



Sustainability Report

Sustainability Report

A summary of the sustainability performance of AngelShack Sales (Pty) Ltd, incorporating the operations of associated entity SA Chair Manufacturing (Pty) Ltd, for the annual reporting period 2022.

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Managing Director's Message

I am pleased to present AngelShack's Sustainability Report, which highlights our ongoing commitment to sustainable practices and our progress towards key environmental and social goals.



We continue to prioritise product quality and innovation, developing sustainable solutions that meet the evolving needs of our customers while minimising our ecological footprint.

In a rapidly changing world, we understand the significance of addressing pressing challenges such as climate change, circularity and supply chain sustainability and our own South African context requires that we remain committed to economic growth and job creation.

AngelShack and SA Chair aim to integrate sustainability into our business operations and products, and this starts by understanding our ESG and carbon impacts. We will look to collaborate and innovate with our suppliers and customers, providing leadership towards a more sustainable future.

Energy security remains a challenge for businesses in South Africa and we are working on solutions that will take us through and beyond the current load-shedding phase. We see this as an opportunity to reduce consumption and ultimately costs.

We have implemented 'take-back' services that see used office furniture being repurposed or fed back into our materials loop. We hope to launch other initiatives to optimise material usage, reduce waste, and promote recycling throughout our value chain.

The well-being and safety of our employees remains a top priority and we have effective workplace health and safety programmes in place.

This Sustainability Report signals an important step for us towards fighting climate change. I encourage you to read more about our corporate and product carbon footprint initiatives in the environmental chapter.

David Fish
Managing Director

About this Report

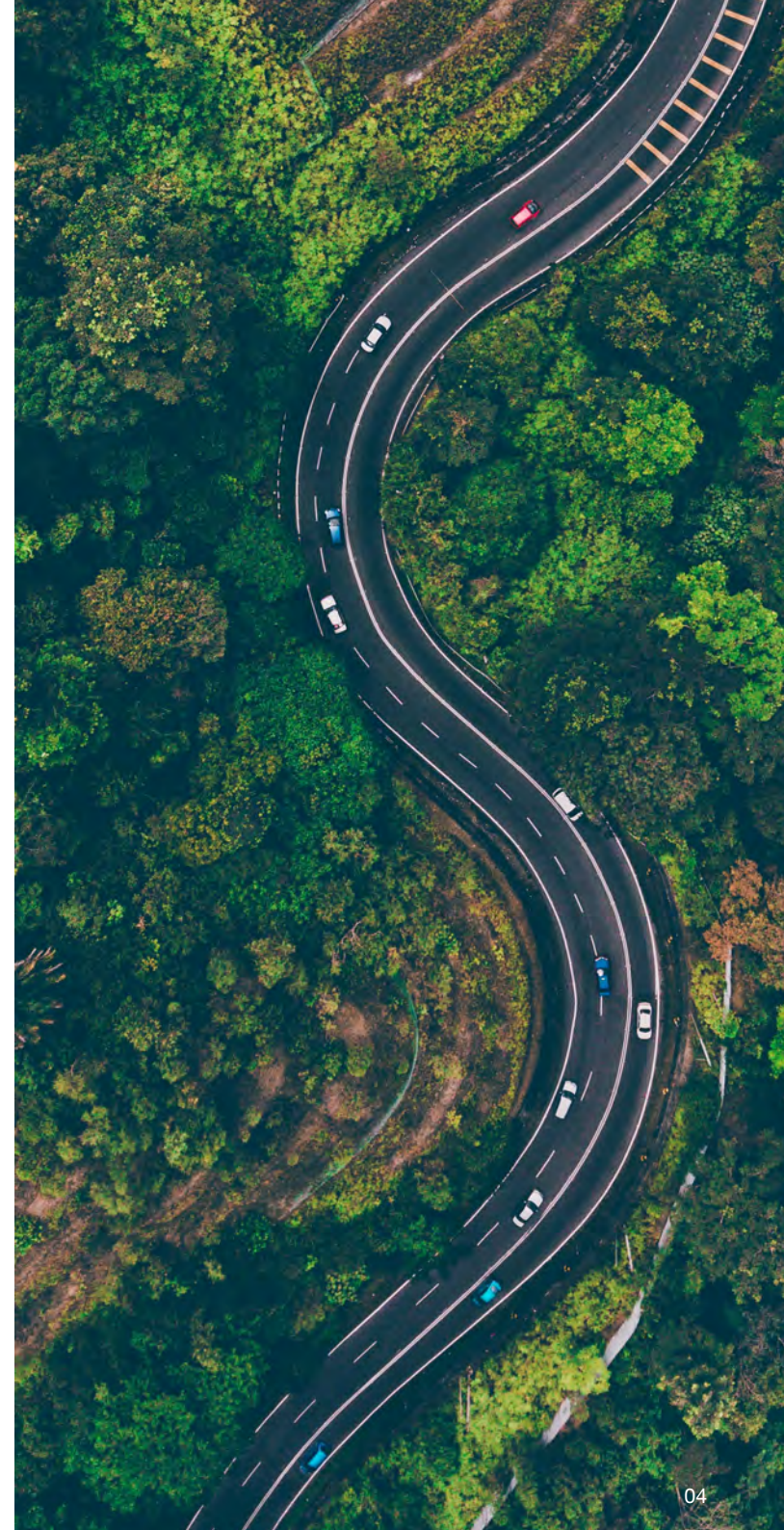
This inaugural report forms a significant milestone in the sustainability journey of AngelShack Sales (Pty) Ltd (AngelShack) and SA Chair Manufacturing (Pty) Ltd (SA Chair), reflecting this team's commitment to sustainability in all its forms, together with responsible business practices. AngelShack and SA Chair share significant shareholders, and each entity plays a distinct role in the product value chain while working together towards a common objective. These entities function as divisions, and it should be understood that any mention of one entity in the report includes both entities.

The reporting scope includes the operations of AngelShack and SA Chair in South Africa, covering the manufacture and assembly of upmarket high-quality desks and chairs. The report's boundary includes the company's direct sustainability-related impacts, including those associated with its suppliers and customers.

This report is guided by the Johannesburg Securities Exchange (JSE) Sustainability and Climate Disclosure Guidelines and the Universal Standards of the Global Reporting Initiative (GRI), which collectively provide a comprehensive framework for sustainability reporting. AngelShack has used these frameworks to guide the process of identifying and prioritising material sustainability topics, and to target completeness and accuracy of the report's content.

This report covers the reporting period of 1 March 2022 to 28 February 2023, and we aim to publish a report annually. This report contains forward-looking statements that, unless otherwise indicated, reflect the group's expectations as at 28 February 2023. There are no restatements given that this is an inaugural report.

At this time, AngelShack has not sought external assurance for this report. However, the company is committed to continuous improvement in its sustainability reporting practices and may consider external assurance for future reports.





Organisation

About Us

Strategy, Business Model & Innovation

Sustainability

About Us



AngelShack is a trailblazing South African company that has revolutionised the world of office furniture, earning global recognition through top international awards. Our mission is to transform the office environment into a vibrant and functional space while generating employment opportunities and delivering high-quality, sustainable products.

