

## Annual Sustainability Report 2023

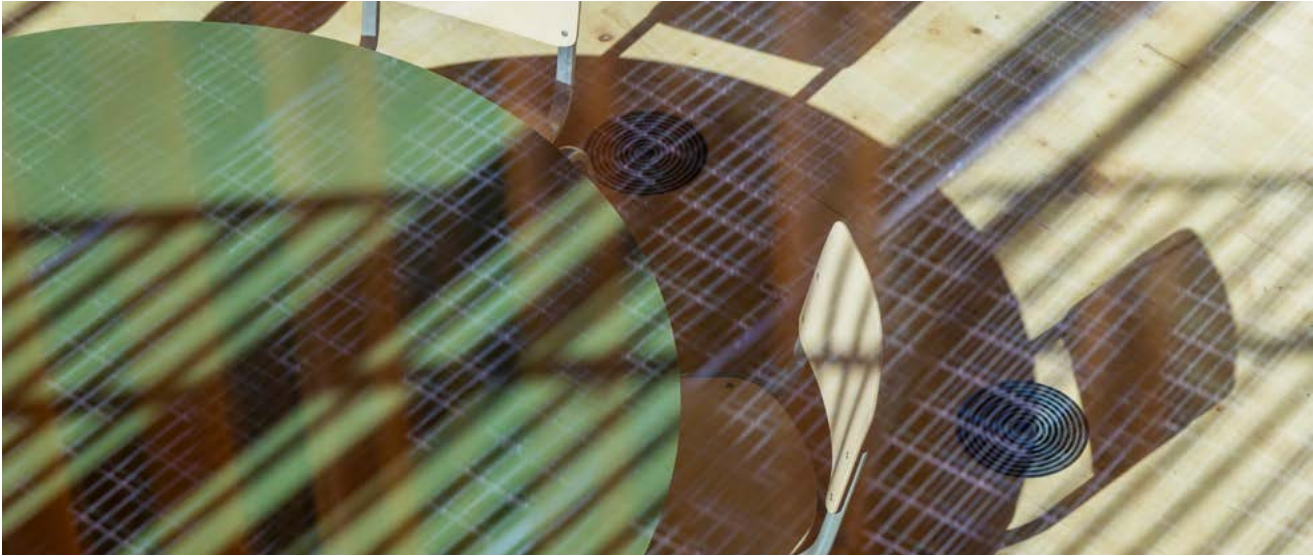


This sustainability report is originally a part of Flokk's annual report. The GRI index at the end of the document refers to pages in the full annual report as well as this sustainability report. The page numbering mirrors the original document.

# Corporate Sustainability Report 2023

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## Sustainability – An Integral Part Of Our Company

In the face of global challenges, it is our responsibility as a leading company to incorporate environmentally and socially conscious initiatives that go beyond mere compliance. Flokk is more than a provider of exceptional seating solutions; we are advocates for positive change through our value chain.

In the year 2023, we have continued to weave the principles of environmental, social, and economic viability into the fabric of our operations. Our commitment remains steadfast, driving us to develop seating solutions that not only meet the highest standards of quality, comfort, and performance but also contribute significantly to reducing carbon footprints for our customers.

Our Principles for Sustainable Design guide us in minimizing our environmental impact and contributing to the circular economy as we develop new products. In the past year, Flokk's GRI scope production sites successfully crafted over one million new products. We acknowledge the significant demand for raw materials in our industry, and we are conscious of the profound impact our choices make on resource efficiency, waste generation, and product chemical content. We consistently strive to minimize our climate impact by actively working on improvements within the framework of ISO 50001 and ISO 14001. In addition, we have set clear ambitions and environmental target for the Group.

In 2023, our carbon emissions per unit increased by 14% since 2022, even with a high share of 93% renewable electricity. This is due, among other things, to a 15% reduction in produced units combined with increased gas consumption in Poland. We see a positive trend with the revised long-term target to reach an average of 40% recycled materials in the products that make up 80% of turnover by 2030.

Our commitment to sustainability is not just about the environment; it extends to our people. Flokk is recognised for fostering an inclusive, sound, and safe working environment for all employees. Upholding high ethical standards, our behavioural policies guide our expectations towards all

employees. We understand that knowledge is a catalyst for responsible and informed decision-making. Consequentially, building a positive culture and our process related to policy training assure that each individual within our organisation is equipped to uphold our shared values and contribute to the holistic success of Flokk. During 2023, we have had a special attention on training our employees in Code of Conduct, Diversity, Equity and Inclusion in addition to policies related to Sanctions, Anti-Money Laundry and Anti-Bribery and Anti-Corruption.

We understand that our decisions and actions extend beyond our immediate operations, influencing communities, ecosystems, and industries. As a result, we are committed to ensuring that every facet of our supply chain aligns with our focus on sustainability, integrity, and social responsibility. When engaging with suppliers, we select those who share our environmental and social values. During 2023, control over our supply chain remained a high focus, especially in the wake of the challenges posed by the pandemic. Recognizing the vulnerabilities associated with remote suppliers and lengthy supply chains, we initiated strategic reshoring projects in 2022 with continued efforts during 2023 to minimize risk related to having suppliers in far-away markets.

Lars I. Røiri  
Chief Executive Officer



Sustainability Strategy

We have stayed true to our dedication to sustainability, viewing it as an inherent responsibility and a cornerstone of our business approach. Our engagement in sustainability predates its widespread adoption, reflecting our commitment to a holistic and purposeful strategy that includes every facet of our operation. We strive to create a lasting impact that extends beyond furniture, fostering a healthier, more sustainable future for all our stakeholders.

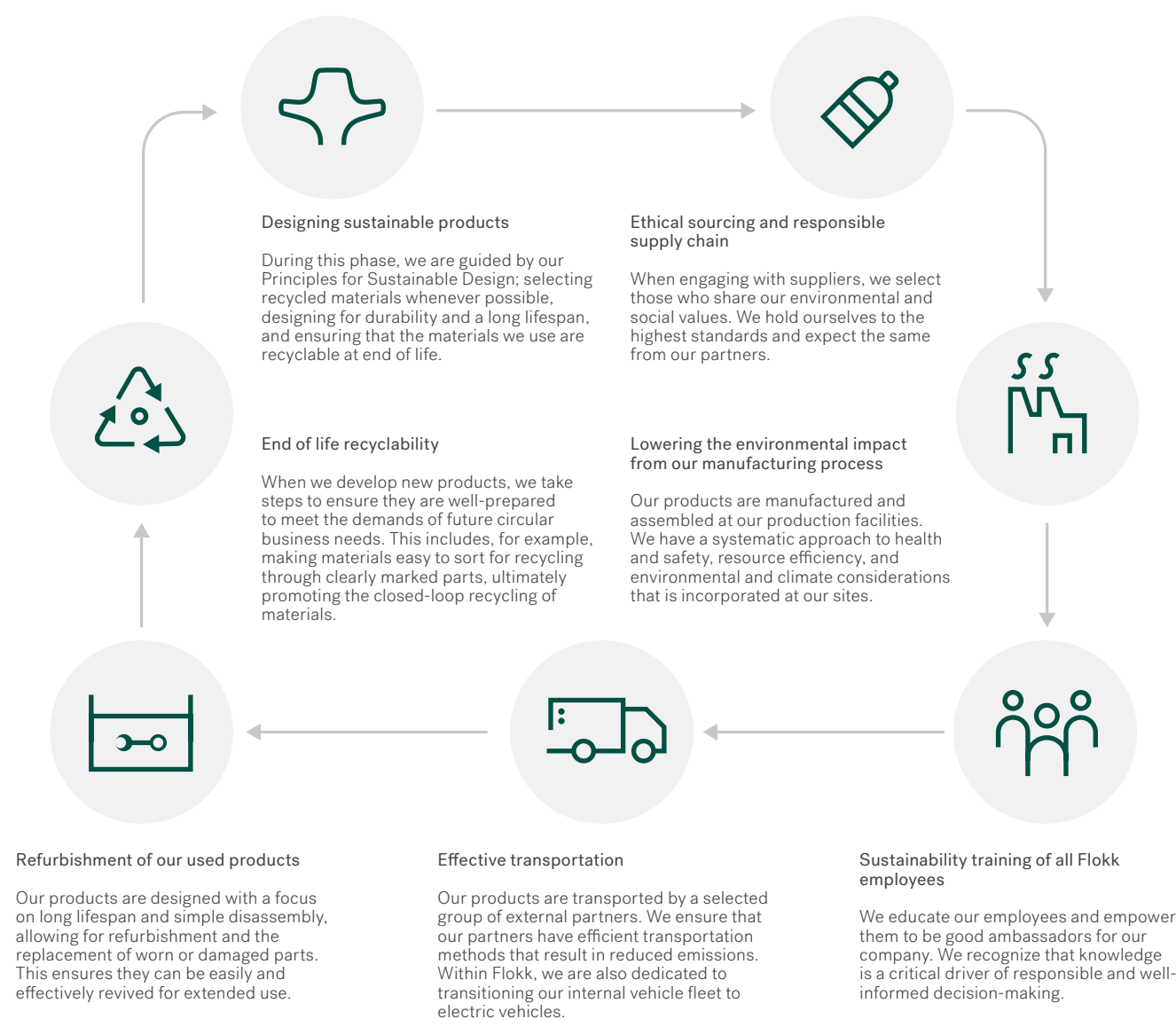
Our core corporate values are:

HUMAN-CENTRED  
SUSTAINABLE  
INNOVATIVE

Sustainability isn't just an obligation—it's an accelerator for growth. Consequentially, we have aligned our actions with

our values and our sustainability strategy. Our sustainability strategy captures the facets of our value chain, spanning from product conception to end-of-life considerations. As a vast majority of our value chain is managed in-house, we maintain exceptional control, enabling us to directly influence and adapt the process as needed.

Sustainability implemented in all aspects of our value chain








FLOKK SUSTAINABILITY STRATEGY AND GOALS ARE CENTRED AROUND THE THREE PILLARS OF ESG; ENVIRONMENT, SOCIAL AND GOVERNANCE

At Flokk, we are committed to a future where business success and environmental- and social responsibility coexist harmoniously as we view sustainability as a driving force for our growth. We have implemented a comprehensive ESG framework to assess and enhance our performance in key areas. It serves as a strategic tool to systematically evaluate and manage our impact on the environment, society, and governance structures.

At the heart of Flokk's ESG strategy are our Key Performance Indicators (KPIs) that provide a quantifiable and measurable means to track progress and success in achieving our sustainability goals. These KPIs span a wide range of criteria, reflecting Flokk's dedication to creating long-term value for our stakeholders while minimizing negative externalities. By aligning our business practices with these KPIs, we aim not only to meet regulatory requirements but also to drive positive change and contribute to a more sustainable and equitable future.

In our strategic priorities, we focus on the following five areas:

1. Environmental protection
2. Contribute to a circular economy
3. Responsible supply chain and ethical sourcing
4. Care for people and communities
5. Corporate and sustainability governance

Focus area	Measured through	Results				Status	Target 2030	
		2020	2021	2022	2023			
 ENVIRONMENT	ENVIRONMENTAL PROTECTION							
	Greenhouse gas emissions	CO <sub>2</sub> e emissions per unit [kgCO <sub>2</sub> e/unit]	3.56	3.27	4.09	4.65	●	2.14 (50% vs 2015)
	Renewable energy	Share of renewable electricity [%]	92.0%	86.0%	91.2%	92.9%	●	100% by 2030
	Waste management	Total waste material recycled ratio [%]	71.3%	70.1%	70.0%	72.5%	●	85% by 2030
	Chemicals	Share of EPD products with GREENGUARD Gold [%]	84.6%	45.2%	n.a.	82.4%	●	100% by 2030
		Share of Standard Non-specialised fabrics certified/ compliant with EU Ecolabel [%]	50%*	42%*	42%*	69.0%	●	100% by 2030
	*) share of Standard fabrics							
 CONtribute to a circular economy	CONTRIBUTE TO A CIRCULAR ECONOMY							
	Designing sustainable products	Share of recycled materials in main products (from 2024: main products sold by 80% revenue)	n.a.	n.a.	n.a.	28.4%*	●	40% by 2030
	*) coverage: 30% of products from Rørøs, Nässjö, Turek with EPD							
	Recycled & recyclable materials, including packaging	Amount of recycled plastics used in our products [tonnes]	770	1 328	1 262	1 027**	●	1500 by 2025
**) coverage: 84% of plastic articles from Rørøs, Nässjö, Turek								
 SOCIAL	RESPONSIBLE SUPPLY CHAIN AND ETHICAL SOURCING							
	Promoting decent working conditions in our supply chain	Signed CoC for Business Partners [% of APV]	67%	43%	86%	97%	●	95%
	No human right violations in our supply chain	Number of detected violations through supplier appraisal and HRDD process	0	0	0	0	●	0
	CARE FOR PEOPLE & COMMUNITIES							
	Creating a great place to work and thrive	Working environment score from Engagement @Flokk	n.a.	6.8	n.a.	7.2	●	8.0
 CORPORATE GOVERNANCE	Safe and healthy workplace	# of fatalities	0	0	0	0	●	0
		# of high consequence injuries	0	0	0	0	●	0
	One diverse, equitable and inclusive Flokk	Working environment score from Engagement @Flokk	n.a.	n.a.	n.a.	8.0	●	8.0
	CORPORATE GOVERNANCE							
	Responsible business partner	Reported incidents of corruption (#)	0	0	0	0	●	0
	Risk assessment	# of material risk items reported to BoD	n.a.	n.a.	0	0	●	0
	Cybersecurity	Information security breaches with material impact (#)	0	0	0	0	●	0

# Sustainability Goals 2030

Our commitment to sustainability is at the core of our identity, shaping our purpose, actions, and aspirations. As we navigate an era defined by environmental challenges and global responsibilities, our Sustainability Goals serve as a beacon towards a more sustainable and prosperous world.

Flokk's Sustainability Goals encompass a comprehensive vision that extends across our entire value chain. From the inception of our products to their end-of-life considerations, we are dedicated to minimising our environmental impact, promoting social responsibility, and driving positive change for our stakeholders. This journey is marked by accountability, transparency, and a commitment to compliance with international standards and

## ENVIRONMENT

Our environmental targets towards 2030 are as a minimum in line with the 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 plus (+).

In 2023, we assessed the status and performance of our 2030 environmental targets that we set in 2019 against the increased scope we now face due to the growth of our organisation. We have carefully revised them to be more realistic to achieve, yet

regulations. We actively monitor and report on our progress through our internal sustainability management systems, holding ourselves to the highest standards, such as the OECD guidelines for multinational corporations and the UN's Global Compact.

As we set our sights on the horizon, our strategic goals and targets remain firmly focused on 2030, ensuring our alignment with global sustainability initiatives, including the EU European Green Deal, the UN Sustainable Development Group, the EU Taxonomy, the Transparency Act, and the UN Convention on Climate Change. These goals build upon our experiences and insights gained from working on long-term sustainability objectives since 2010.

ambitious. We have adjusted either target figures or years to take into account all recent and upcoming acquisitions.

Our targets reflect the current scope. Changes in scope due to acquisitions or otherwise can lead to changes in our long-term goals. Any additions to the current scope will be measured on the same baseline as the rest of Flokk. Flokk is indirectly responsible for impacts from Scope 3, as these can be affected by unforeseen circumstances such as geopolitical and/or financial instability.



**CLIMATE TARGETS – GHG (CO<sub>2</sub>e) EMISSIONS AND ENERGY**  
= Reduce CO<sub>2</sub>e emissions per produced unit by 50% by 2030 vs 2015 [kgCO<sub>2</sub>e/unit] - (Scope 1,2,3)\*  
= Reduce CO<sub>2</sub>e emissions per revenue by 50% by 2030 vs 2015 [tCO<sub>2</sub>e/MNOK] - (Scope 1,2,3)  
+ 100% renewable electricity at our premises by 2030 - (Scope 2)

- Flokk's contribution to:
- UN Sustainable Development Goals 7 and 13
  - The EU's 1.5-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
  - Transition to a green car fleet
  - Reduce air and road travel
  - Improve our packaging design, logistics and goods transportation
  - Continue and identify new energy efficiency efforts at all sites
  - Purchase renewable electricity certificates at all sites, or invest in on-site renewable generation
  - Lower the impact from our Supply chain

\* GHG Scope 1 – Direct emissions (e.g., fuel for heating and sales/service cars)  
GHG Scope 2 – Indirect emissions (e.g., purchased electricity) – Market based  
GHG Scope 3 – Other indirect emissions (e.g., waste, transport, business travel)



**RESOURCES & CIRCULAR ECONOMY – MATERIALS AND WASTE**  
+ Increase share of recycled materials in main products to an average of 40% by 2030 (80% revenue)  
+ 30% recycled & recyclable plastic packaging by 2030 (by 2025 for markets with compliance)  
= 100% FSC® Certified Wood / All Factories FSC® Chain of Custody Certified by 2030  
+ 85% of our waste will be material recycled by 2030

- Flokk's contribution to:
- UN Sustainable Development Goals 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 into portfolio and new projects
  - 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
  - Establish systems for product traceability
  - Establishing external partners for take-back & refurbishment on a global scale



**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 products with EPD must be certified with GREENGUARD Gold by 2030  
+ 90% of main suppliers must sign Flokk's Environmental Requirements by 2025  
= 100% of all Standard Non-specialised fabrics must be certified/compliant with EU Ecolabel by 2030

- Flokk's contribution to:
- UN Sustainable Development Goal 3

- Selection of decided measures to reach our long-term goals:
- Update our purchasing criteria to mirror EU Ecolabel and roll-out to suppliers
  - Increase our chemical control at suppliers
  - Improve follow up of our supply chain



# Sustainability Goals 2030

## CARE FOR PEOPLE & COMMUNITIES

Guided by our vision “Inspire Great Work”, Flokk foster a culture of diversity and inclusion, where individuals from different backgrounds and perspectives are welcomed and valued. We are committed to providing opportunities for personal growth without bias, empowering each individual to reach their full potential.

We acknowledge that our decisions and actions reach far beyond our immediate operations, affecting communities, ecosystems, and industries. Rooted in our core sustainability strategy, we strive to be a responsible and social contributor by safeguarding people's rights, health, and well-being throughout our value chain.



### SOCIAL HUMAN RIGHTS

- 100% of all employees having signed Flokk’s Code of Conduct, in addition to management training and e-learning courses for office employees in Flokk Shanghai, Flokk Furniture, Connection and 9to5 Seating by 2025
- 100% of all suppliers of direct material to Røros, Nässjö, Turek, 9to5 Seating, Connection and Flokk Furniture having signed the Code of Conduct for Business Partners by 2030



Flokk’s contribution to:

- UN Sustainable Development Goals 3 and 8

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

- Ensure highly ethical business conduct by all Flokk employees and Flokk Supply Chain by adhering to the provisions of the ILO and UN Global Compact
- Yearly review and follow up risk in the supply chain through supplier appraisal and supplier risk assessment



### ETHICS AND WORK ENVIRONMENT

- Develop a communication channel in accordance with the Transparency act for external parties
- Facilitate sharing of best practices and experiences from Flokk entities in local communities, and promote selected activities to build communication around (internally/ externally)
- Continue the sequence of Engagement@Flokk every other year and safeguard the agreed activity plans and improve the overall Flokk ENPS score
- Zero fatalities and Zero high-consequence injuries
- Conduct risk review of all our production sites in accordance with our HSE policy
- Secure and maintain focus on employee's work-life balance

Flokk’s contribution to:

- UN Sustainable Development Goal 3

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

- Safeguard that any work-related misconduct or other wrongdoing is reported, and that employees and external parties have a confidential channel to raise concerns for review and investigation
- Continuing building a strong and sound company culture and foster company pride to leverage, support and promote Flokk’s ESG related initiatives
- Address feedback from Engagement@Flokk for continuous improvements related to working environment, leadership and Diversity, Equity and Inclusion activities
- Continue striving for an even further safe and healthy physical working environment



### DIVERSITY, EQUITY AND INCLUSION

- Secure DEI awareness training for all employees, also as part of Flokk’s Onboarding process. 100% completion rate by 2025
- At least one female candidate in the last phase of recruitments for leadership positions by 2025
- Minimum payment of maternity leaves in all parts of Flokk's organisation
- Paid co-partner leave of 10 business days post-partum
- A female population of 45%, and female leaders representing 40% of all leaders of Office employees by 2025
- Close possible gaps in wage differences for same role and position in all parts of Flokk



Flokk’s contribution to:

- UN Sustainable Development Goals 5 and 8

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

- Track and transparently on organisational KPI’s, and communicate actions to improve address the findings
- Establishment of Flokk DEI task-force corporate agenda

## CORPORATE AND SUSTAINABILITY GOVERNANCE

At Flokk, we prioritize ethical and responsible business practices across all areas and functions of the Group. We proactively integrate sustainability into our operations and openly report our progress in our annual sustainability report.

detailed in our Code of Conduct for Employees and Business Partners, mandate adherence to human rights and sustainable business practices. These principles are integral to all our agreements.

