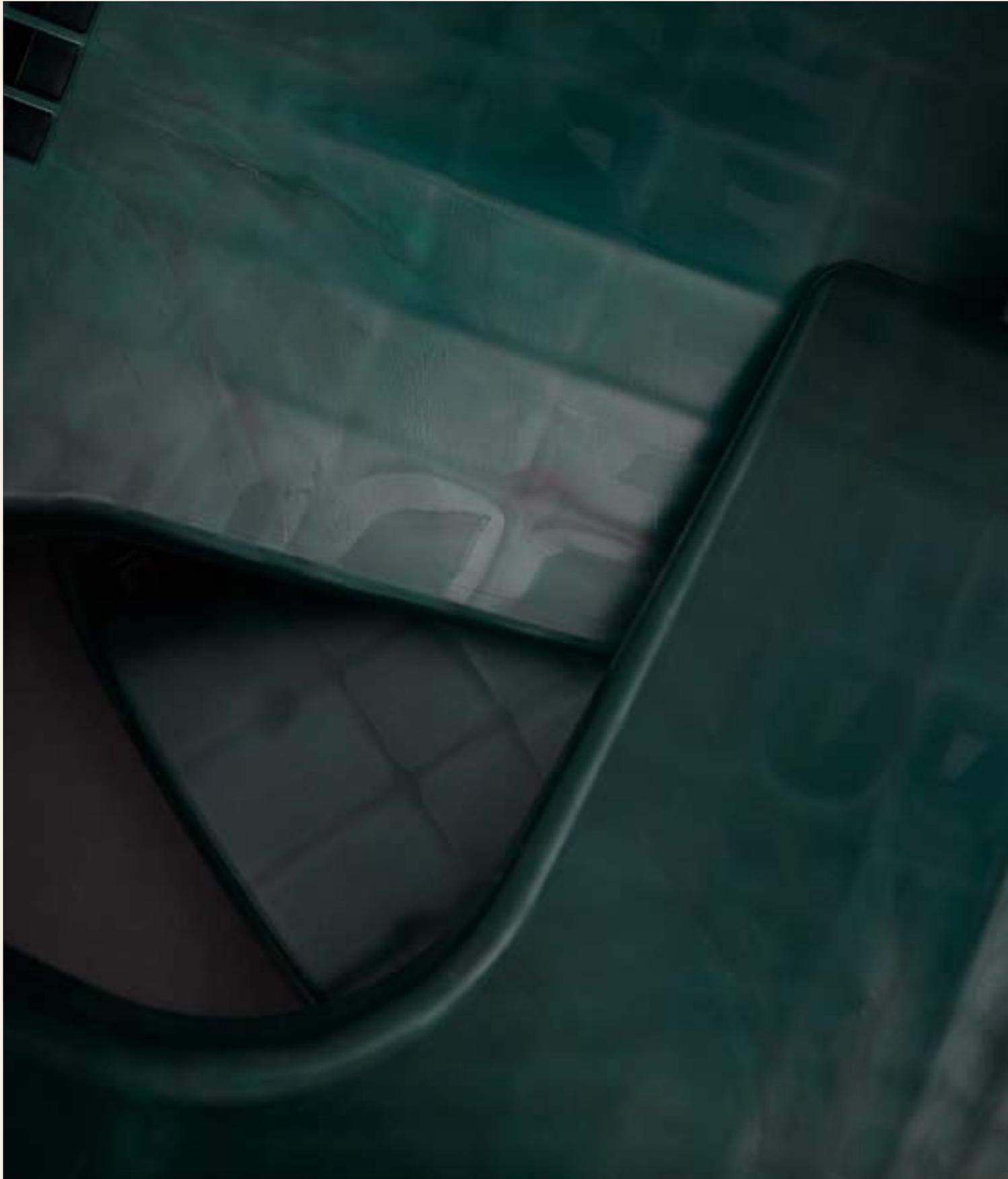


## Corporate Sustainability report 2018



This sustainability report is originally a part of Flokk's annual report.  
The GRI index at the end of the document refers to pages in the full  
annual report as well as this sustainability report.  
The page numbering mirrors the original document.

## The Environment and Corporate Social Responsibility

As sustainability is one of Flokk's four cornerstones, Flokk is dedicated to reducing its global environmental impact. We aspire to be an environmentally conscious market player whose products, services and processes are resource- and energy efficient, generate minimum greenhouse gas emissions, do not present a risk to health or the environment, and result in minimal waste generation. We seek to be an industry leader in the development and production of sustainable products, and to maintain this position as we grow.

We are highly aware of our responsibility as a producer beyond earning money from selling smart seating solutions. We wish to be a responsible social operator, and to preserve natural resources and the people involved – by helping to protect people's rights, health and well-being, taking care of our common environment and practising corporate social responsibility.

Flokk wants to have a clear corporate identity and a positive reputation, and we urge our employees to be good ambassadors for the company, conducting themselves in an ethical and responsible manner, with consideration of external stakeholders and the society in which we operate. These attitudes must be apparent in everything we do, throughout our value chain, from the sourcing of raw materials and product development, to production, sale and end-of-use.



## Materiality and Boundaries

One important element of our sustainability report is to determine the topics on which it is relevant for us to report, and which reflect Flokk's significant economic, environmental or social impacts. In this work, we focus on identifying both internal and external viewpoints over time, adapting to our growing organisation's impact, and to a rapidly changing society and legislation, with requirements and expectations that are increasing in line with greater public awareness in every market.

### Materiality analysis

During 2018, Flokk management calibrated Flokk's materiality analysis based on an internal survey and an external desktop analysis. This materiality assessment resulted in an updated set of significant topics, for both the company and external stakeholders.

#### Important topics for the report:

- **The environment** – philosophy, management and strategy
- **Climate** – energy efficiency, CO<sub>2</sub> emissions and risk
- **Resources** – materials, waste and closed loop
- **Chemicals** – products, production and suppliers
- **Health and safety** – customer and workplace
- **Ethical guidelines** – code of conduct
- **Responsible supply chain** – human rights and transparency
- **Product design** – liability and certification

### Report scope

In this year's report, Profim, Offecct and Malmstolen are not covered. The report presents primary data concerning 100% of the workforce in Flokk's integrated brands, i.e. full-time employees in Norway, Sweden, the Netherlands, Switzerland, Denmark, Germany, Belgium, France, the UK, China, Singapore, Australia and the USA.



In the Materiality matrix, all relevant topics related to sustainability are present, classified in order of materiality for Flokk and external interested parties. The significant topics (high-high) are reported directly in accordance with guidelines from the GRI Standards.

## Stakeholders - Dialogue

In order to be successful in sustainable business, we depend on a constructive two-way dialogue with everyone involved, internally and externally, throughout the value chain. Flokk is profitable and makes its living by offering people sustainable products with a focus on innovation, ergonomics, design, high quality and good health and well-being. We have systematically accumulated knowledge of what is expected of us and our deliveries, and the impact our production and operations have on external stakeholders.

Our stakeholders are entities or people throughout the value chain who have an impact on our business and operations, or who are affected by our activities, products and services, with the risks and opportunities inherent therein:

- Owners
- The Board and Group Management
- Colleagues and new employees
- Trade unions
- Consultants
- Customers, importers and dealers
- Local communities
- Suppliers and transporters
- NGOs and organisations
- Authorities
- Industry associations
- Academia

### Involvement in organisations

We are active members of the Confederation of Norwegian Enterprises (NHO) through the trade association the Federation of Norwegian Industries, Furniture & Interiors – Furniture Committee, of which our CEO, Lars I. Røiri, is a deputy member of the board. We are heavily involved in the Norwegian Rooms furniture cluster, of which our SVP HR, Lillevi E. Øglænd Ivarson, is a board member.

We are active contributors to the revision of the EN 1335 standard for office furniture at national and European level. Through NHO, we are members of the German federation of furniture manufacturers, BSO, and the European Furniture Industries Confederation (EFIC). Besides these, we are involved in various communities concerning our production facilities.

### Involvement in projects

- “Leading in Environment and Quality” - a project under the umbrella of the Federation of Norwegian Industries and Flokk is one of 22 participating companies. The goal of the project is to increase efforts to tackle sustainability challenges and thereby increase our competitive strength.
- “Business Model Innovation for Circular Furniture Flow” - a major Swedish research project with RISE, aimed at developing circular business models for the furniture industry. So far, it has confirmed our leadership in actual sustainability performance and transparency and provided insights into potential future circular business models.
- “Circular seating from 50% recycled to 100% circular product development for sustainable furniture” - awarded significant funding from the Research Council of Norway in 2018. This three-year project with SINTEF aims to identify and develop further post-consumer recycled materials and explore further design criteria, in order to prepare our products even better for the circular business models that we are testing.
- “Rapid tooling 4.0” - a continuation of previous research that developed rapid tooling technologies suitable for prototype and small series production. The aim of this project conducted with SINTEF and OMBE Plast AS is to take the technology closer to industrial/high volume applications.
- “InCharge” - Electrical and smart applications in mobile furniture are effectively limited by access to power supply. This project with SINTEF develops technology that enables remote electric charging via a transmitter that automatically detects the receiving units, and precisely directs the energy.

# Stakeholder Matrix

## INTERNAL

Stakeholders	Mutual influence / impact	Forum for dialogue – Frequency
<b>Owners</b>	Flokk is owned by the private equity firm Triton AB. Triton's purpose is to achieve the greatest possible profitability by creating sustainable, long-term value in their portfolio companies, through changing economic cycles.	Triton maintains a clear, structured dialogue with Flokk in the form of monthly phone conferences, quarterly performance reviews and an annual ESG forum (ESG - Environmental, Social and Governance). Flokk reports to Triton on key ESG KPI's bi-annually.
<b>The Board and Group Management</b>	The Board strives to ensure that the company acts ethically in all parts of the organisation and throughout the value chain.	Bi-monthly board meetings, attended by CEO, CFO, and other members of Group Management when relevant. The Board only works with the company via Group Management.  The company has established a risk, environment, energy and quality (REQ) forum – meeting two to four times a year. ISO Management Review is integrated in the REQ agenda, in which VP Sustainability reports on status of environmental & energy goals to Group Management.
<b>Employees and trade unions</b>	Flokk employees influence the company through their productivity, creativity, competence and involvement. Flokk as a company influence its employees through personal development activities, compensation & benefit schemes, general working conditions as well as the company culture. Additionally Flokk influences the employees' immediate environment: family, friends etc.	The employees are heard via various formal bodies linked to the trade unions, board work, working environment committees, Corporate Executive Council etc. Our corporate culture is characterized by dialogue, transparency, trust and mutual respect. All employees have an annual personal development talk, setting objectives and personal development goals all linked to Flokk strategy and the department's action plan.
<b>EXTERNAL</b>		
<b>Customers, importers and dealers</b>	Flokk has three customer groups: dealers, importers and end users. Dealers represent the public face of the company vis-à-vis end customers and users, and exercise considerable influence over the company's reputation.	Customer Survey was distributed to our dealers in 2018. Environmental issues not covered this year.
<b>Suppliers and their workers</b>	The focus has been on Flokk supplier of direct materials (DM) to develop suppliers and value chains strengthening total performance towards customers and markets. Focus on improving Low-performing suppliers, and increase activities/ business with suppliers who prove that they can maintain a high and predictable level. Supplier Performance include Quality, Delivery, Risk (including environment, energy and CSR) and Cost, and is key element of strategic planning and execution (Sourcing/Contracting).	Key suppliers receive a minimum of follow-up and structure, where together we can look at performance status, improvements and opportunities. This is done via structured meetings, which are also held with low performing suppliers, to achieve the desired level of performance to ensure adequate corrective measures are implemented. For internal coordination of the Supplier Performance and actions, we have a monthly status meeting (Supplier Performance Status). As soon as a supplier is identified as low performing, we coordinate temporary deviation of the supplier, and new contracts are put on hold. This way we manage to focus the resources where it is most needed.
<b>Local communities</b>	Flokk is an important employer in several local communities and contribute accordingly. Through this we participate in the development of the business sector in the regions.	There is close cooperation on matters that affect the communities and the company. The company holds important positions, and actively participates in municipal and local business sector projects. It is important for Flokk to show engagement and act as a responsible business partner.
<b>NGOs and organisations</b>	Flokk is a member of the Ethical Trading Initiative Norway (IEH / ETIN) and collaborates with environmental organisations as needed. We support Hold Norge Rent through membership.	Representatives of the purchasing and sustainability departments are invited to seminars and courses run by IEH. We actively participate in the environmental foundation ZERO's Fossil Free plastics forum.
<b>Industry associations</b>	A - Federation of Norwegian Industries, Furniture & Interiors (NHO - Confederation of Norwegian Enterprise). B - Norwegian Rooms furniture cluster. C - Confederation of Swedish Enterprise.	A - Annual General Meetings, board meetings. B - Board member in the cluster, quarterly board meetings. C - Involved in research project cross Swedish players in our market.

