

SUSTAINABLE ENGAGEMENT

A responsible attitude towards the management of resources in all dimensions is one of the fundamental values at Forbo. We are committed to protecting the environment and continuously investing in a sustainable future. As a manufacturer and employer conscious of its responsibilities, Forbo sets very high standards for health, safety, the environment, and quality.

Social dimension

Forbo promotes a high-performance culture in order to meet the high demands of our customers and business partners as well as on the requirements we make of ourselves. This is why we promote the necessary capabilities and competences at all organizational levels, and support this internally with seminars and further training activities.

This means that the divisions provide internal training in a wide range of areas regarding products and applications, sales and marketing, finance, operations, pro-

ject management, strategy implementation, and Forbo's values. Continuous intensive training in the area of health and safety includes measures on topics of accident prevention, risk awareness, occupational health and safety, and general ongoing preventive measures.

At the Group level Forbo has established an internal management training program in collaboration with the University of St. Gallen, as well as other external partners and internal experts. This practice-oriented advanced training program for senior managers and persons in key positions consists of a first training week that includes various modules in areas ranging from management and sales to marketing and operations. A second training week expands on this and includes additional leadership modules, focusing on strategic implementation and leadership topics such as dealing with organizational and team changes as well as performance management.

Ecological dimension

Protection of the environment and the generation of ecological added value are important factors in all of Forbo's development and investment decisions. Our customers also demand efficient and sustainable products and services. Both divisions are meeting these



demands by offering purely natural products in their product portfolio.

With linoleum, Flooring Systems offers a floor covering made of 97% renewable raw materials of which 72% are renewable within ten years. Linoleum is made from the natural raw materials linseed oil, natural resin, wood flour and limestone as well as jute and pigments. A natural product through and through, which, in view of its long service life and positive ecological balance, is regarded as the most environmentally friendly resilient floor covering available. At the end of its long service life it can be composted, as it is 100% biodegradable. In addition to this, linoleum is made from about 45% recycled material, which lowers the consumption of primary raw materials accordingly.

Vinyl floor coverings receive their elasticity, pliability and flexibility from plasticizers. Flooring Systems is the leader in the use of phthalate-free plasticizers of the latest generation. They also contain up to 45% recycled material in the substrate layer. Within the framework of our 'back to the floor' program, we collect off-cuts of our vinyl coverings as well as waste material from our own production and put these back into the production of new coverings, for example for the substrate

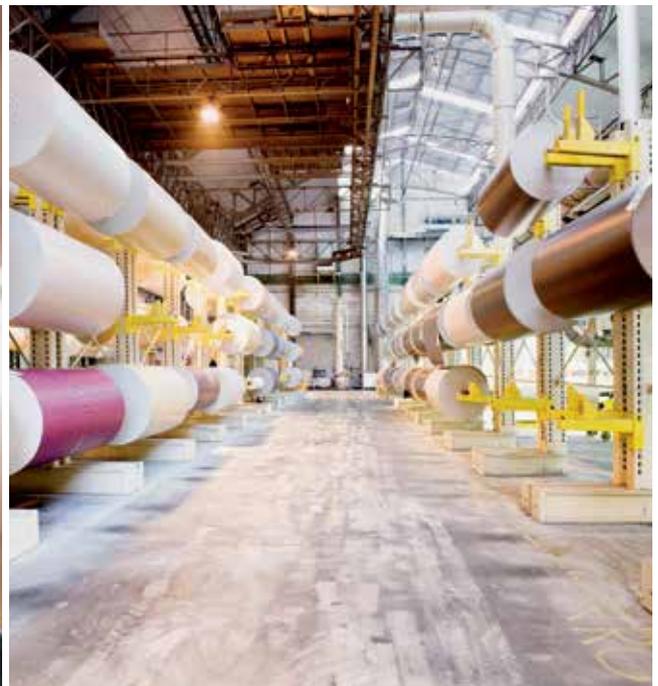
layer of carpet tiles and Flotex – the washable textile flooring.

