

Corporate Sustainability report 2019



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.

# Corporate Sustainability Report 2019

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## The Environment and Corporate Social Responsibility

Sustainability is one of Flokk's 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, production and offering of sustainable products and to maintain this position as we grow.

We are highly aware of our responsibility as a producer beyond merely generating profits 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 wellbeing, taking care of our common environment and practising corporate social responsibility.

Flokk has a clear corporate identity and a positive reputation. We urge our employees to be good ambassadors for the company by 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. Part of this work is to focus on identifying both internal and external viewpoints and input over time, adapting to the increased impact from the growth of our organisation, 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

Flokk's materiality analysis is calibrated annually by Flokk management, based on an extensive internal survey and an external desktop analysis done late 2018. The materiality assessment cycle defines an updated set of significant topics, for both the company and external stakeholders.

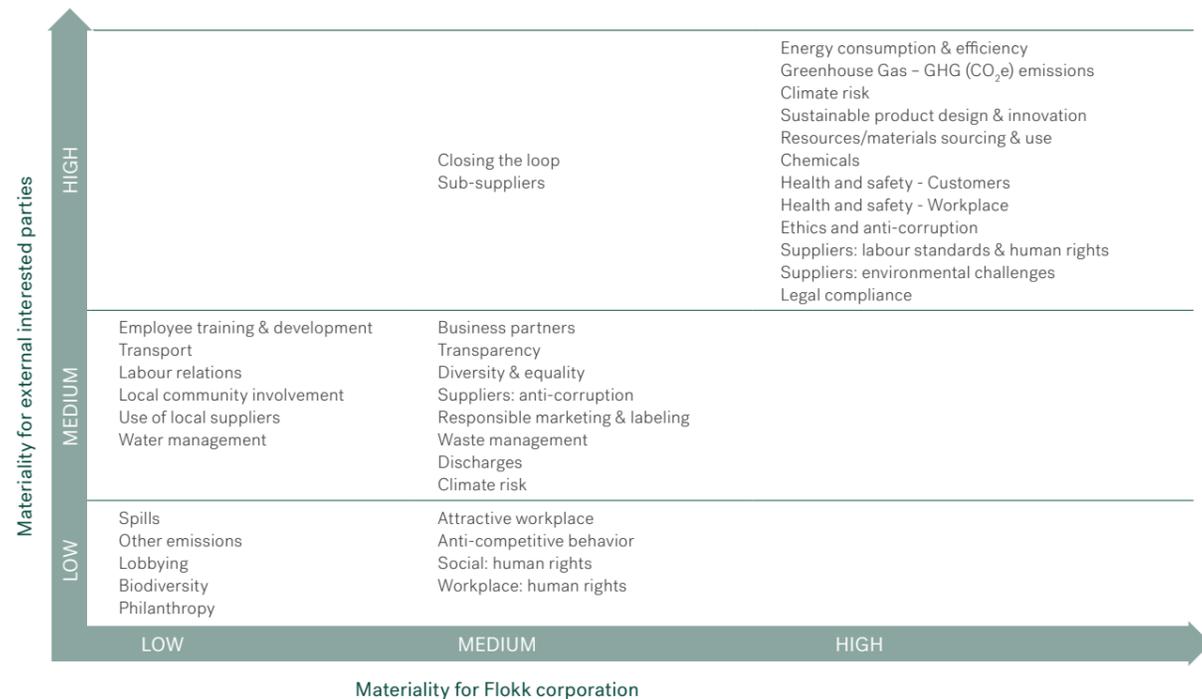
The report presents primary data concerning 100% of the workforce in Flokk's integrated brands in Norway, Sweden, the Netherlands, Switzerland, Denmark, Germany, Belgium, France, the UK, China, Singapore, Australia, Canada and the USA.

### Important topics for the report

- The environment – background, management and strategy
- Climate – energy efficiency, GHG (CO<sub>2</sub>e) emissions and climate risk
  - Resources – materials, waste and closed loop
  - Chemicals – products, production and suppliers
  - Health and safety – customer and workplace
  - Ethical guidelines – code of conduct, anti-bribery & corruption
  - Responsible supply chain – human rights and transparency
  - Product design – liability and certification

## REPORT SCOPE

In this year's sustainability report, Profim, Offecct, Malmstolen and 9to5 Seating are not covered. The largest workplaces covered by this report are the factories at Røros, Nässjö, Koblenz and the head office in Oslo.



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 fulfill our high ambitions on sustainability, human factors & aesthetic innovation, collaboration among stakeholders across our complete value chain is essential. We systematically accumulate knowledge through various channels of what is expected of us and our deliveries, and the impact our products, our production and operations have on internal and 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 and contributors of:

- The Confederation of Norwegian Enterprise (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
- Through NHO, the German federation of furniture manufacturers, BSO, and the European Furniture Industries Confederation (EFIC)
- Norwegian Rooms furniture cluster, of which our SVP HR, Lillevi E. Øglænd Ivarson, is a Board member
- The revision of the EN 1335 standard for office furniture at national and European level
- Various communities concerning our production facilities

## Involvement in projects

Project	Goal / Findings	Partners	Timeline
<b>Circular Furniture Flow</b>	Confirmed our lead in circular product design & identified areas that need development to commercialise circular business models	White, Input, Vasakronan + 30 stakeholders within Swedish furniture industry	2016-2019
<b>Leading in Environment &amp; Quality</b>	Tackle sustainability challenges Increase our competitive strength	Federation of Norwegian Industries + 22 companies	2017 →
<b>Circular Seating</b>	Circular product development Improved post-consumer recycled materials	SINTEF w/ funding from the Research Council of Norway	2018-2021
<b>InCharge</b>	Remote charging for IOT applications	SINTEF, Nordic Semiconductors, Cisco	2019-2021
<b>Rapid tooling 4.0</b>	Low investment tooling for net-shape / low waste production	Ombe Plast A/S, SINTEF	
<b>Circular building components</b>	Product as a service offering and contract structure for "as-a-service" models towards commercial real estate companies	Selvaag Eiendom, Signify, IARK + 5 more companies	2019→
<b>Circular textiles ecosystem</b>	Circular textile solutions for seating application	RISE, Volvo, Artex, Bogesund + 8 additional partners	2020 →
<b>POCOplast</b>	Collaboration to utilize post-consumer plastics in aquaculture before lost in nature, value chain focus	NCE Aquatech, Bellona, Plasto, Empower, NOPREC, SINTEF	2020 →

# Stakeholder Matrix

Stakeholders	Mutual influence / impact	Forum for dialogue – Frequency	Key topics 2019	Response
<b>INTERNAL</b>			<b>INTERNAL</b>	
<b>Owners</b>	Private equity firm Triton AB's purpose is to achieve the greatest possible return on investment by creating sustainable, long-term value in their portfolio companies, through changing economic cycles.	Triton maintains a clear, structured dialogue with Flokk through monthly phone conferences, quarterly performance reviews and an annual ESG forum. Flokk reports to Triton on key ESG KPI's biannually.	Two highlights from Triton's ESG agenda in 2019: A - Reduction in energy consumption and comply with the European Energy Efficiency Directive (EED). B – Climate Risk assessment according to TCFD	A – Flokk reports energy reduction value creation projects to Triton, and comply with EED through ISO 50001 B – Climate Risk assessment conducted according to TCFD.
<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.	Bimonthly Board meetings, attended by CEO, CFO, and other members of Group Management (GM) when relevant. The Board only works with the company via GM. Flokk 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 to GM.	Innovation, digitalization, brand strategies for acquired brands, strategic governance. Market communication of environmental benefits. Preparations for ISO re-certification audit with ISO 50001:2018, in addition to ISO 14001:2015. Energy management in higher focus.	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 50001:2018 re-certified in March 2020.
<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 a biannual personal development talk, setting objectives and personal development goals all linked to Flokk strategy and the department's action plan.	During 2020, The Flokk Value Program was conducted by workshops in all parts of the organization. Upfront we had worked out two Value statements to each value, focusing the behavior and attitudes of the employee in daily work. The aim of the program was to ensure that we all recognize and live by the values in daily work life, to form a strong common Flokk company culture and corporate identity and focusing that by living our values we drive our business forward.	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.
<b>EXTERNAL</b>			<b>EXTERNAL</b>	
<b>Customers, importers and dealers</b>	Flokk has three main 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 2019, findings to be processed Q2'2020. Environmental issues were covered this year, including environmental aspects on packaging, transportation, services to prolong life-time and end-of-life handling.	Established a project group that works with automatically intelligence (AI) in the order entry to improve quality and speed of the order process	Improvement of CRM system in order to measure response time and be able to take immediate actions rather than out of surveys.
<b>Suppliers and their workers</b>	Develop suppliers and value chains of direct materials (DM) through a close cooperation. Focus on improving Low-performing suppliers, and increase business with high performing suppliers. Supplier Performance include Quality, Delivery, Risk (including environment and CSR) and Cost, and are key elements of strategic decisions and executions (Sourcing/Contracting).	Face-2-face meetings with key suppliers are held at least 2 times per year where we together look at performance status, improvements and opportunities. 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 a low performing supplier, we target this supplier to increase performance with a higher frequency of follow-ups, and new business might be put on hold.	2019 has been influenced by the integration of Profim and its suppliers. Many new suppliers with a various level of performance and commercial commitment. Focus has been to secure a high level of contracted supply with well-performing suppliers. We focused on the most critical suppliers and value chains first, and implemented the "Flokk sourcing process". We have also explored possibilities to move away from Chrome.	New suppliers to Profim has been sourced and contracted via Flokk processes and team. 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.
<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.	Flokk has contributed financially to culture and sports projects in the local communities, in addition to the statutory taxes and duties.	At Røros, Flokk is a member of the Norwegian Mass Customization Cluster at Røros, Norway's leading professional environment in mass customization production. Flokk has of today the chairman of the Board. In Nässjö, sustainability and social development have been focused in several projects.
<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.	IEH has high focus on gaining control of a responsible supply chains. In 2019, 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 post-consumer recycled plastics to ZERO's Fossil Free plastics forum.
<b>Industry associations</b>	A – The Confederation of Norwegian Enterprise (NHO), Furniture & Interiors. B - Norwegian Rooms furniture cluster.	A - Annual General Meetings, Board meetings. B - Board member in the cluster, quarterly Board meetings.	A - Pilot member of "Leading on Environment and Quality" project. EPD practice improvement. B - Downstream innovation, circular economy.	A – Promotion of best practice for environmental criteria when purchasing office furniture, through EPDs. B – Tailored academic training on MBA level for 5 employees

