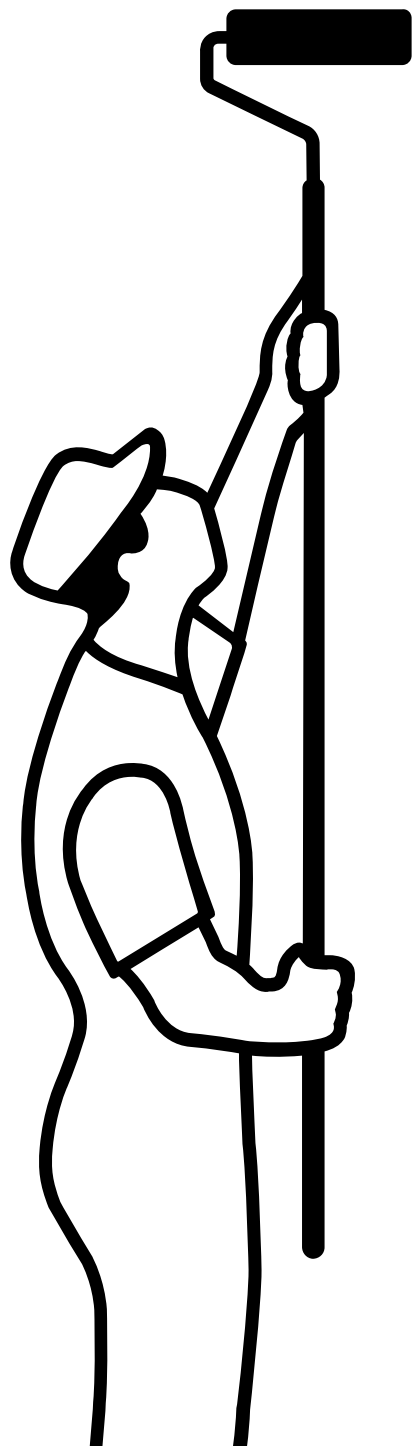


We are Flügger

ESG-report 2023/24

Flügger group A/S, Islevdalvej 151, 2610 Rødovre. CVR.nr. 32788718



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This ESG-report constitutes Flügger group A/S's Corporate Social Responsibility Statement, see section 99a of the Danish Financial Statements Act (Årsregnskabsloven).



Green ambitions continues for Flügger

At Flügger, we aim to push ourselves and the industry in a more sustainable direction for the benefit of our customers and the world around us. We are developing painting solutions for the future and simultaneously helping our customers to grow their business and comply with increasing regulatory requirements.

Sustainability is part of Flügger's DNA, originating from 1978 when our current factory in Kolding was built to produce only water-based paint.

We put the customer's needs at the center

We develop high-quality products, improve the painters working environment, and increase efficiency. In 2023/24, Flügger launched a new, complete wet room system that is not only Nordic Swan-labelled but also reduces the actual working time for painters by one third.

This is an example of how we deliver value to the customer and at the same time push the industry in a more environmentally friendly direction. It benefits both the painter's economy and results, as well as the individual painter's health.

Another example from this year is Dekso ÅIR, which is the first paint with Asthma Allergy Nordic certification and a significant step towards a better working environment, especially for the professional painter.

At the same time, we want to meet the increasing sustainability transparency demands that the painting contractors are facing, which puts a lot of pressure on especially the smaller painting companies. Therefore, this year we launched Flügger Document Manager, which provides our customers with documentation for environmental labels and CO₂ emissions, etc., on our products.

The journey continues with Flügger Organic

We continue the work with our new strategy period, "Flügger Organic – Delivering sustainable value", where we expand our work with packaging and our scope 3 emissions.

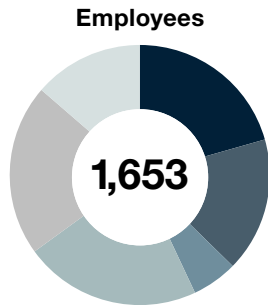
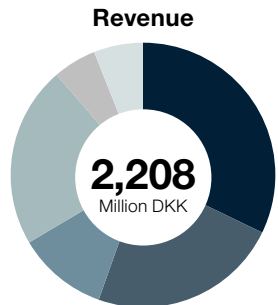
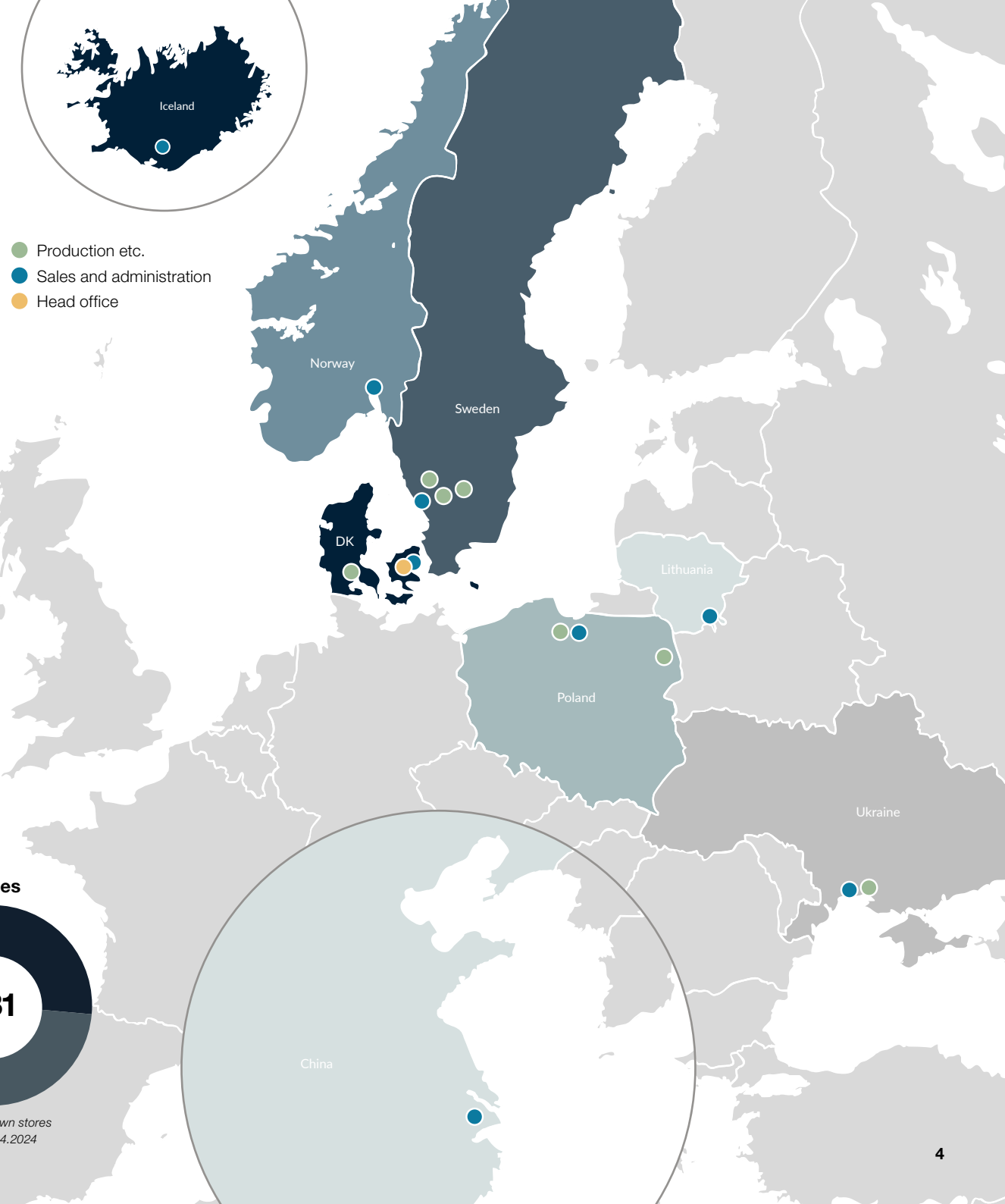
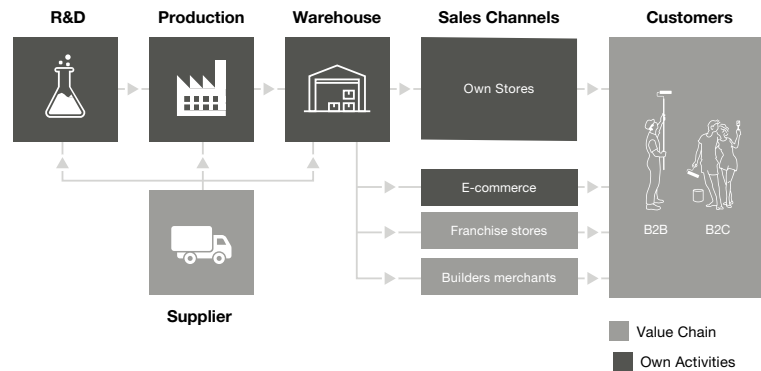
In this ESG-report, we have continued our work to meet the increasing demands for ESG reporting. I hope you will read along and get an overview of the results that our employees across Flügger have worked hard to achieve.

Sune Schnack
Chief Executive Officer

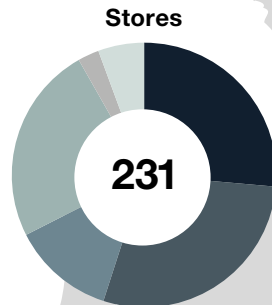
Our business

Flügger is an international group, headquartered in Denmark, which develops, produces, markets, and sells a wide range of products including building paints, wood stains, fillers, wallpaper, and accessories. Our target groups are the professional painter and the private consumer. We see it as our most important task to develop and provide products and solutions that enable our customers to deliver high-quality results as efficiently as possible.

We develop and improve products from a central development department, produce in our own factories, and follow the products all the way to the stores, where our employees guide and assist customers to achieve an optimal result. Our end-to-end value chain is unusual in a European context, where most of our competitors focus on either sales or production. We believe that our business model contributes to maintaining high quality, meeting our customer needs, and protecting the Flügger brand, which has roots dating back to 1783.



Average number of full-time employees as of 30.04.2024



Number of own stores as of 30.04.2024

Sustainability in Flügger

At Flügger, we are proud to deliver quality solutions to our customers, where consideration for the environment and the painter's health is a top priority. Focus on sustainability is an integrated part of our DNA and business.

Going Green strategy leads to impressive results

Over the past three years, we have achieved significant results by prioritizing our sustainability efforts within three key areas: wetgoods, packaging, and production. We have:

- achieved a share of 83% in sales of eco-labeled wetgoods. This figure rises to over 90% when looking only at wetgoods sold under the Flügger brand.
- launched the first paint ever with the Nordic Asthma & Allergy certification, Dekso AïR. This was the culmination of our intensive work to reduce emissions. In addition, we have M1 certifications for a range of paint and filler products.
- secured Environmental Product Declarations (EPD) and Life Cycle Assessments (LCA) for all our own-produced wetgoods.
- made sustainability data and documentation available to our customers through the development of Flügger Document Manager and Customer Sustainability Report.

For all three focus areas, it is central to create credibility and documentation for our sustainability work. Therefore, we focus on recognized environmental labels, particularly the Nordic Swan Ecolabel, EU Ecolabel, M1, FSC, and Nordic Asthma & Allergy. Common to these labels is that they are publicly known and recognized and symbolize consideration for the environment and people as well as high quality.



Sustainability in Flügger is also mental health, diversity, and business conduct

In both Going Green and Flügger Organic, our sustainability efforts are also focused on the well-being of our employees as well as the painting industry. We continuously measure and follow up on our employees' well-being with the aim of supporting mental and physical health.

An additional element in Flügger's sustainability work is our work with compliance and risk management, which from our perspective is an important foundation for Flügger to create value for our customers, suppliers, employees, and shareholders.

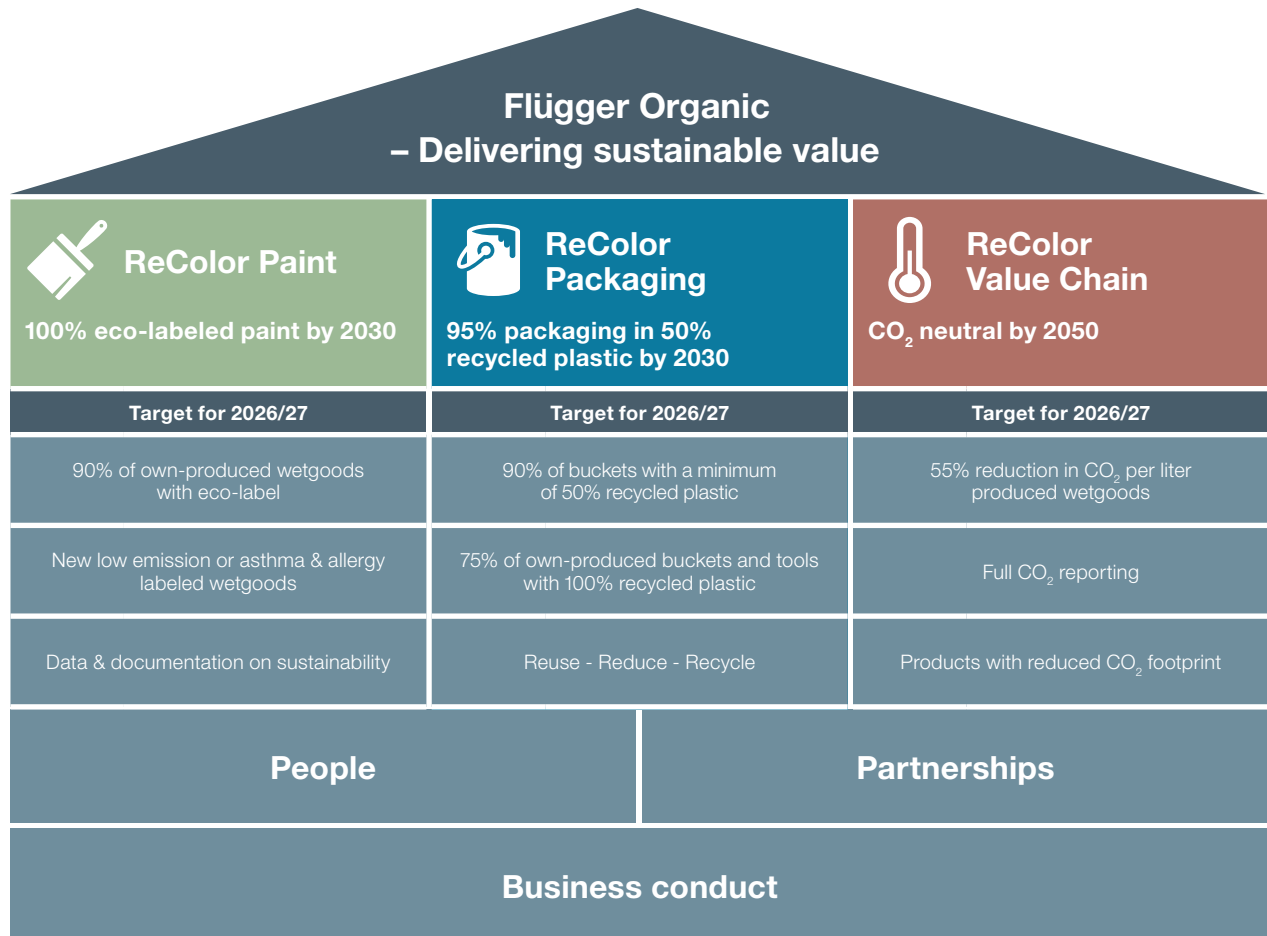
Flügger Organic – Delivering sustainable value

Flügger Organic – Delivering sustainable value

Our sustainability strategy stems from our overarching business strategy, Flügger Organic – Delivering Sustainable Value. The strategic ambition is to be the preferred choice for painters and quality-oriented private consumers by delivering environmentally sound and inspiring solutions. We continue the journey from the Going Green strategy and remain true to our DNA and purpose of continually pushing the industry towards greater sustainability.

