

SUSTAINABILITY REPORT 2021 FORBO FLOORING SYSTEMS

'Creating better environments' has been our proposition and tag line for over twenty years. It was not developed via an advertising agency coming up with a suitable catch phrase. The idea for using 'creating better environments' to describe our endeavor and business purpose came about after a management meeting in which our first sustainability strategy was discussed. At Forbo Flooring Systems we genuinely believe that with our products, the raw materials we use, the production process we apply, and the care we take for our products in the way they are installed and used, we create a better quality indoor environment. One that is of high quality, functional, safe and comfortable, and that creates a general feeling of well-being. Today we strive to follow-up on the principles of extended producer responsibility and participate in the circular economy where ever possible, closing the loop for a better environment.

ABOUT THIS REPORT

The 2021 report is our tenth consecutive Sustainability Report and, as previously, is based on GRI's sustainability reporting framework. The report provides a transparent overview of our ecological, social, and economic performance, as defined by the Global Reporting Initiative. We see the compilation of this report not only as a reporting tool, but also as a way to account for our activities, that are derived from our Sustainability Strategy as well as our Sustainability 2025 program, which helps us to improve our overall sustainability performance in every detail, moving forward step by step with a focus on the circular economy for our business.

THE FLOORING SYSTEMS 2021 SUSTAINABILITY REPORT

This report provides an overview of Forbo Flooring Systems' performance for the 2021 calendar year, in line with our financial reporting cycle. The 2021 financial report of the Forbo Group, with specific detail on the Flooring Systems division is available at www.forbo.com/en/investors. Please feel free to let us know your thoughts about this 2021 Sustainability Report; you can do so by contacting us at question@forbo.com. Finally, we would like to thank our stakeholders and everyone who helped with the compilation of this report.

REPORT BOUNDARY

Unless otherwise stated - and as before - the environmental data published in this report is limited to our 11 floor covering manufacturing sites in the United Kingdom, the Netherlands, Russia, France, and Switzerland, as these entities are considered the most material in terms of the environmental impact of our business.

The environmental data in this report does not cover our worldwide sales offices and warehouses in Europe, North and South America, Russia, and Asia/Pacific. Unless otherwise stated, the social and economic information within this report covers all our locations and offices worldwide. There have been no changes from the previous reporting period in the scope, boundary, or measurement methods applied in this report other than those that are new elements in our Sustainability Strategy.

Unless otherwise stated, Forbo Flooring Systems' building & construction adhesives activity, including its three manufacturing sites, do not form part of this report.

MESSAGE FROM JEAN-MICHEL WINS

EXECUTIVE VICE PRESIDENT FORBO FLOORING SYSTEMS

The 2021 issue of our annual Sustainability Report for Forbo Flooring Systems, is our tenth report in the current format. Although today it is common for companies to issue statements on their sustainable endeavor, this was not all the case ten years ago. Forbo was a front runner in transparent reporting when it comes to displaying our sustainable profile. No green wash! This stand point we took early-on, right from the start when we asked the Leiden University (the Netherlands) to set-up for us our first Life Cycle Assessment (LCA) on linoleum, as early as 1996.

Today, 26 years later, LCA's are common ground for measuring individual the environmental performance of a product. The product's life-cycle is measured from cradle to grave; from its conception in the design phase to its obsolescence at the end of life stage. In this process we as manufacturers have an extended producers responsibility that challenges us to look at circular solutions for our products. In other words, the way we design a product determines what we can do in terms of recycling a product when it has served its useful lifespan. This is why we have added a 5th "R" in our 4R guiding principle to 'Reduce, Reuse, Recycle and Renew': Redesign. As you will read in this report.

What has happened in 10 years' time? Obviously concern about global warming, waste and emissions has mounted. Global climate summits like those of Kyoto, Copenhagen, Paris and Glasgow have set limits on climate change indicators, which have been ratified by all of the UN member states. National and international legislation is emerging and manufacturers are asked to take greater responsibilities extending thought the lifetime of a product.

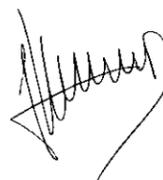
In our industry over these years, we see a revival of natural linoleum, of which its biobased origin and its CO₂ neutral quality have become important beacon's to proof that change is possible. Flooring systems is proud to be a leader in this product category. Vinyl as a PVC product, after already been scrutinized for some years on it's composition and recipe, now is made free of phthalates, and the quest for successful recycling of post-consumer PVC waste is gathering momentum and becomes reality. In textiles, yarns from regenerated fishing nets and pet bottles are used to produce carpet tiles and planks as well as entrance flooring, and take back schemes of reusable carpet tiles and recycling emerge.

Also in terms of product innovation we see more modular product formats replacing the classic roll and sheet business, which is reducing the amount of cut-off waste per installation. We have introduced a large proportion of loose lay products, which are easier to install and make it possible to take-up the product from the floor and allow for 'clean' recycling of used floors. In linoleum we successfully created a new Marmoleum floor from old and used product which we retrieved from a building site at the Technical University in Delft (NL).

In 2021 we also see that the Green Deal, introduced in the European Union is making an entry. In particular in France legislation has been set up to implement the extended producers responsibility (EPR) by imposing taxes on end of life scenarios of building and construction products, and by pressing manufactures to take action. As Flooring Systems through our floor covering associations such as ERFMI and EuFCA we also participate in international projects such as Cisuflo and the Circular Flooring project, that investigate ways in which post-consumer floor coverings can be collected, sorted and recycled in a responsible way. As a company, in more and more markets, we are setting up our own collection schemes for installation cut-offs that are returned to our factories.

Transparency for Flooring Systems is key to what we do. You will see in this report that the road to changing our linear processes to those of the circular economy is not an easy path. We also think that this is a process that will change our industry. In order to recycle products at their end of life stage we do not only need to master the processes to do so but we should also set-up a network for retrieving and collecting old and used floors. 2021 for us was a year were we increased our sales, I am in particular happy to see that next to this, our CO₂ emissions per square meter produced again provided a lower figure, a positive trend which when taking our Sustainability Strategy in mind, should continue over the next years.

Sincerely,



"...our CO₂ emission per square meter produced this year again provided a lower figure, a positive trend and in line with our 'Sustainability 2025' program..."

OUR BUSINESS ENVIRONMENT

MARKET DEVELOPMENTS AND TRENDS

Our markets and customer segments continued to improve in the reporting year and have largely recovered from the effects of the world wide COVID-19 pandemic. Overall we can look back on a successful year despite the difficult circumstances such as the bottlenecks in the availability of raw materials, delays in the supply chain and reduced installation capacities.

THE BUSINESS YEAR 2021, STRONGER ALL-ROUND

We achieved a stronger year despite the growing shortage and price rises affecting construction materials and a lack of installation capacity at customer projects in certain markets, which led to some projects being delayed. We benefitted from the improved capacity utilization of production plants due to higher sales, and an increase in productivity. This was counteracted by a sharp rise in raw material prices and freight costs, although these negative effects were offset to some extent by price increases on our part. We intensified efforts to implement our strategic goals with a focus on growth and strengthening our sales organizations, and also handled the Brexit situation well.

ADJUSTED FOR CURRENCY EFFECTS, SALES ABOVE PRE-PANDEMIC LEVELS

All three regions recorded substantial sales growth, also due to some successful international key account activities: Asia/Pacific saw the greatest effect, with double-digit growth also in the Americas and a similarly positive picture in Europe. Adjusted for currency effects, sales were higher than the pre-pandemic levels of 2019.

The sales picture in Europe was mixed. The markets in Southern Europe and France, which were strongly affected by COVID-19 the previous year, showed strong double-digit growth, while most other markets, namely Germany, the Netherlands, Great Britain, Switzerland and Scandinavia, grew strongly, though not at double-digit levels. Russia posted another above average sales increase, after a

successful prior-year period, with similar growth in other Eastern European markets.

The rise in sales in the Americas region was underpinned by the market recovery in the main market, USA, despite local bottlenecks affecting logistics, international freight, and installation capacities at customer projects. The main drivers of growth were projects in the education and healthcare sectors. In Canada growth was driven by state-sponsored projects in the healthcare sector and aged care. Brazil and smaller markets in South America reported double-digit sales increases.

The above-average growth in the Asia/Pacific region was driven mainly by the catch-up effect in China, which had seen many construction freezes resulting in major project postponements in the previous year. Projects in the semiconductor industry and in the healthcare sector drove the sales growth in particular. Most markets in Southeast Asia posted a gratifying upturn in sales, as did the growth markets of South Korea and Turkey. Australia reported moderate growth. Japan, which had benefitted from the Olympics effect the previous year, stagnated.

ATTRACTIVE NEW COLLECTIONS IN ALL PRODUCT GROUPS

In the reporting year we developed and launched modern high quality collections with unique selling points across all product groups.

At the same time, we worked on a number of innovations in the linoleum unit, which will be incorporated into future

collections. One of these is 'Topshield pro', a coating developed based on extensive testing, which offers improved protection against scratches and abrasion and is much more resistant to disinfectants. The newly launched 'Marmoleum linear' collection can be combined in a variety of ways using natural colors and designs.

In the vinyl unit, we created 'Sarlon diversity', a particularly wide-ranging collection featuring a newly developed surface technology, XtremePUR™, which is resistant to discoloration, staining and scratches, more slip-resistant and easier to clean. We created the new luxury vinyl tiles 'Effekta', targeting the Russian market with local on-trend colors. The high-performance homogeneous vinyl floor coverings 'Sphera energetic' are suitable for use in areas with heavy traffic.

In the textile unit, we introduced various new Flotex, carpet tile and needlefelt collections, in some cases designed for local markets or specific customer segments. The local 'Coral world series 2021' is a very wide-ranging new collection of entrance flooring systems, which feature roll and mat formats as well as tile and plank formats, with a variety of floor-installing options.

GROWTH IN ALL PRODUCT GROUPS

In line with the sales trend, the different product groups also reported higher sales, though to differing degrees. Linoleum floor coverings generated pleasing growth, particular because of a further increase in the number of projects in education and health sectors. Most product line of the versatile and application-specific vinyl floor covering collections reported above-average performance across the board. In textile floorings, needlefelt floor coverings, and entrance flooring systems returned solid growth rates, though carpet tiles remained subdued, which can be ascribed to the very hesitant recovery in the office segment.

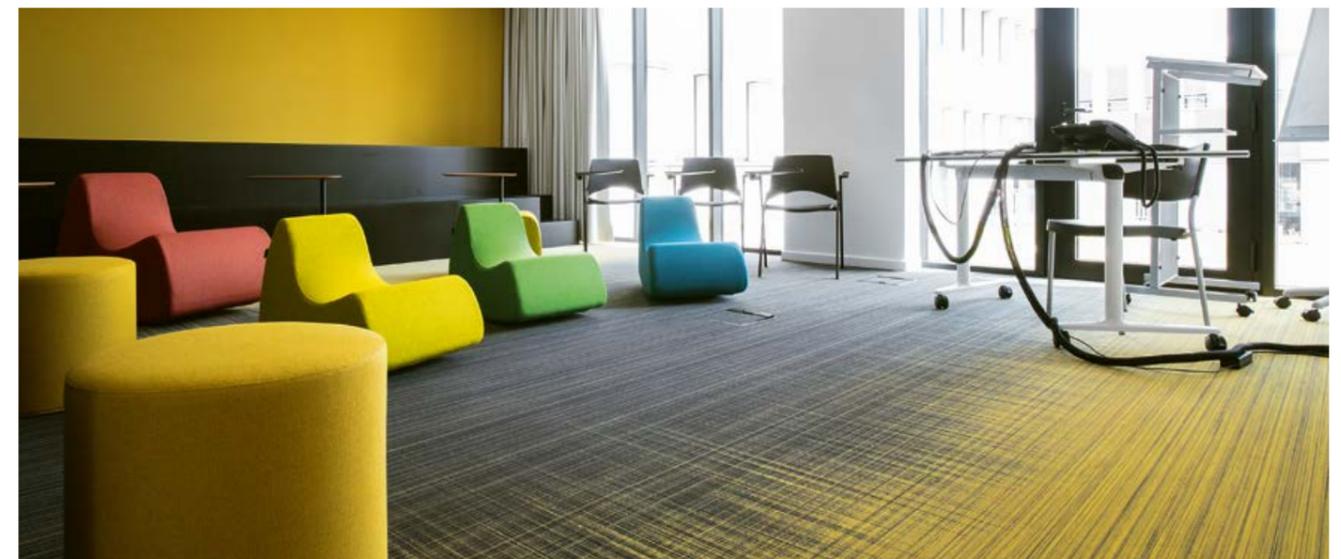
INCREASED INVESTMENTS

In addition to numerous initiatives to enhance the product portfolio, we invested in renewals at various production plants with the aim of developing new products and promoting innovations but also of modernizing and streamlining production processes. This invariably also involved environmental improvements. Examples include newly installed coating and cutting systems, modernized planning and control equipment, and the replacement of specific machinery and afterburners.

The manufacturing site for vinyl floor coverings in France installed a next-generation digital printer. It ensures flawless print quality, improved speed, and product and process compatibility. This gives us greater flexibility in the variety of colors available for new designs and in the creation of additional color combinations and pattern repeats. Further advantages include the option of production in small batches, shorter routes to market and implementation of customer-specific designs. The newly installed multipurpose coating facility for entrance flooring systems in the Netherlands enables automatic application of a self-adhesive film on the back of tiles. The innovative new combined cutting technique Pro-cut facilitates automatic cutting to measure.

STRENGTHENED FOR 2022

We start the new year 2022 stronger. Our attractive product portfolio, innovative installation options, and strengthened sales organization with greater customer focus and enhanced service levels, combined with numerous digitization advances, ensure that we are well positioned to take advantage of profitable growth opportunities. All this is further underpinned by a global communications initiative with special focus on our CO₂-neutral linoleum floor covering. The steep rise in raw material prices is likely to continue and we will have to compensate by increasing operational efficiency and price adjustments.



ORGANIZATIONAL PROFILE

Forbo Flooring Systems has 15 production facilities in seven countries, plus distribution companies in 27 countries. The division has sales offices in Europe, North, Central, and South America as well as Asia/ Pacific. The headquarters of the Flooring Systems division is in Assendelft, the Netherlands. The Flooring Systems division also includes building & construction adhesives production facilities.

A GLOBAL PLAYER

World-wide, the Flooring Systems division is close to dynamic markets, making it the first choice as a local partner for customers that have similar global requirements. The quality, longevity and performance of our products and services as well as our focus on offering sustainable and circular solutions, reflect the quality and stability of our relations with our business partners.

A WIDE VARIETY OF PROFESSIONAL MARKET SECTORS

Flooring Systems produces linoleum, vinyl and textile floor coverings, as well as a range of building and construction adhesives and leveling compounds for the commercial project market. A limited part of the products are also available for use in the residential consumer market, these products are sold via retailers for floor covering and interior decoration.

With its product portfolio Flooring Systems offers a complete, and ready to install solution for buildings all over the globe. Over the years billions of square meters of our floor coverings have been installed in public buildings, education facilities, health care institutions where they perform year on year on their functional and durable characteristics that apply to each of the specific sectors. Next to the mentioned traditional markets sectors our portfolio today also finds its way into areas such as retail, hospitality and leisure and commercial offices, where using a combination of different types of floor coverings that can be designed to the orientation of the customer are becoming ever more popular. Finally there are specific

market sectors such as the high tech industry with data centers, IT and pharma environments, or the transport sector in which the railways, automotive and marine sector use our products for their carriages, coaches and vessels.

A RANGE OF FORMATS AND INSTALLATION OPTIONS

Our floor coverings are available in a wide variety of formats and types of installation. Next to glue down (dry back) products we offer (completely) loose lay products as well as products that connect via click, or puzzle systems. Floor covering in sheet format is still a very common product for large scales installations, in particular in the health care and education sectors. Elsewhere, modular formats such as tiles and planks are frequently used. For many they offer easier logistics, are easier to install, and on average result in a lower percentage of installation cut-offs.

PRODUCTION

All our 11 floor covering production sites in the Netherlands, United Kingdom, Russia, France, and Switzerland that are considered most material in terms of their environmental impact and accounted for in this report are ISO-9001 and ISO-14001 certified.

LINOLEUM, REVIVAL OF A SUSTAINABLE EVERGREEN

Flooring Systems leads the world linoleum floor coverings market and has a world market share of about 70%.

