

# Flügger

CSR Report 2021/22



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## Responsibility beyond ourselves

Flügger has been on a green mission for a long time. Since our very first production in Denmark, we have focused exclusively on producing waterborne paint and took the lead in developing products that are better for the environment. Today, we are continuing our mission to pull Flügger and the industry in a more sustainable direction when it comes to climate, environment and corporate social responsibility.

The core purpose of Flügger products is to extend the life of painted materials. Our business model spans the entire value chain, from development and production to sales to private and professional customers. This puts us in a strong position to develop and drive a sustainable agenda.

In 2021/22, we have made progress in several areas:

- We have increased the share of ecolabelled wetgoods to 76%. At the same time, we have phased out one of our most popular ranges in favour of more environmentally-friendly products.
- We have invested heavily in upgrading and optimising our largest production facilities and worked with FSC certification of our tool and wallpaper production
- We have significantly increased our use of recycled plastic and experimented with new packaging with up to 71% less plastic compared to a traditional bucket
- We are off to a good start with carrying out life cycle analyses and testing innovative technology and methods that will take us to the next level in our sustainable solution development

Overall, we are well on track towards meeting our ambitions and goals for 2030 to produce 100% ecolabelled paints, use 75% recycled plastic in our packaging and have carbon neutral production.

We have defined a number of milestones to meet our 2030 goals, and all our employees play an important role in realising these milestones. So do our customers when they demand and opt for our more environmentally-friendly and certified products – for example, our Nordic Swan Ecolabelled wood protection, paint tray or brush handle in 100% recycled plastic. We are proud that Flügger's environmentally-friendly products

We are proud that Flügger's environmentally-friendly products are not 'an alternative' to conventional products, but constitute the foundation of our product philosophy in combination with high quality.

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2021/22 was the year we began to see the results of making CSR an integral part of our business. In addition to working with an ambitious agenda in Flügger, we are active in the Danish Coatings and Adhesives Association, among other organisations, to influence the ambition at industry level. Sustainability is one of the most important themes of our time, and demonstrating our ability to act responsibly and contribute to a sustainable world is very important to us.

Sune Schnack  
Chief Executive Officer



**Flügger**  
**Dekso**  
**Ultramat 1**

Ultramat 100% akrylmaling til vegg- og loft  
Ultramat 100% akrylmaling til vegg- og tak  
Ultramat 100% akrylmaling til vegg- og tak  
Materna 100% akrylmaling til vegg- og tak

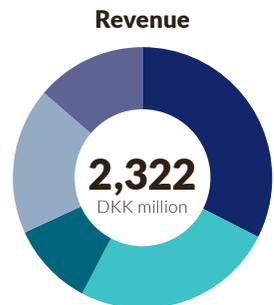
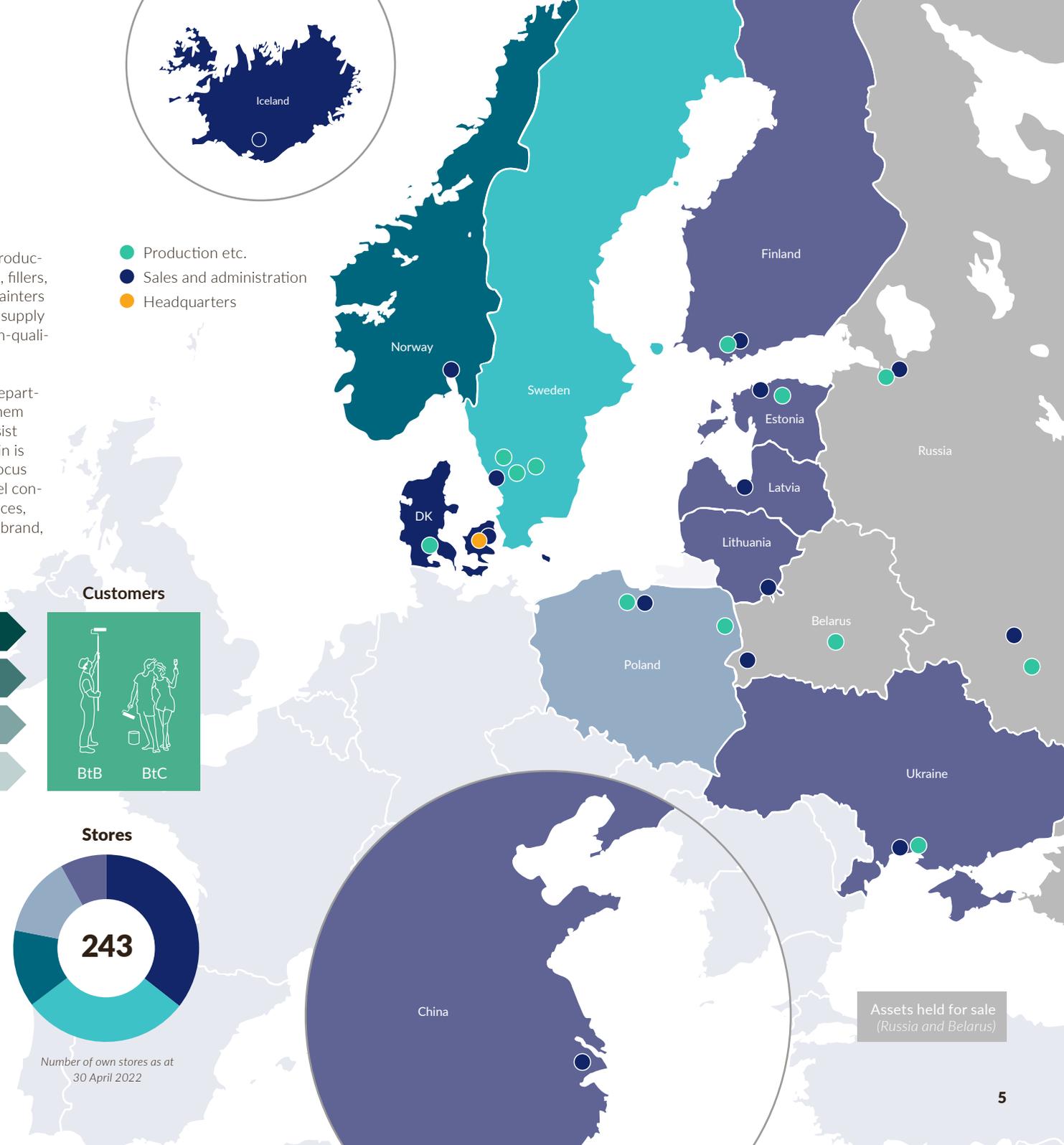


# Our business

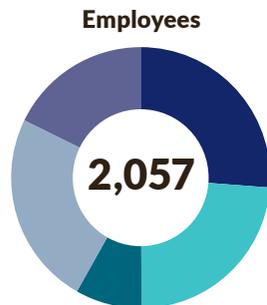
Flügger is a Danish-based international group, which develops, produces, markets and sells a wide range of building paints, wood stains, fillers, wallpapers and accessories. Our target groups are professional painters and private consumers. We see it as our key task to develop and supply products and solutions that enable our customers to achieve high-quality results as efficiently as possible.

We design and improve our products in a central development department, manufacture our products at our own factories and ship them out all the way to the stores, where our employees guide and assist our customers in achieving an optimal result. Our total 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 our ability to maintain high-quality products and services, to meet our customers' requirements and to protect the Flügger brand, which goes all the way back to 1783.

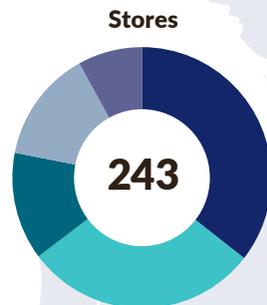
- Production etc.
- Sales and administration
- Headquarters



Incl. Iceland, Greenland and the Faroe Islands



Number of employees as at 30 April 2022



Number of own stores as at 30 April 2022

Assets held for sale  
(Russia and Belarus)

# Sustainability at Flügger

At Flügger, we believe in the value of preserving and keeping rather than discarding in favour of something new. We develop high-quality products that extend the life of the materials. 99% of our wetgoods sold are waterborne products, and the vast majority are ecolabelled. We have come a long way – but there is still a lot we can do.

Colours make a difference. They can renew, beautify, prolong, enlarge, diminish and change. Colours help set the mood in our homes and define our surroundings. At Flügger, we love all colours, but green is especially important to us – and has been for a long time.

Our passion for paint and good craftsmanship is steeped in our history, which spans several centuries. Fortunately, the time when paints contained solvents and large quantities of harmful chemicals is long gone. At Flügger, we have long since made an active choice to replace oil- and solvent-based paints with water-based paints, and we continue to improve the environmental and health profile of our products year by year.

76% of our wetgoods are certified with the Nordic Swan Ecolabel or the EU Ecolabel. The ecolabels are the customers' guarantee that the products are among the environmentally best in their category. In addition to meeting strict environmental and health requirements, they also meet quality and durability requirements.

But to Flügger, sustainability is more than just the contents of the bucket. We also have a responsibility to reduce the climate and environmental footprint from our production, the packaging

used for our products and our own-produced tools. We have a responsibility as a workplace for ensuring that our employees thrive and develop, have good working conditions, and that they feel free to be themselves.

At Flügger, we also support initiatives that make a positive difference to society. We have a long history of supporting charitable causes, and we also enter into partnerships where we can use our products, competencies or voice to contribute to a more inclusive, colourful and sustainable future.

With the acquisitions of Unicell International and Eskaro Group AB, we are also taking important steps to influence demand in the Eastern European markets towards more environmentally-friendly products. While our historical core business has come a long way on the green journey, sustainability is a newer concept for the other parts of the Flügger business.