We are raising our targets for ReColor Paint and ReColor Packaging, both anchored as goals in Flügger Organic – Delivering Sustainable Value.

At the same time, we are expanding our climate efforts from production to the entire value chain in ReColor Value Chain. We find it easiest to create reductions in our own production and retail operations, but our largest CO₂ emissions come from our value chain.



Basis for preparation

The structure of this year's ESG-report follows the European Sustainability Reporting Standards (ESRS) as much as possible. Next year, the ESG report must be presented as an integrated part of the annual report and in accordance with the CSRD. Therefore, we have chosen to implement the standards to the extent possible already in this year's ESG-report. The ESG-report is included as part of management's commentary in the annual report for the mandatory reporting on corporate social responsibility, in accordance with the Danish Financial Statements Act § 99a.

Consolidation of the report

The information in the ESG report covers Flügger group A/S and its affiliated subsidiaries, which are under the full control of Flügger group A/S. In data where the partially owned companies, Unicell International and Eskaro Ukraine, are included, it will be clearly stated in our ESG accounting principles. We are working to include Unicell International and Eskaro Ukraine in all ESG data.

Assessment of ESG data

The majority of the data in this report have been assessed as material in our double materiality analysis. Some data points are included due to their importance in the completed Going Green strategy.

We have used assumptions and generic data for some ESG data. These assumptions and generic data follow current best practices. In our ESG accounting principles, there is a description of data and assessments. CO₂ emissions have been accounted for in accordance with the Greenhouse Gas Protocol (GHG), and all emission factors have been reviewed and updated before being used for calculations. In cases where adjustments to ESG data are needed, the decision is made based on an internal assessment. If data has been adjusted and the change is historically implemented, it will be stated.



Organization of sustainability

The organization of sustainability at Flügger is anchored with responsibility in both the board and top management, as well as involving the entire organization. The board is responsible for overseeing the development of Flügger's strategic work and goals for sustainability. Furthermore, the board's audit committee is tasked with monitoring and ensuring that Flügger complies with current ESG reporting requirements. The composition of the board and its competencies in sustainability can be read in the Annual Report's section on Corporate Governance.

At Flügger, we have chosen not to organize the work with sustainability within a single department. We have one sustainability manager, who works with stakeholders from across the organization every day to promote sustainable change. This approach reflects our core values at Flügger, where we believe that sustainability should be integrated into everyone's daily work. Sustainability goals are included in the top management's remuneration going forward.

Multiple steering committees

In 2023/24, we made the decision to restructure the former ESG steering committee, which now consists of several separate steering committees with individual focus points. Although each steering committee has its own specific area to focus on, the overarching goal for both is to engage in and work effectively with sustainability. This allows us to target our efforts even more within the different aspects of sustainability. In addition to the split, we have strengthened the management's work with quality, health, safety, and environment (QHSE) in Flügger and in our value chain.

Sustainability strategy steering committee

Under the leadership of Flügger's CEO, Sune Schnack, who acts as chairman, and with Flügger's Sustainability Manager as program leader, this steering committee forms the foundation for the strategic management of sustainability initiatives. The organization of the steering committee follows the strategic focus areas within product, packaging, CO₂, social initiatives, and partnerships. Each focus area is represented by project managers who drive the strategic initiatives, as well as their respective

leaders. The steering committee meets quarterly to evaluate progress in the strategic areas and make decisions regarding future directions and initiatives. When decisions are made, it is based on quantitative KPIs, project plans, and viewpoints from relevant stakeholders.

ESG reporting steering committee

The steering committee is led by Flügger's CFO as chairman and is facilitated by Flügger's Sustainability Manager. The steering group ensures that Flügger effectively meets the increasing legislative and reporting requirements. The steering group meets monthly with relevant internal stakeholders and handles the tasks that the audit committee oversees and manages in relation to ESG reporting. These tasks include ensuring that Flügger collects, documents, verifies, and reports relevant, mandatory

data, and that Flügger has the relevant policies, processes, and business procedure descriptions for ESG areas. The ESG reporting steering committee provides ongoing reporting to the audit committee.

QHSE board

At Flügger, we have had an operational QHSE board for the last few years. This year we have further developed the process around management's evaluation of QHSE topics by increasing the frequency to quarterly meetings with the participation of Flügger's CEO and CFO, as well as representation from all departments at Flügger at management level. The board discusses priorities and efforts in the QHSE area. The board works with compliance, initiatives for improvements, and status updates across the QHSE area.

ESG reporting steering committee	Sustainability strategy steering committee
Audit Committee & Board	Board of Directors
ESG reporting steering committee CFO, SVP Product, Innovation & Procurement, Head of Corporate Accounting, Group Financial Controller, Sustainability Manager 	Sustainability strategy steering committee CEO, SVP Product, Innovation & Procurement, SVP People, Communication & Culture, Sustainability Manager, and Project Managers for strategy tracks 
Working Groups	Working Groups
ESG Reporting Group Operational Managers, Sustainability Manager, Accounting 	Strategy Track, Paint R&D & Product Management 
QHSE Board CEO, SVP Product, Innovation & Procurement, QHSE, Operations, R&D, Procurement, Product Support, Commercial, Product Management, People, Communication & Culture 	Strategy Track, Packaging Procurement & Product Management 
	Strategy Track, Value Chain QHSE, Operations, Procurement, Sustainability Manager 

Our stakeholders

As an essential part of our business operations, we engage with our stakeholders, both internal and external. Below is a description of the groups we identify as our key stakeholders and a description of how we work with them.

Employees

At Flügger, we are proud to be among the most experienced advisors in our industry. This is due to our skilled and dedicated employees, who are the core of our business. We prioritize our employees' well-being, safety, and professional development. When it comes to sustainability, our employees are our most important asset. They contribute daily to moving our organization in a sustainable direction through the products, services, and solutions we provide to our customers, as well as making Flügger a great place to work.

Customers

Our customers are, of course, crucial to us. Flügger's business is centered on delivering products and solutions that enable our customers to achieve high-quality results. Our customers include professional painters, private consumers, building merchants, and do-it-yourself sales channels in 35 countries. We listen closely to our customers' opinions, needs, and desires. Over the past two years, in our cross-organizational 'Customer Sustainability Forum,' we have worked to address the sustainability aspects important to our customers through interviews with selected customers and survey research to our entire customer base.

Suppliers

Flügger's supply chain plays a crucial role in the development of Flügger sustainability profile. As a continuous effort to promote a more sustainable industry, we are in close dialogue with our suppliers and set high demands on their environmental profiles for raw materials and documentation thereof. We recognize

that a significant portion of our CO₂ emissions comes from our supply chain, which is why partnerships with selected suppliers have the potential to positively impact the environment.

Shareholders

Shareholders constitute a central group of stakeholders for Flügger, which is listed on the Copenhagen Stock Exchange. As owners of Flügger, shareholders have a natural interest in our performance and future growth. We prioritize openness and communication with shareholders to ensure their continued trust and engagement in our business. We ensure that shareholders and the financial markets have the latest knowledge about Flügger.

Industry organizations

At Flügger, we collaborate with trade- and industry associations, including CEPE, which represents Europe's paint manufacturers. CEPE contributes to proposals to the EU's legislative processes and provides valuable input and consultations when changes to the eco-labeling criterias are being made.

Partnerships

We work closely with our professional and social partners. At Flügger, we select partnerships that align with our values and where we can make a positive difference for people based on our core activities and industry. The professional partnerships focus on the development of our business and products in the most sustainable way, for example, in collaboration with strategic suppliers, our franchisees, and other relevant stakeholders. The social partnerships are collaborations where we at Flügger can contribute to making a positive difference in the communities where we operate. The professional partnerships will be described in the report on an ongoing basis, while the social partnerships can be found in the section on Social Information.



DOUBLE MATERIALITY ASSESSMENT

At Flügger, we have worked with double materiality assessment over the past three years as an approach to identify the most significant sustainability issues for our company. In this section, we will describe the process, the method, and the topics that have been identified through our double materiality assessment, as part of our preparations for the integrated sustainability declaration in the annual report for 2024/25.

Process and method

Process

The process for this year's double materiality assessment builds on several years of work with this type of assessment. In the last two CSR reports, we have presented Flügger's double materiality assessment. The method for conducting this assessment has gradually evolved in line with changes in directives and legislation, as well as the guidelines that have followed these changes. Each year, we have therefore continued to build on the experiences and knowledge from the previous year, and this year is no exception.

The last two years' double materiality analysis was developed based on a top-down approach, where Flügger's value chain, business model, and strategy formed the basis for identifying material topics. The result of the double materiality assessment with this approach can be seen in last year's CSR report.

The approach to this year's double materiality assessment has, unlike other years, been a bottom-up approach, which has been based on the sustainability standards from the European Financial Reporting Advisory Group (EFRAG), as these were ready during 2023/24. For the analysis, we initially collected data and documentation in the form of reports, policies, guidelines, strategy documents, and input from preliminary interviews.

Based on the initial phase, all European Sustainability Reporting Standards (ESRS) standards with their associated topics and sub-topics were assessed on two scales; a scale with impacts, risks, or opportunities on the environment and surrounding communities, and a scale with financial effects for Flügger related to sustainability matters. More information about the scales and method can be found in the next section.

At the initial assessment, we identified three main areas of materiality for Flügger: employees, supply chain, and own operations. The main areas were then matched against the ESRS standards with their associated topics and subtopics. This was done through workshops with internal stakeholders within the three main areas of the organization: People, Communication & Culture as representatives for employees, Product, Innovation & Procurement as representatives for our supply chain and collaboration with suppliers, and Operations as well as QHSE as representatives for Flügger's own operations. In these workshops, we prioritized topics and subtopics based on quantitative data, stakeholders' experiences and opinions, as well as industry benchmarking. In the workshop with our procurement team, for example, we used an internal mapping of ESG risks in our procurement areas across countries and industries as a quantitative approach. The result of these workshops was a list of material topics, which was finally calibrated in the ESG Reporting Steering Group. The analysis also took into account an assessment of impacts, risks, and opportunities in Flügger's business model and strategy.

Although the approach to the double materiality analysis has changed from top-down to bottom-up, many of the identified material impacts, risks, and opportunities are the same.

The process, method, and results of the double materiality analysis have been presented to the board's audit committee in the spring of 2024. The double materiality assessment, which will form the basis for much of our reporting framework next year, according to the CSRD, will be presented to the board in 2024/25. In the future, we will annually revise the double materiality assessment, which takes into account the development in Flügger's business model. The complete double materiality assessment will be carried out every three years.

Method

In our double materiality assessment, we have used scales from 1 to 5 to assess Flügger's impact, risks, and opportunities for the environment and surrounding communities, as well as the financial effects for Flügger of the identified sustainability topics and subtopics.

For the environment and surrounding communities, the impacts, risks, and opportunities of topics and subtopics are evaluated based on positive or negative effect (scale), how widespread the effect is (scope), and how easily the effect can be remedied (irreversibility). Lastly, the likelihood of the potential impacts, risks, and opportunities of topics and subtopics was assessed.

An assessment has also been carried out based on the financial impact on Flügger's revenue and the likelihood of this on a scale from 1-5.

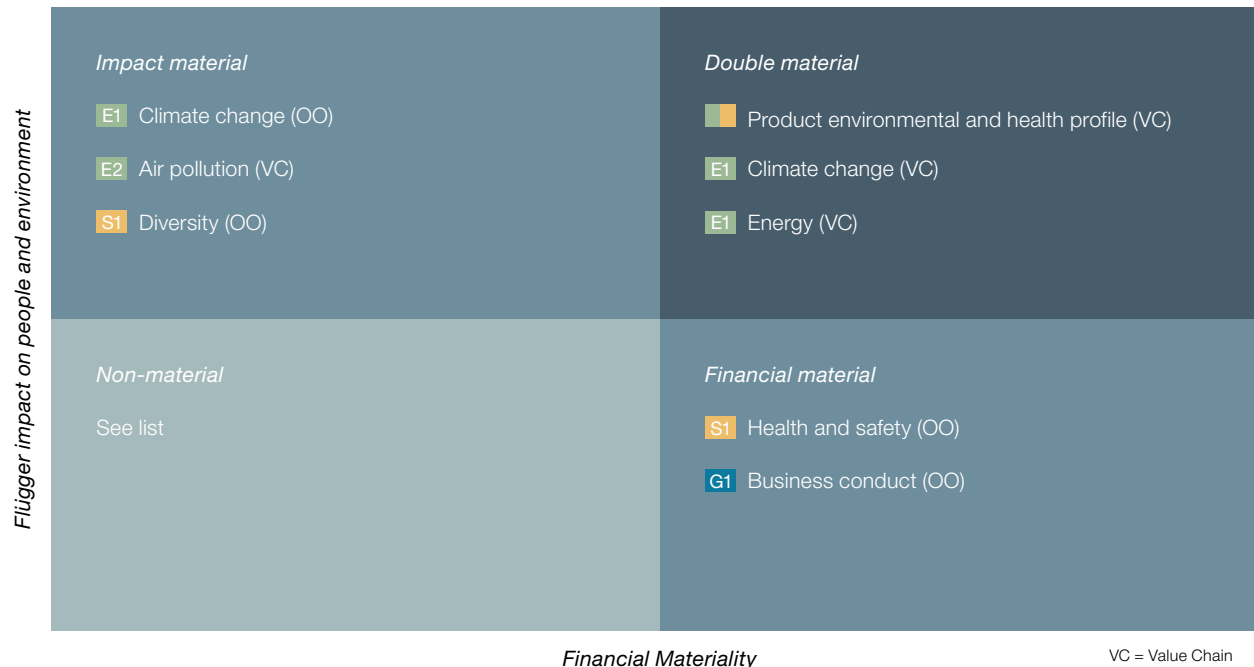
The numerical value of the assessments is from a gross perspective, which does not account for mitigating actions, and where positive impacts and opportunities do not offset negative impacts and risks. The numerical scales are based on ESRS, and we have internally defined what is meant by each score on these scales. We have set a threshold for when a topic is considered material, with a score above 3. All topics and subtopics have been assessed based on whether they are material in Flügger's value chain (VC), own operations (OO), or both.