## INTERNAL

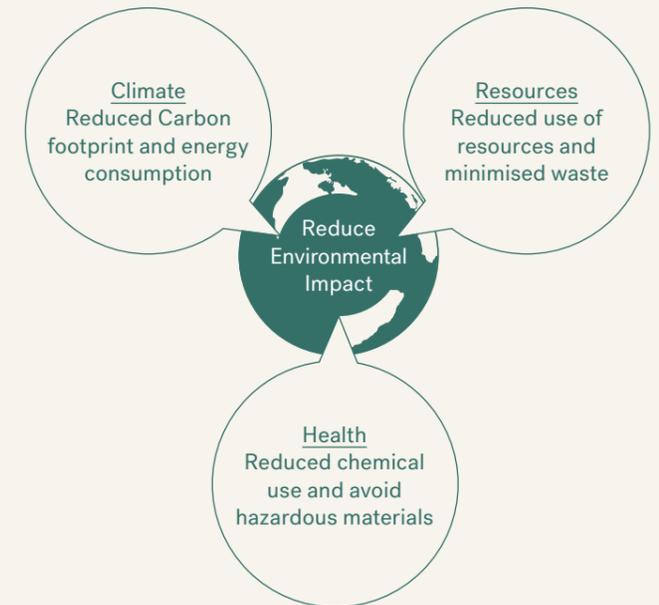
Key topics 2018	Response
Two highlights from Triton's ESG agenda in 2018: A - Reduction in energy consumption and comply with the European Energy Efficiency Directive (EED). B - Organized Global Procurement organization to establish the Flokk processes in the new brands and value chains, and integrate processes related to contracting, Supplier Performance tracking and follow-up.	A - Flokk reports value creation projects on energy reduction measures to Triton, and comply with EED through ISO 50001 certificate obtained in Feb'2019 B - Screening for supply chain management tool has continued in 2018 due to integration process. Target is to decide on a solution in 2019.
Innovation, digitalization, brand strategies for acquired brands, strategic governance. Market communication of environmental benefits.  Preparations for expanding ISO certification with ISO 50001:2018, in addition to ISO 14001:2015. Energy management in higher focus, next to life cycle thinking, risk management and exercise of leadership.	Raised level of innovation in portfolio development, including key sustainability topics. Continued migration of post-consumer recycled material in component production. A surge in marketing communication on sustainability for 2019. Flokk was ISO 50001 certified in Feb'2019.
The biannual working environment survey was conducted in January 2018. The survey was followed up by a wide-ranging process that involved broad participation in order to improve the working environment further through specific actions.	We emphasize keeping our employees updated on business status, important decisions and progress in relation to goals. We have monthly newsletters for all employees at Røros and Nässjö sites. Regular General Meetings take place four times a year, and departmental meetings are held at least every second month. In addition Monthly Highlights of the value chain main activities is published monthly.
<b>EXTERNAL</b>	
Response time improved by implementing the Customer Service Module of Super Office to be the tool for e-mails / requests. Order registration from screen is ok. EDI solution from the main dealers is still a project and will hopefully be ready during 2019.	Overall customer satisfaction, still need to improve on response time. In next survey end of 2019, we will include environmental aspects on packaging, transportation, services to prolong life-time and end-of-life handling.
2018 has been influenced a lot by integrating the Giroflex brand and its suppliers to our material supply. Many new suppliers with a various level of performance and commercial commitment. Focus has been to secure a high level of contracted supply, based on the well-performing suppliers. We focused on the most critical suppliers and value chains first, and made specific plans and actions for maximizing the total Supplier Performance, by implementing the "Flokk sourcing process". Top 5 suppliers are now under contract, or ongoing contract negotiation.	To further develop and strengthen the focus, dedication and the positive development of the Supplier Performance, we have made effort to ensure new suppliers are on boarded in a good manner. New suppliers to Giroflex has been sourced and contracted via Flokk processes and team, and enabled a set of outsourcing projects to enable Giroflex to build future operation on high performing value chain. Visits and evaluation of China suppliers show that the long-term cooperation with a small number of suppliers in a limited area is giving a steady and well performing supply base.
Flokk has contributed financially to culture and sports projects in the local communities, in addition to the statutory taxes and duties.	The 'Growth 2020' project at Røros focuses on the challenges associated with falling population numbers and the need for jobs in the region. In Nässjö, sustainability and social development have been focused in several projects.
IEH has high focus on gaining control of a responsible supply chains. In 2018, we continued to work with, and financially support, ZERO on surveying potential and possible solutions of fossil free plastics.	Our annual reporting to IEH is integrated in this corporate sustainability report. We share our experience on increasing use of recycled post-consumer plastics to ZERO's Fossil Free plastics forum.
A - Pilot member of "Leading on Environment and Quality" project. EPD practice improvement, research agenda. B - Downstream innovation, circular economy. C - Circular business models for furniture industry.	A - Contributions to promote & improve the environmental product declaration (EPD) regime. Promotion of best practice for environmental criteria when purchasing office furniture. B - Tailored academic training on MBA level for 5 employees C - Third verifying stage was kicked off Q1'2018.

## The Environment – Background

Sustainability has been a high priority for the company for nearly 40 years. Back in 1990, we already employed a 100% full-time environmental manager – long before customers and the general public showed an interest in the environmental performance of companies and products in general. We are proud that we are sustainable pioneers, with several milestones as the first office chair producer in Europe to be ISO 14001 certified in (1999); and the first office chair producer in the world to declare products with EPDs – Environmental Product Declarations (2004) and to obtain the Nordic Swan Ecolabel (2010).

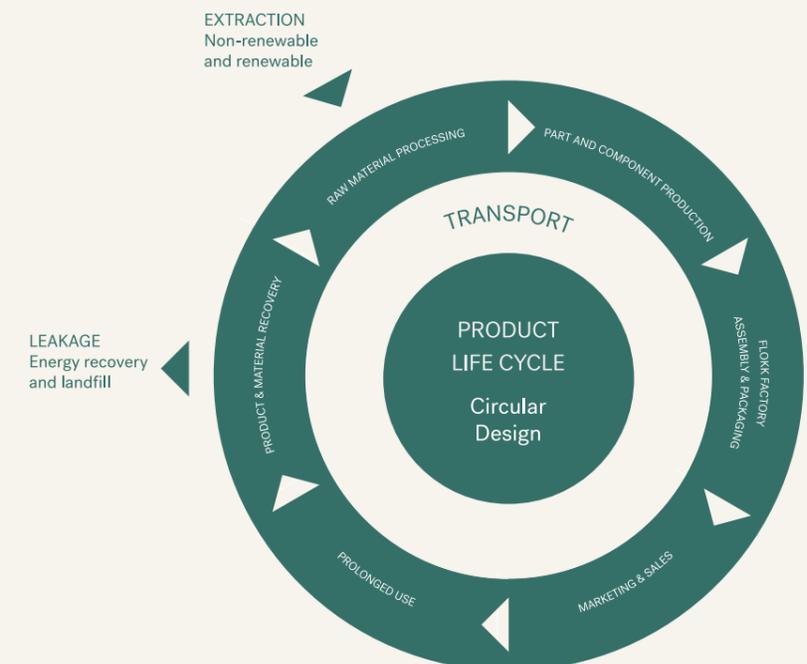
### Three focus areas

As we grow as a company and our environmental footprint increases, we need to safeguard our ability to stay focused and work systematically in our efforts to minimise our environmental impact. At Flokk we help to structure this complex work by defining three equally important focus areas throughout the entire life cycle: Climate, Resources and Health, and seeking best performance within each area.



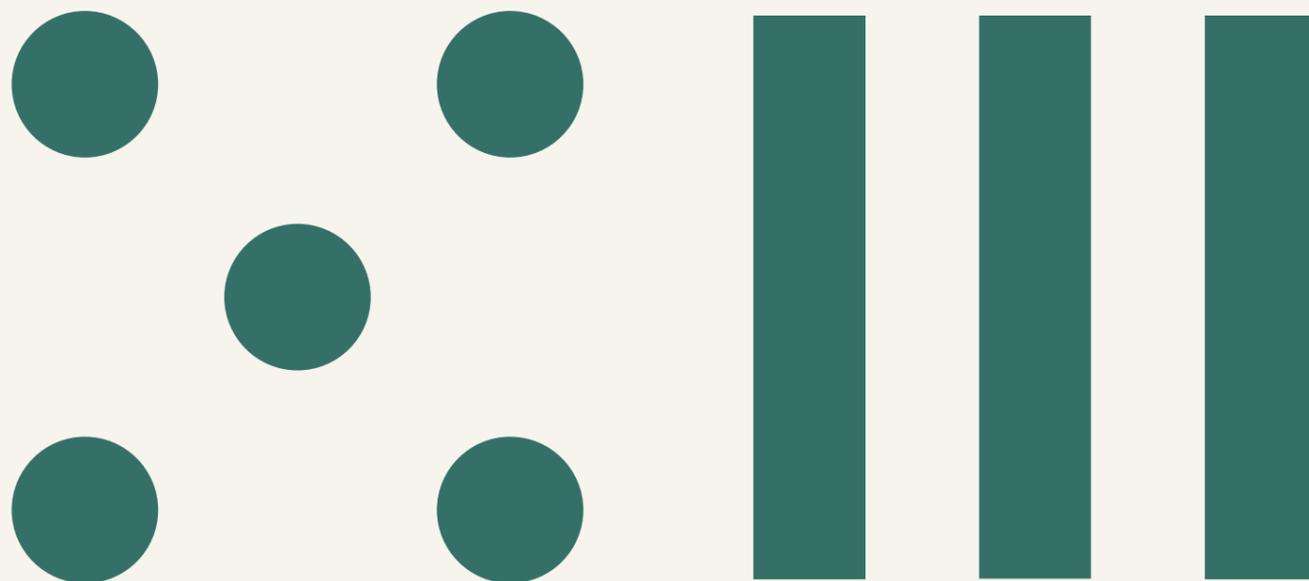
### The entire life cycle counts

Our total environmental impact is linked to all the people and entities involved, so that we stay focused throughout the value chain. More than 95% of the total environmental impact of our products is generated before parts and components even arrive at our factories, and we make sure that we pay particular attention to these phases, such as our product design and development, and our procurement of raw materials and components. The remaining phases also take high priority, since they entail the greatest exposure to our employees, our customers and the market; these are our final assembly, sales and distribution phases, including outbound transport.



## Circular Design

In 1993, we defined five (5) circular design criteria, as the basis for our product development, and these are still valid. By designing properly and choosing the best solutions for each of these criteria, we have great potential to achieve a sustainable product with improved performance in each of our three (III) focus areas. We call this 5-III.



### 5 circular design criteria

1. Low weight
2. Few components
3. Right choice of materials
4. Long life span
5. Design for disassembly

### 3 (III) Focus areas

- I. Climate - emissions & energy
- II. Resources - materials & waste
- III. Health - chemicals & wellbeing

### 1. Low weight

A major factor is to use less materials and resources through weight optimisation and smart dimensioning of parts and components. Low weight is also related to health, as the products are handled and carried by people during their lifetime.

### 2. Few components

The best solution is often the simplest. We aim to provide solutions based on clever ideas and integrate functions into fewer parts. Besides more efficient use of resources, this results in fewer tools and processes, simpler assembly, and less packaging and transport.

### 3. Right choice of materials

We focus on increasing our use of recycled and renewable materials, due to their lower impact on the environment. Then we give value to waste, materials are kept in a closed loop, and we reduce our carbon footprint by using less energy-consuming processes. We aim to avoid substances that are harmful to health and the environment, in terms of products, production and conditions at our suppliers.

### 4. Long lifespan

One important measure is to actually reduce the need to replace our products. The longer their lifetime, the longer it will take for them to be replaced by new products. A long lifespan helps to reduce the consumption of energy and resources. Long lifespans are achieved through high quality, timeless design, multiple use adjustments and replaceable wearing parts. Flokk offer products with a ten-year guarantee.

### 5. Design for disassembly

Materials must be kept within a closed life cycle at end-of-use, in order to be available for new life in new products. This is why our products are designed to be easy to dismantle without any need for special tools. Plastic parts are marked to facilitate sorting and recycling.

### Product improvement

5-III is our framework for evaluating our existing portfolio for potential improvements in circular performance, either when it comes to an increased proportion of recycled materials or removing the glue and staples used to fasten textiles.

### Sustainable Design and Innovation Recognitions in 2018

**In 2018, Flokk was recognised for its sustainable design and innovative work in several aspects:**

- **HÅG Capisco** – winner in Norway & Nordic finalist in the Nordic Design Competition “Sustainable Chairs” hosted by the Nordic Council of Ministers. All finalists were showcased at the “Nordic Pavilion” at COP24 in Katowice, Poland.
- **BMA Axia Vision 24/7** – shortlisted as a Finalist in the Plastics Recycling Awards Europe 2019. Showcased at the Plastics Recycling Show in Amsterdam, April 2019.
- **Floke project “Plastic in the Whale”** – nominated for the Nordic Council Environmental Award 2018. Flokk participated in this innovation programme by Æra, together with other Norwegian operators from the entire value chain, generating concepts to reduce use and boost the recycling of low-value plastic.

# The Environment - Management and Strategy

Flokk's company values, intended to spotlight our culture and practices, make environmental awareness a key aspect of our operations:

## Human-centred, Sustainable, Innovative

Most of Flokk's environmental footprint is attributable to our products, and new product developments represent the processes with the longest time horizons. Consequently, the core of the company's environmental focus lies in our design philosophy, which has sustainability as one of its four cornerstones, while circular design criteria are described as part of the foundation for all new product development and product improvements. The design philosophy is owned by SVP Products & Brands, and the sustainability cornerstone by VP Sustainability.

The Sustainability Department is part of the Products & Brands organisation. Besides responsibility for the sustainability cornerstone of the design philosophy, the department has a support function, and is responsible for and collaborates on a defined set of sustainability measures across all departments and locations. The sustainability strategy is integrated into the Group's three-year strategy plans.

This holistic approach to our sustainability efforts reflects the company vision:

### Inspire Great Work.

The Group's owners focus on environmental, social and governance (ESG) issues, and maintain a good dialogue with the Sustainability Department.