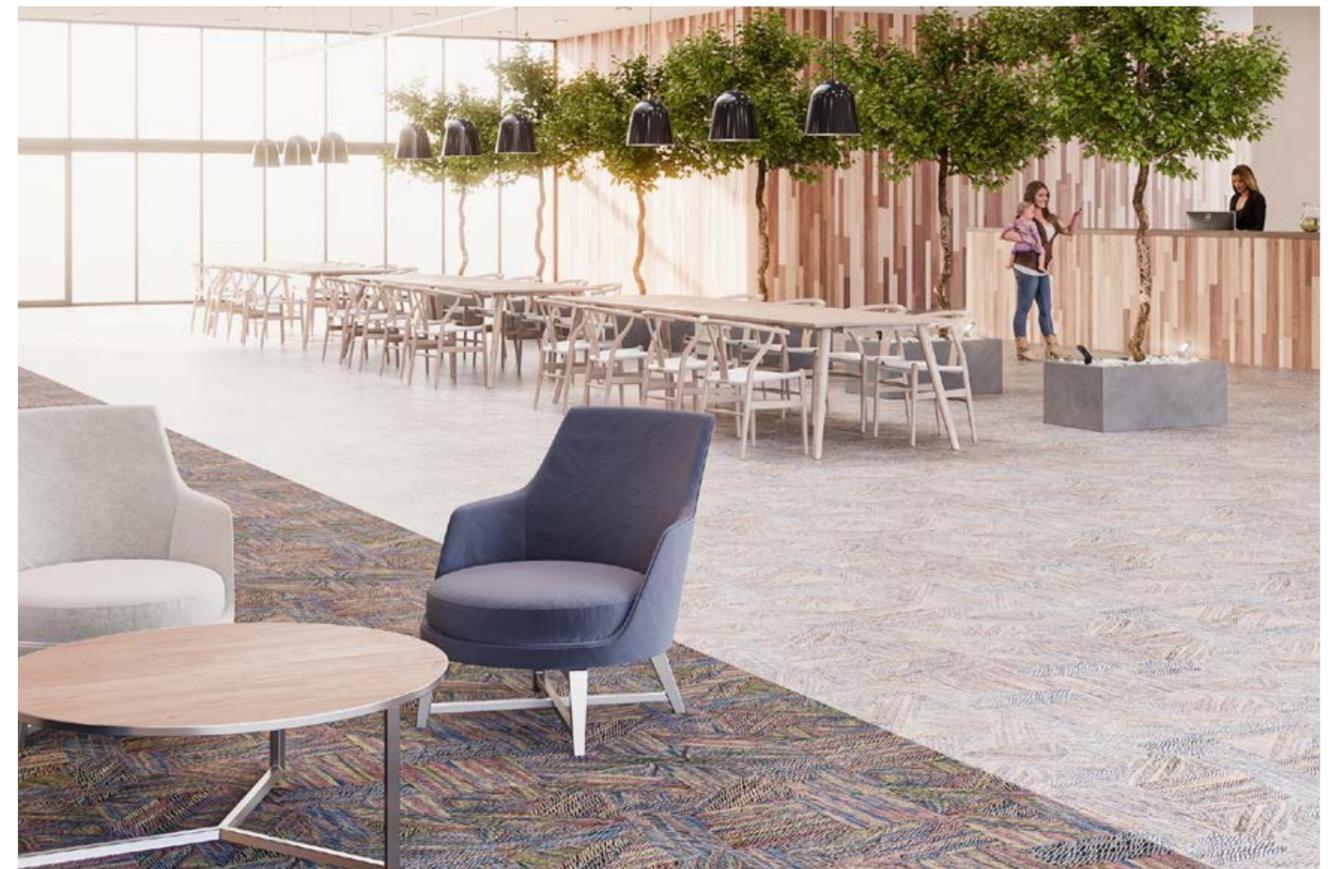
Linoleum is the origin of all resilient flooring. Invented around 1860 by Frederic Walton in Great Britain, linoleum was a revolution in the floor covering world. For the first time a floor could be installed covering the entire room with a wall to wall seamless surface. Prior to this, floors were made from wood, natural stone or carpets, the latter often used to make the floor beneath feel more warm and comfortable. Linoleum compared to all alternatives available was easy to clean, and thus hygienic. The new floor covering type became popular in health care and education facilities. In the early decades of the previous century linoleum became a very popular product, which dominated the flooring world in the so called institutional sector. Many linoleum factories were built at the time, where today only a few remain.

The key ingredients for producing linoleum are linseed, from which linseed oil is derived. Linseed results as a product from pollinated flax plants. Tree rosin is another ingredient which is used to make linoleum. Together with the linseed oil, rosin combines into linoleum cement which is the base for our floor covering. To the linoleum cement we add wood flour, derived from the commercial forestry industry - where it is a rest product - chalk mined in various locations in Europe, and pigments which add colour to our linoleum. The Flooring Systems brand for linoleum is Marmoleum®. After mixing all the ingredients the top layer of our linoleum is calandered onto a natural jute mesh backing.

MANY YEARS OF CONTINUED INNOVATION

Linoleum in principle has remained unchanged from the time it was first used until today. The ingredients that are used to make linoleum are still the same, coming from the same geographical sources. Still, when linoleum is looked into deeper, and especially since the Marmoleum brand was being used for indicating linoleum from Flooring Systems, the floor covering underwent some mayor changes. The gauges of the sheet were diminished from 4mm and 3mm to 2.5 and 2.0 mm, reducing material content and weight, and making the products easier to handle and to install. In order to make the floor covering more attractive a wide range of colors was introduced and the originally dark and heavy brown, beige and grey colors disappeared. Also the marbling of the surface became more sophisticated and many new designs were being introduced. In 2021 a new collection of 'Marmoleum linear', a striped design in the 'Striato' collection was introduced to the market.

Technically more formats in which the floor covering could be delivered came to the market, such as tiles and (later) plank formats and even a linoleum click system for loose lay installation were introduced. Innovation of the visual came by introducing a printed linoleum which is done on a neutral colored linoleum base. This way wood and concrete prints can be created as new visuals for linoleum. One specific development concerns the finish layer of linoleum. Originally bees' wax was being used to protect the



surface of linoleum, this could be applied frequently and removed again for a thorough renovation of the floor. The earlier, more sophisticated finished that could withstand stains as well as scratches still had this quality were the coating could be removed for a so called deep clean. In the last two decades Flooring Systems applied Topshield™ as a coating for all its linoleum.

“Topshield pro makes Marmoleum the best performing linoleum around today”

'Topshield' became 'Topshield2' and now in 2021 a new coating named 'Topshield pro' has been developed. 'Topshield pro' withstands all modern and typical healthcare and cleaning chemicals. 'Topshield pro' has a satin look and feel and is particularly good in being scratch and scuff resistant. 'Topshield pro' makes our Marmoleum the best performing linoleum around.

LINOLEUM FOR FURNITURE AND WALL APPLICATIONS

Furniture linoleum is a finely calandered linoleum on a paper backing which is used as a high-end surface material in the furniture industry. It is used for table tops, cabinets, doors, partition wall en even kitchen cabinets. This linoleum is warm to the touch and develops a fine patina over time. Flooring Systems is the only company in the world which today produces this particularly fine linoleum.

Flooring Systems also produces Bulletin Board. This is a sound absorbing soft and open linoleum that can be used for pinboard applications or vertical wall applications.

Flooring Systems' linoleum is produced in the Netherlands (in Assendelft) and in Scotland (in Kirkcaldy). Forbo's key linoleum brands are **Marmoleum** for sheet, tile, and plank options, **Marmoleum Click** for floating floors in the residential and semi contract market. **Marmoleum Sport** for indoor sports floors, **Marmoleum Ohmex** for anti-static floor panels, **Furniture Linoleum** - a surfacing material - and **Bulletin Board** used for pin wall/pinboard applications. A special collection in our linoleum offer is **Impressa**, a linoleum which is printed with a wood or concrete décor.

VERSATILE APPLICATIONS OF OUR BROAD VINYL PORTFOLIO

Key challenges for our vinyl operations have been the extravagant rise in raw materials prices and on top of the availability of them. PVC, plasticizer and glass fleece, due to the effects of the COVID pandemics and the distortion of global marine transport have been extremely difficult to obtain. All of our factories nevertheless managed to operate according to plan.

In the market we have been successful with our electrostatic dissipative and conductive portfolio of 'Colorex' in tiles and our new 'Sphera'. In particular in the semiconductor industry in both Europe and Asia. Also in healthcare as part of new built health care facilities to cope with the COVID-19 pandemic our 'Sphera' sheet vinyl collections have been successful. In addition to the electrostatic and dissipative ranges in 'Sphera', also the three basic homogeneous vinyl collections have been refreshed. 'Sphera' is still unique in that the manufacturing process is a no waste operation as the virgin material is immediately reused. Therefore there is no need to work around using recycled content, as there is nothing to actually recycle within the production process.

In our loose lay vinyl portfolio we have been successful in launching a new collection of 'Sarlon Modul'up' acoustic vinyl: 'Diversity'. This all purpose project vinyl has a very large freedom of design styles that come in addition to a standard offer. The

digital print facility that has been installed early 2021 in the Reims factory is delivering a high quality and satisfactory output, with designs that have international appeal. Loose lay vinyl is gaining ground in all markets. In the Kaluga factory in Russia we created a loose lay LVT under our 'Effekta' brand. One of our most challenging products when it comes to the technical requirement of the product no doubt is our innovative 'Allura puzzle' tile. This loose lay tile measures 1 meter x 1 meter and inter connects with so-called butterfly tails. This way overnight installation can be realized in retail and food locations. The 'Allura puzzle' tiles are sturdy and durable, and can carry heavier rolled loads, which also makes them suitable for stock locations and smaller warehouses.

VINYL OF THE FUTURE

Vinyl floor coverings are a category in resilient flooring not unique to Forbo as there are many companies involved in the manufacturing of these types of floors. It is also through active collaboration by Flooring Systems and participation in international alliances that we seek to improve our environmental performance and help find solutions to those topics that are addressed though the Paris Climate Agreement and the European Green Deal.

This concerns research on post-consumer recycling of vinyl floor covering products, as well as investigating the possibilities of collection and sorting schemes for floor coverings that



have reached their end of life stage. The EU funded 'Circular Flooring project' and 'Cisuflo' are examples of this.

Our vinyl portfolio is produced in Reims (France), Coevorden (the Netherlands), Kaluga (Russia) and Giubiasco (Switzerland). Forbo vinyl brands comprise **Allura** and **Effekta** for luxury vinyl tiles and planks, **Eternal** for heterogeneous vinyl, **Sphera** for homogeneous vinyl, **Step** for slip resistant vinyl, **Sarlon** for acoustic vinyl, **Modul'up** for loose lay vinyl sheet, **Colorex** and **Sphera** for static dissipative vinyl floors, and **Novilon** for residential applications in vinyl flooring.

A UNIQUE TEXTILE PRODUCT OFFER

2021 has been a very active year for Business Unit Textile with major product development activities in each of the product families. Early in 2021 'Flotex Planks 2.0' was introduced and managed with good availability from the first day. Before summer both Needlefelt coarse-fibre as well as fine fibre collections have been relaunched including adding a modular tile format in the coarse-fibre range. After summer Coral introduced the new 'Coral World Series', with revisited yarn constructions, new colors but also with adding 'Coral interior' as well as addition of a fast lay option for 'Coral tiles'. The launch was supported by a set of high quality short videos highlighting the great benefits and performance Coral brings to our customers. Shortly after 'Coral World Series' introduction the development work finished on the new 'Tessera basis' / 'Teviot pro' collection. Next to bringing new colors this range takes the product to a new quality level as now being solution dyed.

To strengthen the carpet tile position a set of alignment sessions was organized with participants from the regions as well as from business unit textile. These sessions ended with clear direction on the topics of design, service and sustainability for 2022 and beyond.

Also in 2022 a promising set of introductions is coming. As we speak an amazing looking - combined Flotex & Vinyl - collection is being launched designed by Spanish designer Jose Medina Galeote, bringing his art to our floors. Later this year a second designer collection will be launched designed by Polish designer Mac Stopa. Shortly the new Leisure & Hospitality collection for Flotex sheet will be launched.

FLOTEX FLOCKED FLOOR COVERING, THE STRUDY TEXTILE

For high traffic areas, and areas where frequent cleaning and maintenance are needed to ensure a hygienic environment, carpet tiles are not always the ideal solution. In those cases we advise our Flotex flocked floor covering. Flotex is a high-density, high-tech product made of millions of fine nylon fibers that are injected into an impermeable vinyl base. Because of this, Flotex can be scrubbed and cleaned using a little detergent and water. Flotex floor coverings dry quickly, ensure maximum use time. The Flotex portfolio received a positive sustainable boost by launching zero emission Flotex flocked flooring for its sheet products where after 28 days non detectable emission values were realized on component level as well as on overall Total Volatile Organic Content (TVOC) values. Flotex is both conventionally printed as well as by using digital print. The latter is becoming ever more popular, with stop and go parameters of less than 10 cm. Using digital print is a very efficient and environmental friendly way of producing with maximum customer orientation and in-time delivery.

ENTRANCE FLOORING SYSTEMS: A MUST HAVE FOR EVERY PROJECT

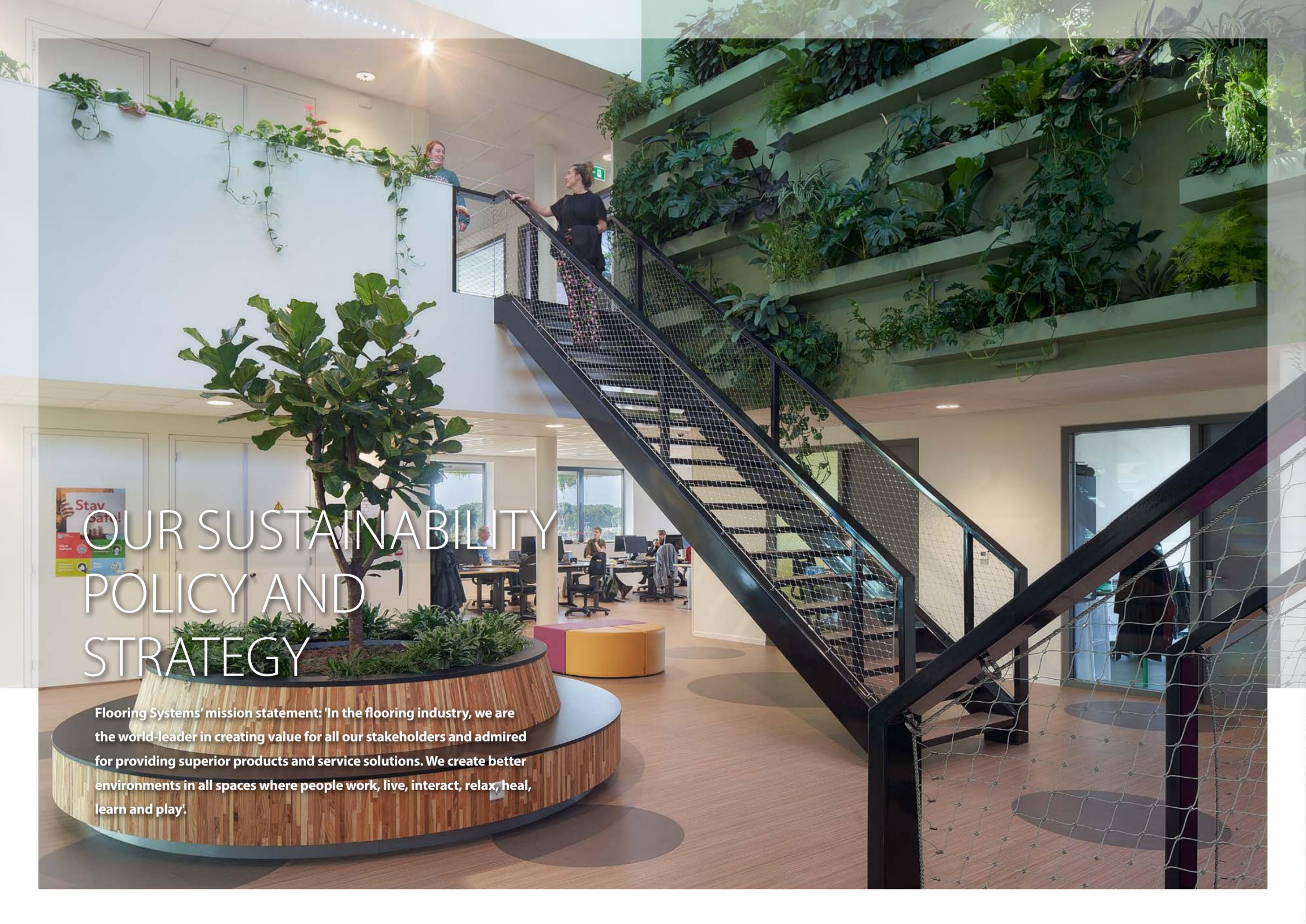
Finally, our textile floor covering offer includes a range of high quality tufted and rigid strip aluminum entrance flooring systems. Coral, our brand for textile entrance flooring systems, combines brush and scraper yarns with moist-absorbing open yarns. Together, they remove 95% of all dirt and moisture walked into a building before people arrive at the main floor covering. This keeps the building cleaner and more hygienic, and reduces slip accidents. Coral uses various recycled yarns, including recycled aluminum for ridged entrance floors. We also offer an easy to install click system which are tiles that are easy to install,

fitted and cut to size on-site. The click tiles are strong, durable and an alternative for all those areas where ridged aluminum strip entrance floors are problematic to install.

Our textile floor coverings are produced in Bamber Bridge, Telford and Ripley (United Kingdom), in Krommenie (the Netherlands) and in Reims (France). In the United States, a digital printing facility for High Definition print Flotex is available. Brands are: **Tessera** for tufted carpet tiles and planks, **Flotex** for flocked flooring in sheet, tile or plank formats, **Forte** for needlefelt, **Coral** for textile entrance floors, and **Nuway** for rigid entrance floors.

15 MANUFACTURING SITES IN 7 COUNTRIES LOCAL ENTITIES IN 27 COUNTRIES





OUR SUSTAINABILITY POLICY AND STRATEGY

Flooring Systems' mission statement: 'In the flooring industry, we are the world-leader in creating value for all our stakeholders and admired for providing superior products and service solutions. We create better environments in all spaces where people work, live, interact, relax, heal, learn and play.'