# The Environment – Background

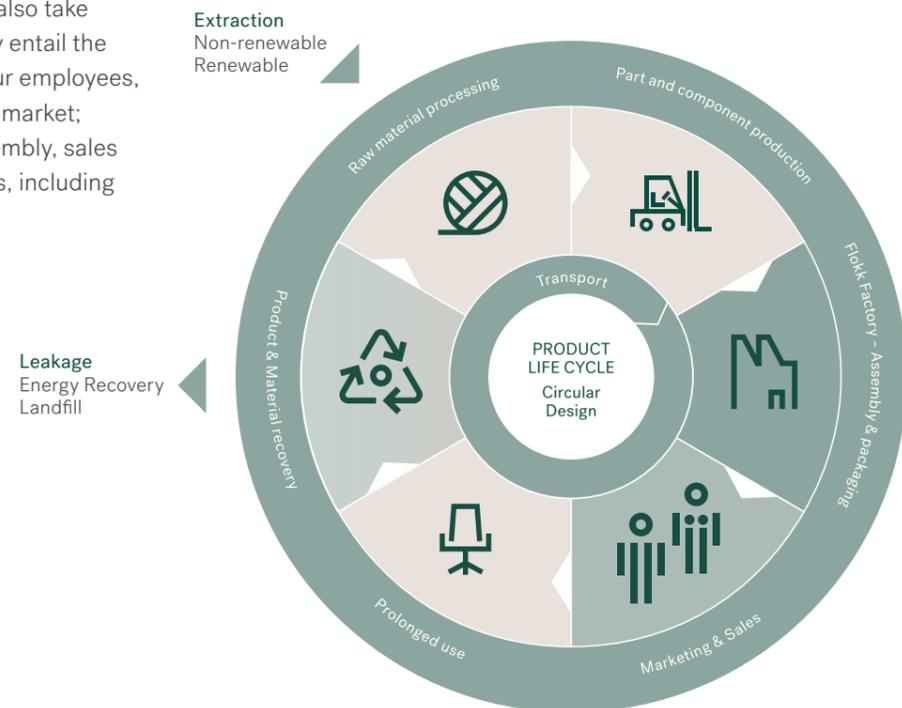
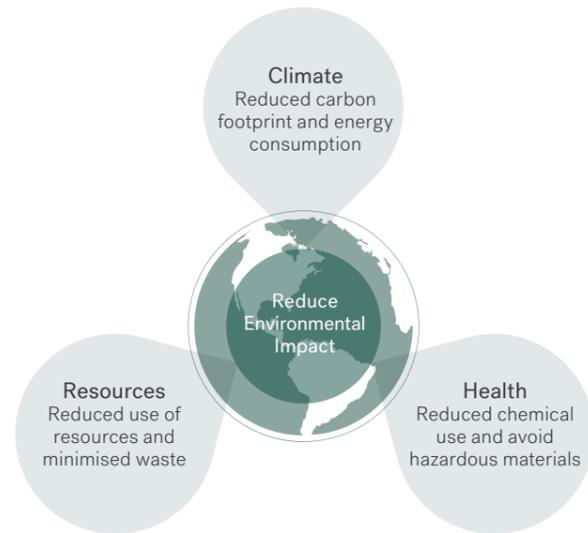
Sustainability has been a high priority for the company for nearly 40 years. Back in 1990, we were the first company in Norway to employ a 100% full-time environmental manager – long before customers and the general public showed an interest in the environmental performance of companies and products in general. Early on we established our three focus areas – climate, resources and health. Flokk has several milestones as sustainable pioneers; 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).

## 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 early phases in the value chain, 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

Already In 1993, we defined five (5) circular design criteria, the framework for our product development and product maintenance, 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.

### Sustainable Design and Innovation Recognitions in 2019

- BMA Axia Vision – shortlisted as a Finalist in the Plastics Recycling Awards Europe 2019. Was showcased at the Plastics Recycling Show in Amsterdam, April 2019.
- Runner up 'Best Stand' award at Stockholm Furniture Fair for our DNA concept expressing how we merge circular design and choice of sustainable materials.

### PRINCIPLES FOR SUSTAINABLE DESIGN – REDUCING ENVIRONMENTAL IMPACT

#### 5 CIRCULAR DESIGN CRITERIA

1. **Low weight**  
fewer materials – weight optimisation – smart dimensioning
2. **Few components**  
integrated functions – resource efficient – fewer tools – simpler assembly – less packaging and transport
3. **Right choice of materials**  
increased use of recycled and renewable materials – no harmful chemicals
4. **Long life span**  
reduce need to replace our chairs – timeless design – high quality – multiple use flexibility – changeable wearing parts
5. **Design for disassembly**  
keep materials in closed loop – easy to dismantle – easy to sort for recycling with marked parts



#### 3(III) FOCUS AREAS

- I. **Climate** – reduced carbon footprint and energy consumption
- II. **Resources** – reduced use of materials and minimised waste
- III. **Health** – reduced chemical use and avoid hazardous substances

# Sustainability Management and Strategy

Flokk's company values are intended to spotlight our culture and practices and ensures sustainability awareness as a key aspect of our operations. Our core corporate values are:

HUMAN-CENTRED  
SUSTAINABLE  
INNOVATIVE

Flokk has pursued triple bottom line principles since 1990. With the majority of our production & inbound value chains in Northern Europe, our sustainability focus has been on environment. Following climate risk assessment in 2019, we have established cradle-to-grave CO<sub>2</sub>e emissions pr net sales as a KPI on corporate level, going forward. From previous analysis, as an industrial company, we know that the vast majority of our environmental footprint is caused by our production and the material used in our products. Knowing this is a key lever to succeed for Flokk, we will continue to improve practices according to our circular design criteria.

However, our sustainability focus is not limited to environmental aspects only. Beyond responsibility for the sustainability section of our design philosophy, the Sustainability Department is responsible for and collaborates on a defined set of more broad sustainability measures across all departments and locations. The resulting sustainability strategy is integrated into the Group's three-year strategy plans. The Sustainability Department is part of the Products & Brands organisation, and reports to SVP Products & Brands.

The company vision INSPIRE GREAT WORK embraces this holistic approach to sustainability. The Group's owners focus on environmental, social and governance (ESG) issues, and maintain a close dialogue with the Sustainability Department.

**ENVIRONMENTAL & ENERGY MANAGEMENT SYSTEM**  
The Group is ISO 14001:2015 and ISO 50001:2018 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.

Flokk's environmental performance and the efficiency and results of Flokk's management approach to material topics are evaluated in the ISO Management Review every annual ISO certification audit, followed up with actions if needed.

The environmental & energy goals for 2019 were based on aspect analysis of the factories at Røros, in Nässjö and Zwolle, as well as the head office in Oslo and sales offices in Germany.



## Sustainability Management

Measures 2019	Status	Measures 2020
Long-term goal: Continuous improvement		
Conduct Climate Risk Assessment	✓	Follow up outcomes, i.e. Establish set of Corporate KPI's: • tCO <sub>2</sub> e pr MNOK net sales – Done! • % of electricity consumption renewable – Done! • % sales on products covered by EPD's • % of material consumption (post-consumer) recycled (Possible ratio: Amount recycled plastic / Units produced)
Assess EU NFRD compliance (Non Financial Reporting Directive) <b>Result – 3rd party gap analysis conducted – gaps identified</b>	✓	Flokk GRI report 2020 to be 100% EU NFRD compliant ESG reporting scope to include all acquisitions, not only integrated brands
Implement and roll out new KPI data tool, Normative <b>Result – Terminated subscription - turned out not suiting our needs</b>	●	Decide on new KPI data tool – prepare roll-out and implementation plan for 2021
M3 (ERP) improvements to enable updated BOM on demand & Supply Chain management <b>Result – Still not ready – linked to major ongoing corporate digitalization program</b>	➔	Contribute with needs and solutions for corporate M3 development
5-III transition and implementation at new acquisitions <b>Result – 5-III actively communicated towards new acquisitions</b>	✓	Continue 5-III transition and implementation at new acquisitions
Align 5-III in all our innovation processes and procedures	✓	Measure actual use & effect of 5-III in innovation process Develop more specific and context based 5-III Circular Design criteria for various market segments



#### Sustainability communication in 2019:

- Exhibited a DNA concept at Stockholm Design Week 2019, with a huge amount of positive feedback and runner up 'Best Stand' award
- Launched a DNA content series (6 movies) detailing our approach to sustainable design and sourcing materials on website and in social channels
- Rolled out facelift of our Sustainability webpage in multiple languages
- Launched Sustainability communication for re-launch for RH Logic across all digital platforms and in showrooms detailing the recycled materials used to produce the chair



#### LONG-TERM SUSTAINABILITY GOALS – HORIZON 2030

Flokk's strategic goals are defined to ensure we contribute to the achievement of the global targets as set e.g. by the European Green Deal, UN Sustainable Development Group and the UN Convention on Climate Change. Trends on our goals for 2010-2020 are positive; for HÅG, RH, RBM and BMA we have reduced energy consumed per unit with 24,9% since 2010. We are closing in on our target of an average of 60 percent recycled materials in our products – with two of our latest products RH New Logic and BMA Axia Vision containing 61% and 63% respectively. A complete review of the results of our last long-term window 2010-2020 will be presented in next year's GRI 2020 report.

We will continue our ambitions and hereby launch a comprehensive set of new and long-term targets towards 2030, widening the scope to include all new acquisitions:



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

- Reduce CO<sub>2</sub>e intensity per unit [kgCO<sub>2</sub>e/unit] by 40% by 2030 (vs 2015) – (Scope 1,2,3)\*
- Reduce CO<sub>2</sub>e intensity per revenue [tCO<sub>2</sub>e/MNOK] by 40% by 2030 (vs 2015) – (Scope 1,2,3)
- Reduce energy intensity per unit [kWh/unit] by 40% by 2030 (vs 2015) – (Scope 1,2)
- Reduce energy intensity per revenue [kWh/MNOK] by 40% by 2030 (vs 2015) – (Scope 1,2)
- 100% renewable electricity by 2025 – (Scope 2)
- 75% renewable energy by 2030 – (Scope 1,2)
- 0% fossil fuels for heating by 2025 – (Scope 1)

Flokk's contribution to:

- UN Sustainable Development Goals nos. 7 and 13
- The EU's 2-degree target to cut greenhouse gas (GHG) emissions by 40% by 2030



#### Resources – Materials and Waste

- Increase share of recycled materials used in the products to an average of 60% by 2030
  - 1 000 tonnes of recycled plastics used in our products by 2021
  - 100% recycled plastics in all plastic packaging by 2030
  - Increase recycled share of metals to 95% for aluminium + 50% for steel by 2025
- 100% FSC® certified wood by 2030
- 85% waste to material recycling by 2025
- Products in core markets will be distributed with clear obligations on end-of-first-use handling
  - 75% of HÅG, RH, Giroflex by 2030 (30% by 2025)
  - 50% of Flokk integrated brands by 2030

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, according to Globally Harmonized System of Classification and Labelling of Chemicals
- 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, lean 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
- We seek to educate our markets through trustworthy and transparent communication on our sustainability performance

\* Scope 1 – Direct emissions (fuel for heating and sales/service travels), Scope 2 – Indirect emissions (district heating and electricity), Scope 3 – Other indirect emissions (air travel and goods transportation)

# Risk and Opportunity Management

The framework for business risk management in Flokk is based on an Interest Parties Analysis, by identifying threats and opportunities for stakeholders' external and internal issues with impact on Flokk's strategy. This framework determines how to identify, handle and follow-up business risks and opportunities for the Group. The key strategies and operational risks are followed up closely through action plans and regular reporting. The Board is regularly briefed on this work.