We are committed to upholding human rights for our employees and in our supply chain in alignment with ILO and UN Global Compact principles. We operate by a strong code of ethics and values, rejecting corruption and human rights violations. Our well-established human rights policy and ethical guidelines,

For us, governance isn't just a protocol; it's the cornerstone of our decision-making and responsibility. Our governance approach reflects our dedication to ethical, value-driven operations that build trust and positively impact the world.



### ESG GOVERNANCE MODEL

- Review ESG initiatives and report progress to Flokk Group Management
- Ensure ESG continues to be a separate agenda point at all Group Board meetings
- Yearly review of Group policies with approval from Board of Directors
- Ensure 100% completion on employee policy training program on key policies (Code of Conduct for Employees, HSE policy, Anti Bribery and Corruption, Anti-Money Laundry, Delegation of Authority, Information Security, Sanction policy, Diversity, Equity and Inclusion policy)
- Improve data quality and accessibility for sustainability reporting
- Ensure compliance with relevant reporting initiatives and frameworks
- No significant/ material business impact caused by cyber attacks

Flokk’s contribution to:

- UN Sustainable Development Goal 8

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

- Define roles, responsibility, key personnel and processes in ESG Governance Framework to ensure execution, follow up and reporting of ESG strategy
- Ensure compliance and proactively monitor and adapt to regulatory changes related to ESG/ sustainability reporting and unexpected events
- Safeguard the Flokk way of working by integrating new subsidiaries in accordance with Governing subsidiary policy



### COMPETENCE – COMMUNICATION

- Achieve our long-term goals through professional and multi-stakeholder partnerships and initiatives
- Our employees should be good 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 17

Selection of identified measures and initiatives to reach our long-term goals:

- Continue lifting both our internal & external communication
- Continue lifting the competence on sustainability new ways; sharing forums, e-Learning System



# Environmental Protection

Flokk has 40 years of history with a structured focus on the environment, which enables us to pave the way for the development of sustainable furniture. In 1990, we were early adopters and employed a full-time environmental manager - long before customers and the general public showed interest in the environmental performance of companies and products. Key to our environmental aspirations is to:  
Reduce climate impacts from our operations

## THE ENVIRONMENT – BACKGROUND

In 1993, we established our three environmental focus areas – Climate, Resources and Health. Flokk has several milestones as sustainability pioneers; we were among the first office chair manufacturers in Europe to be ISO 14001 certified and to declare products with EPDs – Environmental Product Declarations. We are constantly raising the bar

when it comes to our environmental ambitions. As the market leaders for office seating in Europe, we now see the opportunity to use the power of size to scale our ongoing efforts to further reduce our impact and thus make a significant difference.

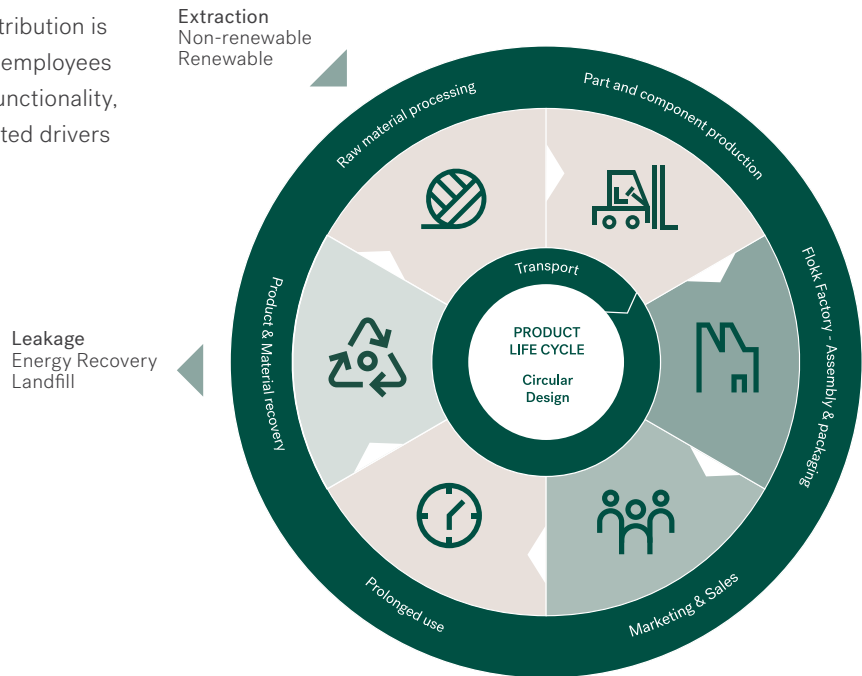
## THE ENTIRE LIFE CYCLE COUNTS

More than 90% of the total environmental impact of our products is generated before parts and components even arrive at our factories. Effectively, the impact is down to material choice and consumption, as well as the production processes. This is all decided during the design processes, we pay particular attention in these earliest phases in the product life cycle. The decisions are followed through by our procurement of raw materials and components.

for long service life. Offering good customer service and spare parts for repair, and having designed the products for disassembly and recovery of the resources at the end of the lifecycle closes it responsibly off.

One way or the other, the environmental impact is linked to all people and entities involved, through all stages of the lifecycle. We consider them all.

The remaining phases also receive high priority. Final assembly and our downstream value chain such as packaging, waste handling, logistics, sales & distribution is important, as this is where we have exposure to employees in operations. Ensuring products feature great functionality, lasting aesthetics and age with dignity, are targeted drivers



### Climate

Reduced carbon footprint and energy consumption



### Resources

Reduced use of materials and minimised waste



### Health

Reduced chemical use and no hazardous substances

## REDUCING THE CLIMATE IMPACT FROM OUR OPERATIONS

**ENVIRONMENT AND ENERGY MANAGEMENT SYSTEMS**  
Flokk is ISO 14001:2015 certified and two production sites are ISO 50001:2018 certified. The production unit in US is ANSI/BIFMA e3 Furniture Sustainability Standard certified, and the production unit in UK is FISP certified (Furniture Industry Sustainability Programme). Flokk complies with EU's EED – Energy Efficiency Directive.

The environmental and energy goals for 2023 were based on aspect analyses of the factories at Røros, Nässjö, Turek and Mirfield, as well as the head office in Oslo.

Flokk's Environmental & Energy Policy, signed by our CEO, states our commitment to work continuously to minimise our environmental impact. Every year, Flokk defines significant environmental and energy aspects for the Group's ISO scope through annual reviews of operational factors that can potentially affect the external environment. Annual goals support the long-term environmental goals and are aligned with the respective ISO sites. The process is carried out in close cooperation with local managers and employees, with quarterly status followed up by Flokk Group Management





CLIMATE – GHG (CO<sub>2</sub>e) EMISSIONS AND ENERGY

Flokk’s pursuit of improving energy efficiency and reducing our carbon footprint in 2023 was characterised by continuing to gather a more intensive overview of our GHG emissions, by refining data quality for the past years and retrospectively adding data for 2022, due to the acquisitions of 9to5 (Hawthorne) and Connection (Mirfield).

The year 2015 marks the baseline year for our GHG and energy indicators, as from that year onwards we systemised our data collection. We steadily increase the quality and coverage of our data, making our performance claims more reliable and transparent as our footprint expands.

The retrospective addition of data for 2022 for our Mirfield factory affected most of our KPIs and previously reported 2022 climate results. For instance, there was a notable increase in waste emissions at Mirfield in 2022, due to large volumes of landfilled waste associated with moving from old to new factory.

The addition of data for Mirfield and new implemented gas-powered processes at Turek in 2023 had similar negative impact on our KPIs and 2023 results against the goals. Due to a 15% reduction in produced units vs 2022, our intensity metrics per unit still continue to deteriorate. A positive trend is still visible in our intensity metrics per revenue and our share of renewable electricity in our premises. Our share of renewable energy decreased slightly by 2.6%. Our share of

fossil fuels for heating and processes increased by 18.6%, which indicates a need for follow-up of identified measures. The interim goals for 2024 are adjusted accordingly and with regard to the revised long-term targets.

Total tCO <sub>2</sub> e	Units produced	kg CO <sub>2</sub> e/unit	tCO <sub>2</sub> e/MNOK revenue	kWh/unit	MWh/MNOK revenue
4 994	1 072 920	4.7	1.3	19.4	5.4
- 3% since 2022 + 153% since 2015	- 15% since 2022 + 132% since 2015	+ 14% since 2022 + 9% since 2015	- 6% since 2022 - 22% since 2015	+ 23% since 2022 - 21% since 2015	+ 2% since 2022 - 44% since 2015

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

Flokk uses operational control as consolidation approach for emissions. Gases included in the calculations are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFCs and PFCs. The sources of the emission factors for 2023 are as follows - Scope 1: GHG, EPA, Defra / Scope 2: IEA, EPA, Defra, Fjärrvärmens lokala miljövärden 2021 for marked-based district heating emissions in Sweden / Scope 3: GHG, EPA, Defra.

GHG emissions intensity is drawn by including all relevant sources of GHG covered by Scope 1, 2 , and 3 within the organisation. Emission reduction figures are based on absolute numbers as available.

Flokk uses Greenstone+, a sustainability data management tool, to gather and calculate data. Flokk focuses on gathering actual data, and uses assumptions/estimates (e.g., electricity consumption for a showroom) only if actual data is not obtainable. Conversion factors are provided by Greenstone+, based on Defra.

Energy intensity is drawn by including all relevant energy sources covered by Scope 1 and 2 within the organisation. Energy reduction figures are based on absolute numbers as available.

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

Long-term goals:

- Reduce CO<sub>2</sub>e emissions per unit and per revenue by 50% by 2030 (vs 2015)
- 100% renewable electricity at our premises by 2030

Measures / KPIs:

- Reduce Energy consumption per unit and per revenue by 40% by 2030 (vs 2015)
- 50% renewable energy by 2030
- 20% fossil fuels for heating & processes by 2025

KPI	Goal 2024	Goal 2023	Results			
			2023		2022	2021
CO <sub>2</sub> e emissions per unit [kgCO <sub>2</sub> e/unit] - (Scope 1,2,3)   2.14 by 2030	4.29	3.97	4.65 (+13.7%)	●	4.09 (+25.0%)	3.27
CO <sub>2</sub> e emissions per revenue [tCO <sub>2</sub> e/MNOK] - (Scope 1,2,3)   0.84 by 2030	1.24	1.32	1.30 (-6.2%)	●	1.38 (-0.7%)	1.39
Energy consumption per unit [kWh/unit] - (Scope 1,2)   40% by 2030	18.71	15.68	19.37 (+22.6%)	●	15.80 (+14.3%)	13.83
Energy consumption per revenue [MWh/MNOK] - (Scope 1,2)   40% by 2030	5.18	5.0	5.43 (+1.7%)	●	5.34 (-9.3%)	5.89
Share of renewable electricity (Scope 2)   100% by 2030	94%	96%	92.9% (+1.8%)	●	91.2% (+6.1%)	86.0%
Share of renewable energy vs total consumption - (Scope 1,2)   50% by 2030	46%	51%	45.3% (-2.6%)	●	46.5% (-3.0%)	47.9%
Share of Fossil fuels for heating and processes [MWh] - (Scope 1)   20% by 2025	24.4%	22.8%	28.7% (+18.6%)	●	24.2% (+29.5%)	18.7%

Measures & Results 2023	Status	Measures 2024
Set up local energy team / define energy management responsibilities at Turek <b>Result: No team appointed yet, however clear responsibilities on site</b>	➡	Investigate further need for energy team / integrate ISO 50001 at Turek
Integrate Energy management system effective personnel training into elearning platform <b>Result - Training course integrated, completion rate 100%</b>	✓	
Search for energy saving potentials, savings in heating/ventilation systems incl heat recovery <b>Result - Turek: Reduce external sources consumption (solar panels) / smart control with BMS (Building Management System) / reduce compressed air consumption / heat recovery in old building</b> <b>Result - Rørøs: Sectioning of measurement electric consumption done (powder coating, air compressors, water cleansing) / upgrade of fluorescent lighting to LED / store excessive heat in hot water tanks</b> <b>Result - Nässjö: Roof insulation / capture excess heat from compressed air / change to LEDs</b> <b>Result - Hawthorne: Expand solar power + ensure efficiency</b> <b>Result - Mirfield: Perform external Energy Audit</b>	➡ ✓	Create added value business cases on prioritised energy saving potentials. Continue search for energy saving potentials
Measuring with focus on data processing and installation of energy meters where possible <b>Result - Rørøs: Increased metering + data collection/processing (e.g. Power BI)</b> <b>Result - Turek: Potential if introducing smart control with BMS (Building Management System)</b> <b>Result - Mirfield: Identify potential through external Energy Audit</b>	➡ ✓	Continue / implement measuring with focus on data processing at all factories and installation of energy meters where possible
Investigate installation of solar panels + business case study <b>Result - Rørøs: Already installed</b> <b>Result - Turek: Investigation ongoing</b> <b>Result - Hawthorne: Already installed</b>	➡ ✓	Continue investigate installation of solar panels + business case study Investigate expansion & ensure efficiency on current installations

21% LOWER ENERGY CONSUMPTION PER UNIT vs 2015

While units produced have increased by 153% since 2015, the energy consumed per produced unit is now only 21% lower since 2015 (36% lower in 2022). We see an increase of 23% since 2022, mainly a result of 15% fewer produced units compared to 2022 and the implementation of new gas-powered processes at Turek.





GHG (CO<sub>2</sub>E) EMISSIONS

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

	2015	2021	2022	2023
<b>Scope 1 - Direct emissions</b>	<b>796</b>	<b>1 616</b>	<b>1 886</b>	<b>2 067</b>
Fuel for heating and processes (Burning oil, Natural gas, LNG)	264	850	1 102	1 376
Fuel for sales and service travels	532	766	784	691
<b>Scope 2 - Indirect emissions</b>	<b>187</b>	<b>530</b>	<b>412</b>	<b>363</b>
District heating	25	121	119	138
Electricity	162	409	293	224
<b>Scope 3 - Other indirect emissions*</b>	<b>990</b>	<b>2 400</b>	<b>2 851</b>	<b>2 565</b>
Cat. 5: Waste generated in operations	9	125	177	110
Cat. 6: Business travel	265	130	304	266
Cat. 9: Downstream transportation and distribution	716	2 145	2 370	2 189
<b>Total [tCO<sub>2</sub>e]</b>	<b>1 973</b>	<b>4 547</b>	<b>5 149</b>	<b>4 994</b>
Change from year to year			13%	-3.0%

\* Not applicable for Flokk: Cat. 10: Processing of Sold Products, Cat. 13: Downstream Leased Assets, Cat. 14: Franchises and Cat. 15: Investments.  
For Cat. 11: Use of Sold Products, Flokk does not yet report this as the accounting of indirect use-phase emissions is optional, no direct use-phases emissions are associated to our products.

LOCATION-BASED EMISSIONS (SCOPE 2)

- In 2023, our Scope 2 location-based emissions amounted to 2 809 tCO<sub>2</sub>e (district heating: 280 tCO<sub>2</sub>e, electricity: 2 529 tCO<sub>2</sub>e).
- The lower market-based district heating emissions (-51%) are due to knowledge on emissions factors of the respective providers. The difference in electricity (-91%) shows the significance of our 100% renewable electricity target.

BIOGENIC EMISSIONS

Since 2019, our factory at Røros uses biodiesel instead of burning oil. While biodiesel emissions are accounted as 0 in Scope 1, the biogenic emissions are as follows: 2019: 5.5 tCO<sub>2</sub>e, 2020: 3.4 tCO<sub>2</sub>e, 2021: 23.0 tCO<sub>2</sub>e, 2022: 5.3 tCO<sub>2</sub>e, 2023: 5.0 tCO<sub>2</sub>e.

3.0% LOWER TOTAL CARBON EMISSIONS

Although we had significant increase in fuel for heating and processes (+25% vs 2022), our total emissions reduced by 3%. This is due to less emissions from activities associated with lower sales and produced units (-15% vs 2022), such as less sales and service travels (-12% vs 2022), less waste generated (-15% vs 2022) and less outbound transportation (-8% vs 2022).

10% INCREASE IN SCOPE 1 CO<sub>2</sub>e EMISSIONS

Scope 1 emissions have increased steadily since 2015, due to the acquisitions of Mirfield and Turek relying on gas-powered heating and processes. Fuel for heating and processes increased by 25% since 2022.

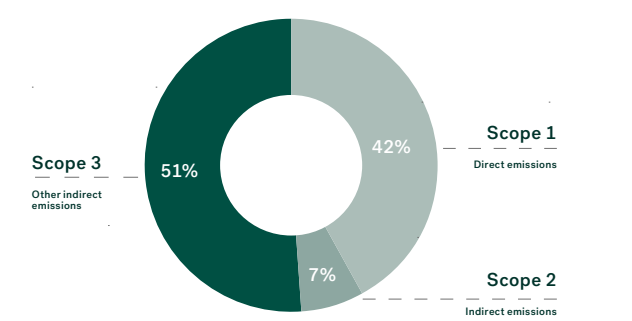
12% DECREASE IN SCOPE 2 CO<sub>2</sub>e EMISSIONS

Although the emissions of our district heating usage increased by 17% vs 2022, our Scope 2 emissions reduced by 12%. This is due to 24% reduction on our electricity emissions vs 2022, as a result from both less production activity plus purchasing green electricity in Mirfield.

59% OF FLOKK’S GHG EMISSIONS ARE INDIRECT EMISSIONS

- Flokk is continuously working on getting the complete overview on our GHG emissions. As a furniture company, our biggest impact lies in our Scope 3 emissions. Our Scope 3 emissions decreased by 10%, due to less indirect operations from lower sales, as described earlier.
- Including more Scope 3 categories will increase our carbon footprint. Cat. 5 (waste generated in operations) adds 110 tCO<sub>2</sub>e to our 2023 emissions, 2% of the total. We are continuously working on our waste management (as described in separate waste chapter).
- In 2023, our emissions from business travels decreased by 12%, and are now at the same level as 2015. There is still no clear trend following the lifting of last year’s travel restrictions, so Flokk can still use efforts to reduce emissions.

Flokk's GHG emissions in 2023, market-based



Greenhouse gas emissions are distributed on 3 areas – Scope 1,2,3 – set by the Greenhouse Gas Protocol. While having complete coverage for Scope 1 and Scope 2 (according to the Scope of the annual report), we just cover categories 5, 6, and 9 of Scope 3. We believe Scope 3 represents 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	2021	2022	2023 [MWh]	2023 [MJ]
<b>Fossil fuel sources:</b>	<b>3 500</b>	<b>6 652</b>	<b>7 953</b>	<b>8 771</b>	<b>31 576 515</b>
• Burning oil	333	772	0	0	0
• Natural gas	1 046	248	383	281	1 009 872
• LNG	0	2 566	4 423	5 688	20 478 355
• Propane	0	38	51	47	169 664
• Diesel	2 083	2 662	2 322	1 746	6 287 013
• Petrol	38	365	774	1 009	3 631 610
<b>Renewable fuel sources:</b>	<b>0</b>	<b>91</b>	<b>21</b>	<b>20</b>	<b>71 755</b>
• Biodiesel	0	91	21	20	71 755
<b>District heating</b>	<b>1 237</b>	<b>1 851</b>	<b>1 762</b>	<b>1 803</b>	<b>6 490 901</b>
<b>Electricity:</b>	<b>6 628</b>	<b>10 612</b>	<b>10 144</b>	<b>10 193</b>	<b>36 694 076</b>
• Electricity (Grid)	6 628	10 446	10 015	10 042	36 152 420
• Electricity (On-site production)	0	189	146	170	612 081
• Electricity (To grid)	0	-23	-17	-20	-70 425
<b>Total energy consumption [MWh]</b>	<b>11 366</b>	<b>19 205</b>	<b>19 880</b>	<b>20 787</b>	<b>74 833 247</b>
Change from year to year			3.5%	4.6%	

No cooling and steam consumed. No heating, cooling, and steam sold.