OUR SUSTAINABILITY POLICY

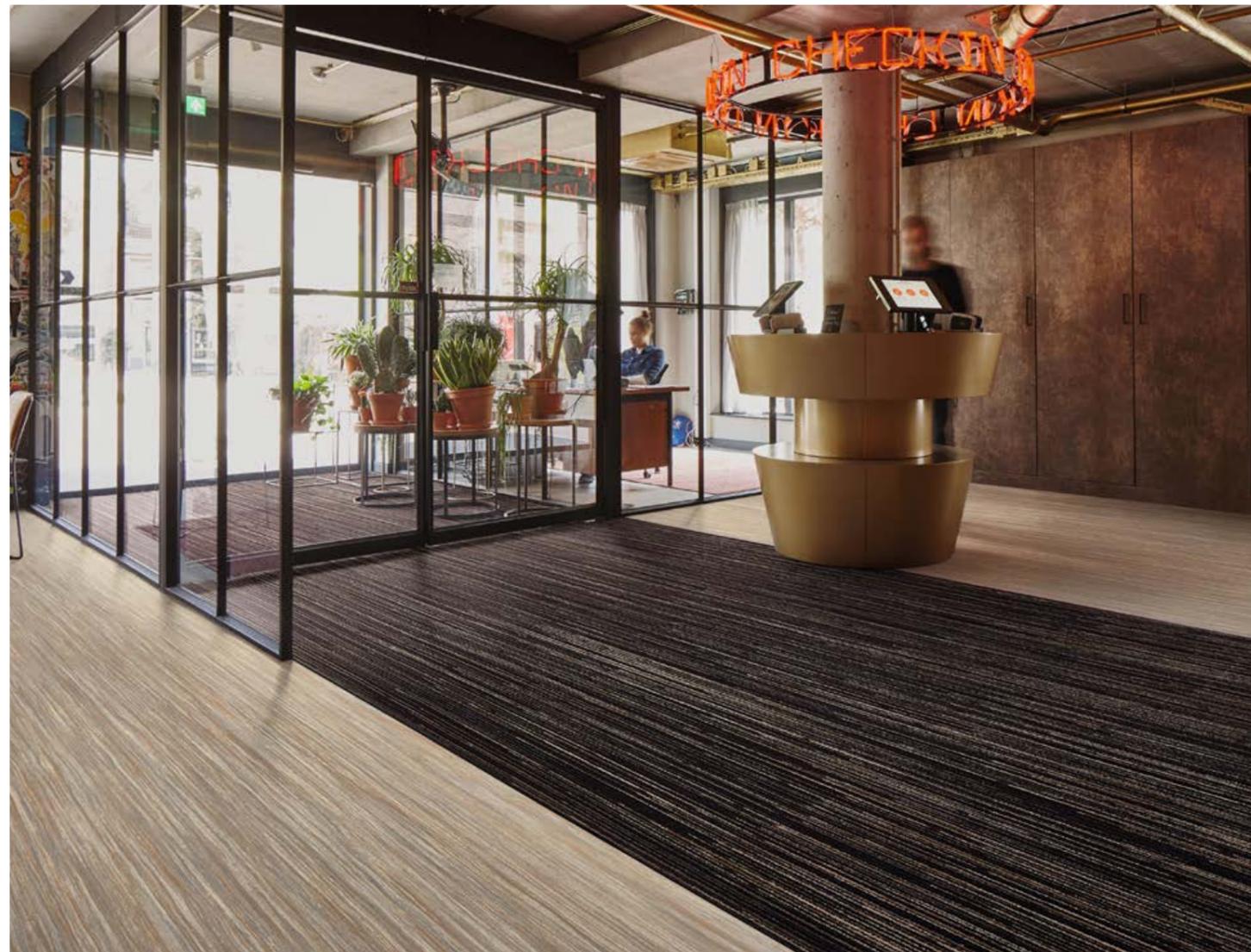
Our Flooring Systems tagline, 'creating better environments,' expresses the awareness, commitment and effort we make to contribute to a better world for people and the environment in which we live. As a company, we are committed to meeting our obligations to future generations. We do this by acting as an environmental responsible company. Forbo underwrites the broad and all-inclusive definition of 'sustainable development' as accepted by the United Nations Brundtland Commission on Environment and Development in the General Assembly Resolution in 1987, which states that sustainable developments are those that are 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'.

Flooring Systems has issued an annual Sustainability Policy document since 2009, in which stewardship towards the environment based on the UN declaration of 1986 is confirmed. The policy includes the notion of the so-called triple bottom line of 'people', 'planet' and 'profit', expanding the traditional reporting framework, taking into account social and environmental performance in addition to financial performance. Under the triple bottom line we have been running various programs and activities. They are:

- **People: the social dimension.** Flooring Systems has chosen to benchmark the SA8000 standard. The SA8000 standard is based on the conventions of the International Labor Organization (ILO) of United Nations, international human rights standards, national legislation.
- **Planet: the environmental dimension.** Flooring Systems is reducing environmental impacts by using the 4 R's: reduce, renewable, reuse, recycle. These 4 R's (to which recently a fifth 'R'; redesign has been added) are still key in setting our yearly improvement targets in the business units where our products are produced.
- **Profit: the economic dimension.** The way Flooring Systems organizes its position in the market place to actively develop its sustainable profile by using its economic stability and profitability for continuous improvement. Business integrity, risk management and risk assessment are an integral part of Forbo's

organizational processes, and are included in every decision-making process.

In Flooring Systems' Sustainability Policy document the principles of 'people, planet, profit' have been aligned with the current Sustainable Development Goals of the United Nations as well as with the ratified Paris Climate Agreement,



both of which identify the direction and the key actions to be undertaken by nation states and companies alike.

Based on this we have defined our strategic direction as follows:

1. Transforming the linear economic business model to the **circular economy model principles** of decreasing material use, resource optimization, increasing the use of recycled material, develop take back programs and recycling possibilities at end of life.
2. Contribute to **creating better indoor environments** by designing products and collections with a focus on human health, supplying floor coverings that are functional, safe, comfortable and environmental friendly.
3. Supporting **social equity** and fair treatment of employees in the supply chain through SA8000.

A CALIBRATED SUSTAINABILITY STRATEGY

Flooring Systems has a long history in designing and producing state of the art floor coverings that are long lasting, functional and sustainable. Linoleum, the original start of our portfolio of resilient floor covering products, is made from renewable natural raw materials that are fully biodegradable and environmentally friendly. As such we have effectively been at the forefront of sustainability since the 1899.

Flooring Systems has an important legacy in being the first in environmental initiatives which is something to keep living up to. Our newly calibrated Sustainability Strategy is raising the bar to make a difference in sustainability.

THE FLOORING SYSTEMS SUSTAINABILITY SUMMIT

In the process of developing a sound new sustainability strategy, choosing the right strategic directions, a wide group of colleagues from the business units and the sales regions contributed to making a situation appraisal and SWOT analyses on all aspects of sustainability. Several environmental and circular concepts were analyzed, always linking them to the Flooring Systems business. Additionally, the major trends in the circular building and construction environment and in circular design were reviewed. The analysis also included what our industry is doing in relation to sustainability and the circular economy. Furthermore, the most important environmental policies from the EU and the countries where Forbo's key markets and factories are located, were analyzed. In this process, the country representatives in particular have also been asked to provide input on customer demands they are faced with. There is no doubt that today more than ever sustainability is a key part of our business profile and an important attribute to the Forbo brand.

In November 2021 we conducted a Flooring Systems' wide Sustainability Summit in which we aligned our plans and checked progress on our Sustainability 2025 program goals. We discussed and calculated the effects of our 2022 investment plans to achieve our short term goals. Progress is monitored on a monthly basis and assessed quarterly during 2022.

OUR SUSTAINABILITY STRATEGY

Our Sustainability Strategy builds on what has been done before and keeps the three P's (people, planet, profit) as a base line. It was also built on our principle of the 5R's (redesign, reduce, reuse, recycle and renew) as well as the successful efforts of creating better environments for our customers and supporting the SA8000® standard for all our employees and those in the supply chain. The strategy focusses on our efforts to adapt the Flooring Systems products and business models towards circular economy models.



In order to implement this sustainability strategy and assuring that the related strategic goals are achieved, a sustainability program under the name Sustainability 2025 has been implemented in the Flooring Systems manufacturing and sales organizations.

Becoming circular is a challenge, and by no means easy. But it will no doubt support our sustainable image, heritage, stewardship and leadership, with the ultimate aim to grow our business in a sustainable way.

Reducing the carbon footprint

- *Achieving reduction of on-site CO₂ emission*

Using renewable energy

- *Achieving total renewable electricity usage*
- *Achieving reduction of fossil gas usage*

Becoming a zero waste company

- *Reuse and recycling of product waste*
- *Reuse/recycling of office waste*

Actively contributing to the circular economy

- *Recycling post-consumer floor coverings in pilot projects*
- *Recycling post installation waste*
- *Reusing loose-lay floor covering products in pilot projects*
- *Design for recycling: increase the recyclability of the products*
- *All products have to contain recycled content (preferable post-consumer)*

Ensuring ethical and sustainable supply chain management

- *Suppliers have a sustainability program to decrease their environmental footprint*
- *Materials procured to have recycled or bio-based content*

Ensuring that all employees are involved in sustainability

- *Training to all employees*
- *Pursuing a non-fossil car policy*
- *Sustainability part of the organization structure*

Ensuring that Flooring Systems is a socially responsible and diverse company with talented employees

- *Gender, age, cultural and physical background diversity*
- *Maintaining and improving our SA8000 certified social accountability management system*

Implementing this program means that Flooring Systems will be ready for the circular economy and more carbon neutral than ever before, whilst further improving the social conditions and sustainability knowledge of suppliers and employees.

FLOORING SYSTEMS' MATERIALITY ANALYSIS

Every year for the last 10 years, effective and ongoing stakeholder engagement is the foundation of our business and is part of our sustainability reporting initiatives such as this annual report.

We engage with our stakeholder groups on an ongoing basis to ensure we maintain our social license to operate both within our operations locations as well as in our marketing and sales organizations. The selection of stakeholders with which we engage, reflects the relevance of those things that have a direct or indirect impact on our everyday business. In particular, we consult local and national government environmental organizations regularly, because of the material impact of our environmental activities. Like- wise, the social and economic dimensions of our business mean we talk with unions and organizations related to the floor covering industry. Our stakeholder engagement involves a range of activities, they are;

- Internal stakeholders – through regular meetings and surveys and audits

- Customers – through customer feedback mechanisms and satisfaction surveys
- Government (national, state, and local) – through representation on committees and other regular contact regarding environmental and safety compliance
- Environmental non-governmental organizations – through meetings, representation on committees, and other regular contact
- Suppliers – through regular meetings and audits
- Unions – through meetings and representation on committees
- Communities – through representation on committees, open days at our production plants, and involvement with charities and local sponsorship activities
- Industry and trade associations – through meetings, representation on committees, and other regular contacts.

"Stakeholder engagement is the foundation of our business"

STAKEHOLDER ENGAGEMENT AND IDENTIFIED MATERIAL ASPECTS FOR 2021

Reconfirmation of our materiality assessment was conducted in 2021. Focus was on the three pillars of our sustainability document that covers the material aspects of the circular economy, healthy buildings and social equity. For the 2021 report, due to COVID-19 restrictive measures we could only rely on a somewhat smaller group of participants from within our organization. Nevertheless the end result is substantial enough to identify the material aspects for our organization in 2021. The importance of the circular economy as well as health and safety aspects turned out to receive more prominent positions in the materiality matrix.

THE FLOORING SYSTEMS WORKING GROUP:

- Confirmed the sustainability topics that had been identified as specific to Flooring Systems
- Confirmed the main stakeholder groups that had been identified
- Assessed the level of stakeholder concern per sustainability topic for main stakeholder groups based on:
 - Data (feedback, complaints, questionnaires, global media)
 - Internal or external surveys or interviews
 - Own experience
- Assessed the impact on Flooring Systems' success (essential to fulfilling our strategy) for each of the sustainability topics based on previous sustainability reports and Forbo Group and Flooring Systems' principles and strategies.

KEY THEMES AND TOPICS

The following sustainability themes and related topics were confirmed for 2021:

REDUCING ENVIRONMENTAL IMPACT

- Health and safety 'compliance plus' for our operations
- Reducing the environmental footprint of our products
- Employing the '5R's: redesign, reduce, renewable, reuse, recycle

PROMOTING HEALTH AND WELL-BEING

- A positive contribution to the health and well-being of users of our products
- Health, safety, and well-being of our employees'
- Health, safety, and well-being in the supply chain

SOCIAL RESPONSIBILITY

- Product transparency
- Social equity and labor rights (SA8000)
- Working with the community

ORGANIZATIONAL DEVELOPMENT

- Sustainable financial performance
- Learning organization

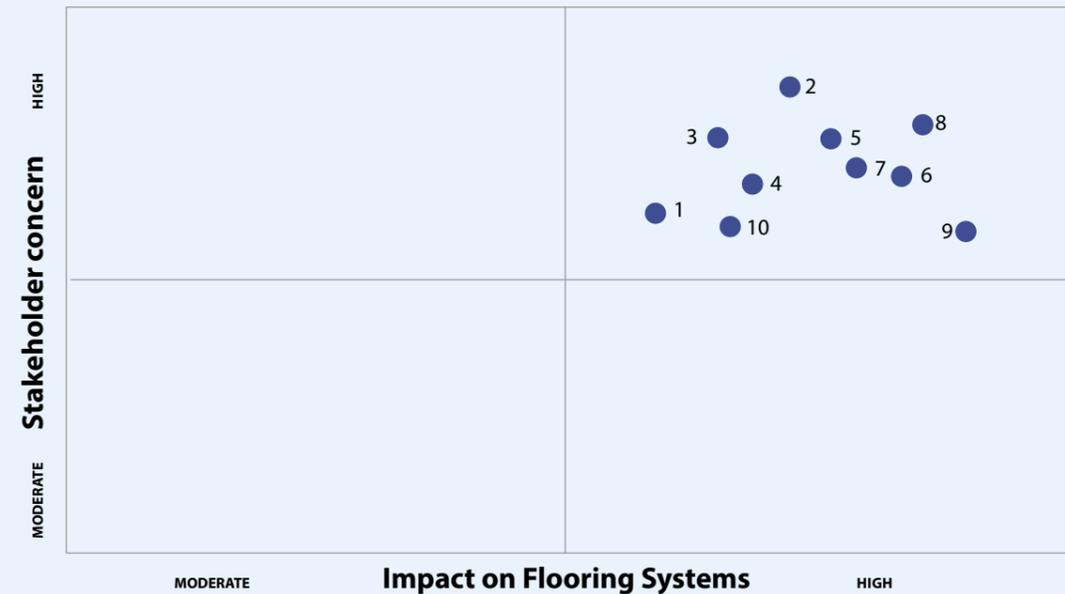
We have identified our material sustainability topics by analyzing the resulting data and assessing the topics that are most important to our stakeholders and to Flooring Systems' business. The analysis for 2021 will help us to further develop and execute our Sustainability Strategy and reporting in the coming year and further in the future. This report includes a significant focus on all material issues as mapped in the materiality matrix.

CHANGES IN THE MATRIX IN 2021

The 2021 materiality matrix shows markable changes in which way environmental issues and the circular economy are valued in the overall business assessment. This in particular true for the Western European countries and North America, but other continents follow and show the same trend.

MATERIALITY MATRIX 2021

Materiality analysis Flooring Systems



1. Ensuring that energy use and using renewable energy are a real goal for our company.
2. Creating new products and product concepts that can be reused at their end of life in a circular loop without as less waste as possible.
3. The 5R principle; making sure that a maximum effort is made for all existing products for minimizing waste.
4. Making a contribution where possible on the quality of the indoor environment by reducing product emissions, fine dust and allergy triggers through our products.
5. Ensuring that products can be cleaned and maintained easy and with minimal effort ensuring maximum performance.
6. Securing that the company is healthy and strong in order to pursue its strategy.
7. Creating a culture in which learning is an inseparable part of our daily activity.
8. Creating a working place that is safe and healthy.
9. Making sure that not only in our factories but in all aspects of our supply chain the basic human rights defined by the United Nations are lived and maintained.
10. Actively participating and engaging with the society where our stakeholders live and work.