Risk elements valued are not limited to those with financial impact. Wherever financial impact is quantifiable it is included in the assessment. Opportunities and investments are always subject to business case unless legal requirements apply.

Flokk is seeking to continuously grow both organically and through M&A. Most recently, the company acquired Profim in 2018, and 9to5 Seating in 2019, which both have affected the Group positively. We have strengthened our market position and pursue a strategy to spread our best practices to new acquisitions. This includes 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.

Group risk management is also performed in several ways at different levels 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)
- **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
- **Climate risk assessment** – climate-related impacts that have the potential to generate substantive changes in operations, revenue or expenditure are covered

## CLIMATE RISK ASSESSMENT

As of 2019, a separate Climate Risk Assessment is conducted. The exercise was done not only to identify key climate risk elements, but also the opportunities that arise from the growing awareness of climate change in our markets. In the exercise, the information was provided in line with the recommendations from the Taskforce for Climate-related Disclosures (TCFD) and is based on interviews with key personnel from throughout Flokk's organization.

Review of climate risks & opportunities will be an element of Flokk's regular risk assessment cycle.

No Flokk facilities or suppliers have been defined to be situated in areas with high risk of physical impact of climate change. Our focus is on the business risks from climate change and the opportunities associated with this challenge

### Climate Risk Assessment Outcomes:

- Corporate KPI's defined to ensure we continue to reduce our cradle to gate climate emissions
- Strengthened market communication to capitalize from long standing effort to develop market leading low carbon products
- Decision to improve digital infrastructure to document & generate environmental data for internal analysis and for tenders.
- Strengthened our focus on monitoring & pilot testing for future circular business models

Themes	Identified Risks	Opportunities	Risk Management	
Environmental issues – own activities and operations, including R&D	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> <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> <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>	
	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>• Capitalize from long standing effort on leading low carbon furniture</li> <li>• Tap into strong circular design capabilities through new products</li> <li>• Tap into strong innovative capability to develop new business models &amp; service concepts</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 Circular Economy</li> </ul>		<ul style="list-style-type: none"> <li>• Advice customers on setting environmental purchasing criteria</li> <li>• Continue migration of post-consumer recycled material in existing products</li> </ul>
Responsible Supply Chain – operations of suppliers and tiers	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>• Counter labour arbitrage by high industrialization rates &amp; owned IP</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>			
Social Responsibility & Human Rights – own + business partners	<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>• Build corporate culture round Flokk's vision &amp; values.</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>	
Health and Safety – Workplace	<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>• Low sick leave</li> <li>• Good work environment</li> <li>• Pioneer company</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>	
Health and Safety – Customers	<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>• Safe products for customer during use</li> <li>• No claims</li> <li>• Good 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>	
Legal	<ul style="list-style-type: none"> <li>• Local laws &amp; regulations</li> <li>• New markets</li> </ul>	<ul style="list-style-type: none"> <li>• Market access</li> <li>• Safe products</li> <li>• Competent staff</li> <li>• Low risk for penalties</li> </ul>	<ul style="list-style-type: none"> <li>• External Market Requirement</li> </ul>	

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

Flokk has a continued effort to improve energy efficiency and reduce the carbon footprint as much as possible.

Flokk is now focusing on streamlining processes for data gathering and tracking performance, which has become increasingly important due to our extensive growth over the past years through integrating newly acquired brands and production facilities. The result will be a more transparent and scalable process, allowing us to identify and drive improvements even at small scale. Furthermore, it will facilitate staff training and increase engagement, which is key to enable our staff to continue identifying new improvement potentials and designing technical solutions to realize them.

Mirroring our high level of ambition, we have now hired a new resource to strengthen our sustainability team and manage the recently established Energy Management Team, composed of colleagues from across sites. Having extra hands on deck will allow us to have a more comprehensive approach to energy management, do energy training of our personnel and go further in our improvement projects.

Units produced	kg CO <sub>2</sub> e/unit	kWh/unit	tCO <sub>2</sub> e/MNOK revenue	kWh/MNOK revenue
<b>547 436</b>	<b>4,4</b>	<b>19,8</b>	<b>0,8</b>	<b>3 568</b>
Up 31% since 2015	Down 5.2% since 2015	Down 26% since 2015	Down 51.6% since 2015	Down 62.2% since 2015



We have chosen to use 2015 as our baseline year for CO<sub>2</sub>e and energy indicators. From this year, we made our data gathering more systematic. Hence, we have better quality and coverage for our data, making our performance claims more reliable and transparent.

Performance indicators per MNOK refers to revenue for the whole Group (including all brands) while the CO<sub>2</sub>e emissions are only to the GRI report scope. The indicator will progressively become more accurate as more Flokk brands are integrated in the reporting.

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

### Long-term goals:

- Reduce CO<sub>2</sub>e intensity per unit and per revenue by 40% by 2030
- Reduce energy intensity per unit and per revenue by 40% by 2030
- 100% renewable electricity by 2025
- 75% renewable energy by 2030

KPI	Goal 2019	Goal 2020	Results		
			2019	2018	2017
CO <sub>2</sub> e intensity per unit [kgCO <sub>2</sub> e/unit] (Scope 1,2,3)	2% decrease	2% decrease	4,4 ●	4	4,7
Energy intensity per unit [kWh/unit] (Scope 1,2)	2% decrease	2% decrease	19,8 ●	18	24
CO <sub>2</sub> e intensity per revenue [tCO <sub>2</sub> e/MNOK] (Scope 1,2,3)	2% decrease	2% decrease	0,8 ●	0,9	1,4
Energy intensity per revenue [kWh/MNOK] (Scope 1,2)	2% decrease	2% decrease	3 568 ●	3 989	6 835
Share of renewable electricity	94% by 2025	96% by 2025	94% ●	95%	96%
Share of renewable energy vs total consumption (Scope 1,2)	52% by 2030	56% by 2030	52% ●	53%	54%
Use of Fossil fuels for heating [MWh]	257 by 2025	50% decrease	257 ●	836	1 106

Measures 2019	Status	Measures 2020
Setup Energy Management team	✓	Consolidate team and setup energy management plan
Recruit energy management team leader	✓	Create ownership for the team members and assign responsibilities
ISO 50001 - training of energy management personnel <b>Result - Need further setup, tbc 2020</b>	➔	e-Learning course for all Energy management personnel
Define scheme for internal energy audits <b>Result - Few spotchecks added in 2019, tbc 2020</b>	➔	Crystalize and start implementing scheme for internal energy audits
Integration of German offices into ISO management system	✓	Investigate savings potentials in German offices
Efficiency improvements at Røros - 100% LED lights, lighting and ambient temperature automation, compressed air leakage reduction	✓	"Hunt" for energy saving potentials across sites
		Investigate potential for savings in ventilation system, including heat recovery across sites
		Map-out potential for efficiency gains in transport of goods
		Define scheme + install energy meters for high consumption/volume equipment in factories
		Reduce District Heating usage at Nässjö

Though the general trends for the KPIs above go in the right direction, the year of 2019 looks less positive, e.g. in terms of CO<sub>2</sub>e and energy intensity per unit and share of renewables. Among other factors, this is mostly due to a lower number of produced units, an increase in the use of district heating in Nässjö and an increase in both air travel and the fuel consumption for sales and service travels. As mentioned in the Climate chapter, these are growing attention areas which Flokk will strive to improve over the coming years.

### 25,9% LOWER ENERGY INTENSITY PER UNIT

While units produced has increased 31% since 2015, the energy consumed per unit manufactured is nearly 26% lower than in 2015, result of many efficiency gains. Process and site improvements and the move of production from the Zwolle site to Nässjö are contributing elements to this achievement

We have implemented several efficiency measures (automation of lighting controls, ventilation and heating, reducing compressed air leakages, efficient lighting controls, etc.) at our production facility at Røros, which we will be rolling out to other facilities

## GHG (CO<sub>2</sub>e) EMISSIONS

### Flokk's GHG emissions, market based [tCO<sub>2</sub>e]

	2015	2016	2017	2018	2019
<b>Scope 1 – Direct emissions</b>	<b>814</b>	<b>824</b>	<b>911</b>	<b>862</b>	<b>853</b>
Fuel for heating (Burning oil, Natural gas)	281	212	209	158	47
Fuel for sales and service travels	533	612	702	704	806
<b>Scope 2 – Indirect emissions</b>	<b>153</b>	<b>285</b>	<b>162</b>	<b>146</b>	<b>209</b>
District heating	29	19	47	42	109
Electricity	124	267	115	104	100
<b>Scope 3 – Other indirect emissions</b>	<b>972</b>	<b>1 149</b>	<b>1 276</b>	<b>1 353</b>	<b>1 348</b>
Employees air travel	265	293	245	225	273
Goods transportation	707	856	1 031	1 128	1 075
<b>Total [tCO<sub>2</sub>e]</b>	<b>1 938</b>	<b>2 259</b>	<b>2 349</b>	<b>2 361</b>	<b>2 409</b>

### 83,2% REDUCTION IN CO<sub>2</sub>e EMISSIONS FROM BURNING OIL SINCE 2015

- Our efforts to reduce the use of fossil fuel for heating (Scope 1) have materialized and delivered a CO<sub>2</sub>e emissions savings of 228 tCO<sub>2</sub>e - over 83% reduction compared to 2015.
- Fuel for sales and service travels has remained relatively constant at around 30% of total emissions. We will have increased attention on this aspect to reduce the levels over the coming years.

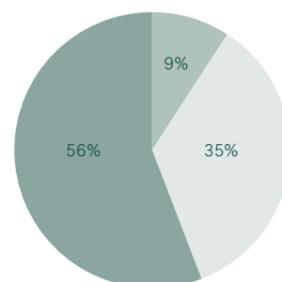
### ALMOST 20% REDUCTION IN CO<sub>2</sub>e EMISSIONS FROM ELECTRICITY USE

- Mirroring our commitment to reducing CO<sub>2</sub>e emissions, a growing portion of our electricity comes from renewable sources. This has led to a decrease in our CO<sub>2</sub>e footprint from electricity of 19,5% in 2019 compared to 2015.
- There is an increase in CO<sub>2</sub>e emissions due to increased use of district heating in Sweden. Efforts to reduce emissions in its production have proved unsuccessful. We will therefore be working towards replacing district heating with more sustainable sources of heat, such as heat pumps using renewable electricity at our site in Nässjö.

### 56% OF FLOKK'S GHG EMISSIONS ARE INDIRECT EMISSIONS

- By having a consistent policy of improvements in place at our factories and offices we have considerably lowered our carbon footprint. Though there is still room for improvement, we increase our attention on the upstream and downstream footprints over the next few years. This will reduce the emissions associated with air travel and shipping of goods, but also the raw materials we use, in close cooperation with our suppliers.
- Environmental requirements have been defined and have been signed by all major transportation providers. We also conduct spot checks on the performance of lorries delivering to our locations.

