

SUSTAINABILITY REPORT 2023 FORBO GROUP

flooring. movement.



SUSTAINABILITY REPORT

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INTRODUCTION



The sustainable production of environmentally friendly products has long been an integral part of our strategy. In the coming years, we will continue to implement further optimizations in this regard along the entire value chain and expand our product portfolio with additional environmentally friendly products.

**‘Committed to sustainability
for almost 100 years’**

Consistently sustainable

Sustainability has a long tradition at Forbo. We have been producing linoleum, a biodegradable floor covering made almost exclusively from renewable raw materials, since 1928. Our linoleum has a negative CO₂ balance (cradle to gate) and is, therefore, climate-positive without purchasing compensation certificates.

Over the past 20 years, we have reduced our CO₂ emissions (Scope 1 and 2) per square meter of flooring produced by 53%. We have continuously increased the proportion of recycled raw materials in our floor coverings. We are now also developing belts with recycled PET content. With a specially coated conveyor belt, we enable our customers to save up to 50% of energy in their applications.

With our environmentally friendly and durable products, we can offer our customers a wide range of solutions and actively support them in their sustainability ambitions.

The preservation of the environment and the generation of ecological added value are essential decision-making factors in our developments and investments. We continuously optimize our production processes to reduce emissions, water, and energy consumption, reuse heat generated in the production process, and reduce or recycle waste material. In this way, we actively contribute to minimizing the impact of our business activities on the environment.

Acting in an economically sustainable and responsible manner is of central importance to us. Our fundamental business principles and values, based on the ‘Forbo Way to Win’ and the Code of Conduct, support our ambition to create long-term added value for all stakeholders.

We will resolutely pursue our efforts and continue to invest in optimization projects that will enable us and our society to have a more sustainable future.

The Board of Directors of Forbo Holding Ltd approved the 2023 Sustainability Report.

Thorsten Schneider
Chairman of the
Board of Directors

Jens Fankhänel
Chief Executive Officer

KEY ACHIEVEMENTS/ HIGHLIGHTS 2023



TÜV Rheinland has certified that the AmpMiser conveyor belt can achieve energy savings of up to 50%



94%

In Flooring Systems, 94% of the electricity used comes from sustainable sources

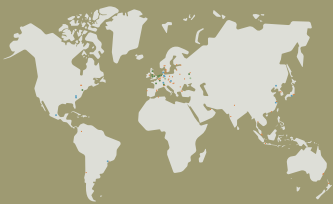
36%

Flooring Systems has reduced its Scope 1 and 2 CO₂ emissions by 36% since 2019



marmoleum®
climate positive
CRADLE TO GATE

Our linoleum is no longer just climate-neutral, but now climate-positive (cradle to gate)



Flooring Systems' 'back to the floor program' (take-back and recycling of floor coverings) introduced in 13 countries



The newly developed Transilon conveyor belt 'ecofiber' uses a tension member material made of recycled PET

50%

The average proportion of natural, recycled, or abundant materials in our floor coverings is 50%



Movement Systems has installed numerous photovoltaic installations at several plants

Environmentally friendly products

As a leading producer of floor coverings, building and construction adhesives, as well as belts for power transmission and lightweight conveyor belt technology, with an international network of 25 production sites and 6 fabrication centers, we offer exceptionally environmentally friendly and durable products in both divisions. This means we can offer our customers a wide range of solutions in all regions and actively support them in their sustainability ambitions:

Flooring Systems

- Forbo has been producing linoleum, a floor covering that consists of more than 97% renewable raw materials and is biodegradable, since 1928. Today, our linoleum not only combines ecological values with modern design, but is also carbon negative (cradle to gate), without offsetting. With a market share of around 70%, Flooring Systems is the global market leader in linoleum.
- Vinyl floor coverings acquire their elasticity, pliability, and flexibility from plasticizers. We use phthalate-free plasticizers of the latest generation. In 2023, the recycled content across our entire vinyl product portfolio increased to 18%. The Colorex Plus collection even contains 69% recycled content. Our homogeneous vinyl floor coverings are also particularly suitable for recycling at the end of their life cycle and thus contribute to the circular economy.
- The fibers used for Tessera Create Space 1 carpet tiles are produced using ECONYL® yarn, which is made from 100% recycled materials. In 2023, the recycled content across our entire textile product portfolio was 45%.
- The raw materials used to produce our floor coverings consist of 50% natural, recycled, or abundant materials.