Collaborating with esteemed German designer Stefan Brodbeck, our world-class team manufactures contemporary and intelligent office furniture in our state-of-the-art factory in South Africa. Our designs are both inspiring and practical, offering affordability without compromising on quality.

We are committed to sustainability and aim to be a leader in environmentally responsible practices. As part of this commitment, we have undertaken several initiatives, including corporate sustainability and carbon reporting, and an analysis of the product carbon footprint of our best-selling chairs. These projects reflect our dedication to transparency, accountability, and continuous improvement in minimising our environmental impact.

Incorporating sustainable materials, innovative manufacturing processes, and thoughtful design, we strive to create products that not only enhance the workplace but also prioritise the well-being of our planet. Our aim is to provide customers with high-performance furniture that meets their needs while contributing to a more sustainable future.

We are engaging with our stakeholders and driving a culture of sustainability throughout our operations. By collaborating with suppliers, customers, and industry partners, we aim to create change and promote responsible practices across the furniture industry.

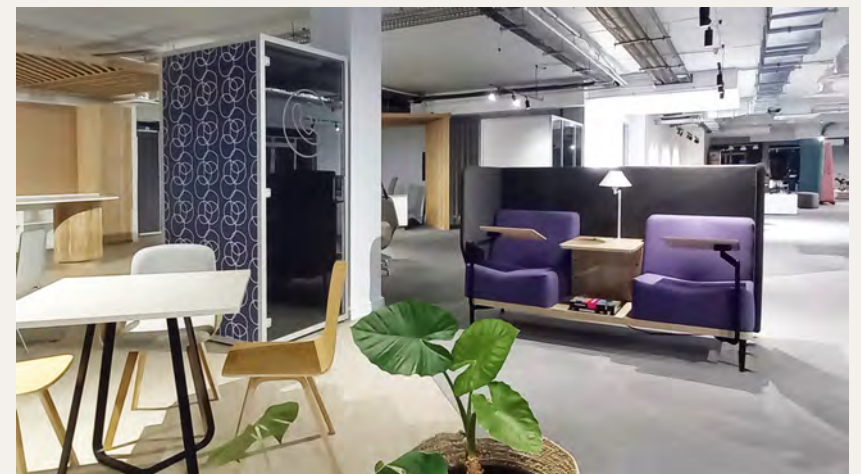
We believe that a better world is achievable through our commitment to innovation, quality, and environmental stewardship. Together, we can shape a future where workspaces are both inspiring and sustainable.

Scale & Location

AngelShack operates with a team of between 51 and 100 people, from two showrooms and a factory.

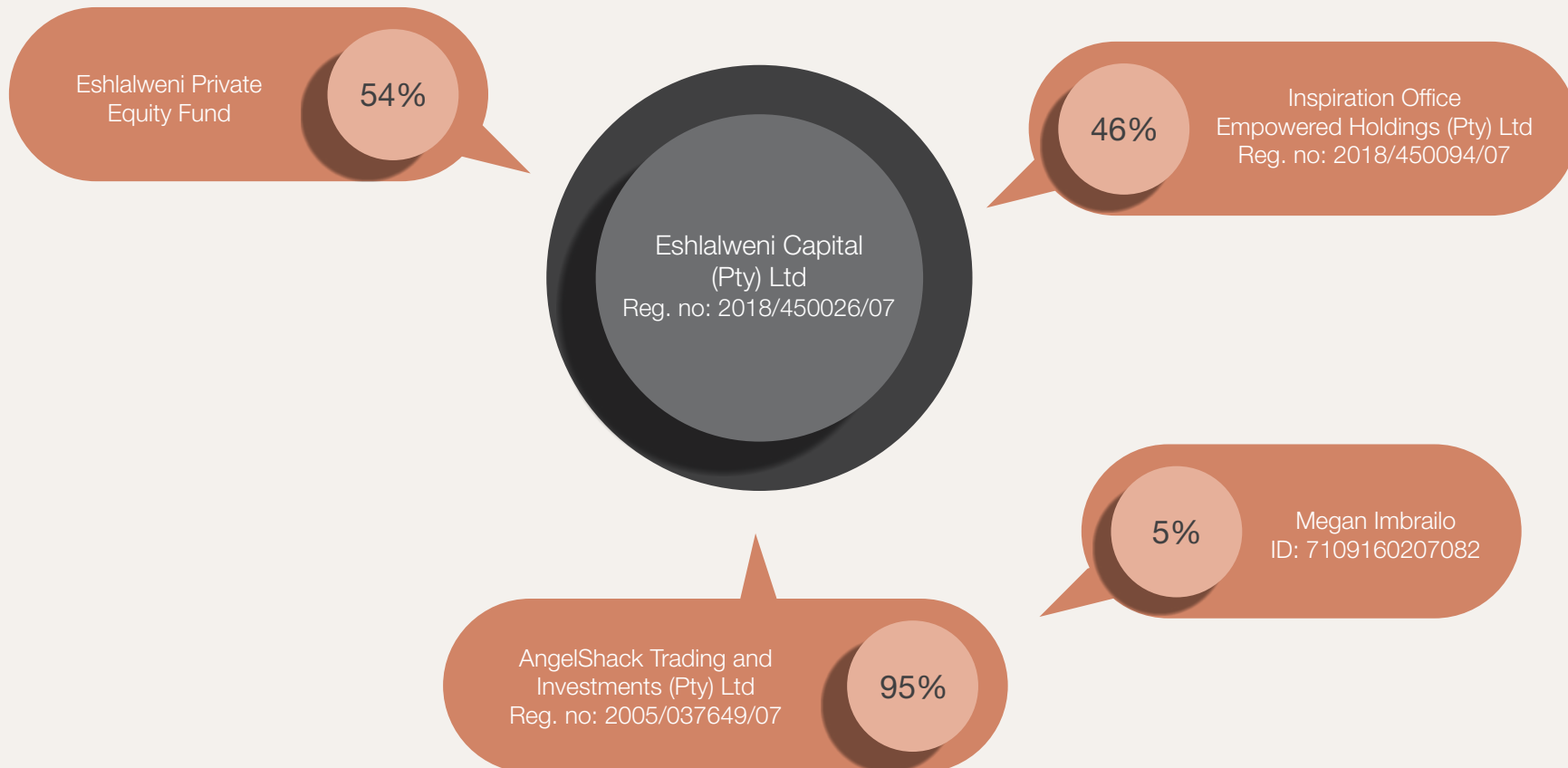
The Johannesburg showroom is located at:
Unit 4, Oxford Manor, 196 Oxford Road, Illovo, Sandton
While the CT showroom can be found at:
Nautica Building, The Waterclub, Beach Road, Granger Bay.

The Johannesburg factory is located at 8 Charles Cres, Strathavon, Sandton.



Group Structure

Shareholding, company ownership Information and organogram structure:



Vision

Business is changing. Life is changing. Speed is everything, as the internet continues to accelerate the pace of change. Yet one part of the working world remains stuck in the past – office furniture. It's expensive, it's inflexible, and it's dull.