83% INCREASE IN ENERGY CONSUMPTION SINCE 2015

- This is due to our recent acquisitions and increased coverage for our sales offices and their activities world-wide (Flokk other), as seen in the graph below. Our well-established factories Røros and Nässjö both have a slight decrease in consumption vs 2022.
- Through efficiency gains we achieved a 21% reduction of our energy consumption per unit vs 2015, although we added Mirfield consumption and our number of produced units fell 15% vs 2022.
- 45% of all the energy used by Flokk comes from renewable sources. We aim to have 50% of all energy consumed coming from renewable sources by 2030.

151% INCREASE IN FOSSIL FUELS SINCE 2015

- The use of fossil fuels has increased significantly both due to adding Mirfield gas-powered heating and due to high LNG consumption at Turek, which has increased further following new investment in gas-powered power coating process.
- Flokk aims towards a share of 20% fossil fuels for heating and processes by 2030 (28.7% in 2023).
- Flokk is in a transition towards a green car fleet. In 2023, we reached approximately 15% electric cars and 15% plug-in hybrid cars. This explains the 25% reduction in Diesel and the 30% increase in Petrol vs 2022. Electricity consumed for charging cars increased with 118% vs 2022.

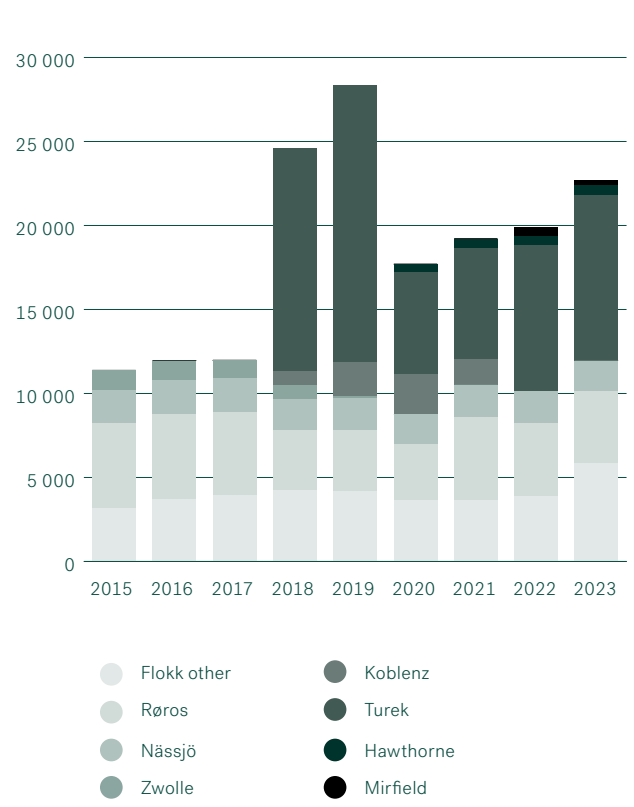
54% INCREASE IN ELECTRICITY CONSUMPTION SINCE 2015

- Electricity makes up 49% of our total energy use and we see a constant consumption over the last three years, even after

adding the latest acquisitions. This can be explained by the extensive use of gas as an energy source at those premises.

- Electricity accounts for only 4% of our total greenhouse gas emissions, thanks to 93% renewable electricity. The long-term goal is to reach 100% renewable electricity in our premises by 2030.

Flokk’s energy consumption, subdivided [MWh]



# Contributing to a Circular Economy

In 2023, Flokk's GRI scope production sites successfully crafted over one million new products, each with an estimated average weight ranging from 15 to 20 kg. Acknowledging the substantial demand for raw materials and components in our operations, particularly within an industry traditionally reliant on chemicals, paints, glues, textiles, foam, and plastics, we recognize the profound impact our choices make on resource efficiency, waste generation, and product chemical content.

Aligned with our sustainability practices and guided by our Principles for Sustainable Design, we strive to contribute to the circular economy by:

- Developing sustainable products - designed for longevity and durability that can be easily repaired, reused, and recycled
- Incorporating recycled materials into our product designs and packaging
- Minimizing waste from our operations



## DEVELOPING SUSTAINABLE PRODUCTS

### OUR PRINCIPLES FOR SUSTAINABLE DESIGN

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

### 5 CIRCULAR DESIGN CRITERIA

**1. Low weight**

- Weight optimisation
- Resource efficient solutions
- Lower transportation costs
- Easy handling

**2. Few components**

- Integrated functions
- Modularity
- Fewer tools
- Less processes
- Simpler assembly
- Less packaging, storage and transportation

**3. Right choice of materials**

- No harmful chemicals and substances
- Increased use of recycled and renewable materials
- Use of recyclable materials

**4. Long life span**

- Lasting and durable designs
- High quality
- Easy replacement of worn-out or broken parts
- Reduce the need to replace our chairs

**5. Design for disassembly**

- No glues, staples or non-accessible screws
- Simple dismantling
- Easy to sort materials 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 no hazardous substances

### THE SUSTAINABLE OFFICE

Re-imagine your workspaces with sustainable seating solutions.

In 2023, we introduced "The Sustainable Office," a cutting-edge workspace concept showcasing a comprehensive seating solution by Flokk, incorporating many of our most environmentally friendly designs. It serves as inspiration for businesses aiming to transform their offices while prioritizing environmentally conscious decisions.

Reducing an organisation's carbon footprint demands a thorough evaluation and monitoring of carbon emissions.. Flokk is well equipped at assisting organisations in address the environmental impact of office furniture. "The Sustainable Office" showcases a diverse range of products tailored to meet every workspace requirement. These seating solutions are organized into 10 thoughtfully designed work zones, each serving a distinct purpose.

All our products come with an Environmental Product Declaration (EPD), offering an accurate, third-party verified report on carbon footprint, energy consumption, and the proportion of recycled materials used. This empowers our customers to make environmentally responsible choices with confidence.

## 50% recycled materials reduces the environmental impact of the HÅG Capisco\*

**58kg CO2e saved for every HÅG Capisco\* made**

CO2e is calculated using EPD methodology according to EN15804 +A2and is from the product stage (A1-A3)

\*HÅG Capisco 8106 classic saddle seat

### Case study of the sustainable office

Let's review the remarkable impact our HÅG Capisco chair has for our customers!

By incorporating 50% recycled materials, we've effectively reduced carbon emissions from 91kg CO<sub>2</sub>e to 33kg CO<sub>2</sub>e. This remarkable reduction of 58kg, compared to the use of traditional virgin materials, highlights our commitment to sustainability while ensuring uncompromised quality, comfort, and performance.

To put it in perspective, this emission reduction is equivalent to the CO<sub>2</sub>e emissions generated by an average car consuming 25 litres of petrol fuel.

Let's envision the scale of these savings when outfitting an entire office with chairs crafted from recycled materials. The potential environmental benefits are truly astounding!

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Corporate Sustainability – Contribute to a circular economy 111

DESIGNED FOR SAFETY, LONGEVITY AND DURABILITY

We take pride in crafting furniture that exceeds industry standards, designed for longevity and durability for our customers. In our dedication to ensuring customer satisfaction, our products shall not only be safe but also in impeccable condition. With our advanced technical expertise, coupled with a commitment to honesty and responsibility, our goal is to provide customers with a sense of safety and comfort every time they choose a Flokk product.

To uphold these standards, all Flokk products undergo rigorous testing according to specific international standards, encompassing criteria related to health, ergonomics, safety, stability, and strength. These standards dictate guidelines for

design, dimensions, safety impact, and material selection, undergoing continuous evaluation and testing throughout the product's development and usage phases before reaching the market. This comprehensive approach ensures that Flokk's products are thoroughly assessed for potential enhancements in terms of health and safety impacts, aligning with our ten-year guarantee on the majority of our products.

Flokk defines a "Risk/Safety Claim" as a situation where a customer sustains an injury while using our product. While such cases are rare, each instance is closely monitored through our rigorous management case handling system.

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

2023		2022		2021	
Number	PPM*	Number	PPM*	Number	PPM*
1	0.37	1	0.36	1	0.40

Target each year: 0  
No major customer injuries in 2023. 1 minor incident of injury of customer is registered

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

LABELLING

All 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 – ECO LABEL RANGE

The use of certifications is an important communication of our strong environmental commitment and performance to the public, and in guiding our customers to make the right choices. There is also an increasing demand from larger tenders and projects and customers in general for companies to provide specific certifications to qualify.

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.

As we acquire companies and brands, we also inherit their locally used ecolabels, resulting in now too many different labels that are resource-intensive and expensive to maintain. In 2023, Flokk made a strategic choice to consolidate the range of environmental certificates, deciding on a more effective global range that will apply to all Flokk brands in all markets: EU Ecolabel, EPD and GREENGUARD Gold. In 2024, we will continue the transition to EU Ecolabel.

More details are available at our website: [www.flokk.com](http://www.flokk.com).



EPD - ENVIRONMENTAL PRODUCT DECLARATION

Our products' environmental performance throughout their life cycle is calculated and published in EPDs - Environmental Product Declarations (ISO 14025 - Type III). 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, such as carbon footprint, energy consumption and share of recycled materials. In 2023, a new standard +A2 was introduced for furniture, declaring larger part of the life cycle; cradle-to-cradle, than the old +A1 standard; cradle-to-gate. Flokk is in full transition to +A2.

Flokk has EPDs for 51 families of products in total;  
25 of them with the new +A2 standard



THE NORDIC SWAN ECOLABEL

The Nordic Swan Ecolabel (Type I) 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.

Flokk has 1 product family with the Nordic Swan Ecolabel



GREENGUARD GOLD

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

Flokk has 42 families of products certified with GREENGUARD Gold



MÖBELFAKTA

Möbelfakta (Type I) 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 54 families of 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 1 product family that is Cradle to Cradle™ certified, Bronze level



BLUE ANGEL

The Blue Angel (Type I) has been the ecolabel of the German Federal Government for more than 40 years. It is an independent and credible label that sets stringent standards for environmentally friendly products and services. The Blue Angel promotes the concerns of both environmental protection and consumer protection.

Flokk has 10 families of products that are BLUE ANGEL certified



DESIGNED FOR CLOSED LOOP

Our products are designed to accommodate the coming surge in demand for refurbished, repaired, and reused products, driven by global shifts in consumption patterns, regulatory mandates, and economic forces. We are dedicated to guiding

our customers in making sustainable choices, thus reducing their carbon footprint, by offering circular solutions that deliver both economic and environmental benefits.

Our products are crafted for longevity, ease of disassembly, and recyclability, aimed at reducing total cost of ownership (TCO) and environmental impact.



We design our products to exceed the highest customer expectations in comfort, quality, and aesthetics, while minimizing their carbon footprint



**HÅG Tion 2100**

94% post-consumer plastic shells

97-98% recycled aluminium

Continuously advancing towards heightened circularity, our Sustainable Design Principles (5-III) position us to lead this transformative journey, elevating our business model to greater levels of circularity. These principles have empowered Flokk to enhance the worth of pre-owned products, restoring them to near-new conditions by providing spare parts, tools and expertise to our trusted partners.

Collaborating with a network of skilled local service providers who employ our original spare parts and expert craftsmanship, we are committed to extending the lifespan of our products and fostering deeper customer engagement.

HEADING: INCORPORATING RECYCLED & RENEWABLE MATERIALS IN OUR PRODUCT DESIGNS AND PACKAGING

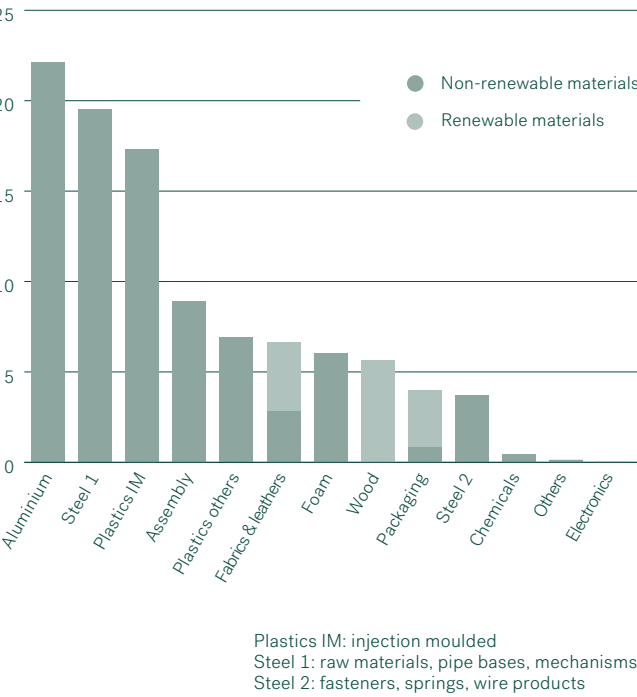
Flokk strives to create products with a closed life cycle, meaning that materials used in our products can be recycled or reused at the end of their lifespan. This reduces the overall demand for new resources and minimizes waste. We design products with resource efficiency in mind. This includes using recycled & renewable materials whenever possible.

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.

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. 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 since recycled plastic is mostly available in grey/black, although colour sorted recycled plastic is getting more available. In any case we must ensure that the materials we use are recyclable.

12.3% of our annual purchased value (turnover) for Direct Material is allocated to renewable materials including wool, leather, cardboard and wood (2022: 12.0%).

Distribution of Flokk's 2023 annual purchased value (turnover) for Direct Material [%]



HÅG Capisco 8106	RBM Noor 6075SB	RH Logic 220 9112	Giroflex G64 64-3078	RProfim Violle 150F	RMA Ana 4340 (Graphite)	HÅG Tion 2160	HÅG Capisco Puls 8010 (black/brown*)	Profim Normo 500H	HÅG Celi 9100
50%	53%	55%	52%	55%	57%	73%	57%	53%	82%
2010	2013	2016	2017	2019	2020	2021	2021	2022	2022

Share of recycled materials [%].  
Packaging excluded  
\* Recycled snowplough marker

Share of recycled materials

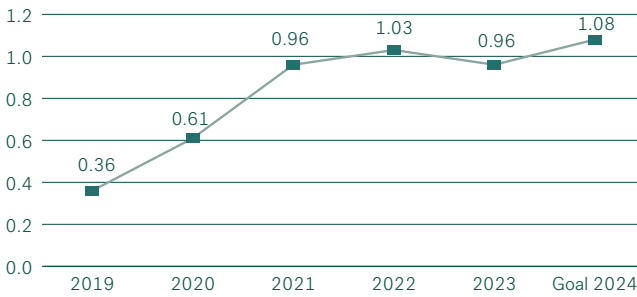
Flokk has a wide range of products with a high share of recycled materials. Here is our top ten products launched across our brands since 2010. Most are in the range 50-57%, but we have even two products with 73% (HÅG Tion) and 82% (HÅG Celi). We will continue improve on both new launches and our portfolio, as Flokk in total now has an average recycled material share of about 30%, aiming for 40% by 2030. 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 post-consumer recycled plastics into our products as far back as 1995.

In 2023, we had a 19% reduction in the amount of recycled plastics used in products sold (2023: 1 027t vs 2022: 1 262t) and thus did not reach the target of 1 365 tonnes. This is due to fewer units sold and variations in product mix versus recycled content. The main effort in 2023 has also been to secure our ever-increasing recycled content in new products, with

Average quantity of recycled plastics used per produced unit [kg/unit]



For the average quantity of recycled plastics used per produced unit, we include recycled data from all Flokk core brand divided by Flokk total produced units.



“Turning trash into treasure” on an industrial scale. In 2023, HÅG Tion and HÅG Celi were launched with recycled snow plough markers, widening the portfolio beyond HÅG CapiSCO Puls.

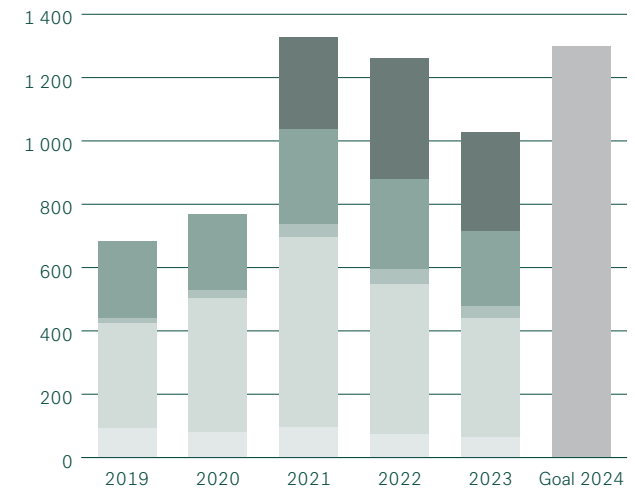
1 335 tCO<sub>2</sub>e

saved in 2023  
by using recycled instead of virgin plastic

consequently lower momentum on the migration of recycled plastics to the existing portfolio.

We have a high share of virgin Polyamide (PA) in our portfolio which we intend to investigate for possible recycled PA migration. We see this as an important opportunity in our quest to increase our share of recycled plastics.

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



Total	684	770	1 328	1 262	1 027	1 300
Post-consumer	419	477	643	553	459	
Post-industrial	265	293	685	708	569	

● Profim ● RH ● RBM ● HÅG ● BMA

\*The reported amount for 2022 has been corrected from 1 298 to 1 262 tonnes, as we in 2022 wrongly used data from ordered quantity and not consumed quantity. This also affected the 2022 reported number on tCO<sub>2</sub>e savings from using recycled plastics, corrected from 1 697 to 1 640 tCO<sub>2</sub>e.

METALS

In 2023, our die-cast aluminium parts had a recycled share of 98.4% with quality, durability and finish just as good as for virgin material. Our extruded aluminium parts had a recycled share of 15.7%, resulting in a total share of recycled Aluminium of 95.1%. One key supplier of extruded aluminium is now able to provide a recycled share of 82%. We aim to migrate this step by step over the coming years into our portfolio.

With the latest developments in the steel market, we see that most of the available recycled steel is now reserved for the construction sector. However, we still manage to access a share of 20% recycled steel from our key steel supplier. We hope to continuously increase this amount and combine with fossil-free solutions for near future possible use.

UPHOLSTERY COVERING MATERIALS

We are committed to making responsible choices for our standard collection of fabrics and leathers. Our textile program boasts a carefully selected range of high-quality, durable textiles comprising wool and synthetics, as well as blends of wool and synthetic materials.

Our selections are guided by our commitment to environmental sustainability. We prioritize mono-materials whenever possible, including fabrics made from either 100% wool or 100% post-consumer recycled polyester, and leather that is tanned without chrome.

Since 2021, we have been collaborating with one of our main textile suppliers and our Turek factory on a circular closed-loop project. Our aim is to repurpose our own waste textiles from production, transforming them into yarns and textiles for reintegration into our collection in near future. Although we made significant progress in 2022, we encountered challenges in 2023, leading us to conclude that the selected textile was not suitable for fibre-to-fibre recycling into yarns. Our focus in 2024 will be on exploring the potential reuse of other textiles from the same primary supplier.

Our new target is to ensure that by 2030, 100% of all standard non-specialized fabrics are certified or compliant with the EU Ecolabel. In aligning our standard collections across brands, we prioritise sustainability performance as a key factor in both the reduction and addition of new collections. With this new target, in 2023, 29 out of 35 (83%) of our non-specialized standard fabrics were EU Ecolabel certified, and 100% of these fabrics met the criteria of at least one of the following eco-labels: EU Ecolabel, Oeko-tex®, The Blue Angel, Cradle to Cradle™, GREENGUARD Gold, Indoor Advantage Gold, and Möbelfakta.