Movement Systems

- With our Sustainable Performance belts, we actively support customers in reducing energy consumption when operating their systems. These belts also allow for reduced-noise operation, which benefits their employees.
- Our BioBelt is the world's first conveyor belt that consists of at least 20% renewable raw materials and is comparable to standard belts in terms of its physical and dynamic properties.
- The AmpMiser conveyor belt significantly reduces the friction that occurs when operating the systems, which allows customers to achieve up to 50% savings in operating energy.
- We have developed conveyor and process belts with tension members made of recycled PET.

Specialized production know-how

As a leading manufacturer, we develop and produce a large part of our entire product portfolio ourselves. We have an in-depth understanding of a wide range of customer needs. This enables us to continually develop innovations with corresponding added value. We have highly specific expertise in development and production, which enables us to offer environmentally friendly products with unique selling propositions. In our production processes we focus on reducing emissions as well as water and energy consumption, reusing heat generated, and reducing or recycling waste material. In this way, we actively contribute to reducing the impact of our business activities on the environment.

>97%

of our linoleum is made from renewable raw materials

45%

is the average recycled content in our textile floor coverings

FOUNDATION

Group Sustainability Report

This is the first Sustainability Report Forbo has published that covers the activities of the Group as a whole. Our two divisions have been publishing independent Sustainability Reports for several years, with Flooring Systems doing so since 2005. The content of the reports has been continually expanded over time.

The divisions, with their various products and services, operate in different business areas and their respective stakeholders have different requirements. Therefore, they will continue to publish separate, detailed Sustainability Reports in addition to the Group Sustainability Report. In this way, we can address the transparency demands of all stakeholders.

The present sustainability report meets the legal requirements of general reporting on non-financial matters (Article 964a-c of the Swiss Code of Obligations) as well as due diligence and reporting (Article 964j-l of the Swiss Code of Obligations). At the same time, the report reflects our concepts and ambitions in relation to ESG – Environmental, Social, and Governance. The latter aspect is dealt with in the separate Corporate Governance report (starting on page 81 of this Annual Report).

We aim to anticipate new reporting requirements at an early stage. In addition, we are continually working to expand our reporting to communicate our sustainability efforts, successes, and ambitions to all stakeholders.

Sustainability Reports of our two divisions

This standalone report does not address all of the sustainability aspects discussed by our two divisions in their Sustainability Reports. Both reports containing detailed information can be found on our website at the following link:

→ www.forbo.com → Sustainability



Sustainability Reports

Code of Conduct

Likewise, this standalone report does not address all aspects of our Code of Conduct. The full Code of Conduct can be found on our website at the following link:

→ www.forbo.com → Sustainability



Code of Conduct

Organization

The Strategy and Sustainability Committee of the Board of Directors (SSC) advises and supports the Board of Directors in the strategic development of the company on the one hand and, on the other hand, the SSC suggests to the Board of Directors priorities for relevant sustainability issues in the areas of Environmental, Social, and Governance (ESG).

The SSC meets at least twice a year. The Chairman of the SSC reports at the meetings of the Board of Directors on the activities of the committee and the opinions and recommendations of the SSC.

The Executive Board implements the priorities defined by the Board of Directors. It addresses relevant sustainability issues at its regular Executive Board meetings, including the respective sustainability strategies, ambitions, and activities proposed by the divisions.

The Corporate Sustainability Officer actively leads and manages the various sustainability initiatives and activities of the divisions and the Group. He reports directly to the Chief Executive Officer.

In each of the two divisions, divisional management forms the steering committee for sustainability issues. Both divisions each have a Sustainability Officer.

Materiality analysis

To align our ambitions in the area of sustainability with the expectations of our stakeholders, both divisions regularly conduct materiality analyses.

The key topic areas are identified as part of an evaluation of the significance of individual sustainability issues from the perspective of various stakeholders and in the course of an assessment of the impact of our business activities on the environment and society.

The materiality analyses of the two divisions are assessed and consolidated at Group level. The most important substantive focus topics are:

- Responsible sourcing of sustainable raw materials for sustainable products and services
- Resource and energy efficiency
- Quality of products and services
- Transparency in environmental matters
- Health and safety of employees

This report shows how we address these and other topic areas.

Report scope

Unless otherwise stated, the environmental data published in this report applies to all Flooring Systems' production sites for floor coverings and building and construction adhesives and the production sites of Movement Systems, which together account for approximately 95% of the production volume, as well as the fabrication centers. The sales offices and warehouses of our two divisions were not included. The units included in the scope of the report are considered to be the most significant in terms of the environmental impact of our business.

Unless otherwise stated, the data published in the Social section of this report covers all our locations, including sales offices and warehouses.

Movement Systems' joint venture companies in Brazil and Chile were not included.