#### Sustainability communication in 2018:

- Launched animation movie about 5-III, our Principles for Sustainable Design
- Facelift of our Sustainability webpage
- Sales training on Flokk sustainability issues as preparation for the Stockholm Furniture Fair in February 2019

#### Environmental & Energy Management System

The Group is ISO 14001:2015 and ISO 50001:2011 certified by KIWA.

Our commitment to work continuously to minimise our environmental impact is stated in Flokk's Environmental & Energy Policy, signed by our CEO. Each year, the Sustainability Department defines the Group's significant environmental & energy aspects through annual reviews of operational factors that potentially impact the external environment. Annual goals are drawn up for the sites involved, in close cooperation with local employees and the people in charge, and the status is followed up each quarter by Group Management.

- + In 2018, Flokk invested in a digital KPI and data collection and reporting tool - Normative - with the aim of increasing management efficiency

The environmental & energy goals for 2018 were based on aspect analysis of the factories at Røros, in Nässjö and Zwolle, as well as the head office in Oslo and sales office in Germany.

#### Goals 2019

- Implement and roll out our new KPI data tool, Normative
- M3 (ERP) improvements to enable updated BOM on demand and Supply Chain Management
- 5-III transition and implementation at new acquisitions
- Align 5-III in all of our innovation processes and procedures: Design Brief, Product Specification, Product Development Process, Product Maintenance Process and Lessons Learned



#### Long-term sustainability goals

In addition to our annual goals, we operate according to a set of strategic goals, aiming to ensure the greatest possible correlation with the current global strategy, goals and action plans. Since we will soon reach our previous target year, 2020, we will use 2019 to redefine a complete set of future-oriented goals.



#### Climate - GHG (CO<sub>2</sub>) Emissions And Energy

- Reduce average energy consumption per produced product by 20% by 2020 (based on 2010 figures)
- 100% renewable energy & fossil fuel free by 2025

Flokk's contribution to:

- UN Sustainable Development Goals (SDG) nos. 7 and 13
- The IPCC report's goal of reducing GHG emissions with 45% by 2030, in order to reach the 1.5 degree target



#### Resources - Materials And Waste

- Increase the share of recycled materials used in the products to an average of 60% by 2020
  - 1,000 tonnes of recycled post-consumer plastics by 2022
  - Increase the recycled share of metals to 100% for aluminium and 50% for steel by 2025
- 100% FSC certified or reused wood, paper and cardboard by 2022
- Facilitate that our products are disassembled at end-of-life, and that over 90% of the materials are recycled or recovered

Flokk's contribution to:

- UN Sustainable Development Goals nos. 12, 14 and 15
- The EU Plastics Strategy launched in January 2018



#### Health - Chemicals

- Products and their manufacture must be free of chemicals that are hazardous to the environment and/or health
- All standard fabrics must achieve the EU Ecolabel by 2022

Flokk's contribution to UN Sustainable Development Goal no. 3



#### Competence - Commitment - Communication

- We seek to achieve our long-term goals through professional and multi-stakeholder partnerships and initiatives - UN Sustainable Development Goal no. 17
- Our employees should be ambassadors for, and have in-depth knowledge of, our Environmental & Energy Policy, performance and goals



# Risk Management

The framework for Flokk business risk management is based on four defined main risk categories: Strategic, Financial, Operational and Compliance risk. This classification is useful during risk identification, assessment & prioritization, performed by Group Management and next level managers. The Group's three-year strategy, approved by the Board, is highly linked to the defined risks and opportunities.

Social, environmental and climate-related impacts that have the potential to generate substantive changes in operations, revenue or expenditure are covered throughout the risk analysis, and represented in various fields in all four risk categories.

Group risk management is delegated and performed in several ways at different level and scope:

- **Materiality analysis** - set of significant topics defined through survey & workshop on risks & opportunities
- **REQ Forum** - strategic sync/status meetings between Group Management and managers for Quality, HSE, Sustainability, Legal & Risk, Insurance (REQ – Risk Environment Quality)
- **Interested parties analysis** - procedure to describe expectations, requirements, risks and opportunities associated with all our stakeholders
- **Environmental and Energy aspect analysis** - procedure to define elements of Flokk's activities, products, or services that (can) interact(s) with the environment, evaluating our abilities to make a difference

Flokk is an expanding Group, resulting in numerous positive effects such as the 2017 acquisitions of Malmstolen, Offecct, Giroflex, and of Profim in 2018. Flokk has strengthened the market position and the effectiveness of our work on mastering the circular economy.

Nonetheless, a global structure and the expansion of production, sales and distribution, in which the entire value chain and all of our suppliers are addressed, entails both risks and opportunities, when it comes to maintain our role as a pioneer in sustainability when our footprint is growing.

No Flokk facilities or suppliers have been defined to be situated in areas with high risk of physical impact of climate change.

## Risks and opportunities – Environmental and Social

Themes	Risk	Identified Risks	Risk Management
<b>Environmental Issues</b> - own activities and operations, including R&D	Strategic Operations	Environmental incidents & accidents	<ul style="list-style-type: none"> <li>○ Sustainability topics included in Due diligence merging &amp; acquisitions</li> <li>○ Environmental &amp; Energy Policy</li> <li>○ ISO 14001 &amp; 50001 - environmental &amp; energy management system (EED compliance)</li> <li>○ Environmental &amp; Energy Aspect Analysis</li> <li>○ Circular design principles (5-III) &amp; supporting design tools to ensure products with minimised GHG emissions and resource use, with long life time and easy to disassemble for reuse &amp; recycling</li> <li>○ Quantified targets for annual consumption of post consumer recycled material in production (both closed material loop &amp; low carbon footprint materials)</li> </ul>
	Climate	<ul style="list-style-type: none"> <li>○ Global warming from GHG emissions</li> <li>○ Inefficient energy consumption</li> <li>○ Energy &amp; heating emissions</li> <li>○ Transportation &amp; travel emissions</li> <li>○ Dirty energy mixes</li> </ul>	<ul style="list-style-type: none"> <li>○ Risk reduction Production sites - Management system Risk module</li> <li>○ Waste Management</li> <li>○ Research projects &amp; business model tests ongoing to explore circular solutions</li> </ul>
	Resources	<ul style="list-style-type: none"> <li>○ Overconsumption</li> <li>○ Material scarcity</li> <li>○ Waste generation</li> <li>○ Barriers for full implementation of Circular Economy</li> </ul>	<ul style="list-style-type: none"> <li>○ Chemical management - EcoOnline &amp; MSDS archives</li> <li>○ ECO labeling</li> <li>○ Supplier Appraisal</li> <li>○ Environmental Requirements to Suppliers</li> <li>○ Code of Conduct – Business Partners</li> <li>○ Supplier Performance monitoring &amp; Supplier audits</li> <li>○ Supply Chain Management digital tool (to be implemented)</li> </ul>
<b>Responsible Supply Chain</b> - operations of suppliers and sub-suppliers	Health	<ul style="list-style-type: none"> <li>○ Use of chemicals harmful to health and/or the environment</li> </ul>	<ul style="list-style-type: none"> <li>○ Growing supply chain - number and distribution</li> <li>○ Moving suppliers to low cost countries</li> </ul>
	Operations	<ul style="list-style-type: none"> <li>○ Negligence of terms of employment</li> <li>○ Discrimination</li> <li>○ Harassment</li> </ul>	<ul style="list-style-type: none"> <li>○ HR Policy &amp; Code of conduct – Employees</li> <li>○ Employee Management System - People@ Flokk</li> <li>○ IDT - Individual Development Talks, Training &amp; e-learning</li> <li>○ Trade unions &amp; working environment committees/survey</li> </ul>
<b>Social Responsibility &amp; Human Rights</b> - own + business partners	Operations Compliance	<ul style="list-style-type: none"> <li>○ Lost time injury frequency</li> <li>○ Strain - work exhaustion</li> <li>○ Chemicals exposure</li> <li>○ Fire at own premises</li> </ul>	<ul style="list-style-type: none"> <li>○ Health &amp; Safety Policy</li> <li>○ Risk reduction HSE cases registered - Management system case Module</li> <li>○ Internal Audits</li> <li>○ Safety Rounds</li> </ul>
	Compliance	<ul style="list-style-type: none"> <li>○ Injuries &amp; strain</li> <li>○ Chemicals exposure</li> <li>○ Customer satisfaction</li> <li>○ Reputation</li> </ul>	<ul style="list-style-type: none"> <li>○ Technical tests according to international standards with requirements concerning ergonomics, usability, safety, stability and strength</li> <li>○ Eco labelling - free of hazardous chemicals</li> <li>○ Customer training by sales persons in proper use of products</li> <li>○ Customer Service Module in CRM</li> </ul>
<b>Health and Safety - Workplace</b>	Operations Compliance	<ul style="list-style-type: none"> <li>○ Local laws &amp; regulations</li> <li>○ New markets</li> </ul>	<ul style="list-style-type: none"> <li>○ External Market Requirement</li> </ul>
<b>Health and Safety - Customers</b>	Financial		

## Climate – GHG (CO<sub>2</sub>) Emissions and Energy

Well aware that the majority of our carbon footprint is related to our products and the phases before parts and components arrive our final assembly sites, we still put great effort into minimising the impacts from our own facilities and activities.

### Operational impact

We have a direct influence on and control of the GHG emissions generated at our factories and sales offices. We monitor the energy consumption of our main sites through monthly recording and quarterly status meetings, analysing and adjusting the trends in relation to our annual reduction targets.

We report our GHG emissions from our factories and sales offices in accordance with the global standard in the Greenhouse Gas Protocol Initiative. To enable comparison, all collected data is converted into energy (MWh) and tonnes of CO<sub>2</sub> equivalents (tCO<sub>2</sub>e).

#### Flokk 2018

**2361 tCO<sub>2</sub>e**

Total GHG emissions

**10 862 MWh**

Total energy consumption

**590 551**

Number of products produced  
(ex Malmstolen, Offecct, Profim)

The carbon inventory is divided into three main scopes of direct and indirect emissions:

Scope 1 Covers our direct energy consumption/GHG emissions associated with fuel consumed by our own and leased vehicles (service and sales operations), as well as our consumption of oil and natural gas to heat our offices and factories.

Scope 2 Represents our indirect energy consumption/GHG emissions generated by the energy purchased – electricity and district heating – that is used at all of our sites.

Scope 3 Shows our other indirect GHG emissions associated with transporting products to customers from the factories, as well as our employees' business travel by air. Employees' travel to and from work is not represented either.

Gases included in the calculations: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFCs and PFCs.

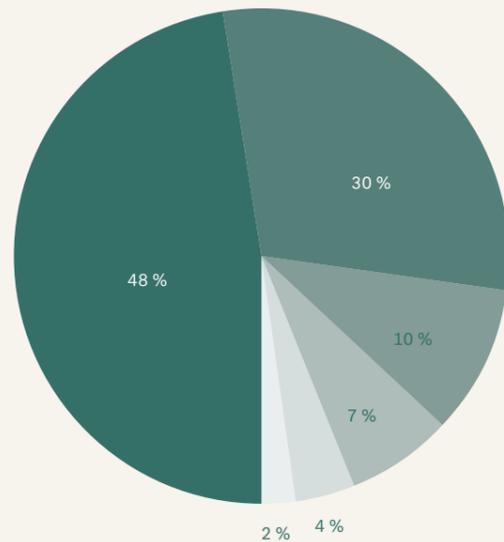


### Product footprint

Our greatest climate impact is related to our physical products, with more than 95% of their carbon emissions being generated in the phases before parts and components even arrive at our factories for assembly. Our products' quantitative climate footprint is documented through EPDs (Environmental Product Declarations) and is not covered in this chapter.

EPDs are based on life-cycle analysis according to ISO 14025.

Flokk's GHG emissions in 2018 - Distribution



Flokk's main GHG emissions are linked to our sales force's travel and the transport of goods to customers.

**+ Fuel used for Sales & Service travels accounted for 30% of Flokk's total emissions, with no change since 2017**

In 2018, we screened the market and listed a recommended choice of vehicles, with the aim to improve the fuel efficiency of our company car fleet.

**- Goods transport by trucks with trailers of +33 t accounted for 48% of Flokk's total emissions, about 9% increase from last year, due to activities added from Giroflex**

- o We take several measures to limit the impact of our outbound transport of products to customers:
- o High degree of flat packing.
- o Transport of fully assembled chairs, in cases where we can deliver full lorry loads to the same customer.
- o Where we cannot completely fill vehicles, we fill up the unused space with other products that can be delivered along the same route.
- o Frequent dialogue and annual upgrading of environmental requirements towards transporters, due to the rapid development concerning vehicles (Euro emission standards, emission and pollution tracking, and increased shares of renewable fuel and railway transport).

**+ We reduced our use of fossil fuels for heating in factories, generating 25% lower emissions since 2017**

At Røros, we replaced fossil burning oil with HVO100 biobased oil, and in Zwolle we down-sized our facilities, leading to reduced natural gas consumption.

**+ 15% GHG emissions reduced per produced unit**

Even though we added the Koblenz factory to our scope in 2018, and thus produced more units, we still managed to reduce the overall emission intensity, since Koblenz uses 100% renewable energy.