Going forward, all new non-specialized fabrics in our standard collection will carry the EU Ecolabel, except for PU coated fabrics, which cannot meet EU Ecolabel standards but will comply with

Oeko-tex® Standard 100. We are on the verge of implementing new, stricter environmental requirements for these fabric types. Despite challenges in phasing out non-eco label fabrics in 2023, we remain dedicated to a strong focus on replacement efforts in 2024.

WOOD

The wood used in Flokk's products is traceable and sourced from forests managed sustainably. As members of FSC® Norway, we are dedicated to upholding the highest standards of responsible sourcing. Our facilities in Turek, Mirfield, and Nässjö have earned FSC® Chain of Custody certifications, with Nässjö achieving its certification in December 2023. In 2023, Turek sold 175.3 tonnes of certified wood (2022: 223.6 t), and Mirfield sold 5.7 tonnes.

By 2030, we target all our factories to be FSC® Chain of Custody certified, and that 100% of the wood we purchase will be FSC® certified.

PACKAGING

Our products are delivered to customers either fully assembled with limited use of packaging material or stacked together or knocked down in cardboard boxes.

Packaging used including recycled amount [tonnes]*			
Packaging	2021	2022	2023
Cardboard - Total	1 270	1 186	1 797
Cardboard - Recycled	854	742	630
Plastics - Total	94	77	65
Plastics - Recycled	2	1	1
EPS - Total	8	6	4
EPS - Recycled	-	-	-
Others; tape etc - Total	39	150	127
Others - Recycled	17	17	15
Total	1 412	1 420	1 993
Total Recycled	872	760	646

\*Numbers for Røros, Nässjö, Turek excluding Hawthorne and Mirfield.

We see considerable potential in becoming more efficient in our use of packaging materials in general and see this as an opportunity to improve going forward. We have also initiated efforts on transitioning our plastic packaging to recycled plastics. We are now aiming for 30% recycled & recyclable plastic packaging by 2030.

Flokk is a member of several national takeback schemes, such as Grønt Punkt in Norway and NPA in Sweden. Each year, we report how much packaging we send out into the respective markets 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.





Resources - Materials, Waste, Chemicals

Long-term goals:

- 40% share of recycled materials in main products by 2030 (80% revenue)
- 30% recycled & recyclable plastic packaging by 2030
- 100% FSC® Certified Wood / Factories FSC® Chain of Custody Certified by 2030
- 85% of our waste will be material recycled by 2030
- 100% GREENGUARD Gold on all EPD products by 2030
- 90% of main suppliers must sign Flokk's Environmental Requirements by 2025
- 100% Standard Non-specialised fabrics with EU Ecolabel by 2030

Measures / KPIs:

- 1 500 tonnes of recycled plastics used in our products by 2025
- Average quantity of recycled plastic used per unit [kg/unit]
- Increase total recycled share of aluminium to 95% by 2025
- Increase recycled share of steel to 40% by 2030
- 60% of our hazardous waste will be material recycled by 2030

KPI	Goal 2024	Goal 2023	Results			
			2023		2022	2021
Amount of recycled plastics used in our products [tonnes]	1 300 t	1 365 t	1 027 t (-18.6%)	●	1 262 t (-5.0%)	1 328 t
Average quantity of recycled plastic used per unit [kg/unit]	1.08	1.09	0.96 (-6.9%)	●	1.03 (+7.6%)	0.96
Number of factories FSC® Chain of custody certified	4 out of 5	3 out of 5	3 (Nässjö. Turek. Mirfield)	●	1 (Turek)	1 (Turek)
Share of our waste being material recycled	75%	78%	Flokk: 72.5% (+6.3%) Røros: 96.2% (+3.3%) Nässjö: 57.3% (+9.1%) Turek: 63.7% (-3.3%) Hawthorne: 67.9% (-3.4%) Mirfield: 24.9% (+2258%)	●	Flokk: 70.0% (-0.2%) Røros: 93.1% (+0.8%) Nässjö: 53.1% (-4.4%) Turek: 65.9% (+22.1%) Hawthorne: 70.4% est. (0%) Mirfield: 1.1%	Flokk: 70.1% Røros: 92.4% Nässjö: 55.6% Turek: 53.9% Hawthorne: 70.4% (est.)
Share of our hazardous waste being material recycled	57%	NEW 2024	56%	●	42.1%	1.2%



Offecct Soundwave Wicker, Archipelago Tables, Soufflé Medium, Murano, Hanger

Measures & Results 2023		Status	Measures 2024
MATERIALS	Scale use of snow plough material: Launch HÅG Tion and HÅG Celi with snow plough material <b>Result - HÅG Tion and HÅG Celi snow plough editions launched and in production</b>	✓	Plan other product offerings - Utilise surplus material for other Flokk injection moulded components
	Plan other product offerings with coloured post-consumer recycled polypropylene <b>Result - ongoing project on one of our best-sellers to introduce coloured PCR plastics on back/seat</b>	✓	Plan other product offerings with coloured post-consumer recycled polypropylene
	Investigate PUR alternatives as part of ongoing development projects <b>Result - three ongoing development projects replacing PUR backs with mesh options</b>	✓	Continue investigate PUR alternatives as part of ongoing development projects
	Commit to our Grønt Punkt 'Control membership' - recruit non-members in our supply chain <b>Result - Supplier list gathered, not reached out due to capacity challenge</b>	➡	Measure continued - recruit non-members in our supply chain
	Achieve Nässjö factory FSC® Chain of custody certification <b>Result: Certificate received Dec'23</b>	✓	Achieve Røros factory FSC® Chain of custody certification
WASTE	Røros: Follow-up hard plastic material recycler to ensure correct handling of waste stream <b>Result - Partnership terminated, too low volumes from Flokk vs recycler operation size</b>	➡	Røros: Follow-up our new waste handler who is working on finding new solution
			New Røros: Prepare business case for recycling Aluminium waste / bricketing
	Nässjö: Investigate impact of recycling wood versus incineration for district heating <b>Result - wood incineration for district heating concluded as most sustainable solution for now</b>	✓	
	Follow up on how sites and locations adopt the new Waste Handling procedure <b>Result - Not yet performed due to capacity challenge</b>	➡	Follow up on how sites and locations adopt the new Waste Handling procedure
			New Hawthorne: Implement sorting all waste fractions / No Landfill
			New Mirfield: Implement sorting all waste fractions / No Energy Incineration
	Turek: Follow up closed-loop project with one key supplier for recycling our own textile waste <b>Result - Selected textile turned out not suited for recycling into textile fibres again. However, valuable insight gained on how to sort out one specific textile in a clean fraction</b>	✗	Investigate other textile from same key supplier that can be suited for recycling into textile fibres again, to be used in Flokk products.
			New Turek: Improve on Textile + Mixed waste material recycled share
CHEMICALS	Complete mapping of plastic packaging used. Initiate sourcing and scale up of recycled plastic packaging <b>Result - Replaced 3 bags at Røros with 30% recycled content. Mapping on hold due to capacity challenges</b>	➡	Continue mapping at all sites and continue replacement process
	Reduce no of chemicals at production sites + prepare overview at Turek <b>Result - Røros: 27 reduced (191 in total), 1 less candidate list (4), 2 less with Prio-criteria (3). Nässjö: ~99.5% chemicals related to glue used in three RH products (see below). Turek, Hawthorne, Mirfield: chemical overview in place</b>	✓	Continue reduce no of chemicals at production sites
	Give input and follow up Portfolio Maintenance prio list with target to reduce number of products using glue at Nässjö <b>Result - One out of three RH products with glue have problematic glue; sprayed on/particles. Malmstolen only use non-problematic glue; hot melted/no particles. Product design improvement cost higher than added value, solve in production if possible</b>	✓	"Follow up RH spray glue process, investigate for improvements in production. Investigate improvements on Malmstolen glue process in production"
	Investigate chrome usage in all brands <b>Result - HÅG, RH, BMA: complete chrome phase-out. Giroflex: plan established for complete chrome phase-out by 2025. Flokk general discontinuation plan ongoing</b>	✓	Continue investigate chrome usage in brands and follow up ongoing phase-out plans, including chrome tanned leather
	Finalise new Environmental Requirements for roll-out to suppliers, decide on format for supplier dialogue <b>Result - 95% done by YearEnd. Delayed due to complexity &amp; need for quality assurance at suppliers</b>	➡	Roll-out new Environmental Requirements to suppliers in Q2

\*The share of our waste being material recycled for 2022 has changed versus what we reported in GRI 2022 (from 74.6% to 70.0%), due to both adding and refining retrospective data for Mirfield and Hawthorne in 2022.

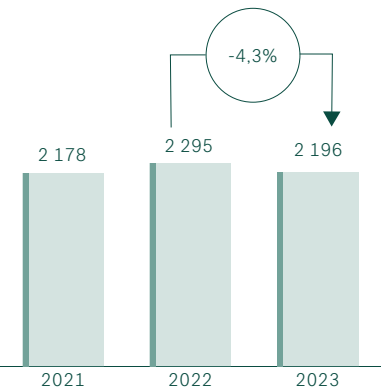


MINIMIZING WASTE FROM OUR OPERATIONS

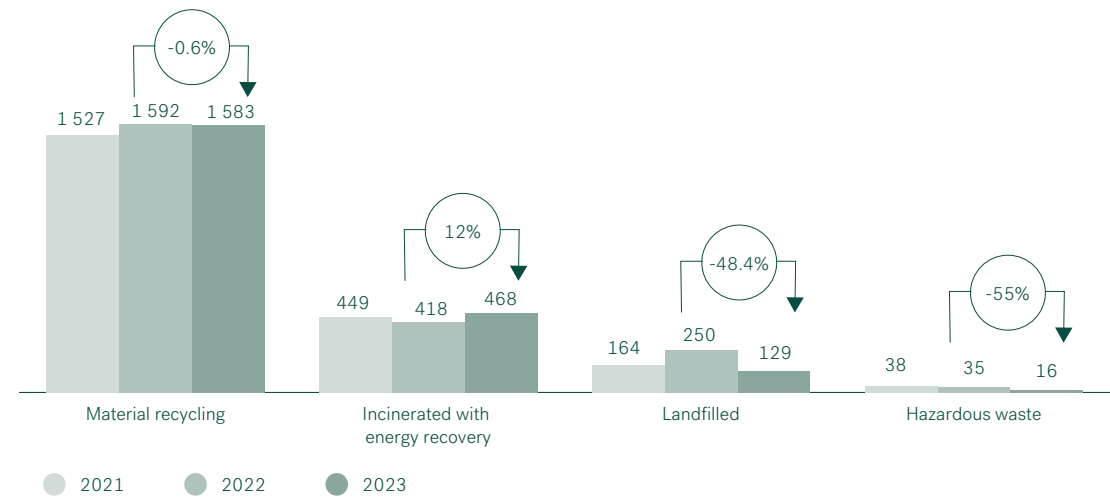
We place a strong focus on responsible waste management within our operations as part of our strategic and responsible approach that aligns with our environmental goals, regulatory requirements, and the evolving expectations of our consumers and stakeholders.

We are actively working on our approach to handling waste, with a particular emphasis on reducing total amounts of waste and increasing waste to material recycling. In 2023, we were able to reduce total waste generated at our factories with almost 100 tonnes (-4,3% vs 2022) mainly due to high waste reduction at Turek, with 72.5% waste material recycled (2022: 70%). Hazardous waste constituted a mere 0,7% of our total waste output (2022: 1.5%), with 56% hazardous waste material recycled. Total waste to landfill accounted for 6.0% (2022: 11.2%).

Total waste generated at Flokk factories [tonnes]



Waste fraction generated at Flokk factories [tonnes]



KEY FINDINGS OF OUR WASTE MANAGEMENT IN 2023:

- Waste generation directly linked to our products takes the form of packaging, protective materials for transport, and used products. Due to a high risk of damage during e.g. transportation, we need to protect our chairs with various types of protective covers.
- We have an efficient waste management plan to improve the systems for both collecting and sorting waste at factories. Waste-related data is collected as part of our ISO 14001 routines, monitored by the factories, and discussed quarterly on a corporate level.
- 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 2023, 1 583 t of our non-hazardous production waste was diverted from disposal (material recycling), while 597 t was directed to disposal (468 t incineration with energy recovery, 129 t landfill).
  - The amount of hazardous waste (16 t) is declared pursuant to the requirements of local and national Waste Regulations and delivered to an approved reception facility.
  - The biggest waste fractions were cardboard (35.5%), steel (28.0%), and mixed waste (13.8%).

In 2023, there has been no spills or leakages to the environment.

We have had a steady increase on waste to material recycling because of improved sorting on all sites, through identifying new recyclable fractions, performing spot checks and keeping our employees updated with new information. With the addition of new factories, we see fluctuations and decreases through the years, but with further focus on identifying and implementing improvement measures we are on track of reaching our corporate goal of 85% material recycling waste by 2030.

Waste fractions at Flokk factories* in 2023 [tonnes], including hazardous waste breakdown:	
	2023
Non-hazardous waste	2 181
Material recycling	1 583
Incinerated with energy recovery	468
Landfilled	129
Hazardous waste	16
Material recycling	9
Incinerated with energy recovery	3.5
Landfilled	3.5
Total [tonnes]	2 196

\*All disposal operations mentioned are offsite. In 2023, we added both new 2023 and retrospective 2022 data for our factories Mirfield and Hawthorne. Landfill amount for 2022 became thus much higher than reported last year with added data (from 115t to 256t), due to lack of proper waste handling when moving factories in UK. This higher landfill amount in 2022 also affected the 2022 reported total waste recycled ratio (from 74.6% to 70.0%).

CHEMICALS - HEALTH

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

SUPPLIERS

We have strict standards on the use of chemicals for our suppliers, which must commit to fulfilling our requirements to be a supplier to Flokk. By soon rolling out an update of our chemical requirements we aim to improve the overview of chemicals at our suppliers for the entire supply chain. This way 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.

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 chrome surface treatment of chair and table legs. This applies for all but special and minor product roles. We devote a lot of effort to developing attractive alternatives, such as:

- New polyester powder coatings with metal look – matching the shiny finish and tough surface obtained from chroming
- Smart solutions to avoid the use of glue in upholstery
- Using wool and polyester fabrics to avoid the use of flame retardants. Wool is a natural flame-retardant and the structure of polyester fibres provides 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

Every year, 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. Special attention is given to substitutions of special fabrics containing PVC and chromed surfaces.

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.

# Responsible Supply Chain and Ethical sourcing

At Flokk, we acknowledge that our decisions and actions have a ripple effect beyond our immediate operations, affecting communities, ecosystems, and industries. Hence, we are committed to ensuring that every facet of our supply chain adheres to our focus on sustainability, integrity, and social responsibility.

In upholding our commitment, we strictly follow a rigorous supplier selection and development process. This approach is integral to fostering positive transformation and maintaining oversight across our supply chain, with a primary emphasis on:

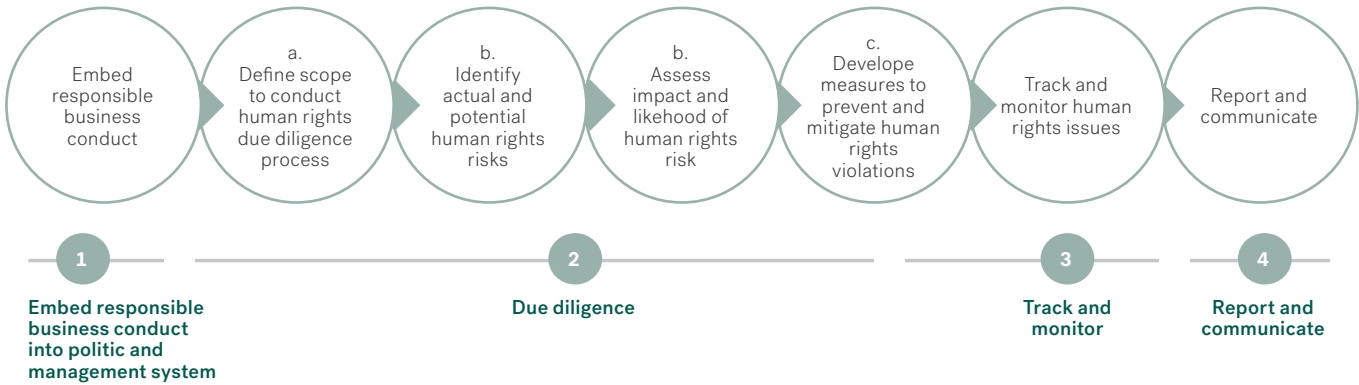
- Promoting fair and decent working conditions
- Responsible sourcing

## PROMOTING FAIR AND DECENT WORKING CONDITIONS

When engaging with suppliers, we select those who share our environmental and social values. This selection process is not just about transactions; it's about forging lasting relationships built on mutual commitment to a responsible supply chain and ethical sourcing. We hold ourselves to the highest standards and expect the same from our partners.

To uphold our commitment to transparency, accountability and ethics, we have developed a rigid supplier selection and development process.

Our supplier appraisal process Supplier Performance Meetings are designed to prevent, detect, assess and minimize risk related to human right violations in our supply chain.



Our business conduct is rooted in our core values and is outlined in our Responsible Business Conduct, Code of Conduct for Business Partners and our Human Right policies. These documents highlight our commitment to promoting a safe working environment free from discrimination, forced labour, and child labour for our employees, partners, customers, and communities.

We are adhering to the core principles outlined by the United Nations (UN) and the International Labour Organisation (ILO), including the Ten Principles of the UN Global Compact.

## RESPONSIBLE SOURCING

We are committed to maintaining oversight of our supply chain through transparent reporting, fostering supplier collaboration and development, and conducting ongoing monitoring and assessments aligned with the Flokk supplier development process.

- Localizing our supplier base
- Integrating Flokk processes in our acquisitions
- Transparent reporting of our progress
- Investment and implementation of technology

At Flokk, we uphold a strict zero-tolerance policy towards any instances of human rights violations, bribery, corruption, or money laundering. Our supplier selection and development procedures are integral to our goal of achieving the level of insight and oversight essential for us to operate as a responsible and trusted manufacturer. Furthermore, we have launched several key initiatives to support our overarching supply chain strategy, including:

### FLOKK SUPPLIER SELECTION AND DEVELOPMENT PROCESS

#### 1. SUPPLIER SELECTION

- We employ a rigorous appraisal process that includes the evaluation criteria to their management, environmental performance, and corporate social responsibility in addition to quality and delivery aspects.
- Suppliers are scored based on these criteria.
- We have certain mandatory requirements for our suppliers that include being ISO certified (or equivalent), adherence to our Code of Conduct, environmental standards, and screening against sanction lists.

#### 2. ACTION PLAN

- Following the supplier appraisal, tailored action plans are crafted to boost performance across various domains.
- Progress is tracked through Flokk Supplier Performance Meetings, focusing on quality, delivery, and risk.
- Environmental and social impacts are also examined, with risk graded on a scale of 1 to 5, prompting immediate action if necessary.

#### 3. ANNUAL ASSESSMENT

- Comprehensive evaluations take place during Flokk Supplier Performance Meetings.
- Suppliers with low performance in critical areas, located in higher-risk regions/ countries, are subject for re-evaluation.
- Our re-evaluations process ensure ongoing compliance with our standards and could involving a full appraisal or focused examination.
- Low-performing suppliers undergoing a re-evaluation, receive regular follow-ups through monthly separate Supplier Risk Meetings.

LOCALISATION

Flokk has laid down a solid groundwork with local, competitive suppliers who align with our principles of transparency. Identifying strong local alternatives to suppliers in different regions will yield various advantages. Among these advantages are:

- Mitigating risk associated with remote suppliers and lengthy supply chains
- Minimizing probability of production disruptions as the pandemic demonstrated

Origin of Flokk suppliers of Direct Material, measured as% of the total annual purchased value (turnover) to our sites Røros, Nässjö, Turek, Hawthorne and Mirfled



INTEGRATING FLOKK PROCESSES IN OUR ACQUISITIONS

A focal point of our supply chain strategy is to streamline and consolidate our supplier base, prioritizing high-performing suppliers. As part of our ongoing strategy to acquire and integrate new brands into the Flokk Group, we anticipate the addition of new suppliers to our supply chain. Crucial to our control and supply chain insight, is to:

- Swiftly transition contractual relationships with these new suppliers to align with Flokk's standard terms and conditions during the integration process
- Signing of Flokk Code of Conduct and our Environmental requirements
- Onboarding suppliers and local procurement teams into Flokk methodology of supplier appraisals and development

Our current priorities for achieving compliance with our process requirements are suppliers to our brands 9to5 and Connection. The substantial growth resulting from acquisitions introduces numerous new suppliers to Flokk.