Standards used and memberships/partnerships

This report was prepared in reference to the guidelines of the internationally established standard of the Global Reporting Initiative (GRI).

CO₂ emissions are calculated in accordance with the standards of the Greenhouse Gas Protocol, the global standard for calculating greenhouse gas emissions.

The Life Cycle Assessments (LCA) of Flooring Systems were developed in the year 2000 in cooperation with Leiden University in the Netherlands. Today's LCA calculations comply with international standards. Flooring Systems' Environmental Product Declarations (EPD) conform to the internationally standardized format and are verified by UL Environment. The EPDs are based on so-called Product Category Rules (PCR) defined in EN 15804, EN 16810, and ISO 14025 standards. The LCA calculations and EPDs guarantee full transparency regarding the life cycle of the products.

Our quality management system according to ISO 9001 is certified at all of Flooring Systems' major production sites. The main production sites of Flooring Systems and numerous sites of Movement Systems have ISO 14001 environmental management certification. Several sites of Movement Systems have EN ISO 50001 certification (energy management). Flooring Systems has implemented SA8000 (Social Responsibility Management System) in its production facilities.

Both divisions maintain various memberships and partnerships. They each report on this in detail in their respective sustainability reports.

Flooring Systems and Movement Systems contribute to the following Sustainable Development Goals of the United Nations (The 17 Global Goals): 3 Good Health and Well-Being; 5 Gender Equality; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action; 15 Life on Land; 17 Partnerships for the Goals.

Data collection

We have been collecting various environmental and social data for many years. The collection of relevant data has been gradually expanded in recent years. For example, in 2023, Scope 3 emissions data from the building and construction adhesives business and the Movement Systems division were collected for the first time.

When preparing this report, we take the greatest possible care with regard to data quality. Despite all efforts to ensure accuracy and completeness, inaccuracies cannot be completely ruled out.



DESCRIPTION OF THE BUSINESS MODELS

Two well-positioned divisions

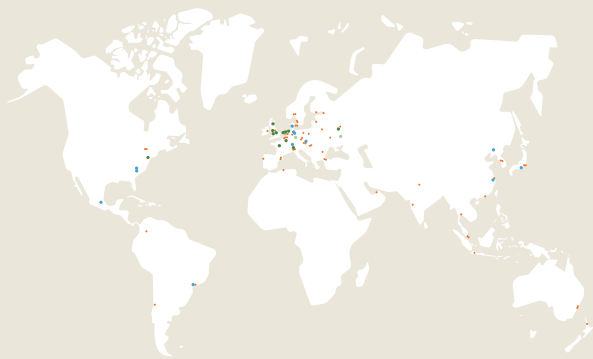
Forbo is a leading producer of floor coverings, building and construction adhesives, as well as power transmission and conveyor belt solutions. Flooring Systems and Movement Systems occupy leading market positions. They operate in various business areas with their products and services and serve customers in different segments.

Global reach

Forbo operates worldwide. The Group's global reach means that it is close to attractive markets, making Forbo the first choice as a local partner for customers that have similar global requirements.

Flooring Systems has 15 production facilities in 7 countries and sales companies in 27 countries – with sales organizations in Europe, North, Central, and South America, as well as Asia/Pacific.

Movement Systems has 10 production facilities and 6 fabrication centers in 9 countries as well as sales organizations in 32 countries – with over 300 sales and service points worldwide.



Products, markets, and sales channels

Both divisions maintain direct relationships with their customers. The relationships are often long term in nature.

Flooring Systems

In the direct business of Flooring Systems, we can position our range of floor coverings for commercial use directly to the relevant decision-makers (architects, project planners, general contractors, builders, etc.). There is also an international network of specialized distributors.

The product portfolio includes environmentally friendly and natural linoleum, high-quality homogeneous and heterogeneous vinyl floor coverings, ESD flooring solutions, entrance flooring systems, carpet tiles, needle felt, and Flotex, the washable high-tech textile flooring. We offer our floor coverings in different formats and with a wide range of installation options.

Under the brand name Eurocol we also produce ready-made adhesives for flooring installations, parquet, and ceramic tiles, as well as leveling compounds for the construction industry and liquid floors, sold primarily through a network of distributors.



Two
divisions

Movement Systems



Flooring Systems



Movement Systems

Movement Systems has direct contact with OEMs and end customers around the globe.

Movement Systems holds a leading position worldwide as a provider of high-quality conveyor and processing belts, plastic modular belts, first-class power transmission belts, as well as timing and flat belts made from synthetic materials. These products are known under the brand name Siegling.