- Goods transportation
- Fuel for sales and service travels
- Employees air travel
- Fuel for heating
- Electricity
- District heating

**Flokk's GHG emissions [tCO<sub>2</sub>e] - Market based**

	2016	2017	2018
<b>Scope 1 - Direct emissions</b>	<b>824</b>	<b>911</b>	<b>862</b>
Fuel for heating (Burning oil, natural gas)	211,9	208,9	157,5
Fuel for sales and service travels	612,2	702,1	704,0
<b>Scope 2 - Indirect emissions</b>	<b>285</b>	<b>162</b>	<b>146</b>
District heating	18,7	46,8	42,4
Electricity	266,7	115,1	104,0
<b>Scope 3 - Other indirect emissions</b>	<b>1 149</b>	<b>1 276</b>	<b>1 353</b>
Employees air travel	293,0	245,0	224,9
Goods transportation	856,0	1 030,8	1 128,2
<b>Total GHG emissions [tCO<sub>2</sub>e]</b>	<b>2 259</b>	<b>2 349</b>	<b>2 361</b>
Number of produced units	468 077	496 598	590 551

**GHG emitted per produced unit [kgCO<sub>2</sub>e/unit]**

2016	4,8
2017	4,7
2018	4,0

- Electricity
- Fossil fuel
- District heating
- Renewable fuel

**Renewable share of purchased electricity in 2018**

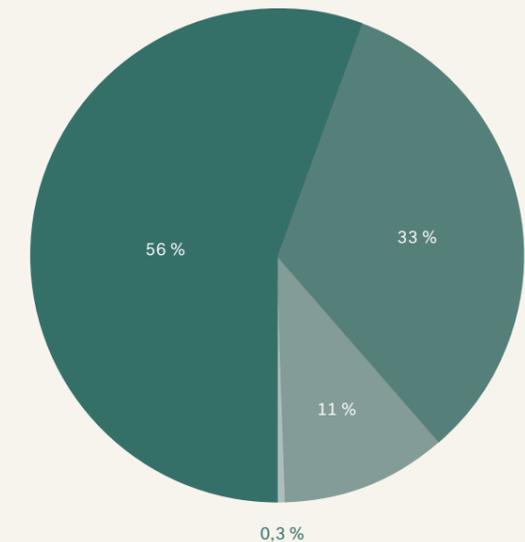


**Flokk's energy consumption [MWh]**

	2016	2017	2018
<b>Fossil fuel sources:</b>	<b>3 569</b>	<b>3 902</b>	<b>3 623</b>
• Burning oil	56	86	59
• Natural gas	1 077	1 020	777
• Diesel (0, B5, NO, SE)	2 360	2 669	2 626
• Diesel (0, B5, NO, SE)	76	127	162
<b>Renewable fuel sources:</b>	<b>1</b>	<b>25</b>	<b>34</b>
• Biofuel*	1	25	34
<b>District heating</b>	<b>1 313</b>	<b>1 278</b>	<b>1 165</b>
<b>Electricity</b>	<b>7 071</b>	<b>6 619</b>	<b>6 041</b>
<b>Total energy consumption [MWh]</b>	<b>11 954</b>	<b>11 824</b>	<b>10 862</b>
Number of produced units	468 077	496 598	590 551

\*Sum of biofuel contained in the different types of fuel used for heating and sales and services travels: 0% in Diesel (0); 5% in Diesel (B5); 10% in Diesel (NO); 19,3% in Diesel (SE); 2,6% in Petrol (SE); 0% in Petrol (0)

Flokk's energy consumption in 2018 - Distribution



Flokk's electricity consumption represents 56% of our total energy use, but only 4% of our total GHG emissions, due to our extensive use of renewable energy at our factories.

**+ We reduced our electricity consumption by 9% since 2017**

Our electricity consumption reduction has been achieved as a direct result of energy efficiency initiatives:

At Røros:

- o Smart management of ventilation in production areas
- o Replacement with 99% LED lighting
- o New windows in the office section
- o Lower temperature at nights and during weekends
- o Process improvement on the HÅG assembly line

In Nässjö:

- o Streamlining of the production process in general
- o New smart-controlled door for outdoor waste handling

In Zwolle:

- o Reduced site area by 48%
- o Monitoring and timing of heating at night
- o Replacement with LED lighting

**Long-term goal**

**Become 100% fossil fuel free by 2025**

Today the share of renewable fuel represents only 1% of the total fuel we buy. To become 100% fossil fuel free we will:

- o At Røros, replace the need for burning oil by installing a heat-pump system.
- o For the other sites, develop a plan to cut free from fossil fuel as part of our Energy Efficiency Management.

### Goals 2019

- 100% LED at Røros and in Nässjö
  - At Røros we will search and repair compressor leakages
- + 25% reduction of energy consumption per produced unit

Even though we added the Koblenz factory to our scope in 2018, and thus produced more units, we still managed to reduce the overall energy consumption intensity, due to successful energy efficiency measures at all factories.

### Energy used per produced unit [kWh/unit]



### Energy efficiency – ISO 50001

Over the years, Flokk integrated brands have achieved the systematic implementation of energy saving measures. As we grow, the Flokk Group is dedicated to continuing to improve our energy efficiency at all sites.

In view of the challenges of increased dependence on energy imports and finite energy resources, the European Union (EU) has set the ambitious goal of improving energy efficiency by at least 30% by 2030, and established a set of binding measures for the qualifying companies, including Flokk.

In 2016-2018, Flokk complied with the EU's EED – Energy Efficiency Directive – by conducting energy audits under EN 16247.

### In February 2019, Flokk was ISO 50001 certified

The ISO 50001 scope covers countries that qualify for EED, ensuring Flokk's compliance from this date.

New acquisitions that also qualify for EED, but are not integrated in Flokk's ISO scope (yet), will comply through energy audits. ISO 50001 will strengthen Flokk's ongoing strategy to reduce energy consumption, carrying energy saving measures from previous energy audits into our ISO management system.

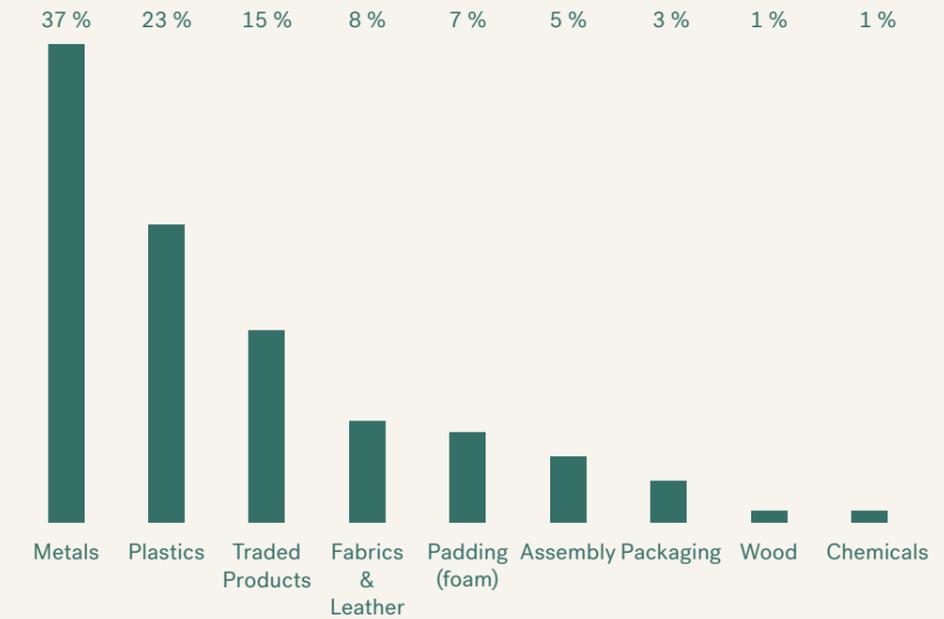
### Goals 2019

- ISO 50001 - Training of personnel with influence on energy consumption and management
- Definition of a common Flokk scheme for conducting internal energy audits
- Integration of German offices into our ISO management system – establishing a plan for KPI energy tracking and energy saving measures

## Resources - Materials

The Earth's resources are finite, and our generation's consumption of non-renewable resources is far from sustainable. At Flokk, we seek to develop products with reduced weight, fewer numbers of parts, and an increased share of recycled materials. Last year we produced close to two million new products. With an estimated average weight of 15-20 kg per product, our operations naturally require large quantities of raw materials and components, reflecting our focus on efficient use of resources. Our products' material composition, as well as the share of recycled materials, are declared in EPDs – Environmental Product Declarations.

Distribution of materials purchased by Flokk in 2018



### Recycled materials

For our key resources – plastic, aluminium and steel – we aim to increase the share of recycled materials, to put a value on waste and to consume less processing energy. The cosmetic and technical properties of recycled materials are poorer than those of virgin materials, however. For visual or critical components that require a colour range or great strength, we therefore sometimes need to use virgin materials. This means that, at the very least, we must ensure that these are recyclable.

### Recycled versus recyclable content

At Flokk, we consider it important to differentiate between the terms “recycled” and “recyclable” concerning materials. Paper, metals and plastics are all recyclable materials, since they can be reused. Most furniture producers can claim that their chairs are more than 95% recyclable. However, the ultimate environmental benefit stems from the share of already “recycled” materials used in a product.

**91% carbon footprint saved per kg material by changing from virgin polyamide to recycled polypropylene**



### Share of recycled materials

Today, our best chairs contain 50-60% recycled material. Our two latest products actually exceed our long-term target – 60% share of recycled materials.

## Plastics

In 2018, Flokk purchased 1,750 tonnes of plastics, which accounted for 23% of our total purchases of materials. Most of our plastic parts are made of polypropylene (PP), polyamide (PA) and polyoxymethylene (POM). We aim to use as much PP as possible, since this has the lowest environmental impact.

All parts that weigh more than 50 g are type-marked to simplify the sorting of parts for recycling.

We introduced recycled plastics into our products in as early as 1995. In 2018, we used over 559 tonnes of recycled plastics in our products (335 tonnes post-consumer / 224 tonnes post-industrial), which represent more than 30% of the plastics we purchase each year. To achieve our 2022 goal of 1,000 tonnes, we design all our new projects to tolerate the use of recycled plastics.

**+ 710 tCO<sub>2</sub>-eq saved in 2018  
by using recycled instead of virgin plastic**

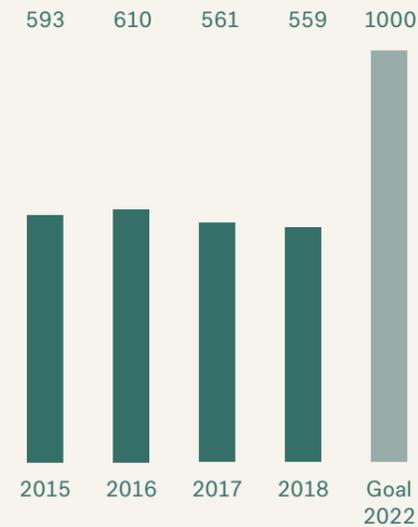
**+ NOK 9 mill granted for research\* into circularity and reinforced recycled plastic post-consumer waste**  
\* 'Circular Seating' - Norwegian Research Institute/SINTEF/Flokk

In 2018, we started up a project aiming to boost the migration of recycled plastics into our existing portfolio. Results so far at the end of 2018: five new components out of 54 selected have now been phased into production as recycled plastics.

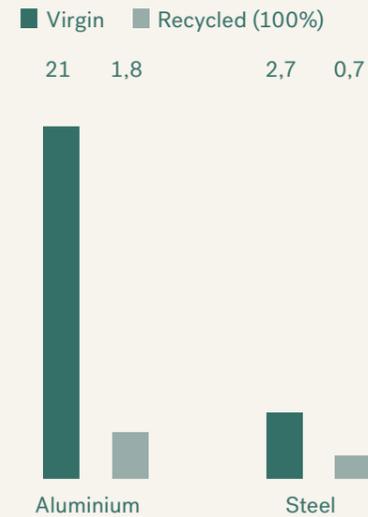
**Long-term goal**  
**Half of the plastics we purchase in 2022 will be recycled plastics**



Total amount of recycled plastics used in our products [tonnes]



GHG emissions per kg raw material [kgCO<sub>2</sub>e]



## Metals

In 2018, purchases of metals (mostly steel and aluminium) accounted for 37% of Flokk's total purchases of materials.

In order to limit environmental impacts, our die-cast aluminium parts contain an average of 95% recycled aluminium – the quality, durability and finish is just as good as for virgin material.

We use 20-40% recycled steel in our products, and with improved techniques we hope to increase this amount, year by year.

**Long-term goal**  
**Increase the recycled share of metals to 100% for aluminium and 50% for steel by 2025**



### Ocean plastic prototypes

In 2018, we performed several trials with ocean plastic on our bestsellers, HÅG Capisco and RBM Noor.

The prototypes passed technical strength and cyclic tests, and the natural green colour fits well with our company profile and portfolio palette.

The ocean plastic used is produced in Denmark from discarded fishing gear, collected by European fishermen in partnership with WFO – Waste Free Oceans.

We plan to launch ocean plastic in 2019/20, depending on stable flow, quality and pricing.



## Fabrics & Leather

Our standard collection consists of durable textiles and leather with good environmental properties.

We offer wool and synthetic textiles, and one of our bestsellers, Xtreme, is made from 100% post-consumer recycled polyester.

**13 out of our 21 standard upholsteries are certified under various ecolabels, such as the EU Ecolabel (the 'Flower'), Oeko-tex® or The Blue Angel**



## Padding

The padding materials we use are mainly based on polyurethane (PUR) foam, which is not a 100% recyclable material.

Over the years, we have conducted a few research and pilot projects to find alternatives to PUR, but as yet, no acceptable alternatives that do not compromise on comfort or sustainability are available.

## Wood

In 2018, the wood we purchased accounted for 1% of Flokk's total purchases of materials.