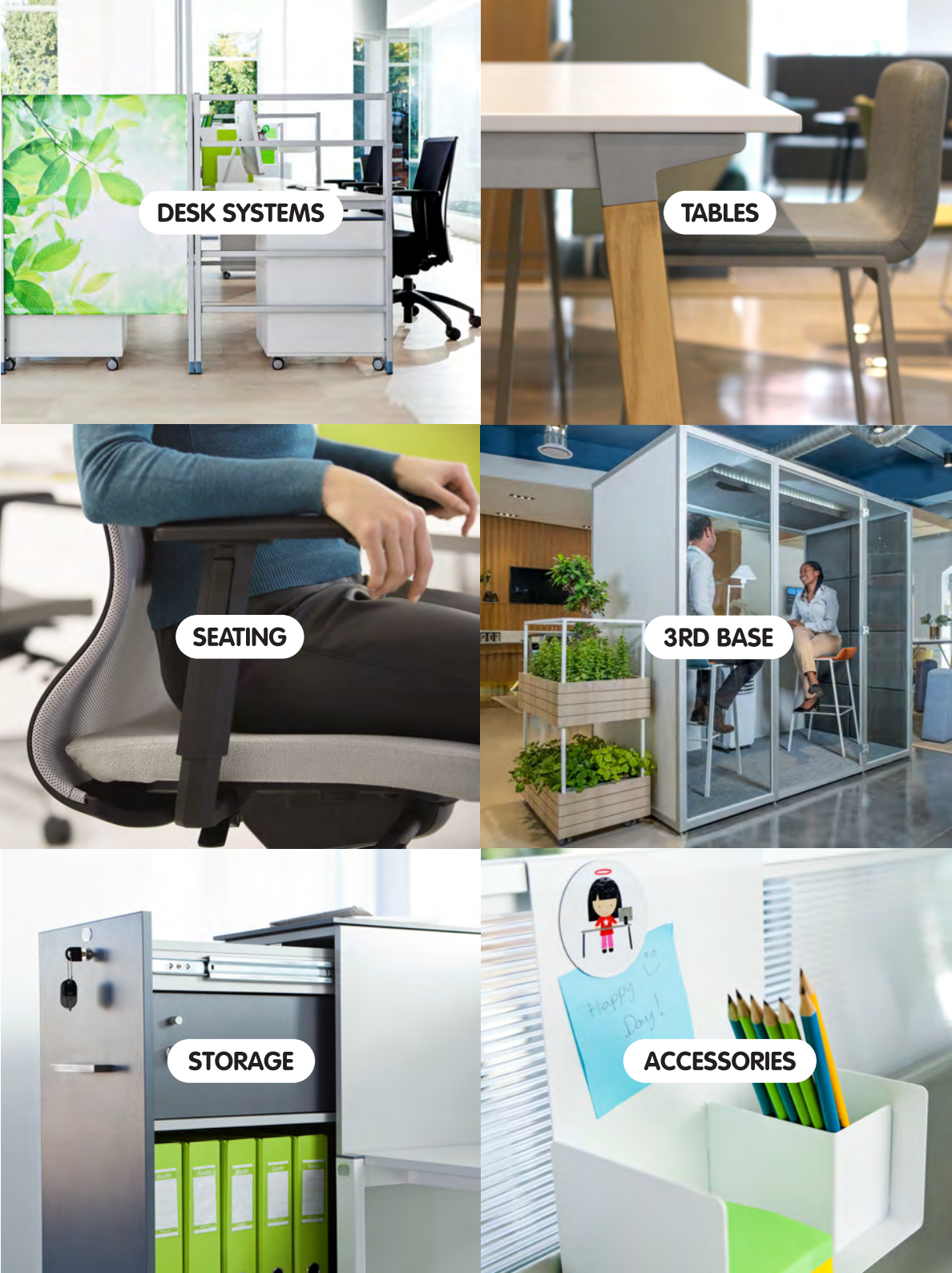
Our vision is therefore to challenge convention by designing and producing office furniture that not only looks great, but also helps people to do their jobs better – without great cost, complexity, or unsustainable practices.

Mission

AngelShack recognises the importance of research and development by investing a substantial amount, each year, into its products and services.

Our mission is therefore to make work easier, more pleasant, and more creative, while striving to become the number one choice for thinking people who want to work in a better and more sustainable world.





Our Offering

AngelShack's commitment to quality, innovation, and sustainability extends beyond our products and we offer a range of services that enhance the functionality, aesthetics, and longevity of your workspace.

We offer a comprehensive range of office and work-from-home furniture items that cater to diverse needs. Our product line includes desk systems, office tables, seating options, storage cabinets, accessories, and 3rd-base items designed to add aesthetic appeal and informality to meetings. Whether you're furnishing a corporate office or a dynamic home workspace, we have the perfect solution to meet your requirements. With our in-house industrial design team, we constantly innovate and introduce at least seven new products each year, ensuring our offerings remain fresh and cutting-edge.

In addition to our renowned workstations, AngelShack provides a refurbishment service that allows our customers to give a new lease of life to their existing office furniture. Instead of purchasing entirely new items, our refurbishment service offers the opportunity to refresh older furniture pieces with high-performance fabrics, reducing waste and promoting sustainability. We believe in providing flexible and cost-effective solutions to meet the evolving needs of our clients.

Markets

AngelShack has established a strong presence in South Africa and the company is now expanding to international markets. We serve a diverse range of market segments including corporate, small businesses, and home offices.

We are making good progress in exporting our products to countries such as Tanzania, Zambia, Kenya, Seychelles, Mozambique, Botswana, the United Arab Emirates (UAE), and Mauritius.

We aim to bring our innovative, high-quality furniture to customers around the world, further solidifying our position as a global leader in the industry.



Awards & Acknowledgements

AngelShack has earned recognition both locally and internationally in the office furniture industry – including a Chiropractic Association of South Africa (CASA) certification across all our products.

In 2014, the company received the Accenture Innovation Index Award for our outstanding contributions to product development, process design, system design, and service delivery. This prestigious award, presented to companies with an annual turnover of less than R40 million at the time, showcased our expertise in manufacturing, distribution, mentorship, research and development, and sustainability.

The Good Design Award from the Chicago Athenaeum followed, which further solidified our reputation for excellence. Collaborating with renowned German designer Stefan Brodbeck, SA Chair has created innovative furniture items such as HIVE, CHARLY, SHIFT and ALLY, which have been uniquely tailored to the needs of differing environments and users. These are high-quality, sustainable furniture items that bring functionality and enjoyment to the office space.

Our commitment to exceptional design and resource efficiency was recognised as a result of these awards, received between 2016 and 2022 – especially the German Design Award Special Mention for our office swivel chair, POP. This chair not only showcases our attention to quality, innovation, production, and design but also demonstrates our dedication towards meeting local demands and environmental sustainability.



The Chicago
Athenaeum Award
for Good Design



Executive Team



Brian Klass
Founder and Group CEO

Brian Klass is a visionary leader and the Founder and CEO of AngelShack. With an impressive portfolio of companies under his guidance, including office corporate design, office furniture sales, manufacturing, private equity investments, property development, property holdings, software development, logistics, and project management. Brian also serves as the Group CEO of Giant Leap Workspace Specialists, Bluewave Inv, FutureSpace, Inspiration Office, and ChairClub.