They are used in a wide range of applications in industry, trade, and logistics, including conveyor and processing belts in the food industry and in various logistics applications, as treadmill belts in fitness studios, and flat belts in mail distribution centers.

Differentiating factors

Positioning of Flooring Systems

With our distribution model and the associated access to decision-makers, we can optimally position our offering. We maintain long-term customer relationships. Our in-depth market knowledge and close customer relationships mean that we understand the needs of both customers and the market. We develop innovative, design-oriented, high-quality, and sustainable products with unique selling propositions. We have a diversified customer base in various industries, segments, and regions.

Positioning of Movement Systems

We have distinctive and broad application expertise as well as an in-depth understanding of a wide range of customer needs. This enables us to regularly develop innovations with corresponding added value. Our direct access to OEMs and end customers enables us to develop tailored solutions and promote repeat replacement business. We serve our customers globally and locally through over 300 sales and service points around the globe. We have a broadly diversified customer base in all regions, covering a wide variety of industries and segments.

Sustainability – a crucial success factor

An ever-increasing number of our customers at Flooring Systems have engaged us in an intensive dialog about sustainable solutions for many years. In Movement Systems we are also noticing increasing demand for topics related to sustainability. The dialog with our customers allows us to align our offering not only to current but also to anticipated demand.

We can also rely on our specialized production know-how.



ENVIRONMENT

The responsible use of resources is very important to us. We are committed to protecting the environment and investing in optimization projects that contribute to a more sustainable future for us and society at large.

Both divisions offer a series of environmentally friendly products. This enables our customers to operate more sustainably in their activities. Together we are contributing to a more sustainable use of resources.

Protection of the environment and the generation of environmental added value are important factors in our development and investment decisions. We work constantly on optimizing our production processes to reduce emissions as well as water and energy consumption, reuse heat generated in the production process, and reduce or recycle waste material. In this way, we actively contribute to reducing the impact of our business activities on the environment.

Environmental concepts of our divisions

Raw materials used in production companies have a major influence on the environmental pollution emitted. We are constantly developing new products and optimizing existing products to improve properties and minimize the ecological footprint. We also work closely with our suppliers.

The use of natural resources that are renewable and regenerative is our preferred solution. We also attach great importance to the use of recycled raw materials, which means we actively contribute to the circular economy.

We want to consistently reduce the proportion of non-renewable raw materials and virgin raw materials.

In addition, we have already set up systems in various countries for taking back end-of-life products. Where possible, we separate and reuse the materials we take back.

The development and manufacture of high-quality products is one of our key success factors. The production technologies deployed at our 25 production sites have a decisive impact on the environment.

We reuse resources wherever possible, for example heat generated in the production process, water consumed, and scrap material.

When purchasing energy, we rely largely on renewable resources, but we also produce renewable energy ourselves at various locations.

We will systematically pursue these efforts and continue to invest in optimization projects that contribute to a more sustainable future for us and for society at large.

We measure and document our progress and act transparently in publishing the data. Our past progress in the field of sustainability confirms the effectiveness of our concepts and associated actions.

Greenhouse gas emissions

The CO₂ emissions recorded below were calculated in accordance with the criteria of the Greenhouse Gas Protocol, the global standard for calculating greenhouse gas emissions.

Scopes 1, 2, and 3

Scope 1 includes emissions generated directly within the company. Scope 2 records indirectly generated emissions that arise from purchased energy. Scope 3 covers all other indirect emissions in the upstream and downstream value chain (e.g., emissions occurring from the production of raw materials we purchase, from the use of our products during their service life, from the disposal of our products at the end of their service life, etc.).

Greenhouse gas emissions are expressed in tonnes of carbon dioxide equivalents (CO₂e), i.e. the amount in tonnes of CO₂ emissions with the same warming potential as one tonne of another greenhouse gas.

Greenhouse gas emission intensity

Greenhouse gas emission intensity measures Scope 1 and 2 CO₂ emissions (in kilograms) per square meter of flooring produced or per square meter of belt produced.

Greenhouse gas emission intensity, Scope 1 and 2	2023	2022	Change over previous year
Kilograms			
Emissions per square meter of flooring produced	0.77	0.79	– 3%
Emissions per square meter of belt produced	6.91	not comparable	

Flooring Systems was able to further reduce greenhouse gas emission intensity in 2023 (–3%). Over the last 20 years, there has been a 53% decrease. The greenhouse gas emission intensity of the production of building and construction adhesives is not taken into account because it is relatively low, owing to the manufacturing process. In 2023, Movement Systems adapted data collection for Scope 1 and 2 emissions to international standards, which is why no comparison with the previous year is available.