Double materiality assessment matrix

Flügger's double materiality analysis is presented here with the topics that have been assessed as significant. In addition to the subtopics that have been assessed as significant based on the ESRS list, we have also identified an additional topic, specifically considered significant for Flügger, the Environmental and Health Profile of Products, as one of our core areas is to deliver the best possible products to our customers with regard to both environment and health.

The topics that have been assessed as significant will be elaborated on in the following sections. In addition, certain topics that have been assessed to have limited significance but are part of the recently completed Going Green strategy will be reported. Topics that have been assessed as non-significant will not be reported, but many of them are still part of our daily work and monitoring.



■ Environmental
 ■ Social
 ■ Governance

VC = Value Chain
OO = Own Operations

NON-MATERIAL TOPICS

Environmental

- E1 Climate change**
 - Energy (OO)
- E2 Pollution**
 - Soil Pollution (OO, VC)
 - Water Pollution (OO, VC)
 - Air Pollution (OO)
 - Substances of concern (OO, VC)
 - Substances of very high concern (OO, VC)
 - Microplastics (OO, VC)
- E3 Water and marine resources**
 - Water (OO, VC)
- E5 Resource use and circular economy**
 - Waste (OO, VC)
 - Resource Consumption (OO, VC)

Social

- S1 Own workforce**
 - Working Conditions (OO)
 - Training and Skills Development (OO)
 - Adequate Wages (OO)
 - Gender Equality and Equal Pay (OO)
 - Employment of Persons with Disabilities (OO)
 - Secure Employment (OO)
 - Work-life Balance (OO)
 - Measures Against Violence and Harassment (OO)
 - Privacy (OO)
- S2 Workers in the value chain**
 - Health and Safety (VC)

Governance

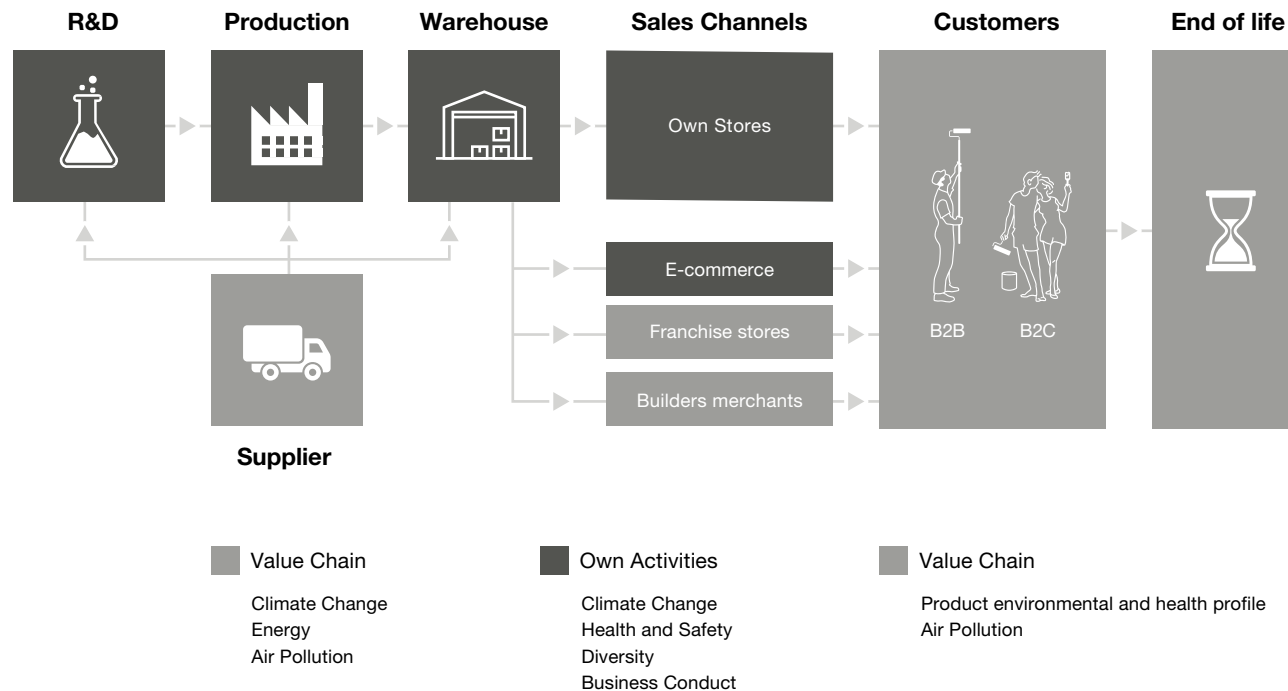
- G1 Business conduct**
 - Corruption and Bribery (OO, VC)
 - Protection of Whistleblowers (OO, VC)
 - Management of Supplier Relations (VC)

SCOPED-OUT STANDARDS

- E4 Biodiversity and ecosystems**
- S3 Affected communities**
- S4 Consumers and end users**

Value chain overview of material topics

The figure provides a visual presentation of where the topics we have identified as material in our double materiality assessment appear in Flügger's either upstream or downstream value chain or own activities.



Rationale for scoped-out standards

Biodiversity and ecosystems

Flügger's impact on biodiversity in our own operations is minimal, as we operate production facilities where we do not affect biodiversity and have implemented measures such as local wastewater treatment. Potentially, our supply chain, which delivers raw materials and goods for wide resale, could have an impact on biodiversity. Data from our supply chain shows that a very small part of our purchases from suppliers involves a risk of impact on biodiversity. This is primarily because we purchase the majority of our raw materials within the EU, where there are strict regulatory requirements and a societal interest in minimizing the impact on biodiversity. In addition to this, our Sustainability Principles for Suppliers, which our suppliers sign, require them to actively work to reduce their impact on biodiversity and seek to promote biodiversity positively where possible. Furthermore, the labeling schemes with which a large part of our products are certified, impose requirements for work with biodiversity.

Affected communities

With Flügger's business model and operations, the impact on surrounding communities is limited. Our activities, which primarily involve the development, production, and sale of paints and related products, take place within the framework of strict regulation and control, which reduces the risk of potential negative effects on local communities.

Consumers and end users

At Flügger, we have chosen to exclude the standard for consumers and end users. This choice is based on our assessment that the standard would not provide sufficient insight into the impacts, risks, and opportunities related to Flügger's business model and strategy towards the consumer and customer. The standard is not relevant for Flügger, as our main focus is on the product environmental and health profile rather than direct consumer interaction. Therefore, we have instead chosen to include the Flügger-specific topic of Product environmental and health profile. For further description of Product environmental and health profile, please refer to the section on environmental information.

Documentation and internal controls

At Flügger, we aim to ensure an effective ESG control framework as part of our risk management. In this context, Flügger is in the process of implementing a system that will be used for documentation of Flügger's double materiality assessment as well as helping Flügger with fulfillment of the upcoming reporting requirements across the group, so the auditor can review our work with sustainability. The system will also support our work with the CSRD implementation, as the system generates status reports on KPIs, progress in CSRD implementation, and ESG controls.

As part of the work with the mentioned system, Flügger will map processes and risks in the sustainability area and identify and implement mitigating controls. At Flügger, we see it as an essential task to create and maintain an effective control framework around our sustainability work, following the same structure we work with for internal controls in the financial area. The frequency of how often to report on our internal control environment to management and the audit committee will be assessed in the coming year.



ENVIRONMENTAL INFORMATION

Focus on the environment has always been part of Flügger's DNA. Since the 1970s, when we built our factory in Kolding, we have been committed to water-based solutions for our customers. In the following sections, we will elaborate on the environmental impacts, risks, and opportunities, as well as our approach to these at Flügger. We will focus on the environmental topics that we have identified as material in our double materiality assessment, as well as a few topics that have had strategic importance in Going Green.

Product environmental and health profile

Impacts, risks, and opportunities

Below are the identified impacts, risks, and opportunities for the Product environmental and health profile that we have identified in our double materiality assessment.

Impact on painter's health from wetgoods (risk)

After application, paints, fillers, and other wetgoods can emit gasses that may potentially trigger allergic reactions in the painters health.

Products with improved environmental and health profile (opportunity)

Products with an improved environmental and health profile represent an opportunity for Flügger by appealing to environmentally conscious painters and consumers, differentiating the company from competitors, and driving innovation and long-term revenues through improved product quality.

Reduced resource use for packaging (positive impact)

Packaging, especially for wetgoods, requires a lot concerning the functionality of the plastic used. Historically, it has been natural to use virgin plastic, which is resource-intensive to produce. By using recycled plastic, resource consumption is significantly reduced, which has a positive impact on the environment.

Increased requirements for recycled materials in packaging (risk)

Eco-labeling schemes set requirements for the proportion of recycled materials in packaging. There is a risk that we at Flügger may lose eco-labels on our products if we cannot meet the regulatory requirements.

Increasing requirements for documentation in construction projects and product data (risk)

In the construction industry, the requirements for documentation related to certification of sustainable construction, such as DGNB and BREEAM, are increasing. These certifications have established themselves as benchmarks for sustainability in the construction industry and require extensive data and documentation.

Sustainability data and documentation for customers (opportunity)

As competitive parameters in the construction industry grow, the importance of sustainability data and documentation creates opportunities for product differentiation – not only by offering sustainable products but also by the availability of data.

Paint and wetgoods

Policies regarding paint and wetgoods

At Flügger, we are developing a product and assortment guideline that sets the framework, principles, processes, and roles for the development of products and assortments. Our strategic focus is on offering our customers the highest quality products with a sustainable profile.

Flügger's work with wetgoods

Focus on eco-labeled wetgoods

At Flügger, we emphasize the development of eco-labeled wetgoods for several reasons. We have chosen to collaborate with the most recognized voluntary eco-labeling schemes to ensure a high degree of credibility and recognition. These eco-labels, such as the Nordic Swan Ecolabel and the EU Ecolabel, make it easier for both private and professional customers to make choices that are more environmentally friendly. Customers know that the requirements behind these labels ensure that they receive a product that protects the environment and human health as much as possible without compromising on quality or durability. Therefore, focusing on the development of eco-labeled wetgoods is essential for us at Flügger.

Development of products focussing on the painter's working environment

Our ambition to be the preferred choice for painters also involves a desire to offer a working environment that is as gentle as possible while delivering products with the well-known Flügger quality. Dekso AİR is a manifestation of these qualities. Painters are the ones most affected by the contents of the paint, as the

most significant release of substances occurs in the first hours after application. With Dekso AİR, the risk of daily exposure to substances that can potentially lead to the development of allergies over time is eliminated.

Dekso AİR is the world's first Nordic Asthma & Allergy certified paint. The development of Dekso AİR is a result of the collaboration between our development department, regulatory department, and product department. Dekso AİR is based on a formula that consists of a unique combination of raw materials. To comply with regulatory requirements, some of the raw materials have been developed together with suppliers specifically for this product. To achieve the Nordic Asthma & Allergy label, both raw materials and the product must undergo a detailed review of ingredients. The Nordic Asthma & Allergy label sets strict requirements for the emission of solvent (VOC), ammonia, and formaldehyde shortly after application. In addition, there is zero tolerance for allergenic substances. One of the technical achievements with Dekso AİR is our ability to maintain a low pH value and thereby a MAL-code 00-1. This is unique, as the typical measures to achieve the same properties would be to raise the pH value to over 10, thereby increasing the risk of caustic injuries. We are also working with M1 certified products, which is also an expression of products with low emissions. Our goal is to have entire product series that are M1 or Nordic Asthma & Allergy certified.

Swan-labeled wet room series

The quality of our products must never be compromised; this is Flügger DNA. Therefore, in our endeavor to reach 80% eco-labeled wetgoods in 2023/24, 90% in 2026/27, and 100% in 2030, we have worked to have technical functionality in certain series

third-party verified. A new example of this is our Swan-labeled wet room series Dekso H2O. With this series, we have developed an assortment that allows the painter to use Swan-labeled paint, filler and primer in wet rooms. Dekso H2O is approved by the Swedish Painting Industry's Wet Room Control with the highest classification of wet room products, meaning that Dekso H2O can be used for all painting work in wet rooms. In 2023/24, we have also eco-labeled the entire Dekso H2O series with the Nordic Ecolabel, making the series unique in the market.

Partnerships for a more sustainable industry

At Flügger, we prioritize strategic partnerships as a central part of our approach to sustainable development. We are continuously in dialogue with the Nordic Eco Label to fine-tune the balance between the product's functionality and its environmental impact. This involves striving to get more of our products within the scope of certification and also to influence the development of criteria for product groups, such as outdoor wood oils, which are currently not covered by the certification.

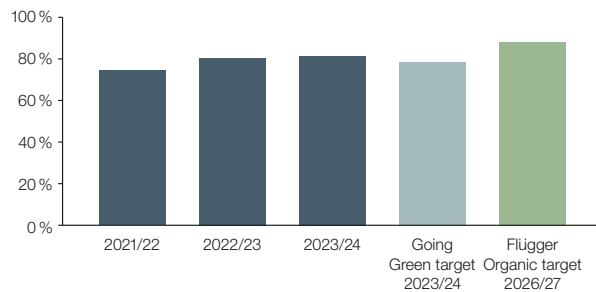
Furthermore, Flügger works closely with various external partners to ensure that we have access to the latest information on product legislation, voluntary schemes, and technologies.