Flokk GHG emissions in 2019



- Scope 1 – Direct emissions
- Scope 2 – Indirect emissions
- Scope 3 – Other indirect emissions

## ENERGY

### Flokk's energy consumption [MWh]

	2015	2016	2017	2018	2019
<b>Fossil fuel sources:</b>	<b>3 272</b>	<b>3 569</b>	<b>3 902</b>	<b>3 623</b>	<b>3 464</b>
Burning oil	333	56	86	59	1
Natural gas	953	1077	1020	777	256
Diesel (0, B5, NO, SE)	1 950	2 360	2 669	2 626	3 077
Petrol (0, SE)	36	76	127	162	131
<b>Renewable fuel sources:</b>	<b>1</b>	<b>1</b>	<b>25</b>	<b>34</b>	<b>77</b>
Biofuel*	1	1	25	34	77
District heating	1 237	1 313	1 278	1 165	1 325
Electricity	6 624	7 071	6 619	6 041	5 952
<b>Total energy consumption [MWh]</b>	<b>11 135</b>	<b>11 954</b>	<b>11 824</b>	<b>10 862</b>	<b>10 818</b>

\*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)

### FOSSIL FUEL FREE BY 2025

The use of fossil fuels has gone down significantly, but Flokk has the ambition to completely remove fossil fuels and respective CO<sub>2</sub>e emissions from our Scope 1 activities by 2025. Heat pumps for heating and the use of electrical cars are two of the options being considered to realise this goal.

### FLOKK IS ISO 50001:2018 CERTIFIED

Starting with compliance to the EED Directive, Flokk moved to an ISO 50001 process, hinging on its continuous improvement philosophy, also in terms of energy management. Internal energy audits will complement the ISO process and be rolled out to new companies joining the Flokk Group.

### ELECTRICITY CONSUMPTION UP BY 15,9% FROM 2015

Electricity represents 55% of our total energy use but only 4% of our total GHG emissions, thanks to our growing use of renewable power at our factories and offices.

94% of the electricity we use comes from renewable sources (100% at the factories). The long-term goal is to reach 100% renewable electricity by 2025.

52% of all the energy used by Flokk comes from renewable source. The long-term goal is to have 75% of all energy consumed coming from renewable sources by 2030. The long term target is to have 75% of all energy consumed coming from renewable sources by 2030.



## Resources – Materials, Waste, Chemicals

In 2019, 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. The furniture industry uses chemicals in paints and glue, and in the production of textiles, foam and other plastics.

We know that our design choices and supplier selection are directly influencing how efficiently we use of resources, the amount of waste we generate and the chemical content of our products. Therefore, we seek to develop products with reduced weight, fewer numbers of parts, and an increased share of recycled materials. We 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 develop easy to disassemble products, and work on solutions to ensure that our products are returned, reuse and recycled - to increasing the share of materials recovered, in a closed loop.



### Resources - Materials, Waste, Chemicals

#### Long-term goals:

- Increase share of recycled materials in our products to 60% by 2030 + 100% FSC® certified wood by 2030
- Reduce waste in general + 85% waste to material recycling by 2025
- No harmful chemicals in products or production + All standard fabrics with EU Ecolabel by 2022

KPI	Goal 2019	Goal 2020	Results		
			2019	2018	2017
Amount of recycled plastics used in our products [tonnes]	699t	802t	649t ●	583t	549t
Average quantity of recycled plastic used per produced unit [kg/unit]	New 2020	1,71	1,39 ●	1,15	1,11
Number of factories FSC® Chain of custody certified	1 out of 7	1 out of 7	0 ●	N/A	N/A
Share of waste to material recycling	75%	80%	77% ●	70%	69%

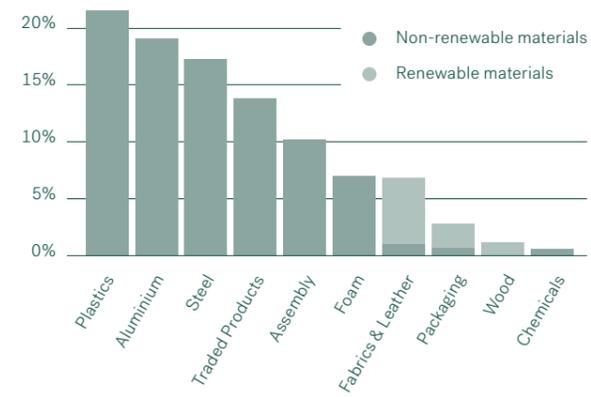
Measures 2019	Status	Measures 2020
<b>MATERIALS</b>		
Launch ocean plastic in 2019/20, depending on stable flow, quality and pricing	➔	First promising prototypes on RBM Ana and RBM Noor did not pass required strength tests. Will continue in 2020 to investigate possible property improvement with the supplier
Continue migration project - boost amount of recycled plastics into our existing portfolio	✓	Launch RBM Ana in recycled polypropylene
		Feasibility study on color sorted post-consumer PP - Target to launch with ongoing Essence development project
		Investigate alternatives to PUR foam in ongoing Essence development project
Oblige to our Grønt Punkt 'Control membership' - ensuring packaging producer responsibility in our Norwegian supply chain	➔	Measures from 2019 continued - now with an updated supplier list for 2020
Nässjö factory FSC® Chain of custody certified	➔	Measures from 2019 continued, lack of capacity due to other priorities
<b>WASTE</b>		
Røros: Continue ongoing work on sorting for recycled <b>Result - Waste to material recycling: 88%</b> Nässjö: Continue improvements on plastic and paper sorting <b>Result - Waste to material recycling: 63%</b>	✓	Røros: Manage to recycle hard plastic scrap vs incineration - SINTEF partnership Nässjö: Define sorting measures in audit Q2, focus: paper. Invest in new sorting station.
Start measuring the amount of incoming versus outgoing packaging, in order to identify the delta amount.	●	Not considered feasible way to improve on waste reduction
Explore the possibility of renewing contracts with our waste handlers, to achieve more efficient and specific sorting	➔	Røros: Improvements are discussed in weekly meetings, not to be agreed in contract Nässjö: 3 year contract to be renewed in May 2020
Continue process of establishing a reliable and effective recovery system for all protective materials used <b>Result - Nässjö: Several local initiatives on reducing packaging material already kicked off. Removed 2x plastic bags used in RH New Logic &amp; J-bar bracket - saved: annual volume 80 000 bags</b>	➔	Kick-off plastic packaging campaign - "Reduce, Recycled, Return & Reuse!" Align local initiatives and define KPI's to measure effect of packaging campaign
<b>CHEMICALS</b>		
Reduce no of chemicals at production sites <b>Result - Røros: 12 (9 above target) - Nässjö: 4 (from 84 to 80)</b>	✓	Continue reduce no of chemicals at production sites
Replace chromed surfaces in the RBM portfolio with powder coatings - Metal Silver & Steel gray	➔	Chrome phase out delayed due to change of suppliers and production site fire in Poland. From May '20: RBM Ana sold with default Metal Silver & Steel gray - chrome only on request
Reduce use of glue at Nässjö <b>Result - 3 out of 4 glue work stations removed</b>	✓	Define KPI and target for glue consumption as input to PM (Product Maintenance), based on mapping done in 2019
Update Environmental Requirements with regard to chemical content - to ensure healthy materials	➔	Measures from 2019 continued. We will define a Flokk Core Certification regime in 2020 first, as input to an update of our requirements

## MATERIALS

Only 9% of our total APV is allocated to renewable materials (including wool, leather, cardboard and wood). Our long lasting and high quality products require construction with strong materials like metal and engineering plastic – making the renewable materials like wood less adapted to our needs.

Therefore, our strategy is to focus on recycled materials for our key resources – plastic, aluminium and steel – 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.

Distribution of Flokk's 2019 procurement budget used on materials



Chair Model	Share of recycled materials (%)
HÅG Capisco	53%
HÅG Sofi	58%
RBM Noor 6070	50%
BMA Axia 2.2	56%
BMA Axia Vision	63%
RH New Logic	61%

2010 2019

**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. Our products' material composition, as well as the share of recycled materials, are declared in EPDs – Environmental Product Declarations.

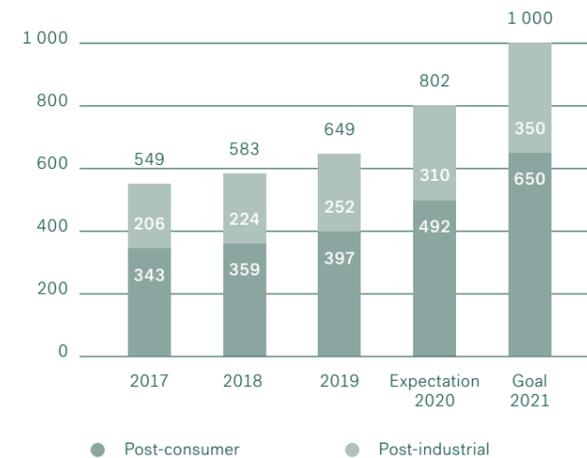
## PLASTICS

We introduced recycled plastics into our products in as early as 1995, and we aim to use as much polypropylene (PP) as possible, due to lower environmental impact than other alternatives (less CO<sub>2</sub>e emissions and additives).

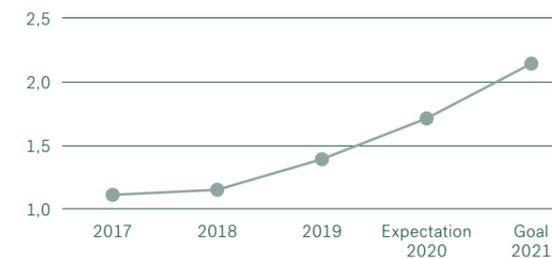
In 2019, we continued our project from 2018 to boost the migration of recycled plastics into our existing portfolio. We have been phasing in recycled plastic into the heaviest parts of our best seller products – with direct and important consequences on our total amount of recycled plastic used, and on average quantity of recycled plastic per product produced.



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



**Average quantity of recycled plastic used per produced unit [kg/unit] (incl. RH, RBM, HÅG and BMA)**



## METALS

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. Our extruded aluminium parts contain 30% recycled aluminium.

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



## FABRICS & LEATHER

We strive to make responsible choices for our standard collection of textiles and leather. We offer durable wool, synthetic textiles, and different mixes of wool/synthetic. One of our bestsellers, Xtreme by Camira, is made from 100% post-consumer recycled polyester. Our standard leathers are chrome-free tanned.

14 out of our 18 standard upholsteries are certified under various ecolabels, such as the EU Ecolabel, Oeko-tex® or The Blue Angel.