Consolidated greenhouse gas emissions

Scope 1 and 2 emissions	2023	2022	Change over previous year
Tonnes			
Flooring Systems	34,463	41,368	– 17%
Movement Systems	33,840	not comparable	
Total	68,303	not comparable	

Flooring Systems further reduced its Scope 1 and 2 emissions (–17%). In 2023, Movement Systems adapted data collection for Scope 1 and 2 emissions to international standards, which is why no comparison with the previous year is available.

Scope 3 emissions	2023	2022	Change over previous year
Tonnes			
Flooring Systems	388,173	not comparable	
Movement Systems	81,157	not comparable	
Total	469,330	not comparable	

The methods for calculating Scope 3 emissions were adjusted by Flooring Systems in 2023. In addition, Scope 3 emissions resulting from the building and construction adhesives business were recorded for the first time by Flooring Systems. Movement Systems calculated Scope 3 emissions for the first time in 2023. Accordingly, no comparison with the previous year is available.

Energy

Energy intensity

Energy intensity measures the energy required (in megajoules) per square meter of flooring produced or per square meter of belt produced.

Energy intensity	2023	2022	Change over previous year
Megajoules			
Energy requirement per square meter of flooring produced	19.7	20.0	– 2%
Energy requirement per square meter of belt produced	75.4	not comparable	

Flooring Systems was able to further reduce energy intensity in 2023 (–2%). The energy intensity of the production of building and construction adhesives is not taken into account because it is relatively low, owing to the manufacturing process. Movement Systems adjusted the calculation in 2023, which is why no comparison with the previous year is available.

Energy consumption and energy mix

Energy consumption and energy mix	2023	2022	Change over previous year
Gigajoules			
Flooring Systems			
Electricity from renewable sources	303,608	350,294	– 13%
Electricity from non-renewable sources	19,044	19,303	– 1%
Gas	554,375	674,456	– 18%
Biogas	10,437	10,221	2%
Diesel and oil	9,860	11,793	– 16%
District heating and self-generated electricity	5,477	4,356	26%
Total	902,801	1,070,423	– 16%
Movement Systems			
Electricity from renewable sources	31,412	26,137	20%
Electricity from non-renewable sources	107,406	120,978	– 11%
Gas	208,139	236,305	– 12%
Biogas	–	–	–
Diesel and oil	23,262	18,541	25%
District heating and self-generated electricity	–	–	–
Total	370,219	401,961	– 8%

Around 94% of the electricity used at Flooring Systems production sites comes from renewable sources. Movement Systems slightly increased the comparatively low share of electricity from renewable sources in 2023.

Water

The manufacturing processes for our products in both divisions are not water-intensive. An exception is the building and construction adhesives business, where water is a component of many products. We are continually working to reduce our water consumption.

Many locations have closed-circuit water systems. Individual raw materials that we purchase from our suppliers require water for manufacture, for example during the growth of natural raw materials.

Movement Systems develops belts that require less water to clean during use. In this way, we actively support our customers in their ambitions to use less water.

Scrap material

Scrap material and waste

Scrap material and waste	2023	2022	Change over previous year
Tonnes			
Flooring Systems			
Recycled	23,308	23,410	– 0%
Disposed	7,215	6,853	5%
Total	30,523	30,263	1%
Movement Systems			
Recycled	828	106	> 100%
Disposed	3,769	5,201	– 28%
Total	4,597	5,307	– 14%

An important goal of all of our production facilities is the reduction of scrap material and waste. We have also developed processes to reuse such materials to some extent and thus minimize consumption. At Flooring Systems, around 76% of scrap material and waste is recycled. At Movement Systems the figure is around 18%.

We are also actively committed to the circular economy system. For further information, see the section 'Circular economy' on page 65 of this report.

