

## Corporate Sustainability report 2020



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.

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## The Environment and Corporate Social Responsibility

Flokk has had a strategic focus on sustainability for nearly 40 years. We have always led the way in our industry through the development, production and promotion of sustainable products and efficient operation of our production sites and value chains.

We aspire to be an environmentally conscious market leader whose circular 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 are committed to our ongoing efforts with a focus on climate, resources and health to minimize the total environmental impact of the Group. And as our company is constantly growing, we see also through acquisitions the opportunity to scale these efforts. This will strengthen our power and ability further, to make an even greater difference.

For the brands that were part of Flokk in 2015, we have managed to reduce the energy consumed per unit by 23% to date. Even as the number of units produced increased by 20% in that same period. We see a positive trend in reaching the long-term target of an average of 60% recycled materials in our products. The focus going forward will be for Flokk to continue to improve and continue to grow as a pioneer within sustainability, working with both internal and external value chains. We will impose even stricter environmental requirements on all our suppliers, who must also submit to our ethical guidelines, which include human rights, working conditions, bribery, corruption and animal welfare.

We are highly aware of our responsibility as a producer beyond merely generating profits from selling smart seating solutions. With ESG at the core of our strategy, 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 practicing 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, through sales, production, after-sales service and end-of-use.



Lars I. Røiri  
Chief Executive Officer

# Materiality and Boundaries

One important element of our sustainability report is to determine the topics on which it is relevant for us to communicate to our stakeholders. These are topics 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 inputs over time. We must adapt to the increased impact from the growth of our organisation, but also 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. An updated internal survey reflecting the effects of Covid 19 is planned to be distributed in 2021.

The materiality assessment cycle defines an updated set of significant topics, for both the company and external stakeholders.

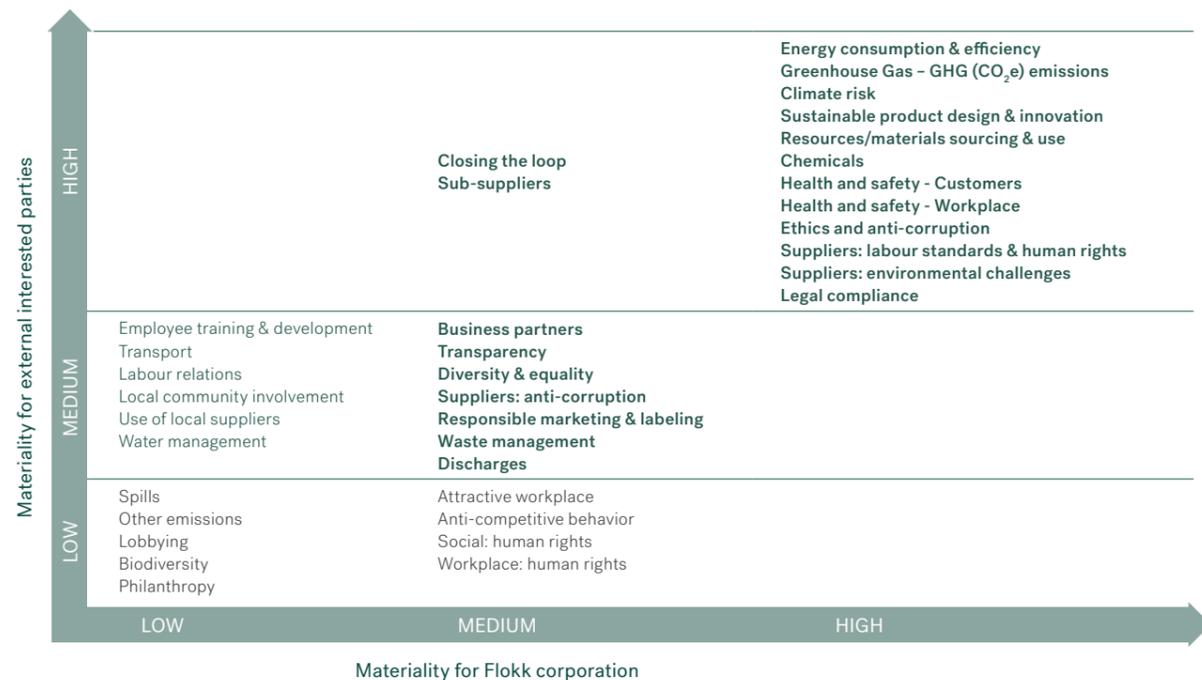
## REPORT SCOPE

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

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 consumption and efficiency, Greenhouse gas - GHG (CO<sub>2</sub>e) emissions
- 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



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

Collaboration among stakeholders across our complete value chain is essential for us to fulfill our high ambitions on sustainability, human factors & aesthetic innovation. We systematically accumulate knowledge through various channels. We consider what is expected of us and our deliveries, and what 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 - dealers, importers, end users
- Competitors
- 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 deputy member of the Board
- Through NHO, member of the German federation of furniture manufacturers, BSO, and the European Furniture Industries Confederation (EFIC)
- Norwegian Rooms furniture cluster, of which our VP Group Marketing, Marianne Otterdahl Møller, is a Board member, and where our VP Sustainability, Atle Thiis-Messel, participates in their Expert group for sustainability and circular business models
- The revision of the EN 1335 standard for office furniture at national and European level
- Various local & regional bodies round our production facilities

## Involvement in projects

Project	Goal / Findings	Partners	Timeline
POCOplast	Collaboration to utilize post-consumer plastics in aquaculture before lost in nature, value chain focus	NCE Aquatech, Bellona, Plasto, Empower, NOPREC, SINTEF	2020 →
Adapt AI	Process development for upstream Aluminium production, to enable higher post-consumer recycled content while maintaining mechanical properties & downstream processing needs	Norsk Hydro ASA, SINTEF, Raufoss Technology AS, IDT AS	2020 - 2023
Circular textiles ecosystem	Circular textile solutions for seating application	RISE, Volvo, Artex, Bogesunds + 8 additional partners	2020 - 2021
InCharge	Remote charging for IOT applications	SINTEF, Nordic Semiconductors, Cisco	2019 - 2021
Circular building components	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 - 2020
Circular Seating	Circular product development Improved post-consumer recycled materials	SINTEF w/ funding from the Research Council of Norway	2018 - 2020
Leading in Environment & Quality	Tackle sustainability challenges Increase our competitive strength	Federation of Norwegian Industries + 22 companies	2017 →
Circular Furniture Flow	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

# Stakeholder Matrix

Stakeholders	Mutual influence / impact	Forum for dialogue – Frequency	Key topics 2020	Response
<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 video calls, quarterly performance reviews and an annual ESG forum. Flokk reports to Triton on key ESG KPI's biannually.	Three highlights from Triton's ESG agenda in 2020: A - Reduction in energy consumption and comply with the European Energy Efficiency Directive (EED) B - Include add-ons in ESG program C - Reduce numbers of recordable work-related injuries	A - Flokk reports energy consumption and carbon emission to Triton, complies with EED through ISO 50001 B - ESG responsible person appointed at Turek C - Managed to keep at same level as 2019 (8)
<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/ESG) forum – meeting two to four times a year. ISO Management Review is integrated in the ESG 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 50001:2018 audit in Germany sales and service offices for the first time.	Raised level of innovation in portfolio development, including key sustainability topics. Continued migration of post-consumer recycled material in component production. A continuous surge in marketing communication on sustainability for 2020. Flokk was ISO 50001:2018 audited in February 2021.
<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.	Due to the Covid 19 pandemic, main focus in 2020 has been operations and reducing the impact of Covid 19. Flokk has cooperated well with the Unions and together we have found good solutions. Many of our employees have been on temporary layoff resulting postponement of plans. As an example is our working climate survey, which was planned for 2020, but has been postponed to 2021. Despite this we managed to launch our new learning management system Learning@Flokk, where all employees have access and can do mandatory and voluntary training programs, such as training in our code of conduct.	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>Customers - dealers, importers, end users</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.	Processing results from 2019 survey. Highest score: «Do Customer Service have enough product knowledge?». Lowest score: «How Solution oriented are your Customer Service team?» & «Is it easy to do business with Flokk?». Improvement area in general: transport & logistics and information about how to ensure recycling of our products end of life. Feasibility study on automatically intelligence (AI) proposal for streamlining the order entry.	Working on the 2019 survey results, continue work in 2021 and implement improvement actions. Update of CRM system with easier and better access to measurements of service level. AI ordering solution decided not suitable enough regarding many languages to be covered in Flokk (orders from dealers on local language). Project closed, will settle higher focus on Flokk HUB. Roll out plan pr market is settled for this.
<b>Suppliers and their workers</b>	Develop suppliers through a close cooperation. Focus on improving Low-performing suppliers, 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.	Meetings with key suppliers are held at least 2 times per year: Review performance, improvements and opportunities. Supplier Performance and risks are internally followed up monthly. 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.	Main activity for 2020 was to reduce risk by monitoring the Covid 19 pandemic situation and how it might influence us and our suppliers. 2020 has also been influenced by integrating Malmstolen and its suppliers to our production in Nässjö.	This resulted in us acquiring one of our mechanism suppliers to our RH brand and to implement a strategy to use dual sourcing for sewing activities we presently have at LTP.
<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.	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 chain in our dialogues. In 2020, 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 with 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. Position statements ahead of EFIC sessions (through NHO). 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

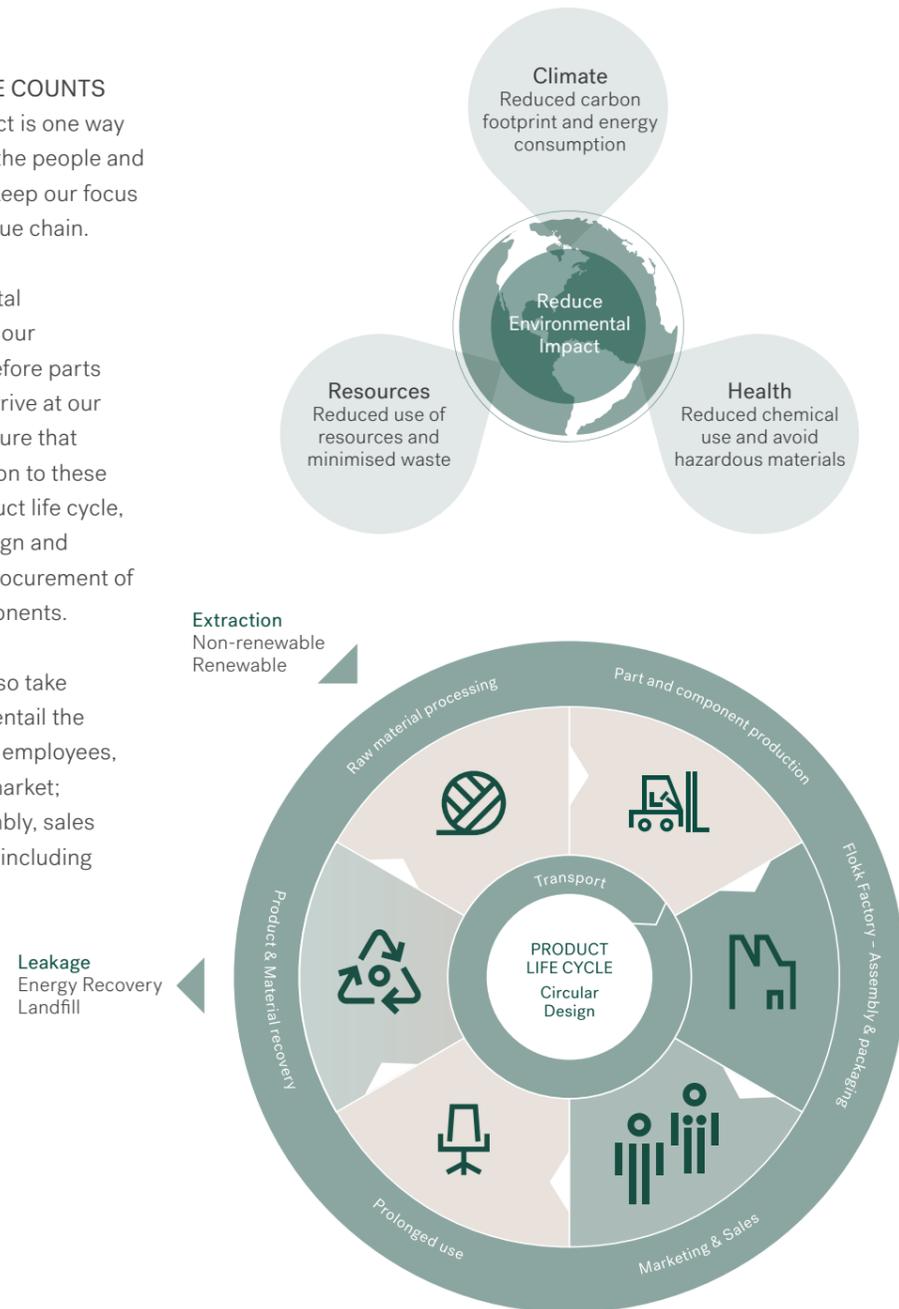
Sustainability has been a high priority for the company for nearly 40 years. In 1990, we were the first company in Norway to employ a full-time environmental manager – long before customers and the general public showed an interest in the environmental performance of companies and products in general. Early on, we established our three focus areas – climate, resources and health. Flokk have several milestones as sustainable pioneers; the first office chair producer in Europe to be ISO 14001 certified (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). Over the last years, we have grown to become the office seating market leader in Europe, and we are now able to scale our ongoing efforts to reduce our impact, and thus make a significant difference.