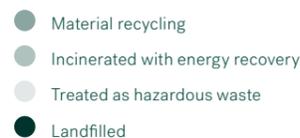
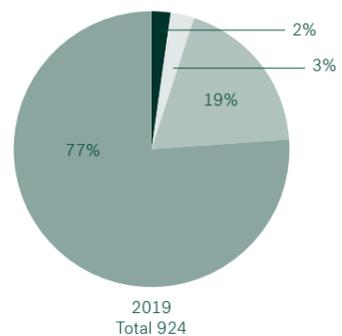
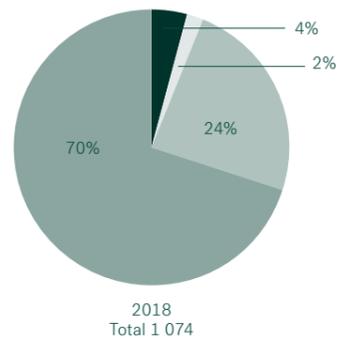
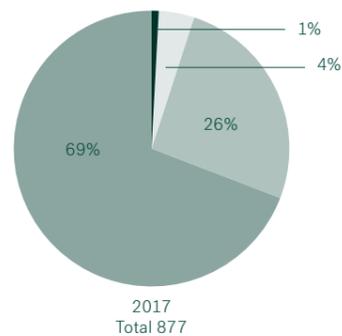
## PACKAGING

Our products are mostly delivered to customers flat packed in cardboard boxes. In 2019, our two factories in Scandinavia sent a total of 1 087 tonnes of packaging out into the market. This consisted of 68% cardboard, 26% plastics, 2% expanded polystyrene (EPS) and 5% other materials such as tape, bubble wrap, etc. Numbers for Zwolle and Koblenz are not available in the required fraction details.

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



## Factory waste [tonnes]



## WASTE

### WASTE FROM PRODUCTS

Waste generation directly linked to our products takes the form of packaging, protective materials for transport, and used products. 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 do see a large potential to improve on our use of packaging material though, and will kick-off a plastic packaging campaign – “Reduce, Recycled, Return & Reuse!” in 2020.

### WASTE FROM OPERATIONS AND OFFICES

Another source of waste generation is from our production processes and daily office routines. 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. As part of our Environmental Requirements, our suppliers commit to have a plan to minimise their waste volumes. We have scaled down returns of cardboard packaging to selected suppliers and recycle rather than reuse, due to quality and damage issues.

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.

In 2019, 77% of our production waste (mostly steel and cardboard) is material recycled, while 19% 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 information concerning the waste disposal methods have been given by our waste disposal contractors.

### Waste fractions at Flokk factories in 2019 [tonnes], including hazardous waste breakdown.

	2019
<b>Non-hazardous waste</b>	<b>899</b>
Material recycling	707
Incinerated with energy recovery	172
Landfilled	19
<b>Hazardous waste</b>	<b>26</b>
Material recycling	0
Incinerated with energy recovery	15
Landfilled	11
<b>Total [tonnes]</b>	<b>924</b>

## CHEMICALS

### SUPPLIERS

We have strict standards for use 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.

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 inventory of all chemicals in use at our facilities, and their respective MSDS (materials safety data sheets) are readily available. We use EcoOnline to monitor and evaluate the risks associated with those chemicals every year, and undertake substitution of chemicals that may have undesirable effects.

### 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:

- New polyester powder coatings with metal look – matching the shiny finish and tough surface obtained from chroming.
- Smart solutions to avoid the use of glue in upholstery.
- 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.
- 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.

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.



# Circular Economy – Closed Loop

## CLOSED LOOP – CIRCULAR ECONOMY

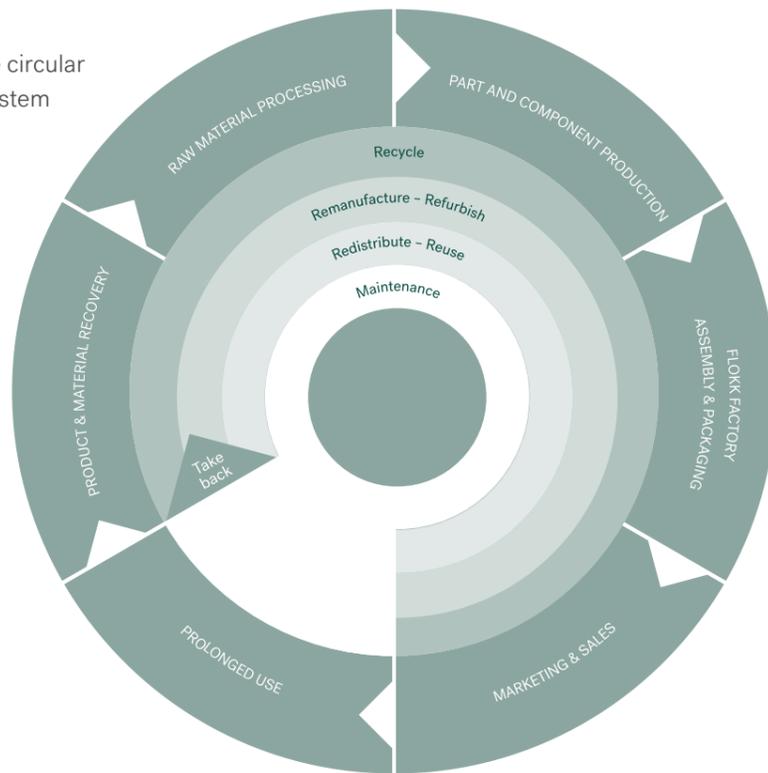
Flokk is working on solutions to ensure that our products are returned at some point by the end-customer, by taking control of them in the usage phase, and by facilitating systematic reuse and recovery of our “recycle-ready” products.

We 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. In addition, we are exploring how to ensure full traceability of our chairs and secure a circular value chain.

In the Netherlands, we have practised the circular economy for many years and built up a system for taking back used 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 and 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 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.



## Circular Economy

### Long-term goals:

- Explore Circular Business Models
- Products in core markets will be distributed with clear obligations on end-of-first-use handling: 75% of HÅG, RH, Giroflex by 2030 (30% by 2025) and 50% of Flokk integrated brands by 2030

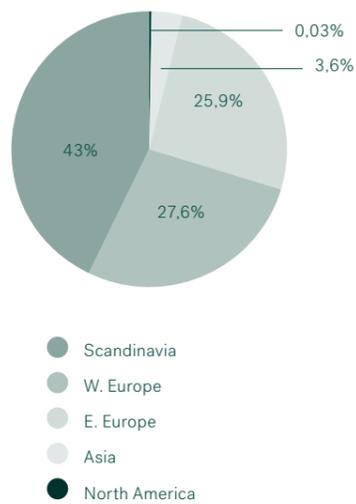
Measures 2019	Status	Measures 2020
Market test & develop scalable furniture-as-a-service model in Finland <b>Result – Gained valuable learnings for further strategy development</b>	✓	Market test and develop new scalable furniture-as-a-service concepts
Pilot HÅG buy-back & certified re-used program in Norway with two partners <b>Result – Not realised as one partner withdrew</b>	●	Pilot buy-back and certified re-use programme in Sweden



# 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. When signing contracts with new suppliers they are made aware of our focus on these areas as they need to sign a Code of Conduct and an Environmental requirements document. 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.

## Percentages of the 2019 procurement budget used for our significant locations of operation, that is spent on local suppliers (for purchases exceeding NOK 100 000)



## LOCALISATION

As our main operations are spread across Northern and Western Europe, we regard our European suppliers as local suppliers (96,4% of total significant), since they deliver to all of these sites in various amounts and categories.

As we continue our strategy of acquiring and integrating other brands into the Flokk Group, new suppliers will come into our supply chain. However, we work dedicated to move the contractual relations with these new suppliers towards Flokk's standard terms and conditions as soon as possible as part of the integration process.

Flokk has a certain number of suppliers in low-cost countries in Eastern Europe and Asia. For the smaller

number of suppliers in Asia, we have a particular focus on them meeting the requirements in international regulations concerning human rights and working conditions.

## SUPPLIER SELECTION

Our strategy is to consolidate the number of suppliers as we grow, focusing on the higher performance ones; for this reason, decisions are based on Total Cost of Ownership, and are not focused solely on price (includes transport, cost of capital, overhead, etc.).

All new suppliers to Flokk in 2019 needed to fulfil the minimum requirements we have in our supplier appraisal audit and were screened on the basis of environmental and social criteria. All Flokk suppliers must sign our Code of Conduct – Business Partners and Flokk Environmental Requirements.

There have been many changes to our supply chain in 2019, but most of our focus has been to optimise the Profim supply chain Here are some highlights:

- Outsourcing of Giroflex steel parts. Some steel parts outsourced to the Flokk site in Turek, Poland
- Closing down our production unit in Zwolle, Netherlands and moving production to our site in Nässjö, Sweden
- Due to this move we have optimized the supply chain with new suppliers and a more streamlined value chain and removed Lego flows\* where possible

## SUPPLY CHAIN CONTROL – FOLLOW-UP AND ASSESSMENTS

In 2019, we strengthened our control of the supply chain, mostly focusing on the Profim suppliers and the change of suppliers triggered by the move from Zwolle to Nässjö. We are exploring possibilities for a supplier audit programme, in which we would have the capacity and resources to actually visit and assess suppliers worldwide.

## Supplier Performance Status – SPS

As part of our procurement policy, we hold monthly SPS meetings to monitor and evaluate supplier and sub-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 or sub-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.

Flokk has zero tolerance for corruption and we try to ensure that suppliers exercise environmental responsibility, have a shared respect for human rights and offer good working conditions.

In 2019, no suppliers were assessed for, or were considered to have, negative environmental or social impacts.

## ASIAN SUPPLIERS

We have a more detailed follow-up of suppliers in Asia by way of 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.

This allows good evaluation of their performance on environmental and social issues, including supplier appraisals reflecting the UN Global Compact, action plans and the possible exit of suppliers that do not fulfil Flokk's requirements.

## SUPPLY CHAIN MANAGEMENT TOOL

As we grow as an organization, the complexity and need to find efficiency gains in our supply chain also increases. As part of a wider effort to digitalize and create deeper integration of our processes, we are evaluating tools to manage our supply chain, and keep good track of supplier performance and transparency in all quadrants.

This is also linked to an effort to consolidate our procurement management approach, in order to have more consistent supplier appraisal, relationships and routines.