- Lower climate impact from our supply chain e.g. related to long distance transportation

In 2023, our emphasis was on reshoring a substantial supply chain for our Profim brand from Taiwan to Europe. This reshoring effort remains a central focus for Flokk throughout 2024.

Our supplier selection criteria extend beyond price considerations, focusing on total performance and Total Cost of Ownership, which include factors such as transportation, cost of capital, and overhead etc.

In response to the expansion of our supplier network, we have proactively undertaken a significant consolidation effort to reduce complexity and mitigate risks. This approach has been particularly emphasized in 2023, with continued efforts to compress our supplier base and localise Offecct suppliers closer to our production facility in Poland. The aim is not only to enhance efficiency but also to decrease reliance on a multitude of smaller suppliers in our supply chain.

TRANSPARENT REPORTING OF OUR PROGRESS

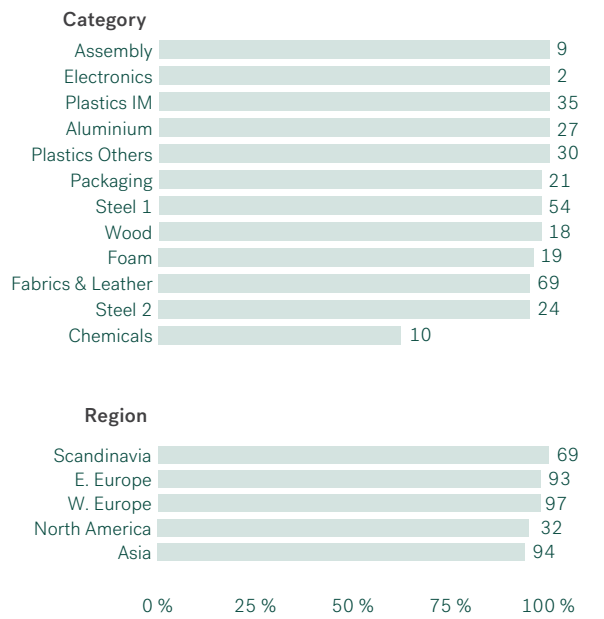
Flokk's primary Direct Material suppliers specialize in furnishing components within critical material categories, such as Foam, Plastics, Aluminium, Steel, Fabrics & Leather, Wood, and Assembly services. These suppliers independently oversee their supply chains, managing the acquisition of raw materials and other essential components. Flokk has zero tolerance for corruption as stated in our Code of Conduct, and it is imperative to highlight that Flokk's Environmental Requirements and Code of Conduct for Business Partners comprehensively extend to encompass the supply chains of these suppliers (our sub-suppliers).

In 2023, our primary focus was directed towards our key Polish suppliers. We initiated a supplier appraisal process for a selected group of these suppliers, emphasizing compliance with our Code of Conduct, which encompasses international regulations pertaining to human rights and working conditions. Our plan is to continue this assessment with our Polish suppliers in addition to some selected suppliers during 2024. Thus far, we have not identified any red flags or compliance issues during these thorough appraisals.

Notably, in 2023, there were no confirmed incidents leading to the termination or non-renewal of contracts with business partners due to violations related to corruption, providing us with the opportunity to address less substantial risks, such as those related to low delivery performance.

Another crucial facet of supply chain control involves the tracking and oversight of signed Code of Conduct agreements. Our Code of Conduct for Business Partners outlines the ethical standards and expectations we uphold in our partnerships. Therefore, a noteworthy initiative during 2023 was the effort to expand the number of suppliers with signed Code of Conducts, encompassing both Connection and 9to5. Even with the addition of our new brand, 9to5, the percentage of Direct Material suppliers with signed Code of Conducts surged from 43% to an impressive 83% for this reporting year.

Number of signed CoC's and% of total nAPV (APV > 100 000 NOK)



Plastics IM: injection moulded  
Steel 1: raw materials, pipe bases, mechanisms  
Steel 2: fasteners, springs, wire products

Total number and percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to in 2025 (measured in signed CoCs), broken down by type of business partner and region.  
\*APV - Annual Purchase Value = turnover



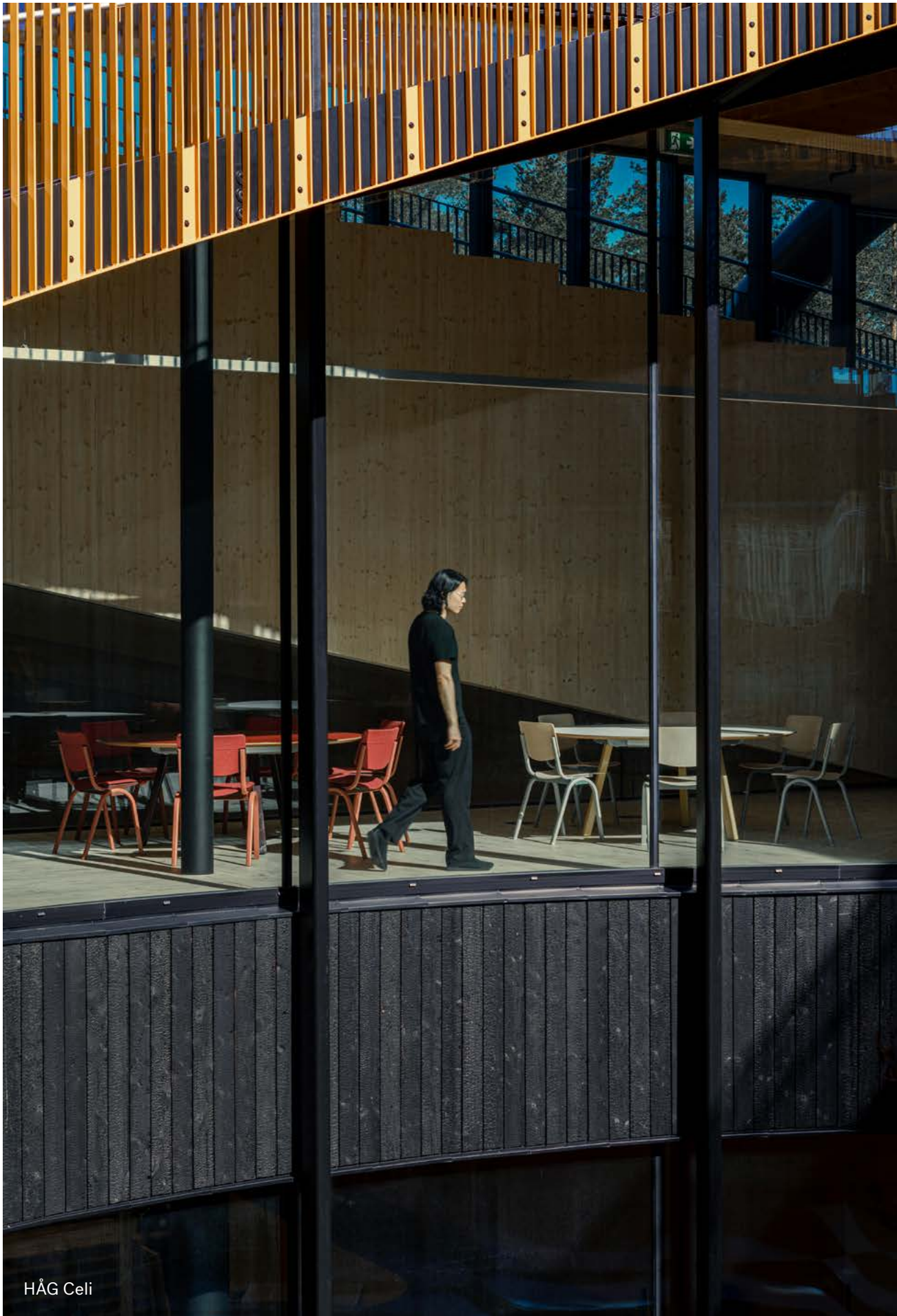
INVESTMENT AND IMPLEMENTATION OF TECHNOLOGY

As our organisation expands, the intricacies of our operations grow, necessitating the identification of effective and transparent tools and solutions. In alignment with our broader initiative to digitize and enhance process integration, we advanced the introduction of a Supplier Risk Management Tool in 2023. This tool serves as a robust solution in proactively addressing and mitigating potential risks within our supply chain. It allows for comprehensive monitoring, assessment, and management of various elements critical to our supply chain integrity.

The implementation was initiated during the third quarter of 2023 and enhances our ability to ensure transparency, compliance, and ethical standards across our supplier network, fostering a resilient and responsible supply chain ecosystem. By leveraging this tool, we are better equipped to navigate challenges, safeguard our reputation, and uphold our commitment to ethical business practices.



HÅG Tion, Connection Plenti, Connection Harp



HÅG Celi



# Care For People & Communities

Flokk is acknowledged for cultivating a work environment that is inclusive, sound, and secure for all our employees, where individuals from different backgrounds representing various perspectives are welcomed and valued. We consistently strive to uphold our business operations with the highest ethical standards, fostering trust and respect among all stakeholders.

We are adhering to the core principles outlined by the United Nations (UN) and the International Labour Organisation (ILO), including the Ten Principles of the UN Global Compact. By aligning with these global standards, we set the dedication to ethical practices high on our agenda as we strive towards being an attractive employer by:

- Creating a positive workplace that values diversity, equity, and inclusion
- Contributing to local job creations
- Prioritising the safety and well-being of our employees

## CREATING A POSITIVE WORKPLACE THAT VALUES DIVERSITY, EQUITY, AND INCLUSION

### CULTIVATING THE FLOKK CULTURE

At the core of our progress and accomplishments stands our invaluable team of employees, the driving force propelling our success. Anchored in our values of innovation, human-centred focus, and sustainability, our employees play an instrumental role in transforming our vision into reality.

Central to our vision is the ambitious goal to "Inspire great work." We firmly believe that by nurturing an environment where innovation, creativity, and a sense of purpose flourish, we empower individuals and teams to reach their utmost potential.



The strength of our organisation lies in the unique perspectives, backgrounds, and experiences our employees bring to the table

We firmly believe that knowledge plays an important role in shaping a business culture that enables people to thrive and grow. As our organisation expands, and we witness a transformation in our geographical footprint, the significance of training is becoming increasingly evident.

As outlined in our Code of Conduct for employees, we hold all our employees to the highest standards, expecting them to serve as Flokk ambassadors who treat colleagues, business associates, the environment, and other stakeholders with respect and courtesy. Our company values set clear expectations for attitudes and behaviours. We have ingrained our focus on values through a trust-based leadership approach, emphasizing these values in annual appraisal dialogues and facilitating targeted mandatory training programs for all employees via our digital competence platform, Learning@Flokk.

### For 2023, we have had specific focus on the following training:

- Trust based leadership; aimed at cultivating leadership practices centred on trust and transparency to foster open communication, collaboration, and accountability within and across teams
- Unconscious bias workshop; part of our commitment to promoting diversity and inclusion in the workplace, and address unconscious biases to create a more equitable and supportive work environment
- Code of Conduct awareness training; tailored training for employees of the recently acquired UK company, Connection for alignment with Flokk's ethical standards
- Corporate sustainability training; to integrate employees into Flokk's sustainability practices, initiatives and goals

We unequivocally distance ourselves from corruption and bribery, actively supporting free competition, fair trade, and the principles of freedom of association and collective bargaining. This commitment extends to ensuring voluntary labour without the threat of penalty or similar coercion and we do not employ individuals below the age of 15 years.

Notably, in 2023, we had no employees categorised as child labour/young employees in any part of Flokk.

### DIVERSITY, EQUITY AND INCLUSION (DEI)

In Flokk, we whole heartedly embrace diversity, recognising its inherent value and positive impact on our company. Our commitment to fostering a diverse workforce is reflected in our active promotion of various diversifying factors such as gender, experience and cultural background. As of December 2023, with 1 544 employees globally, 41% being women. While we find satisfaction in these figures, we remain vigilant, acknowledging that different segments of our value chains display varying levels of gender diversity.

Gender development (% split of total FTEs)		
	2022	2023
Female	41%	41%
Male	59%	59%

Percentage of employees per gender category		
Age	Female	Male
Below 30 years	47%	52.9%
Between 31-50 years	41%	58.9%
Over 51 years	39%	61.1%

Looking at the flock as a whole, we see that women aged over 50 constitute the smallest proportion, accounting for only 39% of this age group. Women below 30 years, represent 47% of that age category.

Percentage of individuals within Group Management in these diversity categories		
Age	Female	Male
Below 30 years	0%	0%
Between 30-50 years	0%	33%
Over 51 years	11%	56%

Our focus on inclusivity is highlighted by the ongoing measurement and monitoring of organisational Key Performance Indicators (KPIs) directly tied to DEI. We are not only content with our current state but also maintain a strong focus on continuous improvement. Our clear direction and roadmap guide the implementation of concrete actions throughout the organisation in line with our commitment to DEI.

Gender split of leadership positions in Flokk (%)		
	2022	2023
Female	29.2%	31.6%
Male	70.8%	68.4%

In 2023, we took a significant step forward by establishing a DEI task force, bringing together representatives from all parts of Flokk. This task force is dedicated to furthering DEI initiatives and implementing impactful actions, ensuring DEI as an important focus area of our organisational agenda. The task force will comprise 16 employees representing 8 different countries, encompassing all segments of the value chains. Its objective is to pinpoint areas for enhancement, propose inclusive initiatives, raise awareness about diversity, equity, and inclusion, and exchange experiences. Some of the key priorities for 2024 include:

- Ensure adherence to the new EU pay equity regulations
- Critically assess and challenge recruitment processes
- Ensure inclusive language and diverse imagery are safeguarded in all written Flokk material including webpages.
- Analyse feedback from our Engagement@Flokk survey to propose pertinent actions and activities in all parts of the organisation
- Continue focus and analysis of potential pay-gaps in similar roles and positions

Ratio of the basic salary and remuneration of women to men for each employee category	
	Female salary in% of men's salary 2023
Office employees	101%
Production employees	97%

Ratio of the basic salary and remuneration of women to men for each employee category	
	2023
Female managers' salary in% of men's salary	95%

In Flokk we have no employees earning less than an adequate wage.

FLOKK DEI PROGRAMME  
CONSISTS OF:



POLICY

Flokk has established a dedicated DEI policy with the goal of fostering an inclusive and secure environment, enabling all our employees to fulfil their maximum potential.



TRAINING

Groupwide DEI awareness training around our DEI policy



TARGETS

Groupwide DEI targets are set, followed up and measured operationally, and approved by the Board of Directors



INITIATIVES

DEI Programme part of the overall business strategy with leadership support.

Implementation of DEI initiatives are driven by our DEI task force, and are connected to and aligned with our business' policy, values, and strategy.

At the core of our organisational philosophy is a steadfast belief that the true strength of our company resides in the diverse perspectives, backgrounds, and experiences that each of our employees brings to the table. At Flokk, we take great pride in the rich tapestry of global among our employees. We truly recognise that all DEI elements together are driving forces behind innovrepresentationation and success. Hence, we embrace the unique qualities and varied cultural perspectives

collectively contributing to the uniqueness of our workplace. Truly valuing this diversity not only fosters a more inclusive and supportive environment but also positions Flokk and our employees to thrive in an ever-evolving global landscape.

Total number and rate of new employee hires / employee turnover during 2023, by region and age groups

Region/Country	Total employees, end 2023	New employees; Age below 30	New employees; Age 30-50	New employees; Age over 50	Total starters	Turnover rate
Australia (Sydney, Melbourne)	2	0	0	0	0	0.0
Austria	0	0	0	0	0	0.0
Belgium (Brussels)	5	0	1	0	1	20.0
Canada	0	0	0	0	0	0.0
China (Shanghai, Guangzhou)	14	1	3	0	4	28.6
Czech Republic	4	0	0	0	0	0.0
Denmark (Copenhagen)	15	0	1	1	2	13.3
France (Villepinte)	17	1	2	0	3	17.6
Germany (Düsseldorf)	43	1	0	2	3	7.0
Norway (Bergen, Oslo, Røros, Stavanger, Trondheim)	277	6	1	0	7	2.5
Poland (Turek, Warsaw, The Czech Republic)	759	8	6	0	14	1.8
Singapore (Singapore)	4	0	1	0	1	25.0
Romania	1	0	0	0	0	0.0
Sweden (Göteborg, Nässjö, Stockholm)	179	11	7	3	21	11.7
Switzerland (Opfikon)	17	0	0	1	1	5.9
The Netherlands (Rotterdam)	24	5	1	0	6	25.0
UK (London-Brixton&Clerkenwell)	76	3	7	4	14	18.4
USA (Virginia, Washington DC, Hawthorne)	107	2	0	0	2	1.9
Total	1544	38	30	11	79	5.6

Number of employees by employment contract, type, region and gender

Region/Country	Permanent employees	Temporary employees	Non-guaranteed hours employees	Full-time employees	Part-time employees
Australia (Sydney, Melbourne)	2	0	0	2	0
Austria	0	0	0	0	0
Belgium (Brussels)	5	0	0	5	0
Canada	0	0	0	0	0
China (Shanghai, Guangzhou)	13	1	0	14	0
Czech Republic	4	0	0	4	0
Denmark (Copenhagen)	15	0	0	14	1
France (Villepinte)	14	3	0	17	0
Germany (Düsseldorf)	40	3	0	41	2
Norway (Bergen, Oslo, Røros, Stavanger, Trondheim)	270	7	0	257	20
Poland (Turek, Warsaw)	718	41	0	759	0
Singapore (Singapore)	4	0	0	4	0
Romania (is counted in Poland, and hired in Poland - works in Romania)	1	0	0	1	0
Sweden (Göteborg, Nässjö, Stockholm)	172	7	0	174	5
Switzerland (Opfikon)	16	1	0	15	2
The Netherlands (Rotterdam)	18	6	0	16	8
UK (London-Brixton&Clerkenwell)	75	1	0	73	3
USA (Virginia, Washington DC, Hawthorne) (total 172 which includes 65 production workers (hired by agency))	107	0	0	107	0
Total women	592	36	0	597	31
Total men	881	35	0	905	11
Total employees	1474	70	0	1503	41



FLOKK’S ENGAGEMENT SURVEY – Engagement@Flokk

In our commitment to cultivating a secure, respectful, and inclusive workplace, Flokk conducts Engagement Surveys every second year. The survey, serves as a valuable tool for gathering feedback from all parts of the organisation. To ensure ongoing improvements, we implement team-based follow-up processes, aiming to preserve positive aspects of our company culture while introducing new measures for enhancement. Achieving a high level of employee participation is crucial in addressing findings. Consequently, we set a target of 90% response rate across Flokk. In the 2023 survey, we surpassed this goal with a remarkable 95% employee participation rate, marking a notable 10% improvement compared to the previous survey in 2021.

In our engagement survey, we measure specific Key Performance Indicators (KPIs) associated with key areas of focus within Flokk. Consequently, from this years’ survey we have incorporated a distinct focus and questions aimed at capturing employees' perceptions of our DEI initiatives.

Engagement surevy results

	2021	2023	Target
Response rate	87%	95%	90%
Inclusion	n.a.	8.0	8.0
Working environment	6.8	7.2	8.0
Work-life balance	7.0	7.5	8.0
Leadership	7.3	7.6	8.0

The 2023 results from our Engagement@Flokk survey reveal improvements across all six thematic factors we measured, marking a positive trend. This proves our strong commitment to actively leveraging survey results for further improvements.

The number of survey participants has increased over the years stemming from incorporating employees from acquired companies.