## THE ENTIRE LIFE CYCLE COUNTS

Our environmental impact is one way or the other linked to all the people and entities involved, so we keep our focus throughout the entire value chain.

More than 90% 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 product life cycle, such as our product design and development, and our procurement of raw materials and components.

The remaining phases also take high priority, since they entail the greatest exposure to our employees, our customers and the market; these are our final assembly, sales and distribution phases, including outbound transport





## Circular Design

In 1993, we defined five (5) circular design criteria, 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.

### 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

#### Sustainable Design and Innovation Recognitions in 2020

- RH New Logic – shortlisted as a Finalist for 'Household & Leisure Product of the Year' at the Plastics Recycling Awards Europe 2020, Amsterdam
- Flokk listed among top 10 of Europe's most sustainable furniture companies by Dodds & Shute Sustainability Report
- Gold medal in Svenska Designpriset (Swedish Design Award) for RH digital identity related to sustainability stories
- Bo Bedre Design award 2020 - The Norwegian design magazine Bo Bedre awarded Flokk with the prize of Manufacturer of the year in Norway. Flokk were 'noticed for throwing light on their sustainable production and their investments in environmental solutions.'

# 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. 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. Beyond responsibility for the sustainability section of our design philosophy, the Sustainability Department is responsible for a defined set of 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.

## ESG - ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG is an important part of the Group's work on compliance, which is driven by our urge to always do better, and by various regulations and demands from the outside world. The Group's owners focus on ESG issues and maintain a close dialogue with the Sustainability Department. Our work strives to incorporate ESG into our strategy to ensure long-term financial results. In addition, our employees, customers, partners and other stakeholders want us to maintain high standards for the environment, social conditions and corporate governance.

An important part of the compliance work going forward will be to ensure that the Group has good processes

for following up new rules and regulations related to ESG. At the same time, we must ensure that data in the company's ESG reporting is reliable and accurate, and that ESG becomes part of our ongoing risk assessments. By actively minimizing risk, we will create security for our owners, customers and other stakeholders. In addition, we are convinced that companies that work strategically with compliance and risk management over time will gain benefits in the form of improved efficiency and increased profitability.

## 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 derived from long term sustainability goals & distributed to the relevant value chain respective sites. The process is executed 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 and social compliance, performance and the efficiency and results of Flokk's management approach to all material topics are evaluated in the ISO Management Review every annual ISO certification audit, followed up with actions if needed, with the aim to continually improve.

The environmental & energy goals for 2020 were based on aspect analysis of the factories at Røros and in Nässjö, as well as the head office in Oslo and sales offices in Germany.



## Sustainability Management

Long-term goal:  
Continuous improvement

Measures 2020	Status	Measures 2021
Follow up outcomes of Climate Risk Assessment 2019 <b>Result - limited by Covid 19, however updated the outcomes: KPI's to reduce climate emissions (CO<sub>2</sub>e intensity per revenue, share of renewable electricity, tonnes recycled plastics per units) - Concluded on new Sustainability Goals 2030 - Improved digital infrastructure - Circular business models pilots</b>	✓	Annual review and update of Climate Risk Assessment
Flokk GRI report 2020 to be compliant with EU NFRD (Non-Financial Reporting Directive)	➔	Measures 2020 continued due to Covid 19, gaps are already identified
ESG reporting scope to include all acquisitions, not only integrated brands	✓	Turek included in ESG reporting scope, will be included in GRI scope 2021 as well
Decide on new Sustainability Management tool – prepare roll-out & implementation plan for 2021	✓	Tool decided. Next steps to sign contract and implement for ESG and GRI reporting 2021
Contribute with needs and solutions for corporate M3 (ERP) development - BOM on demand with sustainability attributes & Supplier Portal	➔	Ongoing development. Next steps to quality assure the 2021 scheduled pilots, prepare for 2022 roll-out
Continue 5-III transition and implementation at new acquisitions	✓	Follow up Turek implementation with the assigned responsables
Measure actual use & effect of 5-III in innovation processes	➔	Measures 2020 continued due to Covid 19
Develop more specific and context based 5-III Circular Design criteria for various market segments	➔	Measures 2020 continued due to Covid 19

### Sustainability communication highlights 2020

- Series of digital events hosted by SVP P&B Christian Lodgaard and Design Manager Øystein Austad with 'friends of Flokk' and designers touching on many environmental topics
- Our owned media outlet, focus.flokk.com, has ran several editorial pieces on sustainable design with readership growing fast (average 15k views per month)
- We have profiled circular projects with clients who have gone the extra mile to make sustainable choices in their furniture procurement, such as Neste, Nordea & ZEB Lab
- We have increased awareness of our efforts in the industry by driving traffic to our sustainability web pages through social media channels

# Sustainability Goals 2030

Flokk's strategic goals and targets for 2030 are defined to ensure we contribute to the achievement of the global targets as set e.g. by the EU European Green Deal, UN Sustainable Development Group and the UN Convention on Climate Change. They also reflect our learnings and experiences from working on our sustainability goals for 2010-2020, some of the results described in the chapter 'Sustainability Goals 2010-2020 – Status. We see the ongoing crises of climate change, biodiversity, plastic

waste and over-consumption as opportunities to make a difference.

Our targets for 2030 are as a minimum in line with ambitious European and National targets - indicated with an equal sign (=). On top of this we have set several differentiator targets that are unique for our company with even higher ambitions than expected - indicated with a cross (x):



## CLIMATE TARGETS – 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 55% by 2030 (vs 2015) - (Scope 1,2,3) \*
- = Reduce CO<sub>2</sub>e intensity per revenue [tCO<sub>2</sub>e/MNOK] by 55% by 2030 (vs 2015) - (Scope 1,2,3)
- x Reduce energy intensity per unit [kWh/unit] by 40% by 2030 (vs 2015) - (Scope 1,2)
- x Reduce energy intensity per revenue [MWh/MNOK] by 40% by 2030 (vs 2015) - (Scope 1,2)
- x 100% renewable electricity by 2025 - (Scope 2)
- x 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

Selection of decided measures to reach our long-term goals:

- Replacing fossil fuels with renewable sources such as heat pumps run on green electricity
- Reduce use of district heating
- Switch our car fleet to zero/low emission vehicles (electric, plug-in hybrid, hydrogen)
- Reduce air travel, replace with web meetings
- Improve our packaging design, logistics and goods transportation
- Continue our energy efficiency gains at all sites
- Purchase renewable electricity at all sites (hydro, wind, solar)
- Lower the impact from our Supply chain



## HEALTH – CHEMICALS

- = Products and their manufacture must be free of chemical contents that are hazardous to the environment and/or health, according to Globally Harmonized System of Classification and Labelling of Chemicals
- = 100% of all standard fabrics must be certified with the EU Ecolabel by 2022

Flokk's contribution to:

- UN Sustainable Development Goal no. 3

Selection of decided measures to reach our long-term goals:

- Redefine & update our purchasing criteria starting this year 2021
- Increase our chemical control at suppliers through digitalisation
- Improve follow up of our supply chain performance through digitalisation



## RESOURCES & CIRCULAR ECONOMY – MATERIALS AND WASTE

- x Increase share of recycled materials used in the products to an average of 60% by 2030
  - x 1 500 tonnes of recycled plastics used in our products by 2025
  - x 100% recycled & recyclable plastics in all plastic packaging by 2030
  - x Increase recycled share of metals to 95% for aluminium + 50% for steel by 2025
- = 100% FSC® certified wood and factories by 2030
- x 85% of our waste will be material recycled by 2025
- x Products in core markets will be distributed with clear obligations on end-of-first-use handling:
  - x 75% of HÅG, RH, Giroflex by 2030 (30% by 2025)
  - x 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

Selection of decided measures to reach our long-term goals:

- Migrate post-consumer recycled materials in portfolio and new projects, including coloured plastics
- Explore and phase-in new post-consumer material streams and resources astray
- Set requirements and collaborate with suppliers on raw materials and their processes
- Circular optimisation criteria in all R&D projects
- Establishing external partners for take-back & refurbishment on a global scale
- Implement Circular Business Models as add-on to existing business
- Establish systems for product traceability



## COMPETENCE – COMMUNICATION

- = Achieve our long-term goals through professional and multi-stakeholder partnerships and initiatives
- x Our employees should be ambassadors for, and have in-depth knowledge of, our Environmental & Energy Policy, performance and goals
- = Educate our markets through trustworthy and transparent communication on our sustainability performance

Flokk's contribution to:

- UN Sustainable Development Goal no. 17

Selection of decided measures to reach our long-term goals:

- Identify value creating & differentiating projects where we can participate externally
- Continue lifting both our internal & external communication
- Continue lifting the competence on sustainability new ways, such as our new e-Learning System

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

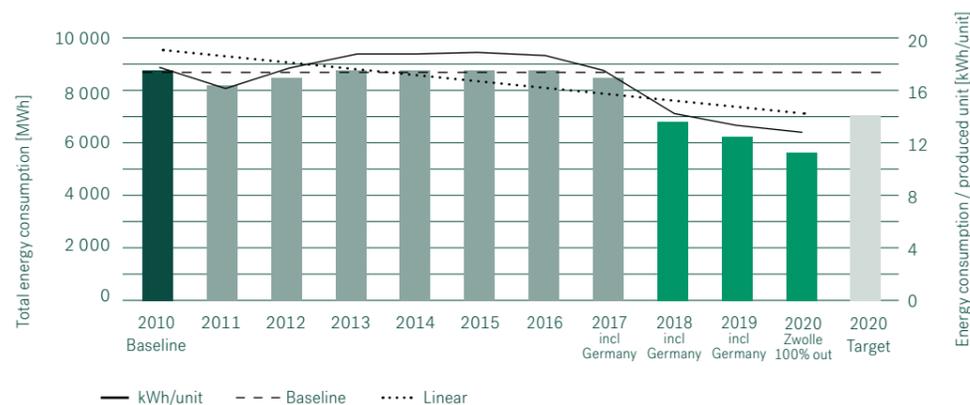


# Sustainability Goals 2010-2020 – Status

2020 has certainly been a challenging year, but it has also been a positive milestone for Flokk’s sustainability work, as we passed a 10-year long-term goal period, from 2010-2020. All in all we managed pretty well despite our increased footprint through acquisitions - many goals met, quite a few goals in good progress, and important improvement areas identified with ongoing measures. All results and measures are summarized in the table below.

Important to note; our energy targets are applicable to our ISO scope - Oslo, Røros, Nässjö, Germany, Zwolle. Carbon emission targets were not specified back in 2010, however Flokk has certainly worked systematically on reducing carbon footprint since then - see the Climate chapter for in-depth info.

	KPIs 2010-2020 (-2025)	Goals	Status 2020	Measures done
Climate	Energy consumption per produced product [kWh/unit]	20% down by 2020	● 24,9% reduction since 2010 (ISO scope) 29,7% reduction since 2015 (ISO scope)	Energy efficiency plan, new paint shop, smart control ventilation, lower temp, 100% LED, new windows, process improvements, move Zwolle production to Nässjö
	Share of renewable electricity	100% by 2025	● 94% renewable electricity (ISO scope)	Renewable electricity certificates ongoing
	Use of fossil fuel for heating	0 by 2025	● 52% renewable energy (ISO scope)	Replaced fossil oil w/ bio based oil since 2018 + lowered temp trigger for oil heating
Resources	Share of recycled materials used in products	avg 60% by 2020	● 3 chairs passed 60% already Nice range of chairs in 50-60% window	5-III focus, design for recycled, product development, collaboration
	Amount of recycled plastics used	802t by 2020	● 735t (664t in 2019)	Migration, research, mechanical design, new product launches
	FSC® Certified or reused wood, paper and cardboard	100% by 2022	● FSC certification process started for Nässjö factory only. Otherwise no certified articles and/or factories yet	Membership FSC Denmark, tracking total wood portfolio. (Profim/Turek is FSC® Certified, but not part of GRI 2020 scope)
Health	Facilitate that our products are disassembled at end-of-life, and that materials are recycled or recovered	90% recycled/recovered by 2020	● No way of tracking materials recycled yet. Refurbish partner in the Netherlands as a start	Lots of work done through circular 5-III design, Circular Business Model projects and pilots
	Products and manufacturing should be free of chemicals that are hazardous to the environment and/or health	No hazardous chemicals by 2020	● Good control through strict Purchasing criteria - chemical requirements. Annual ISO 14001 audits with chemical assessment at factories and sites	Supplier Environmental Requirements signed and regularly updated
Communication	No of standard fabrics with the EU Ecolabel	100% by 2022	● 9 out of 18 standard fabrics w/ EU Ecolabel 14 out of 18 w/ EU Eco, Oeko-tex, Blue Angel	Close cooperation with suppliers on improving sustainability performance
	Our employees should be ambassadors for, with in-depth knowledge of our Environmental & Energy Policy, performance and goals		● Communication is continuously improved, great boost over the last 2-3 years	Media outlet focus.flokk.com, digital events, social media channels, Stockholm Furniture Fair DNA concept, movies
	We seek to achieve our long-term goals through professional & multi-stakeholder partnerships and initiatives - SDG no. 17		● Great number of closed/ongoing/coming projects & pilots involving multiple partners	See list of projects in 'Stakeholders - Dialogue' chapter



Flokk had already reached the 20% energy reduction target in 2018 – with a 25% reduction in 2020. We had a significant dip in 2018 due to introducing smart control of ventilation for a production tool at our Røros facility.