MEMBERSHIPS

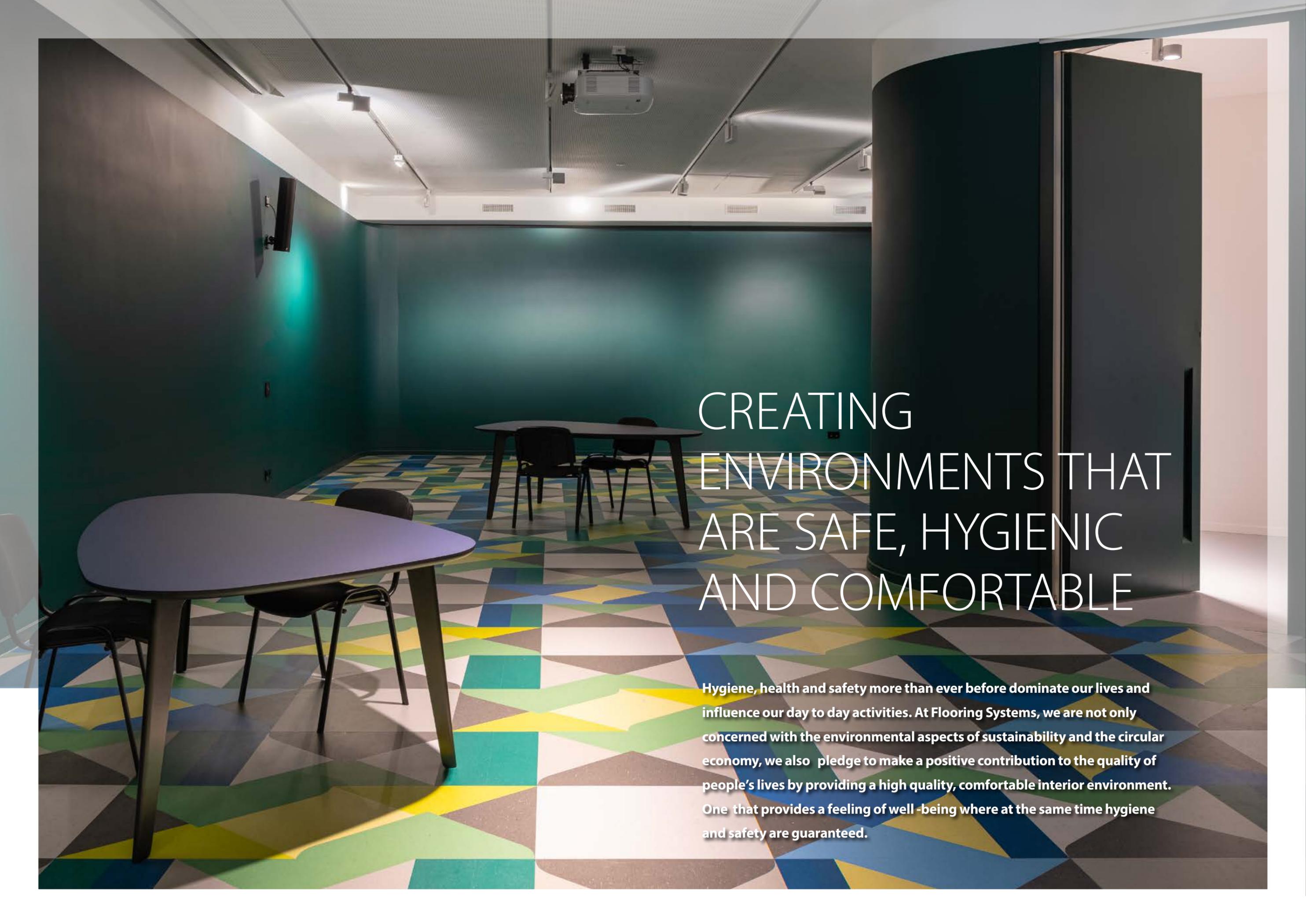
In 2021, Flooring Systems was a member of the following associations:

- European Resilient Flooring Manufacturers' Institute (ERFMI)
- European Floor Covering Association (EuFCA)
- European Carpet and Rug Association (ECRA)
- Multilayer Modular Flooring Association (MMFA)
- Various national industry and trade associations
- European Committee for Standardization (CEN) through national member committees
- The Floorcovering Committee of the International Organization for Standardization (ISO)
- Corporate Advisory Board member of the World Green Building Council.

CONNECTIVITY

The Forbo Group and its two divisions are proud that its activities form part of everyday life. Its products and services connect with people in professional and private environments to contribute to their lives.

Where floor coverings are concerned, we create exceptionally good products that go beyond simply feeling nice underfoot. Floor coverings must be robust and functional, while also creating a three-dimensional experience for all senses. As stated in Forbo's Annual Report for 2021: "The group's global reach means that it is close to dynamic markets, making Forbo the first choice as a local partner for customers that have similar global requirements. The quality, longevity, and performance of our products and systems reflect the quality and stability of our relations with our business partners."



CREATING ENVIRONMENTS THAT ARE SAFE, HYGIENIC AND COMFORTABLE

Hygiene, health and safety more than ever before dominate our lives and influence our day to day activities. At Flooring Systems, we are not only concerned with the environmental aspects of sustainability and the circular economy, we also pledge to make a positive contribution to the quality of people's lives by providing a high quality, comfortable interior environment. One that provides a feeling of well-being where at the same time hygiene and safety are guaranteed.

SAFETY, HEALTH AND WELL-BEING OF OUR EMPLOYEES

Employees of Flooring Systems are considered the most valuable assets of our organization. In particular the last 24 months have shown how vulnerable an organization can be when the safety and health of our employees is affected, something which we managed to avoid together with the help of our employees and their adherence to local rules and guidelines.

CONTINUED COVID-19 REGULATIONS

Flooring Systems in 2021 continued the measures to protecting the health of our employees and safeguarding the supply chain. We implemented minimum global instructions following general Group and divisional rules which were applicable to each employee and all local sites of Flooring Systems.

Prerequisite was to follow strictly the local government instructions and to protect our employees even better. Additional rules and instruction concerning health and safety, travel restrictions, visitors and remote working were implemented. Each site worldwide appointed a COVID-19 security officer to enforce the rules and regulations.

We continued to ensure all sites worldwide were equipped and supplied with mouth masks, gloves, forehead thermometers, disinfectants and hand wash facilities and to make sure that safety distancing was made possible in all places, and marked accordingly or supported by placing plexiglass pro-

tection barriers. Appropriate work instructions to ensure safety distancing and protocols for quarantine measures, in case an employee or an external contact of an employee was infected, were implemented.

If we make a balance over 2021, we conclude that all instructions and measures also this year prevented the spread of COVID-19 on our premises for which we are grateful.

SAFETY: GENERAL

Our Sustainability Policy document, besides looking at the transformation to the circular economy and our contribution to healthy buildings, also is concerned with our labor force and those working in the supply chain. Safety to us is paramount. While we invest resources to improve our work systems and upgrade equipment, we also recognize that behavioral factors often cause accidents. Attention to sustainable behavioral change is therefore key to our long-term occupational health and safety strategy, and the focus of many of our training programs. To this end we created a new e-learning module of our overall safety landscape, making it easy to understand how to behave and act while being on site and at work. All our sites continuously operate safety awareness programs to reduce the number of accidents. The key indicators of our safety performance are:

- Total accident frequency rate
- Lost time accidents
- Lost days injury
- Safety concerns frequency rate

These key performance indicators are measured and reported at all sites every month for individual feedback and measures on a yearly base.

In addition, Flooring Systems is committed ensuring employees' workplace well-being, by fostering a positive working environment and focusing on creating a workplace culture in which everyone feels included, valued and respected. By creating a climate of mutual respect and dignity fostering improved working relationships we aim to contribute to productivity and business performance. To further improve employees well-being Flooring Systems, as one of the few in our industry, adopts the SA8000 ethical standard, to meet its commitments in relation to employees expectations.

2021 TOTAL ACCIDENT FREQUENCY RATE

Total accidents are defined as all accidents with injuries. A safety concern is defined as all reported unsafe situations and near misses. These two indicators are reported to senior management every month to improve our overall safety performance. The growing safety awareness of our workforce is key to lowering the total accident frequency rate. 2021 shows a slightly upward number on previous years which we attribute to higher sales volume, and limitations due to imposed Covid-19 restrictions, making working conditions more stringent as far as distancing is concerned.

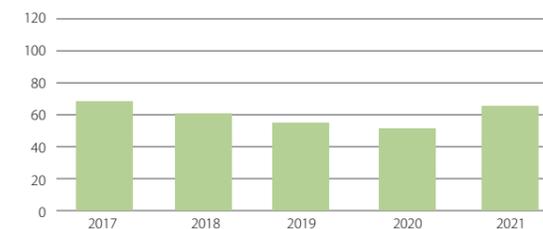
In addition to our total accident frequency rate also our lost days injury count, (which starts immediately a worker is sent home) went slightly up, but is of no major concern. We are pleased to note that we see alertness of our employees reporting on safety concern matters which continued to be at a good level.

We consider the consolidated reporting of gender-specific data on safety incidents to be immaterial from a safety management point of view in our operations; also because of privacy reasons we therefore do not compile such figures centrally or include them in our divisional figures.

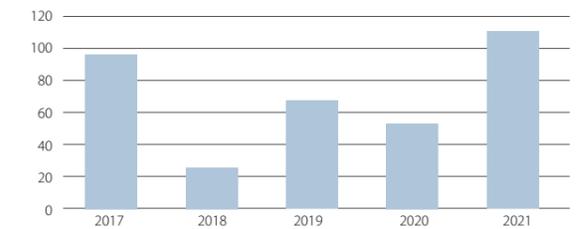
In addition to the safety aspects mentioned above, we also take care of the physical and emotional well-being of our employees by stimulating active working for desk workers, lunchtime walking exercise, and offering organized sports, fitness for all employees, in which we support a discount at local work-out centers. We also promote leisure activities and cultural programs for our employees. These activities are also offered for our pensioners. In the year under review many of these activities had to be postponed or limited in number and with the required social distancing due to the COVID-19 situation in the various countries.



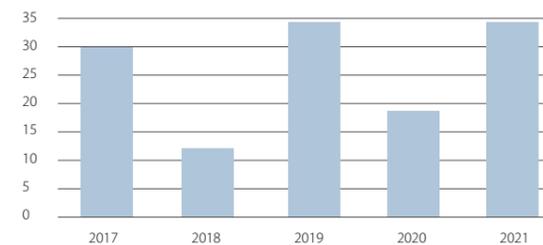
TOTAL ACCIDENT FREQUENCY RATE



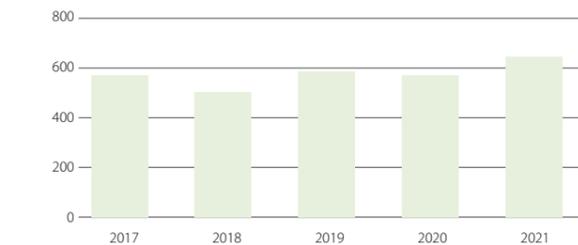
LOST DAYS INJURY



LOST TIME ACCIDENTS



SAFETY CONCERN FREQUENCY RATE



HEALTH AND SAFETY COMMITTEES INVOLVING BOTH MANAGEMENT AND EMPLOYEES

All our manufacturing sites have joint management and worker health and safety committees that help monitor and advise on health and safety programs in which they are often assisted by external experts. Our sales entities in Europe, Australia, and Russia also have similar committees. Altogether, these committees and their activities covered around 90% of our employees at the end of 2021.

HEALTH IMPROVEMENT PROGRAMS

Although it is imperative to have a good absenteeism protocol, prevention and promotion of good and healthy life style is increasingly important too. We therefore run a number of programs to promote the health and well-being of our employees. These may differ per entity and/or country. Some examples of healthy life style programs are:

- Stop-smoking programs
- Sponsored fitness activities
- Facilitating sports activities
- Promoting healthy food
- Sportive staff association activities

In addition to this we are regularly monitoring and reviewing the well-being of our employees:

- Offering regular medical check-ups and assessments for well-being
- Employee surveys
- Concerns and grievances reporting procedures

CONCERNS AND GRIEVANCES PROCEDURE

At Flooring Systems we are running an independent, third party certified compliance with the Social Accountability Standard SA8000 in the Netherlands, France, the United Kingdom, Russia, and Switzerland, at least 85% of our employees and all of our employees in the production entities are covered by a grievance procedure.

The grievances procedure provides a way for employees to report, anonymously or otherwise, any concerns or examples of non-conformance to the social performance team.

The social performance team consists of a balanced representation of worker representatives and management. This team ensures that complaints or non-conformances are dealt within a timely manner.

SA8000 therefore provides another confidential means of communication that fosters exchanges on issues which are sensitive or hard to express. This approach is only sustainable if every single concern or non-conformance is addressed quickly and systematically. In order to do so, we

have implemented a standardized procedure to handle complaints. It is important to note that this SA8000 procedure is not intended to replace other legal committees or procedures. In countries not yet covered by the SA8000 certification, other legal and voluntary procedures are sometimes available that are not covered in this report.

SA8000® STANDARD ON SOCIAL ACCOUNTABILITY

Flooring Systems expects its business partners to commit to the SA8000® social accountability requirements. We not only require a written commitment; local audits can also form part of our supplier approval procedures. In fact, suppliers in countries with weak labor protection are always monitored via local audits.

We treat the SA8000® standard as the key performance indicator for measuring our progress in responsible sourcing. Our supplier requirements program imposes minimum requirements on our suppliers as a legally binding document. However, our approach also involves close cooperation with individual suppliers. This is realized through meetings, on-site visits, and supplier assessments that involve audits conducted by our purchasers or Quality, Health, Safety and Environment managers.

These assessments ensure that our suppliers properly observe human and labor rights, occupational health and safety requirements, environmental performance goals, and responsible business practices in their daily business. In practice, our responsible sourcing work is implemented by our purchasers, who meet suppliers regularly to discuss related issues. As part of our supplier requirements program, our purchasers also visit our suppliers' production sites to see where the products we use actually come from, and to get a first-hand impression of suppliers' operations.

"We treat the SA8000® standard as the key performance indicator for measuring our progress in responsible sourcing"

HEALTH, WELL-BEING, AND SAFETY IN THE SUPPLY CHAIN

We purchase a wide range of raw materials, products, and services to support our business locally, regionally, and globally. These raw materials and products include our principal constituents – linseed oil, gum rosin (for linoleum), PVC dry blend (for vinyl), and nylon yarn (for carpet and



flocked floor covering) – as well as other materials and services such as additives, fillers, energy, fuels, spare parts, maintenance, logistics, and IT services. Our supply networks encompass various kinds of suppliers from small-scale local service providers to large multinational companies. All substances are compliant to the REACH regulations.

RESPONSIBLE SOURCING

For Flooring Systems, responsible sourcing means showing true commitment to global responsibility, addressing the concerns of our key stakeholders, complying with regulatory frameworks, adhering to best practices, and managing supply risks. Already in 2012, we launched our supplier requirements program to build further on the sustainability requirements that were already in place. These requirements are an integral part of the contract between Flooring Systems and our suppliers, and require the management and control of:

- Quality
- Environmental impacts anti-corruption human rights
- Health and safety
- Social Accountability (SA8000 standard) community relations
- Financial risk

The requirements related to quality, environment, and responsible sourcing practices are regularly reviewed and updated.

SUPPLIER ASSESSMENTS AND AUDITS

In our range of products in resilient and textile floor coverings we have many suppliers for many different ingredients for our products. In particular for linoleum production we are in contact with suppliers from around the world. In addition to conducting regular supplier visits, we evaluate and monitor our suppliers electronically and via audits.

SOCIAL AND ENVIRONMENTAL RISK PROFILE

Supplier companies are selected for auditing based on a pre-evaluation of their social and environmental risk profile, taking into account their geographical location, the nature of their own supply chain, the product category, our purchasing power, and the spend volume.

In 2021, as a result of the continued COVID-19 pandemic locally performed audits with respect to the supplier requirement program were restricted and when possible done virtual. The audits did not reveal any major non-conformances relating to occupational health and safety in particular, as well as working hours, safety procedures, and environmental performance. Audits also indicated that none of the suppliers' own management systems were inadequate.

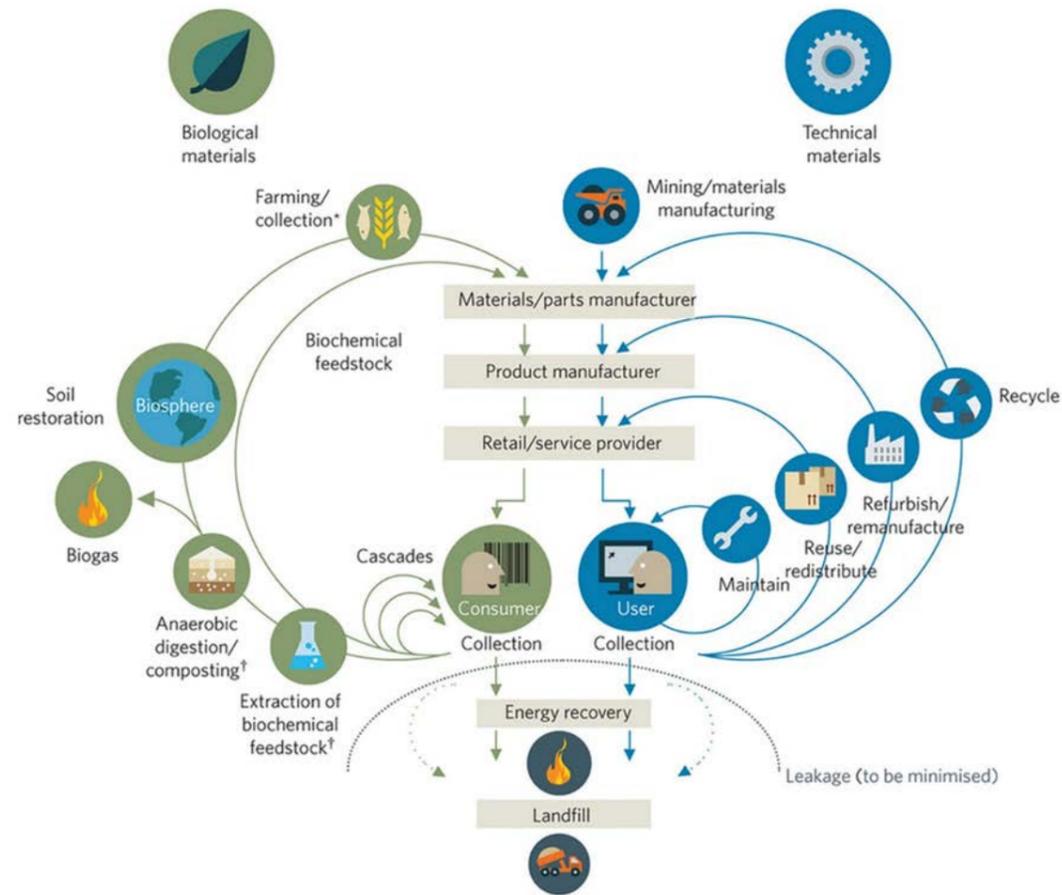
The conclusions, minor findings and recommendations of all audits each time were reported to the suppliers management involved and, when deemed necessary, discussed with them. None of the non-conformances identified during these audits involved child labor or forced labor. These reports and discussions resulted in corrective action plans, specific schedules for the implementation of the necessary improvements, and agreements on any practical support that the supplier might need to undertake remedial actions.