Our partnerships also extend to selected suppliers, with whom we collaborate to promote sustainable products. This includes exchanging sustainability data on raw materials, testing and implementing more sustainable biological or recycled raw materials, as well as fewer residual components from unwanted chemistry.

Metrics and targets

The share of sold own-produced wetgoods that are eco-labeled was at 83% in 2023/24. This number rises to over 90% when we specifically look at the sales of wetgoods under the Flügger brand. With a goal of 80% eco-labeled wet goods in 2023/24, we at Flügger have surpassed our target from the Going Green strategy. The reason we exceeded the goal is partly due to product categories that are now eco-labeled, including the Swan-labeled Dekso H2O wet room series, as well as increased sales of product series that were already eco-labeled. Eco-labeled wetgoods account for a large share of our net sales when we look at the sales of wetgoods in segments 1 and 2, excluding Unicell International. In 2023/24, this figure was at 81%, which is 2 percentage points higher than last year.

Development in eco-labelled paint



In the Flügger Organic strategy, we have a long-term goal of 100% eco-labeled own-produced wetgoods by 2030 and an interim goal of 90% eco-labeled wetgoods in 2026/27. We will build on the platforms and knowledge we have developed in the Going Green strategy. We will particularly focus on working towards obtaining eco-labels for technical product categories such as primers, which have specific functions such as improving adhesion to hard, smooth surfaces or insulating against discoloration in the substrate from stains and knots in wood or contaminants such as nicotine or soot.

At the same time, we will shift our sales from non-eco-labeled products to eco-labeled variants. This will ensure a gradual transition to a more sustainable product choice and contribute to our goal of increasing the proportion of eco-labeled wetgoods in our assortment.



Packaging

Policies regarding packaging

At Flügger we do not have a specific policy for packaging, but it is an integrated part of our sustainability strategy and has been since the Going Green strategy. At the same time, our work with packaging supports compliance with the requirements of the eco-labels with which a large part of our products are certified.

Flügger's work with packaging

Recycled plastic in purchased buckets

Recycled plastic requires fewer raw materials and resources and reduces the amount of waste. To reduce the environmental footprint of our operations, we collaborate with suppliers to find buckets that contain as high a level of recycled plastic as possible, without compromising functionality and quality.

Over the year, we have prioritized replacing assortments that are not branded with Flügger with buckets containing at least 50% recycled plastic. This applies in particular to buckets for wetgoods sold in builders merchant stores.

Recycled plastic in own-produced buckets, tools, and accessories

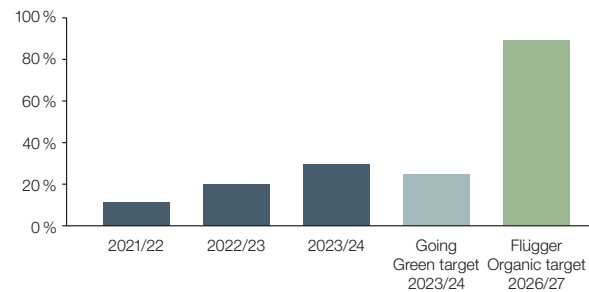
At Flügger, for the last three years, we have focused on using more recycled plastic in our own-produced buckets, tools, and accessories. In 2023/24, we converted all own-produced buckets of 0.38 and 0.75 liters, so they are now produced with 100% recycled plastic. The buckets are produced at our plastic molding factory in Bodafors, Sweden. The journey towards this conversion has been several years in the making, but in collaboration with a supplier, we have managed to find a type of granulate that allows us to produce with 100% recycled plastic without compromising functionality. At our plastic molding factory in Bodafors, we also mold paint trays and brush handles in 100% recycled plastic. To increase the proportion of recycled plastic and reduce the amount of waste, this year we have arranged production so that the plastic waste that occurs at the

start of production can be granulated and reused. The plastic that cannot be granulated for reuse is sold to our business partner, who processes it so that we can buy it back as recycled plastic granulate.

Metrics and targets

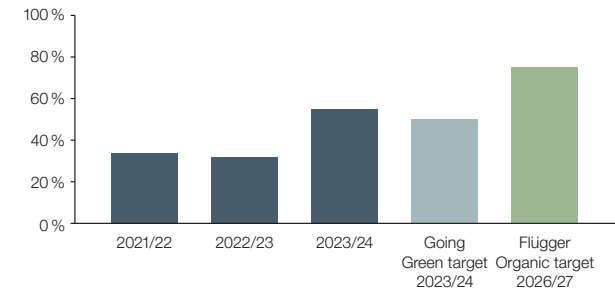
Buckets for wetgoods constitute the vast majority of our plastic consumption each year. Last year we used 5.7 million buckets, which corresponds to 1,900 tons of plastic. Over the last two years, we have almost tripled the proportion of buckets with a minimum of 50% recycled plastic. We have gone from having 11% of our buckets with a minimum of 50% recycled plastic in 2021/22 to now having 30%. This also means that our Going Green target of 25% has been exceeded by 5 percentage points. In practice, this means that more than 1.6 million buckets for wetgoods last year contained at least 50% recycled plastic.

Share of buckets with minimum 50% recycled plastic



In 2023/24, we also achieved that 55% of the total amount of plastic for our own-produced buckets, tools, and accessories was recycled plastic. Compared to last year, this is an increase of 23 percentage points. Our goal from the Going Green strategy was 50%, which is why we also exceed this target by 5 percentage points.

Recycled plastic in own-produced buckets, tools and accessories



The costs we have in connection with the own-production of packaging with recycled plastic are covered by the EU taxonomy and are detailed in the section EU Taxonomy.

In the Flügger Organic strategy, our goal is that 90% of our buckets should consist of at least 50% recycled plastic. In the coming year, we will work to ensure that all of our eco-labeled paints and fillers will be converted to buckets with at least 50% recycled plastic, which exceeds the 30% requirement set by the eco-labels. If we achieve this, around half of our buckets will contain at least 50% recycled plastic by the end of 2024/25. This also supports our ambitious goal for the three-year period of 90% of purchased buckets containing at least 50% recycled plastic. For own-produced buckets, tools, and accessories, we are raising our three-year goal to 75%.

Data and documentation for customers

At Flügger, we have introduced Flügger Document Manager, a new digital solution designed for professional painters that simplifies the documentation of product and environmental data. This includes documentation such as product data sheets, safety data sheets, environmental product declarations (EPD), and supplier declarations to meet the requirements of, for example, DGNB and BREEAM certified buildings. This solution eases the process and ensures compliance of relevant information for painting projects. Flügger Document Manager is available online 24/7, where our customers can easily access data and documentation. Flügger Document Manager can be found online at Flügger Document Manager.

Together with the introduction of Flügger Document Manager, we at Flügger have taken another step towards a more sustainable industry with the launch of customer reports with sustainability data. Firstly, the Customer Sustainability report provides painters with a detailed and comprehensive overview of the total CO₂ footprint of their purchases in a given period or linked to a specific project. Additionally, it gives painters an overview of environmental registrations such as BASTA, BETA, M1, Sunda Hus, FSC, VOC content, and EU waste codes for their purchases. This insight enables painters to provide the necessary data that constructions may require.

To prepare our employees for the dialogue with our customers, this year we have focused on training that expand their knowledge of various aspects of sustainability. We have particularly prioritized the education of colleagues who have direct contact with customers. This includes a course module with training in LCA (Life Cycle Analysis) and EPDs. The course is developed by our Product Sustainability specialist. It is aimed at our professional salespeople and technical consultants and covers the significance, differences, and application of LCAs and EPDs within construction. It is available via our online learning platform and can be accessed by all Flügger employees.

We will continue to develop our data and documentation for our customers in the next strategic period.



Climate change (E1)

Flügger's strategic goal of CO₂ neutrality

At Flügger, during the last strategic period, we have worked on reducing CO₂ per liter of produced wetgoods, i.e., CO₂ in our own production. In the new strategy, Flügger Organic, we have chosen to expand our goal from having a CO₂-neutral production to include a CO₂-neutral value chain by 2050. With a goal of CO₂ neutrality by 2050, our goal is aligned with the Paris Agreement's 1.5-degree target.

Climate action plan

At Flügger, we use a climate action plan as part of our work towards a CO₂-neutral value chain by 2050. To develop a climate action plan that meets our new goal, it is necessary for us to have a full understanding of our total CO₂ emissions both from our own production and our value chain. Since our CO₂ accounting is not yet complete for our value chain, our focus for the coming year will be to map this. However, we are already working with CO₂-reducing initiatives to reach our goal of CO₂ neutrality. Some of these initiatives are outlined in the figure Climate action plan and further in the following sections.

Flügger's CO₂ emissions

In our preliminary analysis, it is estimated that about 10% of our total CO₂ emissions come from scope 1 and 2. The production of our products accounts for about 30% of these emissions, while the rest comes from heating buildings, lighting in our stores, and energy consumption at our offices and warehouses. The majority of Flügger's total CO₂ emissions come from our value chain, particularly from the raw materials we purchase, i.e., within scope 3. This is primarily because many of the raw materials we use require significant amounts of energy either for extraction or processing. For a detailed review of our CO₂ emissions, please refer to the next section.

At Flügger, we are currently not using CO₂ credits to offset CO₂ emissions. Neither do we work with an internal CO₂ tax, CO₂ price, or CO₂ shadow price.

Climate action plan

Scope 1

- At Flügger, we are working to reduce the consumption of natural gas at our factory in Poland, as well as transitioning to district heating and renewable energy sources.
- New personal cars in Flügger's company car fleet are, to the extent that the charging infrastructure allows, electric vehicles.

Scope 2

- At Flügger, we are working to use energy with a better energy mix, as well as renewable energy sources.
- We are working on energy optimization in production lines, and mapping how we can make our production more energy-efficient.
- We are working on energy optimization of indoor lighting both in factories and stores.

Scope 3

- At Flügger, we are working to map data for CO₂ emissions in our upstream and downstream value chain. We prioritize areas in the value chain where we assume the primary sources of CO₂ emissions occurs.
- We are partnering with chosen suppliers to find CO₂ reducing raw materials for our products.
- We are working with ESG risk assessments as part of our due diligence process for our supply chain.

Climate change at Flügger

CO₂ emissions have been a main focus throughout our Going Green strategy. We have worked on mapping and reducing CO₂ emissions in our own operations, i.e., scope 1 and 2, as this is where we can immediately make a difference through reduction initiatives. In our new strategy, the focus is expanded to also include scope 3 emissions.

Impacts, risks, and opportunities

Below are the identified impacts, risks, and opportunities for Flügger described for both our own operations and the value chain.

Greenhouse gas emissions from own production and operations (negative impact)

Our production and operations emit greenhouse gases, which negatively affect the environment. Greenhouse gases are the biggest cause of the climate changes we are experiencing.

CO₂ emissions from raw materials, services, and logistics (negative impact)

The production of the raw materials we use for our wetgoods is extensive and often also CO₂ intensive. Many of our raw materials come from the extraction and processing of minerals and from the chemical industry, both of which emit large amounts of CO₂. In addition, the logistics we use also contribute significantly to CO₂ emissions, as the density and therefore weight of our products are high.

Energy-intensive production of raw materials for wet goods (negative impact)

Our raw materials require processing before we at Flügger receive them in our production. This processing can be both chemical processes and heating processes. Common to these processes is that they require a significant amount of energy.

Policies regarding climate change

At Flügger, we currently do not have a policy for climate change. In 2024/25, we will work on creating ESG principles that will set the direction for our work with climate change.

We have a Value Chain ESG Due Diligence Principle Description that describes how we work with environmental risk assessments in our due diligence process of suppliers.

Flügger's work with climate change

ISO 14001 certified production

Flügger's production of paint, filler, and wall coverings is not only ISO 9001 certified but also ISO 14001 certified. This certification means that we have mapped and risk-assessed all environmental conditions in our production to reduce environmental impact. By following the ISO 14001 standards, we ensure that our environmental management systems are effective and continuously improved, which supports our goals of sustainability and environmental responsibility.

Energy optimization in Flügger's production

Over the past 5 years, we have converted our factory in Kolding so that it produces approximately 30 million liters of water-based paint, wood protection, and wallpaper glue each year as energy-efficiently as possible. This also means that in terms of CO₂, we have reduced the amount of CO₂ per liter of wetgoods by over 45% compared to 2015/16. We continue to work on optimizing production to reduce Flügger's CO₂ emissions in scope 1 and 2 as much as possible. Where we previously aimed for larger reductions, we are now focusing on smaller optimizations, such as mapping individual production lines to determine where we can optimize.

Switching to LED lighting

At Flügger, we use a lot of energy for lighting and are therefore attentive to the light sources we use. In recent years, we have worked on replacing lights in our factories, warehouses, stores, and administration to LED. Our largest project has been to change all light sources at our three Swedish factories to LED, which will result in an annual saving of 272,500 kWh, equivalent to 5% of our total electricity consumption at all Flügger factories. In addition to more energy-efficient light sources, we have also made sure to utilize natural light. At our factory in Poland, we have taken advantage of large skylights. We have installed a system that analyzes the inflow of natural light and adjusts the amount of artificial light based on that. This provides both more comfortable lighting for our production employees and reduces overall energy consumption.

Electric company cars

At Flügger, we have a number of company cars, as many of our employees drive a lot in connection with their work. Therefore, we are aware of how our car fleet affects the environment. Our guidelines require that if an employee's driving needs can be accommodated by an electric car, an electric car should be chosen when entering into a new company car agreement. In addition to electric company cars, this year we also purchased an electric car that employees without a company car can use for business trips. Over the past few years, we have also tried to make it easier for our employees to switch their private car to an electric car. We have done this by installing charging stations at our headquarters in Rødovre and factories in Kolding and Bollebygd, thereby improving the charging infrastructure. By doing this, we ensure that as many kilometers as possible driven on behalf of Flügger are in electric cars. Even though company cars make up a smaller part of our total CO₂ emissions, we believe that even small changes make a difference.