Operating in key markets such as Southern Africa, Africa, and the EU, Brian's strategic direction and expertise have propelled AngelShack to success. His passion for innovative design and commitment to delivering exceptional products and services have positioned AngelShack as a leader in the industry. Brian's visionary approach and extensive industry knowledge continue to drive the growth and expansion of AngelShack, ensuring its continued success in both local and international markets.



Hilton Anthony
Managing Director, Manufacturing

With 35 years of experience in furniture manufacturing, Hilton is a seasoned veteran in the field. As the MD of AngelShack, he has played a crucial role in building and managing large-scale manufacturing plants. Hilton's expertise goes beyond production, as he has spearheaded the establishment of a product innovation division, driving the company's commitment to industry advancements. Passionate about sustainability, he has integrated eco-conscious practices into operations, prioritising sustainable materials and minimising waste. Hilton's portfolio includes projects across the globe, and his hands-on approach and high standards have earned him respect in the industry. He inspires others to embrace environmental consciousness for a greener future.



David Fish
Managing Director, Sales

With a BCom in Accounting from RAU University in 2004, David entered the furniture sector in a sales capacity in 2008. Prior to joining AngelShack as MD of Sales, he served as a director in a prominent South African office furniture company. David's passion for the industry is evident in his unwavering dedication to clients. He is responsible for managing numerous major projects and maintaining an extensive client base, which includes major corporates, government enterprises, and SMEs. With his expertise and commitment to client satisfaction, David plays a vital role in driving sales success at AngelShack.

Strategy, Business Model & Innovation



Strategy

AngelShack is committed to providing high-quality furniture that meets customer expectations, while maintaining competitive prices and contributing to local sourcing and manufacturing economies.

Our strategy revolves around delivering well-engineered, relevant products that combine quality and affordability. We are focused on optimising material usage and streamlining assembly processes, effectively countering any fluctuations in raw material prices and labour costs. By sourcing local raw materials on a 'just-in time' demand basis, we benefit from reduced shipping and stock-holding expenses.

Our investment in local production capabilities enables us to maintain our competitiveness.

Central to our strategy is our industrial design department, responsible for engineering our products for local manufacturing. Through their expertise, we ensure general efficiency and cost-effectiveness in our furniture range. This includes re-engineering chair mechanisms, which were previously imported and accounted for a substantial portion of raw material costs.

Business Model

At AngelShack, our business model is based on the supply and manufacture of contemporary office furniture, that has been designed for the modern workspace.

We encourage our customers to visit one of our two showrooms, in Johannesburg and in Cape Town, where they can enjoy a coffee and gain inspiration from the items on display.

Our business model is illustrated below, using impacts and value created across AngelShack's value chain in the 6 capitals model. By leveraging financial, manufactured, intellectual, human, social and relationship, and natural capitals, we drive positive environmental, social, and economic outcomes.

By understanding impacts and value in terms of the different capitals, we can explore how each capital contributes to the company's overall success.



Inputs:

Natural capital: timber, leather, cotton, and other materials used in the production of furniture.

Human capital: the skilled workforce involved in designing, manufacturing, and assembling high-quality furniture.

Social capital: the relationships and networks that the company has with its customers, suppliers, and stakeholders.

Manufactured capital: the machinery and equipment used in the production process.

Intellectual capital: the knowledge, skills, and experience that are required to develop innovative and sustainable products.

Activities:

Designing and developing high-quality furniture items that meet the needs and preferences of customers.

Sourcing materials sustainably, ensuring that they are produced in an environmentally friendly and socially responsible manner.

Manufacturing and assembling furniture items using sustainable production processes that strive to minimise waste and emissions.

Offering furniture refurbishment and replacement services, that reduce waste and extend the life of existing products.

Engaging with stakeholders – including employees, customers, suppliers, and local communities – to understand their needs and concerns and to incorporate their feedback into AngelShack's business decisions.

Outputs:

High-quality, sustainable furniture items that meet the needs and preferences of customers.

Reduced waste and emissions through sustainable production processes, and furniture refurbishment and replacement services.

Positive social and environmental impacts, including improved working conditions in the supply chain and reduced deforestation and pollution.

Outcomes:

Increased customer satisfaction and loyalty through the provision of high-quality, sustainable furniture items.

Improved reputation and brand recognition, because of being a sustainable and socially responsible company.

Reduced environmental impact and increased resource efficiency, through sustainable production processes and furniture refurbishment and replacement services.

Enhanced relationships with stakeholders, through engagement and responsiveness to their needs and concerns.

Trade-offs:

AngelShack may face trade-offs between sustainability and profitability, as sustainable production processes can require higher upfront costs.

The company may need to balance the demands of different stakeholders, such as customers and employees, in decision-making processes.

The company may also need to prioritise certain sustainability goals, such as reducing emissions or improving working conditions, over others to maximise overall impact.

Innovation

AngelShack specialises in making cool and simple work solutions, that have universal appeal.

Product innovation

At our high-end showrooms in Sandton and Granger Bay, two stand out items for the C-suite individual include the Big Wig Evoke and the Big Wig Prestige. These speak to today's new visible and connected leaders, who have an eye for contemporary design, put together with quality materials, that simultaneously meet the highest international standards in sustainability.

Other items include boardroom and smaller-scale tables for group meetings and/or individual laptop work, that ensure ergonomic comfort while you're getting lots done. Potential customers will also be able to browse our range of award-winning and really funky chairs, such as the POP, ALLY, and FILO, which subtly incorporate all the ergonomic features you'd expect to see in a high-performance chair – including multiway adjustment to ensure a perfect fit; your choice of mesh or upholstered back; and a synchro mechanism that allows the back and seat to move as one unique entity.

Together with German designer Stefan Brodbeck's youthful and no-compromises approach, they marry beauty with intelligence as you're meeting targets and changing the world. A tasteful range of storage and accessory items meet any other needs an employer may have, in the quest to create an agile workspace for their staff contingent.

Service Innovation

Over and above AngelShack's quest to bring its customers the most attractive, comfortable and eco-friendly office furniture possible, we also offer a refurbishment service in which customers can have much-loved items restored with touches of high-performance fabrics and antibacterial coatings. This service innovation speaks to the need to “reduce, reuse and recycle” wherever possible, before investing in wholly new items.



Value Chain

As a responsible and sustainable office furniture company, AngelShack recognises that our value chain has the potential to impact the environment, society, and the economy. As such, we strive to identify and manage our value chain impacts to create long-term value for all our stakeholders. This includes addressing both upstream and downstream impacts, and implementing mitigation measures where these are possible.

Upstream impacts refer to the effects of a company's activities on its raw-material sourcing and suppliers. AngelShack works closely with our suppliers to ensure they adhere to the same standards of sustainability and ethical conduct as we do. This includes selecting suppliers who prioritise responsible sourcing practices and reduce the environmental impact of their operations wherever possible. Additionally, the company continuously explores opportunities to reduce the environmental footprint of its raw-material sourcing.