The progress made on implementing corrective action plans is followed up by our purchasing department and, if it is felt to be appropriate, we conduct a follow-up audit. If we find that a supplier is failing to meet our requirements and expectations, we first offer guidance specifying which issues need to be corrected or improved. The supplier must then take the corrective actions requested by Flooring Systems. During 2021, all the suppliers we assessed either complied directly with our requirements, or did so after taking corrective actions.



A FOCUS ON THE CIRCULAR ECONOMY

Flooring Systems actively explores the transformation of its linear production and business model to that of one which supports the circular economy. Having a broad portfolio of product solutions and using a large amount of natural renewable raw materials give us an advantage in progressing towards circularity.



THE CIRCULAR ECONOMY

A circular economy can be defined as a system that takes the reusability of products and raw materials and the use of renewable resources as a starting point and minimizes value loss in the total system and creates value in every link of the life time of the product.

In addition, the circular economy requires focus on the design (construction) of the product to allow better reuse, repair in the reuse-phase and recycling of installation and post-consumer waste. In the use-phase, reuse, reparability and/or long lifetime of our products are pre-requisites to create and preservation value for the relevant stakeholders to guarantee possible economical circles to be closed.

THE BIO SPHERE AND THE TECHNICAL SPHERE

In a circular economy there are two loops, operating in their own sphere: one with technical materials and one with bio-based materials. To prevent waste, it is important to keep the two loops separated. As can be seen in the figure that is often used to visualize a circular economy by the Ellen MacArthur Foundation, they both have different strategies. The smaller the circle in figure, the higher the value conservation of the product.

The bio-based economy is an economy where food or agricultural resources (crops or residual flows) are used to

create materials, but also to make additives, fuel or energy. Bio-based materials, therefore, are materials based on renewable resources. Bio-based materials can, however, often follow the strategies of the technical material loop as well, considering that bio-based products can also be redesigned, reused, recycled, etc.

THE ENVIRONMENTAL IMPACT OF OUR PRODUCTS

We also use the life cycle assessment (LCA) methodology as our main standard for measuring our environmental performance. In our LCA calculation of the environmental footprint from cradle to gate, we take two kinds of results into account: the development and production of our floor coverings, and the production of the raw materials. In this, we take into account:

- Any changes in the use of raw materials
- Changes in yields
- The recycling or reuse of waste
- The energy usage of all our suppliers of those

THE SUPPLIERS' IMPACT ON OUR RAW MATERIALS

By far the largest effect of our environmental impact lies with our suppliers of raw materials. For some of our products this effect is up to 70%. We therefore actively



engage with our suppliers to achieve a lower environmental footprint and select those supplier who have a active environmental impact reduction program as part of their strategy.

The results for most of our raw materials has very positively developed over the last years helping to improve our environmental footprint. Main contributors were woodfloor, PVC and plasticizer suppliers. Woodfloor is produced using green electricity generated from biomass or wind and the PVC and plasticizer supplied to all our sites is produced using less energy.

OUR CIRCULAR ECONOMY STRATEGY

Making gradual shift from our linear processes towards a circular economy is key to our sustainability strategy. The following strategic direction to achieve this are:

- Actively contribute to the circular economy
- Produce carbon neutral products
- Use only renewable energy
- Becoming a zero waste company
- Ensuring ethical and sustainable supply chain management
- Involving our employees in sustainability

'Sustainability 2025' is the name of the program with which we aim to realize the challenging goals we have set for ourselves.

Focus in our endeavor in becoming the most sustainable flooring company is on: (1) lowering our CO₂ output and emissions, (2) increasing recycled content in our products, (3) set up installation cut-off take back schemes for all products, and pilot the reuse of post-consumer floor coverings into new floor coverings, and as such closing the loop of the technical cycle of our production process.

MEASURING OUR IMPACT

To measure performance in environmental terms, the LCA result is leading in steering towards the best (improved) circular solutions. LCA most often is approached in a way that one looks back, sets a base line, and then trust that the improvements that are made will have a positive impact. Flooring Systems takes a different view, something that can be seen in the emphasis we place on green design and innovation. We recognize that we have to do things differently if we are to achieve our goals of becoming a sustainable and environmental leader.

THE 5R PRINCIPLE

The 5R's principle lies at the heart of our endeavor to reduce our impact on the environment of the products we manufacture as well as, during their performance and at the end of life phase. As such they are important indicators in our quest to continuously improve on our sustainable profile linked to the complete life cycle of our products. The 5R's help us to consciously point out where sustainable choices can be made in each of the stages of the life cycle of our products. This already starts in the conception and design phase of a product. In using 'green design' principles concerning the choice and amount of raw materials used in a product and finding alternatives, lie at the very start of a sustainable life cycle that minimize the impact on the environment, without compromising on the functionalities and performance during the use-phase of the product. As such, already at the starting point, we aim to reduce the raw materials required to create the product.

In cases where we have to use raw materials, the preference and goal is to opt for either natural renewable materials, or materials that are both abundantly available but not used for any other primary purpose, such as feeding people or animals. In the production phase, we aim both to not create any waste and to ensure that any waste that is generated is reused in the composition of the product.

Recycling can be facilitated by identifying other products that could use the waste material generated during the production of the original manufactured goods. This can also be taken a step further to include the recycling of left-over material (cut-offs) from flooring installations, and even the post-consumer recycling of old floors that are being replaced.

EMPLOYING THE 5R'S: RE-DESIGN

We believe that circular economy starts with the creation of new products or re-designed products, new innovative approaches in construction and design and working together with other stakeholders and our customers. This includes possible different business models for the use phase and the end of life of the product.

At Flooring Systems we employ the 5R principle. They are the 4R's, commonly known in the production phase: reduce, reuse, recycle and renew, whereby the starting point of setting up a circular economy has been added as a fifth 'R': Re-design. In particular this concerns designing with the end in mind. Meaning that products can be constructed in such ways that the individual components can be recycled using available technologies. As such the design phase becomes an important element of the production phase.

LOOSE LAY PRODUCT SOLUTIONS

Loose lay products are a good example of innovative re-design. Loose lay installation makes it possible to take back used products without contamination of glue and screed, making products easier to recycle.

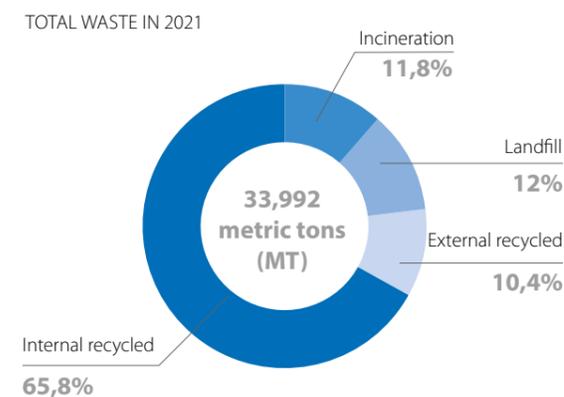
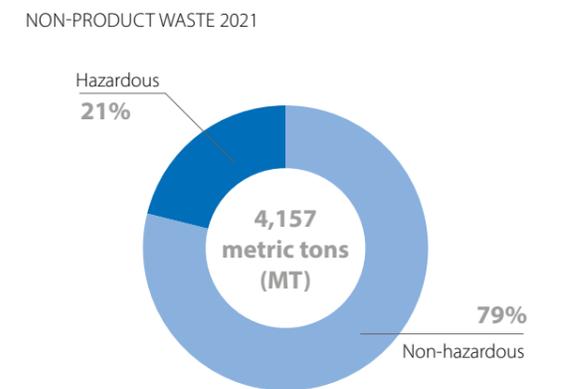
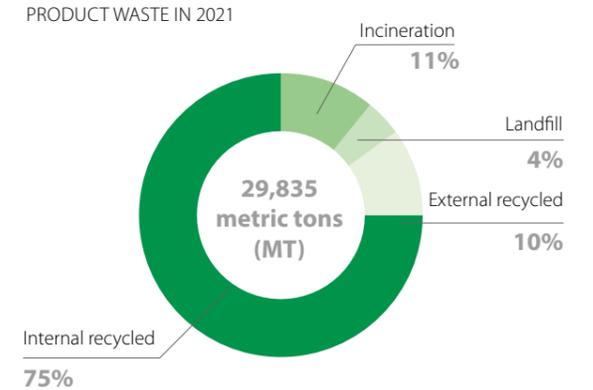
EMPLOYING THE 5R'S: REDUCE

Of all of the 5R principles, we consider 'reduce' to be the most important, as reducing our initial consumption of materials, energy as well as waste has by far the biggest impact in closing the loop in a circular economy model and both environmentally and financially. In doing so the design of a product is an important factor. In particular, reducing the amount of raw materials used and the improvement in waste reduction are the two factors that significantly impact and reduce our overall environmental footprint right down to the end of life phase of our products. Many of our manufacturing sites made a positive contribution in 2021 by reducing raw material use and packaging, and increasing the recycled content of our products.

REDUCE MANUFACTURING WASTE

The main target for all our manufacturing sites is to reduce waste by maximizing yields and maximizing the reuse of product. Most sites began doing this more than 10 years ago. In 2021, the total amount of waste we created increased compared to 2020. This was caused by a sales increase as well as a change in the mix within our product portfolio.

If any waste is produced, the strategy is to first maximize reuse and recycling within Flooring Systems and, secondly, to then maximize external recycling. In 2021, despite an change in the product mix of our portfolio and higher sales, we see a slight increase in reuse and recycling of the total from 79,0% to 79,2%. Landfill was higher, mainly caused by new regulations concerning incineration as well a weighted change in our product mix.



ALTERNATIVE ADHESIVE CONSUMPTION

Measured by material weight, the adhesive used to install a floor covering makes a proportionally large contribution to the environmental footprint of one square meter of flooring. In our product offer we see a growing share of so called loose lay products that require no other adhesives than a tackifier, examples are our carpet tile offer and Allura Flex. Our Allura Ease, Click and Puzzle, tile and plank offer, as well as our Modul'Up loose lay vinyl sheet offer do not require any adhesives.

Where adhesives are used as part of the floor covering installation, we are continuously developing and introducing new flooring installation systems at our Forbo Eurocol plants. These are based on new techniques, plus new types of adhesives that improve the installation sustainability of our floor coverings.

As part of our Sustainability 2025 program, we take care that these new types of adhesives, primers, and leveling compounds show low or no emissions into the indoor air of buildings and are in compliance with EMICODE® EC1PLUS.

In addition to the Flooring Systems floor covering portfolio, Forbo Eurocol produces and sells adhesives, primers, and leveling compounds that comply with

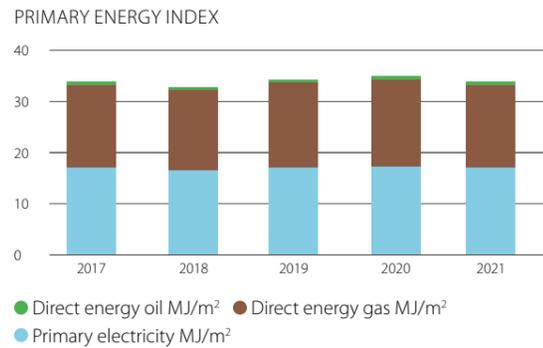


EMICODE® EC1PLUS – the highest class. Our leveling compounds also have very low dust emissions. Also see: www.emicode.com/en/, www.forbo.com/eurocol/en-gl and www.forbo.com/flooring/en-us.

The EMICODE® classification system makes it possible to compare and evaluate the emission characteristics of flooring installation products. This trademark-protected classification system has become the key international quality benchmark for a wide range of product groups. Since EMICODE® was introduced in 1997, more than 4,500 products from all over the world have been awarded the EMICODE® label. It offers consumers, craftspeople, and architects guidance to decide which materials offer maximum security against indoor air pollution, guaranteeing the best health protection and high environmental compatibility. To receive the EMICODE® label, manufacturers need to submit their products for extensive testing at recognized institutions. Based on scientifically determined measurement data, EMICODE® categorizes flooring installation materials, adhesives, and building products into three emission classes: • EMICODE® EC1PLUS, • EMICODE® EC1, • EMICODE® EC2.

REDUCE ENERGY

Electricity is transformed from various primary energy sources such as coal, oil, natural gas, and wind. We use an energy index to measure our energy consumption per square meter of floor coverings produced. This energy index calculates the primary energy consumption for all energy carriers.



We have seen an almost equal level in our energy consumption over the years 2017 to 2021. This is actually a good result considering our gradual shift in sales from consumer towards more and heavier commercial products. On average, commercial product has a higher square meter weight, which in turn requires more energy to produce. Considering the combined weight throughput in our manufacturing sites we managed to reduce our average energy consumption by implementing better monitoring systems and energy saving programs.

REDUCE TRANSPORTATION MOVEMENTS

One of our goals when it comes to logistics is to continuously create more efficient transport flows: between plants; from plants to our overseas distribution centers; from our overseas distribution centers to our end- customers. To enable better and increased cross docking of our products in boxes, our palletted vinyl plank products are shipped through our cross dock hub in Assendelft, where we have created extended capacity.

EFFICIENCY IN TRANSPORTATION TO THE CUSTOMER

In this case, 'more efficient' means combining different products in one truck so that, in total, fewer trucks are used. Using cross-dock locations in Assendelft (NL), Reims (F) and Ripley (UK) combining these product flows improves overall lead times and reliability, and makes it easier to plan full trucks with more frequent deliveries. Combining different products in one truck also means that the customer receives (and therefore has to handle) one Flooring Systems delivery instead of several by different trucks. From our main cross-dock center in Assendelft, shipping containers to the ports of Rotterdam or Antwerp by barge instead of truck is preferred to optimize CO₂ emissions.

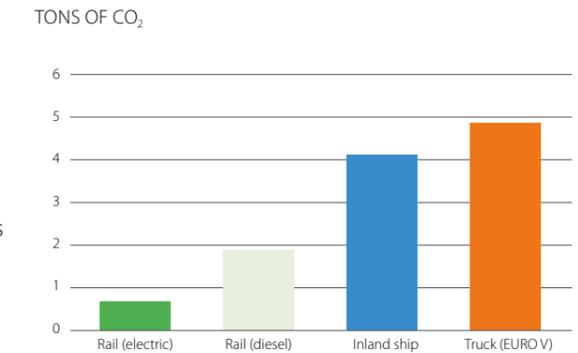
"Our cross-dock locations in Europe, combine our product flows, improve efficiency as well as lead times and reliability"

TRANSPORTATION ON RENEWABLE ENERGY

Also during 2021, Flooring Systems was taking part in the Dutch program the Green Deal Circular Procurement, in which public and private organizations work together to professionalize and scale up circular procurement in the Netherlands. One of our programs is to reduce CO₂ emissions of transport by changing from trucks to rail transport. This program was successfully started in 2019, transport by rail from our Coevorden plant to our Swedish warehouses. Rail transport in general has much lower CO₂ emissions than truck transport but the tracks to the Swedish

warehouses are not only electrified but also in the countries that are passed through the railways are using renewable electricity, e.g. solar, water and wind.

- The Netherlands: 100%
- Germany: 60%
- Denmark: 50%
- Sweden: 100%



EMPLOYING THE 5R's: RENEWABLE

Renewable raw materials are (nearly) inexhaustible natural resources that can be replenished, generation after generation. They grow in nature and can be harvested as annual crops, or otherwise are available in abundant quantities in nature. Renewable energy is a natural resource or source of energy that is not depleted by use, such as water, wind, or solar power. With all of our manufacturing sites in Europe these energy sources are becoming ever more readily available.

RENEWABLE RAW MATERIALS

Higher volumes and a change in the product mix in the overall portfolio resulted in an increase in the overall amount of raw materials used in 2021.

Raw materials	tons
Renewable (inclusive recycled)	39,782
Non-renewable	141,914
Non renewable: recycled & reused	30,291

Packaging	tons
Renewable	6,892
Non-renewable	183

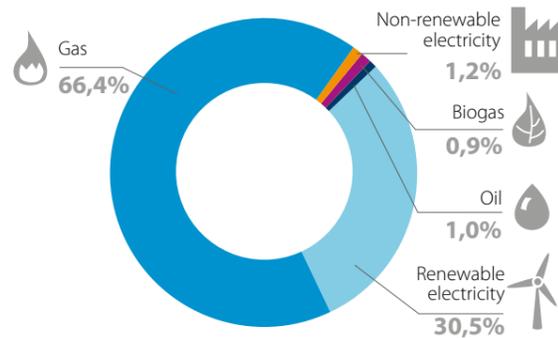


RENEWABLE ENERGY

The energy used per square meter in 2021 slightly increased due to a change in the product mix in combination with the higher volume. The absolute volume of the renewable sustainable energy consumption for 2021 was slightly higher than the previous year due to higher sales.