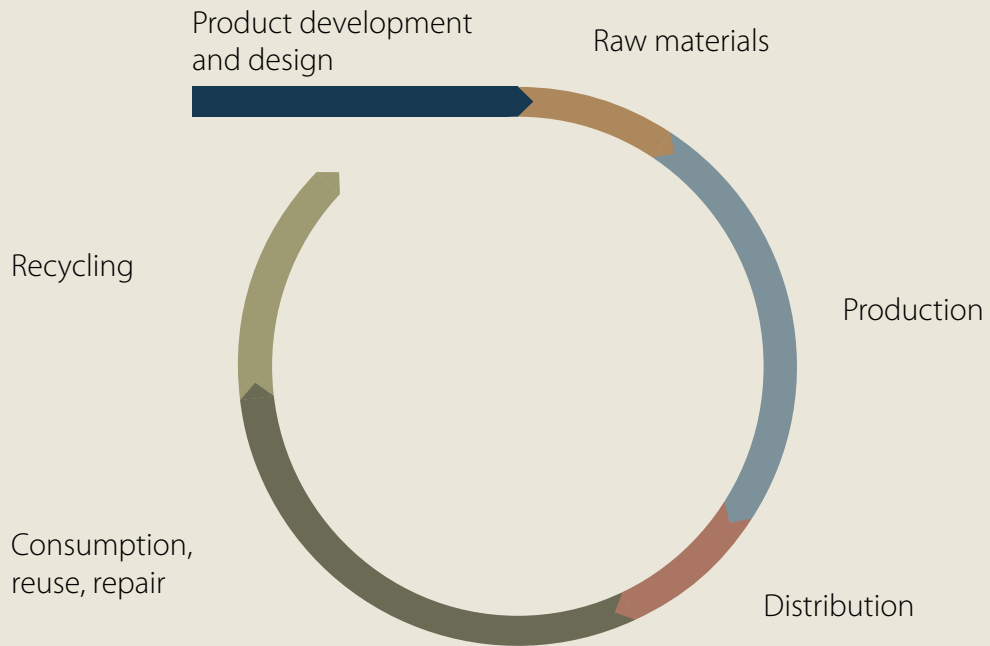
Raw materials

Raw materials used in production companies have a major influence on the environmental pollution emitted. The use of natural resources that are renewable and can be harvested annually is therefore our pre-

ferred solution. The use of recycled raw materials is also becoming increasingly important, however. We are constantly developing new products and optimizing existing products to improve properties and minimize the environmental footprint. We also work closely with our suppliers.



Circular economy



A circular economy can be defined as a system that focuses on the reusability of products and raw materials and the use of renewable resources, thus minimizing the loss of value in the overall system. In order to make this happen, the circular economy requires focus on the design of the product to allow better reuse, repair in the reuse phase, and the recycling of installation waste and end-of-life products. In the circular economy model there are two loops, each operating in its own area – one with technical materials and the other with bio-based materials. Bio-based materials are materials based on renewable raw materials. They often follow the strategies of the technical material loop, considering that bio-based products can also be redesigned, reused, and recycled.

With the natural raw materials we use and the recycled raw materials we employ, we actively contribute to the circular economy. We want to consistently reduce the proportion of non-renewable raw materials and virgin raw materials. Also important are homogeneous products (such as our homogeneous flooring, our plastic modular belts, and our homogeneous belts) because they are easier to recycle.

In addition, Flooring Systems has already established processes for taking back end-of-life products in various countries as part of the Back to the Floor recycling program. In 2023, we took back 250 tonnes of material. Where possible, we separate and reuse the materials we take back. 'going round, moving forward' is the guiding principle of Flooring Systems' sustainability approach. This is linked to the determination to align our activities even more closely with a circular economy.

**GOING
ROUND**
MOVING FORWARD

Significant environmental risks

The most significant environmental risks arise in the production of our raw materials, to a much lesser degree during the processing of raw materials in the manufacture of our products, and to a significant degree again when our products reach the end of their life cycle.

As detailed in this report, we reduce associated risks through many initiatives across the value chain.

Ambitions

Our ambitions in the area of sustainability concern improvements in all relevant areas of our company, in the upstream value chain, during usage, and at the end of the life cycle of our products. We constantly face up to the changing challenges in all areas.



Goals

We are committed to pursuing our efforts with the same resolve that has already seen both divisions achieve considerable success. We have set ourselves the following goals:



To continue building on our track record in reducing CO₂ emissions

Over the last 20 years, we have reduced our CO₂ emissions (Scope 1 and 2) per square meter of flooring produced by 53%.



To significantly increase the take-back of end-of-life products

We have already established processes in a number of countries for taking back end-of-life products.



To make our contribution to achieving a society with net-zero greenhouse gas emissions

We aim to achieve this goal through our own efforts and, as much as possible, avoid purchasing offset certificates.



To be a promoter of the circular economy

We want to consistently reduce the proportion of non-renewable and non-recycled raw materials.



To further increase the proportion of recycled materials

The average proportion of natural, recycled, or abundant materials in our floor coverings is already 50%.

SOCIAL

As a global company, social responsibility and acting morally and within the law are fundamental principles for Forbo. Our corporate culture with the Code of Conduct and the Forbo values, together with our commitment to our employees and the community, are important components of this aspect of sustainability.