Flokk are pioneers and front runners in the use of post-consumer recycled plastics in high quality products. In 2020, we used 800 tonnes, almost five times more than we used back in 2010.



Our sustainability communication has improved significantly over the last 5 years. Here from Stockholm Furniture Fair 2019, introducing our DNA concept.



5-III circular design – sustainable innovations. A patented drawstring spindle attaches the fabric securely without the use of any glues, allowing easy dis-assembly and repair of worn textiles.



RH Logic 220 – launched 2019: 61% recycled materials.

We still need time to reach our target of 60% recycled material in all our products, but we are heading in the right direction with 3 of our latest launches exceeding 60%, and a wide range of chairs in the 50-60% window.

# Risk and Opportunity Management

As a sizeable manufacturer of goods, Flokk holds the power as well as the privilege & responsibility to contribute to the addressing of the climate crisis, as set out by the International Panel on Climate Change. Beyond being unethical, failing to contribute could lead to challenges in recruiting talent, lost competitive strength in a market with increasing emphasis on environmental performance, and it could ultimately make the company subject to taxation or other legal limitations. To turn this to the company's strength has been Flokk strategy for years. ESG is therefore at the core of our strategy, and as such, is also a focal point for our Risk & 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.

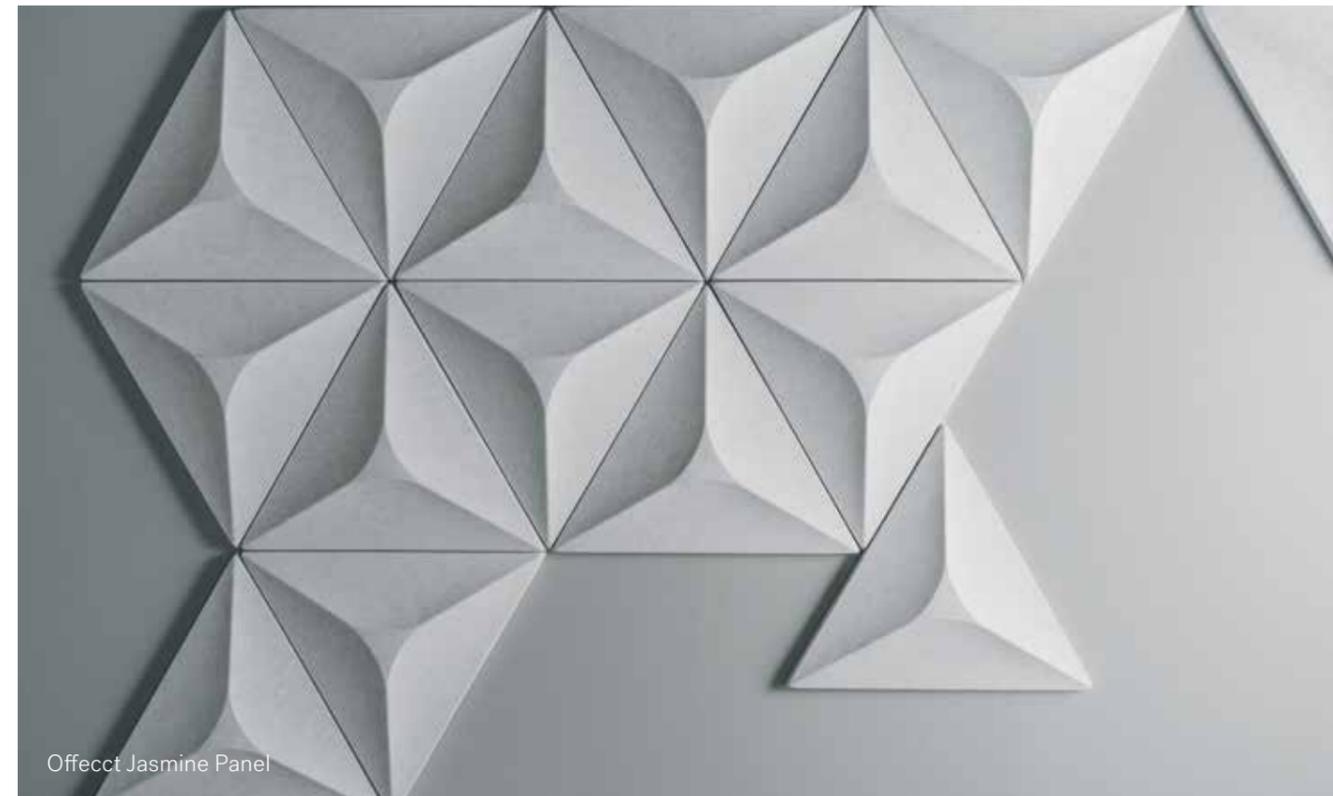
Risk elements valued are not limited to those with financial impact. Wherever financial impact is quantifiable it is included in the assessment. Opportunities and investments are always subject to business case unless legal requirements apply.

Flokk is seeking to continuously grow both organically and through M&A. The company acquired Profim in 2018, and 9to5 Seating in 2019, which have both affected the Group positively. We have strengthened our market position and pursue a strategy to spread our best practices to new acquisitions. This stronger financial foundation enables us to accelerate our sustainability efforts further.

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 maintaining our role as a pioneer in sustainability.

**Group risk management is performed in several ways at different levels and scope:**

- Materiality analysis – set of significant topics defined through survey & workshop on risks & opportunities
- REQ/ESG 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. This exercise was not conducted 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 within Flokk's organization.

Reviews of climate risks & opportunities have since been a regular element of Flokk's risk assessment cycle. While the extraordinary situation with the Covid 19 pandemic in 2020 prevented us from a thorough review, the outcomes are updated.

No Flokk facilities or suppliers have been judged 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
- New Long-Term Sustainability Goals for 2030 concluded
- Strengthened market communication & public visibility with our sustainability ethos, performance leadership in providing low carbon products
- Improved digital infrastructure to document & generate environmental data for internal analysis and for tenders.
- Circular design principles implemented in the Profim/Turek operation acquired in 2018
- Monitoring & pilot testing for future circular business models extended, and the commercial setup for expansion strengthened

# Risk and Opportunity Management

## Risks and Opportunities – Environmental, Social and Governance

Themes	Identified Risks	Opportunities	Risk Management
Environmental issues – own activities and operations, including R&D	<p>Environmental incidents &amp; accidents</p> <p>Climate</p> <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> <p>Resources</p> <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> <p>Health</p> <ul style="list-style-type: none"> <li>Use of chemicals harmful to health and/or the environment</li> <li>Pandemic</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> <li>Advice customers on setting environmental purchasing criteria</li> <li>Continue migration of post-consumer recycled material in existing products</li> <li>Counter labour arbitrage by high industrialization rates &amp; owned IP</li> <li>New market segments - Home office</li> <li>New product segments - Home office</li> <li>Less travel and lower emissions</li> <li>Higher efficiency with digital meetings</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability topics included in Due diligence merging &amp; acquisitions</li> <li>Environmental &amp; Energy Policy</li> <li>Code of Conduct – Employees</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 – SCIP compliance</li> <li>ECO labeling</li> <li>Supplier dialogue to avoid value chain disruptions</li> <li>Digitalisation development speed</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> <li>Shorter supply chain &amp; dual sourcing of high/critical volumes</li> </ul>
Responsible Supply Chain – operations of suppliers and tiers	<ul style="list-style-type: none"> <li>Growing supply chain - number and distribution</li> <li>Lack of signed Code of Conduct – Business Partner</li> <li>Pandemic or other events challenging global supply chains</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; mandatory Code of conduct – Employees</li> <li>Code of Conduct – Business Partners</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> <li>HSE as e-learning as part of induction program all employees</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 labeling - 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>
Compliance – Legal – Internal	<ul style="list-style-type: none"> <li>Local laws &amp; regulations</li> <li>New markets</li> <li>Secure conducting business in compliance to internal policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>Market access</li> <li>Safe products</li> <li>Competent staff</li> <li>Do things correct the first time</li> <li>Low risk for penalties</li> </ul>	<ul style="list-style-type: none"> <li>External Market Requirement</li> <li>Internal audits</li> <li>Technical tests according to international standards with requirements concerning ergonomics, usability, safety, stability and strength</li> </ul>
Governance – Investments	<ul style="list-style-type: none"> <li>Investment decisions insufficient</li> <li>Unacceptable levels of risk -&gt; involved in legally or ethically questionable practices</li> <li>Negative reputation</li> </ul>	<ul style="list-style-type: none"> <li>Promote investor confidence</li> <li>Responsible investment</li> <li>Good reputation</li> <li>Growth</li> <li>Return of investment</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise risk management</li> <li>Ethic policy</li> <li>Financial Policy</li> <li>Quality policy</li> <li>Health &amp; Safety Policy</li> <li>Environmental &amp; Energy policy</li> <li>Delegation of authority policy</li> <li>Code of Conduct – Employees</li> <li>Code of Conduct – Business Partners</li> <li>EU Taxonomy compliance</li> </ul>
Governance – Governance practices	<ul style="list-style-type: none"> <li>Insufficient governance policies and practices</li> <li>Lack of long term risks</li> </ul>	<ul style="list-style-type: none"> <li>Good governance policies and practices encourage shareholder engagement</li> <li>Adequately address long-term risks</li> </ul>	<ul style="list-style-type: none"> <li>Certified with ISO 9001 Quality Management System, ISO 14001 &amp; 50001 - environmental &amp; energy management system (EED compliance)</li> <li>Internal audits</li> </ul>



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

As Flokk has tightened its climate goals towards 2030, we are increasing our efforts in 2021 to improve energy efficiency and reduce the carbon footprint as much as possible by involving all departments more systematically with dedicated action plans. Unfortunately, 2020 needed more focus on securing production for sales than focusing on improvement measures.

Flokk is 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 are in the process of hiring a new resource to strengthen our sustainability team and manage our cross-site Energy Management Team. This 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.

Total tCO <sub>2</sub> e	Units produced	kg CO <sub>2</sub> e/unit	kWh/unit	tCO <sub>2</sub> e/MNOK revenue	MWh/MNOK revenue
<b>2 105</b>	<b>500 059</b>	<b>4,2</b>	<b>20,6</b>	<b>0,7</b>	<b>3,5</b>
- 24% since 2019 + 9% since 2015	- 9% since 2019 + 20% since 2015	- 16% since 2019 - 9% since 2015	- 6% since 2019 - 23% since 2015	- 21% since 2019 - 56% since 2015	- 11% since 2019 - 63% since 2015

Flokk's baseline year for carbon and energy indicators is 2015. From this year, we systemised our data collection. Hence, we have better quality and coverage for our data, making our performance claims more reliable and transparent as our footprint expands.

