to work remotely. However this was not broadly used and we normally met in the office or travelled to our customers and suppliers to have a meeting.

Using Teams and Zoom enables us to meet with customers, and business partners everywhere around the world without having to spend hours traveling. Though we miss the physical and personal contact we also value the additional time we have and the efficiency of online meetings. Reducing our travels means we have more time to focus on other projects and there are fewer emissions linked to our meetings, as air travel was a frequent mean of transportation.

Our employees now also have the possibility to work remotely more easily than before as we have become accustomed to rely on calls and video chat for internal meetings too, which means they reduce their commutes and can benefit from some extra free time before and after work.

A NEW ONLINE PRESENCE

During 2020 most of the interior design fairs we normally visit had been cancelled. Being limited in how we can present our products and engage with our customers we decided to focus more on our online presence. The result is our new virtual showroom that you can visit here:

<https://tours.360company.dk/tour/aytm-showroom>

In addition we decided to not print our AW20 catalogue as there was no need for it with all the fairs being cancelled and instead only publish an e-catalogue, which is easy to display on a mobile device. From now on all our catalogues should only be available electronically, which saves paper and ink for a product that would already be outdated after the next collection. In the future when large fairs are a possibility again, we want to be more selective which we will physically visit and which we might only join online, as it seems that this is the future.

ENGAGEMENT AND MOTIVATION

Due to the pandemic we unfortunately had to restructure and say Good-Bye to some of our valued colleagues. This decision was not easy for anyone and some might have experienced a bit of distress. To overcome this and grow closer together we decided to implement some new employee engagement initiatives and management methods.

Each employee has regular development meetings with his or her manager and is encouraged to participate in different workshops and committees about motivation, environmental and social initiatives, and social activities to make Gran Living the best working place for each of us.

OUR PLANS FOR 2021

At Gran Living we look forward to an exciting future with many interesting new CSR projects for the coming year and beyond.

Many of these projects are still in an early state and we have to find out how they will develop but we hope to share an update with you on these topics next year.

BEPI

We just joined the amfori Business Environmental Performance Initiative.

We want to add our most important suppliers and conduct self-assessment questionnaires with them.

LOCAL PRODUCTION

Find new partners in Europe and move more of our production closer to our warehouse in Denmark.

FSC

Increase the use of FSC certified wood and phase out and replace all non-FSC products until end of 2022.

BSCI

Add all suppliers in high risk countries to amfori BSCI and have a valid audit until end of 2022.

TEXTILE

Research certificates and define new material standards for textiles used by Gran Living.

UPCYCLING PROJECTS

Increase the focus on upcycling projects and search for new partners with the same interests.

CSR COMMITTEE

Establish a new committee to develop new initiatives in our office.

THANK YOU

Thank you for reading our Communication On Progress Report 2021.

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