Employees

Our employees are Forbo's most important ambassadors. They represent Forbo in daily contact with customers and many other stakeholders. It is therefore important at all levels of the organization to understand what the company stands for, what it wants to achieve and how employees can contribute to this in their respective areas of work. Accordingly, we communicate regularly both globally and locally using different formats, presentations, and meetings. Together with our employees, we create a working environment that motivates, opens up perspectives, and encourages and challenges employees according to their skills and interests.

Corporate culture

Forbo's corporate culture is based on our strategic principles, our Code of Conduct, and our corporate values. It represents our ambitions, what makes us successful, and how we work together. It promotes a company-wide, success-oriented culture of ideas and solutions that is based on shared values and leads to verifiable success. The Forbo brand stands for our values, our standards, and our performance and creates identification among all stakeholders. The quality, longevity, and performance of our sustainable products and services reflect the quality and stability of our relationships with our employees and our business partners.

Our Code of Conduct

Forbo aims to be a role model for ethical, sustainable, and socially responsible business practices. The Code of Conduct achieves this goal with specific content and offers definitive and binding guidance. It contains our most important business principles and values. It is central to how we protect and develop our reputation. It is based on the principles of integrity, transparency, and fairness and describes the way we act. It demonstrates our commitment to acting ethically and with integrity in every situation while respecting the rights of the individual. We expect this from every employee as well as from our business partners. High standards in our business relationships are the foundation for ongoing success.

In order to fully live up to these business principles and values, Forbo offers the opportunity to report any compliance issues to the Corporate Compliance Officer via Forbo's Integrity Line.

Corporate values

Forbo maintains a high-performance culture that meets the exacting demands of our customers and business partners as well as our own expectations. We therefore promote appropriate skills and compe-

tencies at all organizational levels. To identify a strong and comprehensive value culture and to promote a sense of community across the entire Group, we have defined three core values under the 'Forbo Way to Win' as guiding principles:



Caring	Inspiring	Daring
Challenging and encouraging oneself and others	Developing ideas and seizing opportunities	Taking bold and decisive action
Taking responsibility and making a difference	Knowing what matters and focusing on it	Giving our all with power and passion
Leading by example to shared success	Raising enthusiasm and convincing others	Achieving goals with determination and stamina

These values serve as a reference system for employees, helping them make decisions, guiding their behavior and actions, and building trust and mutual appreciation. They foster a sense of community that promotes loyalty, taking on responsibility, and thus contributes to long-term cooperation. Our employees are convincing ambassadors for our company and the Forbo brand.

Our values are integrated into the feedback and annual review processes and, in addition to introductory training, play a significant role in employee and management training.

Attractive employer

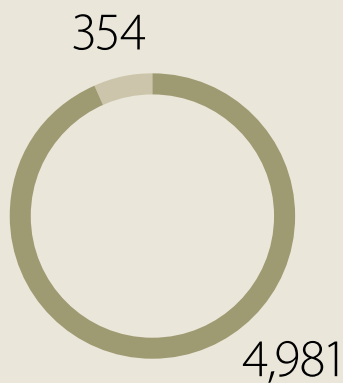
Employees with specific know-how, good training, motivation, and commitment are crucial to our success. Physical and psychological well-being at work is a fundamental requirement in this regard. All employees should feel equally valued and supported in their diversity and be able to develop their potential in the company without any discrimination. Forbo offers local and international career opportunities where craft skills, engineering, design, and sales find common ground. The company offers hybrid and part-time working models, invests in numerous training and education programs, and promotes health in the workplace.

Forbo works closely with local universities in many countries; at Flooring Systems often with aspiring designers and architects, at Movement Systems with graduates of technical or chemical faculties or applica-

tion-specific vocational courses. Forbo cares about the training of young, motivated school leavers. A basic principle applying to the recruitment and promotion of trainees is that the apprenticeships offered by Forbo are open to all applicants, irrespective of gender, and the same requirements are placed on everybody. We offer trainees the foundation for a professional career in mostly commercial, industrial, or technical areas. Another important task is to ensure continuity through the transfer of know-how and experience assimilated over the years by the older generation for the benefit of younger recruits.

Potential employees are primarily addressed through the various digital channels. It is important to us to maintain a healthy balance between long-standing, highly experienced, valued, and motivated employees and new team members who inspire others with new ideas, challenge existing procedures and processes, and thus contribute to the continued development of our company.

Employees



- number of full-time employees
- number of part-time employees

Continuous development of our employees

Sustainable growth is closely linked to highly trained staff and utilization of employee potential. A cooperative leadership style, targeted development, and individual functional training programs as well as management and leadership programs promote commitment and support the continued development of the company.