Our ambition is for the entire Flügger Group to contribute to a more sustainable future. That is why we are also incorporating Unicell International and Eskaro Group AB in our sustainability work. This also means that our Going Green strategy and this CSR Report primarily cover segments 1 and 2 (excluding Unicell International), i.e. Flügger's historical core business<sup>1</sup>.

<sup>1</sup> Where data is available, we describe the specific scope. See also summary of ESG key figures and accounting policies on pages 30-32



## Our sustainability focus areas



### Towards a greener Flügger

In the summer of 2020, we launched our Going Green business strategy, which has set a strong green direction for Flügger. Our focal point for sustainability comprises our three focus areas Paint, Packaging and Production as well as People and Partnerships. These are the areas in which we have a special obligation and an opportunity to push both our business and the industry in a greener and more sustainable direction.

With our Going Green strategy, we have committed ourselves to meeting three ambitious goals by 2030: We will produce 100% ecolabelled paint, use 75% recycled plastic in our packaging and have a carbon neutral production.

On the path towards 2030 we are targeting a number of sub-goals for 2023/24 for Paint, Packaging and Production. We have set the bar high and to succeed we are deeply dependent on the supplementary focus areas People and Partnerships. Only competent, committed employees and new partnerships will enable us to meet our objectives and targets and find smarter, better and more sustainable ways of running our business.

Our work with business ethics constitutes a strong foundation in our sustainability work. We have great focus on compliance and risk management as fundamental drivers for enabling our business to continue to create value for our customers, suppliers, employees and shareholders – both now and in the future.



**THE GLOBAL GOALS**  
For Sustainable Development

Our strategy sets the direction for our contribution to the UN 2030 Agenda for Sustainable Development and the UN Sustainable Development Goals. We focus on the SDGs where we believe that we can make the biggest difference.

## Internal organisation

The momentum in our sustainability work is ensured by broad-based involvement of the Flügger organisation and with ownership anchored in the top management.

Flügger's Chief Executive Officer, Sune Schnack, is responsible for the CSR steering committee, which is facilitated by Flügger's Sustainability Manager. The steering committee's organisation is based on the strategic focus areas, each of which has a dedicated 'sponsor' in the management as well as an overall project manager who runs the initiatives.

But the driving force behind our sustainability work is all our employees, who help develop Flügger and move the business in a greener direction every single day – either by contributing to sustainability projects or by incorporating new and green solutions in the day-to-day tasks. All steps are important on the path towards a greener Flügger.

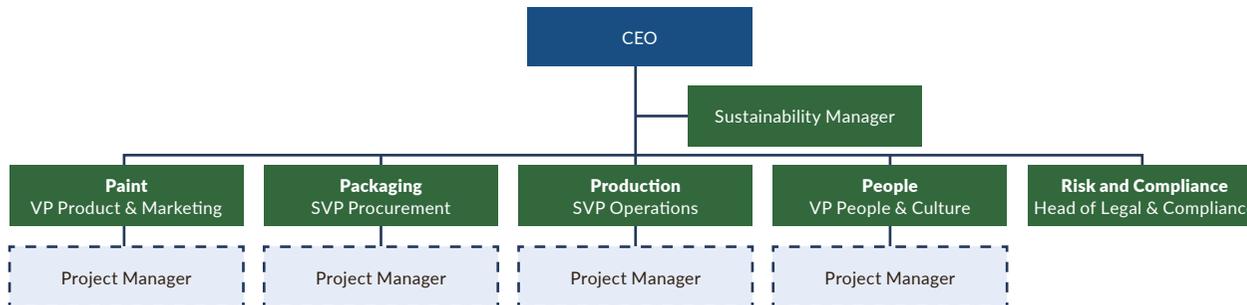
## EU Taxonomy Regulation

The European Commission has set the goal of making Europe the world's first climate-neutral continent. The EU Taxonomy Regulation has been adopted as an important basis for achieving this goal. The taxonomy is a common set of criteria for what qualifies as environmentally sustainable across the EU. It consists of a total of six environmental objectives, for which the criteria for the first two have currently been specified.

From 1 January 2022, listed companies with +500 employees must report according to the taxonomy, and we have therefore assessed whether Flügger's activities fall within the current scope of the taxonomy. Based on NACE codes and an analysis of Flügger's activities, our assessment is that our primary activities are currently not covered by the taxonomy. Therefore, we report revenue, OpEx and CapEx as 0 in relation to the taxonomy for 2021/22. Our expectation is that this will change in the coming years as the scope of the taxonomy expands.

“The driving force behind our sustainability work is all our employees, who help develop Flügger and move the business in a greener direction every single day”

## Organisation of the sustainability work



# Highlights 2021/22

## Ecolabelled paint

**76%**

of total wetgoods sold



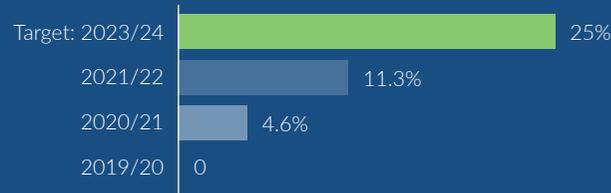
Based on litres of wetgoods certified with the Nordic Swan Ecolabel or the EU Ecolabel sold in segments 1 and 2, excl. Unicell International. Wetgoods include paint, wood protection, filler, wallpaper adhesive etc.

Read about our work to develop the most environmentally-friendly products in the section ReColor Paint on pages 12-13.

## Buckets with recycled plastic

**11.3%**

of total purchased buckets consist of min. 50% recycled plastic



Based on purchased buckets for sale in segments 1 and 2, excl. Unicell International

Read about how we work to increase the share of recycled plastic in our buckets as well as our own-produced tools and accessories in the section ReColor Packaging on pages 16-17.

## CO<sub>2</sub> reduction

**41%**

per litre of produced wetgoods since 2015/16



Based on energy consumption at the factories in Bodafors, Bollebygd, Gdansk and Kolding as well as total own production of wetgoods.

Read about our work to reduce carbon emissions from our production in the section ReColor Production on pages 20-21.

Focus  
Recolor Paint

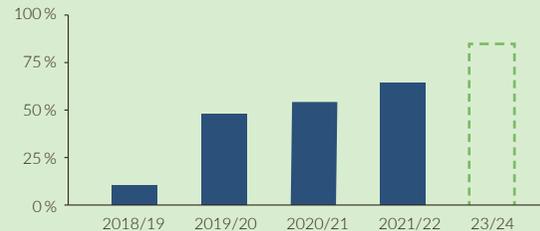


# Flügger outdoor series: 70% paint certified with Nordic Swan Ecolabel and packaging made of 50% recycled plastic

As the first products in the Wood Tex series, Wood Tex 05 and Wood Tex 06 were Nordic Swan Ecolabelled in 2017. Since then, the development has accelerated. More products in the Wood Tex and Facade outdoor series have been certified with the Nordic Swan Ecolabel, and more customers actively choose the more environmentally-friendly versions, increasing the sale of our ecolabelled products.

Based on Flügger's green ambitions for both contents and packaging, we have come a long way with our outdoor range. In 2021, transparent Flügger Wood Tex 03 was Nordic Swan Ecolabelled, as was Facade Resist, bringing the share of outdoor paint with Nordic Swan Ecolabel up to 70% of the total volume of sold Flügger outdoor paints. We have also replaced the packaging so that both Wood Tex and Facade Resist products come in the characteristic black buckets consisting of 50% recycled plastic. Given the volume sold, this corresponds to Flügger having reduced the consumption of virgin plastic in our packaging by approx. 50 tonnes annually since 2020.

## Strong growth in the volume of waterborne and Nordic Swan Ecolabelled outdoor products



In just four years, we have achieved more than a sixfold increase in our share of Nordic Swan Ecolabelled wood protection products, while concurrently reducing our range of solvent products. This means that Flügger today offers a wide range of high-quality products for professional customers that demand products providing long durability to wood and other facades with minimal environmental impact at the same time. Sales of

solvent products today constitute less than 10% for the Wood Tex series and less than 1% for total wetgoods.

The Flügger journey towards increasing the share of Nordic Swan Ecolabelled products is continuing. In 2023/24, we expect even more products to achieve the Nordic Swan Ecolabel.

## Modern tinting system increases quality and focus on waterborne products

In the past year, Flügger has introduced a completely new tinting system. The tinting system is based on tinting colourant which can only tint water-based products, meaning that the solvent alkyd products are now only available in a few standard colours. This deliberate prioritisation supports our green journey towards 100% waterborne products, and also provides technical and environmental advantages. These advantages include better opacity and lightfastness as well as tinting colourants without solvents. This ensures that we can obtain the Nordic Swan Ecolabel for even more of our products.

**2017**

- Flügger 05 Wood Tex Acryl 30 (EPD no. NEPD-2590-1315)
- Flügger 06 Wood Tex Oil Paint W 60 (EPD no. NEPD-2591-1315)

**2018**

- Flügger 07 Wood Tex Matt (EPD no. NEPD-3504-2097)
- Flügger 04 Wood Tex Opaque (EPD no. NEPD-2588-1315)

**2021**

- Flügger 03 Wood Tex Transparent (EPD no. NEPD-2675-1374)

**NEW TINTING SYSTEM**

WT	YK1	RE-K	YK1	YK2	RE-KS	RE-KW	H
OR	VI	BL-W	BL-G	DI	EX	OC	DR

Flügger is constantly working to increase the number of ecolabelled product. Since 2017, WoodTex 03, 04, 05, 06 and 07 have all been certified with the Nordic Swan Ecolabel.