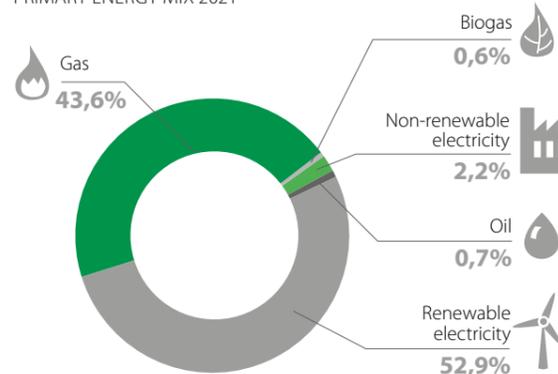
Renewable electricity	353,917 GJ
Non-renewable electricity	14,574 GJ
Gas	771,598 GJ
Biogas	10,298 GJ
Diesel	11,591 GJ

ENERGY CONSUMPTION IN 2021



We have an ongoing policy of obtaining electricity from renewable sources. In 2021, we continued our pilot using biogas in one of our manufacturing sites, Bamber Bridge. In 2021, renewables remained 53% of all the energy consumed in our manufacturing facilities, be it with a slight improvement due to the change in volume compared to 2020. This in turn is helping us to reduce our carbon footprint by reducing the amount of CO₂ we emit into the environment. We continue to believe that limiting environmental impact at source is far better than offsetting, which is a policy we do not use for any of our manufacturing sites.

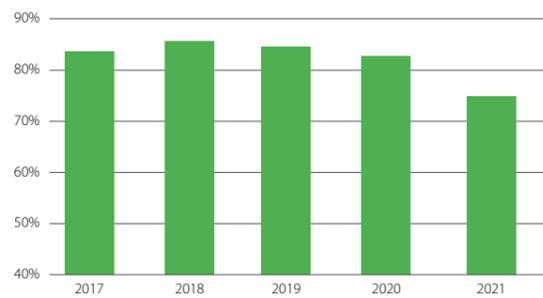
PRIMARY ENERGY MIX 2021



EMPLOYING THE 5R's: REUSE AND RECYCLING

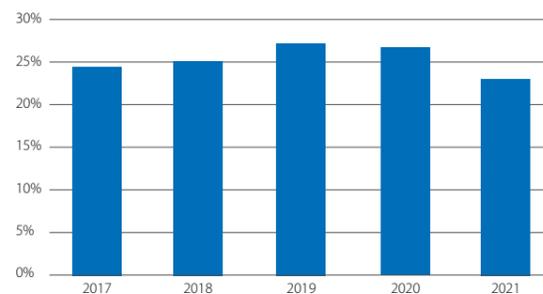
Forbo defines reuse as 'waste that, after reprocessing, can be fed back as a raw material into the same manufacturing processes.' Our definition of recycling is 'material diverted from the waste stream during a manufacturing process that is sent to a third party for them to use as a raw material after reprocessing'. That third party can be another Flooring Systems operations site or external recyclers. In 2021 we invested in third party cooperation for waste recycling in The Netherlands and in France.

% REUSED AND RECYCLED PRODUCT WASTE



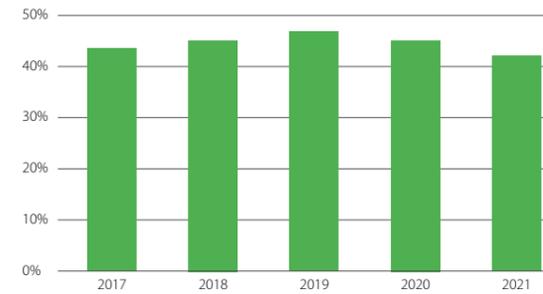
The total amount of product waste reused and recycled in 2021 again slightly decreased this time because of the higher overall sales and a change in the product mix produced in the year. In 2021, the weighted average amount of recycled and reused content in our products was 23%. This is positive in every respect. Linoleum has long contained the most reused and recycled material of all resilient floor coverings, which slightly decreased in 2021. In 2021, our focus on reusing and recycling waste led to very good results by again increasing the recycle content in our carpet product ranges and by broadening our installation cut-off take back schemes. We have a broad portfolio of products that contain recycled content.

% RECYCLED AND REUSE IN FLOORING SYSTEMS PRODUCTS

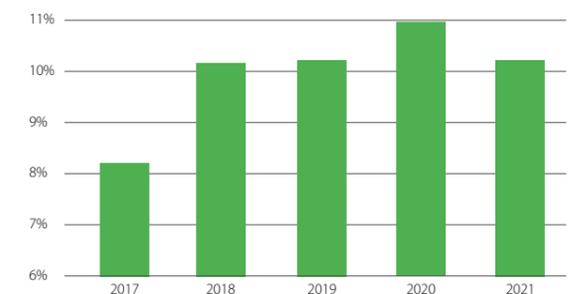


REUSED AND RECYCLED MATERIAL PER PRODUCT LINES

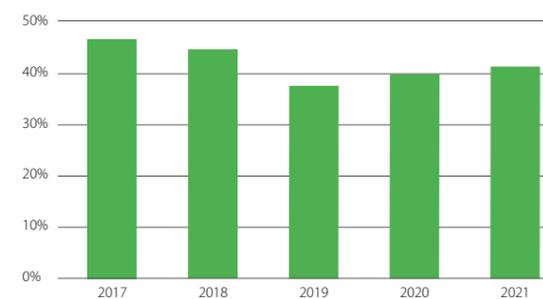
LINOLEUM - % RECYCLED AND REUSED



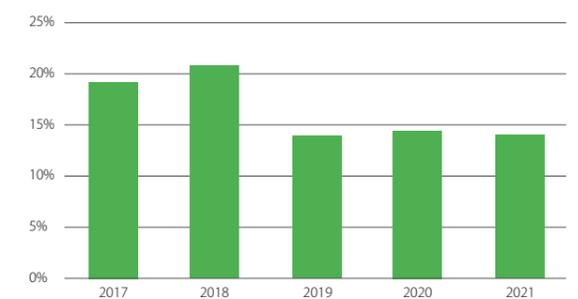
VINYL - % RECYCLED AND REUSED



CARPET - % RECYCLED AND REUSED



ENTRANCE FLOORING SYSTEMS - % RECYCLED AND REUSED



'BACK TO THE FLOOR' RECYCLING SCHEME

Flooring Systems already for a number of years has been experimenting with taking back cut-off and installation rest material for both its vinyl and linoleum portfolio. In addition to this Flooring Systems is also participating in different European programs for enabling recycling of post-consumer vinyl floor coverings. To facilitate better post-consumer recycling Flooring Systems has developed loose lay vinyl sheets next to our loose lay plank and tile offering.

Installation waste can account for up to 6% of an installation. Moreover, from a recycling perspective, it is as good to process as post-consumer waste because we know what is in it and it is clean and safe to use. The challenge has always lain in creating a sustainable logistics infrastructure to make the collection of post-consumer waste economically viable.

We have schemes for post-consumer waste recycling for linoleum, carpet and vinyl in the Netherlands, Finland, Denmark, Norway, Sweden, France, the UK and the USA.

POST-INDUSTRIAL AND POST-CONSUMER WASTE

Over the last years, manufacturers have begun to pay significant attention to pre-consumer waste. They have invested heavily to reduce, reuse, and recycle waste generated in the manufacturing processes. One of our collections, Sphera homogeneous vinyl even reduces its manufacturing waste to near zero which in the end should be the ultimate goal for any manufacturing process.

So far, post-consumer waste was not often considered as a potential resource. Not only collection and transport is a challenge but also selection, sorting and processing is more difficult. Given that we already have invested in internal recycling solutions, we are now turning our attention to taking back post-consumer waste for recycling. We are doing this for our linoleum, vinyl and textile product portfolio, produced in Western Europe.

Collected and recycled post-consumer waste in 2021:

- 30 tons of linoleum and 32 tons of vinyl in the Netherlands
- 60 tons of vinyl in Sweden and 210 tons of vinyl in France
- 10 tons of linoleum and 15 tons of vinyl and 2 tons of carpet tiles in the UK
- 5 tons of carpet tiles in the USA

OLD LINOLEUM BECOMES A NEW LINOLEUM FLOOR

In 2021 a project was started with the Technical University of Delft to take back 12,000 m² of old Marmoleum which had laid installed for over 25 years. The floor, once removed from the building, was cleaned to be free of glue and screed material, scrapped and grinded. In the actual process half of the material returned to become waste that could not be used other than for generating thermal energy. However the purity of the material made that the ashes could be used for the cement industry. Another part of the old linoleum was grinded to become powder, for coating purposes and finally about one third could be reused in new linoleum which could boast an almost 50% recycled content coming from the old floor. The project provided learnings and insight in the process that one day will become common place in the industry.

CIRCULAR FLOORING AND CISUFLO

Through ERFMI, the European resilient Floor covering Institute, Flooring Systems is an active participant in the EU funded Circular Flooring project which, together with the Fraunhofer Institute in Germany and other partners, has successfully developed proof of principle and a pilot of the proven vinyl dissolution concept that enables the recycling of post-consumer vinyl waste into recovered PVC to be reused in the industry.

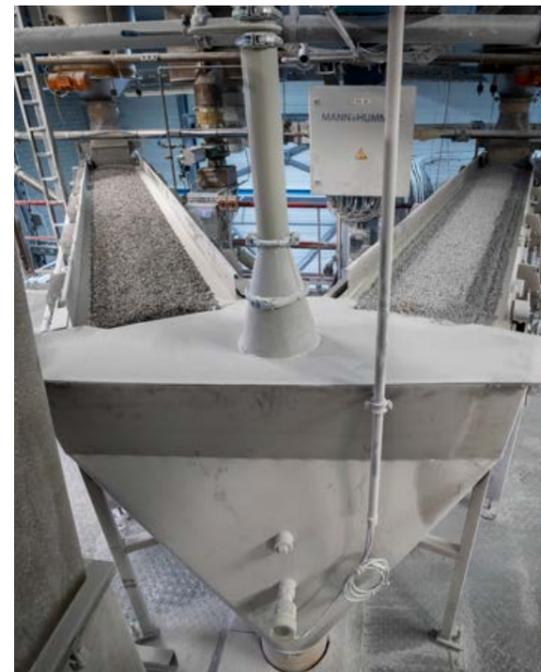
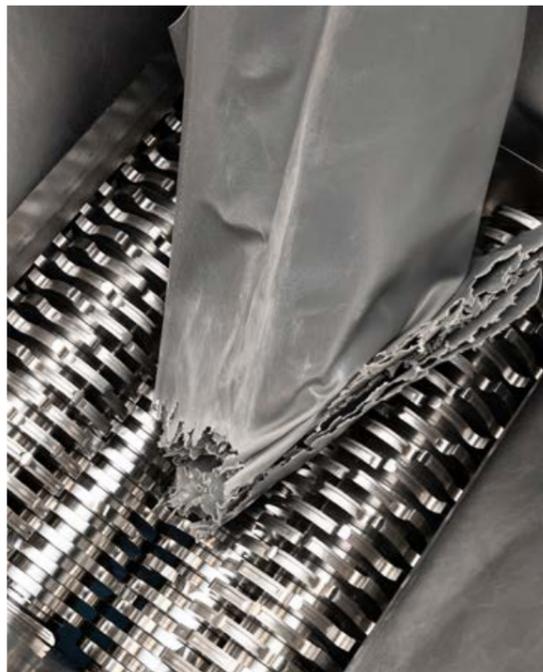


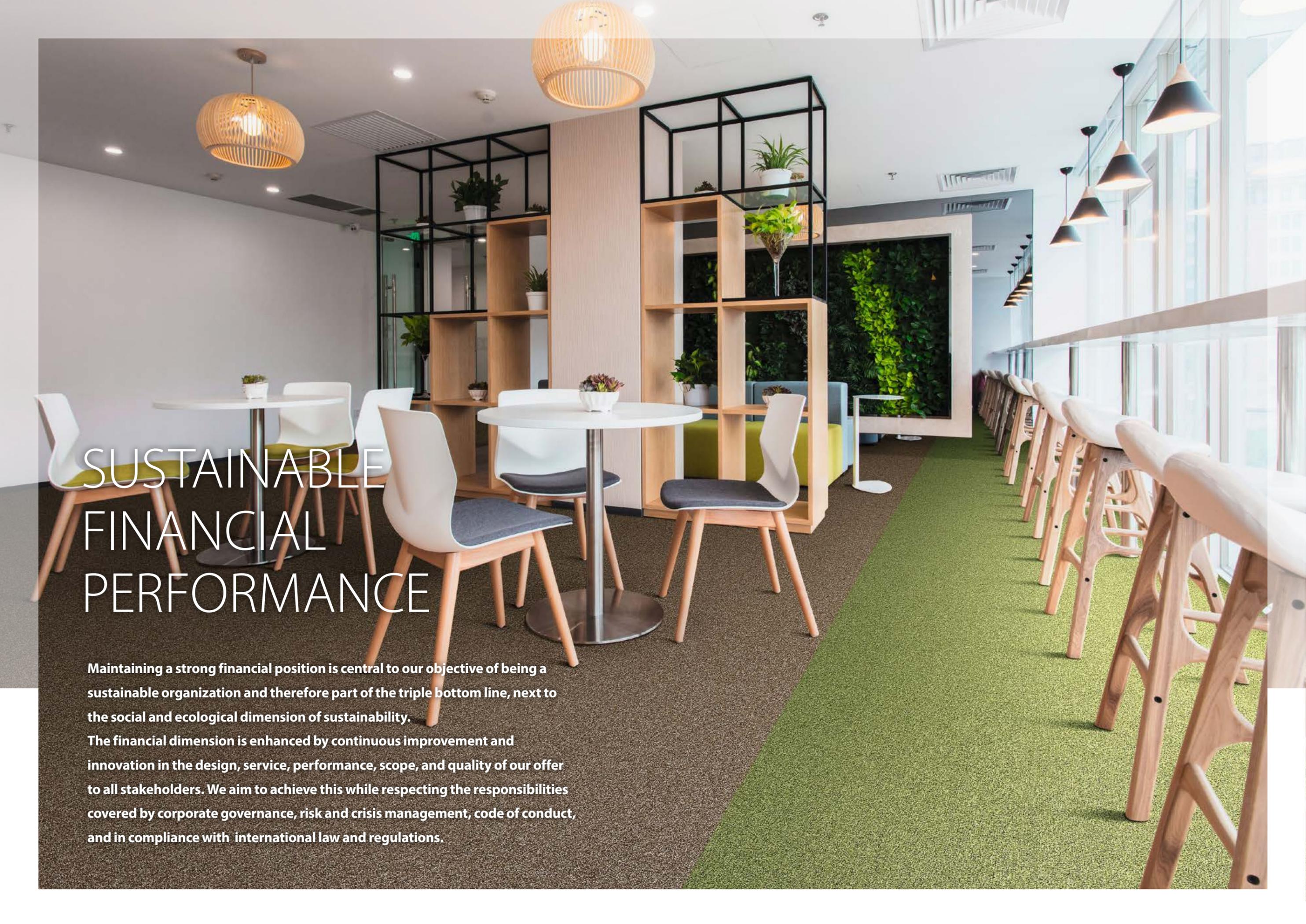
'Circular Flooring' aims to establish a circular recycling process for plasticized PVC from post-consumer waste flooring. In order to avoid the loss of valuable resources, increased CO₂ emissions and other environmental burdens of waste disposal, it is necessary to establish closed recycling loops for various material streams, as for example PVC floor coverings. Therefore, the 'Circular Flooring consortium' is further developing the 'CreaSolv®' recycling process to separate the PVC-resin in post-consumer floor coverings from legacy plasticizers (phthalic acid esters) that are not conform to today's EU REACH-Directive.

In the course of the project, waste floor coverings will be collected and shredded into smaller particles before they are treated in the 'CreaSolv®' recycling process that separates PVC from plasticizers. The extracted legacy phthalic acid esters will subsequently be deactivated by catalytic hydrogenation, which allows for recycling into REACH-compliant alternatives. The recovered PVC will then be further upgraded with tailored additives before it can be reused in new floor coverings and re-enter the market. As a result, 'Circular Flooring' contributes to a circular European economy and a sustainable, holistic resource recovery at technological scale.



'Cisuflo' is another project which is funded by the EU. In the end the focus also is on recycling of used floors for which patented techniques are available. For now Cisuflo concentrates on the automatic sorting of the different types of floor covering that are typically bundled together when obtained from a building site. This process is the most important prerequisite for any successful recycling program.





SUSTAINABLE FINANCIAL PERFORMANCE

Maintaining a strong financial position is central to our objective of being a sustainable organization and therefore part of the triple bottom line, next to the social and ecological dimension of sustainability.

The financial dimension is enhanced by continuous improvement and innovation in the design, service, performance, scope, and quality of our offer to all stakeholders. We aim to achieve this while respecting the responsibilities covered by corporate governance, risk and crisis management, code of conduct, and in compliance with international law and regulations.