Mapping CO₂ in the supply chain

In the last three years, we have worked on mapping our total CO₂ emissions from our own operations (scope 1 and 2). Until this year, we have not mapped the CO₂ emissions in our supply chain. This year, we have started on this important process. Our expectation is that the majority of our total CO₂ emissions come from the raw materials we use in our production. Therefore, we have chosen to start mapping our emissions in the supply chain by focusing on CO₂ emissions from the raw materials we purchase for our production of wetgoods. As part of our mapping, we have also worked with risk mapping of ESG issues in our supply chain. From the mapping, our supply chain is energy-intensive, as the raw materials we purchase require either large amounts of energy to extract or process. Our analysis shows that more than 70% of our consumption for suppliers according to the Sustainability Accounting Standards Board (SASB) has energy intensity as an inherent risk. One of the ways we work with our suppliers for a less energy-intensive supply chain is through innovation of products and partnerships with suppliers.

Partnerships for a more environmentally friendly supply chain

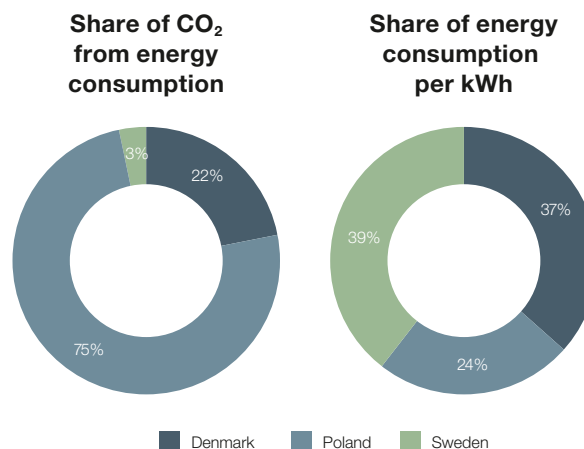
At Flügger, we are partnering with selected suppliers to achieve CO₂ reductions. One focus area is the use of bio-based and mass balance raw materials for the production of wetgoods. By collaborating with selected suppliers, we ensure that we have access to the latest and most CO₂-optimized raw materials. Bio-based raw materials come from renewable resources, which reduces dependency on fossil fuels and decreases the raw material's overall CO₂ footprint. The mass balance principle allows us to integrate these sustainable materials into our recipes while maintaining high quality and performance in our products. Another way we can reduce the CO₂ footprint of raw materials together with selected suppliers is through the use of recycled materials. This means that CO₂ emissions are kept to a minimum, as a larger part of the used materials is retained in the cycle. Through partnerships, we can not only reduce our own

emissions but also support our suppliers in their sustainability initiatives, creating a positive domino effect throughout the entire supply chain. Supplier collaborations are crucial for achieving our climate goal of a CO₂-neutral value chain by 2050 and contribute to a greener future for both Flügger and our industry.

Metrics and targets

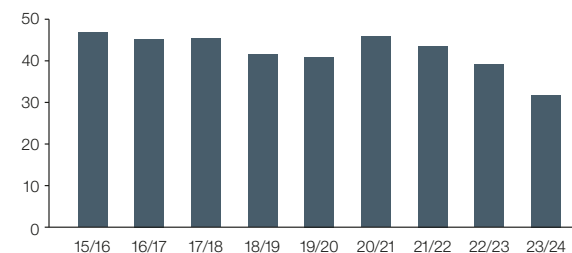
Energy consumption in production

The diagrams show the share of energy consumption distributed across our production countries Denmark, Sweden, and Poland. When comparing the share of energy consumption with the share of CO₂ from energy consumption, it is seen that our CO₂ emissions in Poland are the highest. This is due to the energy mix in Poland not consisting of the same proportions of renewable energy as in Denmark and particularly Sweden.



We also see that Flügger's overall energy consumption is decreasing, and that in 2023/24, for the first time since we started measuring in 2015/16, we had an energy consumption of less than 10 GWh.

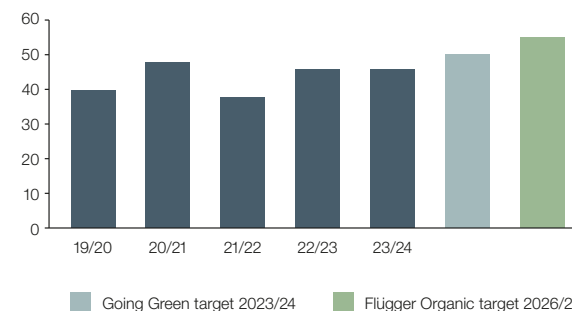
Energy consumption from production, GWh



CO₂ reduction per liter of produced wetgoods

Through Going Green, we have focused on CO₂ reduction of our own-produced wetgoods. This year we have achieved a reduction of 46% compared to the baseline in 2015/16. We continue in the Flügger Organic strategy to focus on CO₂ per liter of own-produced wetgoods. We are increasing the target by 5 percentage points, so that we are now aiming for a reduction of 55% from our baseline year in 2015/16. The figures for 2021/22 and 2022/23 have been corrected due to improvement of the calculation basis.

CO₂ per liter wetgood

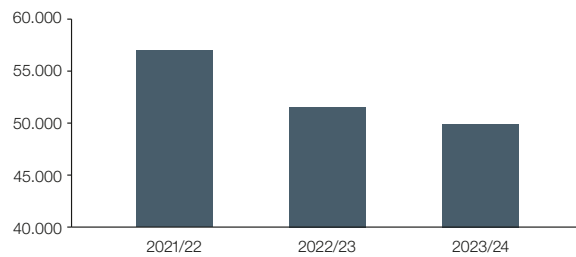


CO₂ from raw materials

We have analyzed CO₂ emissions from raw materials for our own-produced wetgoods over the last three years. The development of CO₂ emissions from our raw materials can be seen in the table below. The CO₂ emissions from raw materials used for our self-produced wet goods are calculated based on purchased volumes and with emission factors from Ecoinvent (version 3.8). Next year, we will work on developing a more complete mapping and calculation of Flügger's scope 3 CO₂ emissions.

Financial year	2021/22	2022/23	2023/24
CO ₂ from raw materials, tons	57.023	51.567	49.882
CO ₂ from raw material, kg/ liter wetgood	1,1	0,9	0,9

CO₂ from raw materials to wetgoods, tons



Air pollution (E2)

Impacts, risks, and opportunities

In our double materiality assessment, we have identified air pollution as significant in our value chain. This assessment is based on an analysis of Flügger's risks in the supply chain, mapped on the basis of publicly available data on ESG risks in specific industries. Further details on this mapping can be found in the section on Value Chain due diligence.

Air pollution in Flügger's upstream value chain (risk)

During the extraction of raw materials and resource transformation in the chemical industry, there is a risk of air pollution. Industries such as mining and the chemical industry, from which a significant portion of our raw materials originate, are energy-intensive and dependent on fossil fuels as input for production and can therefore be associated with air pollution.

Air pollution from transportation (negative impact)

The transportation sector, including trucks and other heavy vehicles that use fossil fuels such as gasoline or diesel, emits harmful substances. These contribute to air pollution and can have negative environmental and health consequences.

Policies regarding pollution

Energy and environmental issues in the value chain are part of our due diligence processes, and we have a executive management approved principle description for our Value Chain ESG due diligence.

Flügger's work with pollution

Air pollution associated with Flügger's raw material purchases

At Flügger, we prioritize the purchase of raw materials from nearby areas, especially within the EU. This means that the majority of our purchases come from suppliers operating under strict regulatory requirements from the EU and other legislators. To identify and minimize risks for environmental issues such as air pollution in our supply chain, we perform Value Chain due diligence.

Transportation of Flügger's products

This year, we have investigated the possibility of getting our logistics partners, who transport our wet goods, to switch from trucks running on fossil fuels to electric trucks. One of the challenges with transporting Flügger's wetgoods is the significant weight of a pallet of wetgoods compared to other goods. This heavy load currently makes it challenging to implement electric truck transport on long distances due to a lack of technology and charging options. The range of our logistics partners' electric trucks is therefore not sufficient to replace gasoline or diesel-powered trucks currently.

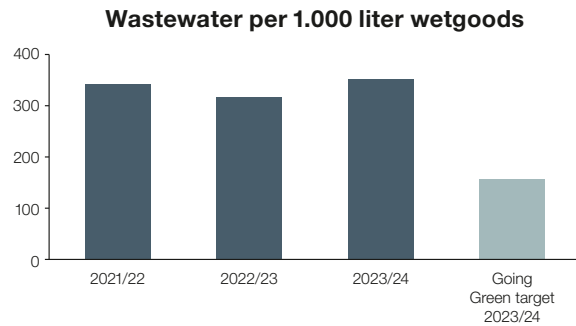
As a first step, we are trying to implement electric vehicles for the final transport of our goods – also known as last-mile. This has led to deliveries to Oslo now being carried out with electric vehicles. This change benefits not only the environment but also the people living near large roads, as electric vehicles do not emit the same harmful particles as conventional gasoline and diesel vehicles.



Other environmental areas

Wastewater in production

Over the past three years, we have observed an increase in our water consumption and wastewater, especially from our factory in Kolding, which accounts for the majority of Flügger's water consumption. This is primarily due to the factory in Kolding taking over the paint production from our factory in Bollebygd, Sweden, and also because we are producing a larger quantity of eco-labeled wetgoods. Due to the lower content of biocides, the production of our eco-labeled wetgoods requires the production lines to be extremely clean. Therefore, we thoroughly wash equipment, pipes, and silos during production changes. The figure shows the amount of wastewater from our factories producing our wetgoods.

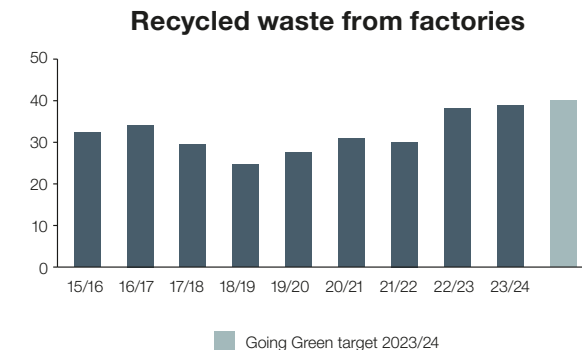


In our Going Green strategy, we had a goal of a 25% reduction in wastewater, which corresponds to 157 liters of wastewater per 1000 liters of produced wet goods. We have not realized this. The reason is that we wash and clean more due to our increased share of eco-labeled wet goods.

At our factory in Kolding, we have a facility that purifies our wastewater so it can be discharged into the municipal sewer. We have implemented procedures for the purification of our wastewater, which shut down the facility if there is an error. This prevents the facility from discharging contaminated wastewater into the municipal sewers in the event of an error. We are continuously exploring opportunities to reuse parts of our wash water. A pilot project conducted in 2023/24 has shown a potential to reuse 20% of our wastewater.

Waste

At Flügger, our total amount of waste has increased slightly this year compared to last year, so that our total amount of waste this year is 1.9 tons. We end the year with a recycling rate of 39%, which is 1 percentage point below our Going Green strategy goal of 40%. However, compared to the recycling rate from 2020/21, we have improved the recycling rate by 8 percentage points.



Especially our Swedish factories have increased the amount of waste for recycling. At our plastic factory in Bodafors, a recycling process has been introduced. This process ensures that plastic waste that occurs at the start of production machines and residues from production are either granulated for recycling directly at the factory or by our Swedish partners. In this way, we ensure that as much plastic as possible is recycled. The factory in Bodafors has increased its recycling rate from 51% last year to 87% this year, which is an increase of 36 percentage points.

We actively work to donate misproductions as long as they are usable. We do this to try to minimize our total amount of waste and to ensure that we at Flügger utilize resources as best as possible. We donate, for example, through our social partnership Paint It Forward, which you can read more about in the section on Partnerships.

Ongoing environmental cases

In connection with the relocation of production in Bollebygd, Sweden, Flügger conducted a series of environmental cases, which revealed pollution on the site. At present, potential clean-up is being discussed with the authorities. There have been polluting activities on the site for a number of years before Flügger took over in 1994, and therefore it is being investigated who can be held responsible for a possible cleanup of the site.

EU Taxonomy

The European Commission has set the goal of making Europe the world's first climate-neutral continent. As an important foundation, the EU's Taxonomy Regulation has been adopted, which contains a set of common rules for determining when an economic activity qualifies as environmentally sustainable across the EU.

Article 3 of Regulation (EU) 2020/852 describes the criteria for Environmentally sustainable economic activities:

- The activity must contribute substantially to one of the six environmental objectives and must comply with the technical screening criteria for the particular environmental objective
- The activity must not significantly harm any of the five other environmental objectives (DNSH - do no significant harm)
- The activity must be carried out in accordance with the minimum social safeguards, ensuring that it does not violate human rights and labor rights or other essential social standards

Changes since 2022/23

In the fiscal year 2023/24, we have continued our taxonomy assessment to determine whether Flügger's economic activities fall within the scope of the taxonomy's six environmental objectives, four of which are new in 2023/24. To make this assessment, we have, among other things, screened the European Commission's Delegated Regulations 2021/2139, 2022/1214, 2023/2485, and 2023/2486 to identify whether Flügger's economic activities are in accordance with the classification system and can be considered environmentally sustainable activities.

Economic activities covered by the classification system

In 2023/24, we have identified the following economic activities that are covered by the EU taxonomy:

- A. Production of plastic packaging goods: Flügger produces two types of painter's buckets, which consist of 100% recycled plastic. This activity is covered by the Delegated Regulation 2023/2486, which Flügger is reporting on for the first time in 2023/24.

- B. Installation, Maintenance, and Repair of Energy Efficiency Equipment including; Installation and Replacement of Energy-Saving Light Sources, Replacement of Heating Systems, Installation of New Ventilation Systems, Replacement of Existing External Doors with New Energy-Saving Doors.
- C. Installation of Charging Stations for Electric Vehicles at Flügger's Paint Factory in Kolding.

For the current fiscal year, we report that 3.6% (15.4%) of CAPEX and 10% (0%) of OPEX are taxonomy-eligible (0% alignment). We have assessed whether the two activities that contribute to the climate objective "climate change mitigation" can be qualified as environmentally sustainable activities (taxonomy-aligned activities). At this time, Flügger does not have internal processes that enable us to document alignment. We are working on developing a systematic procedure in order to measure alignment in the future, so that we can reliably document our assessment of the taxonomy's screening criteria, DNSH criteria, and minimum safeguards for each of Flügger's taxonomy-eligible activities.