The wood used in Flokk's products originates from traceable and sustainably driven forestry. In 2018, we kicked off our FSC 100% implementation plan.

### Long-term goal

**Our factories are to be FSC® Chain of custody certified and 100% of the wood we purchase will be FSC-certified by 2022**

## Water

Our only direct production process that requires water is the cleaning of metal parts for surface treatment at the factory at Røros. In our Swiss factory in Koblenz, the water needed for the foam production is used in a closed process.

**+ 5 750 m<sup>3</sup>**

**Water consumption at our four main factories in 2018**

Water from the cleaning process at Røros is cleaned in-house, and then controlled and discharged into the municipal treatment plant.

All our facilities (factories, HQ and sales offices) are connected to the municipal drainage system.

## Packaging

Our products are delivered to customers flat packed in cardboard boxes. In 2018, our two factories in Scandinavia sent a total of 1 189 tonnes of packaging out into the market. This consisted of 64% cardboard, 32% plastics, 2% expanded polystyrene (EPS) and 3% other materials such as tape, bubble wrap, etc. Numbers for Zwolle and Koblenz are not available in the required fraction details.

We see a delicate balance between extended use of recycled packaging materials and adequate quality. The cardboard packaging we use in Nässjö contains 88% recycled fibre, compared to 97% formerly. In fact, damage sustained during transport due to a higher proportion of recycled cardboard is responsible for some of the complaints we receive. We are also looking into possibilities of eliminating expanded polystyrene from all packaging.



Flokk is a member of several national takeback schemes, such as "Grønt Punkt" in Norway and FTI in Sweden.

**+ In 2018, we became "Control Members" of Grønt Punkt, which also requires our Norwegian suppliers to be members, ensuring producer responsibility in our supply chain**

Each year, we report how much packaging we have sent out into the market and pay a charge on this basis. The charge ensures that old packaging is collected and recycled.

## Resources - Waste

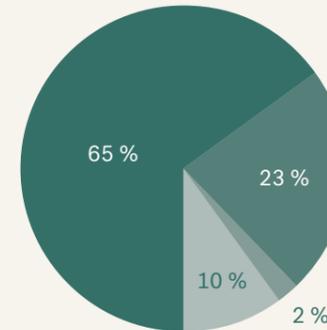
Waste should be considered a resource, so we work to minimise the waste generated from both processes and products. Our products are easy to disassemble, and materials are marked to enable sorting for recycling. In this way, we contribute to increasing the share of materials recovered, in a closed loop. By developing and testing circular business models, we also aim to facilitate a systematic return and take-back system for our products.

### Waste fractions at Flokk factories

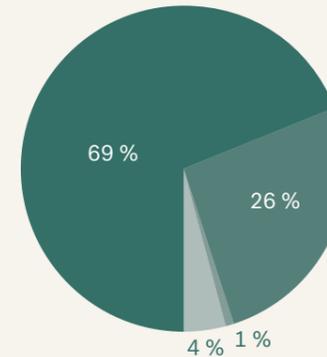
The waste disposal methods has been provided by the waste disposal contractors

- Recycled
- Incinerated with energy recovery
- Landfilled
- Treated as hazardous waste

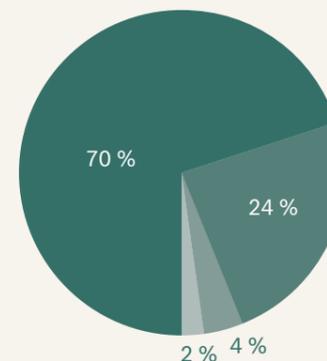
2016 - Total: 741 tonnes



2017 - Total: 877 tonnes



2018 - Total: 1074 tonnes



### Waste fractions at Flokk factories [tonnes] including hazardous waste breakdown

2018	
<b>Non-hazardous waste</b>	<b>1 054</b>
Recycled	746
Incinerated with energy recovery	262
Landfilled	46
<b>Hazardous waste</b>	<b>19</b>
Recycled	1
Incinerated with energy recovery	16
Landfilled	2
<b>Total [tonnes]</b>	<b>1 074</b>

### Waste from products

Waste generation directly linked to our products takes the form of packaging, protective materials for transport, and used products. Flokk is a member of several national take-back schemes for packaging, and we are dedicated to ensuring that our products are maintained, reused and recycled, and recovered at the end of their service lives.

When we transport fully assembled chairs, we avoid using packaging. However, due to a high risk of damage we need to protect our chairs with various types of protective covers. We are still in the process of establishing a reliable and effective recovery system for all protective materials used.

### Waste from operations and offices

Another source of waste generation is from our production processes and daily office routines.

#### Results 2018

- + Changed to paper-less travel expenses, thereby saving a considerable, but so far unknown, amount of paper
- + Removed all disposal plastic cups/plates from our new canteen at Røros

As part of our Environmental Requirements, we require suppliers to have a plan to minimise their waste volumes. We have previously returned cardboard packaging to selected suppliers, but in 2018 we decided to recycle rather than reuse, due to quality and damage issues.

As far as our own factories are concerned, we have an efficient waste management plan in order to improve the systems for both collecting and sorting waste.

#### Results 2018

- + Increased plastic fractions to recycling in Nässjö by 7.3 tonnes (target 2019: 10 tonnes)
- + Introduced a new sorting fraction of "hard plastics" at Røros, delivering a full container for recycling

The significant improvement in Nässjö was achieved by changing from blue to transparent plastic films, so that it can be sorted as a recyclable fraction, instead of for energy recovery/waste incineration. In general, waste sorting has been improved through better solutions, spot checks and information to employees.

Today, 71% of our production waste (mostly metals and cardboard) is recycled, while 22% is incinerated to recover energy. The remaining percentage of hazardous waste is declared pursuant to the requirements of the Waste Regulations and delivered to an approved reception facility. The considerable 4% increase in landfill in 2018 is mainly due to the addition of Koblenz waste generation, and to the renovation of the Røros showroom, resulting in 12.1 tonnes of bricks and tiles.

#### Goals 2019

- Start measuring the amount of incoming versus outgoing packaging, in order to identify the delta amount
- Explore the possibility of renewing contracts with our waste handlers, to achieve more efficient and specific sorting

### Closed loop – Circular economy

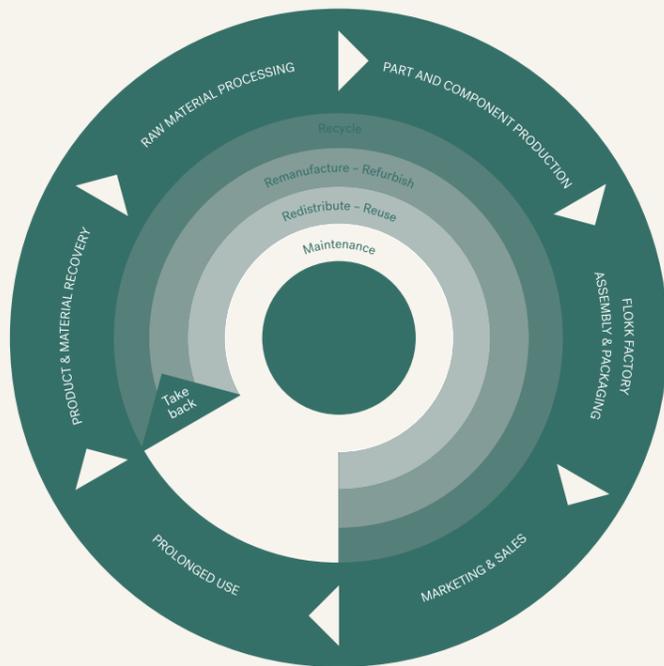
Flokk is working on solutions to ensure that our products are actually returned, by taking control of them in the usage phase, and by facilitating systematic reuse and recovery of our “recycle-ready” products. We now also include a circular business model test as a principle for new product development, ensuring that future products are feasible for future circular needs, and also optimised within the existing business logic. We are also exploring how to ensure the full traceability of our chairs and secure a circular value chain.

#### Results 2018

- + Partnership signed with Opnieuw: take-back, refurbishment and sale of second-life chairs
- + Letter of Intent signed with Selvaag, large real estate developer in Norway: furniture-as-a-service pilot
- + Floke concept launched: exploring the marketplace for recycled plastics (Æra, Orkla, ++)

In the Netherlands, we have practised the circular economy for many years and built up a system for taking back chairs. Our partner Opnieuw has a dedicated disassembly line where returned chairs are dismantled. Parts and components are controlled and cleaned, and reused in “second life” chairs; or defective parts are sent back to suppliers for recycling into new raw material.

The Dutch market is increasingly requiring circular solutions when office furniture is procured, so that we are ramping up our aftermarket and service organisation in this market in particular.



We are exploring various circular business models such as furniture-as-a-service and new buy-back offerings, utilising new partner constellations. These efforts are in the pilot stage.

#### Goals 2019

- o Market test and develop scalable furniture-as-a-service model in Finland
- o Pilot HÅG buy-back and certified re-use programme in Norway with two partners



## Health – Chemicals

The furniture industry uses chemicals in paints and glue, and in the production of textiles, foam and other plastics. Together, the EU countries are the largest producers of chemical products in the world and the EU also leads the way in regulating chemicals through the REACH framework. In Flokk, we continuously work to reduce the number of chemicals in use and seek to identify and substitute unwanted chemicals in our products, in our production, and in our supply chain, without diminishing the properties of our products. We apply the REACH rules when we set chemical requirements for ourselves, our partners and our suppliers.

### Suppliers

We have strict negative lists of chemicals for our suppliers, which must commit to fulfilling our requirements in order to become a supplier to Flokk. We are looking into a new tool (supplier rating and management system to improve the handling of chemicals at our suppliers for the entire supply chain.

### Goal 2019

All Flokk Environmental Requirements towards our suppliers will be updated with regard to chemical requirements

We believe that we can be more proactive towards our suppliers in our efforts to avoid and handle any cases of hazardous chemicals found in products on the market.

### Production and offices

We must ensure that our employees are not exposed to harmful substances. We keep track of all chemicals in use at our facilities, and MSDS (materials safety data sheets) are readily available. We use EcoOnline to monitor and evaluate the risks associated with chemicals in our production, and to substitute when necessary. We evaluate the risks associated with the chemicals used in our facilities every year, and undertake continuous substitution of chemicals that may have undesirable effects.

### Results 2018

- The number of chemicals increased by 4 in the mechanical workshop Røros, related to a single project
- + Removed one gluing process for BMA seats in Nässjö
- + Removed 10 chemicals in Zwolle

### Goal 2019

Improve control of hazardous materials storage at all sites (transfer knowledge to new acquisitions by 2020)

### Products

Choosing the right materials includes avoiding chemicals that are hazardous to health and the environment. For many years we have not used what we call “banned” materials in any of our new products, such as glue, PVC, flame retardants and the chrome surface treatment of chair and table legs. Instead, we devote a lot of effort to developing attractive alternatives, such as:

- o New polyester powder coatings with metal look – matching the shiny finish and tough surface obtained from chroming.
- o Smart solutions to avoid the use of glue in upholstery.
- o Using wool and polyester fabrics to avoid the use of flame retardants. Wool is a natural flame-retardant and the structure of polyester fibres provides good flame-retardant properties without chemical additives.
- o Use of water-based wood lacquer and powder coating for metal coating to keep the emissions of Volatile Organic Compounds (VOC) as low as possible.

### Results 2018

- + Phased out chrome tanned leather
- + Kicked off a programme to replace chromed surfaces in the RBM portfolio by 2019

We analyse our existing portfolio for possible product improvements, including health considerations. For our older portfolio, we set strict requirements concerning the components of glue and paint, which might otherwise contain substances such as formaldehyde and bisphenol. Our standard PUR foam articles comply with the strict requirements of the Nordic Swan Ecolabel, and do not contain any harmful substances.

Our most important chair collections are GREENGUARD certified; a guarantee that the products contribute to a healthy indoor climate by not emitting hazardous gases.



## Responsible Supply Chain

At Flokk, we aim to choose suppliers who share our environmental and social values, as the basis for long-term, sustainable relationships. With more than 95% of our products' environmental impact being related to the phases before parts and components even arrive at our factories, the choice of suppliers is crucial to our work of minimising environmental impacts.

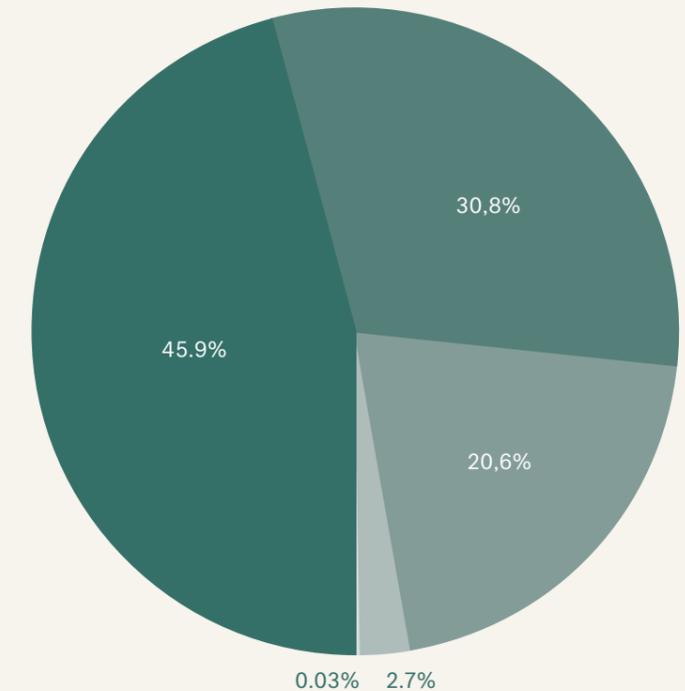
Total budget in MNOK

- Scandinavia, 234 MNOK
- W. Europe, 157 MNOK
- E. Europe, 105 MNOK
- Asia, 14 MNOK
- North America, 0.2 MNOK

### Localisation

Flokk has a certain number of suppliers in low-cost countries in Eastern Europe and Asia. In Asia, we have a small number of eight suppliers, with whom we have worked for a long time. We have a particular focus on these suppliers meeting the requirements in international regulations concerning human rights and working conditions.