INTEGRITY OF OUR BUSINESS

Flooring Systems insists on integrity, honesty, and equality in all aspects of our business and we seek the same from those with whom we do business, directly and indirectly. No employee may directly or indirectly offer, pay, solicit or accept a bribe or other such payment that may be construed as such, in any form. Forbo's Code of Conduct applies to all our employees and clearly stipulates that the company will not engage in or tolerate any questionable or corrupt business practices. The Code of Conduct is part of Forbo's education program and is a mandatory training for all relevant employees.

RISK MANAGEMENT & RISK ASSESSMENT

Risk management and risk assessment are an integral part of Forbo's organizational processes, and are included in every decision-making process. Periodically, financial and hazard risks are identified and assessed internally. Once risks have been identified and assessed, we manage the risk by applying techniques that fall under one or more of the following major categories:

- Avoidance (eliminate)
- Reduction (mitigate)
- Sharing (outsource or insure)
- Retention (accept and budget)

The Forbo Group conducts an annual risk assessment that analyses all the business areas within the company for the divisions. The assessment covers internal controls and business risk, and includes targeted questions concerning fraud and corruption and is supported by independent third party assessment. An additional and more focused risk assessment devoted entirely to fraud and corruption, is conducted annually with key executives and senior management. This risk assessment addresses corruption in business areas on a materiality basis.

RISK AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Due to the energy-intensive nature of the operations in our supply chain, we are subject to risks related to climate change and to costs related to energy and climate regulations. Global efforts to combat climate change also present certain strategic opportunities for Flooring Systems. Our linoleum products are based on renewable materials with a zero-carbon footprint, which helps our customers and society at large to reduce CO₂ emissions by providing a favorable alternative to floor coverings based on fossil fuels and non-renewable materials. The European Union (EU) is pursuing its climate targets through a combination of financial incentives and regulations. The EU countries are also required to support

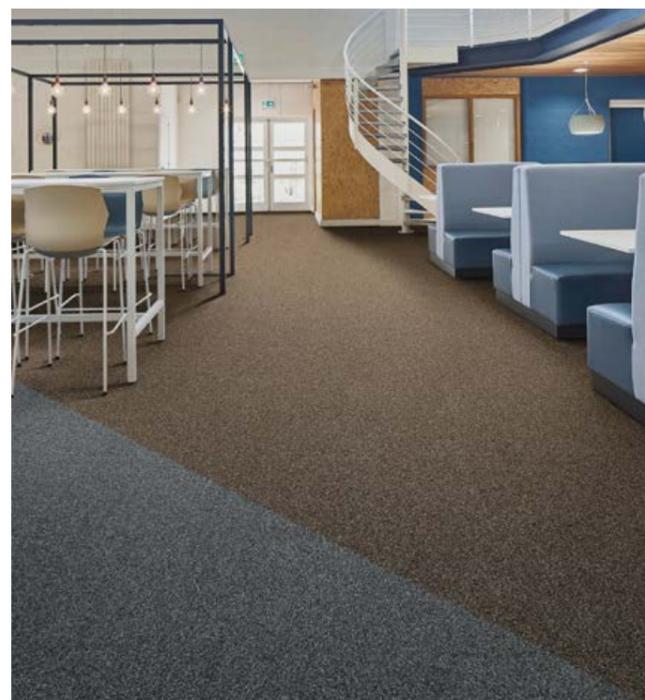
renewable energy sources such as wind, solar and biomass to reach the EU's green energy targets. The EU's Emissions Trading System (ETS) is a cornerstone of the EU's efforts to combat climate change, and a key tool for the cost-effective reduction of industrial greenhouse gas emissions. The ETS in effect imposes a cost on Flooring Systems' CO₂ emissions within the EU, and indirectly increases energy generation costs for our electricity suppliers and the cost of our raw materials. EU member states also have binding annual greenhouse gas emission targets for 2021-2030 for those sectors of the economy that fall outside the scope of the ETS.

EUROPE'S GREEN DEAL AND POLICIES

For 2021, the European Commission has stated to work on the implementation of the so called Green Deal. They are a set of policies and legislative measures that cover the reduction of CO₂ emissions, the inclusion of recycled content in floor covering products and the expected producers responsibility (EPR) for the floor covering industry. Over the next years these measures will impact our business, in the sense that many of the activities we now voluntarily undertake will become mandatory. Flooring Systems is well prepared for this challenge.

OUR ECONOMIC PERFORMANCE

Significant indicators covering the generation and distribution of value, plus the organization's total capitalization, with breakdowns in debt and equity can be found in Forbo's Annual Report 2021: www.forbo.com/investors.



EARLY ADAPTORS TO REDUCING OUR ENVIRONMENTAL FOOT PRINT

Flooring Systems' environmental footprint reduction program 'creating better environments' was started in 2004. The program was aiming at improving the environmental footprint in all aspects with special focus on reducing the carbon footprint. The carbon footprint during the last 16 years was reduced mainly by investments and measures to reduce the energy consumption, increase recycling options in our products and changing to green energy. Which is what we did over the years.

THE FLOORING SYSTEMS CARBON FOOTPRINT

The carbon footprint is calculated using lifecycle analysis (LCA) for the products we market from 'cradle to grave' for all of our products. This includes the entire chain from raw material extraction and processing, transportation to the manufacturing site, manufacturing and finishing the product, transport to the customer's site and installation on the floor, customer use and cleaning at the end of life treatment.

THE GREENHOUSE GAS PROTOCOL

The Greenhouse Gas (GHG) Protocol (www.ghgprotocol.org) is a multi-stakeholder partnership of businesses, non-governmental organizations (NGOs), governments, and others convened by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Launched in 1998, the mission of the GHG Protocol is to develop internationally accepted greenhouse gas accounting and reporting standards and tools, and to promote their adoption in order to achieve a low emissions economy worldwide.

The carbon footprint declared in accordance with the 3 scopes as defined by the GHG Protocol is:

Scope 1 and 2 emissions:	56,753 ton
Upstream scope 3 emissions:	228,767 ton
Downstream scope 3 emissions:	217,829 ton

Scope 1 and 2 emissions are the direct and indirect carbon emissions, calculated as CO₂ equivalents, caused by the energy used during production of our floor coverings. Since the start of our creating better environments program in 2004 we reduced the carbon emissions from our production by 71%.

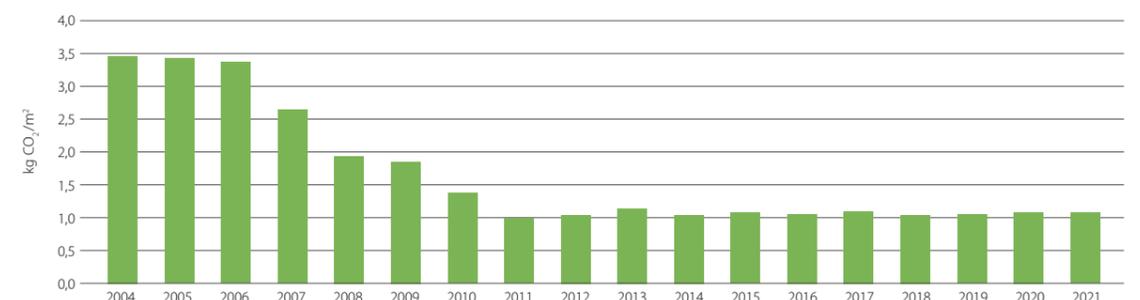
Raw materials contribute in 2021 for 81% to scope 3 emissions. Carbon emission results for most of our raw materials have positive developed over the last decade and have helped to improve our carbon footprint. Nevertheless we will continue to challenge our suppliers globally to reduce their environmental impacts through our responsible sourcing program.

SCOPE 1 AND 2 CO₂ EMISSIONS FROM MANUFACTURING

The CO₂ emissions on our manufacturing sites are one to one related to energy used during manufacturing. The average CO₂ emission per square meter product produced dropped from 3,44 in 2004 to 1,08 in 2021, a reduction of 69%. Major improvement started in 2007 when we began to buy renewable electricity. Market requirement for more thicker and heavier products flattened the improvement of our energy saving programs during the last years. With our renewed Sustainability 2025 program which was started last year we implemented ambitious goals for further improvement.



FLOORING SYSTEMS KG CO₂ PER SQUARE METER PRODUCED





EMPLOYEE TRAINING

The division-wide annual performance review provides a starting point and an appraisal for training. In this appraisal, individual training requirements are matched with the training needs indicated in the Flooring Systems strategy as well as any legal training requirements that are in place.

Flooring Systems operates a wide range of training formats, from management development to the enhancement of factory floor skills. For specialist training, our employees can attend seminars and conferences, or follow one of the educational courses offered by expert institutions and learning centers. Finally, on-the-job training for our production and warehousing operators includes:

- Site and company introduction
- Hazard identification, control, and risk assessment
- Job safety analysis
- Job-specific training

Several local and international training programs are in place. The development of learning and training programs is evaluated every year, with improvements implemented whenever we see opportunities to do so. The in-person training programs mostly remained on hold due to COVID-19.

In 2021, we continued the use of e-learning modules which in fact became the standard for our employee training. We also continued our Webinar learning sessions for our external audience.

CODE OF CONDUCT

The Forbo Code of Conduct 'full program' e-learning module is part of the introduction program for new employees.

ANTI-CORRUPTION

The 2021 rollout of this existing program included all colleagues in the target group, including those who had already completed the training at an earlier occasion.

COMPETITION LAW

The 2021 rollout of this existing program included all colleagues in the target group, including those who had already completed the training at an earlier occasion.

CYBER SECURITY

The basic IT Security e-learning module that is part of the introduction program for new employees, was followed-up with a series of refresher e-learning modules. The e-learning program on Cyber Security aims to create awareness and understanding within Flooring Systems IT users, thereby preventing damages and losses as a result of Cyber Security incidents.

DATA PROTECTION

In 2021, a new data protection e-learning module was rolled-out to all employees that are handling personal data.

SA8000

The SA8000 e-learning module was developed earlier to improve our understanding of the SA8000 standard and its people focused management system to help answer questions. People are our most valuable asset and this standard and module are centered on our employees and how we treat them within the workplace. At sites with

SA8000 certification in France, the Netherlands and the UK this module is part of the induction program for all employees. In 2021, an Italian language version was introduced.

STRATEGY EXECUTION

The strategy execution e-learning modules were further rolled out in 2021 to support the execution process of the various projects of our overall Flooring Systems' strategy.

SUSTAINABILITY PROGRAM 2025

The sustainability program e-learning modules developed to support our Sustainability Strategy and initial 5 year sustainability program, have been further rolled out in 2021.

LEADERSHIP PRINCIPLES

The Forbo Flooring Systems leadership principles e-learning module was developed and rolled-out to further introduce these principles.

SALES SKILLS

Sales skills matrices have been developed and will be introduced and implemented into the sales organizations.

PRODUCT KNOWLEDGE

New e-learning modules were developed and rolled-out covering the new collections.

EXTENDING OUR AUDIENCE

CUSTOMERS

In 2021, our (e-)learning platform again welcomed additional external learners from different parts of the world, mainly

our customers, who received access to several product (related) e-learning modules.

WEBINARS FOR (INTERIOR) ARCHITECTS AND DESIGNERS

Following-up on our first external global webinar 'a peak into the future of CO₂ neutral buildings' for (interior) architects and designers, we have hosted the following webinars in 2021:

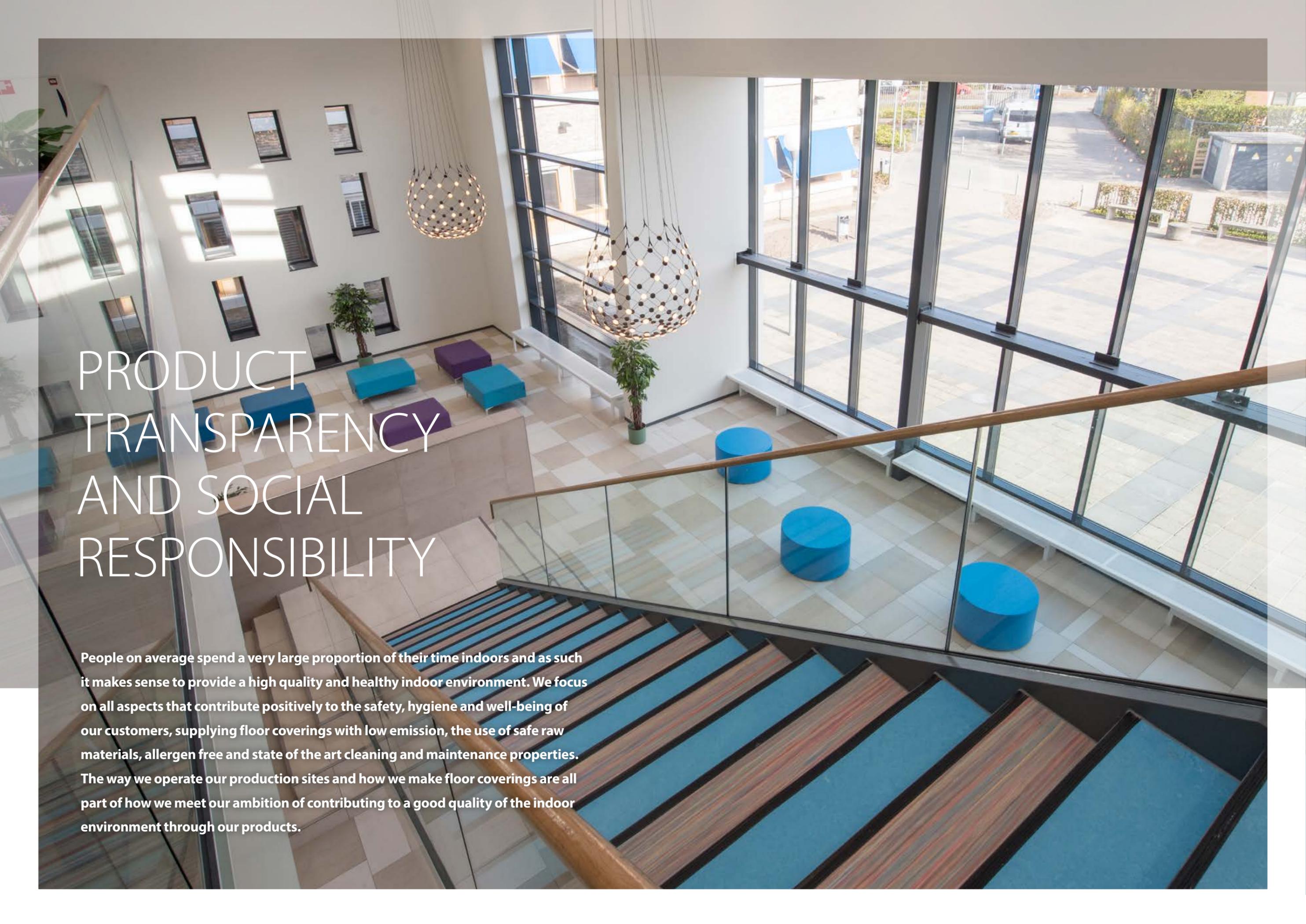
- Colour!... effects on well-being in interior spaces
- How neuroscience positively influences people in indoor spaces
- Designing a better indoor environment

FUTURE ORIENTATION

In the Flooring Systems strategy, the people objectives include programs to:

- Continuously improve and standardize knowledge and skills in the division, as well as
- Reducing time to knowledge for new employees, with focus on sales.

In 2022, in addition to new/updated content on product knowledge in line with the new collection introductions, we will focus on training related to the next step and further execution of our sustainability program 2025.

A high-angle photograph of a modern, bright interior space. The room features large windows on the right side, providing a view of an outdoor area with a paved walkway and some greenery. The floor is covered in light-colored, square tiles. In the center, there are several colorful, cylindrical ottomans in shades of blue and purple. A staircase with a wooden handrail and a blue carpet is visible in the foreground. The walls are white and have several small, rectangular windows. Two large, spherical pendant lights with a geometric pattern hang from the ceiling. The overall atmosphere is clean, bright, and modern.

PRODUCT TRANSPARENCY AND SOCIAL RESPONSIBILITY

People on average spend a very large proportion of their time indoors and as such it makes sense to provide a high quality and healthy indoor environment. We focus on all aspects that contribute positively to the safety, hygiene and well-being of our customers, supplying floor coverings with low emission, the use of safe raw materials, allergen free and state of the art cleaning and maintenance properties. The way we operate our production sites and how we make floor coverings are all part of how we meet our ambition of contributing to a good quality of the indoor environment through our products.

TRANSPARENCY OF RAW MATERIALS AND CHEMICALS

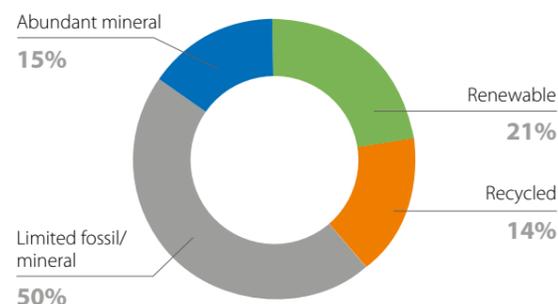
Ensuring the safety of our products starts with the purchase of raw materials and their subsequent processing and manufacture. We only use raw materials that have been specifically approved for purpose in our production, and we always check their safety and legal compliance. In this, we follow relevant legislation including the European Union's REACH regulations and building regulations. These regulations have been designed to protect public health and the environment by comprehensively identifying the safety properties of chemical substances and determining how chemicals can be used safely. The exact origin of our raw materials and chemicals used can be found in our Environment Product Declarations (EPD) which we have available for all of our products.