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

## 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 55% by 2030 (vs 2015)
- Reduce Energy intensity per unit and per revenue by 40% by 2030 (vs 2015)
- 100% renewable electricity by 2025
- 75% renewable energy by 2030
- 0% fossil fuels for heating by 2025

KPI	Goal 2021	Goal 2020	Results		
			2020	2019	2018
CO <sub>2</sub> e intensity per unit [kgCO <sub>2</sub> e/unit] - (Scope 1,2,3)	3,7% down	2% down	4,21 (-15,8%)	5,03 (+25%)	4,0
Energy intensity per unit [kWh/unit] - (Scope 1,2)	2,7% down	2% down	20,63 (-5,5%)	21,84 (+21%)	18,0
CO <sub>2</sub> e intensity per revenue [tCO <sub>2</sub> e/MNOK] - (Scope 1,2,3)	3,7% down	2% down	0,72 (-21,3%)	0,91 (+1,1%)	0,90
Energy intensity per revenue [MWh/MNOK] - (Scope 1,2)	2,7% down	2% down	3,51 (-10,9%)	3,94 (-1,3%)	3,99
Share of renewable electricity (Scope 2)	96%	96%	92,7% (-1,3%)	93,9% (-1,7%)	95,5%
Share of renewable energy vs total consumption (Scope 1,2)	2,5% up	56%	49,7% (+4,4%)	47,6% (-10,9%)	53,4%
Use of Fossil fuels for heating [MWh] (Scope 1)	20% down	50% down	1 535 (+9,9%)	1 397 (+67,1%)	836

Measures 2020	Status	Measures 2021
Consolidate energy team and setup energy management plan <b>Result - Centralised team is formalised</b>	➔	Measures 2020 continued. Local energy teams to be set up. Both corporate and site specific energy management plans to be established.
Create ownership for the team members and assign responsibilities	➔	Measures 2020 continued due to Covid 19
e-Learning course for all Energy management personnel	➔	Measures 2020 continued due to Covid 19
Crystalize and start implementing scheme for internal energy audits	➔	Measures 2020 continued due to Covid 19
Search for energy saving potentials across sites <b>Result - Nässjö: presence control in warehouse / Germany: switch to LED &amp; HPI lamps budgeted, reduce warehouse lighting hours, water temperature control</b>	✓	Implement 2020 findings, continue search for energy saving potentials vs Goals 2030
Investigate potential for savings in ventilation system, including heat recovery across sites <b>Result - Roros: Correction of HVAC adjustments in several building sections</b> (heating, ventilation and air conditioning)	✓	Continue search for savings in ventilation systems including heat recovery all sites vs Goals 2030
Map-out potential for efficiency gains in transport of goods	➔	Measures 2020 continued due to Covid 19
Define scheme + install energy meters for high consumption/volume equipment in factories	➔	Measures 2020 continued due to Covid 19
Reduce District Heating usage at Nässjö	✓	Nässjö consumption on track towards long term goal (wrong emission factor employed for 2019 reporting, giving errors in data)

Due to Covid 19, lower volumes gave lower general climate impact during 2020. Performance data for 2021 needed to align to the long-term trends. Overall in 2020, we experienced less travel by air, less sales and service travel by car, less district heating in general, and somewhat less goods transportation. Looking back at 2019, we have discovered a higher increase on carbon and energy intensity per unit than reported last year. Lacking reporting on fossil fuel consumption for heating at Koblenz, and goods transportation from Zwolle (site closed during 2019) is now adjusted for.

### 23% LOWER ENERGY INTENSITY PER UNIT

While units produced has increased 20% since 2015, the energy consumed per produced unit is 23% lower than in 2015. A result of many efficiency gains. However, we see a reduction of only 6% since 2019, due to lower activity on improvement measures, but higher focus on production to secure sales in 2020.



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

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

	2015	2016	2017	2018	2019	2020
<b>Scope 1 - Direct emissions</b>	<b>814</b>	<b>824</b>	<b>911</b>	<b>862</b>	<b>1 134</b>	<b>877</b>
Fuel for heating (Burning oil, Natural gas)	281	212	209	158	328	363
Fuel for sales and service travels	533	612	702	704	806	518
<b>Scope 2 - Indirect emissions</b>	<b>153</b>	<b>285</b>	<b>162</b>	<b>146</b>	<b>185</b>	<b>181</b>
District heating	29	19	47	42	40	29
Electricity	124	267	115	104	146	152
<b>Scope 3 - Other indirect emissions</b>	<b>972</b>	<b>1 149</b>	<b>1 276</b>	<b>1 353</b>	<b>1 436</b>	<b>1 048</b>
Employees air travel	265	293	245	225	273	46
Goods transportation	707	856	1 031	1 128	1 162	1 001
<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>2 755</b>	<b>2 105</b>
Change from year to year		16,5%	4,0%	0,5%	16,7%	-23,6%

#### 24% LOWER TOTAL CARBON EMISSIONS

Our carbon emitting activities have been less than normal in 2020 due to Covid 19, with close to 24% lower total GHG emissions since 2019. To put this in perspective, our total GHG emissions increased 42% from 2015-2019, and only increased 9% from 2015-2020.

#### 36% REDUCTION IN CO<sub>2</sub>e EMISSIONS FROM FUEL FOR SALES & SERVICE TRAVELS SINCE 2019

- Emissions from fuel for sales and service travels has increased steadily since 2015, with a 51% increase in 2019. The 36% reduction from 2019 to 2020 is thus not representative. We will make a significant effort to switch to a greener car park in the years to come.
- We see a 29% increase in the emissions from use of fossil fuel for heating since 2015, mainly due to adding Koblenz factory to our scope. Since 2019, we have an increase of 10%, mainly at the factories, as we see a slight decrease of 13 tCO<sub>2</sub>e at the offices.

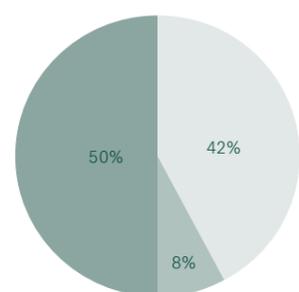
#### 26% REDUCTION IN CO<sub>2</sub>e EMISSIONS FROM DISTRICT HEATING USE SINCE 2019

- With 26% reduction in CO<sub>2</sub>e emissions from use of district heating, emissions are at same level as 2015. However, in 2019 we had a 35% increase since 2015, underlining the need to replace district heating with more sustainable sources of heat, such as heat pumps using renewable electricity.
- We see an increase in our CO<sub>2</sub>e footprint from electricity since 2015 of 22% in 2020 and 40% in 2019, so efforts must be made to buy green electricity at all sites.

#### 50% OF FLOKK'S GHG EMISSIONS ARE INDIRECT EMISSIONS

- Following the Covid 19, employees travel in 2020 was at a minimum with 83% reduction since 2019. So instead, we focus on the 3% increase of air travel emissions in 2019 since 2015, and 21% increase in 2019 vs 2018.
- Although we had a 14% reduction of emissions from goods transportation, we still had an increase of 42% in 2020 and 64% in 2019 since 2015. We will 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 with the raw materials we use.

#### Flokk's GHG emissions in 2020



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

Greenhouse gas emissions are distributed on 3 areas – Scope 1,2,3 – set by the Greenhouse Gas protocol. We only cover our daily business, and NOT the impact from all our upstream activities – Scope 3 – which represent more than 90% of Flokk's entire emissions. Scope 3 is however somewhat covered in our EPDs - Environmental Product Declarations.

## ENERGY

### Flokk's energy consumption [MWh]

	2015	2016	2017	2018	2019	2020
<b>Fossil fuel sources:</b>	<b>3 272</b>	<b>3 569</b>	<b>3 902</b>	<b>3 623</b>	<b>4 584</b>	<b>3 616</b>
• Burning oil	333	56	86	59	1 141	1 226
• Natural gas	953	1 077	1 020	777	256	309
• Diesel (0, B5, NO, SE)	1 950	2 360	2 669	2 626	3 057	1 584
• Petrol (0, SE)	36	76	127	162	131	497
<b>Renewable fuel sources:</b>	<b>1</b>	<b>1</b>	<b>25</b>	<b>34</b>	<b>97</b>	<b>74</b>
• Biofuel*	1	1	25	34	97	74
<b>District heating</b>	<b>1 237</b>	<b>1 313</b>	<b>1 278</b>	<b>1 165</b>	<b>1 325</b>	<b>1 182</b>
<b>Electricity</b>	<b>6 624</b>	<b>7 071</b>	<b>6 619</b>	<b>6 041</b>	<b>5 952</b>	<b>5 447</b>
<b>Total energy consumption [MWh]</b>	<b>11 135</b>	<b>11 954</b>	<b>11 824</b>	<b>10 862</b>	<b>11 958</b>	<b>10 318</b>
Change from year to year		7,4%	-1,1%	-8,1%	10,1%	-13,7%

\*Sum of biofuel contained in the different types of fuel used for heating and sales & 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), 100% in Biodiesel HVO

#### NO FOSSIL FUELS FOR HEATING BY 2025

The use of fossil fuels has gone down significantly, if we exclude the Koblenz share. 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

Flokk's energy management system is certified in accordance with ISO 50001:2018, thus complying with EU's EED – Energy Efficiency Directive. Our continuous improvement on energy efficiency and planned internal energy audits will complement the ISO process and be rolled out to new companies joining the Flokk Group.

#### 18% REDUCTION IN ELECTRICITY CONSUMPTION SINCE 2015

Electricity represents 53% of our total energy use but only 7,2% of our total GHG emissions, thanks to 100% renewable electricity at our factories. 93% of our electricity come from renewable sources. We had a small reduction from 94% in 2019, due to higher share of consumption at sales offices in 2020. The long-term goal is to reach 100% renewable electricity in total by 2025. In order to achieve this our sales offices must use green electricity as well.

50% of all the energy used by Flokk comes from renewable sources. The long-term goal is to have 75% of all energy consumed coming from renewable sources by 2030.



# Resources – Materials, Waste, Chemicals

In 2020, Flokk’s GRI scope production sites produced over half a 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.

Our design choices and supplier selection have a large impact and directly influence the efficient use of resources, the amount of waste we generate and the chemical content of our products. That’s why 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 and business models to ensure that our products are returned, reused and recycled. We focus to close the loop, by increase the share of recycled materials used and recovered.



## Resources - Materials, Waste, Chemicals

### Long-term goals:

- 60% share of recycled materials in our products by 2030 | 100% recycled & recyclable plastic packaging by 2025
- 1 500t recycled plastics in our products by 2025 | 95% recycled Aluminum and 50% recycled Steel by 2025
- 100% FSC® certified wood and factories by 2030 | 85% of our waste will be material recycled by 2025
- No hazardous chemical contents in our products or their manufacture | All standard fabrics certified with EU Ecolabel by 2022

KPI	Goal 2021	Goal 2020	Results		
			2020	2019	2018
Amount of recycled plastics used in our products [tonnes]	1 000t	802t	735t (+10,7%)	664t (+13,9%)	583t
Average quantity of recycled plastic used per unit [kg/unit]	2,03	1,71	1,70 (+19,7%)	1,42 (+23,5%)	1,15
Number of factories FSC® Chain of custody certified	2 out of 3	1 out of 3	1 (Turek)	0	N/A
Share of our waste being material recycled	82%	80%	Flokk: 80% (+3,9%) Røros: 92% (+4,5%) Nässjö: 59% (-7,8%) Koblenz: 67% (+1,5%)	Flokk: 77% (+10%) Røros: 88% (+2,3%) Nässjö: 64% (+14,3%) Koblenz: 66% (-4,3%)	Flokk: 70% Røros: 86% Nässjö: 56% Koblenz: 69%

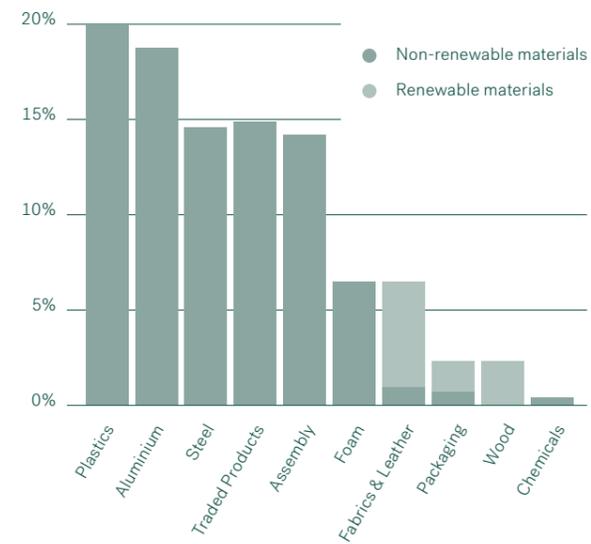
Measures 2020	Status	Measures 2021
<b>MATERIALS</b>		
Feasibility study on launching ocean plastics, investigate property improvement with supplier, as prototypes on RBM Ana/Noor did not pass required strength tests	➔	Measures 2020 continued due to Covid 19
Launch RBM Ana in recycled polypropylene <b>Result - Launched Q3 2020 with 100% rePP / 58% recycled materials</b>	✓	Scale use of snow plough material beyond limited edition, aim to launch other models than HÅG Capisco Puls
Feasibility study on color sorted post-consumer PP. First launch with ongoing HÅG Essence development project <b>Result - Feasibility assessed and approved</b>	✓	Launch HÅG Essence with colored recycled polypropylene
Investigate alternatives to PUR foam in ongoing Essence development project <b>Result - Feasibility study ongoing</b>	➔	Measures 2020 continued, aim to launch HÅG Essence with a PUR foam alternative or solutions to limit amount of PUR foam
Oblige to our Grønt Punkt 'Control membership' – ensuring packaging producer responsibility in our Norwegian supply chain	➔	Measures 2020 continued, recruit non-members in our supply chain
Nässjö factory FSC® Chain of custody certified	●	Measures 2020 continued due to Covid 19
<b>WASTE</b>		
Røros: Manage to recycle hard plastic scrap vs energy incineration – SINTEF partnership <b>Result - Project &amp; partnership stopped due to Covid 19</b>	●	Continue search for hard plastic recycling partner, focus on minimising main contributors for energy incineration in general
Nässjö: Define sorting measures in audit Q2, focus: paper & food. Invest in new sorting station. <b>Result - Canteen sorting points introduced. Plastic sorting increased 64% (from 5.5t to 9t)</b>	➔	Invest in new sorting station. Search for partners to recycle wood waste Class 1 vs energy incineration (2020: 13,1t wood Class 1)
Investigate collaboration with waste handlers to ensure efficient / specific sorting <b>Result - Røros: ensured through regular meetings - Nässjö: contract renewed in May 2020</b>	✓	Establish common Flokk procedure on waste handling across sites. Follow up improved sorting through quarterly spot-checks
Kick-off plastic packaging campaign – "Reduce, Recycled, Return & Reuse!" Align local initiatives and define KPI's to measure effect of packaging campaign"	➔	Few initiatives started. Measures 2020 continued due to Covid 19
<b>CHEMICALS</b>		
Reduce no of chemicals at production sites <b>Result - Røros: 2 added (233 in total), however 1 less on candidate list and 2 less with Prio-criteria - Nässjö: 2 removed (from 80 to 78)</b>	✓	Continue reduce no of chemicals at production sites; Røros mechanical shop – reduce no of chemicals. Nässjö – reduce no of products with glue
Replace chromed surfaces in the RBM portfolio with powder coatings <b>Result - RBM Ana sold with default Metal Silver &amp; Steel gray - chrome only on request</b>	✓	Replace chromed surfaces in wider portfolio, scale the use of Metal Silver & Steel gray powder coatings
Define KPI and target for glue consumption in Nässjö as input to PM (Product Maintenance)	➔	Measures 2020 continued due to Covid 19, one obvious proposal is to reduce number of products using glue
Update Environmental Requirements with regard to chemical content - to ensure healthy materials	➔	Measures 2020 continued due to Covid 19. We will first define a Flokk Core Certification regime, as input to new requirements

## MATERIALS

Only 9,5% of our annual purchased value (turnover) for direct material 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, thus renewable material as wood is less adapted to our high-volume needs.