Category	Number of signed CoC's	Percentage of total number (APV* > 100 000 NOK)
Aluminium	11	79%
Assembly	7	78%
Fabrics & leather	11	79%
Packaging	6	60%
Steel	19	49%
Traded products	11	61%
Wood	5	100%
Plastics im	16	94%
Foam	5	83%
Plastics others	6	46%
Chemicals	3	33%

Region	Number of signed CoC's	Percentage of total number (APV* > 100 000 NOK)
Asia	8	89%
E. Europe	20	87%
North America	0	0%
Scandinavia	50	89%
W. Europe	22	34%

Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to in 2019, broken down by type of business partner and region.  
\*APV - Annual Purchase Value = turnover



# Our Employees

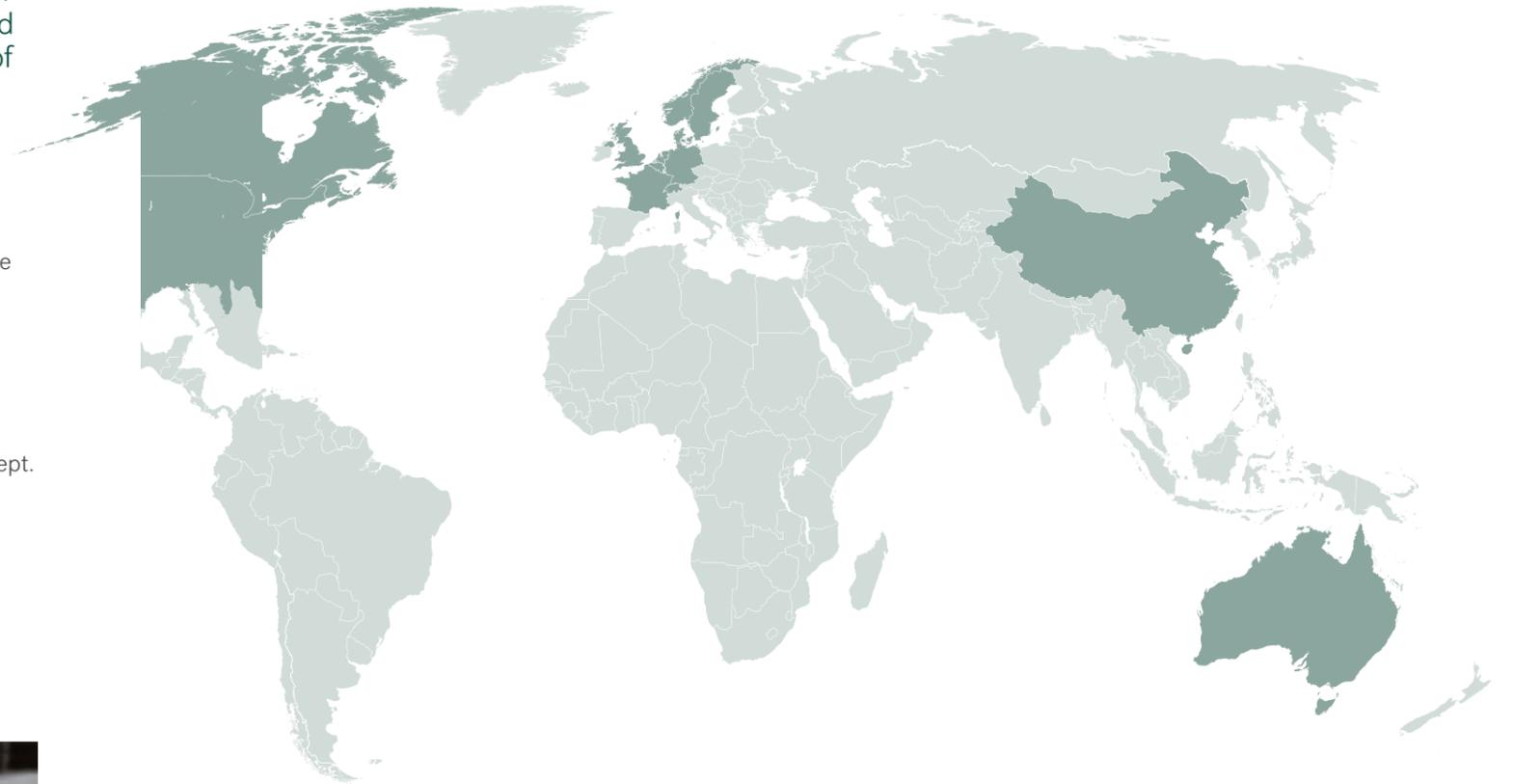
As a company, Flokk represents a safe and stable working environment. We act responsibly with respect to our customers and society in general. We support and follow the principles of the UN Global Compact. In relation to our employees, we have gathered the company's principles, values, standards and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

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.

As of December 2019, the company had 712 employees (excluding Malmstolen, Offecct, Profim and 9to5 Seating). The percentage of women has slightly decreased from 36% in 2018 to 34,4% in 2019. We do not see any particular causes for this decline, but the company will closely monitor this development going forward.

All of our employees are directly employed by Flokk. In general we have very few temporary employees. However, in November and December, we experience seasonal fluctuations and peaks in production, and therefore need to increase our workforce with some temporary employees to meet market demands.

All employee data has been collected from our HRIS system, People@Flokk, where all employee data is kept.



Number of employees by employment contract, region and gender

Country	Permanent employee	Temporary employee
Australia	4	
Belgium	14	1
Canada	2	
China	10	
Denmark	17	
France	10	
Germany	59	2
Norway	270	5
Singapore	4	
Sweden	155	7
Switzerland	85	5
The Netherlands	34	6
UK	18	
USA	4	
<b>Total women</b>	<b>239</b>	<b>7</b>
<b>Total men</b>	<b>447</b>	<b>19</b>
<b>Total employees</b>	<b>686</b>	<b>26</b>

Number of employees by employment type and gender

Employment type	Full-time	Part-time
Total women	216	30
Total men	461	5
<b>Total employees</b>	<b>677</b>	<b>35</b>

## Anti-Bribery & Corruption

We seek to conduct our business with a high ethical standard to be a respected and trusted business partner for all our stakeholders. Flokk expects all of its employees to avoid situations that may lead to a conflict between the company's interest and their own personal interests. Corruption or bribery in any form is unacceptable. This is set out in the Group's Code of Conduct – 70% of all employees has so far signed this as an integrated part of the employee contract. The aim for 2020, is to reach 100% when we implement a digital signature solution.

Flokk's Total Quality Management System (TQM) is the key for monitoring the code of conduct and related documents for ethics and anti-bribery & corruption. In case of uncertainty about compliance with these policies, all employees can seek guidance in TQM. Guidance can also be sought from line managers or Group Management.

### COMMUNICATION

Flokks' guidelines for anti-bribery & corruption are communicated to the employees. As part of the onboarding process all new employees receive and must commit to a policy package containing the most important Main Group Policies such as the Code of Conduct and People, Ethical, Quality, Environmental & Energy, HSE, Group Internal Communication and IT Policies.

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.

By end of 2019, the following groups at Flokk have received information about the anti-bribery & corruption guidelines; Group Management and all employees.

	Number	Percentage
Norway	8	100%
Sweden	1	100%
Poland	1	100%
<b>Total employees</b>	<b>10</b>	<b>100%</b>

Total number and percentage of Group Management that have received both communication and training on our Group's anti-corruption policies and procedures, by region.

### TRAINING

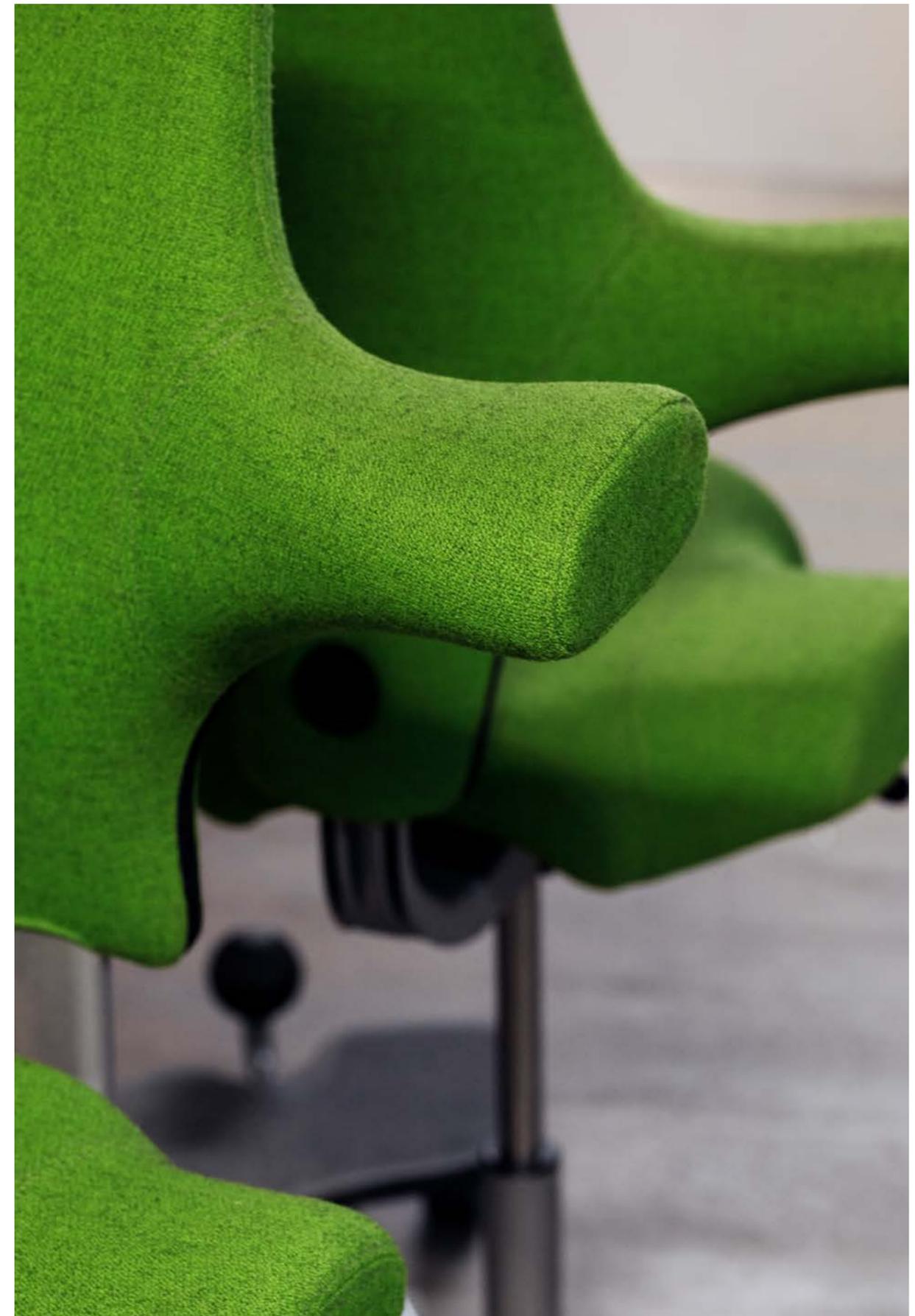
In 2019, dedicated training of employees on anti-bribery & corruption prevention has not taken place in the organisation. Group Management has participated in anti-bribery & corruption training.

A learning management system, Learning@Flokk, will be implemented during the first half of 2020 and provide dedicated digital training for our employees. A mandatory anti-bribery & corruption course has high priority and will be launched shortly. The purpose is to ensure that all employees are familiar with, and comply with the company's framework for anti-corruption. This system gives us possibility for monitoring and tracking course completions for all employees and make reports to relevant stakeholders.

In 2020, we also plan to review our procedures and framework within ethics, compliance and anti-corruption in order to make the guidelines clearer and easier to understand.

	Number	Total	Percentage
<b>Production workers</b>			
Norway	3	125	2,4 %
Sweden	73	79	92,4 %
Koblenz	1	39	2,6 %
UK	3	3	100%
France	0	1	0%
The Netherlands	1	1	100%
<b>Office workers</b>			
All countries	418	464	90,1 %
<b>Total</b>	<b>499</b>	<b>712</b>	<b>70%</b>

Total number and percentage of Flokk employees that have received communication about Flokk's anti-corruption policies and procedures, by category and region.



# Workplace - Health and Safety

The health, safety and working environment (HSE) is an essential aspect of Flokk's management system, based on the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018. Flokk is certified against all these ISO standards except ISO 45001:2018, where we are working in compliance with the requirements.