# Focus area 1: ReColor Paint

In 2021/22, we have continued to increase the share of eco-labelled wetgoods. Now 76% of Flügger paints, wood protection and fillers are certified with the Nordic Swan Ecolabel or the EU Ecolabel. The goal for 2030 is for all our paints to be certified with an international ecolabel. The lever is life cycle analysis, investments in technology as well as recycled and bio-based raw materials.

Given our ambitious 2030 goals, we are committed to continuously developing existing and new products that leave the smallest possible footprint on the environment and indoor climate without compromising on durability and high quality. In this way, we support that private consumers and professional painters can make more environmentally-friendly choices and push the industry in a greener direction.

## Ecolabelled paint

At Flügger, we have deliberately chosen the most well-known labelling schemes to ensure maximum credibility, and, as a general rule, we always promote the ecolabelled products in our marketing.

The ecolabels are the customer's guarantee that the product is among the most gentle on the environment in its product category. This means that, from a life-cycle perspective, the products have a lower environmental impact than similar products. In addition to strict environmental and health criteria, the Nordic Swan Ecolabel and the EU Ecolabel have stringent requirements for both quality and durability.

With a share of 76% ecolabelled wetgoods, we have achieved an increase of 3 percentage points in 2021/22 compared to the previous financial year. In the past year, the focus has been on maintaining the portfolio of voluntarily labelled products and on preparing an extension of the portfolio. This includes our new Flutex Pro series, which we aim to make the new favourite series for professional painters.

In the coming years, we will continue to phase out the last oil- and solvent-based products in our outdoor wood protection range. At the same time, we are intensifying our work with life

cycle analysis of our products to gain greater insight into the environmental impact throughout their product life.

In 2021/22, oil- and solvent-based products only accounted for 1% of our wetgoods sold. As a result, we have already met our target of achieving 99% water-borne wetgoods by 2023/24.

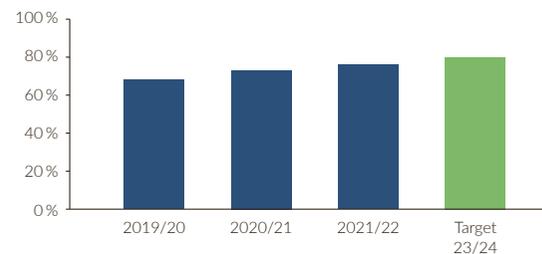
We have invested in a new competence centre for life cycle analyses to enable us to perform these analyses ourselves based on certified methods and assessed by a third party.

We use life cycle analyses as a basis for preparing EPDs (Environmental Product Declarations), which professional developers, among others, use in connection with sustainability certification of buildings. Life cycle analyses also help us assess which sustainability initiatives make most sense and create most value to initiate.

In 2021/22, we have also invested in the development and implementation of IT reporting tools and infrastructure to enable us to provide our customers with more information about their purchases of sustainable products, for example ecolabel or product information linked to life cycle analyses.

## Ecolabelled paint

% of total wetgoods sold



Based on litres of wetgoods certified with the Nordic Swan Ecolabel or the EU Ecolabel sold in segments 1 and 2, excl. Unicell International. Wetgoods include paint, wood protection, filler, wallpaper adhesive etc.

## Indoor climate

To protect painters and residents from unwanted indoor air pollutant, we focus on reducing the impact of our paints on the indoor climate both during and after application.

We target our efforts on reducing the contents of volatile organic compounds (VOCs), formaldehyde and ammonia as much as possible, and we perform emission measurements on all our Pro and Dekso products, documenting our compliance with the requirements of the chosen certifications.

At the same time, we work continuously on reducing preservatives. They are necessary in waterborne paints to avoid contamination and to extend the durability of the product, but as we introduce purere raw materials and achieve even better hygiene in our production plant, we can reduce the need for preservation.

We have great ambitions for the indoor climate area. Our goal is to launch an interior wall paint with the lowest possible emission by 2023/24. We strive to base the product on a technology that can be upscaled to several types of paints in the long term. At the same time, we focus on ensuring that the new products are able to meet the criteria for new voluntary schemes focusing on indoor climate and allergy.

To succeed, we need to use cutting-edge technologies and develop innovative solutions that are not currently available in the market. The solutions available today are very limited when we also want to maintain good quality and a low MAL code. The MAL code is introduced out of consideration for the painters' working environment and indicates the health risk if you inhale vapours and have skin contact with the paint. The lower the MAL code, the lower the risk and consequently the lower the need for protective gear during application.

In the past year, we have tested the technological possibilities that exist in the market for raw materials. This requires a lot of effort in both our own and our partners' laboratories. We have also entered into agreements with specific suppliers on the development of specially designed materials.

## Sustainable innovation

Our work with sustainable innovation stems from an ambition to reduce our use of raw materials of fossil origin and instead use bio-based and/or recycled raw materials.

The purpose is to reduce the carbon footprint of the paint itself. The reduction must be documentable through a life cycle analysis, and the solutions must be widely implementable in our product ranges in the long term.

In this context, the pace of development naturally depends on the availability of the needed raw materials. This applies especially when we simultaneously strive for second generation bio-based raw materials such as waste products from food production. We do not want to use raw materials that are or can be used as food or animal feed.

During 2021/22, we have mapped suppliers' ability to supply bio-based or recycled materials, and, where possible, we have conducted tests of the materials in our laboratory.



### 100% ecolabelled paint by 2030

Target 2023/24	Status 2021/22
80% ecolabelled paint	76%
New paint series for better indoor climate	on track
New paint series based on sustainable raw materials	on track

Focus  
Recolor Paint



# Flügger phases out popular paint series and strengthens its environmental profile

As part of the Flügger Going Green strategy, we are ceasing the production of our popular Flutex series and replacing it with more environmentally-friendly, Nordic Swan Ecolabelled series. One of the series is also launched in buckets made from 50% recycled plastic.

Over the past few years, Flügger has replaced most of the collection of recipes in our wall and ceiling paint category in favour of more modern platforms that meet modern building requirements in terms of finish, function and environment. In 2021, it also meant a farewell to the classic Flutex, Flutex S\* and Flutex C series, all three of which have been replaced by the new Perform series. The Perform series is certified with the

Nordic Swan Ecolabel and has been launched in packaging made of recycled plastic.

The phasing out of the three Flutex series is the biggest change of the Flügger range in our history. The result is 38% fewer item numbers and 33% fewer recipes in the wall and ceiling paint category of the Flügger brand.

With 50% recycled plastic used in the packaging, the new Perform series will reduce the need for virgin plastic by approximately 145 tonnes annually in the coming years. As a result of the reduced range, we also expect our Perform series to contribute to higher production efficiency and better stock availability.

## Flutex is phased out



## The new Perform series

**38%** reduction of item numbers  
**33%** reduction of recipes  
**50%** recycled plastic in the packaging



# Focus area 2: ReColor Packaging

In the ReColor Packaging focus area, we are working to reduce the environmental and climate footprint of our packaging. This year, we have doubled the share of buckets made of 50% recycled plastic – but that is just the beginning. We are continuing our work to find solutions to increase the share of recycled plastic, we are implementing a pilot project with a return scheme for paint buckets and we are experimenting with new types of packaging.

In ReColor Packaging, our overall target for 2030 is to achieve a share of 75% recycled plastic in our packaging. Therefore, we have special focus on using recycled materials and on making our packaging as recyclable as possible. Where possible, we also focus on reducing the amount of packaging, especially from fossil sources such as newly produced (virgin) plastic. In collaboration with suppliers and other stakeholders, we are continuously examining how we can design packaging from materials that have a smaller environmental and climate footprint and can be reused or recycled.

We are also examining the possibilities of supporting a solution for returning used paint buckets. The intention is to give the used packaging new life through reuse or recycling of materials.

## Recycled plastic in buckets

By far, paint buckets make up the largest share of our packaging in Flügger, so this is where we have the greatest opportunity to reduce our environmental and climate impact from packaging. Our target for 2023/24 is for 25% of our buckets to consist of minimum 50% recycled plastic.

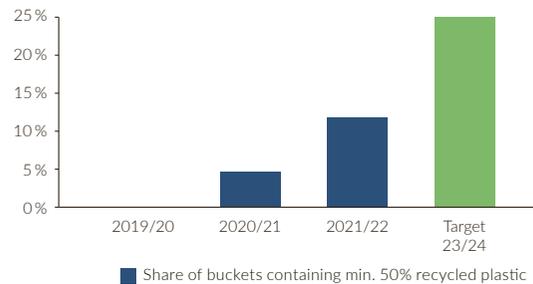
In 2020, we replaced the packaging of our Wood Tex outdoor series with buckets made of 50% recycled plastic. This year, we have replaced the packaging in our Facade series, and our new interior series, Perform, has also been launched in buckets made of 50% recycled plastic.

In cooperation with our suppliers, we are also testing and evaluating buckets made of 75% or more recycled plastic. This is not without challenges, as recycled plastic can be more fragile in the material. However, this area is seeing continuous development

and we expect to be able to convert to buckets with more than 50% recycled plastic within the next few years.

In 2021/22, we succeeded in increasing the share of our buckets made of minimum 50% recycled plastic to 11.3% of our total number of buckets purchased. This corresponds to almost 700,000 units, a doubling compared to the previous year. The launch of Perform in buckets with 50% recycled plastic is in itself expected to save approx. 35 tonnes of virgin plastic in 2022/23. In the coming year, we will continue our work to increase the number of buckets containing recycled plastic.