2023/24	Revenue	CAPEX	OPEX
Taxonomy eligible activities	0%	3,6%	10%
Taxonomy-non-eligible activities	100%	96,4%	90%

In the sections EU Taxonomy tables, you will find the complete tables.

Economic activities not covered by the classification system

Based on NACE codes and analysis of Flügger's activities, which include developing, producing, and selling a wide range of building paint, wood stains, fillers, and wallpapers, it is our assessment that Flügger's revenue-generating activities are not covered by the taxonomy's six environmental objectives. Therefore, we report that 0% of the revenue in the fiscal year 2023/24 resulted from economic activities that are taxonomy-eligible.

Applied accounting principles

The applied accounting principles for identifying relevant revenue, CAPEX, and OPEX is based on the methods for calculating KPIs for non-financial companies, described in Annex 1 to the EU Commission's Delegated Regulation 2021/2178 of July 6, 2021. The evaluation of qualified activities and the allocation of financial data have been carried out based on data from the respective entities in Flügger group. Discontinued activities are not included in the values presented in the taxonomy tables.

Revenue

The total revenue is in line with the revenue reported in the annual report for 2023/24. The KPI for revenue is defined as the proportion of net revenue that comes from products or services associated with economic activities within the classification system (numerator) divided by the total net revenue (denominator).

OPEX

OPEX contains direct non-capitalized costs related to the renovation, maintenance, and repair of buildings, short-term lease contracts, and any other direct expenses associated with the daily maintenance of tangible fixed assets. The OPEX KPI in the taxonomy is defined as the proportion of operating expenses that are associated with environmentally sustainable economic activities (numerator) divided by the total OPEX (denominator). The OPEX basis cannot be reconciled with the annual report 2023/24 due to a narrower definition of OPEX in the Commission's Delegated Regulation 2021/2178 of July 6, 2021.

CAPEX

The total CAPEX is in line with the additions reported in the annual report for 2023/24 in notes 12 Intangible Assets (IAS 38), note 13 Property, Plant and Equipment (IAS 16), and note 14 Leasing Assets (IFRS 16), respectively. The CAPEX KPI is defined as the proportion of capital expenditures that are associated with environmentally sustainable economic activities (numerator), divided by the total CAPEX (denominator).

SOCIAL INFORMATION

Our employees are the core of Flügger, from innovation and production to sales and administration. We know our products to the fullest extent, because we have the full value chain and employ staff with deep expertise in many fields. Each and every one goes to work to make a positive difference for Flügger's customers. In recent years, Flügger has made a targeted effort to increase employee well-being, competencies, health and safety, as well as diversity.

Own workforce (S1)

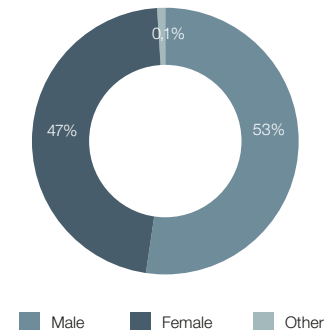
Characteristics of Flügger's workforce

In the following tables and figures, the characteristics of our employees can be seen.

Distribution of Employees by Country, Diversity, All Employees Divided by Gender



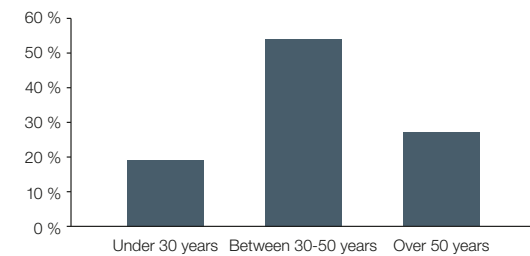
Diversity, All Employees



Employees Distributed by Country and Type of Employment, Headcount Employees by Age Group



Employees by Age Group



Impacts, risks, and opportunities

Work-related accidents in production and stores (negative impact or risk)

About 43% of our employees are employed in our stores. In the stores, there is a risk of work-related accidents associated with handling heavy equipment, heavy lifting, forklift driving, machine handling, etc. A work accident can have major consequences for the individual and Flügger as a company.

Insufficient reporting of work-related accidents (risk)

The recording of work-related accidents and near-misses is important to implement processes and measures that best prevent work accidents. Lack of reporting of work accidents and near-misses can result in systems and processes not reflecting the real risks that occurs and necessary corrective actions not being initiated.

Diversity in the workplace (positive impact and risk)

Diversity can have a positive impact on companies' productivity and innovation. A balanced diversity ensures that different perspectives and experiences are reflected. A lack of diversity can therefore lead to inefficiency and suboptimal utilization of the workforce. At the same time, companies with many employees have the opportunity to influence the way diversity is prioritized in the labor market and in the general societal debate.



Health and safety

Policies regarding health and safety

Flügger is divided into separate occupational health and safety organizations at the country level to ensure compliance with the specific occupational safety legislation of each country. In addition to separate occupational health and safety organizations at the country level, we at Flügger also see the necessity of having clear principles for health and safety at group level. This is included as part of a comprehensive set of QHSE principles, anchored in our QHSE department and applicable to all Flügger employees at all Flügger locations. The principles were approved by the executive management in 2024. The overarching goal regarding health and safety is that we at Flügger aim to have no work accidents and to create the best possible and safest physical environment for our employees.

Flügger's work with health and safety in own workforce

Health and safety as a priority

At Flügger, we have a strong focus on minimizing the risk of our employees being exposed to a work injury, whether they work in stores, production, or offices. In Flügger's more than 225 stores, we have focused on improving ergonomic conditions. This improvement has been focused around the placement of heavy products in the store. In addition, lifting of heavy bags has been minimized by 90% at the factory in Kolding. This has been achieved by introducing big bags, where the products can be dosed directly into the production. In this way, heavy lifting, which unnecessarily strains our employees, is minimized. In addition to these physical initiatives, we also actively work with training our employees so that knowledge about healthy working conditions is developed internally in the organization.

Simplified reporting

To improve and simplify the process for reporting accidents and near-misses, we have begun work on implementing a new accident reporting system to be used throughout Flügger. The implementation of the system will continue in 2024/25. Reporting accidents and near-misses is an important part of accident prevention; so are risk assessments. Therefore, we have trained relevant employees in how to conduct risk assessments for new work processes.

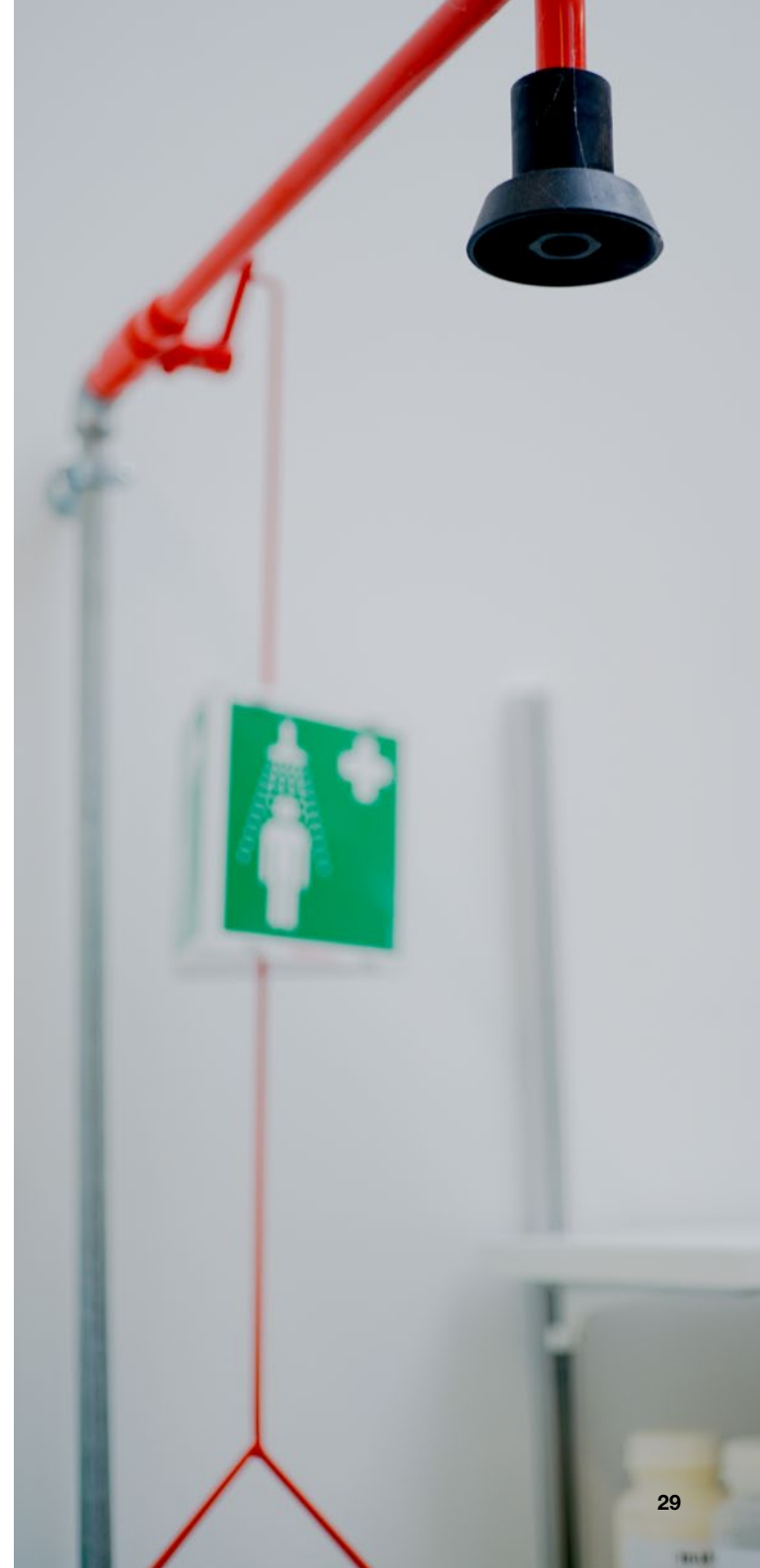
Strengthened top management focus on health and safety

As described in the section on Sustainability Organization, we have strengthened top management's focus on the QHSE area through the development of our QHSE board. At the board's meetings, top management and leaders for each business area in Flügger are presented with the development and ongoing initiatives for health and safety. One of the main purposes is to address and decide on initiatives and improvements within health and safety for Flügger's employees. We believe that this strengthened top management focus will help to continue and enhance the work with health and safety for our employees.

Metrics and targets

In 23/24, we had 10 accidents with sick leave, which are distributed with 2 in the stores, 2 in our warehouses, and the rest in production, none of the accidents were fatal. A large part of these incidents are behavior-related, and therefore in 2024/25 we will continue to work on increasing safety awareness through internal training.

The Lost Time Injury Frequency Rate (LTIFR) in Flügger was 5.33 this year, and thus slightly higher than last year. This is a development we are aware of. Some of the work injuries that occurred this year have unfortunately led to longer sick leaves. Thus, our Injury Severity Rate, which expresses how many workdays are lost, has increased from 26.6 last year to 85.13 this year. The sick leave rate across Flügger in 2023/24 was 4.4%, nearly identical to last year.



Diversity

Policies regarding diversity

Diversity policy

At Flügger, we have a diversity policy that focuses on diversity in our workforce. It can be found at [diversity policy](#).

Recruitment principles and guidelines

At Flügger, we assess candidates based solely on a combination of personal and professional qualifications. We value diversity, where everyone is free to be themselves and has equal opportunities. This is reflected in our Recruitment Principles and Guidelines, which contain elements from our Diversity Policy.

Flügger's work with diversity

Diversity drives innovation

At Flügger, we believe that a diverse workforce and an inclusive work environment are assets for our company. At Flügger, we recognize our employees' differences. We believe that diverse teams, including management groups, work more innovatively, make better decisions, and contribute to new perspectives while promoting inclusiveness and tolerance among employees. At Flügger, this diversity is particularly evident in the workforce's wide educational diversity, where expertise meets and together creates innovation. This is supplemented by our recruitment guidelines, which state that recruiting managers must ensure that the most relevant, underrepresented candidates are screened for the given positions.

Metrics and targets

Flügger employs a total of 1,921 employees with a distribution of 47% women and 53% men, which is 1 percentage point closer to an equal distribution compared to last year. In the top management, there are a total of 8 employed, of which 75% are men and 25% are women. Additionally, 370 employees are employed at the management level. Managers are defined as employees with personnel responsibility. 53% of these are men and 47% are women. The share of women in management has thus increased by 3 percentage points compared to last year. We have a goal that we should have diversity in the workforce, so that the underrepresented gender is represented with at least 40%.

Diversity in Flügger



In the board of directors, one of our four general assembly-elected members is a woman (25%). Thus, we meet the Danish Business Authority's definition of gender balance on the board. You can read more about the board in the Annual Report section Corporate Governance.



Training, competence development, and employee engagement

To be the industry's most skilled and competent advisors, we must continuously train and develop our employees. Whether it's through training, peer learning, new projects, or challenges, it develops our competencies and knowledge about our products. It strengthens our employees' professionalism and can be used for the benefit of our customers.

After implementing a new Learning Experience Portal in the last fiscal year, we have this year intensified the effort for learning in all areas of Flügger. We now have over 200 active courses, half of which are created by Flügger itself. Every month there are over 800 active users who acquire the latest knowledge in areas such as Flügger products, sustainability, and sales.

In the previous fiscal year, Flügger introduced ongoing engagement surveys among employees instead of an annual survey. This is done to continuously follow up on employee well-being and, based on that, launch specific initiatives to improve it.

As a result of the surveys, we have, among other things, increased and clarified our internal communication about Flügger's business strategy. Another initiative is "Flügger Well-being," where we focused on mental well-being among employees for 10 weeks in the fall. Through motivating stories, presentations, exercises, healthy food, and concrete advice for a healthier everyday life, we focused highly on mental well-being.

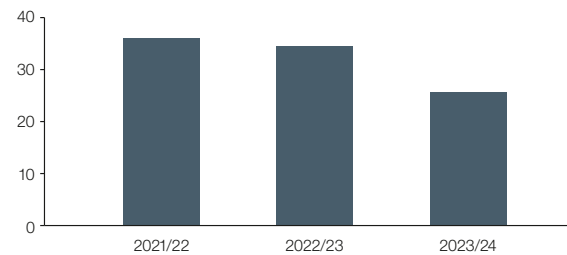
Employees' assessment of Flügger as a workplace has also increased during the period. This is measured through a Net Promoter Score, which has risen from 27 to 38. The benchmark for the industry is 19, so we consider our result to be very satisfactory. The overall engagement score has increased from 7.6 to 7.9, which is 0.2 points above the industry average.