At Flooring Systems we adhere to our 'compliance-plus' program in relation to chemical safety by starting to in general limit and stop the use of all regulated substances. For this reason we have adapted our raw material policy not only limited to forbidden the use of category 1a and 1b regulated chemical substances, but also category 2 (suspicious chemical substances). We oblige our suppliers to comply with our requirements related to our raw material policy. One of the results of this policy is the change to non-phthalate plasticizers in all our vinyl and textile products, another one is that all our products now have low to very low TVOC emissions. Also easy to install loose lay solutions diminish the effect on the environment. Flooring Systems is committed to pursue this policy in the years to come to always guarantee safe products to our customers.

USE OF RAW MATERIALS

One important topic in the circular economy is the use of raw materials, in particular when they are scarce and are running a risk of depletion. Using natural resources which renew themselves and that can be harvested as annual crops are the preferred solution by far. The linoleum portfolio is made from natural resources and has a CO₂ neutral footprint when its cradle to gate stages are concerned. The breakdown of all our raw materials used for our products in 2021 is shown below. The higher sales lead to a slight rise in fossil/mineral use in 2021.

BREAKDOWN OF RAW MATERIALS USED 2021



LIFE CYCLE ASSESSMENT; MEASURING OUR SUSTAINABLE PERFORMANCE

Our first Life Cycle Assessment (LCA) was conducted in 1996 in cooperation with the Leiden University (Netherlands) and concerned our linoleum portfolio. At the time looking at the effects of the entire life cycle of a product to measure its environmental footprint was quite novel. Today LCA is a common way to assess the environmental impact of products, whatever they are. LCA calculations typically are made for an entire product category, such as linoleum, rubber or homogeneous vinyl. For each to so called impact categories are calculated and weighted this results in a ranking in which different types of products can be compared.

At Flooring Systems we use life cycle assessment (LCA) not only to identify, but also to continuously improve our sustainability performance. In addition while we perform our LCA calculations to international standards, we also believe that the element of human health and ecology should also feature in this assessment. In 2000, Flooring Systems was the first global floor covering company to commit to providing information about eco-toxicity and human toxicity impacts in our LCAs. In 2021, we remained the only flooring company in the world to include these impacts in our environmental product declarations. We use the internationally recognized USEtox method to calculate and assess our products' toxicity performance.

ENVIRONMENTAL PRODUCT DECLARATION

An environmental product declaration (EPD) presents quantified environmental data about a specific product. It is based on information from a LCA done for a product category. The following life cycle stages are assessed:

- Production stage (raw material extraction, transportation to manufacturing, and manufacturing)
- Transporting manufactured goods from factory gate to user
- Installation stage
- Use stage
- End-of-life stage

An EPD is transparent and specific, it communicates verifiable, accurate, and non-misleading environmental information for products and their applications. An EPD is third-party verified, and follows a uniform and internationally standardized format. EPDs are in increasing demand from architects and planners as they can be directly incorporated into sustainable building design tools, such as carrying out a building life cycle assessment. Flooring Systems continues to publish third-party certified EPDs for all of its individual floor covering products. By the end of 2021, 49 Flooring Systems products had been EPD certified and published. All the LCA calculations were third-party verified by UL Environment. www.forbo-flooring.com/epd.

Our EPDs are based on the so-called product category rules (PCR) set out in the EN-15804, EN-16810 and ISO-

14025 standards. Product category rules define how to conduct a LCA for a product group and what data to include in the resulting report, thereby supporting scientifically based fair choices and stimulating the potential for market-driven continuous environmental improvement.

In principle, the benchmark when using EPDs to compare products is the contribution they make to the environmental performance of a building. As a result, using EPD information to compare environmental performance with that of alternative floor covering products reflects a product's use in a building and the impact it has on the building.

SOCIAL EQUITY AND LABOR RIGHTS

Corporate sustainability starts with a company's value system and a principled approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence and know that good practices in one area do not offset harm in another. Supporting the UN global compact principles, Flooring Systems supports the 10 principles of the UN Global Compact, a United Nations initiative to encourage businesses worldwide to embed responsibility into business operations. We respect and promote these principles throughout our operations. The table below lists the 10 principles and specifies where information on them can be found in this report.

UNITED NATIONS GLOBAL COMPACT PRINCIPLES

Human rights	Page
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	27-28
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	27-28
Labor	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	27-28
Principle 4: Businesses should support the elimination of all forms of forced and compulsory labor.	27-28
Principle 5: Businesses should support the effective abolition of child labor.	27-28
Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation.	31-40, 43, 49-50
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	31-40, 43, 49-50
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	31-40, 43, 49-50
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	31-40, 43, 49-50
Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	31-40, 45, 55

ENGAGEMENT WITH THE COMMUNITY

Through proactive engagement, we locally support local economies and contribute to the social fabric of the local society. Flooring Systems understands that in order to operate in our communities, we must minimize any potential negative impact of our operations. We do this by operating transparently and communicating clearly with these communities, mitigating our environmental impacts where possible, monitoring our environmental performance, and engaging in community consultation. All our production units register and monitor complaints received from stakeholders in relation to that unit's environmental performance. This forms an integral part of their respective environmental management systems. In 2021, our factories kept a strict and successful COVID-19 regime in following local government measures, as such we helped keeping our employees, their families and our communities safe.

We believe it is good business practice to build meaningful, long-term relationships with employees, customers, suppliers, and communities. This is, and always has been, the founding principle of our commitment to social equity. Flooring Systems plays an active role in the communities in which we operate. We conduct a stakeholder and impact assessment analysis at all our operations as part

of environmental management, in accordance with ISO-14001. The fact that this management system is third-party-certified ensures improvement and development programs are ongoing.

WORLD GREEN BUILDING COUNCIL

For the year 2021, which was also the year of the COP 26 climate change meeting in Glasgow, Flooring Systems engaged itself with the World Green Building Council (WorldGBC) as a member of the Corporate Advisory Board (CAB).

Flooring Systems has a long standing relation with the WorldGBC and its national affiliated offices. We have taken care of the presidency of the organization for a number of years and have been founding members of Green Building Councils in Japan, India, Norway and Germany. Our involvement with the WorldGBC and our CAB concerned our engagement with the healthy buildings initiatives as well as striving for recognition of CO₂ neutral, and bio-based building materials to receive a higher recognition in the building and construction industry.

COVID-19

Also in 2021, COVID-related measures resulted in a limitation of local activities and social engagements.

CHARITY

Flooring Systems wants to make a sustainable contribution to improving people's quality of life. We therefore support various charity projects with products, expertise, and financial contributions.

The focus is on small, locally initiated projects and partnerships that are carried out locally by our sales and marketing organizations and the business units, where the local factories support the local community. Most of the support is delivered 'in kind', where it concerns donations of floor covering material for local community facilities such as sports, culture, and community buildings. Other donations are in small financial contributions and sponsorships. This we do for our own employees whenever they participate in charity events or those of our employees' children, who we support in their sponsored charity activities for local or national causes.

One particular occasion to mention is the unexpected and highly damaging water flooding in Western Germany, Eastern Belgium and Southern Netherlands region in the summer of 2021, where we contributed to the immediate care and rebuilding funds.

In 2021, we contributed to the construction of temporary test locations and vaccination centers to help fighting the COVID-19 pandemic.

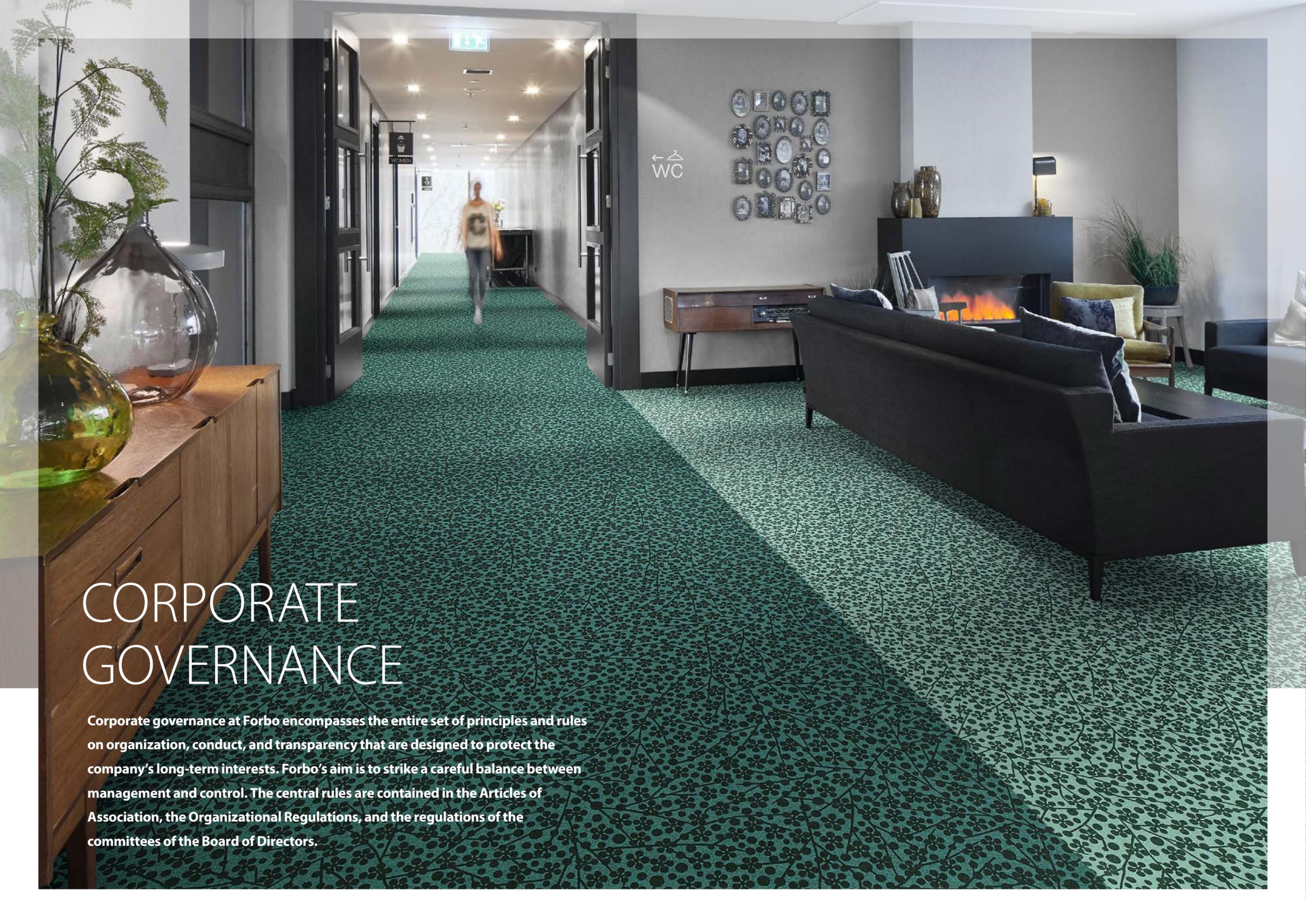
RONALD MCDONALD SPONSORSHIP IN HELSINKI

A special mention goes to the Ronald McDonald children's 'stay and play' location in Helsinki, in which Flooring Systems participated in the construction and interior design together with others. The relationship between Ronald McDonald and Flooring Systems is one that has been running for many years in various European countries.

CONTINUATION OF THE SANITATION AND WATER PROJECT (BANGLADESH)

Bangladesh and the Indian state of West Bengal together form the historic former state of Bengal, a distinct geographical and ethno-linguistic region in South Asia. Jute is an important crop for the farmers in this region, and the fibers of the jute plant are spun into yarn and woven into cloth locally; they are also used as backing for our linoleum products. Clean drinking water and good sanitation are essential for good health and preventing the spread of disease. In 2010, we started a project with our local supplier, Janata jute mills, to give everyone who works in the mill a domestic toilet, a water well for drinking water and in some cases both. In 2021 we continued our involvement in the region in making sure that our project was kept in good working condition.





CORPORATE GOVERNANCE

Corporate governance at Forbo encompasses the entire set of principles and rules on organization, conduct, and transparency that are designed to protect the company's long-term interests. Forbo's aim is to strike a careful balance between management and control. The central rules are contained in the Articles of Association, the Organizational Regulations, and the regulations of the committees of the Board of Directors.

The following information is set out in line with the Directive on Information relating to Corporate Governance (Directive on Corporate Governance 'DCG') and the relevant publications of the SIX Swiss Exchange.

The Forbo corporate governance report is available on our corporate website www.forbo.com/en/investors

ORGANIZATION OF SUSTAINABILITY

Our Sustainability Policy document, which is endorsed by the Flooring Systems' Executive Vice President, sets out the triple bottom line under which we strike a balance between the ecological, social, and economic aspects of sustainability, as described in this report. Our manufacturing plants comply with ISO-9001, ISO-14001 and SA8000 and our sales organizations comply with ISO-9001. As part of this, they are obliged to continually raise their sustainable performance by formulating annual programs for improvement. This practice is now captured in our sustainability 2025 program which is part of our Sustainability Strategy. Goal-setting and improvement are measured internally by our Vice President Business Development. Sustainability is one of the policies that translates in our areas of action program, and is a mandatory category for our business units and sales regions, to check the progress of the Sustainability 2025 program on a monthly basis. As a division we also set goals for our R&D departments regarding product improvement programs based on the three fundamentals of our Sustainability Policy.

Our sales regions concentrate on programs and pilots in which installation cut-off material and in some cases post-consumer used floors are retrieved and processed for recycling.

In 2021, we organized our first 'Sustainability Summit'. In this two day event the business units and sales regions exchanged the latest developments and achievements, and discussed the goals for 2022. In 2022, towards the end of the year, the Sustainability Summit will be repeated.

AREAS OF ACTION: SUSTAINABILITY CHAPTER

In 2020 Flooring Systems initiated a program under the name 'areas of action'. They concerned all activities and strategic goals that the individual Flooring Systems entities had set to complete within the calendar year. For 2021, the Sustainability 2025 program became part of the areas of action program. Topics in this chapter concern (amongst others): lowering emissions of our products and in total on site emissions, increasing recycled content in our products, reducing waste, employee engagement and promotion of our sustainable endeavor and contribution to the circular economy.

THE FORBO CODE OF CONDUCT

The Forbo Code of Conduct sets out our most important business principles and basic values. It is central to the way we protect and develop our reputation. It is founded on the principles of integrity, transparency, and fairness, and describes how we are to behave. It not only ensures compliance with the applicable laws and regulations wherever we do business, it also goes beyond compliance by demonstrating our commitment to acting ethically and with integrity in every situation, while at the same time respecting people's rights as individuals. We expect this of every single employee, everywhere, every day. We also expect this of all our business partners. High standards in our relationships are the foundation for lasting success.

Throughout the reporting year, we maintained our efforts to further develop our conscious awareness of what we do. We did this by again repeating and reinforcing awareness of the contents of the Code of Conduct, competition law, and anti-corruption principles, and through the uncompromising implementation of the risk management process. All were conducted via mandatory e-learning modules for our senior management and responsible employees.



THE FORBO WAY TO WIN

Forbo Group culture is embedded in the Forbo Way to Win (FWW) values program. This covers the entire organization and has been developed by the senior management of the two divisions, Flooring Systems and Movement Systems, and Forbo headquarters. The program has been rolled out

within the organization and today forms part of the induction program for new employees at Flooring Systems. In the Forbo Way to Win, we have defined three core values that each encompass three guiding principles:



INSPIRING

- Developing ideas and seizing opportunities
- Knowing what matters and focusing on it
- Raising enthusiasm and convincing others



DARING

- Taking bold and decisive action
- Giving our all with power and passion
- Achieving goals with determination and stamina



CARING

- Challenging and encouraging oneself and others
- Taking responsibility and making a difference
- Leading by example to shared success

ORGANIZATIONAL STRUCTURE

Our flooring products are divided into product categories that include linoleum, project vinyl (including acoustic vinyl, luxury vinyl tiles and ESD floor coverings), entrance flooring systems (textile as well as ridged), flocked flooring, carpet tiles, and needlefelt. The development and production of the product portfolio is managed in four separate business units: linoleum, vinyl, textile and building and construction adhesives. The sales and marketing organizations are divided in 4 regions: North Central Europe, Southern Countries, North America and Asia/Pacific. Business units and sales regions work together in a matrix structure. They are supported by a number of central functions such as Finance, IT, Global Procurement, Logistics, Quality, HR and Business Development.

CREATE, MAKE, SELL

The processes and strategy is developed according to the principles of 'creating products, making products and selling products'. Creation and production lies within the responsibility of the individual business units, whilst sales and marketing are the responsibility of the sales regions. Each one of the sales organizations defines the product mix for the country or region it represents, in a dialogue with the business units. The focus is to sell a segment-oriented product portfolio worldwide, with local adaptations.

MANAGEMENT TEAM

The Flooring Systems management is headed by Jean-Michel Wins as Executive Vice President. There are Vice Presidents for the four business units and the four sales regions. In addition there are Vice Presidents for Finance and IT, for Business Development as well as Directors for Global Procurement, Global Logistics and HR.



The 2021 Sustainability report is a publication of Forbo Flooring Systems. For any questions or remarks please contact question@forbo.com

creating better environments

forbo
FLOORING SYSTEMS