**Buckets with recycled plastic**



*Based on purchased buckets for sale in segments 1 and 2, excl. Unicell International. For a more accurate average calculation, we have changed the calculation method to be based on 12 rolling months. Results for 2020/21 have therefore been corrected in accordance with the new calculation method.*

## Less plastic material in packaging

We are also focused on reducing the amount of plastic in our other packaging, especially in canisters and sacks. For filler packaging, we are both testing sacks made of recycled plastic and sacks with a reduced amount of virgin plastic to be able to choose the solution with the smallest environmental and climate footprint.

For our primer canisters, we have reduced the amount of virgin plastic in 2021/22 and we will introduce a thinner plastic

canister during 2022. This reduces our consumption by 2.5 tonnes of plastic, equal to 8% of the total weight of the original canister. In addition, we have reduced the weight of the metal handle on buckets for filler and adhesive by 70 g, which saves the environment more than 20 tonnes of metal per year.

## Innovative packaging

We are also developing and testing other options for minimising our environmental footprint from packaging, for example by using a maximum share of recycled plastic or significantly reducing the amount of plastic.

In spring 2022, we launched Notes®, a lifestyle brand aimed at the eco-conscious private consumers. Notes® comes in 2-litre plastic bags, which are easier to empty than a traditional paint bucket, thus reducing waste. The bag is a newly-developed product which reduces plastic consumption by up to 71% compared to a bucket. The innovative packaging solution paves the way for potential new standards for the environmental and climate footprint of the packaging. Read more about the Notes® concept on pages 18-19.

## Take-back solution for paint buckets

At Flügger, we wish to give our paint packaging a new life and be reused as material in new products.

In Norway we therefore initiated a return scheme for empty and half-filled paint buckets from our largest Norwegian customers in September 2021. The empty buckets are part of Norway's Tomt&Tørt reuse system, and the paint waste is disposed of in a safe and environmentally correct manner. With this return scheme, we can offer statistics on paint waste, providing our customers with a tool to help them minimise paint waste and wastage. Consequently, this service is of great interest among our customers, who experience it as saving both time and costs.

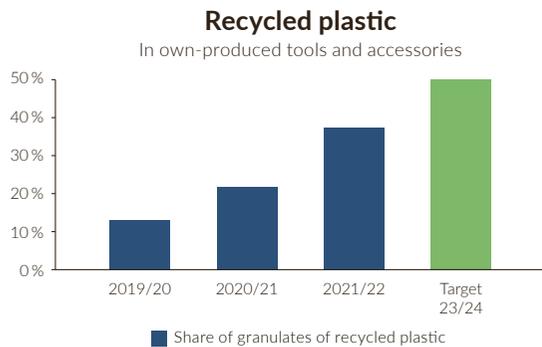
For Denmark, we are examining the possibilities of a similar return system as a pilot project for selected stores and customers.

### Own-produced tools and accessories

At our plastic injection moulding factory in Bodafors, Sweden, we produce small tubs as well as tools and accessories such as paint trays and brush handles. Therefore, we have set a target to increase the share of recycled plastic in our products to 50% by 2023/24. With an increase to 37.6% of recycled plastic in our products in 2021/22, the development in Bodafors is very positive. We have also had good experience with converting to 100% recycled plastic in paint trays and brush handles, and we are testing new initiatives on our tubs.

In parallel, we are working to improve the environmental profile of our other own-produced products, including our brushes with wooden handles. We are in the process of being approved to produce FSC-certified brushes at our brush factory in Bankeryd, Sweden. We expect this to be in place in the first half of 2022/23.

Correspondingly, our production of felt and wallpaper at our factory in Poland has received FSC certification, meaning that newly-produced wallpapers have been FSC-labelled since November 2021.



Based on the total quantity of granulates used in our own production at our factory in Bodafors

### Goods for resale

In cooperation with our suppliers of goods for resale, we have initiated several projects aimed at introducing recycled plastic in the packaging and mapping the types of packaging used. We have also developed guidelines that specify our requirements for minimising packaging, more recycled plastic and better recyclability, for example by using mono-materials.

In 2020/21, we tripled our sales of purchased goods with recycled plastic to 680,000 units. For example, all our plastic covering has been replaced with 100% recycled plastic, which is equal to approximately 290 tonnes of saved virgin plastic per year. We have also replaced our Stiwx roller buckets 8L, 12L, 15L and 25L with 100% recycled plastic. In addition, our cardboard floor covering is undergoing an FSC certification process.

### Load optimisation

Our target for 2023/24 is a 40% increase in the weight of goods per consignment, using 2018 as baseline. After several years of dedicated work to optimise the loading of trucks, we have already succeeded in meeting the 2023/24 target in 2021/22.

Larger loads on the individual trucks mean fewer journeys, and, on top of that, we have reduced the consumption of transport packaging in consignments to our stores. Despite meeting the target two years ahead of schedule, we are continuing our work to explore the possibilities for further optimisation.



### 75% recycled plastic in packaging by 2030

Target 2023/24	Status 2021/22
25% buckets made of min. 50% recycled plastic and 50% recycled plastic in own-produced tools and accessories	11.3% buckets with recycled plastic 37.4% recycled plastic in own-produced tools and accessories
Innovative packaging with maximum share of recycled plastic	Notes® innovative packaging
40% increase in goods weight per consignment	40.6%

**Focus  
Innovation**



# Launch of Notes® – an environmentally-friendly lifestyle brand in innovative packaging

In late spring 2022, Flügger launched the lifestyle brand Notes® with sustainability as the pivot in our product development. The amount of plastic in our packaging has been reduced by up to 71% compared to a traditional plastic bucket, and the new packaging also contributes to less waste when the painting job has been completed.

Based on Flügger's green and digital strategy, Flügger has launched the lifestyle brand Notes®, which is born digitally and is exclusively sold online. Notes® has been developed in collaboration with the venture company Rainmaking, and both the



products and the customer journey are specially designed for the style- and environmentally-conscious consumer.

## Significant reduction in plastic consumption

Notes® has been developed as part of Flügger's continuous work with sustainability in production, distribution, packaging and paint.

"Increasing the degree of recycled plastic in packaging is one way of developing, and it ensures incremental development. But, in the long term, we want to reduce the volume of plastic in general, so we must think differently from the standards that the industry has used for decades," explains CEO Sune Schnack.

The packaging for Notes® is a specially developed bag with a spout, and the bag weighs just 30 grams. Compared to a small bucket of paint of 2.8 litres, the bag gives a plastic reduction of 71% per litre of paint. With a 10-litre bucket, the reduction of plastic would be equal to 68% per litre of paint.

## Smaller quantities, less waste

Waste reduction is another important objective for the new packaging. So many consumers have leftover paint stashed away in the attic until it is brought to the recycling point for incineration anyway.

On [www.notesofcolour.com](http://www.notesofcolour.com), the customer can use an online calculator to assess how much paint is needed, and, combined with 2-litre bags, which can be emptied to the last drop, less consumption waste can be ensured. In addition, the emptied bag can be thrown out along with other plastic in the day-to-day waste sorting.

Notes® is, of course, also certified with the Nordic Swan Ecolabel and the EU Ecolabel.



# Focus area 3: ReColor Production

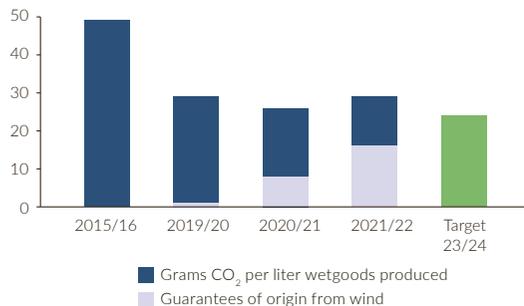
Our goal for 2030 is a carbon neutral production. Over the past three years, we have invested heavily in upgrading and expanding our factories. The investments have, however, had a negative effect on our carbon emissions and waste volumes this year. This has been necessary in order to be able to achieve our goals and targets in the long term. Since 2015/16, we have reduced Flügger's carbon emissions by 41%. In the coming years, we also see large potential in wastewater reduction.

## CO<sub>2</sub> from production

In 2019, we started to consolidate our production. In this connection, we moved all production of waterborne paint from Bollebygd, Sweden, to our existing factory in Kolding, Denmark. At the same time, we initiated a modernisation of the factory in Kolding aimed at creating a state-of-the-art, energy-efficient and clean production to the highest possible degree. We also cut the first sod for the establishment of a new filler factory in Bollebygd. In our new filler factory, we can produce a larger volume using optimised processes as well as new energy-efficient machinery.

As a result of the two modernisation projects, we emitted 29 g CO<sub>2</sub> per litre of produced wetgoods in 2021/22, equal to a 41% reduction relative to baseline 2015/16. However, this is a decrease of six percentage points compared to last year and on par with 2019/20.

## CO<sub>2</sub> per liter wetgoods



Based on the energy consumption at our factories in Bodafors, Bollebygd, Gdansk and Kolding as well as the total volume of own-produced wetgoods. Emission factors based on the International Energy Agency (IEA) 2020 edition.

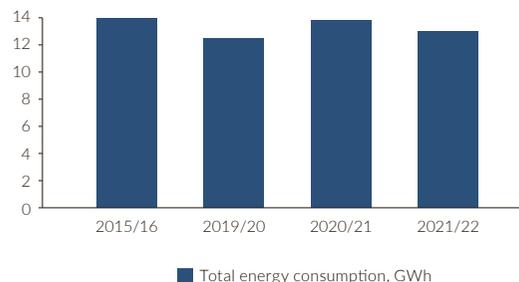
Since 2015/16, we have changed the energy sources for heating at our factories in Bodafors and Bollebygd from oil to district heating (Bodafors) and from oil to wood pellets (Bollebygd), respectively. We have also optimised energy utilisation at the factories.