Employee turnover

	Unit	2021/22	2022/23	2023/24
Employee turnover	%	36,19	34,62	25,7
Employee turnover	Number	516	507	426

Employee turnover has decreased by over 10 percentage points over the past three years. We have focused on this by strengthening our focus on our employees' working environment and training and competence development. You can read more about these initiatives in the following sections.

Employee turnover rate, %



Social partnerships

For Flügger, it is natural to engage with the community around us. We support and collaborate where it makes a positive difference. Particularly our industry-related work was strengthened during 2023/24, which we expect to further enhance in the coming year.

Flügger continues the fight against paint waste

The NGO Paint it Forward distributes leftover paint to citizens, among others, who are in an economic situation where it is difficult to afford to paint their homes or other projects. This is based on the recognition that it can increase the quality of life for the individual.

At the same time, the paint is distributed to schools and artists, who are supported in their creative expression. In 2023/24, Flügger supported with a business membership and a total of 13 pallets of paint and 1 pallet of handmade brushes, primarily from our laboratory and store in Rødovre. According to Paint it Forward's website, Flügger accounts for 60% of the donated paint.

Colors and openness throughout Denmark

As in previous years, Flügger has focused on diversity and the right to be as colorful as one wishes – the freedom to be oneself.

However, the support has been distributed differently in the past, as Flügger supported local Prides in three locations instead of a larger sponsorship of a single event. Therefore, the organizations behind PRIDE in Holstebro, Kolding, and Aalborg each received a donation to support the local events.

Flügger Andelen supports locally in Denmark, Sweden, and Norway

It can be a challenge to make ends meet in the local sports club or association. Whether the need is for new handballs, hockey sticks, or instruments, and other important additions, Flügger Andelen makes it easier to be a voluntary association and organization in Denmark, Sweden, and Norway.

By registering one's club, voluntary organization, or association with Flügger Andelen, one ensures a discount at Flügger's stores. In the following year, the association also receives 5% of the total purchase as support.

In 2023/24, there were 1,078 members who received funds from Flügger Andelen. The total support paid out amounted to 1,052,210 danish kroner.

Flügger supports Danish and Swedish Dyslexia Associations

During the year, we developed our collaboration with the Danish Dyslexia Association, Dysleksiforeningen. This led, among other things, to a presentation at Flügger's headquarters about dyslexia, where the spokesperson for Dysleksiforeningen shared their experiences and knowledge about dyslexia.

At the same time, we published a series of internal posts about dyslexia, including the tools available to employees at Flügger. Our commitment is due not least to the fact that some of our skilled and passionate employees are dyslexic, as it is prevalent in our industry and in society in general.



GOVERNANCE INFORMATION

In Flügger, business ethics and compliance are fundamental elements in everything we do and especially in our sustainability work. We strive to act professionally, responsibly, and ensure high integrity in our entire value chain.

Business conduct (G1)

Impacts, risks, and opportunities

Unethical business conduct (risk)

Flügger is an international company with activities in many countries. Therefore, there is a risk of breaches of good business conduct. Such breaches can damage the company's reputation and lead to legal consequences, as well as negatively affect employee morale and productivity.

Policies regarding business conduct

Code of Conduct

At Flügger, we have a Code of Conduct that applies to the entire Flügger group and aims to ensure that activities are carried out in accordance with our DNA and values. It is an expression of our corporate culture and the expectations we have to each other, our employees, and partners – and is also an expression of a strong desire to create sustainable development throughout the value chain.

Flügger's Code of Conduct is a code of conduct that employees, partners, suppliers, etc., must comply with in areas such as fair competition, anti-corruption, environment and working environment, as well as human and labor rights.

Our guidelines for human rights and labor conditions state that Flügger supports and respects internationally recognized human rights and the ILO's fundamental principles and rights at work. Everyone has the right to have their fundamental rights respected and to experience fair working conditions and a safe and healthy working environment.

In relation to anti-corruption and anti-bribery, our guidelines make it clear that Flügger and suppliers to Flügger, etc., must not engage in any form of fraud, corruption, or bribery. Gifts, rewards, and advantages, including hidden commissions or kickbacks, that can unduly influence the recipient's behavior, are considered bribery, and Flügger may neither accept, offer, nor give bribery in any form. Flügger has developed specific guidelines for events and gifts. We have zero tolerance for corruption and bribery and violations of human rights.

Flügger's Code of Conduct is available at [Code of Conduct](#).

Sustainability principles for suppliers

As an addition to Flügger's Code of Conduct, we also have a code of conduct for our suppliers in the form of Sustainability Principles for Suppliers, which are included in the contracts we enter. Our Sustainability Principles for Suppliers contain requirements for our suppliers' business conduct, human and labor rights, and environmental considerations. Over the past year, we have expanded the environmental considerations to include a requirement that our suppliers consider, for example, deforestation and biodiversity.

Our [sustainability principles for suppliers](#) are available at flugger.com.

Flügger's work with business conduct

Risk management

Our business conduct risks are managed on an equal basis with other risks in the group's risk management, which aims to identify and assess relevant risks and to reduce, minimize, or control the impact of these risks.



Training of our employees

Each year, our employees complete a mandatory e-learning course on, among other things, Flügger's Code of Conduct and GDPR. E-learning is also a fixed part of our introduction program for new employees. In addition to training in the Code of Conduct and GDPR, selected employee groups must complete e-learning in competition law and securities law.

Whistleblower scheme

Flügger has established a whistleblower scheme, where employees, partners, suppliers, customers, etc., can report serious legal violations, including violations of human rights, corruption, and bribery, anonymously. The scheme can be accessed from all countries, and the whistleblower scheme ensures anonymity, security, and user-friendliness. We review all reports in the scheme. See a detailed description of how we handle reports at [whistleblower scheme](#).

Metrics and targets

Training of our employees

Our goal is that all employees in Flügger Group should complete e-learning in our Code of Conduct. Regarding 2023/24, 98% of Flügger Group's employees have completed e-learning training, including employees in Eskaro Ukraine and Unicell International. In 2024/25, we will continue the effort to ensure that our employees complete the training by, among other things, communicating via our internal communication channels, sending reminders, and continuously following up both with employees and their managers.

Whistleblower reports

In 2023/24, Flügger received 4 whistleblower reports, of which 2 fell outside the purpose of the whistleblower scheme and 2 after processing were assessed not to have sanctions as the outcome. This is more than a halving of whistleblower reports compared to last year.

Sustainability principles in new contracts

In 2023/24, as last year, we have worked to incorporate the Sustainability Principles into all new procurement contracts. Again this year, this has been successful for 100% of signed new contracts.

Value chain due diligence

Responsibility in the supply chain and ESG due diligence

At Flügger, we depend on our suppliers, and we expect them to have the same good business conduct that we ourselves strive for. Our analyses and double materiality assessment show that the majority of Flügger's ESG risks are found in our supply chain, and therefore we mainly focus on that part in our ESG due diligence processes. The previous section describes elements related to due diligence that also pertain to our other value chain.

Risk assessment in the supply chain

We work with ESG in the supply chain based on a risk-based approach. In 2022/23, we developed an ESG risk mapping of our suppliers based on the countries of origin of the products, and in 2023/24, we have developed a risk mapping of suppliers based on industry segmentation.

ESG risk mapping based on country of origin

Our country-based risk mapping is based on several publicly available E-, S-, and G-indexes from universities and NGOs, which are compared with the countries of origin of our purchased products. Flügger's ESG risks at the country level are low, with only 0.5% of our purchases from suppliers in countries with potentially high risk, and 9.5% from areas with potential medium risk. The rest of our purchases are from suppliers operating in low-risk areas. The risk profile varies on E-, S-, and G-parameters per supplier and on total purchases.

96% of the expenses for raw materials and packaging used in Flügger's own production are purchased in the EU, and 97% are purchased in Europe. Of the total expenses for purchased products and services, 90% are purchased in the EU and 99% in Europe. The low risk aligns well with the fact that Flügger has had a strategy for many years of buying in geographical nearby areas to optimize supply security, sustainability, and costs. The share of purchases in the EU and Europe is slightly less than reported last year due to improved data on the country of origin of raw materials or products beyond the first tier in the supply chain. The countries where Flügger buys the most raw materials and products outside of Europe are USA, China, and Southeast Asia.

ESG risk mapping based on industry

Our risk mapping based on industry is founded on industry risks identified by SASB. When EFRAG publishes the sector-specific standards, we will update the risk mapping.

Our mapping shows that we have potential ESG risks in our entire supply chain, particularly in the environmental area and health and safety for employees.

Policies regarding Flügger's supply chain

Good business conduct in our supply chain is anchored in our board-approved and publicly available [Procurement Principles](#), [Sustainability Principles for Suppliers](#), and [Value Chain ESG Due Diligence Principles](#). We perform ESG due diligence on our supply chain to minimize ESG risks.

Flügger's work with ESG risks in the supply chain

We have used the ESG risk mappings as input along with other data, interviews, and workshops to prepare our double materiality assessment, as described earlier in the previous section. The ESG risk mapping is also used in our due diligence processes.

We perform ESG due diligence in our supply chain to minimize impacts and potential risks, as well as to identify opportunities. At Flügger, we have for many years conducted due diligence when assessing whether a supplier is qualified to deliver to Flügger and when evaluating compliance and innovation opportunities during supplier collaboration. This also stems from the fact that we at Flügger have a proactive strategic focus on eco-labeled and innovative products, which require our suppliers to be innovative, have high standards, and provide the necessary documentation.

The due diligence processes are carried out based on a risk-based approach, which in addition to taking into account ESG factors is also based on strategic importance, materiality, product type, and Flügger's ability to influence. An overview of our ESG due diligence processes is shown in the tables.

Table 1. ESG due diligence of suppliers as part of the qualification process

Process	ESG area
Sustainability principles for suppliers	E, S, G
Regulatory supplier and product qualification	E, S, G
QHSE assessment	E, S, G
QHSE audit	E, S, G
Sanction and anti-bribery screening	S, G
Financial screening	G
ESG risk assessment	E, S, G

Table 2. ESG due diligence of suppliers as part of our supplier management

Process	ESG area
Contracts	E, S, G
Supplier performance management	Varies
Supplier relationship management	E, S, G
ESG risk assessment	E, S, G
QHSE audit	E, S, G
Whistleblower scheme	E, S, G

Flügger's Due Diligence is documented in our Management System, and relevant employees are trained and instructed in the processes.

Based on our work with ESG risk mapping, our QHSE audits have been expanded to focus more on the Code of Conduct, environmental aspects, as well as health and safety in our supply chain. In 2023/24, we conducted 6 QHSE audits of selected suppliers.

To ensure a better overview of progress in supplier assessments and relationships, we have developed a tool for managing due diligence processes, which provides an overview of the status of completed due diligence processes and audits, in addition to the supplier-specific documentation that we collect. In addition, the supplier management tool has been expanded to include management of supplier collaborations.

If a supplier does not meet the standards, we require at Flügger, we will try to collaborate to solve the problem. Alternatively, it may mean that Flügger must terminate the cooperation with the given supplier.

ESG transparency in the supply chain

At Flügger, we aim to be transparent to all our stakeholders and to guide our customers to make the best possible choices to support their sustainability journey. This means that we work with ESG transparency both to comply with regulatory reporting requirements and through product-related services. We communicate about ESG in the annual report/ESG report and on Flügger's websites, but also via certificates and documentation such as ISO certifications, Eco-lighthouse certificate, Eco-labels on our products, EPDs, and LCAs on our wetgoods. Customers can access data and product documentation via Flügger Document Manager and Flügger Customer Sustainability Report.



APPENDIX

ESG key figures

Environmental Data	Unit	ESRS reference	Baseline (2015/16)	2021/22	2022/23	2023/24	Going Green target (2023/24)	Flügger Organic target (2026/27)
Share of eco-labeled wetgoods	%	-	-	76	82	83	80	90
Share of water-based wetgoods	%	-	-	99	99	99	99	-
Share of net revenue from eco-labeled wetgoods	%	-	-	-	60	62	-	-
Share of wetgoods net revenue from eco-labeled wetgoods	%	-	-	-	79	81	-	-
Share of buckets made of 50% recycled plastic	%	-	-	11	20	30	25	90
Share of recycled plastic in own-produced tools and accessories	%	-	-	34	32	55	50	75
Reduction of wastewater per liter of produced wetgoods	%	-	-	-58	-52	-69	25	-
Wastewater per 1,000 liters of produced wetgoods	m ³	-	209	330	317	353	157	-
Total wastewater from production	m ³	-	11.689	17.583	17.010	17.858	-	-
Total water consumption at factories	m ³	-	-	-	42.266	41.103	-	-
Increase in the share of waste for recycling	%	-	-	-10	20	22	25	-
Share of waste for recycling	%	-	32	29	39	39	40	-
Total amount of waste	Tons	-	1.193	2.370	1.631	1.919	-	-
Total amount of waste for recycling	Tons	-	386	692	634	746	-	-
Reduction in CO ₂ e per liter of produced wetgoods	%	-	-	41	47	48	50	55
CO ₂ e per liter of produced wetgoods	g	-	49	29	26	27	24	-
Energy consumption from production	GWh	-	14	13,1	11,7	9,5	-	-
Total CO ₂ e scope 1 emissions from production	Tons	-	1.373	646	551	444	-	-
Total CO ₂ e scope 2 emissions from production, location-based	Tons	-	1.364	875	866	914	-	-
Total CO ₂ e scope 1 emissions	Tons	E1-6	-	-	2267	1.912	-	-
Total CO ₂ e scope 2 emissions, location-based	Tons	E1-6	-	-	2732	2.788	-	-
CO ₂ e from raw materials for own-produced wetgoods	Tons	E1-6	-	56.798	50.392	49.882	-	-
CO ₂ e from raw materials for wetgoods per produced liter	Kg	-	-	1,07	0,95	0,94	-	-
Total CO ₂ e emissions scope 1, 2, and 3	Tons	E1-6	-	-	55.391	54.582	-	-
CO ₂ e emissions per kr. net revenue	g CO ₂ e/kr. revenue	E1-6	-	-	29,4	28,8	-	-
CO ₂ e reductions through climate credits	Tons	E1-7	-	-	-	0	-	-
CO ₂ e capture or storage	Tons	E1-7	-	-	-	0	-	-