Downstream impacts refer to the effects of a company's products and services on its customers and end-users. AngelShack is committed to providing products that are designed for durability, longevity, and environmental responsibility. We also offer a furniture refurbishment and replacement service, which encourages customers to extend the life of their existing products and thereby minimise waste.

In addition, we are committed to educating our customers about the environmental impact of their furniture choices and encouraging them to choose sustainable options. Through these efforts, AngelShack aims to minimise any negative impacts related to our value chain, and to promote positive social and environmental outcomes.

AngelShack recognises that managing value chain impacts often involves trade-offs between competing priorities.

We seek to balance the needs of our stakeholders, while delivering products and services that meet the highest standards of sustainability, quality, and customer satisfaction. Through our commitment to responsible business practices and stakeholder engagement, AngelShack is dedicated to creating long-term value for all the key stakeholders in our value chain.



Supply Chain

All raw materials and component parts utilised in our supply chain have been sourced locally over the reporting period. We are also pleased to report that the design and development of previously imported parts, have now been converted to a process of local manufacture.

Outlook

Challenges, uncertainties and implications

The power supply in South Africa is the biggest current challenge and uncertainty that we face, and it is also likely to be the biggest future challenge and uncertainty.

The greatest implications of this issue are the increasing costs of municipal power (despite us not receiving a steady supply of it), and the ongoing costs of running diesel generators to keep our factory in production during power outages.

We are examining options that will provide energy security into the foreseeable future and we believe that these solutions may also increase our energy efficiency performance over time.

Strengths and opportunities

Despite the power-related challenges and uncertainties mentioned above, AngelShack remains in a good position because of its local and on-demand component production. The impact of this for us is that:

- We can control price and quality and reduce unnecessary stock holdings.
- Our average delivery period is a highly efficient four weeks, versus the imported equivalent product – which can take between 12 and 16 weeks to arrive in South Africa.
- The short space of time from order to deliver has dramatically improved our cash flow, allowing us to hold end-user pricing for longer periods in these tough economic times – without having to be overly concerned about currency fluctuations.



Sustainability



Corporate Sustainability

Sustainability context

We understand that our operations have an impact on the environment, society, and the economy, and we remain committed to minimising that impact while providing high-quality products to our customers.

The global push for sustainability has become increasingly urgent, with the impacts of climate change and environmental degradation becoming more apparent every day. We believe it is our duty to contribute to a more sustainable future – both for the planet and for our stakeholders.

Sustainability approach

AngelShack is committed to sustainability, and we have adopted an approach that stretches across four important pillars.

The first pillar is environmental sustainability, a principle that sees us striving to minimise our environmental impact by reducing waste, conserving energy, and using sustainable materials wherever possible.

Our second pillar, social sustainability, revolves around the commitment we have made towards treating our employees fairly, and promoting diversity and inclusion in our workplace.

Our third pillar, economic sustainability, focuses on the way in which we operate our business – ensuring that it is financially sustainable and promotes long-term growth.

The final pillar, governance, includes implementing policies that keep our business practices ethical and responsible. This pillar covers everything from transparency and accountability to compliance with the relevant laws and regulations.

Key Stakeholders

Our sustainability efforts are not only important for our business, but also for our stakeholders. Our key stakeholder groups are:

- Customers
- Employees
- Suppliers
- Shareholders
- Industry role players

Sustainability Management

Our approach to sustainability management starts with understanding our context and impacts. This provides us with a framework of material themes and topics around which we can develop policy and performance indicators.

Our intentions to report on progress are also key to the management process.

Materiality

Our inaugural sustainability reporting process included a materiality exercise to determine those topics that represent our most significant impacts on the economy, environment, and people, including impacts on their human rights.

We conducted interviews and questionnaires with board members and executives in the business, incorporating stakeholder perceptions and feedback where possible.

Our approach was aligned with the principles of 'double materiality', which is the practice of using two opposing dimensions to identify material topics, which are: the organisation's economic, environmental, and social impacts; and the influence of a topic on the assessments and decisions of stakeholders.



Material Topics

The following topics are material for AngelShack and/or our stakeholders. These issues are being managed as part of our general risk and business management processes, however a more strategic management approach is being developed and we aim to incorporate additional performance assessments through the introduction of focus areas, KPIs and targets. This will add more meaning to our reporting process over time.

To date, the way AngelShack manages risk and performance has been measured in terms of the following:

- Materials and resource efficiency: We operate on the basis of local, on-demand production, making use of numerous local resource suppliers.
- Energy efficiency: All our lighting is currently energy efficient. Additionally, we are in discussion about the move, in due course, onto solar-supplied lighting – together with the operation of certain machines via inverter power.

- Energy security and availability (including load shedding): Two generators supply the energy needs of the entire factory, under full load.
- Suppliers: AngelShack has spread our manufacturing tool needs across the likes of five main plastic-manufacturing sub-contractors, while steel is made available to us from a range of different sources. We purchase raw chipboard from a variety of suppliers – coating it thereafter with our personalised decor papers. The latter decision means that we are not at the mercy, for chipboard supply, of the two main South African chipboard suppliers.

AngelShack has a well-established framework of policies and practices to support our business approach and we continue to review our policies in line with our materiality objectives.





Economic

External Economic Environment
External Economic Factors

External Economic Environment



AngelShack is a proprietary limited company that receives no financial assistance from government. The company strives for sustainable profitability and adds meaningful economic value through its payroll, supply chain and tax contributions.

External Economic Factors

AngelShack operates in South Africa's upmarket, high-quality office furniture market. Because this market is affected by economic factors such as consumer confidence, the employment rate, and disposable income, it is important that we monitor market trends on a continuous basis to ensure we are able to respond to any changes in demand for our products.

The economic indicators that impact our business include interest rates, inflation rates, and GDP growth rates. High inflation rates can increase the cost of raw materials, which can have an impact on our profitability. On the other hand, a strong economy can lead to an increased demand for our products – which is why it is important for us to continuously monitor South Africa's economic indicators.

AngelShack relies on international trade and currency exchange rates. Fluctuations in the latter can have an impact on our supply chain and raw material costs; while changes to trade agreements and regulations can affect our ability to access key markets.

While we embrace technological innovation as a key driver of growth and sustainability and invest in research and development to create innovative and sustainable products. The new opportunities that it brings can also serve to disrupt existing markets, making it important to keep our fingers on the pulse of market analysis.

AngelShack is managing ESG risks and opportunities to ensure our long-term sustainability. By doing this we believe that we can create value for our stakeholders and contribute to a more sustainable future for all.

A woman with blonde hair, wearing sunglasses, a red patterned sweater, and dark pants, is sitting cross-legged on a grassy forest floor. She is looking upwards towards the sky. The background is a dense forest of tall, thin trees with light-colored bark, likely birches. The ground is covered in green grass and small yellow flowers.

Environmental

Climate Strategy
Carbon & Climate
Energy
Water Management
Resource Use & Circularity
Supply Chain Environmental Impacts
Waste Management

Climate Strategy

We understand the importance of addressing key environmental impacts in our operations and in our value chain. Our material environmental topics include carbon and climate change, energy management, resource use and circularity, as well as supply chain sustainability.

AngelShack's operations are not located in, or next to key biodiversity areas. Only light manufacturing and assembly activities take place at our primary site in Sandton, with all other locations being used for administration activities exclusively.