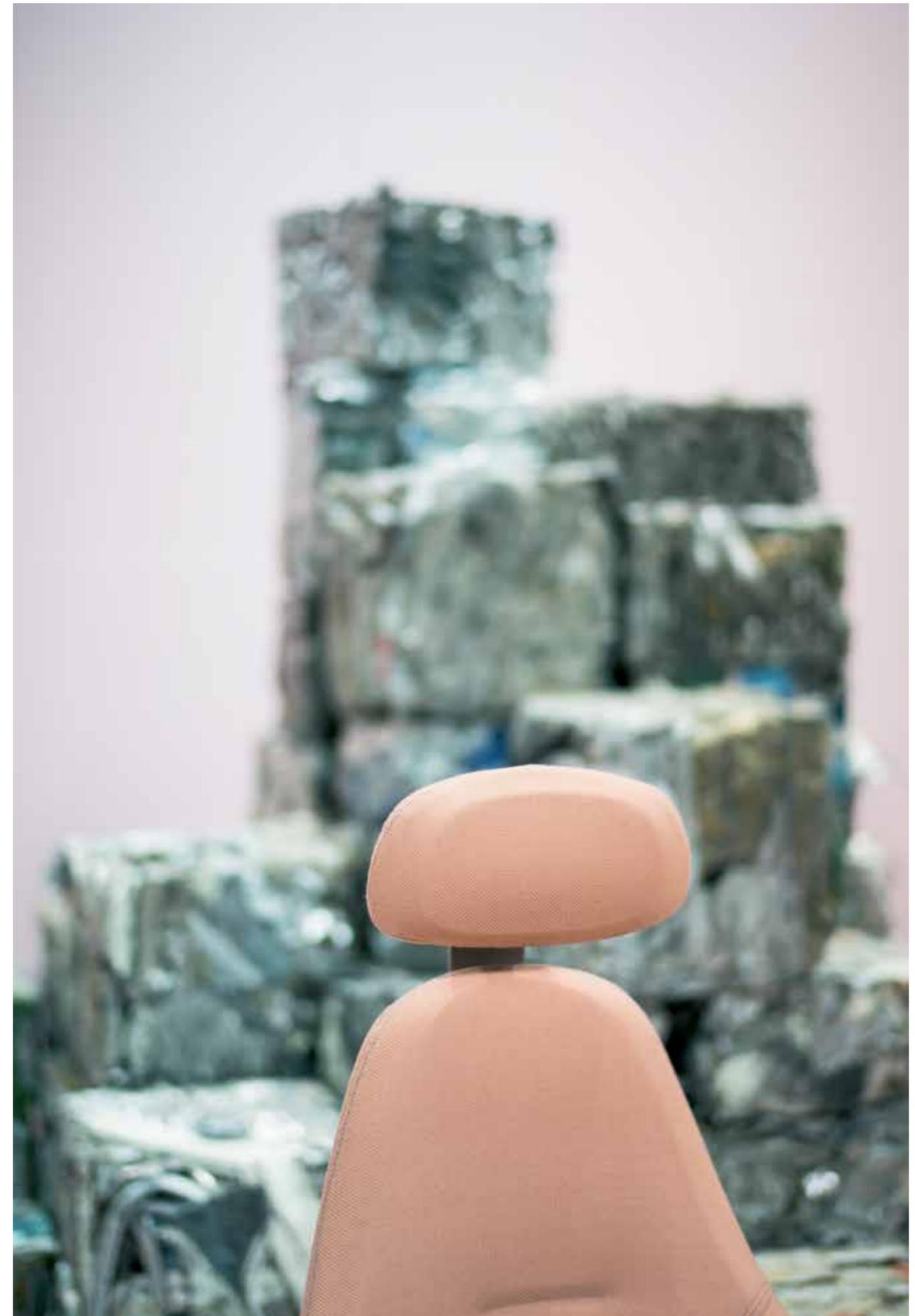
Our strategy is to increase our use on recycled materials – defining recycled plastic, aluminium and steel as key resources. This way we put a value on resources astray and consume less energy for processing. However, the cosmetic and technical properties of recycled plastics are poorer than those of virgin plastics. For visual or critical components that require a wide colour range or great strength, we sometimes need to use virgin plastics. In any case we must ensure that the materials we use are recyclable.

Distribution of Flokk's 2020 annual purchased value (turnover) for direct material



### Share of recycled materials

Today, our best chairs contain 50-60% recycled material. Three of our latest launches 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

Polypropylene (PP) is our main choice of plastic material. This is due to the environmental benefits compared to other plastic alternatives – such as less CO<sub>2</sub>e emissions and additives. In addition, we aim to use as much post-consumer recycled PP as possible. Then we also set value on plastic waste thus stimulate profitable collecting and recycling, as well as additional reduction in carbon footprint. We introduced recycled plastics into our products as far back as 1995.

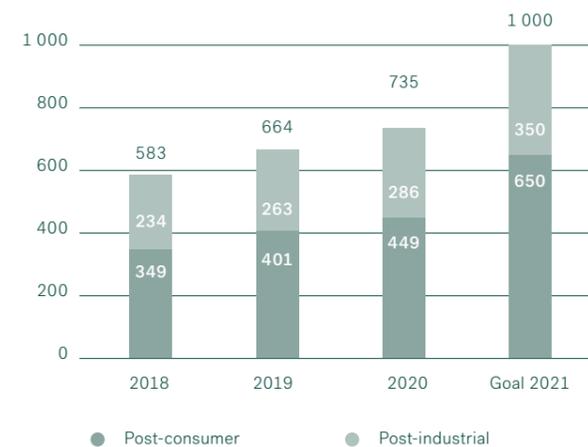
In 2020, we have done feasibility studies on how to increase the share of recycled materials even further by breaking barriers in introducing colored recycled plastics. First launch from this study is expected November 2021.

We are also proud to have launched in February 2021 the HÅG Capisco Puls made from collected snow plough markers in Norway. We identified this material source during a research project 2018-2020 with SINTEF, and in 2020, Flokk has set up the needed value chain to turn this resource astray into valuable products.

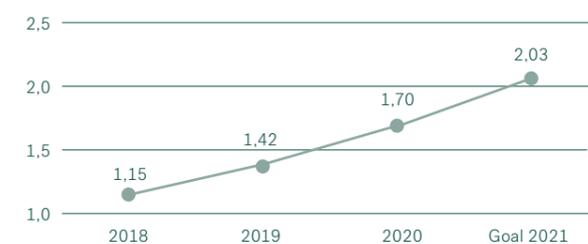
All this work has paid well of on our increased total amount of recycled plastic used, and on our average quantity of recycled plastic per product produced.

**955 tCO<sub>2</sub>e**  
saved in 2020  
by using recycled instead of virgin plastic

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



**Average quantity of recycled plastics 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. Today, our extruded aluminium parts contain 30% recycled aluminium, and we are soon to launch a product where this share will increase to 75%.

We use 20-40% recycled steel in our products, and with improved techniques, we hope to increase this amount year on year. We will also investigate fossil-free steel initiatives.

In 2021, we will start the work originally planned for 2020, to collaborate with our suppliers to deliver a higher share of recycled aluminium and steel.

## 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.

In 2020, we have initiated in-depth dialogue with several of our key suppliers with the aim to kick off circular close-looped projects to launch ranges of post-consumer textiles in near future.

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

## PACKAGING

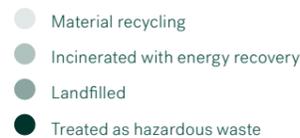
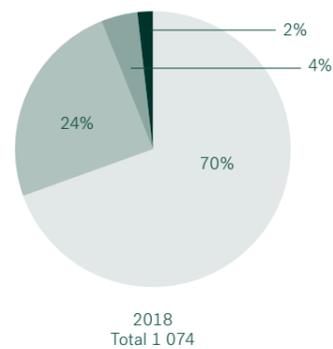
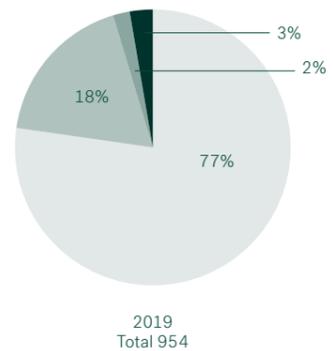
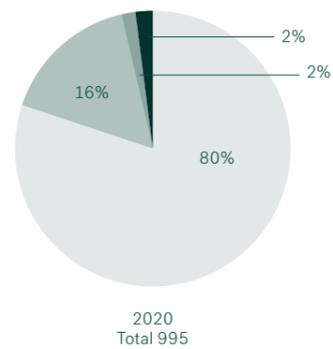
Our products are delivered to customers either fully assembled with limited use of packaging material, or stacked together or flat packed in cardboard boxes. In 2020, our two factories in Scandinavia sent a total of 1 025 tonnes of packaging out into the market (10,3% up since 2019: 929t). This consisted of 89% cardboard (2019: 86%), 7% plastics (2019: 8%), 1% expanded polystyrene (EPS) (2019: 2%) and 3% other materials such as tape, bubble wrap, etc (2019: 4%). Numbers for Koblenz are not available in the required fraction details.

In 2020, we used 75,3 tonnes of plastic packaging (3,3% down since 2019: 77,9t). We see significant potential in both reducing this amount and switch to post-consumer recycled plastics. We are aiming for 100% recycled & recyclable plastic packaging by 2025.

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 send out into the market and pay a charge on this basis. The charge ensures that old packaging is collected and recycled. As a “Control Member” of Grønt Punkt, we also require our Norwegian suppliers to be members, ensuring producer responsibility in our supply chain.



## Factory waste [tonnes]



## WASTE

Our waste management system is assessed each year during the annual ISO 14001 audits.

### 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 significant potential to improve our use of packaging materials and will kick-off a plastic packaging campaign – “Reduce, Recycled, Return & Reuse!” in 2021. This was planned for in 2020, but postponed due to Covid 19.

### 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. Our waste sorting reflects as a minimum how the waste fractions are handled at our waste disposal contractors. 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.

In 2020, 80% of our production waste (mostly steel and cardboard) was material recycled (2019: 77%), while 16% was incinerated to recover energy (2019: 18%). The remaining percentage of hazardous waste is declared pursuant to the requirements of local and national Waste Regulations and delivered to an approved reception facility. The information concerning the waste disposal methods have been given by our waste disposal contractors, and is continuously updated in follow-up meetings.

The increase on waste to material recycling is a result of improved sorting on all sites, through identifying new recyclable fractions, performing spot checks and keeping our employees updated with new information. We see significant further potential to improve by finding a solution for recycling our wood waste Class I in Nässjö rather than energy recovery.

### Waste fractions at Flokk factories in 2020 [tonnes], including hazardous waste breakdown.

	2020
<b>Non-hazardous waste</b>	<b>975</b>
Material recycling	797
Incinerated with energy recovery	161
Landfilled	16
<b>Hazardous waste</b>	<b>20</b>
Material recycling	0
Incinerated with energy recovery	16
Landfilled	4
<b>Total [tonnes]</b>	<b>995</b>

## CHEMICALS

Our chemical management system is assessed each year during the annual ISO 14001 audits.