## Workplace - Health & Safety

### Long-term goals:

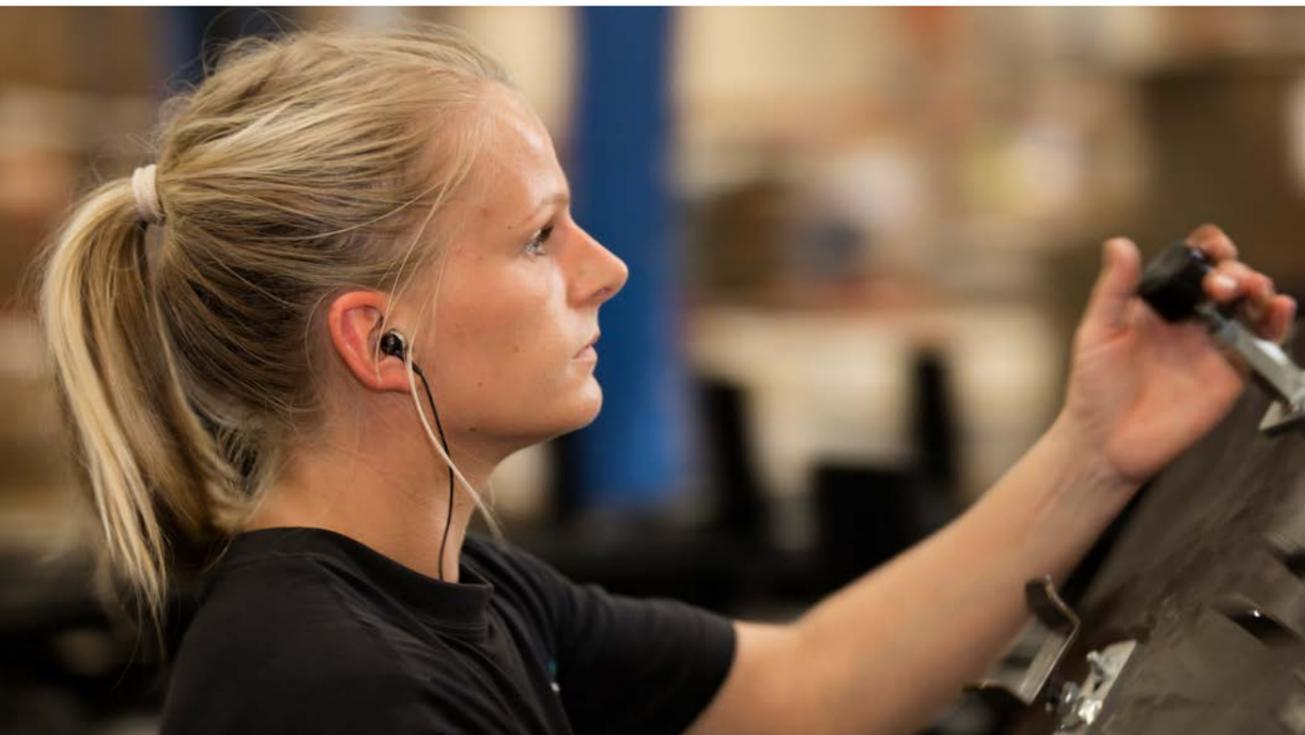
Zero number of fatalities + Zero high-consequence work-related injuries

KPI	Goal 2019	Goal 2020	Results		
			2019**	2018	2017
Number of fatalities	0	0	0 ●	0	0
High-consequence work related injuries	0	0	0 ●	0	0
Rate of recordable work-related injuries*	0	0	5,6 ●	2,9	5,7
Number of recordable work-related injuries	0	0	4 ●	2	3

Measures 2019	Status	Measures 2020
Continue with existing preventive HSE work	✓	Continue with existing preventive HSE work
Work preventatively to detect unsafe conditions. 2019: 12% increase from 2018	✓	Increase registration of unsafe condition from 48 to 70
Establish and conduct HSE spot checks - short audits	✓	Develop HSE training through e-Learning for new employees

\*Recordable work-related injury rate = Recordable work-related injury number x Working hours/1,000,000 (Number of hours worked in 2019: 711 163)

\*\*For 2019, numbers for non-employees are not included.



### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM AND ORGANISATION

All Flokk employees, in all activities, at all workplaces, are entitled to a safe and appropriate working environment - in which they are just as healthy when they leave work, as when they arrived. The responsibility lies with the employer, focusing primarily on 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. Top management guides daily operational HSE work which is centrally coordinated by an HSE manager and executed by HSE managers and Safety deputies in each production unit. All of the above are Flokk employees.

### SYSTEMATISED HSE - HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

For Flokk, systematic HSE work means staying one step ahead, identifying risks, secure compliance with legal requirements and implementing actions - always, no matter how well we perform.

To anchor HSE aspects throughout the organisation, in compliance with Group HSE policy and legal requirements, we perform yearly risk analysis and regular internal audits as safety inspections, determine objectives and competence needs and follow up on action plans with responsible persons and deadlines.

This results in a continuously improved and updated risk assessment process, which employees take as a natural part of their work - they are the frontline in terms of detecting issues and proposing or taking relevant action. By taking responsibility, they report all injuries and incidents, hazards and potentially hazardous situations in our management system (TQM). For all HSE cases, a risk assessment is performed and actions taken to avoid serious incidents. The most critical risks are escalated and addressed with the Group Management through HSE organisation in REQ forum, as a strategic part of Flokk's Risk management model.

Flokk has a process for the employees' right to report unacceptable conditions without reprisals in the workplace.

### WORKER TRAINING AND OCCUPATIONAL HEALTH TRAINING

All managers are responsible of addressing needed training and information for own employees, work and workplace to allow all personnel (employees or not) to perform their job in a competent and safe manner. Specific training for HSE Managers and HSE staff is being improved via our e-learning system to strengthen performance.

We have established an induction program to train all new employees, including Flokk safety rules, HSE, TQM case reporting, alongside sustainability and





corporate social responsibility issues. Further, all staff in production receives safety introduction before they start working.

Specific high risk activities as, e.g. Hot Work and Forklift driving are also provided special training and their competence are registered and followed up in a separate competence database.

#### PROMOTION OF WORKERS HEALTH

Flokk does not facilitate workers' access to non-occupational medical and health care services because we operate in countries, where there is high quality and accessible services.

Flokk has a policy of offering always voluntary health promotion services/programs to workers with drug and alcohol abuse issues. Occasionally we facilitate also services within stress reducing as yoga/massage and training/fitness-program. Flokk also offers healthy food in the canteens.

#### PREVENTIVE ACTIVITIES

##### Injuries and occupational diseases

All staff at Flokk's premises (employees or not) are stimulated to work preventively. Workstations are designed and organised to prevent injuries without compromising effective operations, and staff is encouraged to report unsafe conditions in our TQM. This allows us to do early risk assessment, take action and reduce serious injuries from occurring. In order to prevent repetitive strain injuries, employees have the opportunity to vary their tasks.

Despite our preventive activities, the recordable work-related injuries increased from 2018 (2) to 2019 (4), mainly due to more intense activities than normal when phasing in all BMA production at our Nässjö site.

##### Chemicals

Employees are not exposed to harmful substances to present knowledge. We undertake a yearly risk assessment with each chemical used in our facilities, and substitute the chemicals that have undesirable effects. All chemicals with known harmful effects have been replaced with non-toxic alternatives.

#### OCCUPATIONAL HEALTH SERVICES

Occupational health services are well established within the organization, with open and transparent dialogue between company representatives and external occupational health services. All employees are aware of the services provided, as follows:

- Attendance of follow-up meetings related to employees on sick leave, in order to customise rehabilitation programmes
- Attendance of meetings focused on general risk analysis and risk minimizing HSE work together with providing expertise related to safety aspects
- Participate in minimum one Working Environment Committees a year
- Offers of legal mandatory training and competence in relation to HSE work
- Participation in safety inspection rounds
- Follow-up on correct ergonomic practices

Working Environment Committees are in place at production units and HQ, with equal number of worker and management representatives. These committees meet 3-4 times per year and decisions are normally taken by majority votes. Management can use double voting unless agreement is reached. Agenda will cover following topics:

- 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
- Evaluation of the health and welfare aspects of working time arrangements
- Review of all reports on occupational hygiene and measurement results
- Addressing issues concerning the facilitation of employees with reduced functional capacity
- Preparation of an annual report on the work
- Providing expertise related to safety aspects as noise, air quality, emergency preparedness, first aid to name a few

# Product Liability

## CUSTOMER HEALTH AND SAFETY

Our aim is to deliver safe and 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 safe and comfortably every time they choose a Flokk chair. We demand high quality in everything we do so a Flokk chair is built to withstand stress and to last without injuries for the customer.

For these reasons, all of Flokk's products are tested according to specific international standards, with requirements concerning ergonomic execution, 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.

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 case handling system.

## LABELLING

All of our products have labels providing information concerning existing standards and certifications. They are also delivered with detailed user manuals and instructions for safe use, maintenance, cleaning and recycling.

Risk/Safety Claims – number of customers injured while using a Flokk product

2017		2018		2019	
Number	PPM*	Number	PPM*	Number	PPM*
3	5,78	2	3,4	4	7,47

Target each year: 0  
No major customer injuries in 2019. However, increase from 2018 due to two of the injuries are with old products still out in the market and are comprised by 10 years warranty.

\*PPM = Part per millions.  
Number of injuries is divided of number of produced chairs and multiplied with 10<sup>6</sup>

## ENVIRONMENTAL CERTIFICATIONS

The use of certifications 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 corporates, and others to products. 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 calculated 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 from cradle to gate, such as carbon footprint, energy consumption and share of recycled materials.

Flokk has EPDs for more than 30 products, with 1 new EPD obtained in 2019.



## 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, HÅG Capisco became the first office chair in the world to qualify for the Nordic Swan Ecolabel. In 2020, the criteria will be revised.

Flokk has 4 Nordic Swan Ecolabelled product families, the latest obtained in 2018 with the HÅG SoFi.



## 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 22 products certified with GREENGUARD, 1 new obtained in 2019.



## 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 22 products with Möbelfakta certification, 2 new obtained in 2019.