Position & Approach

AngelShack believes that climate change is one of the greatest challenges facing our planet, so we are committed to reducing our environmental impact and promoting sustainability. We acknowledge the scientific consensus that climate change is primarily caused by human activities, and that urgent action is required to limit global warming to 1.5°C above pre-industrial levels.

Climate Related Risks & Opportunities

We have identified several climate-related risks and opportunities that are relevant to our business operations. These include physical risks such as extreme weather events and supply chain disruptions, as well as transitional risks such as changes in regulations and shifts in consumer demand for sustainable products. We are attempting to quantify the financial implications of these risks, which will inform our financial materiality process in future.

We acknowledge that we must reduce our carbon footprint by means of sustainable practices; and we realise that there are opportunities to develop innovative products that support a low-carbon, or even green, economy.



Impact of climate risks and opportunities in our supply / value chain

We are taking initiatives to manage the impact of climate risks and opportunities in our supply chain. We plan to engage with our suppliers to understand their sustainability practices and to encourage the adoption of additional sustainable practices, such as renewable energy and circular economy principles. We are also initiating collaborations with our customers to understand their sustainability requirements and to promote the use of the sustainable products they demand. This includes providing them with carbon footprint information associated with their purchases – a recent initiative that emanates from product lifecycle carbon footprint assessments in 2023.

Decarbonisation

In 2023 we also committed to measuring our corporate carbon footprint for the first time. By establishing a baseline we are able to target a reduction approach that is aligned with national and industry objectives to target net-zero emissions.

We are yet to fully understand our role in terms of South Africa's Just Energy Transition, and we await further direction from government and industry leadership in this regard. AngelShack's potential impacts from this transition are relatively low.



Carbon & Climate Metrics & Targets



GHG Emissions: Overview

Scope 1, 2 and 3 emissions

As a furniture company, AngelShack operates in the manufacturing sector, which is known for its significant carbon emissions and associated climate change impacts. The furniture manufacturing sector produces emissions primarily through the production of raw materials, manufacturing processes, and transportation of goods.

By taking a proactive approach to carbon and climate context, AngelShack aims to contribute to a more sustainable future while also improving our operational efficiencies and reducing costs. We believe that our commitment to sustainability will help us to maintain our position as a leading provider of high-quality and innovative furniture while also benefiting the environment and society as a whole.

Corporate Carbon Footprint:

SCOPE	tCo ² e
Scope 1	56.22
Scope 2	411.69 S
Scope 3	778.73
TOTAL	1 246.63

Product lifecycle emissions

The Life Cycle Assessment (LCA) approach has long been utilised to reduce the environmental impact of production and facilitate the development of environmentally preferable products.

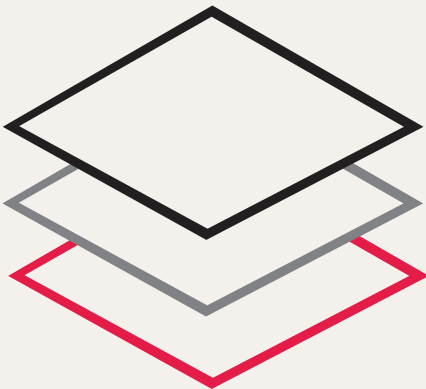
SA Chair undertook a study with GSA Campbell Consulting to analyse the GHG emissions impacts of four top-selling chairs: the ALLY Task chair, FILO Task chair, POP Task chair and SHIFT Task Chair, using the environmental Life Cycle Assessment (LCA) approach.

The study aimed to:

- identify inputs that contribute to higher emissions, referred to as hotspot sources;
- drive initiatives aimed at reducing GHG emissions for these products;
- develop an indicative GHG emissions value for each chair type; and
- facilitate engagement with customers regarding carbon offsets and carbon neutral campaigns and transactions.

Upon ordering any of these four chairs AngelShack customers are provided with an indicative value for the associated lifecycle GHG emissions and have the option to immediately offset these emissions using credible Verra or Gold Standard carbon offsets acquired and warehoused by AngelShack.

PRODUCT	kgCo ² e
ALLY task chair	393
FILO task chair	400
POP task chair	432
SHIFT chair	412



Carbon Conscious Seating

Carbon Conscious Range.
Award Winning Design.
We care about Sustainability.

Looks good. Feels good. Does good.



ALLY CHAIR
TOTAL GHG
EMISSIONS **393**
kg CO₂e



FILO CHAIR
TOTAL GHG
EMISSIONS **400**
kg CO₂e



POP CHAIR
TOTAL GHG
EMISSIONS **432**
kg CO₂e



SHIFT CHAIR
TOTAL GHG
EMISSIONS **412**
kg CO₂e

Energy



Energy Management

As a South African manufacturer, energy security and energy efficiency are material topics for AngelShack and our ability to manage access and consumption are key to our sustainability. Our Energy management approach includes regular energy audits, tariff and energy access assessments, the identification of energy-saving opportunities, and the implementation of energy-saving measures.

AngelShack's operations rely on electricity, and we are committed to reducing consumption through a range of energy-saving measures. We have implemented several initiatives to reduce our energy consumption, including the installation of energy-efficient lighting, energy-efficient equipment, and power management systems. We monitor electricity consumption on a regular basis and track our progress towards the energy-saving targets that we have identified.

Our energy consumption data for the FY22 reporting period is:

Grid purchased electricity – 395 851.90 kWh

Diesel consumption (generator) – 17 309.36 litres

AngelShack's products do not require or promote energy consumption in use, and our principal concerns around energy consumption outside of our operations are limited to our supply chain, both in terms of electricity and fuel consumption in raw materials extraction, manufacturing and transport. Our ability to influence reduction in energy consumption in our supply chain is limited, however we are considering ways in which we can do this through our supplier engagement processes.

Energy Security

Energy security is a significant concern in South Africa, particularly in the context of load-shedding, which is the deliberate interruption of the power supply to certain areas to prevent a complete collapse of the entire electricity grid. AngelShack recognises the importance of ensuring energy security and has implemented several initiatives to manage the impact of load-shedding. These initiatives include the installation of back-up generators, the implementation of power management systems, and the adoption of energy-efficient practices that reduce our overall operational electricity consumption.

Water Management

Although water consumption is not a material issue for AngelShack, we recognise the importance of responsible water management in water-scare country such as South Africa and aim to minimise water usage within our operations at all times. Our operations consume relatively low amounts of municipal water and we do not withdraw water elsewhere.

There is no requirement for treatment or management of discharged water from operations.

The total water consumption data for the reporting period is 2 061.53 kilolitres.



Resource Use & Circularity



Key to our sustainability context is the responsible use of resources, and the transition towards a circular economy. We strive to minimise our resource inflows and outflows, while maximising our contributions to the circular economy.

When creating our desks and chairs, we employ high-quality materials and also seek to optimise our production processes to reduce waste.

Although we do not control the end-of-life of our products, we offer a furniture refurbishment and replacement service to extend the lifespan of our products and reduce unnecessary waste. We regard circularity as one of the best opportunities for future value creation and positive impact and we are assessing the design of our products with the circular economy in mind, aiming to minimise waste and maximise the reuse and recycling of materials.