### 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 evaluating new tools (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 (material 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

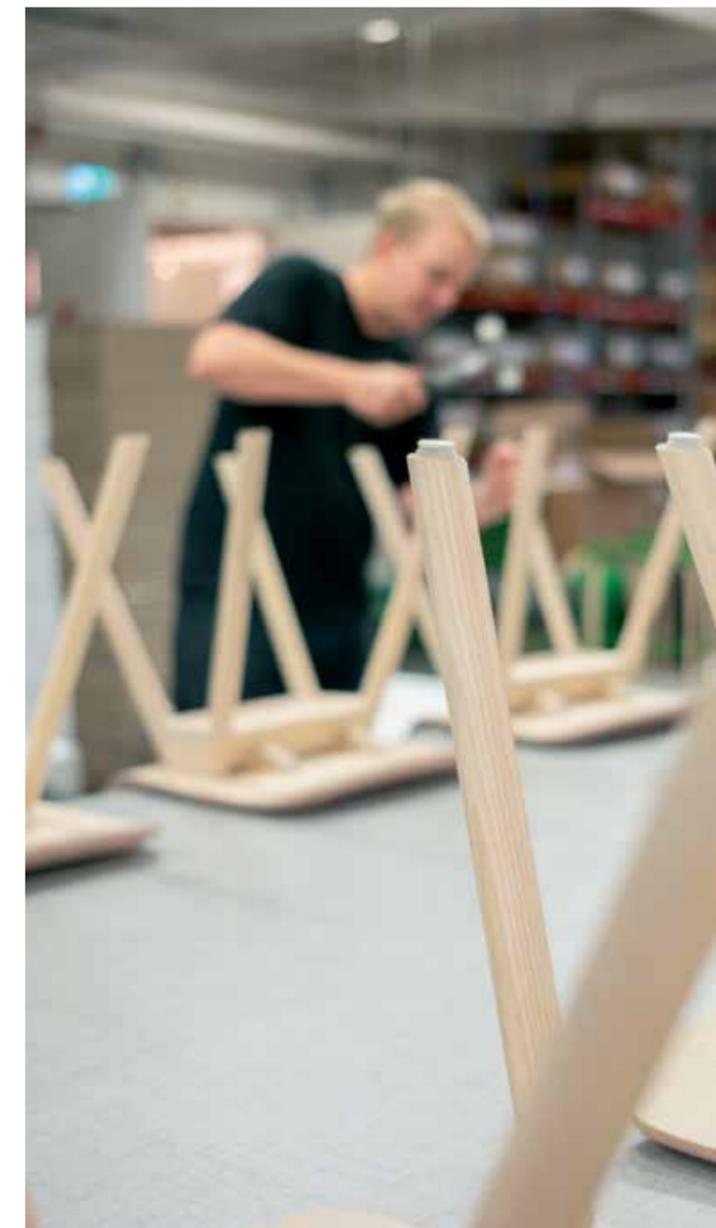
Choosing the right materials includes avoiding chemicals that are hazardous to health and the environment. For many years we have not used what we call “banned” materials in any of our new products, such as glue, PVC, flame retardants and the chrome surface treatment of chair and table legs. Instead, 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 fibers provides 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 GOLD certified; a guarantee that the products contribute to a healthy indoor climate by not emitting hazardous gases.



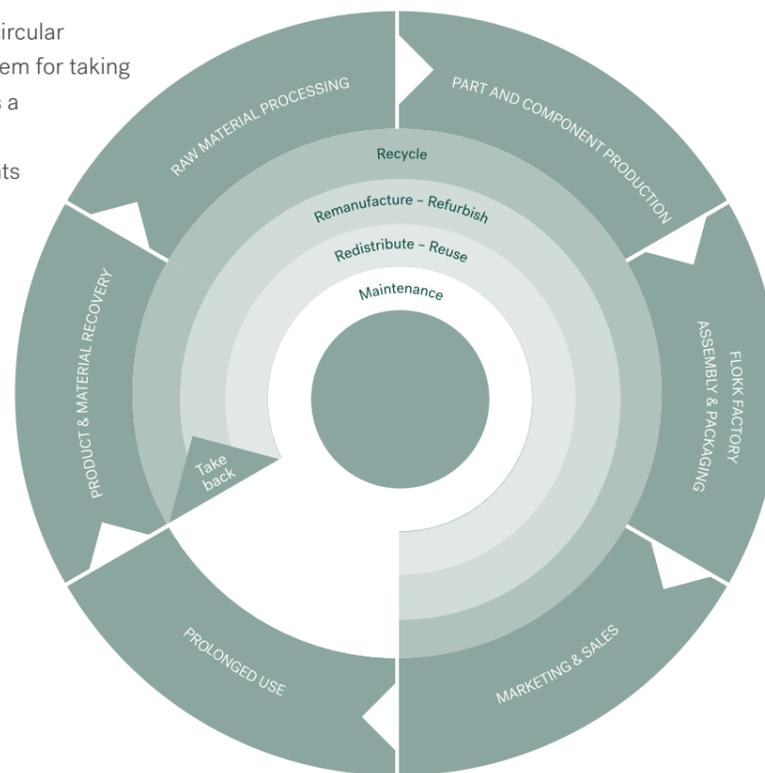
# Circular Economy – Closed Loop

Flokk is working on solutions to ensure that our products are returned by the end-customer. In these cases, they would then be appropriately handled, by taking control of them in the usage phase, and by facilitating systematic reuse and recovery of our “recycle-ready” products.

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.

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 practiced 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.

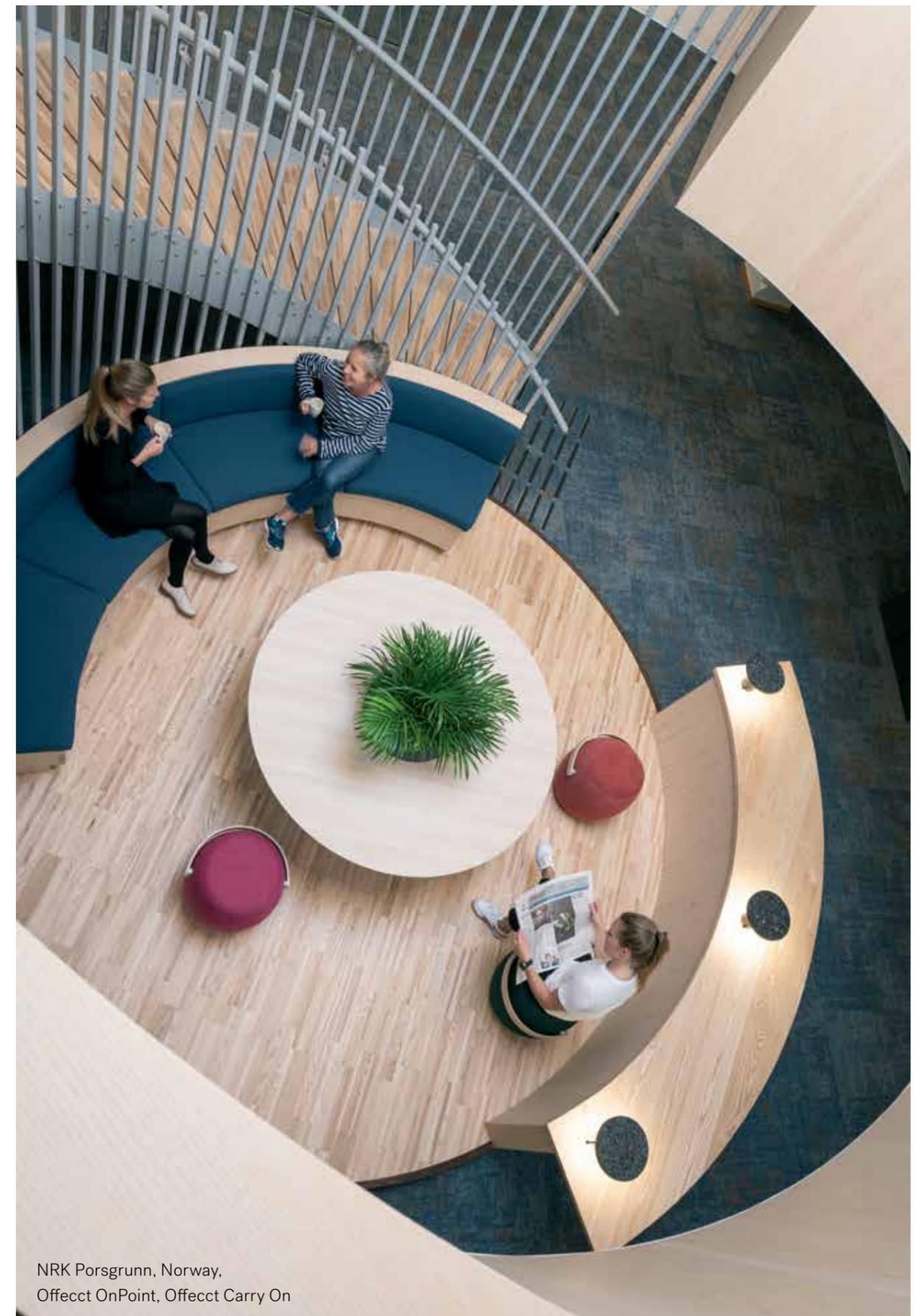


## Circular Economy

### 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 2020	Status	Measures 2021
Market test and develop new scalable furniture-as-a-service concepts <b>Result - Commercial pilot with GoGood and OBOS developed, for implementation in Q1 2021</b>	➔	Establish minimum 3 more furniture-as-a-service pilot implementations
Pilot buy-back and certified re-use program in Sweden <b>Result - Not done due to Covid 19 temporary lay-offs</b>	●	Pilot certified re-use/refurbish program for Scandinavia

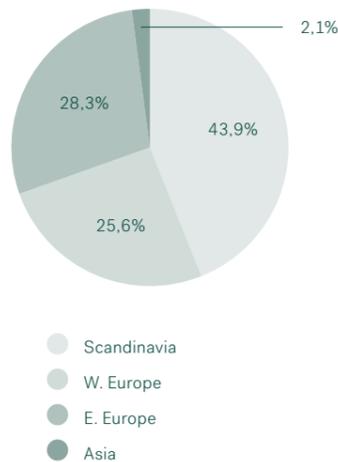


NRK Porsgrunn, Norway,  
Offecct OnPoint, Offecct Carry On

# 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 in these areas, as they need to sign our Code of Conduct and our Environmental requirements document. With more than 90% 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 towards minimizing environmental and social impacts.

**Percentages of the 2020 annual purchased value (turnover) for direct material used in our significant locations of operation that is spent on local suppliers (European and Scandinavian) and Asian suppliers (for purchases exceeding NOK 100 000):**



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. Even though Flokk managed through 2020 without a production standstill, the pandemic has demonstrated the vulnerability of remote suppliers & long logistic chains. A re-evaluation of the Asian suppliers will be carried out in 2021.

## SUPPLIER SELECTION

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

All new suppliers to Flokk need to fulfil the minimum requirements we have in our supplier appraisal audit and are screened based on environmental and social criteria. All new Flokk suppliers must sign our Code of Conduct - Business Partners and Flokk Environmental Requirements. We generally sign 3-year agreements with our main suppliers and 93% of our annual purchased value is under contract with a signed code of conduct.

There have been many challenges in our supply chain during 2020, most of which are related to the Covid 19 situation. We have put a lot of focus on availability of materials in our production units and to foresee any possible disruptions in the supply chain. Together with our suppliers, we have been able to keep our production units running with only minor disruptions. Here are some of the main activities 2020:

- Acquired the mechanism production from our main supplier to our RH brand and by that, we took over their supply chain
- Moving the Malmstolen supply chain in to our production site in Nässjö

## LOCALISATION

As our main operations are spread across Northern and Western Europe, we regard our European suppliers as local suppliers (97.9% of total significant), since they deliver to all of our 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. We are dedicated to moving the contractual relations with these new suppliers towards Flokk's standard terms and conditions as soon as possible as part of the integration process.

## SUPPLY CHAIN CONTROL - FOLLOW-UP AND ASSESSMENTS

In 2020, our main focus was on maintaining availability of materials from our suppliers. Based on the Covid 19 situation we were not able to visit as many suppliers as we usually do. Instead we used our digital platforms for follow-ups. We also started to plan activities for 2021 to re-certify a targeted group of suppliers through our supplier appraisal format with focus on CSR compliance.

## 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 identified as a low performer, we coordinate mitigation 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 2020, no suppliers were assessed due to constraints in resources and visit limitations. However, based on our close, constant dialogue with key suppliers, none were considered to have negative environmental or social impacts and no measures had to be taken. No new suppliers were screened nor introduced to our production sites in Koblenz, Nässjö or Røros.

## SUPPLIER RE-EVALUATION

To follow-up on our suppliers' compliance to our Code of Conduct, environmental, social and general performance, we will systematically re-evaluate our suppliers. In 2021, we will go through our Asian suppliers with focus on CSR related issues. As we aim at having long-term cooperation with our suppliers and high performing suppliers, it is important to not only focus on evaluating new suppliers before signing contract but also to re-evaluate our present suppliers.

## 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	100 %
Assembly	6	86 %
Electronics	1	100 %
Fabrics & leather	9	69 %
Packaging	6	60 %
Steel	16	43 %
Traded products	11	65 %
Wood	3	75 %
Plastics injection mold	15	94 %
Foam	5	100 %
Plastics others	7	70 %
Chemicals	1	25 %

Region	Number of signed CoC's	Percentage of total number (APV* > 100 000 NOK)
Asia	7	88 %
E. Europe	17	85 %
Scandinavia	45	85 %
W. Europe	22	41%

Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to in 2020, 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 behavior in our Code of Conduct - Employees. In 2020, we implemented Learning@Flokk, our new digital learning platform. As of early 2021, completing the Code of Conduct training is mandatory.