The production of Flotex was switched over to completely phthalate-free materials in the reporting year. The proportion of recycled material used in the manufacture of linoleum and needle felt floor coverings was increased.

Flooring Systems gets 100% of the electricity used at its production locations from renewable energy sources.

With the BioBelt, Movement Systems is the first ever conveyor belt manufacturer to develop a biodegradable conveyor belt whose physical and dynamic properties are equal to standard belts. The same applies to its performance and long service life. In BioBelt products, oil-based raw materials and synthetic-technical materials have been largely substituted by materials from renewable, plant-based raw materials.

In order to maximize environmental compatibility and at the same time increase the product advantages, Movement Systems had patented a special coating (AmpMiser) that significantly reduces the friction be-



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tween the underside of the belt and the slider bed compared with conventional conveyor belts. In the year under review, Movement Systems launched a new generation of these energy-saving conveyor belts that are even more efficient. Conveyor belts coated with AmpMiser display their advantages most clearly where goods are being continuously conveyed and many belts are in use, for example at airports or in logistics and distribution centers. For this type of application, energy savings of up to 50% are achieved for the overall systems.

We have also made it our aim to continually make our own activities more sustainable and efficient. We do this by using less material and energy to realize equivalent or even better solutions. Both divisions are working constantly on the optimization of production processes in terms of water and energy consumption, reduction of emissions, reuse of heat generated in the production process, and in the reduction and the efficient recycling of waste material in order to reduce the burden on the environment. A wide range of certifications confirm these efforts. At the same time, we are working on innovative ideas regarding the materials used in the production process as well as new application techniques.

FLOORING SYSTEMS

Floor coverings are part of our everyday lives and define our living, leisure, and working space. Whether as a direct end customer, builder of a major project, architect or installer, for every stakeholder group the issue of sustainability plays an important role in the decision-making process. This is why it is important for Flooring Systems to differentiate itself from its competitors with comprehensible and convincing arguments, including in terms of sustainability.

With the new approach 'Committed to the Health of One' Flooring Systems wants, alongside a fully transparent product declaration, to highlight the sustainability features more clearly than up to now and place them in correlation to each individual. By 'health' we mean all-round physical, mental and social well-being, and by 'one' we mean persons as well as companies, the environment, organizations, customer segments, etc. In this way, the relevant product properties and explicit differentiation features are emphasized for each stakeholder group. In the reporting year, the focus was on analyzing the effects of allergens. This led to appropriate product improvements, an engagement which was recognized by the award of various certificates.



MOVEMENT SYSTEMS

Movement Systems' resource management is based on the continuous improvement of consumption efficiency by the development and the targeted implementation of measures for the optimization of electricity, gas, oil and water consumption. Alongside ongoing energy-saving measures, energy recovery is an important factor, i.e. the use of energy released in the downstream incineration plant for the purposes of heating and/or power generation. In order to reduce water consumption and avoid unnecessary waste, Movement Systems is increasingly using closed water circulation systems. Some of the waste water can be used in another production step in order to minimize water requirements. The reduction and productive reuse of waste material is increasingly the focus of Kaizen and sustainability initiatives. Cut-offs from the belts we produce in certain countries are sold to other companies to be reused in their production. The locations in North America collect sanding dust in filters which is then processed as material by external partners in their production. Some of the waste from plastic modular belts and polyurethane cut-offs is recycled back into our own production.

Economic dimension

As a listed company, Forbo also engages intensively with the economic dimension of sustainability. Compliance is enormously important for the reputation and positioning of a company. We are successful as a company when we meet the expectations of customers, when employees are enthusiastic and committed, and when we create added value in the long term for our shareholders.

In the reporting year we constantly maintained our efforts in terms of a conscious attitude to what we do by reinforcing awareness, particularly regarding the contents of the code of conduct (by means of an e-learning module), as well as competition law and anti-corruption principles, and the uncompromising implementation of the risk management process.