Percentages of the 2018 procurement budget used for our main operations, that is spent on local suppliers (for purchases exceeding more than NOK 100 000):



As our main operations are spread across Northern and Western Europe, we regard our European suppliers as local suppliers (93% of the total), since they deliver to all of these sites in various amounts and categories.

After the addition of the Giroflex suppliers, we see an increase in suppliers located in Switzerland. Many of the long-term and well-performing suppliers will continue to supply to Giroflex, but in the future, this business will be based on a contractual relationship, on Flokk's terms and conditions. The materials flows towards Giroflex will change considerably, based on several outsourcing initiatives that are already being put into action.

### Supplier selection

Since 2011, we have systematically worked on concentrating our supply chain on less suppliers.

As our company grows through acquisitions, we can see an increase in the total number of suppliers. On the other hand, more business and products are being placed with high-performing key suppliers, and the number of suppliers per produced unit is actually decreasing.

In our sourcing process, decisions are based on Total Cost of Ownership, and are not focused solely on price (includes transport, cost of capital, overhead, etc.).

We work actively with both existing and new suppliers and subsuppliers for all first-tiers to have a sustainable profile. We obtain assurance that new suppliers exercise environmental responsibility, have a shared respect for human rights and offer good working conditions. We have zero tolerance for corruption.

All new suppliers must sign and commit to Flokk's:

- o Code of Conduct – Business Partners (based on the ten principles of the UN Global Compact).
- o “Environmental Requirements” (covering the use of raw materials and chemicals, process control and energy consumption)

All new suppliers to Flokk in 2018 were screened on the basis of environmental and social criteria, and the largest and most relevant suppliers from the Giroflex integration have either signed or are negotiating new contracts.

There have been many changes to our supply chain in 2018, and here are some highlights:

- o Outsourcing of Giroflex steel parts, foam, sewing and upholstery to well-known Flokk suppliers with high performance and compliance. Some steel parts outsourced to the Flokk site in Turek, Poland.
- o Changed suppliers of castors for Flokk, thus supply chain moved from Taiwan to Italy. Decision related to total cost, and improved climate footprint due to closer distance.
- o Changed supply of RBM steel-based frames and components as part of an exit plan requiring product phase-outs and re-location of tools, etc.
- o Introduced new plastics supplier in Norway, with interesting tooling and materials know-how.
- o Pre-assembly of BMA steel/aluminium components moved out of Nässjö to the Baltics.

#### Number of suppliers by region and country

Region	Country	No. Suppliers	Total
<b>Scandinavia</b>	Sweden	38	63
	Denmark	7	
	Norway	18	
<b>W. Europe</b>	Germany	22	84
	Italy	12	
	The Netherlands	22	
	Switzerland	23	
	Austria	2	
	United Kingdom	3	
<b>E. Europe</b>	Lithuania	13	22
	Romania	4	
	Latvia	2	
	Poland	1	
	Estonia	1	
	Bulgary	1	
<b>Asia</b>	China	7	8
	Republic of Korea	1	
<b>North America</b>	Canada	1	1

#### Supply chain control – follow-up and assessments

In 2018, we continued to make progress with strengthening our control of the supply chain, including by focusing on Giroflex supply. We still need to ensure a general supplier audit programme, in which we have the capacity and resources to actually visit and assess a regular scheme worldwide, ensuring transparency beyond the first tier.

#### Supplier Performance Status – SPS

We hold monthly SPS meetings to monitor and evaluate supplier status and results on issues regarding Quality, Delivery and Risk, including environmental and social factors with a negative impact on society, labour market practices and human rights. When a supplier is low performing, we coordinate temporary measures to close the deviation. Repeated low performance can put suppliers in the “New Business on Hold” category.

In 2018, no suppliers were assessed for, or were considered to have, negative environmental or social impacts. We do have one supplier of chrome-tanned leather, which will be handled in 2019.

#### Asian suppliers

Our practice of more detailed follow-up of suppliers in Asia is administered by our Chief Procurement Manager in China. This takes place as introductory visits to suppliers and their factories, prior to signing new contracts, and through regular follow-up visits to the facilities. This is working well and enables us to develop long-term relationships with high-performing suppliers.

In 2018, we commenced the full evaluation of all suppliers in Asia, to ensure our detailed understanding of their performance on environmental and social issues. This process will include supplier appraisals reflecting the UN Global Compact, action plans and the possible exit of suppliers that do not fulfil Flokk's requirements. New suppliers and business developments from acquisitions are also evaluated.

#### Supply Chain Management tool

We see a growing need to implement a supply chain management tool for transparent and navigable access to sustainability and social responsibility practices throughout the value chain. As we grow as a company, with recent acquisitions, we need to see further alignment of the supply chain before we can make a final choice. Our target is to land this decision in 2019.

## Our Workplace

As a company, Flokk represents a safe and stable working environment. We act responsibly with respect to our customers and society in general. We support and follow the principles of the UN Global Compact. In relation to our employees, we have gathered the company's principles, values, standards and rules of ethical behaviour in our Code of Conduct – Employees.

Number of employees by employment contract, region and gender

Country	Permanent employee	Temporary employee
Australia	3	
Belgium	13	1
China	11	
Denmark	14	
France	8	
Germany	49	5
Norway	262	10
Singapore	4	
Sweden	149	6
Switzerland	97	5
The Netherlands	45	11
UK	16	
USA	2	
<b>Total women</b>	<b>238</b>	<b>19</b>
<b>Total men</b>	<b>435</b>	<b>19</b>
<b>Total employees</b>	<b>673</b>	<b>38</b>

Number of employees by employment type and gender

	Full-time	Part-time
Total women	220	37
Total men	443	11
<b>Total employees</b>	<b>663</b>	<b>48</b>

### Mutual trust

The importance of a solid working relationship between the company and employee representatives is well-anchored in our corporate culture, through a transparent and open dialogue. There is a high degree of trust between the two parties. The employee representatives are an important resource for the company.

We expect our employees to act as good ambassadors and to treat colleagues, business associates, the environment and our other stakeholders with respect and courtesy. We clearly distance ourselves from corruption and bribery, and support free competition and fair trade.

### The overall workforce

As of December 2018, the company had 711 employees (excluding Malmstolen, Offecct and Profim). The percentage of women has increased slightly to 36%, while 13% of the Group Management are women. The percentage of women on the Board of Directors doubled in 2018, to 33%. This has been a deliberate action.

All of our employees are directly employed by Flokk. Each year, in November and December, we experience seasonal fluctuations in production, and therefore need to increase our workforce with some temporary employees to meet market demands.

Our four largest workplaces at the end of 2018 were the factories at Røros, and in Nässjö and Koblenz, and the head office in Oslo.

### Training of new employees – “Induction plan”

Flokk is highly aware of the importance of solid training when new employees are onboarded. It is the manager's responsibility to ensure that each new employee receives an induction plan that defines training activities during his/her initial period of employment. The plan's content will vary according to the job role/position. As an example, employees working in sales and supplier development will receive more anti-corruption training than employees in production.

However, all employees receive training in key topics such as HSE, vision, mission and values, and product and brand knowledge, as well as sustainability and corporate social responsibility. New employees also receive a policy package containing the most important Group Policies such as the People Policy, Environment & Energy Policy, CSR Policy, Code of Conduct, Internal Communication and IT Policies.



Zwolle



Koblenz



Nässjö



Røros

#### Local Communities

We define our main local communities as Røros and Nässjö. Flokk is aware of our duty to be an active and socially responsible employer, as this has a direct impact on our employees, their families and relations in general throughout the local communities. At Røros, a town of around 5,500 inhabitants, Flokk is considered to be a cornerstone company. In Nässjö (about 30,000 inhabitants), Flokk is one of the leading employers in the municipality. Focus areas are often business and socially-related issues, such as maintaining and developing sound transport services to the regions by air (Røros), road and rail.

Flokk AS is a member of the Røros Næringshage association (business park) and the Røros business forum. In addition, Flokk AS regularly provides input to Røros' planning work for the municipality. Flokk AB is an active member of the Nässjö Näringsliv AB association (municipality's business forum), of which Flokk AB's managing director has been chairman since 2015.

Flokk's smaller production site in the Netherlands, in Zwolle (about 125,000 inhabitants), is located in an area that is easily accessible by public transport and by car, and in the heart of BMA's main markets Germany, the Netherlands and Belgium.

Flokk also has a production Site in Koblenz in Switzerland. Koblenz has around 1,670 inhabitants, and Flokk (formerly Stoll Giroflex) is one of the largest employers in the town, and also in the surrounding region.

#### Remuneration and incentives

Flokk's Board of Directors comprises representatives of the owners and the company, and external members. External Board members receive a fixed annual director's fee. The Group Management receive fixed annual salaries and have a bonus agreement that is approved by the Board annually. The CEO has a severance agreement that gives entitlement to 24 months' salary in the event that the CEO leaves the company involuntarily. The Group Management's pension agreements are equivalent to those of the employees.

#### Freedom of association and the right to collective bargaining

Freedom of association and collective bargaining rights apply to all of the company's units, regardless of country. Freedom of association is described in our Code of Conduct – Employees and in our People Policy, which states: "Our employees have the right to join or establish trade unions according to their own wishes and to bargain collectively. Employee representatives must not be discriminated against and must have the opportunity to perform their trade union duties in the workplace in accordance with current laws and regulations.

#### Trade union work

Flokk cooperates closely with the five trade unions in Norway and Sweden and meets the representatives on a monthly basis. In the Netherlands, a Works Council represents all employees, and meets local management on a regular basis. In Switzerland, we have no union representatives at the production site, but the company is a member of the Furniture Industry Association, which represents our interests towards the trade unions. At all sites, cooperation meetings between line representatives and immediate supervisors take place regularly to ensure two-way information and to resolve day-to-day challenges.

#### Collective pay agreements and collective bargaining

In Norway and Sweden, we have a structured process for annual collective bargaining with the trade union representatives. The results of these annual negotiations are validated in collective pay agreements for all unionised employees. In Zwolle, we adhere to the collective payment agreements through the CAO Metalelektro trade union. In Switzerland, we relate to the agreements established between the Furniture Industry Association and relevant trade unions.

#### Equal pay policy

Flokk has a clear compensation policy outlining the principles for employees' remuneration. The company practices two different pay principles:

##### 1. Collective pay agreements

Flokk has collective agreements in Norway and Sweden for unionised employees. In the Netherlands and in Switzerland, the company follows the index-linking of the relevant local collective bargaining agreement. Each agreement governs pay according to the basic principle of equality, with differentiation in terms of seniority and qualifications.

Within this area, women and men receive the same pay, since the only differences relate to seniority and qualifications. The remuneration level is above the minimum rates in the various collective pay agreements.

##### 2. Individual pay assessments

Individual pay assessments are based on each employee's individual job description. Group HR ensures that the pay levels for the various positions

are assessed and compared. Each manager must evaluate the employee's performance based on:

- Qualifications
- Initiative
- Results achieved in relation to objectives
- Cooperation abilities, attitudes, behaviour and positive contribution to the work environment
- Compliance with the company's values

Individual differences in pay must be objective, justifiable and non-discriminatory in relation to:

- Gender
- Age
- Ethnic heritage
- Religion
- Sexual orientation
- Disability

Pay differences between women and men may occur, since they may have been assessed differently in relation to the aforementioned principles. However, internal pay statistics show that Group HR manages to steer the remuneration process, ensuring that no unfair pay differences occur between women and men, based on the elements outlined above.

#### Discrimination

Flokk aims to be a workplace with full equality between women and men. Everyone, regardless of gender, age, religion, ethnic heritage, disability, personal beliefs and background, has the same opportunities for employment and development. The company works actively to prevent discrimination. In the case of new appointments and the composition of teams and departments, the department's gender distribution is taken into account, and all managers seek to achieve a balanced and harmonised working environment.

#### Anti-corruption

Flokk expects all of its employees to avoid situations that may lead to a conflict between the company's and their own personal interests. Corruption or bribery in any form is unacceptable. This is set out in the Group's Code of Conduct - Employees. Anti-corruption measures focus specifically on the units that are most vulnerable (sales and purchasing). Our whistle-blower procedure describes how employees should report any suspected internal corruption or other types of misconduct which they may discover.

Flokk did not record any breach of the anti-corruption rules in 2018, nor were any recorded in previous years. For this reason, the Group has not been involved in any forms of sanctions associated with corruption.

#### Anti-competitive behaviour

In 2018, Flokk was not involved in any court case concerning intellectual property rights or any other anti-competitive behaviour.



## Workplace - Health and Safety

The health, safety and working environment (HSE) of our employees is a fundamental priority for Flokk, and we promote sound and secure physical and psychosocial working conditions through our HSE work. HSE is an essential aspect of Flokk's shared management system, based on the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2011, covering any facilities with fire prevention and electrical installations.