In addition to our efforts on reducing energy consumption, we continue buying green guarantees of origin from wind turbines in the Nordics to cover the electricity consumption at our factories. In 2020/21, we also entered into a three-year agreement on the purchase of guarantee certificates for wind energy in Poland, corresponding to the total electricity consumption at our factory in Gdansk.

As electricity consumption constitutes approximately half the energy consumption at our factories, this means an emission of 13 g CO<sub>2</sub> per litre of produced wetgoods if we count our electricity consumption at the factories as carbon neutral. In this case, the reduction of CO<sub>2</sub> per litre of produced wetgoods reached 73% since 2015/16.

We continue our strong focus on energy optimisation and carbon emission reduction at our wallpaper factory in Gdansk, Poland, which accounts for most of the carbon emissions from our production. In addition to wallpaper production being an energy-intensive process compared to the production of paint, a large part of the process energy for wallpaper production at the factory is based on gas.

## Energy consumption in production

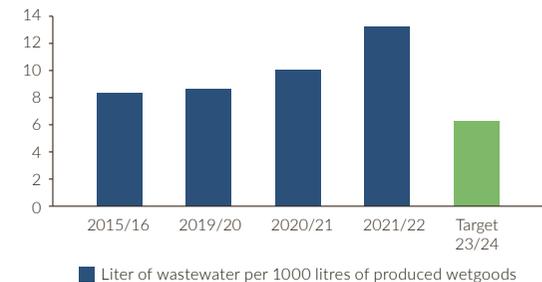


Based on the energy consumption at our factories in Bodafors, Bollebygd, Gdansk and Kolding.

## Wastewater from production

To enable us to produce ecolabelled paints and comply with increasingly stringent legal requirements, we are reducing the content of biocides in our paints. However, this requires a very clean production and thus careful washing of machinery and equipment, pipes, tanks etc. between changes in production. In recent years, this has resulted in increased consumption of washing water and in consequence an increase in the amount of wastewater.

## Wastewater in production



Based on wastewater discharged from our factories in Bollebygd, Gdansk and Kolding as well as the total volume of own-produced wetgoods.

Our factory in Kolding generates the largest amount of wastewater, which has prompted us to explore, in collaboration with external environmental specialists, the options for recycling wastewater, for example as washing water. Such a solution would mean a reduction in the amount of water we draw from the main tap and significantly less discharging of wastewater.

During 2021/22, we have initiated an analysis of our water quality to identify which treatment technologies can help us reduce the amount of wastewater. We expect this analysis to be completed by the end of 2022. Our expectation is that we can reduce our wastewater by up to 40%.

At our central laboratory at our head office in Rødovre, we have phased out a number of chemicals and substituted a number of detergents. Subsequent measurements have shown that the

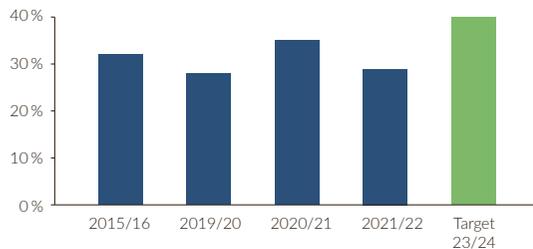
wastewater is now so clean that it is no longer classified as environmentally-hazardous waste, but can be discharged as ordinary wastewater to the municipal treatment plant.

### Waste from factories

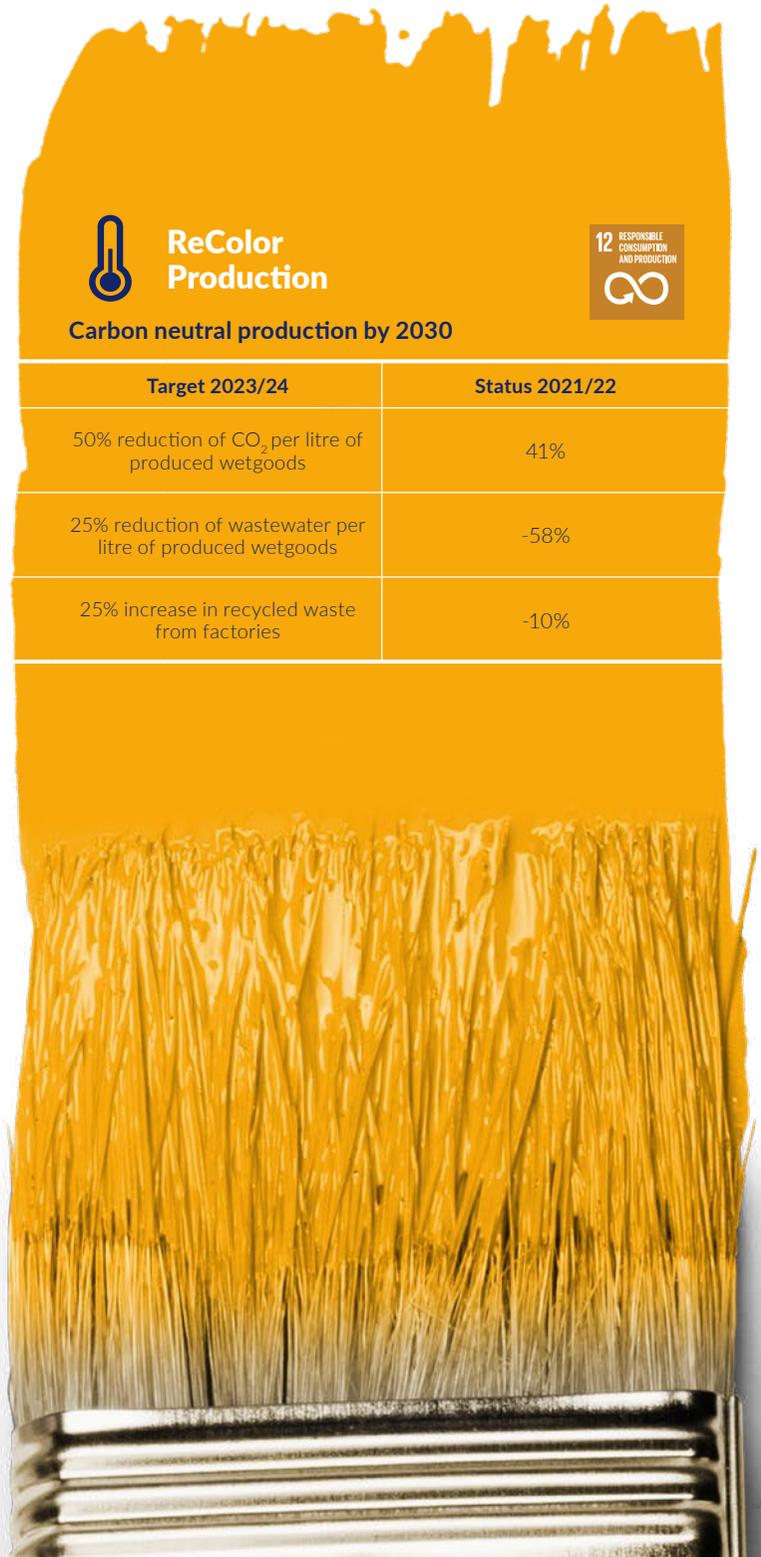
Our total volume of waste has increased to 2.4 tonnes in 2021/22, which constitutes a doubling relative to recent years. At the same time, our share of waste for recycling decreased from 35% to 29%. The primary reason is the modernisation projects at our factories in Kolding and Bollebygd. As a result, this year's data on waste from these factories cannot be compared directly with previous years. We expect the total waste volumes to be significantly reduced once the two modernisation projects have been completed.

The largest volume of waste sent for incineration comes from our filler factory in Bollebygd. That is why we are working to both reduce the amount of waste and increase the share of waste for recycling in line with our target for 2023/24. Among other measures, we recycle production plastic residues in our own production or resell them. This measure has reduced our plastic waste by more than 25 tonnes. We also reuse cardboard boxes for transport between the factories. Some boxes are reused up to eight times, while others can only be reused once. In total, this internal reuse initiative has reduced the quantity of cardboard boxes for transport by approx. 50%.

### Recycled waste from factories



Based on waste generated at our factories in Bodafors, Bollebygd, Gdansk and Kolding.



ReColor  
Production



### Carbon neutral production by 2030

Target 2023/24	Status 2021/22
50% reduction of CO <sub>2</sub> per litre of produced wetgoods	41%
25% reduction of wastewater per litre of produced wetgoods	-58%
25% increase in recycled waste from factories	-10%

# Focus area 4: Colorful People

As a company with a full value chain, we employ people from different backgrounds and functions who come to work every day to contribute to the Flügger mission and vision. That is why we focus on ensuring that our employee initiatives are relevant to our diverse workforce and promote collaboration, skills, safety and working environment across our organisation.

## Working environment and safety

Improving the working environment in factories, offices and stores is handled by Health & Safety specialists and representatives from both employees and management. We work actively with risk assessment of work tasks, registration of incidents, cross-organisational knowledge sharing and preventive initiatives.

In 2021/22, we have had 13 work-related injuries resulting in sickness absence. This corresponds to a total Lost Time Injury Frequency Rate (LTIFR) of 5.6, which is slightly up on last year, but still below the benchmark. 8 of the 13 injuries occurred in our factories and the remaining 5 in our stores.