2020 was an extraordinary year due to the Covid 19 pandemic. Flokk has tried our outmost to handle the situation to the best of our ability. However, a large number of employees were temporary laid-off. We tried to stay close and support our employees during these challenging times and were relieved to welcome all employees back to work at the end of the year. Employees working from home during this period were granted tools and equipment in order for them to be able to perform. Each site and country have had their own plans and actions according to local need and the Covid 19 regulations.

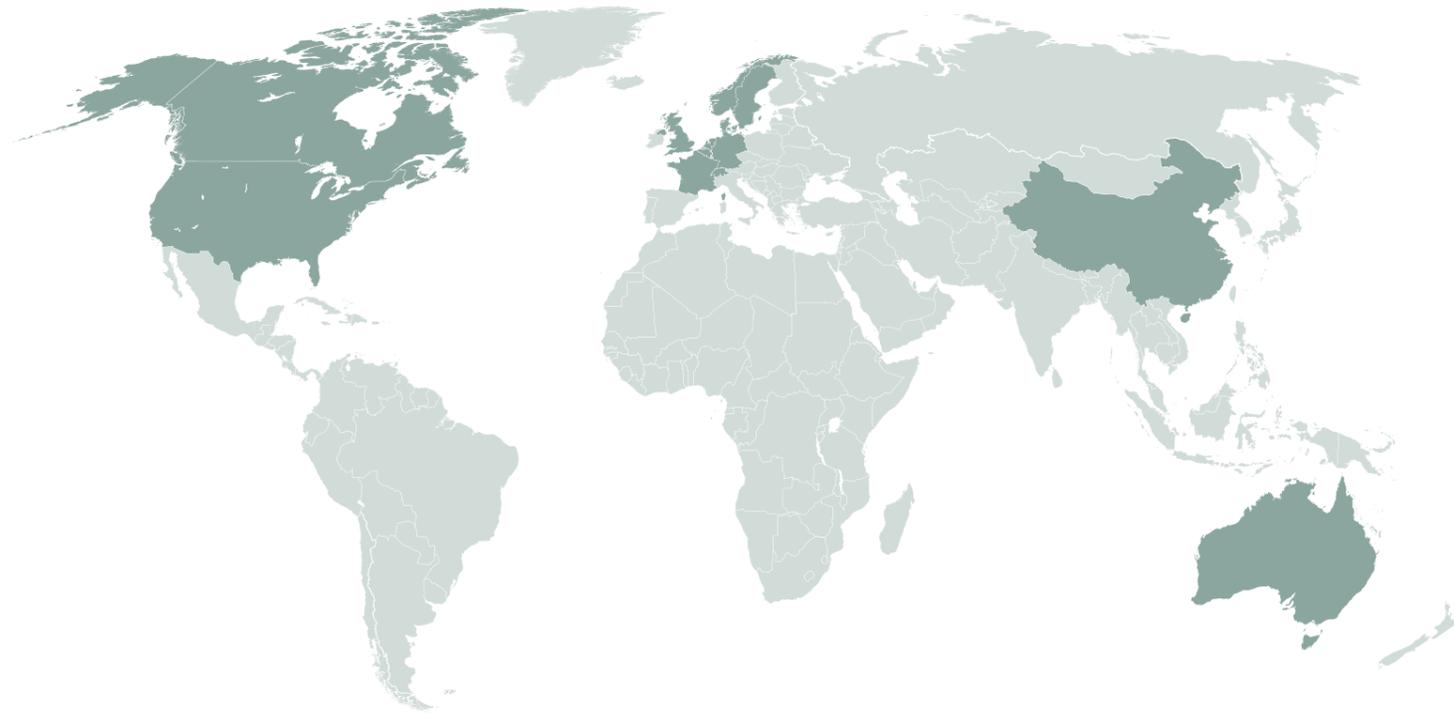
We expect our employees to behave as ambassadors and to treat colleagues, business associates, the environment and other stakeholders with respect and courtesy. We clearly distance ourselves from corruption and bribery and support free competition and fair trade.

As of December 2020, the company had 635 employees (excluding Malmstolen, Offecct, Profim and 9to5 Seating). The percentage of women has slightly decreased from 34,4% in 2019 to 33,7% in 2020. We are not satisfied with this development and in 2021, we will focus this by measuring the gender balance in Flokk and in the different

value chains focusing diversity in particular. We will implement actions related to recruitment and promotions.

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	7	
Canada	2	
China	9	1
Denmark	14	
France	10	1
Germany	51	1
Norway	258	3
Singapore	3	
Sweden	145	9
Switzerland	68	4
The Netherlands	21	2
UK	19	
USA	3	
<b>Total women</b>	<b>206</b>	<b>8</b>
<b>Total men</b>	<b>408</b>	<b>13</b>
<b>Total employees</b>	<b>614</b>	<b>21</b>

**Number of employees by employment type and gender**

Employment type	Full-time	Part-time
Total women	185	29
Total men	418	3
<b>Total employees</b>	<b>603</b>	<b>32</b>

## Anti-Bribery & Corruption

We conduct our business with high ethical standards and a view to always being a respected and trusted business partner for all our stakeholders. This is essential for our company our reputation and for our employees. It represents our core values. Flokk expects all employees to avoid situations that may lead to a conflict between the company's interest and their own personal interests. Bribery or corruption in any form is unacceptable. However, in case of any misconduct, we have a clear whistle blower policy and routines as how to handle. This is set out in the Group's Code of Conduct – 80% of all employees has so far signed this as an integrated part of the employee contract. The aim for 2021, is to reach 100%. In addition, all employees will update their ethical training through Learning@Flokk where we can track and follow up who has done the different training programs.

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.

### POLICY AND PROCEDURE 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 be aware of.

By end of 2020, all employees at Flokk and Group Management have received information about the anti-bribery & corruption guidelines.

### POLICY AND PROCEDURE TRAINING

Our digital learning platform, Learning@Flokk, was implemented late 2020 and provides dedicated digital training for our employees. A mandatory code of conduct learning program was the first to be launched end 2020, and will be finalised by December 2021. The purpose is to ensure that all employees are familiar with, and comply with the company's framework for anti-bribery & corruption. By 2020, all in Group Management completed the anti-bribery & corruption training.

Learning@Flokk is a system that gives us possibility for monitoring and tracking course completions for all employees and make reports to relevant stakeholders.

In 2021, we also plan to review our procedures and framework within ethics, compliance and anti-bribery & corruption in order to make the guidelines clearer and easier to understand.

	Number	Percentage
Norway	8	100%
Sweden	1	100%
Poland	1	100%
Germany	1	100%
<b>Total employees</b>	<b>11</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.



Offecct Soundsticks

# 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.

## OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM AND ORGANISATION

All Flokk employees, including contracted workers whose work and/or workplace is controlled by Flokk, 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 aforementioned HSE staff 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 requirements. We 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 regards to detecting issues and proposing or taking relevant action. The most critical risks are escalated and addressed with the Group Management through HSE organisation in REQ/ESG forum, as a strategic part of Flokk's Risk management model.

In 2020, Flokk has updated the process to ensure employees' right to report unacceptable conditions without reprisals in the workplace. Reporting can be done anonymously.



## Workplace – Health & Safety

### Long-term goals:

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

KPI	Goal 2021	Goal 2020	Results		
			2020	2019	2018
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	19,5** ●	11,2	5,9
Number of recordable work-related injuries	0	0	8 ●	8	4

Measures 2020	Status	Measures 2020
All measures from 2020 continues and are affected of Covid 19 pandemic and temporary layoffs of employees:		
Continue with existing preventive HSE work	➔	Continue with existing preventive HSE work
Increase registration of unsafe condition from 48 to 70. <b>Result: 53</b>	➔	Increase registration of unsafe conditions from 53 to 80
Develop HSE training through e-Learning for new employees	➔	Complete HSE e-learning program for all new employees

\*Recordable work-related injury rate = Recordable work-related injury number x Working hours/1,000,000 (Number of hours worked in 2020: 614 644). Working hours for non-employees are not included, although figures include injuries for both employees and non-employees.  
 \*\*Increase in rate of recordable work-related injuries due to reduction in number of working hours due to Covid 19 and temporary layoffs during 2020 (Increase from 2018 to 2019 was due to more intense activity than normal when moving production from Zwolle to Näs sjö). The types of the 8 work related injuries are as followed: 6 - hit by an object, 1- fall, 1 cut by knife/staple. None of these injuries happened to non-employees in 2020.

## WORK-RELATED HAZARDS

Identified work-related hazards with potential to cause injury or ill health are: Physical (hit by objects) / Ergonomic (improperly adjusted workstation) / Related to work-organization (shift work, excessive workload demands).

None of the identified hazard contributed to high-consequence injuries in 2020.

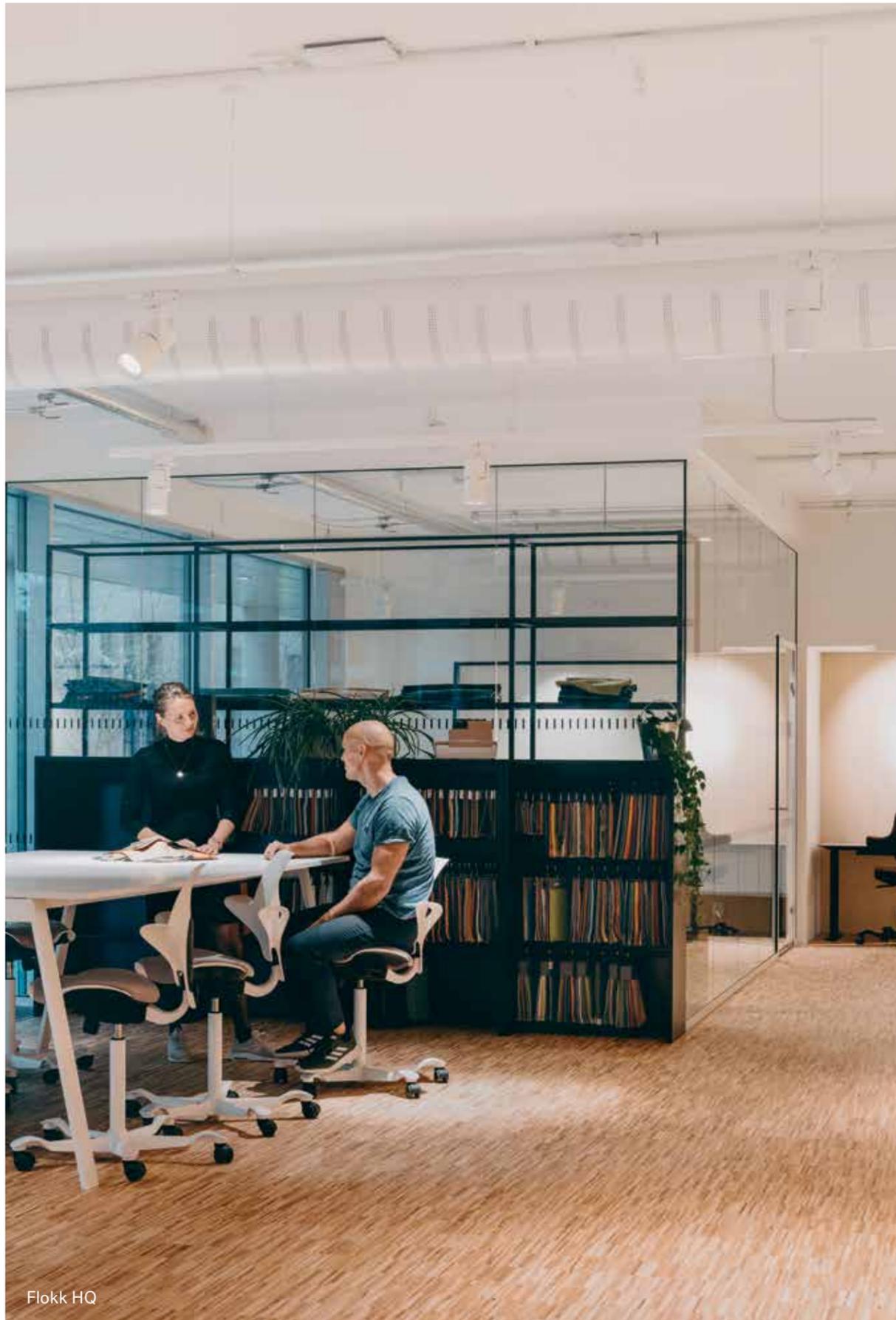
Safety tours, internal audits as spot checks, registration of unsafe conditions are some of the preventive tasks undertaken to eliminate work-related hazards and minimize risks using hierarchy of controls. In addition, workstations are designed and organised to prevent injuries without compromising effective operations. Avoid heavy lifting, avoid walking/standing at hard flooring by use of soft cover, and remove exposure of chemicals as examples. Job rotations are also introduced for variation of tasks.