### Systematised HSE – preventive work

All Flokk employees are entitled to a safe and appropriate working environment – in which they are just as healthy when they finish work, as when they arrived. The responsibility lies with the employer, and primarily concerns prevention. We achieve this through systematic HSE work, of which the core aspects are management, a solid organisation and the enabled participation and involvement of all employees. The daily operational HSE is distributed from top management, through legal entities to the line organisation, and to Flokk's production units and departments, which all have Safety Deputies.

There are legislative requirements in place concerning how certain types of work should be undertaken, and for the design and adaptation of the workplace. We seek to always use the correct protective equipment and to always comply with procedures and safe work practices. Employee welfare also includes ensuring that employees are not exposed to harmful substances. In this respect, every year we evaluate the risks associated with each chemical used in our facilities, and undertake continuous substitution of the chemicals that have undesirable effects. So far, we have replaced most of the harmful chemicals used in production with non-toxic alternatives.

For Flokk, systematic HSE work means staying one step ahead, identifying risks and implementing actions – always, no matter how well we perform. This is a continuous process and a natural part of our activities. Our employees are the most important resource in our efforts to create a safe working environment, as they play a crucial role in identifying what could go wrong and in taking relevant action, among other things by recording incidents. By taking responsibility for what happens around us, we can prevent illness and injury – so that all injuries and incidents must be reported, in order to achieve the target of zero injuries.

To anchor HSE aspects throughout the organisation, in compliance with Group HSE policy and legal requirements, we perform risk analysis and safety inspections, determine objectives and follow up on action plans.

### Spot-checks

As part of our preventive approach, in 2018 we introduced spot-checks in addition to our regular planned and more detailed safety tours, performed two to four times a year. We regard spot-checks as a faster and easier way of inspecting performance and compliance in the day-to-day work and of the current HSE status.

In 2018, topics regarding orderliness, work at high temperatures, use of trucks, use of protective equipment and chemical handling were inspected. These topics cover the main types of work-related injuries occurring.

### Injuries and Occupational Illnesses

At Flokk, we are running a campaign focused on training and awareness of unsafe conditions. This helps us to identify risks and take preventive action, in order to avoid more serious injuries occurring. Workstations at Flokk are designed and organised to prevent injuries without compromising effective operations. In order to prevent repetitive strain injuries, employees have the opportunity to vary their tasks.

All these activities lead to a reduction in number of recordable work-related injuries from 2017 to 2018:

### Occupational health services

Occupational health services are well-established within the company. There is open and transparent dialogue between company representatives and the representatives of the external occupational health services. All employees are aware of the services provided, which are the following:

- o Attendance of follow-up meetings related to employees on sick leave, in order to customise rehabilitation programmes.
- o Attendance of meetings focused on general HSE work at the sites.
- o Offers of training and competence development activities.
- o Participation in safety inspection rounds.
- o Follow-up on correct ergonomic practices.

At the main sites, Working Environment Committees are in place, comprising representatives from the employees and the company. The Working Environment Committees meet on a regular basis, typically handling the following topics:

- o Active participation in the company's health, environment and safety work. Participation in surveys, the preparation of action plans and giving advice on priorities and measures.
- o Evaluation of the health and welfare aspects of working time arrangements.
- o Review of all reports on occupational hygiene and measurement results.
- o Addressing issues concerning the facilitation of employees with reduced functional capacity.
- o Preparation of an annual report on the work.

	2016	2017	2018
Number of fatalities	0	0	0
Number of high-consequence work-related injuries	0	0	0
Number of recordable work-related injuries	1	3	2
Rate of recordable work-related injuries*	2,3	5,7	2,9

\*Recordable work-related injury rate = Recordable work-related injury number x Working hours/1,000,000 (Number of hours worked in 2018: 679 178)



# Product Liability

Our aim is to deliver perfect products, and we are committed to ensuring our customers' complete satisfaction. With our level of technical expertise, combined with our honesty and sense of responsibility, our aim is for our customers to sit comfortably every time they choose a Flokk chair. We demand high quality in everything we do, and constantly strive to offer our customers work chairs and office chairs of a quality that exceeds their expectations, so that they get the most from their chairs and also feel good about them. A Flokk chair is built to withstand stress and to last.

## Customer health and safety

For these reasons, all of Flokk's products are tested according to specific international standards, with requirements concerning ergonomic execution, usability, safety, stability and strength. The standards we meet stipulate guidelines for design, dimensioning and material choice, and are subject to continuous evaluation and testing throughout the product's development and use phases. Flokk's entire core portfolio is thus assessed for potential improvements regarding health and safety impacts.

That is why we give a ten-year guarantee on most of our chairs. All of our products have labels providing information concerning existing certification. They are also delivered with detailed user manuals and instructions for safe use, maintenance, cleaning and recycling.

Flokk has defined "Risk/Safety Claim" as when a customer is injured while using our product. We only experience few such cases, but when they do occur, they are followed up closely in our management system. In 2018, we had two Risk/Safety Claim cases, but with no major customer injuries (2017: three cases - no major customer injuries).

## Labelling

All of our products are labelled with details of existing certification. They are also delivered with detailed user manuals and instructions for safe use, maintenance/cleaning, spare parts availability and handling at end-of-use for recycling.

## Environmental certification

The use of certification is important to communicating our strong environmental commitment and performance to the general public, and in guiding our customers to make the right choices. With more than 500 "green" certificates in Europe alone, these are very difficult waters to navigate. Some certificates relate to business and companies, and others to products - the chemicals used and the content of recycled materials. Some focus solely on the use phase, while others cover the entire life cycle. Some are national, and some are global.

The environmental certifications chosen by Flokk cover all important aspects and areas, and details are available at our website: [www.flokk.com](http://www.flokk.com).



## Environmental Product Declaration - EPD

Our products' environmental performance throughout their life cycle is tracked and published as quantitative results in Environmental Product Declarations (EPD). EPDs are rapidly gaining recognition in the furniture industry, due to their ability to document and communicate the most important environmental indicators, such as carbon footprint, energy consumption and share of recycled materials.

**Flokk has EPDs for more than 30 products, with three new EPDs obtained in 2018**



## The Nordic Swan Ecolabel

The Nordic Swan Ecolabel for furniture is awarded to products that meet strict environmental, quality and health requirements. The use of harmful chemicals is strictly regulated, and a high content of recycled materials is required. In 2010, HAG Capisco became the first office chair in the world to qualify for the Nordic Swan Ecolabel.

**Flokk has 4 Nordic Swan Ecolabelled product families, the latest obtained in 2018 with the HÅG SoFi - ready for market by end of Q2 2019**



## Greenguard

To ensure that our products are not harmful to the indoor climate by emitting hazardous gases (specifically volatile organic compounds such as formaldehyde in glue), they are tested according to the requirements of the UL GREENGUARD Environmental Institute.

**Flokk has 23 product collections certified with GREENGUARD, three new obtained in 2018**



## Möbelfakta

Möbelfakta is a Swedish certification scheme based on three requirement areas: quality, the environment and corporate social responsibility. This scheme sets external requirements such as CEN and ISO standards for quality and follows the environmental criteria of the Swedish Environmental Management Council, while the corporate social responsibility element is based on the ten principles of the UN Global Compact.

**Flokk has 21 products with Möbelfakta certification**



## Cradle to Cradle™

The Cradle to Cradle Certified™ programme is an ecolabel that assesses several aspects, such as a product's safety for human beings and the environment, and design for future life cycles. Designers and manufacturers are guided through a continuous improvement process to evaluate a product through five quality categories - material health, material reutilisation, renewable energy and carbon management, water stewardship, and social fairness.

**Flokk has 4 products that are Cradle To Cradle™ certified, bronze level**

# Product Certifications

Overview of Flokk integrated brands' technical tests & approvals, environmental certificates & declarations.

Note: this list of products is not a full overview of our portfolio. For a wider selection and more details, please read our Price lists available on our website

## TECHNICAL

## ENVIRONMENTAL

	EN 1335	EN 1729	EN 16139 (old: 13761)	IEC 61340 - ESD	GS, LGA	BS 5459	NPR 1813	ANSI BIFMA	EN 12720	EN 15372	MÖBELFAKTA	EPD, ISO 14025	THE NORDIC SWAN ECOLABEL	GREENGUARD	Cradle to Cradle™ BRONZE CERTIFICATE
<b>HÅG CHAIRS</b>															
HÅG Capisco	o		o	o	o							o	o	o	o
HÅG Capisco Puls	o		o		o			o				o	o		o
HÅG H03	o				o			o				o			o
HÅG H04				o			o					o			o
HÅG H05	o			o	o		o	o				o	o		o
HÅG Futu	o				o	o	o	o				o	o		o
HÅG Futu Mesh	o				o			o				o			o
HÅG SoFi	o				o	o	o	o				o	o	o	o
HÅG SoFi Mesh	o				o		o	o				o			o
HÅG Tribute	o				o							o			o
HÅG Inspiration	o				o			o				o	o		o
HÅG Excellence	o				o			o				o			o
HÅG Conventio			o		o			o				o	o	o	o
HÅG Conventio Wing		o	o					o				o	o		o
<b>RH CHAIRS</b>															
RH Activ	o			o	o	o		o				o	o		o
RH Mereo	o				o		o	o				o	o		o
RH Extend	o			o	o	o	o					o	o		o
RH Logic	o			o			o					o	o	o	o
RH Support				o								o			o
<b>RBM CHAIRS</b>															
RBM Noor		o	o		o			o				o	o		o
RBM Noor Up			o		o			o				o	o		o
RBM Ana		o	o						o			o	o		o
RBM Ballet		o	o												
RBM Bella			o						o						
RBM Low-back Bella			o		o							o			
<b>RBM TABLES</b>															
RBM Allround										o		o			
RBM Ultima										o					
RBM Eminent										o					
RBM Standard folding table									o	o		o	o		
RBM u-Connect										o		o			
RBM e-Connect										o		o			
<b>BMA CHAIRS</b>															
BMA Axia 2.0 Series	o				o	o	o					o			o
BMA Axia Vision 24/7	o			o			o					o			
BMA Axia Focus	o				o		o	o							
BMA Secur24	o				o	o									
BMA Axia Visit			o												
<b>Giroflex CHAIRS</b>															
giroflex 10															
giroflex 151			o		o										o
giroflex 313	o		o	o	o										o
giroflex 353	o		o	o	o		o								o
giroflex 434	o		o		o										
giroflex 545	o		o	o	o										
giroflex 60	o			o	o	o									
giroflex 64	o		o	o	o	o									
giroflex 68	o		o	o	o	o	o								
giroflex ADAPT	o			o	o										



# GRI-Index

This report has been prepared in accordance with the guidelines from the Global Reporting Initiative (GRI) – the GRI Standards: Core option.

GRI is a voluntary international network and is the most widely used international framework for reporting on corporate sustainability, enabling comparisons between companies within the same and different industries.

The GRI report has been reviewed and approved by Group Management. The selection of important topics is supported by the Group Management. The report has not been externally verified.

A list of GRI topics and disclosures is provided below, with references to where the topics are discussed in this report (PA – Partially addressed).

This year we have added two columns in the GRI-index, where we link our reported GRI disclosures to both UN SDGs – Sustainable Development Goals and the ISO 26000 – Guidance on Social Responsibility. This way the reader gets an overview on how our sustainability work is correlated with these two important guidelines for acting responsible towards the environment and social responsibility.

## UN SDGs – Sustainable Development Goals

- No 3 - Ensure healthy lives and promote well-being for all at all ages
- No 7 - Ensure access to affordable, reliable, sustainable and modern energy for all
- No 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- No 12 - Ensure sustainable consumption and production patterns
- No 13 - Take urgent action to combat climate change and its impacts
- No 14 - Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- No 15 - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- No 16 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- No 17 - Strengthen the means of implementation and revitalize the global partnership for sustainable development

## ISO 26000 – Guidance on Social Responsibility

- 4.4 Ethical behavior
- 4.6 Respect for the rule of law
- 4.7 Respect for international norms of behaviour
- 5.3 Stakeholder identification and engagement
- 6.2 Organizational governance
  - 6.3.3 Human rights Due diligence
  - 6.3.4 Human rights risk situations
  - 6.3.5 Avoidance of complicity
  - 6.3.10 Fundamental principles and rights at work
  - 6.4.1-6.4.2 Labour practices
  - 6.4.3 Employment and employment relationships
  - 6.4.4 Conditions of work and social protection
  - 6.4.5 Social dialogue
  - 6.4.6 Health and safety at work
- 6.5.3 Prevention of pollution
- 6.5.4 Sustainable resource use
- 6.5.5 Climate change mitigation and adaptation
- 6.5.7 Protection of the environment, biodiversity and restoration of natural habitats
  - 6.6.1-6.6.2 Fair operating practices
  - 6.6.3 Anti-corruption
  - 6.6.6 Promoting social responsibility in the value chain
- 6.7.1-6.7.2 Consumer issues
- 6.7.4 Protecting consumers' health and safety
- 6.7.6 Consumer service, support, and complaint and dispute resolution
- 6.8.1-6.8.2 Community involvement and development
- 6.8.3 Community involvement
- 6.8.5 Employment creation and skills development
- 6.8.7 Wealth and income creation
- 6.8.8 Health
- 6.8.9 Social investment
  - 7.3.1 Social Responsibility Due diligence
  - 7.4.2 Setting the direction of an organization for social responsibility
  - 7.4.3 Building social responsibility into an organization's governance, systems and procedures
  - 7.5.3 Types of communication on social responsibility
  - 7.6.2 Enhancing the credibility of reports and claims about social responsibility
  - 7.7.5 Improving performance
  - 7.8 Voluntary initiatives for social responsibility