In the stores, injuries are typically connected with heavy lifting, slips and falls. At our factories, the work-related injuries are more diverse. All injuries have been treatable without hospitalisation, and none have resulted in permanent injuries. The severity of our accidents was thus generally at a low level with an Injury Severity Rate (ISR) of 8.5.

In the coming year, we will strengthen our safety culture by, among other measures, training employees in observations and near-miss incidents. At the same time, we will continue to improve incident data collection to better drive learning across our organisation and prevent injuries.

## Strengthened communication

Addressing COVID-19 remained a focus area in our stores, production and administration in 2021/22. Office staff had to work from home for extended periods, and our staff in stores and at production sites were divided into smaller teams to minimise the risk of infection.

The changed forms of work created a need to strengthen communication and find new ways to maintain a sense of community and support for colleagues. We therefore introduced the 'My Flügger App' in December 2021. The app makes it possible for all employees to maintain social contact digitally with all Flügger colleagues, just like on other social media platforms. In addition, you can stay updated on Flügger news, guidelines and e-learning.

Given the new Flügger management team in 2021/22, we also decided to increase the amount of management communication. A monthly email from the CEO highlights and pays tribute to successes across the organisation, communicates Flügger's strategic direction and brings all employees on board our shared mission. Another measure is quarterly town hall meetings where Flügger's CEO and the rest of the management update all employees on the past quarter and selected strategic initiatives.

## New dialogue tool on engagement and well-being

In spring 2022, we introduced Flügger Pulse, which is a monthly engagement survey. Flügger Pulse gives the employees the opportunity to provide monthly feedback, ask questions anonymously and enter into a dialogue with their manager. This monthly, digital and dialogue-based method will be central to the coming year's work with well-being and engagement at Flügger. Flügger Pulse replaces the previous annual employee satisfaction survey, Great Place to Work.

## Diversity and inclusion

At Flügger, we believe that diversity and inclusion contribute to a more enterprising, colourful and inspiring working environment where competent and passionate employees can learn from each other and contribute to creating success.

Flügger employs a total of 2.057 people, 386 of whom are employees at management level, defined as employees with staff responsibility. 56% of the managers are men and 44% are women. We consequently meet the Danish Business Authority's definition of equal gender distribution in the management. Since Flügger has had this distribution for many years, we have not chosen to formulate

a policy in this area. On the Board of Directors, we also have equal gender representation, as one in three of our board members elected by the Annual General Meeting is a woman (33%)<sup>2</sup>.

In 2021, Flügger was the main sponsor of Copenhagen Pride. One of the initiatives was the development of 'dialogue benches' decorated by artists. The benches were then sold at auction for charitable purposes. Later in the year, we also created an internal competition to focus on dialogue and diversity as a foundation for empowering people, strengthening the business and contributing to a sustainable future.

Going forward, we will continue to make the world colourful and more inclusive. We want to celebrate competencies and skills outside academia: Craftsmanship and creativity, which are core competencies in our industry. Activities and collaborations in this area will therefore be of central importance in the coming year.

At the same time, we want to support efforts with regard to dyslexia. Several of our skilled and passionate employees across the organisation are dyslexic. This is common in our industry and in society in general. To begin with, My Flügger App has a support feature for dyslexic readers, and we will be taking further steps in this area in the coming year.

## Employees affected by the war in Ukraine

With the war in Ukraine, our Ukrainian colleagues suddenly had their very existence challenged, and we are horrified by the tragedy of the war for all parties concerned. In Ukraine, most of our colleagues have chosen to remain in the country, as Odessa has been spared severe fighting so far. Thanks to our Polish colleagues' tremendous effort, we have supported Ukrainian colleagues and families who have decided to flee the country with transport and assistance for semi-permanent housing in Poland. We hope that we can soon contribute to the reconstruction of Ukraine when the war ends.

<sup>2</sup> Read more about the gender composition of the Board of Directors in the Group's Annual Report. We have also prepared a statement on our Diversity Policy, cf. section 107d of the Danish Financial Statements Act, which can be found on <https://www.flugger.com/en/corporate/diversity-policy/>



### Employees geographically distributed

- Denmark\* 29 %
- Sweden 24 %
- Norway 8 %
- Poland 24 %
- Ukraine 9 %
- Other countries 9 %

\* including Iceland, Greenland and the Faroe Islands



### Employees divided by function/gender

- Sales & distribution: 1499  
49 % women  
51 % men
- Production: 378  
36 % women  
64 % men
- Administration: 180  
66 % women  
34 % men

Based on number of employees as of 30 April 2022



# Focus area 5: Valuable Partnerships



At Flügger, we work closely with our suppliers, customers and other external partners to meet our ambitious goals. We want to enter into close partnerships and support initiatives that make a difference to society and contribute to a more inclusive, colourful and sustainable future. In 2021/22, we have continued to collaborate with Flügger Andelen and the NGO Paint it Forward. As something new, we are the main sponsor of Copenhagen Pride.

## Flügger Andelen

Back in 2017, we launched the Flügger loyalty programme Flügger Andelen in Norway. The programme was subsequently launched in Sweden and Denmark, where we also experience very good response. Flügger Andelen is a loyalty programme for sports clubs, associations and voluntary organisations, in which the members receive discounts in the Flügger stores. In addition, the club receives a disbursement of 5% of the total purchases as support in the following year.

Today, Flügger Andelen has around 1600 active members, and the loyalty programme has disbursed around DKK 0.6 million in 2021/22. The means have been allocated to a wide range of purposes - from the purchase of instruments for music associations and soccer goals for soccer clubs to financial contributions to charities and other voluntary organisations.

## New life for residual paint

When we test and develop paint in the Flügger laboratory, we periodically have many tubs of residual paint of good quality in all kinds of colours. Rather than destroying the paint, we have teamed up with the reuse project Paint It Forward, which gives new life to the residual paint.

The highly committed people involved in Paint It Forward ensure that residual paint from private individuals and businesses is donated to citizens who are finding it financially difficult or completely impossible to afford to paint. The residual paint is also donated to cultural and artistic purposes such as upcycling workshops and summer camps for children – for the benefit of both the environment and fellow citizens.

Back in 2020, Flügger also became a member of Upcycling Forum, which ensures in the same way that our residues of good quality paint do not end up as waste, but is given new life in upcycling solutions. Through Upcycling Forum's platform, companies can offer residual materials that can bring colour to new projects created by, for example, design students, schools, architects etc. In this way, Upcycling Forum creates sustainable collaboration fora and helps companies reduce their carbon footprint and think circularly.

In 2021/22, we have donated approx. 7000 litres of residual paint to Paint It Forward and Upcycling Forum.



# Copenhagen Pride – a colourful partnership for everyone

## Focus Partnerships

Through our partnership with WorldPride and Eurogames 2021 in Copenhagen and Malmö, Flügger has activated employees, customers and the wider population in general. The partnership has resulted in 'dialogue benches' created by renowned artists, the #FromFlüggerWithLove campaign against 'hate crime', a pedestrian crossing at Rådhuspladsen (City Hall Square), which was painted in Pride colours and went viral on social media – and much more. Flügger will continue the partnership in 2022.

### Dialogue benches

In close collaboration with the artists Maria Rubrinke and Michael Kvium, Flügger performed a national activity called 'Dialogue Benches' in 2021. Maria Rubrinke and Michael Kvium specially designed a number of benches that were exhibited in the Tivoli Gardens amusement park during the summer of 2021 and formed the framework for several well-known and unknown Danes decorating white benches across Denmark. With this initiative, Flügger created room and space for dialogue through creative decoration of benches, with Aqua and CBS being among the contributors. The two benches by Maria Rubrinke and Michael Kvium were auctioned off, and, together with contributions from Flügger, we donated a total of around DKK 1.4 million to the organisation behind WorldPride and Eurogames 2021 to support their work with diversity.



In connection with the launch of the Colors That Matter brand platform, Flügger initiated a competition for the employees at all our locations in order to focus on dialogue and acceptance of diversity. The different locations each made their own bench, and all the employees voted for a winner. The winner was Flügger in Iceland.

### #FromFlüggerWithLove and a colourful pedestrian crossing

With the #FromFlüggerWithLove campaign, we struck a blow for reducing 'hate crime'. As part of the campaign, hateful graffiti in the cityscape was transformed into something beautiful, funny and colourful. Together with the organisation behind WorldPride and Eurogames, Flügger marketed the campaign in the press, in nationwide newspaper advertisements and via digital marketing.

Using the Facade Resist product, Flügger painted a pedestrian crossing at Copenhagen City Hall in well-known Pride colours. This was the first time the so-called 'Philadelphia flag' was painted on a pedestrian crossing in the Nordic region, and the initiative went viral on several social media.

### Store activation and Limited Pride Edition products

Also in Flügger stores, the Pride was brought to life with colourful exhibitions and materials with #youareincluded and Limited Pride Edition of Flügger's colour samples. In addition, we developed a wallpaper for children entitled 'Proud to be me'. Among other things, the wallpaper formed part of the large Pride activity area for children at BLOX in Copenhagen.



### The parade in Copenhagen – and new sponsorship in 2022

Several of our employees, customers and partners supported the Pride Parade, and Flügger was represented with 150 participants at the closing event in Copenhagen. The participants were employees from factories, offices and stores as well as painters and other Flügger customers. Thus, Flügger had one of the largest numbers of participants from a private company.

Flügger is once again proud to be the main sponsor of Copenhagen Pride 2022, where a number of new colourful initiatives have already been planned.