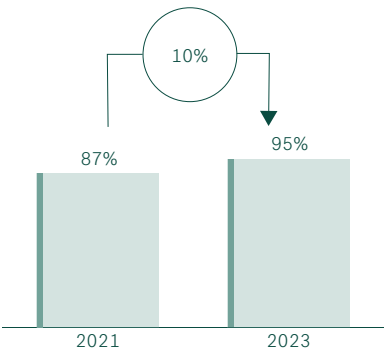
It is important to acknowledge that variances in scores on the different themes may vary partly influenced by local cultural nuances. To address result differences, a comprehensive follow-up process has been established, ensuring organisational involvement at all levels. Leaders at various tiers play a pivotal role in driving this follow-up, fostering a sense of collective responsibility and engagement in all parts of Flokk.

One noteworthy observation is the high level of trust our employees place in our engagement survey process. This trust underlines the effectiveness of our approach and the value

our employees sees in actively participating in shaping the organisation's culture and work environment. Overall, the 2023 results reflect positive changes that reflect the work conducted to constantly evolve and our dedication to continuous improving the dynamics within our organisation.



Response rate of Flokk Group engagement survey



FREEDOM OF ASSOCIATION

In The Netherlands, all employees fall under a metal electro association collective agreement as a basis for the salary adjustment process. This due to our former production entity in Zwolle. In Belgium we must, as per law, adhere to the local inflation when adjusting salaries. In Norway 51.6% and in Sweden 49.9% of our employees fall under collective agreements. The non-unionised employees in Flokk have the same compensation & benefit set-up as the employees covered by the collective agreements. At the Polish production site, we have external

representation from a union. However, there is no applicable collective agreement negotiated. Dialogue and interaction with internally elected employee representatives takes place regularly. In the US and in most of our commercial market organisations, we have local working environment committees in place. Employees can raise issues and concerns in these fora. When acquiring a company, we strive to establish equal compensation & benefit schemes adhering to Flokk's Compensation Policy.

Ethical Business Practices - Human Rights and Anti-Corruption

	2022	2023
On-site Audits for Human Rights Compliance in Supplier Network	12	17
Human rights violations recorded in value chain	0	0
Recording instances of anti-corruption violations	0	0
Reported whistleblower incidents	0	0

CONTRIBUTING TO LOCAL JOB CREATIONS

Our commitment to responsibility transcends the boundaries of our business operations. At Flokk, we take pride in being recognised as a cornerstone employer, a distinction attributed to our significant presence and influence in the local communities surrounding our manufacturing sites.

We actively engage in initiatives aimed at fostering community development and supporting local projects through collaboration with community organisations and stakeholders. We strive to make meaningful contributions to the well-being and progress of the areas where we have a presence. In the year 2023, our contributions included:

- Providing apprenticeships to young individuals as a vital component of their education
- Sponsoring local sports and cultural activities, reinforcing our commitment to cultural and recreational vibrancy
- Encouraging employee involvement in local business initiatives on behalf of Flokk, fostering a sense of shared responsibility and community engagement
- Facilitating employee participation in local political community boards
- Participating in local business interest organisations ensuring our voice is heard in matters impacting the local community as well as Flokk

- Demonstrating a positive approach to the integration of refugees by offering employment opportunities at our sites in collaboration with social security offices, thereby contributing to the broader societal goal of fostering inclusivity and support

Through these varied efforts, we strive to create a positive and lasting impact on the communities we serve, aligning our actions with our commitment to ESG targets and community building.



PRIORITISING THE SAFETY AND WELL-BEING OF OUR EMPLOYEES

As an employer, Flokk places a strong emphasis on health and safety. Employees can feel secure knowing that their well-being is a priority, and that the company actively promotes a healthy workplace – both from a physical and phycological point of view.

The health, safety and working environment (HSE) is an essential aspect of Flokk’s management system, based on recognised risk management and management system standards as ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM AND ORGANISATION

Flokk’s commitment to Health, Safety, and Environment (HSE) is embodied in a proactive culture driven by engaged Group Management and active participation from employees. Our goal is to ensure that our employees leave work as healthy as when they arrived, with a primary focus on prevention where the responsibility resting with the employer. We have a target of zero injuries, and we register all work-related injuries for our full time/part time and temporary workers, and contracted workers.

All employees of Flokk`s, including our contracted workers, is entitled to a secure working environment. Flokk promote workers health by supporting local non-work-related initiatives. Overall, our operations are primarily situated in countries where public healthcare services offer comprehensive coverage. In countries where this is not the case, we offer supplementary health insurance.

The HSE culture is facilitated by our Group Management and organized through HSE managers and Safety deputies in each production unit and Flokk location.

SYSTEMATISED HSE APPROACH – HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

For Flokk, systematic HSE practices involve proactive risk identification, incident reporting, adherence to legal requirements, and continuous improvement. Regardless of our performance, we prioritize staying ahead, conducting risk analyses, internal audits, safety inspections, and establishing objectives and competence requirements annually in alignment with our Groupwide HSE policy.

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To embed HSE throughout the organisation, we follow up on action plans, track responsible individuals, and set deadlines. This ongoing process results in an enhanced risk assessment approach that employees seamlessly integrate into their work, actively participating in issue detection and proposing or taking relevant actions.

This leads to an ongoing enhancement and regular updating of the HSE risk assessment process. Employees see it as an integral part of their work, as they are at the forefront of identifying issues and suggesting or implementing appropriate actions.

The most critical risks are escalated and addressed with the Group Management through HSE organisation in ESG forum, as a strategic part of Flokk’s Risk management Framework.



WORK-RELATED HAZARDS AND PREVENTATIVE MEASURES

We have identified three main areas of work-related hazards with potential to cause injury or ill health:

- i. Physical (example: hit by objects, cut by knife/staple, fall from height)
- ii. Ergonomic (example: improperly adjusted workstation)
- iii. Related to work-organisation (example: shift work, excessive workload demands)

Workplace – Health & Safety

Long-term goals: Zero number of fatalities + Zero high-consequence work-related injuries						
KPI	Goal 2024	Goal 2023	Results			
			2023		2022	2021
Number of fatalities	0	0	0	●	0	0
High-consequence work-related injuries	0	0	0	●	0	0
Rate of recordable work-related injuries*	0	0	5.96**	●	6.20**	6.00**
Number of recordable work-related injuries	0	0	16	●	17	15
Measures & Results 2023		Status	Measures 2024			
Continue with existing preventive HSE work and prevent future accidents:						
Adjust and tune HSE e-Learning program for all employees <b>Result: HSE e-training are translated into mother languages (Norwegian, Swedish and Polish) to secure better safety understanding for production workers. Training is 100% conducted for production workers in Norway, Sweden and UK. Poland is postponed to 2024.</b>		➔	Increased scope to additional language (Spanish). Finish the HSE e-Learning program for remaining production workers in Poland, US and Mexico. Target: 100% of performing HSE e-training			
Continue and develop the HSE e-Learning program for all employees by establish and implement Road Safety Program for all employees driving on duty for Flokk.		➔	Target: 100% performing of HSE Road Safety e-training for all employees in Commercial organisation and office employees.			
* Recordable work-related injury rate = Recordable work-related injury number x Working hours/1 000 000 Number of hours worked in 2023: 2 682 354 (2022: 2 749 934). Working hours for non-employees are not included. 2 minor injuries happened to non-employees and are included.						
** Improved rate of recordable work-related injuries due to 1 less injury in Flokk. The types of the 16 work related injuries are as followed: 7- hit by an object, 5 - fall, 2 - cut by knife/staple, 2 - ergonomic workstation (improperly adjusted workstation, awkward movements). None of these injuries happened to non-employees in 2023.						

MITIGATING INJURIES

To mitigate the likelihood of these work-related injuries, we have initiated the following preventative measures:

- Mandatory HSE training for all new employees that covers safety rules, HSE incident registration and work-related hazards
- Regular refreshment training for all employees
- Special training in specific high-risk activities
- Safety tours, internal audits, and spot checks
- Registration and investigation of unsafe conditions and near misses
- 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
- Remove exposure of chemicals
- Job rotations to prevent repetitive strain injuries

WORKERS PARTICIPATION IN HSE WORK

Working Environment Committees are established when the employee count exceeds 10, comprising equal numbers of workers and management representatives, with union representatives included if applicable. Worker members are elected. These committees meet regularly, making decisions by majority vote. Communication to workers regarding work-related incidents and actions taken is achieved through posted meeting minutes from these committees.

OCCUPATIONAL HEALTH SERVICES

Flokk has well-established occupational health services, fostering transparent communication between company representatives and external health services. Employees are informed about the following services:

- Attendance at follow-up meetings for employees on sick leave to tailor rehabilitation programs.
- Active engagement in health, safety, and working environment initiatives, including surveys and action plan preparation.
- Evaluation of health and welfare aspects of working time arrangements.
- Addressing issues related to facilitating employees with reduced functional capacity.

REPORTING UNSAFE CONDITIONS AND INCIDENTS

Workers have the ability to shield themselves from potential harm or ill-health by reporting unsafe conditions or incidents through Flokk’s Total Quality Management System (TQM). This can be done by notifying their manager or through the mobile app, ensuring a streamlined reporting process. To safeguard against reprisals, Flokk has a Whistleblower Process in place, allowing employees to report unacceptable conditions anonymously if preferred.

# Flokk Corporate & Sustainability Governance

At Flokk, governance isn't merely a protocol; it defines how we operate, make decisions, and uphold our responsibilities.

At Flokk, governance isn't merely a protocol; it defines how we operate, make decisions, and uphold our responsibilities. Our approach to governance emphasize our dedication of doing business the right way. It reflects our commitment to create enduring value, foster trust, and contribute positively to the world around us. As we continue our journey, our governance principles serve as a guiding light, ensuring that every step we take is one that aligns with our core values and aspirations. Through our governance structure, we aim to achieve the following:

- Uphold our role as a trusted business partner for our stakeholders
- Promote ethical decision-making and avoid illegal or unethical practices
- Manage risk & opportunities

## UPHOLDING OUR ROLE AS A TRUSTED BUSINESS PARTNER FOR OUR STAKEHOLDERS

Our governance approach revolves around transparency, accountability, and ethical conduct in every aspect of our organisation.

**Transparency:** We ensure that our stakeholders are well-informed about our strategies, performance, and decision-making processes. By maintaining open channels of communication, we foster trust and enable an inclusive understanding of our actions.

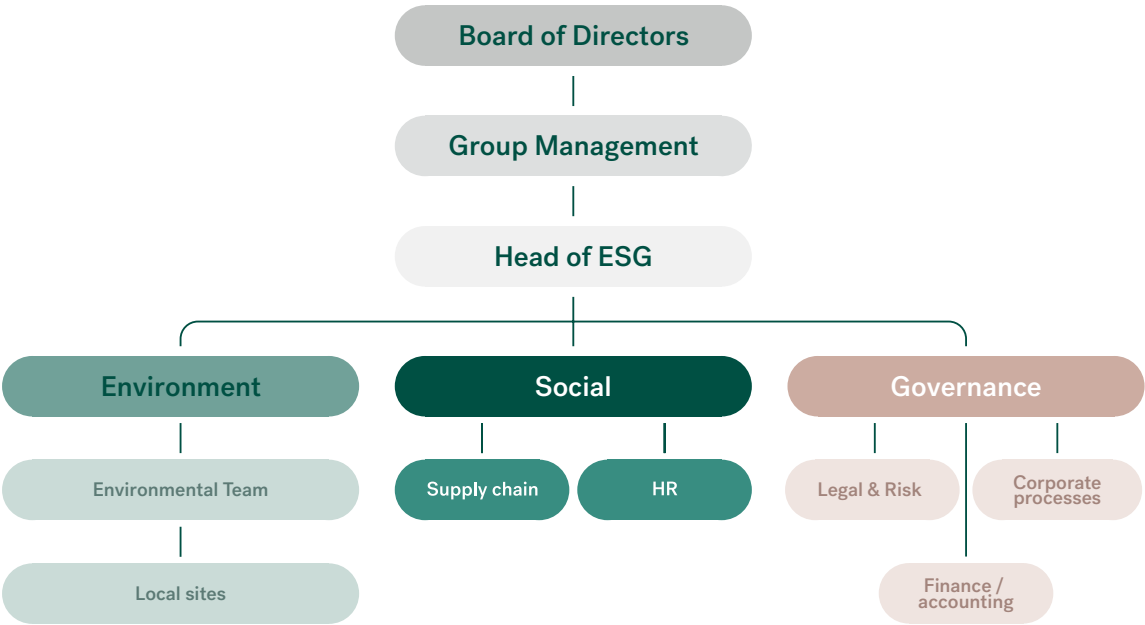
**Accountability:** We are committed to aligning our actions with our stated values and objectives. Through clearly defined roles, responsibilities, and performance metrics, we hold ourselves accountable for our commitments and contributions.

**Ethics:** We prioritize integrity in all interactions, ensuring that our practices are not only legal but also align with the highest moral standards we uphold in Flokk. This extends to our engagement with employees, partners, customers, and the communities we serve.



## ROLES & RESPONSIBILTIES:

Our sustainability governance structure is designed with the primary objective of delivering long-term value for our stakeholders through its organisational setup with clearly defined roles and responsibilities



	<b>Board of Directors</b>	The highest governing body, responsible for reviewing, monitoring, and guiding the sustainable strategy of the entire Flokk Group.
	<b>Group Management</b>	Provides strategic guidelines and priorities, steering us toward long-term objectives that align with our sustainability vision.
	<b>Head of ESG</b>	Ensure strategy execution, coordinating efforts across the ESG spectrum, prepares materials for management decisions and presentations, and cross-functional reporting and overall ESG-performance.
	<b>Environmental, Social, and Governance domains</b>	Ensures implementation of policies, plans, and procedures, and actively contribute to driving the sustainability agenda within their respective responsibility areas across the entire Flokk Group.
	<b>Local</b>	Ensures that day-to-day management remains in tune with our overarching sustainability objectives and strategic priorities.



PROMOTING ETHICAL DECISION-MAKING

We recognize the dynamic nature of the global business landscape we operate within and the importance of resilience in the face of challenges. Thus, we strive towards cultivating an ethical, secure, and resilient operational environment.

ANTI-BRIBERY & ANTI-CORRUPTION

Flokk stands against all forms of corruption. Our business operations are conducted with highly ethical standards, emphasizing our commitment to being a respected and trusted business partner for all stakeholders. Aligned with the UN's Global Compact and ILO Conventions, we uphold our role as a dedicated and reliable employer. This commitment is not only integral to our company's reputation but also crucial for the well-being of our employees and direct stakeholders, reflecting the core values that define us.

Every Flokk employee is expected to steer clear of situations that could create conflicts between the company's interests and their personal interests. This prohibition extends to all forms of bribery, extortion, facilitation money, kickbacks, and any improper personal or professional benefits extended to customers, agents, contractors, government officials, suppliers, or employees of such entities.

Our anti-corruption framework is seamlessly integrated into our governing documents, including Flokk's Code of Conduct, both for employees and business partners. Specifically targeting the most vulnerable units, such as sales and

purchasing, our anti-corruption measures are robust. The whistleblower procedure provides clear guidance on how employees should report any suspected internal corruption or other misconduct, extending the responsibility to our direct business partners as well. This comprehensive approach ensures the integrity and transparency that define Flokk's commitment to ethical business practices.

We have introduced a Sanctions Verification Tool and improved our internal processes to streamline sanctions screening and uphold compliance with sanction regulations. This tool automatically screens our business partners against the UK, US, and UN consolidated sanction lists on a quarterly basis. The outcomes are thoroughly assessed by our Legal and Risk department. Prior to entering any agreements, all new suppliers and customers undergo screening.

In the year 2023, there were no recorded incidents of corruption, no instances where employees were dismissed or disciplined for corruption, and no public legal cases related to corruption were filed against our company or our employees. No cases where Flokk was charged with monetary fines or non-monetary sanctions.

INFORMATION SECURITY

Flokk's approach towards information security covers a combination of strategic frameworks, certifications, continuous improvement, proactive measures, and a strong focus on employee awareness. Our strategical approach is designed to create and sustain a resilient and secure information environment for our operations and stakeholders.

We have seen a significant increase in the number of cyber attacks against the Flokk applications/ infrastructure. The increasing sophistication of cyber threats necessitates a proactive stance on Information Security, recognizing its critical role in safeguarding the confidentiality, integrity, and availability of our data. Our approach to Information Security centres around the following key principles and initiatives:

- Robust Information Security Management System (ISMS)
- ISO 27001 certification
- Continuous improvements with regular assessments, internal and external audits
- Technical barriers
- Employee training and awareness sessions, attack simulations
- Monitoring and threat detection
- Incident response and management
- Integration with overall risk management

IMPLEMENTING CORPORATE GOVERNANCE

Achieving our goals and adapting to changes in the business environment requires a well-balanced alignment of people, policies, and systems. This approach ensures that our

commitment to sustainability is integral and embedded in our organisation, fostering resilience and effectiveness in pursuit of our environmental and social objectives.



POLICIES:

Flokk has established a set of Group Policies as a strategic framework to guide our organisational conduct. We are committed to complying with the precautionary principle, stated in our Governance policies, reviewed and approved annually by the Board. All employees in Flokk needs to comply with these Group Polices, regardless of employment type.

Our policies are valuable tools for identifying and mitigating risks. They establish procedures for risk assessment and management, helping Flokk anticipate and address potential challenges. The policies also include guidelines for ethical behaviour and responsible use of resources, as such our governance covers environmental and social considerations.

We have decided to prioritize placing additional emphasis on a set of selected Group Policies that are applicable to Flokk, irrespective of location and entity:

- Code of Conduct (employees and business partners)
- Diversity, Equity and Inclusion
- Health, Safety and Environment (HSE)
- Anti-money laundry
- Anti-bribery and anti-corruption
- Sanction
- Information security and privacy policy

These policies are annual reviewed and approved by our Board of Directors, reinforcing our commitment to transparent and ethical governance. Once approved, these policies are seamlessly integrated into our organisation and operations



SYSTEMS:

Flokk's Quality Management system (TQM) serves as a comprehensive library housing all steering documents, policies, and procedures. This system is the backbone of our commitment to delivering quality, innovation, and reliability to all our stakeholders. The system does not only streamline our operations but also ensures consistency, compliance, and continuous improvement in every facet of our business. By centralizing all critical documents, it fosters transparency, accountability, and efficient access to essential information for our teams.

Learning@Flokk stands out for its user-friendly interface, interactive content, and personalized learning paths, providing an engaging and efficient e-learning experience for our team members.



PEOPLE:

How do we ensure that our policies resonate beyond mere words on paper? At Flokk, we prioritize the empowerment of our employees through knowledge and awareness. To ensure that every member of our team is well-versed in our Group policies, we have established a framework for accountability and training where we promote ethical behaviour and risk awareness.

- For newcomers, they form an integral part of our mandatory onboarding program, ensuring that every new employee receives a comprehensive understanding of our guidelines
- For existing employees, the policies are incorporated into our e-learning courses and followed up through the annual individual development talks, ensuring a continuous learning process for all Flokk employees

We understand that knowledge is a catalyst for responsible and informed decision-making. Our process of policy training assure that each individual within our organisation is equipped to uphold our shared values and contribute to the success of Flokk.