Social Data	Unit	ESRS reference	Baseline (2015/16)	2021/22	2022/23	2023/24	Going	Flügger
							Green target (2023/24)	Organic target (2026/27)
Workforce, headcount	Number	ESRS2	-	2.057	2.516	1.921	-	-
Workforce, headcount (permanent/part-time employees)	Number	S1-6	-	-	-	1601/320	-	-
Full-time employees, average	FTE	-	-	1.873	2.234	1.653	-	-
Employee engagement	Scale 1-10	-	-	-	7,6	7,9	-	-
Internal mobility rate	%	-	-	-	12,9	15,4	-	-
Sick leave	%	-	-	-	4,2	4,4	-	-
Lost Time Injury Frequency Rate (LTIFR)	Accidents per 1 mio working hours	S1-14	-	5,63	4,5	5,33	-	-
Injury Severity Rate (ISR)	number of working days lost	S1-14	-	8,5	26,6	85,13	-	-
Fatality rate	%	S1-14	-	0	0	0	-	-
Gender distribution, all employees (women/men)	%	S1-6	-	48/52	46/54	47/53	40/60*	-
Gender distribution, management (women/men)	%	-	-	44/56	44/56	47/53	40/60*	-
Gender distribution, top management (women/men)	%	S1-9	-	-	-	25/75	-	-
Employees distributed by age (<30 years/30-50 years/ >50 years)	%	S1-9	-	-	-	19/54/27	-	-
Employee turnover, percentage	%	S1-6	-	36%	35%	26%	-	-
Employee turnover, number	Number	S1-6	-	516	507	426	-	-
Management Data								
Percentage of employees who have completed Code of Conduct training	%	-	-	91	80,6**	94,5	100	-
Number of employees who have completed Code of Conduct training	Number	-	-	1.805	2.027	1.517	-	-
Reported whistleblower cases	Number	-	-	5	9	4	-	-
Confirmed corruption or bribery cases	Number	-	-	0	0	0	-	-
Number of supplier audits	Number	-	-	3	3	6	-	-
Signed Sustainability Principles for Suppliers (new supplier contracts)	%	-	-	98	100	100	-	-
Percentage of independent board members	%	ESRS2 GOV-1	-	-	50	50	-	-
Gender distribution, board, general assembly-elected members (women/men)	%	ESRS2 GOV-1	-	33/67	25/75	25/75	40/60*	-

*at least 40% of the underrepresented gender

** employees in Eskaro Ukraine are exempted from the Code of Conduct training due to the war

ESG accounting principles

DESCRIPTION OF THE ACCOUNTING METHOD FOR ESG-DATA

Wetgoods

At Flügger, we define wetgoods as paint, wood protection, fillers, wallpaper adhesive, sealants, etc.

Energy consumption from production

Energy consumption from production is defined as the energy consumption from our Flügger factories and associated office, warehouse and/or stores in Kolding (DK), Bollebygd (SE), Bodafors (SE), and Gdansk (PL). Energy sources include natural gas and oil (scope 1) as well as district heating and electricity (scope 2).

Eco-labeled wetgoods

Eco-labeled wet goods are defined as wet goods certified with the Nordic Swan Ecolabel and/or the EU Eco-label. The KPI for water-based wetgoods is based on an internal categorization of water-based and solvent-based wetgoods based on the type of solvent in the product. In water-based wetgoods, water is used as the solvent, whereas solvent-based wetgoods contain organic solvents.

Both KPIs "Share of eco-labeled wetgoods" and "Share of water-based wetgoods" are based on the sales volume of wetgoods in segment 1 and 2, excluding Unicell International. Both own-produced, outsourced, and purchased wetgoods are included in the calculation.

"Share of net revenue from eco-labeled wetgoods" is calculated as revenue before bonus on eco-labeled wetgoods as a percentage of the total net revenue of wetgoods in segment 1 and 2, excluding Unicell International.

Recycled plastic in purchased buckets

The KPI is based on the proportion of purchased buckets with a minimum of 50% recycled plastic out of the total purchased buckets used as packaging for wetgoods sold in segment 1 and 2, excluding Unicell International. The calculation method is based on a 12-month rolling average.

Recycled plastic in own-produced tools and accessories

The KPI is based on the total amount of granules of recycled plastic out of the total amount of plastic granules used in self-production of tools and accessories at our factory in Bodafors (SE). The calculation method is based on a 12-month rolling average.

Greenhouse gas emissions (CO₂e) and energy consumption

Greenhouse gas emissions are measured in CO₂e equivalents (CO₂e) and are divided into "scopes" according to the Greenhouse Gas Protocol.

The KPI "Reduction in CO₂ per liter produced wetgoods" and the data point "Energy consumption from production" are based on CO₂e scope 1 and 2 emissions from the energy consumption from our Flügger factories and associated office, warehouse and/or store in Kolding (DK), Bollebygd (SE), Bodafors (SE), and Gdansk (PL).

Data points for total CO₂ scope 1 and 2 emissions and total energy consumption are based on emissions from energy consumption from our five Flügger factories in Kolding (DK), Bollebygd (SE), Bodafors (SE), Bankeryd (SE), and Gdansk (PL), our 212 own stores in Denmark, Sweden, Norway, and Poland, the headquarters in Rødovre, and our company cars.

CO₂ in scope 3 is calculated based on the raw materials we use in the production of wetgoods. The amount is calculated based on purchased volumes and emission factors from Ecoinvent (version 3.8).

For the calculation of emissions, location-based emission factors from the International Energy Agency (IEA) 2020 edition and emission factors from the IT platform One Click LCA®, which we use for life cycle calculations on our products, are used.

CO₂ emissions per kr. net revenue is defined based on our total CO₂e emissions in scope 1, 2, and 3 per kr. net revenue in segment 1 and 2, excluding Unicell International.

Wastewater from production

We include wastewater discharged from our Flügger factories and associated office, warehouse and/or store in Kolding (DK), Bollebygd (SE), and Gdansk (PL).

Water consumption at factories

We define water consumption as the sum of all water used from all sources such as surface water, groundwater, rainwater, or municipal water. We include the water consumption at our five Flügger factories in Kolding (DK), Bollebygd (SE), Bodafors (SE), Bankeryd (SE), and Gdansk (PL).

Waste from production

Here we include waste generated at and disposed of from our factories and associated office, warehouse and/or store in Kolding (DK), Bollebygd (SE), Bodafors (SE), and Gdansk (PL). We distinguish between waste that is sent to incineration and landfill, and waste that can be recycled or reused, according to our local waste management supplier. We define waste for recycling as waste that is sent for recycling or reused through our waste management supplier.

Employee headcount

All employees hired and paid by the Flügger Group are included, including temporary employees and substitutes on Flügger contracts, employees on leave (e.g., maternity and sick leave, as well as unpaid leave), office apprentices, student assistants, paid PhD and master's students, apprentices, etc., as well as employees who have been made redundant. The number of employees is counted as of April 30, 2024.

Full-Time Equivalent (FTE)

All employees included in the employee headcount are part of the FTE, based on the number of working hours described in their contract.

Employee engagement

The total score for employee engagement is calculated as the average of four questions regarding engagement, belief, satisfaction, and loyalty in our "Flügger Pulse" engagement survey. Flügger employees in Denmark, Sweden, Norway, Iceland, and Poland can participate in the survey, which is conducted approximately every 6 weeks. Employees in Lithuania and China, as well as employees hired by Unicell International and Eskaro Ukraine, are not included. The score for 2023/24 is based on the survey conducted in March/April 2024.

Internal mobility rate

We define the internal mobility rate as the number of times an employee starts a new position at the same or higher level during the fiscal year compared to the average number of employees (headcount) in the same period. We include Flügger employees in Denmark, Sweden, Norway, Iceland, and Poland. Employees in Lithuania and China, as well as employees hired by Unicell International and Eskaro Ukraine, are not included.

Sick leave

Sick leave is calculated as the percentage of the total planned working time during which employees have been absent due to their own illness. The calculation includes Flügger employees in Denmark, Sweden, Norway, and Poland. Employees in Iceland, Lithuania, and China, as well as employees hired by Unicell International and Eskaro Ukraine, are not included.

Accident Frequency Rate (LTIFR)

LTIFR (Lost Time Injuries Frequency Rate) is defined as the number of work injuries with at least one day of absence per 1 million working hours. LTIFR includes Flügger employees in Denmark, Sweden, Norway, and Poland. Employees in Iceland, Lithuania, and China, as well as employees hired by Unicell International and Eskaro Ukraine, are not included.

Injury Severity Rate (ISR)

Injury Severity Rate is defined as the number of lost workdays due to work accidents per 200,000 working hours. ISR includes Flügger employees in Denmark, Sweden, Norway, and Poland. Employees in Iceland, Lithuania, and China, as well as employees hired by Unicell International and Eskaro Ukraine, are not included.

Fatality rate

Fatality rate is defined as the proportion of work accidents that have resulted in death. The fatality rate includes Flügger employees in Denmark, Sweden, Norway, and Poland. Employees in Iceland, Lithuania, and China, as well as employees hired by Unicell International and Eskaro Ukraine, are not included.

Gender distribution of employees, management, top management, and Board of Directors, and Board Independence

We define gender diversity among employees as the proportion of female, male, and other employees out of the total employee headcount in the Flügger Group. Gender diversity in management is defined as the proportion of female, male, and other employees in positions with personnel responsibility compared to the total number of employees in positions with personnel responsibility in the Flügger Group. Gender diversity in senior management is defined as the management group that reports directly to our CEO. The gender diversity is based on the number of employees (headcount).

We calculate the gender distribution on the board based on board members elected at the general meeting. Employee representatives on the board are not included.

We calculate the proportion of independent board members based on the number of independent members relative to non-independent board members. Employee representatives are not included.

Employees distributed by age

The number of employees under 30 years of age, between 30-50 years of age, and over 50 years of age (headcount). All employees hired and paid by the Flügger Group are included, including temporary employees and substitutes on Flügger contracts, employees on leave (e.g., maternity and sick leave, as well as unpaid leave), office apprentices, student assistants, paid PhD and master's students, apprentices, etc., as well as employees who have been made redundant. The number of employees is counted as of April 30, 2024.

Employee turnover

We define employee turnover as the proportion and number of Flügger employees who have left during the year. Employee turnover includes Flügger employees in Denmark, Sweden, Norway, Iceland, and Poland. Employees in Lithuania and China, as well as employees hired at Unicell International and Eskaro Ukraine, are not included. Employee turnover is based on the number of employees (headcount).

Code of Conduct training

The proportion and number of employees who have completed e-learning in Flügger's Code of Conduct are calculated on the basis of all employees in the entire group, including employees who are, for example, on maternity leave, long-term sick leave, etc., during the period when the annual e-learning is taking place.

Whistleblower cases

All cases reported to Flügger's whistleblower scheme are included, regardless of whether the report is received via the whistleblower portal or through other channels, e.g., email.

Confirmed corruption or bribery cases

Only cases of corruption or bribery that have been confirmed are included. Therefore, this data point does not include cases that are still under investigation at the end of the reporting period (30.04.2024). The decision on whether potential violations are considered to be confirmed is made by Flügger's Group General Counsel.

Number of supplier audits

The number of QHSE audits of suppliers conducted in the fiscal year 2023/24.

Signed Sustainability Principles for Suppliers (new supplier contracts)

This includes new contracts with suppliers to Flügger, where the supplier has signed Flügger's Sustainability Principles for suppliers, or Flügger has approved the supplier's own Code of Conduct. To be included in the calculation basis, the contracts must have been entered into and be active in the respective fiscal year.

EU Taxonomy Tables

TURNOVER

Economic Activity (1)	Code (2)	Turnover 2023/24 (million DKK) (3)	Proportion of Turnover, 2023/24 (%) (4)	Substantial contribution criteria (%)						DNSH Criteria (Does Not Significantly Harm)									
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%															0%	
Of which enabling		0	0%															0%	
Of which transitional		0	0%															0%	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%															0%	
Total (A.1 + A.2)		0	0%															0%	
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		2,208	100%															100%	
Total (A + B)		2,208	100%															100%	

Turnover is exclusive discontinuing activities.

EU Taxonomy Tables

CAPEX

Economic Activity (1)	Code (2)	CAPEX 2023/24 (million DKK) (3)	Proportion of CAPEX 2023/24 (%) (4)	Substantial contribution criteria (%)							DNSH Criteria (Does Not Significantly Harm)								
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling		0	0%															0%	
Of which transitional		0	0%															0%	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	0%															0%	
- Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	0	0%															0,1%	
- Installation, maintenance, and repair of renewable energy technologies	CCM 7.6 CCA 7.6	0	0%															0,2%	
- Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0,2	0,1%	N	N	N	N	N	N									0%	
- Installation, maintenance, and repair of energy efficiency equipment	CCM 7.3	6,2	3,5%	N	N	N	N	N	N									15,1%	
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6,4	3,6%															15,4%	
Total (A.1 + A.2)		6,4	3,6%															15,4%	
B. Taxonomy-non-eligible activities																			
CAPEX of Taxonomy-non-eligible activities		170,2	96,4%															84,6%	
Total (A + B)		176,6	100,0%															100%	

CAPEX is exclusive discontinuing activities.

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

EU Taxonomy Tables

OPEX

Economic Activity (1)	Code (2)	OPEX 2023/24 (million DKK) (3)	Proportion of OPEX 2023/24 (%) (4)	Substantial contribution criteria (%)						DNSH Criteria (Does Not Significantly Harm)								
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) 2022/23 (18)	Category enabling activity (19)
A. Taxonomy-eligible activities																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)																		
Of which enabling		0	0%															0%
Of which transitional		0	0%															0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of plastic packaging goods																		
	CE 1.1	3,7	10%	N	N	N	N	N	N									0%
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																		
	CE 1.1	3,7	10%															0%
Total A.1 + A.2																		
3,7 10%																		
B. Taxonomy-non-eligible activities																		
OPEX of Taxonomy-non-eligible activities (B)																		
		33,9	90%															100%
Total A + B																		
37,6 100%																		

The above OPEX is exclusive discontinuing activities.

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