# Foundation: Compliance & risk management

**At Flügger, business ethics and compliance are fundamental elements in everything we do and, not least, in our sustainability work. This year, 91% of our employees have completed our mandatory compliance training, and our sustainability principles are incorporated into 98% of our supplier contracts.**

## Flügger Code of Conduct

In Flügger, our Code of Conduct applies to the whole Group and has the objective to ensure that the Group's activities are carried out in accordance with our DNA and set of values. It is an expression of our corporate culture and the expectations we have for each other, our employees and partners. It is also an expression of a strong ambition to create sustainable development throughout the value chain.

The Flügger Code of Conduct forms the foundation of our sustainability work, and employees, business partners, suppliers etc. must comply with this Code of Conduct in areas such as fair competition, anti-corruption, the environment and working environment as well as human rights and labour rights.

Our guidelines for human rights and working conditions stipulate that Flügger supports and respects internationally recognised human rights and the ILO Declaration on Fundamental Principles and Rights at Work. Everyone who works directly or indirectly for Flügger has the right to have their fundamental rights respected and experience fair working conditions as well as a healthy and safe working environment at their workplace.

The Flügger guidelines on anti-corruption and anti-bribery make it clear that Flügger employees, partners and suppliers etc. must

not participate in any kind of fraud, corruption or bribery. Gifts, rewards and benefits, including hidden commission or kickbacks, which may unduly influence the recipient's behaviour are regarded as bribery, and employees must not accept, offer or give bribes in any form. Flügger has prepared specific guidelines for events and gifts adapted to the individual countries.

We have zero tolerance for corruption, bribery and violations of human rights. We enforce our guidelines through a number of measures, including training our employees in our Code of Conduct, and we examine any reports made through our whistleblower scheme or other reporting channels.

The Flügger Code of Conduct is available on <https://www.flugger.com/en/corporate/code-of-conduct/>

## Training of employees

Every year, our employees complete a mandatory e-learning course in the Flügger Code of Conduct. The e-learning is also a fixed part of our introduction programme for new employees. In addition to the Code of Conduct training, selected employee groups must complete e-learning in competition law, stock exchange law and GDPR.

Our objective is annually to increase the proportion of employees who complete e-learning in our Code of Conduct. For 2021/22, the goal has also been to include Eskaro Group in the Flügger Code of Conduct.

In 2021/22, 91% of all Flügger Group employees have completed e-learning training, incl. Eskaro Group and Unicell

International. This is an increase of 1 percentage point compared to last year, meaning that the target for the year has been met. In 2022/23, we will continue our active efforts to increase the share of employees who complete the training by communicating via our internal channels of communication, sending out reminders and continuously following up both with employees and their managers.

## Whistleblower scheme

Flügger has established a whistleblower scheme where employees, business partners, suppliers, customers etc. can report anonymously on serious offences, including violations of human rights, corruption and bribery.

In 2021/22, Flügger has received five whistleblower reports; one is still under further investigation and another resulted in dismissal of the reported employee. The remaining reports either fell outside the purpose of the whistleblower scheme or it was not possible to clarify sufficiently the facts of the case.

See a detailed description of how we handle whistleblower reports on <https://www.flugger.com/en/whistleblower-scheme/>

## Business ethics of business partners and suppliers

As a general rule, the Flügger Code of Conduct also applies to business partners and suppliers and it forms an integral part of our contract templates. We aim to ensure that all our partners and suppliers are obliged to comply with our Code of Conduct, and they are evaluated on their ability to meet its requirements.

To strengthen our work with responsible procurement, we have created a set of sustainability principles specifically aimed at our suppliers, as a supplement to our Code of Conduct. Over 95% of our purchases come from European suppliers. The remainder comes from suppliers outside Europe, including China, the United States and Taiwan.

The sustainability principles are an integral part of the qualification process of all new suppliers to Flügger's core business, and the Sustainability Principles for Suppliers have been incorporated into 98% of all new contracts in 2021/22.

If a supplier does not sign the Sustainability Principles for Suppliers, our legal department will evaluate whether the supplier's own Code of Conduct has at least the same level as the Flügger Code of Conduct before the collaboration is initiated.

Flügger also screens selected suppliers and partners based on a defined set of criteria. The screening provides a number of indicators, including the risk of corruption and bribery as well as violations of human rights for a given supplier/partner based on publicly available information. Over the next couple of years, we will intensify our work with risk assessing suppliers and goods taking both environmental and social factors into consideration.

### Risks and risk management

An important part of our sustainability work is mapping the material risks related to our activities in regards to the surrounding society, our stakeholders and employees. The table to the right describes the most significant risks, impacts and our handling of the identified risks within the four sustainability areas.

AREA	RISKS	IMPACT	HANDLING
<b>Environment and climate</b>	Emissions and waste from our own production and products as well as emissions from purchases of raw materials from suppliers.	Negative impact on the environment and climate as well as bad reputation.	Focus on reducing carbon emissions, waste, wastewater etc. as an integral part of the business strategy and more stringent requirements on suppliers. In addition, focus on product innovation as well as documentation via environmental certifications and life cycle analyses.
<b>Social and employee conditions</b>	Accidents at work and an unsatisfactory working environment.	Employees may be physically and psychologically affected by injuries or accidents, which may have a negative impact on Flügger's reputation and efficiency.	Systematic work to reduce accidents at work and increase safety. Focus on working environment and competence upgrading.
<b>Human rights</b>	Flügger is increasingly an international business with activities in many countries, with a resulting increase in the risk of violations of human rights and labour rights.	Any violations of human rights and labour rights in the Group or in the supply chain to the detriment of individuals, local communities and Flügger's reputation.	Focus on implementation of and compliance with the Code of Conduct and maintenance of guidelines on human and labour rights as well as focus on ESG due diligence.
<b>Anti-corruption</b>	International presence necessitates more stringent requirements for our business ethics. Non-compliance with rules will constitute a significant risk to our business.	Violations of anti-corruption rules may be highly damaging to our culture and potentially involve significant financial losses as well as reputational loss.	Extensive implementation of guidelines, Code of Conduct, whistleblower scheme, due diligence and training etc.



# Double materiality assessment

In spring 2022, we updated our materiality analysis based on the concept of 'double materiality' and the methodology from the coming EU Corporate Sustainability Reporting Directive, which is expected to come into force from the 2024 financial year.

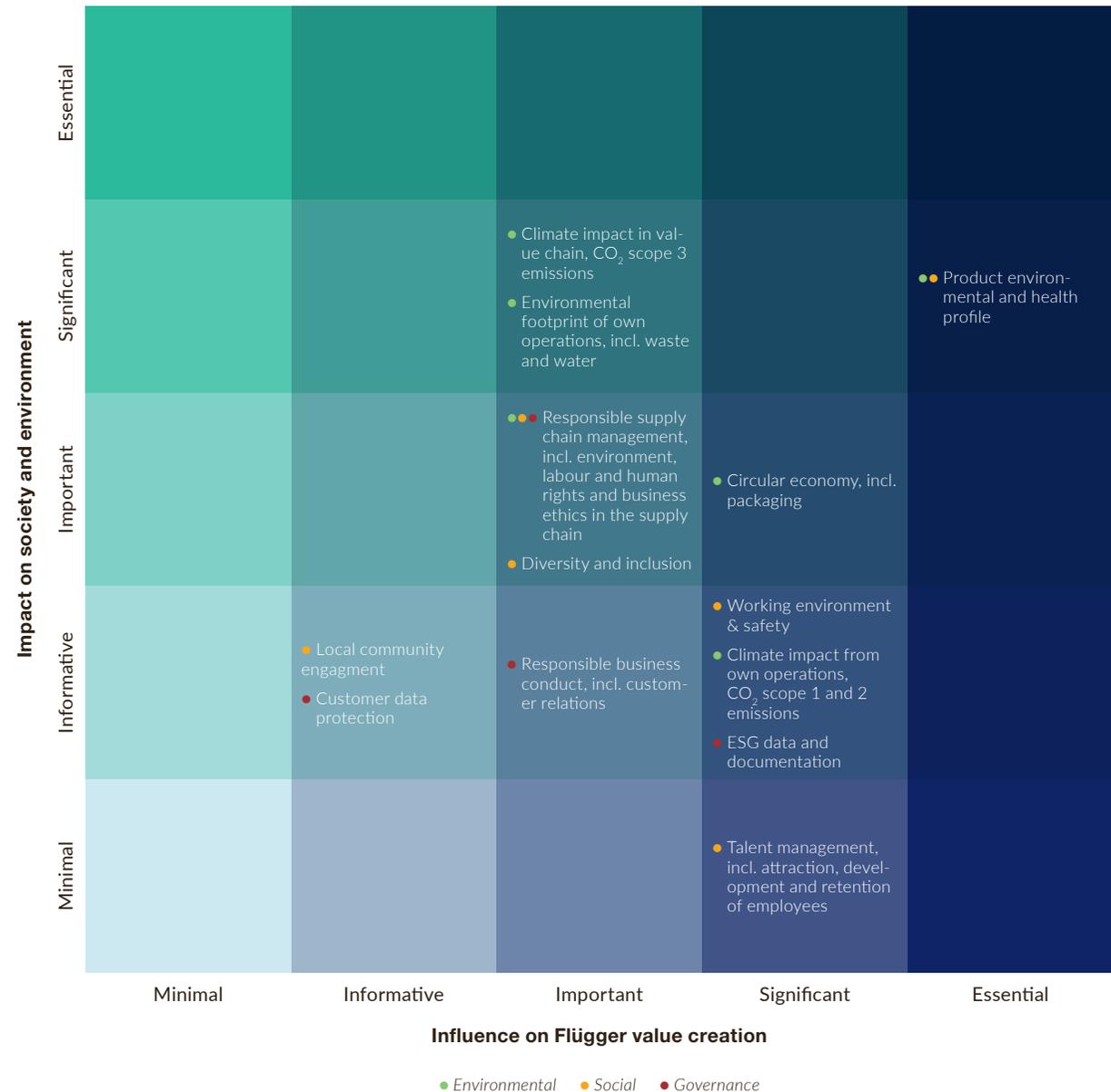
The double materiality principle means that we consider the sustainability topics that are material both in relation to Flügger's impact on climate, environment and society and in relation to the impact of climate, the environment and society on the Flügger business.