## 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 Flokk Brand Management Center.

	Technical							Environmental						
	EN 1335	EN 1729	EN 16139	IEC 61340 - ESD	GS	BS 5459	NPR 1813	ANSI BIFMA X5.1	EN 15372	MÖBELFAKTA	EPD, ISO 14025	THE NORDIC SWAN ECOLABEL	GREENGUARD	CRADLE to CRADLE™ BRONZE CERTIFICATE
<b>HÅG</b>														
HÅG Capisco	•		•	•	•					•	•	•	•	
HÅG Capisco Puls	•		•		•			•		•	•		•	
HÅG H03	•				•			•		•	•		•	
HÅG H04				•			•			•	•		•	
HÅG H05	•			•	•			•		•	•		•	
HÅG Creed	•									•	•		•	
HÅG Futu	•				•	•	•	•		•	•		•	
HÅG Futu Mesh	•				•			•		•	•		•	
HÅG SoFi	•				•	•	•	•		•	•	•	•	
HÅG SoFi Mesh	•				•		•	•		•	•		•	
HÅG Tribute	•				•					•	•		•	
HÅG Inspiration	•				•			•		•	•		•	
HÅG Excellence	•				•			•		•	•		•	
HÅG Conventio			•		•			•		•	•	•	•	
HÅG Conventio Wing		•	•					•		•	•		•	
<b>RH</b>														
RH Activ	•			•	•	•		•		•	•		•	
RH Mereo	•				•		•	•		•	•		•	
RH Extend	•			•	•	•	•			•	•		•	
RH Logic	•			•	•	•	•			•	•	•	•	
RH New Logic	•				•	•	•	•		•	•		•	
RH Support				•						•	•		•	
<b>RBM</b>														
RBM Noor		•	•		•			•		•	•		•	
RBM Noor Up			•		•			•		•	•		•	
RBM Ana		•	•							•	•		•	
RBM Ballet		•	•							•	•		•	
RBM Bella			•							•	•		•	
RBM Low-back Bella			•		•					•	•		•	
<b>RBM TABLES</b>														
RBM Allround									•	•				
RBM Ultima									•	•				
RBM Eminent									•	•				
RBM Standard folding table									•	•	•			
RBM u-Connect									•	•				
RBM e-Connect									•	•				
<b>BMA</b>														
BMA Axia 2.0 Series	•				•	•	•				•			•
BMA Axia Vision 24/7	•			•			•				•			
BMA Axia Focus	•				•	•	•	•						
BMA Secur24	•				•	•								
BMA Axia Visit			•											
<b>GIROFLEX</b>														
giroflex 10														
giroflex 151			•		•									•
giroflex 313	•		•	•	•									•
giroflex 353	•		•	•	•		•							•
giroflex 434	•		•		•									
giroflex 545	•		•	•	•									
giroflex 60	•			•	•	•								
giroflex 64	•		•	•	•	•								
giroflex 68	•		•	•	•	•								
giroflex ADAPT	•			•	•									

# 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 (DMA – Management Approach / PA – Partially addressed).

We link our reported GRI disclosures to both UN SDGs – Sustainable Development Goals and the ISO 26000 – Guidance on Social Responsibility, with cross-references in the GRI-index. 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.

In 2020, we have an ambition to cross-check our GRI report vs EU NFRD – Non Financial Reporting Directive.

## 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			
102-2	Activities, brands, products, and services	23-35, 60, 121			
102-3	Location of headquarters	144			
102-4	Location of operations	4-5, 8-11, 38-39, 124-125			
102-5	Ownership and legal form	13-14, 76			
102-6	Markets served	4-5, 8-11, 38-39, 98-99			
102-7	Scale of organisation	4-5, 38-43			
102-8	Information on employees and other workers	126-127		SDG No 8.	6.3.10 6.4.1-6.4.5 6.8.5 7.8
102-9	Supply chain	124-125			
102-10	Significant changes to the organisation and its supply chain	4, 8-11, 38-43, 124			
102-11	Precautionary Principle or approach	GRI-index	Flokk is committed to complying with the precautionary principle		
102-12	External initiatives	97, 105-107, 124-125, 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	97-99			
<b>Strategy</b>					
102-14	Statement from senior decision maker	10, 41-42			4.7 6.2 7.4.2
102-15	Key impacts, risks and opportunities	10-11, 41, 108-109			
<b>Ethics and integrity</b>					
102-16	Values, standards, principles and norms	13-14, 40-41, 104, 126, 128		SDG No 16.	4.4 6.6.3
<b>Governance</b>					
102-18	Governance structure	13-14, 104			
102-20	Executive-level responsibility for economic, environmental, and social topics	104			
102-26	Role of highest governance body in setting purpose, values, and strategy	13-19, 102-105			6.2 7.4.3 7.7.5
102-32	Highest governance body's role in sustainability reporting	104			
102-35	Remuneration policies	PA 14 (b.), 70-72, 77, 80 (a. iv. - N/A)			
<b>Stakeholder Engagement</b>					
102-40	List of stakeholder groups	97-99			
102-41	Collective bargaining agreements	GRI-index	Share of total employees covered by collective bargaining agreements: Norway - 45%, Sweden - 53%. Data not available for other countries	SDG No 8.	5.3
102-42	Identifying and selecting stakeholders	97-98			
102-43	Approach to stakeholder engagement	98-99			
102-44	Key topics and concerns raised	98-99			

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
<b>Reporting Practice</b>					
102-45	Entities included in the consolidated financial statements	5, 47-48, 63, 76			
102-46	Defining report content and topic Boundaries	96-97			
102-47	List of material topics	96			
102-48	Restatements of information	GRI-index	Recalculation of total amount of recycled plastics used in our products for 2017 and 2018 due to new data available		
102-49	Changes in reporting	96			
102-50	Reporting period	GRI-index	2019		
102-51	Date of previous report	GRI-index	2018		7.5.3
102-52	Reporting cycle	GRI-index	Annual		7.6.2
102-53	Contact point	143			
102-54	Claims of reporting in accordance with the GRI Standards	GRI-index	This report has been prepared in accordance with the GRI Standards: Core option		
102-55	GRI content index	138, GRI-index			
102-56	External assurance	138, GRI-index	The report has not been independently verified. However, each year The Governance Group (TGG) perform independant gap analysis towards GRI Standards to ensure compliance		
<b>MANAGEMENT APPROACH (DMA)</b>					
103-1	Explanation of the material topic and its Boundary	96, GRI-index for each material topic	General approach in the Materiality and Boundaries chapter. Specific approach in respective material topic chapters and GRI-index		
103-2	The management approach and its components	96, 104, GRI-index for each material topic	General approach in the Materiality and Boundaries chapter. Specific approach in respective material topic chapters and GRI-index		
103-3	Evaluation of the management approach	104			
<b>MATERIAL TOPICS</b>					
<b>Economic Performance &amp; Climate Risk</b>					
DMA		14-15, 104, 108			
201-1	Direct economic value generated and distributed	39-40, 44, 46, 68-69, GRI-index	i. Payment costs by country 2019 [MNOK] - <b>Total: 30,9</b> . Norway: 26,4 / Sweden: 13,7 / Denmark: 2,8 / The Netherlands: (1,3) / Belgium: 1,7 / Germany: (0,8) / UK: 0,5 / France: 1,4 / Switzerland: (2,2) / Singapore: 0,8 / China: (0,6) / USA: (1,1) / Australia: (0,3) / Poland: (10,0)	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	108-109		SDG No 13.	6.5.5
<b>Procurement Practices</b>					
DMA		104, 124-125			
204-1	Proportion of spending on local suppliers	124		SDG No 8. SDG No 12.	6.6.6 6.8.1-6.8.2 6.8.7
<b>Anti-corruption</b>					
DMA		104, 128			

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
205-2	Communication and training about anti-corruption policies and procedures	125, 128			
205-3	Confirmed incidents of corruption and actions taken	GRI-index	a. No incidents of corruption have been registered in 2019 b. No confirmed incidents in which employees were dismissed or disciplined for corruption c. No confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption d. No incidents of corruption have been registered in 2019	SDG No 16.	6.6.1-6.6.3 6.6.6
<b>Materials</b>					
DMA		100, 103-104, 114			
301-1	Materials used by weight or volume	116		SDG No 12. SDG No 15.	6.5.4
301-2	Recycled input materials used	118-119			
<b>Chemicals</b>					
DMA		100, 103-104, 121			
<b>Energy</b>					
DMA		100, 103-104, 110			
302-1	Energy consumption within the organization	110-113, GRI-index	No heating and cooling consumed. No energy produced and sold from our premises. <b>Source of emission factor:</b> <b>Scope 1</b> - DEFRA 2019, 'Nasjonale Standard faktorer' from Miljødirektoratet published in 2015 (NO), 'Faktablad Process & Teknikstod' published in 2018 by BioGas2020 (SE) <b>Scope 2</b> - DEFRA 2019, Dansk Fjernvarme 2018 (DK), Energi - Foretagen, Lokala miljøvarden 2018, International Energy Agency 2019 (3-years rolling average 2015-2017), European Residual Mixes 2019 <b>Scope 3</b> - DEFRA 2019	SDG No 12. SDG No 13.	6.5.4-6.5.5
302-3	Energy intensity	110-112, GRI-index	Energy intensity is drawn by including all relevant sources of energy covered by scopes 1 and 2		6.5.5
302-4	Reduction of energy consumption	110-111, 113, GRI-index	We use CEMAsys to gather and calculate the data. Energy reduction figures are based on absolute numbers as available		
<b>Emissions</b>					
DMA		100, 103-104, 110			
305-1	Direct (Scope 1) GHG emissions	110-113, GRI-index	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. No biogenic carbon dioxide emissions to report as there is no combustion or decomposition of biologically-based materials other than fossil fuels in the premises. 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
305-2	Energy indirect (Scope 2) GHG emissions	110-113, GRI-index	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. Flokk uses operational control approach for its carbon audit. See direct answer in Disclosure 302-1.		

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
305-3	Other indirect (Scope 3) GHG emissions	110-113, GRI-index	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. To current knowledge, no biogenic CO <sub>2</sub> emissions associated with Flokk's indirect GHG emissions. 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
305-4	GHG emissions intensity	110-113, GRI-index	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		
305-5	Reduction of GHG emissions	110-113, GRI-index	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. We use CEMAsys to gather and calculate the data. Emission reduction figures are based on absolute numbers as available. See direct answer in Disclosure 302-1.		
<b>Effluents and Waste</b>					
306-2	Waste by type and disposal method	120		SDG No 12.	
306-3	Significant spills	GRI-index	There has been no leakages to the environment in 2019	SDG No 14, SDG No 15.	6.5.3-6.5.4
<b>Environmental Compliance</b>					
DMA		10, 104, 109, 130-131			
307-1	Non-compliance with environmental laws and regulations	GRI-index	One small deviation identified in 2019 at HQ Oslo. Garbage bin with spraypaint boxes not emptied on time according to Avfallsforskriften. Internal NCR registrated - TQM id 5404. Action done. Case closed	SDG No 16.	4.6
<b>Supplier Environmental Assessment</b>					
DMA		104, 124-125			
308-1	New suppliers that were screened using environmental criteria	124-125		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			
<b>Occupational Health and Safety</b>					
DMA		104, 131-133			
403-1	Occupational health and safety management system	131			
403-2	Hazard identification, risk assessment, and incident investigation	131-133			
403-3	Occupational health services	133			
403-4	Worker participation, consultation, and communication on occupational health and safety	131-133			
403-5	Worker training on occupational health and safety	131-133			
403-6	Promotion of worker health	133			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	133			
403-9	Work-related injuries	130		SDG No 3, SDG No 8.	6.4.6, 6.8.8
<b>Supplier Social Assessment</b>					
DMA		104, 124-125			
414-1	New suppliers that were screened using social criteria	124-125		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

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
414-2	Negative social impacts in the supply chain and actions taken	125			
<b>Customer Health and Safety</b>					
416-1	Assessment of the health and safety impacts of product and service categories	134		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 2019	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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