## WORKER TRAINING AND OCCUPATIONAL HEALTH TRAINING

In general, all managers are responsible for addressing training requirements and information relating to their employees, work, and workplace. The resulting working conditions should allow all personnel (employees or not) to perform their job in a competent and healthy manner.

HSE training is mandatory for all employees. It is part of Flokk's induction program, which includes safety rules, HSE case registration, alongside sustainability and corporate responsibility issues. All staff in production receives safety instructions and HSE training before they start working. The HSE training will be improved through our new e-learning platform to strengthen performance, and we are planning to introduce refreshment training for all employees on a regular basis.

Employees are provided special training in specific high-risk activities such as Hot Work and Forklift driving. These competences are registered and followed up in a separate competence database.



Flokk HQ

#### PROMOTION OF WORKERS HEALTH

Flokk encourage all our employees to stay healthy and live an active life through physical activities. We have local health programs, canteens offering healthy food and we run health initiatives. This also includes focus on alcohol and drug abuse.

In general we operate in countries where the public health care provides all necessary services. That is the main reason why we have not chosen to provide extra health care insurance.

#### 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, act and reduce the risk of serious injury. To prevent repetitive strain injuries, employees have the opportunity to vary their tasks.

Despite our preventive activities, the number of recordable work-related injuries needs to be reduced. We registered same high level in 2020 (8) as in 2019 (8). Our challenge in 2020 has been reduced number of working hours and temporary layoffs during Covid 19, and effects from higher intensity activities from continuous phase-in of 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 customize rehabilitation programs
- Attendance of meetings focused on general risk analysis and risk minimizing HSE work in combination with providing expertise related to safety aspects
- Participate in minimum one Working Environment Committees a year
- Offers of mandatory training and competence in relation to HSE work
- Participation in safety inspection rounds
- Follow-up on advised ergonomic practices

Working Environment Committees are in place at production units and HQ, with equal numbers of workers and management representatives present, alongside unions representatives. These committees normally meet 4-6 times per year, although higher activity during Covid 19 in 2020, 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 products in perfect condition and we are committed to ensuring our customers' complete satisfaction. With our level of technical expertise, combined with our honesty and responsibility, our aim is for our customers to be safe and comfortable every time they choose a Flokk product. We demand high quality in everything we do, so a Flokk product is built to withstand stress and to last, minimizing risk of injury to the user.

For these reasons, all Flokk products are tested according to specific international standards, with requirements pertaining to 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 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 products.

Flokk has defined "Risk/Safety Claim" as a customer being injured while using our product. There have only been a handful of such cases, but when they do occur, they are followed up closely in our management case handling system.

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

2020		2019		2018	
Number	PPM*	Number	PPM*	Number	PPM*
1	2,00	4	7,31	2	3,39

Target each year: 0  
No major customer injuries in 2020, only a minor incident.

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

## 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.

## ENVIRONMENTAL CERTIFICATIONS

The use of certifications is an important communication of 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 user phases, while others cover the entire life cycle. Some are national, and some are global.

The environmental certifications chosen by Flokk comprehensively cover important aspects and areas. More 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 in EPDs - Environmental Product Declarations. EPDs are rapidly gaining recognition in the furniture industry, due to their ability to document and communicate quantitative, transparent and to some degree comparable 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



## 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.

Flokk has 4 Nordic Swan Ecolabeled product families



## GREENGUARD GOLD

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 26 products certified with GREENGUARD GOLD



## 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



## CRADLE TO CRADLE™

The Cradle to Cradle Certified™ program 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.



Production site, Nässjö

## 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	EN 15372	MÖBELFAKTA	EPD, ISO 14025	THE NORDIC SWAN ECOLABEL	GREENGUARD GOLD	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 300/400	•			•		•	•			•	•	•	•	
RH Logic 200/220	•				•	•	•	•		•	•		•	
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 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 2021, we have an ambition to crosscheck our GRI report vs EU NFRD – Non-Financial Reporting Directive. This was planned for 2020, but not prioritised due to Covid 19.

## 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	23-36, 60, 125			
102-3	Location of headquarters	148			
102-4	Location of operations	5-7, 10-11, 38-39, 128-129			
102-5	Ownership and legal form	13-14, 76			
102-6	Markets served	5-7, 10-11, 38-39, 98-99, GRI-index	Main customer groups: dealers, importers and end users		
102-7	Scale of organisation	6-7, 38-43			6.3.10 6.4.1-6.4.5 6.8.5 7.8
102-8	Information on employees and other workers	130-131		SDG No 8.	
102-9	Supply chain	128-129			
102-10	Significant changes to the organisation and its supply chain	5, 10-11, 38-43, 128			
102-11	Precautionary Principle or approach	GRI-index	Flokk is committed to complying with the precautionary principle		
102-12	External initiatives	97, 105-109, 128-129, 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. Member of Hold Norge Rent. Supporting ZERO Fossil free forum		
102-13	Membership of associations	97-99			
<b>Strategy</b>					
102-14	Statement from senior decision maker	10-11, 41-42, 95			4.7 6.2 7.4.2
102-15	Key impacts, risks and opportunities	10-11, 41-42, 110-113			
<b>Ethics and integrity</b>					
102-16	Values, standards, principles and norms	13-14, 40-41, 104, 130, 132		SDG No 16.	4.4 6.6.3
<b>Governance</b>					
102-18	Governance structure	13-19, 104			
102-20	Executive-level responsibility for economic, environmental, and social topics	15-16, 19, 104			
102-26	Role of highest governance body in setting purpose, values, and strategy	13-19, 104			
102-32	Highest governance body's role in sustainability reporting	104			6.2 7.4.3 7.7.5
102-35	Remuneration policies	15, 70-71, 77, 80, GRI-index	a. iv - clawbacks N/A. a. v - same retirement scheme for all employees, including Group Management (GM). b. due to Covid 19, senior executives' bonuses were related to pandemic crisis management, Turek post-fire reconstruction + financial figures (for 2021, bonuses for several GM members are related to ESG performance)		

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
Stakeholder Engagement					
102-40	List of stakeholder groups	97-99			
102-41	Collective bargaining agreements	GRI-index	In the Netherlands and Switzerland, all employees fall under a furniture association collective agreement as a basis for the salary adjust process. In Norway 49% and in Sweden 32% are covered by bargaining agreements leading to the same percentage adjustment. This percentage is also used as basis for adjustment for all employees	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			
Reporting Practice					
102-45	Entities included in the consolidated financial statements	7, 47-48, 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 due to new data available: amount of recycled plastics used in our products for 2019, amount packaging used in 2019, and carbon emissions in 2019. Rate of work-related injuries: Compared with 2019, the figures are corrected in accordance with the GRI Standards definitions of recordable work-related injuries		
102-49	Changes in reporting	96			
102-50	Reporting period	GRI-index	2020		7.5.3 7.6.2
102-51	Date of previous report	GRI-index	2019		
102-52	Reporting cycle	GRI-index	Annual		
102-53	Contact point	147			
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	142, GRI-index			
102-56	External assurance	142, GRI-index	The report has not been independently verified. However, for GRI 2019 The Governance Group (TGG) performed an independant gap analysis towards GRI Standards to ensure compliance, also valid for this year's report		
MANAGEMENT APPROACH (DMA)					
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			
MATERIAL TOPICS					
Economic Performance & Climate Risk					
DMA		13-15, 104, 108			
201-1	Direct economic value generated and distributed	13, 39, 44, 46, 68-70, GRI-index	i. Payment costs by country 2020 [MNOK] - <b>Total: 58,6.</b> Norway: 1,1 / Sweden: 13,2 / Denmark: 3,8 / The Netherlands: 2,9 / Belgium: 1,9 / Germany: 6,2 / UK: 4,3 / France: (0,5) / Switzerland: (2,3) / Singapore: 0,2 / China: 1,3 / USA: (3,2) / Australia: 0,4 / Poland: 29,3 / Latvia 0,6 / Czech republic (0,1) / Canada (0,5)	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	110-113		SDG No 13.	6.5.5

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
Procurement Practices					
DMA		104, 128-129			
204-1	Proportion of spending on local suppliers	128		SDG No 8. SDG No 12.	6.6.6 6.8.1-6.8.2 6.8.7
Anti-corruption					
DMA		104, 132			
205-2	Communication and training about anti-corruption policies and procedures	129, 132			
205-3	Confirmed incidents of corruption and actions taken	GRI-index	a. No incidents of corruption have been registered in 2020 b. No confirmed incidents in which employees were dismissed or disciplined for corruption in 2020 c. No confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption in 2020 d. No public legal cases regarding corruption brought against our company or our employees in 2020	SDG No 16.	6.6.1-6.6.3 6.6.6
Materials					
DMA		100, 103-104, 118			
301-1	Materials used by weight or volume	120		SDG No 12. SDG No 15.	6.5.4
301-2	Recycled input materials used	122-123			
Chemicals					
DMA		100, 103-104, 129, 137			
Energy					
DMA		100, 103-104, 114			
302-1	Energy consumption within the organization	114-117, GRI-index	No heating and cooling consumed. No energy produced and sold from our premises. Source of emission factor: <b>Scope 1</b> - DEFRA 2020, Norwegian Environmental Agency (NO), Drivmedel 2019, Statens energimyndighet 2020, Reduktionsplikt for bensin och diesel (SE) <b>Scope 2</b> - DEFRA 2020, Danske Fjernvarme 2019 (DK), Lokala miljovarden 2019, www.energiforetagen.se (SE), International Energy Agency statistics 2020, European Residual Mixes 2019 (released in 2020) <b>Scope 3</b> - DEFRA 2020	SDG No 12. SDG No 13.	6.5.4-6.5.5
302-3	Energy intensity	114-115, 117, 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	114-115, 117, GRI-index	We use CEMAsys to gather and calculate the data. Energy reduction figures are based on absolute numbers as available		
Emissions					
DMA		100, 103-104, 114			
305-1	Direct (Scope 1) GHG emissions	114-117, 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	114-117, 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	114-117, 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		
305-4	GHG emissions intensity	114-117, 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	SDG No 12, SDG No 13.	6.5.5
305-5	Reduction of GHG emissions	114-117, 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	124		SDG No 12.	
306-3	Significant spills	GRI-index	There has been no leakages to the environment in 2020	SDG No 14, SDG No 15.	6.5.3-6.5.4
<b>Environmental Compliance</b>					
DMA		11, 96, 104, 112-113, 134-135			
307-1	Non-compliance with environmental laws and regulations	GRI-index	Two minor deviations at Røros related to work that could not be performed due to temporary layoffs during 2020. Internal NCRs registered - TQM id 5896 (Regulations on the performance of work §3-1. Risk assessment of health hazards when using and handling chemicals) & TQM id 5897 (AML § 3-1 Requirements for systematic health, safety and environmental work). Both cases approved with actions and closed	SDG No 16.	4.6
<b>Supplier Environmental Assessment</b>					
DMA		104, 128-129			
308-1	New suppliers that were screened using environmental criteria	128-129		SDG No 12.	6.3.5, 6.6.6, 7.3.1
308-2	Negative environmental impacts in the supply chain and actions taken	129			
<b>Occupational Health and Safety</b>					
DMA		104, 134-137			
403-1	Occupational health and safety management system	134			
403-2	Hazard identification, risk assessment, and incident investigation	134-137			
403-3	Occupational health services	137			
403-4	Worker participation, consultation, and communication on occupational health and safety	134-137			
403-5	Worker training on occupational health and safety	134-137			
403-6	Promotion of worker health	137			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	137			

Disclosure number	Disclosure title	Page	Direct answer to aspects / Notes	UN SDGs	ISO 26000
403-9	Work-related injuries	135, GRI-index	f. Injuries are registered for all full time / part time workers and temporary workers, both employees and non-employees. However, working hours for hired personnel (non-employees) are not included, since we don't have any method for registering this yet. g. Number of working hours is given by working hour registration system related to salary. All kind of work related Occupational and health incidents are registered and defined into different categories during investigation. The data have been compiled based on the formula: Rate of high-consequence work-related injuries excl fatalities = (Number of high-consequence work-related injury excl fatalities / Number of hours worked) x 1,000,000	SDG No 3, SDG No 8.	6.4.6, 6.8.8
<b>Supplier Social Assessment</b>					
DMA		104, 128-129			
414-1	New suppliers that were screened using social criteria	128-129		SDG No 8, SDG No 16.	6.3.3-6.3.5, 6.6.1-6.6.2, 6.6.6, 6.8.1-6.8.2, 7.3.1
414-2	Negative social impacts in the supply chain and actions taken	129			
<b>Customer Health and Safety</b>					
416-1	Assessment of the health and safety impacts of product and service categories	138		SDG No 3.	6.7.1-6.7.2, 6.7.4-6.7.5, 6.8.8
<b>Socioeconomic Compliance</b>					
419-1	Non-compliance with laws and/or regulations in the social and economic area	GRI-index	No cases registered in 2020	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:



Atle Thiis-Messel  
VP Sustainability  
atle.messel@flokkm.com



Laura Fouilland  
Sustainability Advisor  
laura.fouilland@flokkm.com