PRIMARY MATERIALS CONSUMPTION (2022)	12-MONTH ESTIMATE (WEIGHT)
Steel (Including screws, nuts, bolts, fasteners, hinges)	26.5 tonnes
Aluminium (Including foil)	16.5 tonnes
Plastic (Including ABS, polymers, packaging)	36 tonnes
Wood (Including board, dowels)	485 tonnes
Fabric (Including polyester)	5.5 tonnes
Nylon and Polypropylene (Including casters, bearings)	18.5 tonnes
Foam	8.5 tonnes
Adhesives, glue, sealants	7.05 tonnes

Supply Chain: Environmental Impacts

There are significant potential environmental impacts associated with our supply chain and we can play a role by promoting sustainable practices. We currently do not have sufficient information or control over supply chain impacts; however we are initiating a supplier screening process and will eventually prioritise suppliers that have implemented environmental management systems and are compliant with environmental legislation.

Our aim is to work with our suppliers to identify and mitigate potential environmental risks, and to encourage the adoption of viable sustainable practices.



Waste Management



AngelShack is committed to minimising waste and promoting responsible waste management practices. There are meaningful potential risks associated with poor waste management, particularly as legislation in South Africa tightens to incorporate an Extended Producer Responsibility (EPR) requirement within industry.

AngelShack generates unavoidable waste from our operations, which we are reducing through waste minimisation initiatives. We have implemented measures to ensure the safe handling and disposal of the waste we generate, and to prevent these waste materials causing any form of environmental pollution.

We maintain high air quality standards within our operations and have implemented measures to minimise air pollution, such as the use of low-emission equipment and the optimisation of our production processes to reduce emissions.

Our operations do not directly emit particle emissions or ozone depleting substances. We have actively removed all Volatile Organic Compounds (VOCs) from our operations and products, as we recognise the potential health and environmental risks associated with VOCs. We use water-based coatings and adhesives in our production processes and ensure that our products meet VOC emission standards.

The total estimated waste generated for the reporting period: 36 tonnes (landfill)



Social

Labour Practices
Workforce
Workforce Health & Safety
Product Quality, Safety & Customer Welfare
Stakeholders

Labour Practices



AngelShack is committed to key material topics within the social pillar, including supply chain sustainability, workplace health and safety, and product quality and innovation.

Our human resources management policies and practices are designed to ensure fair and equitable treatment of all employees. We strive to create a supportive and inclusive work environment, that fosters employee engagement, productivity, and general well-being.

We have established policies and procedures to ensure compliance with the Basic Conditions of Employment Act. Our policies cover areas such as employee rights, non-discrimination, equal pay for equal work, privacy, and confidentiality.

We do not tolerate any form of forced labour, child labour, or discrimination in our operations, and we aim to introduce screening for these rights abuses in our supply chain.

We invest in our employees by providing them with opportunities for training, development, and career growth. We believe that investing in our employees' professional and personal growth ultimately benefits our bottom line.

We aim for a diverse and inclusive workplace, where all our staff members feel valued and respected. We believe that a diverse workforce leads to increased innovation, better decision-making, and improved business outcomes.

Our compensation and benefits packages are aimed at attracting and retaining talent. Our benefits packages include health insurance, retirement savings plans, paid time off, and employee assistance programmes.

86% of our workforce are represented under collective bargaining agreements.

Workforce

Our workforce is almost entirely located in the province of Gauteng, South Africa. Five employees are located in Cape Town.

Workforce by gender:

2022	FEMALE	MALE	TOTAL
Employees	32	65	97
Permanent	31	55	86
Temporary	1	10	11



Workforce Health & Safety

The health and safety of our employees, contractors, and visitors is of utmost importance to us and we aim to provide a safe and healthy work environment for all.

We comply with all applicable health and safety laws and regulations and have implemented a health and safety management system to ensure compliance and continuous improvement. We also regularly review our policies and procedures to ensure they are up to date and in line with the latest regulations.

We have established practices and procedures to minimise workplace health and safety risks. These cover a range of topics, including hazard identification and assessment, risk management, incident reporting and investigation, emergency response, and the use of personal protective equipment.

Employee training on health and safety matters is a priority for us. Our consultants conduct an annual Health and Safety program, selecting and training staff members on various aspects of health and safety under the guidance of registered trainers.

To identify and address health and safety risks, we have engaged consultants who conduct ongoing risk assessments of our factory environment. Their assessments provide detailed recommendations for implementing necessary safety measures.

We recorded no serious injuries that required Workman Compensation claims in the reporting period. However, we did encounter approximately two very minor first aid issues per week, such as small cuts on fingers or hands, which were documented in a dedicated book. To address these incidents promptly, we have provided First Aid training to both our factory and office staff members.

We are proud to report a Lost-Time Injury Frequency Rate (LTIFR) of zero, reflecting our dedication to maintaining a safe workplace. Our Health and Safety Management System ensures that all workers are covered by the Workers Compensation Fund, and we have designated First Aiders and a dedicated First Aid room available to address any health and safety concerns.

While we have not yet found the need to invest in specific occupational health or worker health initiatives, we remain vigilant in monitoring the well-being of our employees. During the reporting period, none of our staff members took sick leave due to illness.



Product Quality Safety & Customer Welfare

Product quality, safety and customer welfare are central tenets within AngelShack's commitment to sustainability. We aim to provide innovative, high-quality products that meet the needs of our customers, while also adhering to the highest standards of safety and environmental sustainability.

We take data privacy and security seriously and have put policies and procedures in place to protect our customers' personal and financial information.

We have obtained GreenTag certification for our most popular office chair models: ALLY, FILO and POP. All three models are certified GreenTag GBCSA Level B and GreenTag LCARate Bronze with GreenTag EcoPOINT scores of 0.67 with achievements in the following categories:

Health & Ecotoxicity

- Low toxicity - no toxicity in use

Corporate Social Responsibility

- ≥5 year warranty
- All marketing environmental claims verified accurate
- Annual Sustainability Reporting
- Complies with South African law
- Replacement parts available

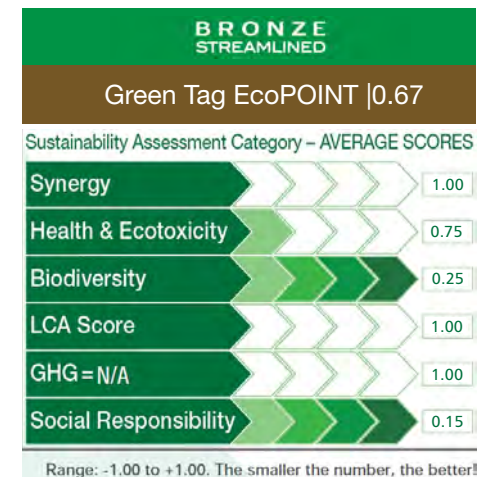
Ratings Tools

- GreenTag (recommended by the Green Building Council of South Africa (GBCSA))

South African Made

- Assembled in SA from majority imported component
- Made in SA from majority SA components

We have also undertaken to establish a product carbon footprint that outlines the GHG emissions from these chairs, with a view to reducing this footprint over time and collaborating with our customers to offset remaining emissions towards carbon neutral goals.