The materiality assessment helps us gain a greater understanding of the different sustainability topics as well as the challenges and opportunities that the topics entail. The assessment gives us a solid foundation for prioritising topics and directing our focus and resources towards the areas that create the most value. The result of the materiality assessment therefore helps determine the direction of our future sustainability work and our CSR reporting.

From a reporting perspective, the materiality assessment helps ensure that the report gives an accurate view of the sustainability work in Flügger and that the report contains information material to support the company's stakeholders in their decision making.

The update in 2022 showed that the environmental and health profile of our products is still a top priority, in terms of both their impact on the environment and society and the long-term value creation at Flügger. Other areas of high priority are the environmental and climate impacts from our own operations, packaging and value chain, as well as working environment and safety, talent management, ESG data and documentation.

The materiality assessment thus confirms that we have the right priorities in our Going Green strategy and additional sustainability work – and we will continue to work in a goal-oriented manner with these priorities in the coming years.



# ESG key figures

Environmental data	Unit	Baseline: 2015/16	2019/20	2020/21	2021/22	Target: 2023/24
<b>ReColor Paint</b>						
Share of ecolabelled wetgoods	%	-	68	73	76	80
Share of waterborne wetgoods	%	-	98	98	99	99
<b>ReColor Packaging</b>						
Share of buckets of 50% recycled plastic	%	-	0	4.6	11.3	25
Total plastic buckets	number	-	6,071,531	7,204,936	6,124,644	-
Total plastic buckets of 50% recycled plastic	number	-	0	328,877	693,004	-
Share of recycled plastic in own-produced tools and accessories	%	-	13.1	21.8	37.4	50
Total plastic granulates	Kg	-	439,950	543,558	358,905	-
Total granulates of recycled plastic	Kg	-	57,850	118,671	134,077	-
Increase in goods weight per consignment	%	-	17.7	39.4	40.6	40
Weight per consignment	kg	689*	811	961	969	964
<b>ReColor Production</b>						
Reduction in CO <sub>2</sub> per litre of produced wetgoods	%	-	41	47	41	50
CO <sub>2</sub> per litre of produced wetgoods	g	49	29	26	29	24
CO <sub>2</sub> per litre of wetgoods produced with carbon neutral electricity	g	49	28	18	13	-
Energy consumption in production	Mwh	14,041	12,505	13,840	13,050	-
CO <sub>2</sub> e scope 1 emissions from production	tonnes	1,373	666	705	646	-
CO <sub>2</sub> e scope 2 emissions from production, location-based	tonnes	1,364	968	907	875	-
Reduction of wastewater per litre of produced wetgoods	%	-	-4	-20	-58	25
Wastewater per 1000 litres of produced wetgoods	m3	209	217	251	330	157
Total wastewater from production	m3	11,689	12,025	15,768	17,583	-
Increase in share of waste for recycling	%	-	-15	7	-10	25
Share of waste for recycling	%	32	28	35	29	40
Total amount of waste	tonnes	1,193	1,116	1,067	2,370	-
Total amount of waste for recycling	tonnes	386	307	368	692	-

\* baseline 2018

Social data	Unit	Baseline: 2015/16	2019/20	2020/21	2021/22	Target:
Full-time employees, average	FTE	-	1,624	1,527	1,873	-
Number of employees, headcount	number	-	1,723	1,711	2,057	-
Lost Time Injuries Frequency Rate (LTIFR)	Accidents per 1 million working hours	-	-	3.17	5.63	-
Injury Severity Rate (ISR)	Number of lost workdays	-	-	-	8.5	-
Gender distribution, all employees (women/men)	%	-	49/51	49/51	48/52	40/60*
Gender distribution, management (women/men)	%	-	46/54	47/53	44/56	40/60*

\* min. 40% of the underrepresented gender

Governance data	Unit	Baseline: 2015/16	2019/20	2020/21	2021/22	Target:
Gender distribution, Board of Directors, members elected by the Annual General Meeting (women/men)	%	-	50/50	50/50	33/67	40/60*
Share of employees with completed Code of Conduct training	%	-	**	90	91	>91
Number of employees with completed Code of Conduct training	number	-	**	1,487	1,805	-
Reported whistleblower cases	number	-	2	1	5	-

\* min. 40% of the underrepresented gender

\*\* Due to changed accounting method in 2020/21, comparison with historical data is not possible. According to the previous calculation method, the share of employees with completed Code of Conduct training was 90%. However, that did not include warehouse and production staff.

# ESG accounting policies

The accounting policies applied to the key figures in the ESG table are described in the following.

## Wetgoods

At Flügger, we define wetgoods as paint, wood protection, filler, wallpaper adhesives etc.

Share of ecolabelled paint is based on the sales volume of wetgoods certified with the Nordic Swan Ecolabel or the EU Ecolabel in segments 1 and 2, excl. Unicell International. This means that own-produced, outsourced and purchased wetgoods are all included in the calculation.

## Recycled plastic in buckets

Based on the share of purchased buckets with min. 50% recycled plastic, used as packaging for paint sold in segments 1 and 2, excl. Unicell International. For a more accurate average calculation, we have changed the calculation method to be based on 12 rolling months. Results for 2020/21 have therefore been corrected in accordance with the new calculation method.

## Recycled plastic in own-produced tools and accessories

Based on the total quantity of granulates of recycled plastic used in our own production of tools and accessories at our factory in Bodafors (Sweden). For a more accurate average calculation, we have changed the calculation method to be based on 12 rolling months. Results for 2020/21 have therefore been corrected in accordance with the new calculation method.

## Weight per consignment

Based on the transport of goods from Flügger warehouse to store or customer.

## Greenhouse gas emissions (CO<sub>2</sub>e) in production

Greenhouse gas emissions are measured in CO<sub>2</sub>e equivalents (CO<sub>2</sub>e) and are divided into 'scopes' in accordance with the Greenhouse Gas Protocol.

At Flügger, we include CO<sub>2</sub>e scope 1 and 2 emissions based on the energy consumption at our factories and connected office, warehouse and/or store in Bodafors (Sweden), Bollebygd (Sweden), Gdansk (Poland) and Kolding (Denmark). Energy sources

include natural gas and oil (scope 1) as well as district heating and electricity (scope 2).

Location-based emission factors from the International Energy Agency (IEA) 2020 edition have been used for our calculation of emissions.

## Energy consumption in production

Energy sources include natural gas and oil (CO<sub>2</sub>e scope 1) as well as district heating and electricity (CO<sub>2</sub>e scope 2). However, oil was replaced with district heating in 2017/18 (Bodafors) and with wood pellets in 2018/19 (Bollebygd).

Included is the energy consumption from our factories and connected office, warehouse and/or store in Bodafors (Sweden), Bollebygd (Sweden), Gdansk (Poland) and Kolding (Denmark)

## Wastewater in production

We include wastewater discharged from our factories and connected office, warehouse and/or store in Bollebygd (Sweden), Gdansk (Poland) and Kolding (Denmark).

## Waste from production

This includes waste generated at and disposed of from our factories and connected office, warehouse and/or store in Bodafors (Sweden), Bollebygd (Sweden), Gdansk (Poland) and Kolding (Denmark). We distinguish between waste that is sent for incineration and landfill and waste that can be recycled or reuse, cf. our local supplier for waste management.

## Staff (headcount)

All employees employed and remunerated by the Flügger Group are included, incl. temporary employees and temps on a Flügger contract, employees on leave (for example maternity/paternity leave and sick leave as well as unpaid leave), office trainees, student assistants, paid PhD and MA students, paid apprentices etc. as well as employees on garden leave.

## Full-time employees (FTE)

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

## Lost Time Injuries Frequency Rate (LTIFR)

The Lost Time Injuries Frequency Rate (LTIFR) is defined as the number of workplace injuries resulting in at least one day's absence per 1 million working hours. The Lost Time Injuries Frequency Rate does not include employees in Unicell International and Eskaro Group.

## Injury Severity Rate (ISR)

The Injury Severity Rate (ISR) is defined as the number of working days lost due to accidents at work in relation to the total number of working hours. Employees of Unicell International and Eskaro Group are not included.

## Gender distribution among employees

Gender diversity is defined as the share of female employees relative to the total Flügger Group staff. Gender diversity is based on the number of employees (headcounts).

## Gender distribution in the management

We define gender diversity in the management as the share of female employees in positions with HR responsibility relative to the total number of employees in positions with HR responsibility.

## Gender distribution on the Board of Directors

The gender distribution is calculated on the basis of board members elected by the Annual General Meeting. Employee representatives on the Board of Directors are not included.

## Code of Conduct training

The share and number of employees who have completed e-learning in the Flügger Code of Conduct are calculated on the basis of all employees in the whole Group, incl. Unicell International and Eskaro Group. All employees in the Group are included in the calculation, incl. employees who are, for example, on maternity/paternity leave, long-term sick leave etc. during the annual e-learning period.

## Whistleblower cases

All cases that are reported to the Flügger whistleblower scheme are included, regardless of whether the report is received via the whistleblower portal or through other channels, for example by email.