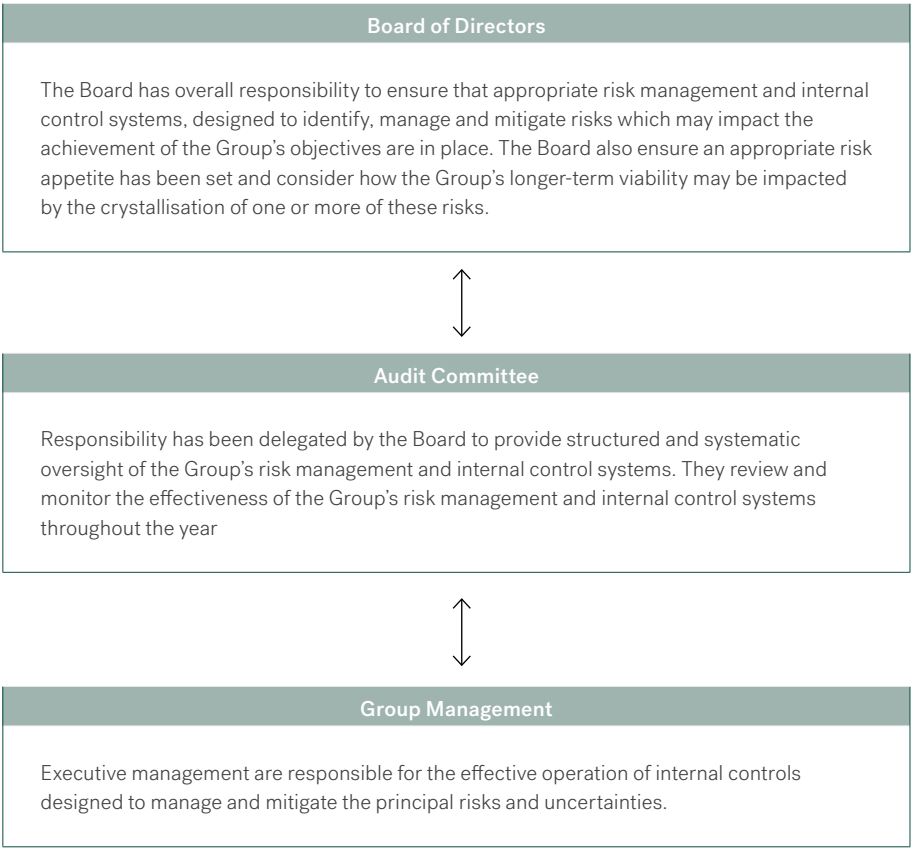
RISK AND OPPORTUNITY MANAGEMENT

Effective risk management supports the delivery of our strategic objectives and the sustainable growth of our business. We regularly face business uncertainties, and it is through a structured approach to risk management that we are able to proactively respond to, mitigate and manage these risks and embrace opportunities as they arise. The geographical footprint, together with our broad portfolio of products, customers and suppliers are important factors in mitigating the risk of a material threat to the Group’s sustainable growth and long-term shareholder value.

RISK MANAGEMENT APPROACH AND GOVERNANCE

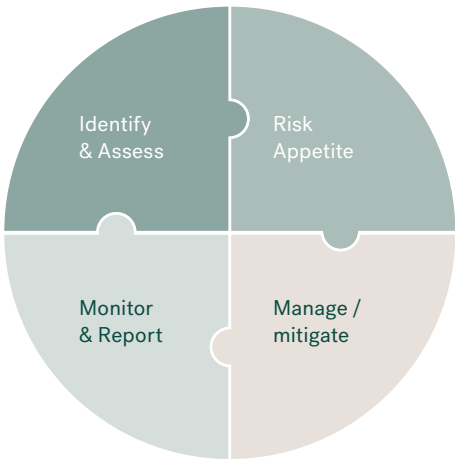
As with any business, risks and uncertainties are inherent in our business activities and may have a significant financial, operational or reputational impact. The Board is ultimately responsible for the management of risk and for setting the Group’s risk appetite. On an annual basis, the Board agrees the principal and emerging risks facing the Group and a robust risk management governance framework is in place which enables the Group to effectively prioritise and

manage risk to within our risk appetite levels. The Board carries out a review of the effectiveness of the Group’s risk management and internal control systems at least annually. The Group’s risk management governance framework has been implemented to ensure there is clear ownership and delegation of responsibility for the management and oversight of risk to support the appropriate flow of information throughout the Group.



ENTERPRISE RISK MANAGEMENT PROCESS

Our enterprise risk management process is embedded across the Group to support the delivery of our strategic objectives and our annual risk assessment is an integral part of this process. This risk assessment incorporates a groupwide top down and bottom-up evaluation to determine the likelihood of occurrence and potential impact of risks on the Group level. Input is obtained from senior business and functional management through a series of workshops, one-to-one interviews and surveys, which are consolidated to produce the Group Risk Library. Our risk universe forms the basis of conversations and additional new and emerging risks are added as they are identified and assessed. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluation of risks.



The output from this process is consolidated to determine the principal risks and uncertainties for the Group. Executive Management review and validate these risks, providing further input where necessary before submission to the Audit Committee and Board for final consideration and approval.

Each of the Group’s principal risks is assigned a risk owner who is responsible for ensuring mitigating actions are sufficient to bring risks to within the agreed level

CLIMATE & NATURE RISK ASSESSMENT

We conduct Climate Risk Assessment with the aim to identify key risk elements, as well as the opportunities that arise from growing awareness of climate change in the general public. In the exercise, the information is 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 organisation.

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.

Due to the nature of Flokk’s operation, its production footprint, inbound value chains and material consumption, nature risk is considered low. Nature risk assessment according to Taskforce for Nature-related Disclosures (TNFD) will be considered for 2024.

RISKS AND OPPORTUNITIES CATEGORIES

- Strategic
- Operational
- Sustainability
- Market
- Finance & Treasury
- Human Resources & Health and Safety
- Information Security
- Legal & Compliance

CLIMATE RISK ASSESSMENT OUTCOMES:

- Corporate KPIs defined to ensure we continue to reduce our cradle to gate climate emissions
- Long-Term Environmental Goals for 2030 reviewed
- Strengthened market communication & public visibility with our sustainability ethos, performance leadership in providing low carbon products
- mproved digital infrastructure to document & generate environmental data for internal analysis and for tenders
- 5-III principles for sustainable design implemented in the Profim/Turek operation acquired in 2018
- Monitoring & pilot testing for future circular business models continued

RISK AND OPPORTUNITY MANAGEMENT

Risks and Opportunities – Environmental, Social and Governance

	Themes	Identified Risks	Opportunities	Activity to minimize risk and follow up opportunities
E	Environment - own activities and operations, including R&D	Environmental incidents & accidents	<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>• Lift performance level at suppliers by setting strict environmental requirements through new Integrity Next Portal</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>• Less travel and lower emissions</li><li>• Higher efficiency with digital meetings</li><li>• Global Fight against financial crime</li></ul>	<ul style="list-style-type: none"><li>• ISO 14001 &amp; 50001 - environmental &amp; energy management system (EED compliance)</li><li>• Code's of Conduct for employees and business partners</li><li>• Environmental &amp; Energy Aspect Analysis</li><li>• Principles for Sustainable Design/Circular design criteria (5-III) &amp; supporting design tools &amp; guidelines to ensure products with minimised GHG emissions and resource use, with long life time and easy disassembly 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>• Eco labelling – EU Ecolabel, EPD, GREENGUARD Gold, FSC</li><li>• Environmental &amp; Energy Policy</li><li>• Risk reduction Production sites - Management system Risk module</li><li>• Waste Management</li><li>• Chemical management - EcoOnline &amp; MSDS archives – SCIP compliance</li><li>• Environmental Requirements to Suppliers</li><li>• Supply Chain Management, supplier appraisals and compliance screening</li><li>• ESG included in Due diligence &amp; acquisitions processes</li></ul>
		Climate <ul style="list-style-type: none"><li>• Global warming from GHG emissions</li><li>• Inefficient energy consumption</li><li>• Energy &amp; heating emissions</li><li>• Transportation &amp; travel emissions</li><li>• Dirty energy mixes</li></ul>		
		Resources <ul style="list-style-type: none"><li>• Overconsumption</li><li>• Material scarcity</li><li>• Waste generation</li><li>• Barriers for circularity</li></ul>		
		Health <ul style="list-style-type: none"><li>• Use of chemicals harmful to health and/or the environment</li></ul>		
S	Responsible Supply Chain - operations of suppliers and tiers	<ul style="list-style-type: none"><li>• Growing supply chain - number and distribution</li><li>• Compliance level among suppliers</li><li>• Lack of signed Code of Conduct from a smaller portion of the supply base</li><li>• Events challenging global supply chains</li></ul>	<ul style="list-style-type: none"><li>• Build corporate value for stakeholders with supply chain transparency</li><li>• Driving change for social responsibility</li></ul>	<ul style="list-style-type: none"><li>• Supplier strategy</li><li>• Supplier appraisal process</li><li>• Tracking of KPIs on supplier performance and risk assessment, signing of CoC</li><li>• Implementation of supplier mgmt. and risk assessment tool</li><li>• Reshoring initiatives</li><li>• Sanction screening process, sanction tool and sanction policy</li></ul>
	Social Responsibility & Human Rights - own + business partners	<ul style="list-style-type: none"><li>• Harassment</li><li>• Diversity, Equity and Inclusion</li><li>• Freedom of Association and the Right to Collective Bargaining</li></ul>	<ul style="list-style-type: none"><li>• Build corporate culture around Flokk's vision &amp; values</li><li>• Good working environment</li><li>• Transparency</li><li>• Trusted business partner for all stakeholders</li><li>• Drive positive change throughout our value chain</li></ul>	<ul style="list-style-type: none"><li>• Human Rights Policy</li><li>• Code of Conduct – Business Partners and own employees</li><li>• Diversity Equity and Inclusion Policy</li><li>• IDT – Individual Development Talks,</li><li>• Training &amp; e-learning in Learning portal</li><li>• Trade unions &amp; working environment committees/survey</li><li>• Human Right Due Diligence</li></ul>
	Health and Safety - Workplace	<ul style="list-style-type: none"><li>• Fatalities/ Rate of recordable work-related injuries</li><li>• Repetitive strain injuries</li><li>• Forklift driving</li><li>• Fire at own premises</li></ul>	<ul style="list-style-type: none"><li>• Low sick leave</li><li>• Good working environment</li><li>• Pioneer company in ergonomics</li></ul>	<ul style="list-style-type: none"><li>• Health &amp; Safety Policy</li><li>• Internal Audits and Safety tours</li><li>• HSE e-learning for all employees</li></ul>
	Health and Safety – Customers	<ul style="list-style-type: none"><li>• Injuries at customer</li><li>• Customer satisfaction</li><li>• Chemical exposure</li><li>• Reputation</li></ul>	<ul style="list-style-type: none"><li>• Safe products</li><li>• No claims</li><li>• Good reputation</li><li>• Build corporate value through safe and durable products</li></ul>	<ul style="list-style-type: none"><li>• Test reports according to international standards with requirements concerning ergonomics, usability, safety, stability and strength</li><li>• Product certificates due to Eco labelling - free for hazardous chemicals</li><li>• Customer training in proper use of products</li></ul>
G	Integrity, Risk and Compliance	<ul style="list-style-type: none"><li>• Compliance with new regulations or expectations from relevant stakeholders within the three defined areas of ESG</li><li>• Local laws &amp; regulations</li><li>• Secure conducting business in compliance to internal policies and procedures</li><li>• Sanctions &amp; Trade barriers</li></ul>	<ul style="list-style-type: none"><li>• Adequately address long-term risks</li><li>• Promote investor confidence</li><li>• Responsible investment</li></ul>	<ul style="list-style-type: none"><li>• Enterprise risk management</li><li>• Finance 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>• Flokk's Code of Conduct</li><li>• Corporate policies (Sanctions, Anti-Bribery and Anti-Money Laundering)</li><li>• Learning programs</li></ul>
	Suppliers Management	<ul style="list-style-type: none"><li>• Data quality and accessibility</li><li>• Control in all Tiers levels</li></ul>	<ul style="list-style-type: none"><li>• Origin of materials</li><li>• CO<sub>2</sub> Footprint</li><li>• Sustainable supply of chain</li><li>• Comply with ESG reporting regulations</li></ul>	<ul style="list-style-type: none"><li>• Code of Conduct – Business Partners</li><li>• Suppliers Management tool</li></ul>
	Commercial	<ul style="list-style-type: none"><li>• Restrictions of selling products in specific/new markets</li><li>• Reputational risk</li></ul>	<ul style="list-style-type: none"><li>• Good reputation</li><li>• Growth</li><li>• Market access</li><li>• Safe products</li><li>• Competent staff</li></ul>	<ul style="list-style-type: none"><li>• Certified with ISO 9001 Quality Management System, ISO 14001 &amp; 50001 – Environmental &amp; Energy Management Systems (EED compliance), ISO 27001 Information Security and Privacy</li><li>• Brand Geo Policy</li></ul>
	Cybersecurity and Privacy	<ul style="list-style-type: none"><li>• Cyber attacks</li><li>• Secure data privacy and security law</li><li>• Stability of the production systems</li></ul>	<ul style="list-style-type: none"><li>• Improve awareness within the organisation</li><li>• Implement active control of training and knowledge of policies</li></ul>	<ul style="list-style-type: none"><li>• Information Security and Privacy Policy</li><li>• Procedure for cyber security</li><li>• Guidelines for Personal Data Protection</li><li>• Learning programs</li></ul>





Materiality Assessment

A crucial aspect of our sustainability strategy and reporting is the transparent disclosure of where Flokk, as a company, can make a significant impact, whether it be positive or negative, on the environment, society, the economy, and people. Much of our effort is dedicated to continuously gathering insights from both internal and external perspectives, enabling us to identify evolving material risks and opportunities related to sustainability. This is essential not only to adapt to the growing influence of our organisation but also to navigate the rapidly changing global landscape, societal shifts, and evolving legislation, which increasingly reflect heightened public awareness in all markets.

MATERIAL IMPACTS AND STRATEGIC PRIORITIES

Material topics are those that signify the most substantial impacts an organisation has on society and the environment. In 2021, Flokk engaged The Governance Group (now Position Green Group) to facilitate an update of our materiality assessment in alignment with the new GRI Standard 2021 concept of double materiality. This involves considering how sustainability factors impact Flokk (strategic priority) and how Flokk impacts society and the environment (external materiality). Our previous materiality assessment, conducted in 2018, was the result of a comprehensive process that included interviews and workshops with managers from all business areas and disciplines at Flokk, including Group Management.

The 2021 materiality assessment involved in-depth interviews with both internal and external stakeholders. We conducted internal interviews with selected Group Management managers. External interviews were carried out with key partners like Nordea, The Confederation of Norwegian Enterprise (NHO) - Furniture & Interiors, Skift (a business-led climate initiative & CEO network), and Circular Norway (a politically independent promoter of the transformation of Norwegian businesses into a circular economy).

During these interviews, a comprehensive list of impacts associated with the furniture industry was discussed and rated based on their severity throughout the value chain. To be considered a positive impact, it had to be a significant and independent positive effect integral to our business model or product/service, such as providing fully circular products.

Reducing negative impacts or performing better than the industry average did not count as a positive impact in this context. After a rigorous evaluation process, a final list of Flokk's strategic priorities, and where we have the most impact on the environment and society, both positively and negatively, was agreed upon and calibrated with the input of Flokk's ESG stakeholders and selected Group Management managers through extensive workshops.

REPORTING STANDARD & PERIOD

This year's report has been prepared in accordance with the GRI Standards 2021 for the period 2023 and is published annually. The financial and sustainability reports are aligned, with the publication date set for April 11th, 2024. We are currently preparing for an update of our materiality assessment in accordance with our plan for CSRD (Corporate Sustainability Reporting Directive) readiness.

REPORTING SCOPE

The sustainability reporting covers the entities listed in Note 18 of the financial reporting, except for Flokk Furniture (former Habitat Furniture). This exception is due to incomplete integration into the common ERP system and IT platform, resulting from Covid-related travel restrictions.

In this year's sustainability report, the largest workplaces are covered: Røros and Head Quarter (Norway), Nässjö (Sweden), Turek (Poland), Hawthorne (9to5 Seating in US) and Mirfield (Connection in UK). The report presents primary data for Flokk's workforce in Norway, Sweden, The Netherlands, Switzerland, Denmark, Germany, Belgium, France, the UK, Poland, China, Singapore, Australia, and the USA.

Environmental	Social	Governance
<b>Material impacts:</b> 1. GHG-emissions • Climate impacts from supply chain (S) • Climate impacts from own productions and operations (S)  2. Circular economy • Contributions to a circular economy (P) • Material use in products and packaging • Waste/pollution impacts in productions and operations  3. Chemical impacts in supply chain (S)	<b>Material impacts:</b> 1. Local job creation and employment offerings (P) 2. Working conditions in supply chain • Labour rights violations • Health, safety and working environment  <b>Strategic priorities:</b> • Diversity, Equity and Inclusion • Health, safety and working environment in own operations (S) • Health and Safety Customers (P)	<b>Material impacts:</b> 1. Influence on sustainable public procurement practices and regulations (S)(P) 2. Illegal or unethical practices in supply chain  <b>Strategic priorities:</b> • Illegal or unethical practices in own operations

Flokk Material impacts and Strategic priorities related to sustainability. (P) – Positive impacts. (S) – Strategic impacts.

Stakeholders – Dialogue

Collaboration towards our stakeholders across the value chain is essential for us to fulfil our high ambitions on sustainability, human factors & aesthetic innovation. Stakeholders are identified through systematically accumulated 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. Flokk also has a commitment to society and includes our stakeholders in the work to contribute to the improvement of human rights for selected vulnerable groups.

Our stakeholders are entities or individuals in boards, but also 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 and Investors/Bank/Insurers including Individuals and entities
- The Board and Group Management including Individuals and entities
- Colleagues, New employees and Contracted workers
- Trade unions
- Consultants
- Customers - Dealers, Importers, End users
- Competitors
- Public, Media
- Local communities, Neighbours and Vulnerable groups
- Suppliers, Partners and Transporters
- NGOs and organisations
- Authorities and Regulators
- 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)
- Member of Skift, a business-led climate initiative & CEO network, established to accelerate the transition to a low carbon economy
- +LAB / Norwegian design industry cluster, with regular participation in expert groups and on panels
- Participation in the CEN Work Group 10 'Requirements and tools for furniture circularity', aiming to standardise Circular Economy (CEN - European Committee for Standardization)
- Various local & regional bodies round our production facilities, including TIG (Turek Chamber of Economy), which affects the improvement of the functioning of local business, including social issues
- In US, 9to5 is member of Business and Institutional Furniture Manufacturers Association (BIFMA), a not-for-profit trade association for infrastructure of engineering and materials

Involvement in projects

Project	Goal / Findings	Partners	Timeline
<b>MaxSense</b>	Development of human anatomical avatars using AI techniques to predict muscular tone and tension, for optimization of workspace design & human-computer interaction.	SINTEF, Nordic Semiconductors, SATS, NxTech, UiO	2022->
<b>Community work hub</b>	Pilot project of a reuse & replace system for community co-working spaces, allowing users to change their work environment from home, but spare the commute to work	OBOS GoGood	2021 →
<b>Hållbar Interiör</b>	Development of design criteria, ranking & certification of the sustainability of interior architecture and furnishing	RISE, Tengbom architects, Federation of Swedish Furniture Industries, Indicum + various suppliers	2021 ->
<b>POCOplast</b>	Collaboration to utilise post-consumer plastics from aquaculture before lost in nature, value chain focus	NCE Aquatech, Bellona, Plasto, Empower, NOPREC, SINTEF	2020 ->
<b>Adapt AI</b>	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
<b>Neurodesign</b>	Explore how design & architecture can positively influence human psychology, cognitive performance, creativity and wellbeing, through state-of-the-art neuroscience tech	University College London, Institute of Behavioral Neuroscience	2023 - 2027
<b>Leading in Environment &amp; Quality</b>	Tackle sustainability challenges Increase our competitive strength	Federation of Norwegian Industries + 22 companies	2017 →