Stakeholders

The importance of engaging with our stakeholders cannot be understated, particularly if we want to understand their expectations and concerns, and to build relationships based on trust and transparency.

We have identified our key stakeholder groups through a stakeholder mapping exercise which involved analysing the potential impact of our operations on different stakeholder groups, together with their potential impact on our business. We also considered the level of interest and influence each stakeholder group could have, or currently does have, upon our business.

Our approach to engaging with our stakeholders includes a variety of engagement methods, such as surveys, meetings, and social media, to understand their expectations and concerns.

AngelShack aims to build a more sustainable and responsible business that meets the needs of everyone concerned. We are committed to listening to stakeholders' voices, and to integrating their feedback into our business operations and sustainability strategy.

Stakeholder Engagement

AngelShack values its key business relationships and actively manages them to promote transparency, trust, and accountability. We prioritise sustainable practices with suppliers, collaborate closely with customers to meet their needs, and engage with business partners and industry associations to advance sustainability in the furniture industry. We believe that strong partnerships based on shared values are crucial for long-term success and positive societal impact.

Stakeholder Group	Engagement Platforms	Interests and Concerns	Our Response
Customers	Meetings, emails, roadshows, expos, website	Price, sustainability, warranty, local production	We continually develop and find the best material for our product
Employees	Meetings, email, forums	Quality product at competitive pricing	We strive to keep our employees happy
Suppliers	Roadshows, expos, meetings, emails	Financially stable, easy to deal with clients	We are a loyal company with longstanding relationships
Shareholders	Board meetings, quarterly review, email	Sustainable, quality products	We strive to keep ahead as a leader with new top-class product
Industry role players	Events, expos, emails	Leaders in the industry	We share our knowledge and welcome people to our factory

Key Partnerships & Associations

The Furniture, Bedding and Upholstery Manufacturing Association (FBUMA), a prominent organisation representing employers in the furniture industry. Through our membership, we engage with other industry leaders to address common challenges and promote best practices.

The Furniture Bargaining Council (FBC), a representative body for the furniture industry employees. As a member, AngelShack contributes to collective bargaining efforts and collaborates with stakeholders to ensure fair and equitable working conditions for employees.

The General Domestic and Professional Employers Organisation (GDPEO), an organisation that represents human resources practitioners. By being part of GDPEO, we stay informed about industry trends and regulations related to human resources management, allowing us to uphold high standards in our workforce practices.

The company is an active member of the South African Furniture Initiative (SAFI), a reputable industry organisation that is connected to the Bargaining Council, promoting collaboration and advocacy within the furniture sector.

AngelShack proudly holds the GreenTag endorsement, a prestigious label that recognises our commitment to producing highly sustainable furniture items, reflecting our dedication to environmental responsibility.

As a member of the Design Assemblage, we are part of a community of forward-thinking change makers who are shaping the future of design, fostering innovation and pushing the boundaries of creativity in the industry.





Governance

Policy

General Information

Governance



Strong governance is essential to our commitment to a successful sustainable business. Our board of directors is composed of four highly qualified individuals, who bring a wealth of experience and expertise to the table. We place a high value on leadership, ethics, and corporate citizenship.

To ensure ethical practices and relationships, we have established policies and procedures to prevent anti-competitive behaviour, bribery, and corruption, and we encourage whistleblowing to bring any unethical behaviour to our attention.

Compliance and risk management are also critical components of our governance framework, and we are committed to meeting the regulatory requirements of our industry and maintaining a culture of compliance.

AngelShack operates with a robust governance structure comprised of a Board, an Executive Committee (Exco), and various task teams. The independence of the Board is a priority, ensuring impartial decision-making. Board members and the leadership team possess the necessary qualifications and deep understanding of the organisation's context and impacts. Their collective knowledge and experience are relevant and suitable for leading the company towards sustainable development.

As a small privately owned business, board nominations are guided by shareholder agreements, and non-executive directors typically hold shares in the company. Any potential conflicts of interest are carefully managed to maintain transparency and accountability. The chair of the highest governance body is elected in accordance with the shareholders' agreement and the articles of incorporation.

The Board and Exco play integral roles in driving organisational sustainability. They oversee impact management and develop and approve the company's purpose, mission, strategies, policies, and sustainable development goals. They are responsible for managing sustainability impacts and approving the sustainability report, often seeking guidance from external ESG service providers.

Additionally, they participate in remuneration committees to develop policies and processes for determining fair remuneration. Performance evaluations are conducted to assess the achievement of company objectives and targets.

To foster open communication, employees have multiple channels to express critical concerns to the Board and Exco, including anonymous letter boxes, email, and meetings. This ensures that employee voices are heard and considered in decision-making processes.

Policy

Policy and access

Key policies within our organisation encompass various aspects of employment and are tailored to specific staff groups:

For office staff, the Basic Conditions of Employment Act forms an integral part of our terms and conditions document, which is signed by each staff member upon joining the company. We also have a disciplinary code and a grievance process that are shared with new employees for their reference and adherence.

Factory staff operate under a collective agreement endorsed by the Bargaining Council for Furniture Manufacture. This agreement covers essential areas such as terms of employment, occupational skill levels, dispute settlement procedures, remuneration, union activity, and benefit funds/schemes. Alongside this agreement, a disciplinary code and grievance process are included in our terms and conditions, ensuring a comprehensive framework for factory staff.

All signed copies of these documents are securely retained by our HR department, and the content is readily accessible to our staff through notice boards placed in our canteen area for easy reference.

Committing to policy

The Bargaining Council, equipped with an inspectorate department, conducts audits on an ad hoc basis and addresses any complaints raised by staff members.

Staff members are provided with copies of the terms and conditions, as well as the disciplinary process. They are periodically required to sign acknowledgments indicating that they have read and understood the contents. These signed schedules are retained by our HR department, serving as an important safeguard.

General meetings are convened as needed to discuss pertinent issues, reinforce factory processes and procedures, and promote ongoing adherence to our policies.

Mechanisms for employees

To ensure effective communication and address any concerns, we have established mechanisms for both our office staff and factory workers:

Office staff benefit from an open-door policy, providing them with a platform to discuss and raise important issues. Additionally, we have implemented an informal and formal grievance process to handle any grievances that may arise.

Similarly, our factory staff also have access to an open-door policy, enabling them to discuss and address any issues they encounter. For more serious matters, we have established an informal and formal grievance process. In cases where necessary, shop stewards can request meetings with management to address specific concerns. Furthermore, our collaboration with the Bargaining Council allows us to involve union-related agents when required. 86% of our workers are covered by the collective bargaining agreement provided/endorsed by the Bargaining Council for the Furniture Manufacturing Industry. This agreement serves as a framework to protect the rights and interests of our valued employees.

General Information

Registration and identification

AngelShack Sales Proprietary Limited, trading as AngelShack Sales (Pty) Ltd.

Registration number: 2012/072690/07

SA Chair Manufacturing Proprietary Limited, trading as SA Chair (Pty) Ltd.

Registration number: 2020/655931/07

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