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	DIRECT ANSWER TO ASPECTS/ NOTES	UN SDGs	ISO 26000
<b>GENERAL DISCLOSURES</b>					
<b>Organisational Profile</b>					
102-1	Name of the organisation	Cover, 150			
102-2	Activities, brands, products, and services	20-27, 55-56			
102-3	Location of headquarters	Cover, 150			
102-4	Location of operations	2-3, 8-11, 31-32, 124-126			
102-5	Ownership and legal form	14-16, 73			
102-6	Markets served	2-3, 9-11, 31-32			
102-7	Scale of organisation	2-3, 30-39		SDG No 8.	
102-8	Information on employees and other workers	128-132			6.3.10 6.4.1-6.4.5
102-9	Supply chain	124-127			6.8.5 7.8
102-10	Significant changes to the organisation and its supply chain	2, 8-11, 30-39, 126, GRI-index			
102-11	Precautionary Principle or approach	16, 37, 104-105, 126-128, GRI-index	We base our Code of Conduct for both business partners and employees on the Ten Principles of UN Global Compact. Work on "Risk management and internal control" as described on page 16, is based on the precautionary principles and continuous improvement.		
102-12	External initiatives	95-97, 102-103, 126, GRI-index	Member of IEH/ETIN - Ethical Trading Initiative Norway, Flokk Code of Conduct in accordance with the UN Global Compact, Long-term goals according to EU 2-degree target and selected numbers of the UN Sustainability Development Goals. Hold Norge Rent. ZERO Fossil free forum.		
102-13	Membership of associations	95-97, 130			
<b>Strategy</b>					
102-14	Statement from senior decision maker	11, 36-38			4.7 6.2 7.4.2
102-15	Key impacts, risks and opportunities	11, 16, 104-105			
<b>Ethics and integrity</b>					
102-16	Values, standards, principles and norms	14, 16, 34, 102, 128-129		SDG No 16.	4.4 6.6.3

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	DIRECT ANSWER TO ASPECTS/ NOTES	UN SDGs	ISO 26000
<b>Governance</b>					
102-18	Governance structure	12-17, 102			
102-20	Executive-level responsibility for economic, environmental, and social topics	12-17, 102			
102-26	Role of highest governance body in setting purpose, values, and strategy	12-17, 102-105			6.2 7.4.3 7.7.5
102-32	Highest governance body's role in sustainability reporting	102			
102-35	Remuneration policies	16-17, 131-132			
<b>Stakeholder Engagement</b>					
102-40	List of stakeholder groups	95-97			
102-41	Collective bargaining agreements	131, GRI-index	We can not report this number anymore due to GDPR new legislation.	SDG No 8.	
102-42	Identifying and selecting stakeholders	94-96			5.3
102-43	Approach to stakeholder engagement	96-97			
102-44	Key topics and concerns raised	96-97			
<b>Reporting Practice</b>					
102-45	Entities included in the consolidated financial statements	3, 44, 59, 73			
102-46	Defining report content and topic Boundaries	92-93			
102-47	List of material topics	93			
102-48	Restatements of information	93, GRI-index	Giroflex is now covered in the Corporate Sustainability report at same level as the other core brands. Malmstolen, Offecct and Profim, the latter acquired by Flokk in 2018, are not covered by this year's Corporate Sustainability report.		
102-49	Changes in reporting	93, GRI-index	Giroflex is now covered in the Corporate Sustainability report at same level as the other core brands. Malmstolen, Offecct and Profim, the latter acquired by Flokk in 2018, are not covered by this year's Corporate Sustainability report.		7.5.3 7.6.2
102-50	Reporting period	GRI-index	2018		
102-51	Date of previous report	GRI-index	2017		
102-52	Reporting cycle	GRI-index	Annual		
102-53	Contact point	149			
102-54	Claims of reporting in accordance with the GRI Standards	93, 142, GRI-index	This report has been prepared in accordance with the GRI Standards: Core option.		
102-55	GRI content index	142, GRI-index			

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	DIRECT ANSWER TO ASPECTS/ NOTES	UN SDGs	ISO 26000
102-56	External assurance	142, GRI-index	The report has not been independently verified. The materiality analysis, and following input to structure and content of the report is however based on an independent gap analysis performed by The Governance Group in 2018, to ensure transition from GRI G4 to GRI Standards format.		7.5.3 7.6.2
<b>MANAGEMENT APPROACH (DMA)</b>					
103-1	Explanation of the material topic and its Boundary	GRI-index	Answered for each disclosure in respective chapters where relevant.		
103-2	The management approach and its components	GRI-index	Answered for each disclosure in respective chapters where relevant.		
103-3	Evaluation of the management approach	GRI-index	Answered for each disclosure in respective chapters where relevant.		
<b>MATERIAL TOPICS</b>					
<b>Economic Performance</b>					
201-1	Direct economic value generated and distributed	32, 42, GRI-index	iii. Tax costs by country 2018 [MNOK] - Total: 33,5 Norway: (20,5) / Sweden: 22,9 / Denmark: 3,5 / The Netherlands: (2,0) / Belgium: 1,2 / Germany: 4,8 / UK: 2,6 / France: 1,0 / Switzerland: 6,0 / Singapore: (0,2) / China: (1,2) / USA: 2,5 / Australia: (0,3) / Poland: 13,3	SDG No 8.	6.8.1-6.8.3 6.8.7 6.8.9
201-2	Financial implications and other risks and opportunities due to climate change	104-105		SDG No 13.	6.5.5
<b>Procurement Practices</b>					
204-1	Proportion of spending on local suppliers	125		SDG No 8. SDG No 12.	6.6.6 6.8.1-6.8.2 6.8.7
<b>Anti-corruption</b>					
205-2	Communication and training about anti-corruption policies and procedures	PA 129		SDG No 16.	6.6.1-6.6.3 6.6.6
205-3	Confirmed incidents of corruption and actions taken	GRI-index	No incidents of corruption have been registered in 2018.		
<b>Materials</b>					
301-1	Materials used by weight or volume	113-114, PA 115-116, 117		SDG No 12. SDG No 15.	6.5.4
301-2	Recycled input materials used	113-115, 117			

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	DIRECT ANSWER TO ASPECTS/ NOTES	UN SDGs	ISO 26000
Energy					
302-1	Energy consumption within the organization	107, 109-110, GRI-index	<p>o Category - Emission factor 2018 - Source of emission factor:</p> <p>Scope 1</p> <ul style="list-style-type: none"> <li>o Burning oil, Natural gas - 2,5363 - DEFRA 2018</li> <li>o Diesel, Diesel (B5), Petrol -2,6878 -DEFRA 2018</li> <li>o Diesel (NO) - 2,4400 - DEFRA 2018 and - 'Nasjonale Standard faktorer' from Miljødirektoratet published in 2015</li> <li>o Diesel (SE). Petrol (SE) - 2,1757 DEFRA 2018 and 'Faktablad Process &amp; Teknikstod' published in 2018 by BioGas2020</li> </ul> <p>Scope 2</p> <ul style="list-style-type: none"> <li>o District heating CHP - 0,18746 - DEFRA 2018</li> <li>o District heating Denmark mix - 0,1167 - Dansk Fjernvarme 2017</li> <li>o District heating SE/Stockholm, Sweden mix - 0,0362 Energi - Foretagen 2017</li> <li>o Electricity Australia, Belgium, China, France, Germany, Netherlands, Singapore, Switzerland, UAE, UK - NA - International Energy Agency 2018, 3-years rolling average</li> <li>o Electricity Nordic mix - NA - Own calculation for four Nordic countries: Sweden, Finland, Norway and Denmark based on International Energy Agency 2018, 3-years rolling average</li> </ul> <p>Scope 3</p> <ul style="list-style-type: none"> <li>o Air travel Continental, Domestic, Intercontinental, Nordic - 0,0858 - DEFRA 2018</li> <li>o Flights - 1000 - conversion factor</li> <li>o Hotel acc.(Australia), Hotel acc.(Nordic), Hotel acc.(world avg) - 24,8 - Own calculation based on: Klimaregnskap, Choice Hotels Scandinavia, ECOHZ and Østfoldforskning, 2009; DEFRA 2017; IEA 2017</li> <li>o Goods Transportation diesel - 1000 - conversion factor</li> <li>o Truck 7.5-17t, Truck with trailer 33t+ - 0,3581 - DEFRA 2018</li> <li>o Electricity Australia, China, Singapore, UAE - 0,750 - no marked-based emission factor hence, location-based used</li> <li>o Electricity Belgium, France, Germany, Netherlands, Nordic mix, Switzerland, UK - 0,123 - European Residual Mixes 2017, 2018 - Marked-based method</li> </ul>	SDG No 12, SDG No 13.	6.5.4-6.5.5

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	DIRECT ANSWER TO ASPECTS/ NOTES	UN SDGs	ISO 26000
302-3	Energy intensity	37, 109		SDG No 12, SDG No 13.	6.5.5
302-4	Reduction of energy consumption	37, 109-111	See direct answer in Disclosure 302-1.		
Biodiversity					
304-2	Significant impacts of activities, products, and services on biodiversity	GRI-index	Flokk's factory at Røros is located next to the Kvitsanden protected landscape area, about 2 km west of the centre of Røros. The Kvitsanden protected landscape area consists of a special shifting sands area containing both stable and mobile sand dunes. The area is an important element of the landscape, and has a very high conservation value. At our factory we are particularly aware of our environmental obligations, and have drawn up procedures to prevent all pollution of the local environment.	SDG No 14, SDG No 15.	6.5.7
Emissions					
305-1	Direct (Scope 1) GHG emissions	107-108, GRI-index	Flokk uses operational control approach for its carbon audit See direct answer in Disclosure 302-1.		
305-2	Energy indirect (Scope 2) GHG emissions	107-108, GRI-index	Flokk uses operational control approach for its carbon audit See direct answer in Disclosure 302-1.	SDG No 12, SDG No 13.	6.5.5
305-3	Other indirect (Scope 3) GHG emissions	107-108, GRI-index	Flokk uses operational control approach for its carbon audit See direct answer in Disclosure 302-1.		
305-4	GHG emissions intensity	108			
305-5	Reduction of GHG emissions	108, GRI-index	See direct answer in Disclosure 302-1.		
Effluents and Waste					
306-1	Water discharge by quality and destination	PA 117, PA 119		SDG No 3, SDG No 12, SDG No 14.	6.5.3-6.5.4
306-2	Waste by type and disposal method	119		SDG No 12, SDG No 14, SDG No 15.	
306-3	Significant spills	GRI-index	There has been no leakages to the environment in 2018.		

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	DIRECT ANSWER TO ASPECTS/ NOTES	UN SDGs	ISO 26000
<b>Environmental Compliance</b>					
307-1	Non-compliance with environmental laws and regulations	GRI-index	We have not identified any deviation with environmental laws and regulations in 2018.	SDG No 16.	4.6
<b>Supplier Environmental Assessment</b>					
308-1	New suppliers that were screened using environmental criteria	125, 127, GRI-index	All new suppliers screened based on the relevant environmental requirements and our CoC. Suppliers as part of the Giroflex integration are ongoing to get on contract, and largest suppliers are closed or being negotiated. End of 2018 approx 40% of Giroflex APV (is under contract) (APV - Annual Purchase Value = turnover).	SDG No 12.	6.3.5 6.6.6 7.3.1
308-2	Negative environmental impacts in the supply chain and actions taken	125, 127, GRI-index	No significant actual and potential negative environmental impacts in the supply chain have been registered in 2018. a. No suppliers have been assessed for environmental impacts. b. One suppliers considered to have actual and potential negative environmental impact in 2018, related to chrome tanned leather. This is being investigated and planned as an Engineering Change (ECO). c. No significant actual and potential negative environmental impact identified in 2018. d. 0%. e. 0%.		
<b>Occupational Health and Safety</b>					
403-1	Occupational health and safety management system	134-135			
403-2	Hazard identification, risk assessment, and incident investigation	135-136			
403-3	Occupational health services	136			
403-4	Worker participation, consultation, and communication on occupational health and safety	135-136			
403-5	Worker training on occupational health and safety	135-136			
403-6	Promotion of worker health	134-136			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	134-136			
403-9	Work-related injuries	136, GRI-index	No workers are excluded from this disclosure.	SDG No 3. SDG No 8.	6.4.6 6.8.8

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	DIRECT ANSWER TO ASPECTS/ NOTES	UN SDGs	ISO 26000
<b>Supplier Social Assessment</b>					
414-1	New suppliers that were screened using social criteria	125-127		SDG No 8. SDG No 16.	6.3.3-6.3.5 6.6.1-6.6.2 6.6.6 6.8.1-6.8.2 7.3.1
414-2	Negative social impacts in the supply chain and actions taken	GRI-index	No significant actual and potential negative Social impacts in the supply chain have been registered in 2018. a. No suppliers have been assessed for social impacts. b. No suppliers considered to have actual and potential negative social impact in 2018. c. No significant actual and potential negative social impact identified in 2018. d. 0%. e. 0%.		
<b>Customer Health and Safety</b>					
416-1	Assessment of the health and safety impacts of product and service categories	34-36, 138		SDG No 3.	6.7.1-6.7.2 6.7.4-6.7.5 6.8.8
<b>Socioeconomic Compliance</b>					
419-1	Non-compliance with laws and/or regulations in the social and economic area	GRI-index	No cases registered in 2018.	SDG No 16.	4.6 6.7.1-6.7.2 6.7.6

For comments and questions on Flokk's work and reporting on the environment, energy and corporate social responsibility, please contact:



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