STAKEHOLDER MATRIX

Stakeholders	Mutual influence / impact	Forum for dialogue – Frequency	Key topics 2023	Response
INTERNAL			INTERNAL	
Owners	Triton Partners’ 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 expect us to follow up ESG requirements and guidelines by maintaining 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 KPIs biannually.	Three highlights from Triton’s ESG agenda in 2023 A - Reduction in carbon emissions and comply with the European Energy Efficiency Directive (EED) B - Establish ESG strategy including subsidiaries C - Involve The Board by establishing process for yearly update of Governance policies and Risk review by Board	A - Flokk reports energy consumption and carbon emission to Triton, complies with EED through ISO 50001 B - Quality assured Turek and Hawthorne added to Triton ESG KPI reporting scope in 2022 C - 13 policies are approved by Board before published
The Board and Group Management	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.	Innovation, brand strategies for acquired brands, strategic governance and increased pace of environmental product certification. Market communication and sales tools of environmental benefits. Conduct ISO certification audits due to ISO 9001, ISO 14001, ISO 50001, ISO 45001 and ISO 27001	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 2023. No major finding based of the performed ISO audits.
Employees and trade unions	Our employees influence Flokk through their productivity, creativity, competence, involvement, and engagement. Flokk, on the other hand, influence its employees by offering personal and professional development activities, compensation & benefit schemes, sound working conditions as well as a sense of belonging through the company culture. Additionally, Flokk influences the employees’ immediate external environment such as family, friends, and the local communities where we are represented.	The employees actively participate in various formal bodies linked to the trade unions, Board work, working environment committees, Corporate Executive Council etc. Our corporate culture is characterized by open and transparent dialogue, trust and mutual respect. All employees conduct annual personal development dialogues with their direct manager, setting objectives and personal development goals all linked to Flokk’s strategy and the department’s action plan	Leadership Development Programs completed: DEI Awareness training, Remote Management and Flokk’s Leadership Requirements. The action plans agreed following the Engagement@Flokk survey in 2023 has been focused on site and department levels. Additional digital training programs linked to Flokk’s Core Competence Requirements: IT & Information Security and Health, Safety & Environment training. Learning@Flokk has been made available for our production colleagues at Røros and in Nässjö.	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, Nässjö and Turek sites. Regular General Meetings take place four times a year, and departmental meetings are held at least every second month.
EXTERNAL			EXTERNAL	
Customers - dealers, importers, end users	Flokk has three main customer groups: dealers, importers, and end users. In addition, we have important commercial influencers such as the A&D community, physiotherapists, etc. Dealers represent the public face of the company vis-à-vis end customers and users, and exercise considerable influence over the company’s reputation as most of our sales goes through our dealers (indirect distribution).	The Customer Survey is typically sent out once a year. We will also strive to integrate a survey via Super office. Gives our dealers the possibility to rate Flokk immediate after they have got a reply from us. Low response rate on the original survey forces us to find new channels for measuring the customer satisfaction.	Integration of our acquired brands to common ERP and CRM system to have same processes and control, equal handling and carry through of the customer order processes. Integration of Flokk HUB to simplify order process to our dealers (B2B) and to end customers (B2C).	Flokk HUB and re-organizing the order flow process in Flokk in total. New KPI reports are made to measure response time towards our dealers and to measure the reason for why the customer must contact us. This is done via tags with reason for contact, in Super Office. Actions for improvements will be taken according to more specified measurements.
Suppliers and their workers	Agreements are signed with the suppliers before new business are awarded, including sanction list check. We have a mutual understanding and discussion on what we require and what the supplier can agree to. Focus on Supplier Performance e.g. Quality, Delivery, Compliance, Risk including environmental and social factors with a negative impact on society, labour market practices and human rights. Deviations will need an action plan with the supplier.	Key suppliers: we have frequent meetings at least 2 times per year: Review performance, improvements and projects. Supplier Performance and risks are internally followed up monthly. Low performing suppliers: we have actions to increase performance with a higher frequency of follow-ups, and new business might be put on hold.	Main activities were related to heavy fluctuations in raw material prices and electricity where we had to agree to extraordinary changes. We also started a re-appraisal of key suppliers from Poland to have them approved according to the latest standard.	We are willing to listen to our suppliers in difficult situations and they appreciated an open discussion with us.
Local communities	Flokk is an important employer in several of the local communities we have operation and strive to be an attractive employer on the local job market. Through this we participate in the development of the business sector in the regions and support organisations of voluntary workers.	We have a close cooperation on matters that affect the communities and the company. Flokk employees hold important positions, and actively participates in municipal and local business sector projects. It is important for Flokk to demonstrate true engagement and act as a responsible business partner.	Flokk continues to contribute financially to culture and sports projects in the local communities of Røros, Nässjö and Turek. Through our DEI focus, we also try to reach out to vulnerable groups in society that may need special attention to enter working life such as refugees and young adults who both need language training and work experience.	Flokk continues to play a central role in the Norwegian Mass Customisation Cluster at Røros, Norway’s leading professional environment in mass customization production. Site Manager at Røros is chairman of the Board at the Regional Business Association, and Board member of NHO Trøndelag. In Nässjö, sustainability and social development have been focused on in several municipal projects. In Turek, we support the local community with financial donations to Ukrainian refugees, orphanages, charity sports events, and product donations to schools and police stations.
NGOs and organisations	Flokk is a member of Ethical Trade Norway (ETN) and collaborates with environmental organisations where relevant. We support Hold Norge Rent through membership.	Representatives of Flokk ESG key personnel are invited to seminars and courses run by ETN. We participate in the environmental foundation ZERO’s Fossil Free plastics forum.	ETN has high focus on gaining control of a responsible supply chain in our dialogues. In 2023, we continued to financially support ZERO on surveying potential and possible solutions of fossil free plastics.	Our annual reporting to ETN is integrated in this sustainability report. We share our experience on use of post-consumer recycled plastics with ZERO’s Fossil Free plastics forum when needed.
Industry associations	A - The Confederation of Norwegian Enterprise (NHO), Furniture & Interiors. B - Norwegian design industry cluster Plusslab.	A - Annual General Meetings, Board meetings. B - Participation in Expert group for sustainability and circular business models.	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 – Valued insight into mechanics & pitfalls of circular business models.

GRI-Index

This report has been prepared by Flokk in accordance with the GRI Standards 2021 for the financial year 2023.

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 content of the GRI report was collaboratively developed, proofread, subjected to formal review, and granted approval by Flokk Group Management. While the report has not undergone external verification, Position Green Group conducted an independent gap analysis of our GRI 2020 report vis-à-vis the GRI Standards for 2021, ensuring alignment for forthcoming reports. In the coming year, we will make preparations for CSRD compliance.

A list of GRI topics and disclosures is provided in the following pages, with references to where the topics are discussed in this report.

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 of how our sustainability work is correlated with these two important guidelines for acting responsible towards the environment and social responsibility.

UN SDGs – Sustainable Development Goals

No 3	Ensure healthy lives and promote well-being for all at all ages
No 5	Achieve gender equality and empower all women and girls
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	Organisational 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 organisation for social responsibility
7.4.3	Building social responsibility into an organisation'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

Statement of use:	Flokk AS has reported in accordance with the GRI Standards for the period 01. Jan 2023 to 31. Dec 2023
GRI 1 used:	GRI 1: Foundation 2021
Applicable GRI Sector Standard:	Household durables - Manufacturing of furniture (not yet available at the time of printing)

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			UN SDGs No.	ISO 26000	
			Requirement omitted	Reason	Explanation			
GR12: General Disclosures 2021	General disclosures							
	2-1 Organisational details							
	2-1-a	Legal name	Cover				6.3.10 6.4.1- 6.4.5 6.8.5 7.8	
	2-1-b	Nature of ownership and legal form	12-14, 70					
	2-1-c	Location of headquarters	5, 156					
	2-1-d	Countries of operation	5, 156					
	2-2 Entities included in the organisation's sustainability reporting							
	2-2-a	Entities included in sustainability reporting	5, 70, 144				7.5.3 7.6.2	
	2-2-b	Entities included in financial vs sustainability reporting	144					
	2-2-c	Consolidating information of multiple entities	144					
	2-3 Reporting period, frequency and contact point							
	2-3-a	Reporting period for / frequency of sustainability reporting	144				7.5.3 7.6.2	
	2-3-b	Reporting period for financial reporting	144					
	2-3-c	Publication date of the report	144					
	2-3-d	Contact point for questions	154					
	2-4 Restatements of information							
	2-4-a	Restatements of information made from previous reporting periods, reasons and effects	100-101, 106-109, 116-120					
	2-5 External assurance							
	2-5-a	Policy and practice for seeking external assurance	148				7.5.3 7.6.2	
	2-5-b	Information if sustainability reporting has been external assured	148					
	2-6 Activities, value chain and other business relationships							
	2-6-a	Sectors in which organisation is active	5, 8-9, 52-54				6.3.10 6.4.1- 6.4.5 6.8.5 7.8	
	2-6-b	Value chain	5, 8-9, 98, 122-126, 145-147					
	2-6-c	Other relevant business relationships	101-103, 128-133					
	2-6-d	Significant changes in 2-6-a,b,c compared to previous reporting period	6-7, 8, 30-36, 122-126					
	2-7 Employees							
	2-7-a	Total number of employees	5, 9, 33, 128-133				8	6.3.10 6.4.1- 6.4.5 6.8.5 7.8
	2-7-b	Total number of various types of employees	30-36, 128-133					
	2-7-c	Methodologies & assumptions to compile data	128-133					
	2-7-d	How to understand data under 2-7-a,b	128-133					
	2-7-e	Significant fluctuations in number of employees	128-133					
	2-8 Workers who are not employees							
	2-8-a	Total number of workers who are not employees	128-133				8	6.3.10 6.4.1- 6.4.5 6.8.5 7.8
	2-8-b	Methodologies and assumptions to compile data	128-133					
	2-8-c	Significant fluctuations in number of workers who are not employees	128-133, 138					
	2-9 Governance							
	2-9-a	Governance structure	12-14, 136-137				8	6.2 7.4.3 7.7.5
	2-9-b	Committees of highest governance body responsible for decision making	12-14, 136-137					
	2-9-c	Composition of highest governance body and its committees	12-14, 136-137		Not applicable	No employees in Flokk Holding AS		



GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			UN SDGs No.	ISO 26000	
			Requirement omitted	Reason	Explanation			
GR12: General Disclosures 2021	2-10 Nomination and selection of the highest governance body							
	2-10-a	Nomination and selection processes	12-14					6.2 7.4.3 7.7.5
	2-10-b	Criteria used for nominating and selecting	12-14					
	2-11 Chair of the highest governance body							
	2-11-a	Is chair of highest governance body a senior executive	12					6.2 7.4.3 7.7.5
	2-11-b	If so, explain functions, reasons, conflict mitigation	12	b.	Not applicable	CEO not member of the board		
	2-12 Role of the highest governance body in overseeing the management of impacts							
	2-12-a	Role of highest governance body in setting purpose, values, strategies, policies and sustainable development goals	12-17, 136-137				8	6.2 7.4.3 7.7.5
	2-12-b	Role of highest governance body in overseeing due diligence	12-17, 136-137					
	2-12-c	Role of highest governance body reviewing effectiveness of 2-12-b, frequency	137					
	2-13 Delegation of responsibility for managing impacts							
	2-13-a	How highest governance body delegates responsibility	12-17, 136-137				8	6.2 7.4.3 7.7.5
	2-13-b	Process and frequency to report to highest governance body	12-17, 136-137					
	2-14 Delegation of responsibility for managing impacts							
	2-14-a	Responsibility & process of highest governance body for reviewing and approving reported information	148				8	6.2 7.4.3 7.7.5
	2-14-b	If highest governance body not responsible, explain reason for this	NA	b.	Not Applicable	GM is responsible		
	2-15 Conflicts of interest							
	2-15-a	Processes for highest governance body to prevent and mitigate	13, 140					6.2 7.4.3 7.7.5
	2-15-b	If and how conflicts of interest are disclosed to stakeholders	13, 140					
	2-16 Communication of critical concerns							
	2-16-a	How communicated to highest governance body	140-143					6.2 7.4.3 7.7.5
	2-16-b	What communicated to highest governance body	52, 140-143					
	2-17 Collective knowledge of the highest governance body							
	2-17-a	Knowledge, skills, and experience of highest governance body on sustainable development	www.flokk.com/global/about-us/investors/flokk-group				17	6.2 7.4.3 7.7.5
	2-18 Evaluation of the performance of the highest governance body							
	2-18-a	Processes for evaluating performance of highest governance body	12-17				17	6.2 7.4.3 7.7.5
	2-18-b	Independency & frequency of evaluations	14, 146					
	2-18-c	Actions taken based on evaluations	14, 148					
	2-19 Remuneration policies							
	2-19-a	Remuneration policies for highest governance body and senior executive	12-15				8	6.2 7.4.3 7.7.5
	2-19-b	How remuneration policies relate to objectives and performance	12-15					
	2-20 Process to determine remuneration							
	2-20-a	Process for designing remuneration policies and for determining remuneration	12-15, 85-87				8	6.2 7.4.3 7.7.5
	2-20-b	Stakeholders' involvement in remuneration	12-15				17	
	2-21 Annual total compensation ratio							
	2-21-a	Ratio of the annual total compensation	63, 64, 74	Ratio	Information unavailable	Must get info processed from HR for next years' reporting		
	2-21-b	Percentage increase in annual total compensation ratio	63, 64, 74	Ratio	Information unavailable	Must get info processed from HR for next years' reporting		
	2-21-c	Understanding data & data compilation	63, 64, 74	Data processing	Information unavailable	Must get info processed from HR for next years' reporting		

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			UN SDGs No.	ISO 26000		
			Requirement omitted	Reason	Explanation				
GRI2: General Disclosures 2021	2-22 Statement on sustainable development strategy								
	2-22-a	Statement from highest governance body or most senior executive	12-15, 33-34, 97, 100-103				8	4.7 6.2 7.4.2	
	2-23 Policy commitments								
	2-23-a	Policy commitments for responsible business conduct	136-139				16	4.4 6.6.3	
	2-23-b	Specific policy commitment to respect human right	122-126, 128-129, 138, 144				16		
	2-23-c	Links to the policy commitments	www.flokk.com/global/support/other_flokk_policies						
	2-23-d	Policy commitments level of approval	139						
	2-23-e	Extent to which policy commitments apply to organisation and business relationships	139						
	2-23-f	How policy commitments are communicated	139						
	2-24 Embedding policy commitments								
	2-24-a	Embedding policy commitments for responsible business conduct	139					16	
	2-25 Processes to remediate negative impacts								
	2-25-a	Commitments on remediation of negative impacts	98, 122-123, 138-139					6.3.3 6.5.5 7.3.1	
	2-25-b	Approach to identify and address grievances	98, 138-139						
	2-25-c	Other processes on remediation of negative impacts	98, 112-123, 138-139						
	2-25-d	Stakeholders' involvement in grievance mechanisms	112, 138						
	2-25-e	Effectiveness of grievance mechanisms and other remediation processes	112, 145-147						
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	2-26-a	Describe the mechanisms for individuals	136, 138						
	2-27 Compliance with laws and regulations								
	3-3	Management of Environmental compliance	6-7, 98, 122-126, 144						
	2-27-a	Total number of significant instances of non-compliance with laws and regulations	138					4.6	
	2-27-b	Total number and monetary value of fines for instances of non-compliance with laws and regulations that were paid	138						
	2-27-c	Significant instances of non-compliance	138						
	2-27-d	Determination of significant instances of non-compliance	138						
	2-28 Membership associations								
	2-28-a	Industry & membership associations, participation in advocacy organisations	145-147	Advocacy organisations	Not applicable	Flokk is not member of any advocacy organisations			
	2-29 Approach to stakeholder engagement								
	2-29-a	Approach to stakeholder engagement	145-147						5.3
	2-30 Collective bargaining agreements								
	2-30-a	Percentage of total employees covered by collective bargaining agreements	133				8	5.3	
	2-30-b	Employees not covered by collective bargaining agreements	133						

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			UN SDGs No.	ISO 26000	
			Requirement omitted	Reason	Explanation			
Material topics								
GRI 3: Material Topics 2021	3-1	Process to determine material topics	144					
	3-2	List of material topics	144					
Economic Performance (& Climate Risk)								
GRI 3: Material Topics 2021	3-3	Management of material topics	12-14, 98-103					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	38, 40, 54-55, 62-63, 94	b. Flokk states sales and assets per countries but not results	Confidentiality constraints	The distribution of sales revenues is listed in Note 6 – segment information. Due to highly competitive sensitivity, Flokk is not publishing direct economic value generated and distributed (EVG&D) per country	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	140-143				13 6.5.5	
Procurement Practices								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-99, 122-126					
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	122				8, 12 6.6.6 6.8.1-6.8.2 6.8.7	
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GRI 3: Material Topics 2021	3-3	Management of material topics	138, 140-141					
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	139, 125				16 6.6.1-6.6.3 6.6.6	
	205-3	Confirmed incidents of corruption and actions taken	138, 125					
Materials								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 110, 118					
GRI 301: Materials 2016	301-1	Materials used by weight or volume	115-117				12, 15 6.5.4	
	301-2	Recycled input materials used	115-118					
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GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 110, 118, 121					
Energy								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 108-110					
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	108-109				12, 13 6.5.4-6.5.5 6.5.5	
	302-3	Energy intensity	108-109					
	302-4	Reduction of energy consumption	108-109					
Emissions								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 108-109					
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	108-109				12, 13 6.5.5	
	305-2	Energy indirect (Scope 2) GHG emissions	108-109					
	305-3	Other indirect (Scope 3) GHG emissions	108-109					
	305-4	GHG emissions intensity	108-109					
	305-5	Reduction of GHG emissions	108-109					

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION				UN SDGs No.	ISO 26000
			Requirement omitted	Reason	Explanation			
Effluents (and Waste)								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 110, 118, 120-121				12, 14, 15	6.5.3-6.5.4
GRI 306: Effluents and Waste 2016	306-3 (2016)	Significant spills	120-121					
Waste								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-101, 104-105, 110, 118, 120-121				12, 14, 15	6.5.3-6.5.4
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	120-121					
	306-2	Management of significant wasterelated impacts	120-121					
	306-3 (2020)	Waste generated	120-121					
	306-4	Waste diverted from disposal	120-121					
	306-5	Waste directed to disposal	120-121					
Supplier Environmental Assessment								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-99, 122-126					
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	122				12	6.3.5 6.6.6 7.3.1
	308-2	Negative environmental impacts in the supply chain and actions taken	125					
Employment								
GRI 3: Material Topics 2021	3-3	Management of material topics	98-99, 128-133				8	6.8.1-6.8.3 6.8.7 6.8.9
	401-1	New employee hires and employee turnover	130-131	Gender is missing	Information unavailable	Must get info processed from HR for next years' reporting		
Occupational Health and Safety								
GRI 401: Employment 2016	3-3	Management of material topics	98-99, 134-135				3, 8	6.4.6 6.8.8
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	134					
	403-2	Hazard identification, risk assessment, and incident investigation	135					
	403-3	Occupational health services	135					
	403-4	Worker participation, consultation, and communication on occupational health and safety	135					
	403-5	Worker training on occupational health and safety	135					
	403-6	Promotion of worker health	134-135					
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	135					
	403-9	Work-related injuries	135					
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GRI 3: Material Topics 2021	3-3	Management of material topics	30-36, 98-99, 128-133					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	30-36, 128-133				5	
	405-2	Ratio of basic salary and remuneration of women to men	128-133	Significant locations of operation is missing	Information unavailable	Must get info processed from HR for next years' reporting		



GRI STANDARD	DISCLOSURE	LOCATION	OMISSION			UN SDGs No.	ISO 26000	
			Requirement omitted	Reason	Explanation			
Freedom of Association and Collective Bargaining								
GRI 3: Material Topics 2021	3-3	Management of material topics	122-126, 128-133					
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	122-126, 128-133				8	6.3.10 6.4.4
Child Labour								
GRI 3: Material Topics 2021	3-3	Management of material topics	122-126, 128-133					
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	122-126, 128-133				8	6.3.10 6.4.4
Forced or Compulsory Labour								
GRI 3: Material Topics 2021	3-3	Management of material topics	122-126, 128-133					
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	122-126, 128-133				8	6.3.10 6.4.4
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GRI 3: Material Topics 2021	3-3	Management of material topics	98-99, 122-126					
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	122-126				8, 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	122-126					
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GRI 3: Material Topics 2021	3-3	Management of material topics	112					
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	112				3	6.7.1- 6.7.2 6.7.4- 6.7.5 6.8.8

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



Regine T. Hagen  
Head of ESG and Finance Development  
regine.hagen@flokk.com



Kjersti Kildal  
VP Corporate Processes  
kjersti.kildal@flokk.com



Atle Thiis-Messel  
VP Environment  
atle.messel@flokk.com



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Photo

Adam Grzesik  
Anne Bråtveit  
Christian Løken  
Jonathan Mauloubier  
Lars Petter Pettersen  
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