We therefore promote appropriate skills and competencies at all organizational levels and support this internally through training and educational activities. We do this in different ways, through e-learning, internal and external webinars, and face-to-face events. The divisions provide internal training in a wide range of areas covering products and applications, sustainability, sales and marketing, finance, operations, software application programs, project management, strategy content and implementation, as well as instruction in Forbo's values. Continuous, intensive training in health and safety includes measures relating to accident prevention, risk awareness, and occupational health and safety.

Regular training on the Code of Conduct, competition law, the fight against corruption, respectful behavior, and various topics relating to IT security and data protection is provided across the entire Group. A module on respectful behavior addresses and raises awareness of subjects including discrimination, bullying, and sexual harassment in the workplace.

Alongside these diverse activities, we support and coordinate regular feedback and development discussions, actively promoting the personal and professional development of employees across all fields of activity, functions, and age groups.

At Group level, Forbo offers 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 further training program for various management levels and people in key positions comprises different weekly training sessions with modules from the areas of leadership, management, sales and marketing, as well as operations. They focus on areas of strategy implementation and leadership in combination with appropriate tools to facilitate communication and collaboration in international, culturally diverse teams.

In addition, we offer external training courses tailored to the individual needs of selected employees.

In 2023, we invested CHF 1.5 million in third-party costs for the training and continuing education of our employees.



Number of positions filled internally at senior management level

Number



Versatile career prospects for specialists and managers

Forbo offers new recruits a wide range of career prospects and development opportunities. In addition, we aim to fill the majority of vacancies requiring specialist knowledge as well as management positions internally. The basis is provided by well-established succession planning processes, which we continue to develop, not only at management level. The continued development of production and manufacturing employees for a wide range of areas of application and the corresponding know-how is essential for us as a manufacturing company.

At management level, possible development steps and directions are discussed based on our feedback and annual reviews, and selective engagement in international, strategic, or larger local projects with specific tasks is facilitated. This supports employees in pursuing a specialist or more management-oriented career path within the company and at the same time promotes intercultural exchange and understanding of global aspects.

Occupational health and safety a high priority

Forbo has established high standards of occupational health and safety to offer our employees a safe working environment. The health and safety of our employees in the workplace is also the focus of various local training programs with the aim of reducing the number of accidents or preventing them altogether. Occupational health and safety is an important management and role model function that requires continuous teamwork in order to raise lasting awareness. We therefore encourage all employees to use their knowledge and experience to make a contribution to responsible and preventive action. Ongoing dialog in relation to best practices and accident analyses contributes to the development of safety standards and a targeted improvement in safety levels.

Forbo regularly engages with authorities, professional associations, and trade unions. Together with the local works councils, agreements are made in our companies on issues such as personal protective equipment, conduct, mandatory work processes, reporting processes, regular inspections, as well as training and education.

LTIFR

Number of lost time injuries multiplied by 1,000,000, divided by the total hours worked. 12-month moving average.

24.9

LTIFR



Days lost due to accidents

Absence longer than one working day

1,292

Number of days lost due to accidents

Developments relating to these issues are regularly presented at divisional management meetings, where they are then analyzed, and appropriate measures drawn up and implemented. In addition, results and trends are discussed and decisions on further activities are made at Executive Board level.

Forbo is committed to protecting, preserving, and strengthening the physical, mental, and social well-being of our employees. We achieve this through measures and activities in areas such as occupational safety and hygiene, workplace ergonomics, as well as health-related topics such as exercise, sport, and nutrition to promote well-being.

Throughout the reporting year, a large number of activities were carried out with the aim of improving the health of employees or reducing risks to health. Regular optimizations are carried out as part of the modernization of work processes and systems, including the reduction of noise emissions and the use of robots and lifting aids. Issues relating to workplace ergonomics and fitness were also discussed and related activities were promoted, as was access to free medical check-ups.

Diversity, inclusion, and equal treatment as part of social responsibility

At Forbo, diversity in the workplace includes a variety of people with different backgrounds and personalities. Mutual respect is a given in our international and multicultural environment. In addition, different experiences, training, skills, and beliefs ensure diversity in the workplace. We want to continually provide a diverse and inclusive working environment that is characterized by appreciative collaboration among motivated employees.

Our products are manufactured and processed using technically complex production processes and physically demanding fabrication processes. The lived experience of diversity and flexibility in team-based working models also reinforces the attractiveness of our company, which offers a good work-life balance for employees and specialists. Forbo ensures fair treatment of all employees and is committed to the highest internationally recognized standards of fairness, honesty, and integrity.

As a future-oriented company, Forbo draws on and consciously leverages the diversity of the population as a resource. This means employees have equal opportunities and feel welcome to get involved and actively participate.

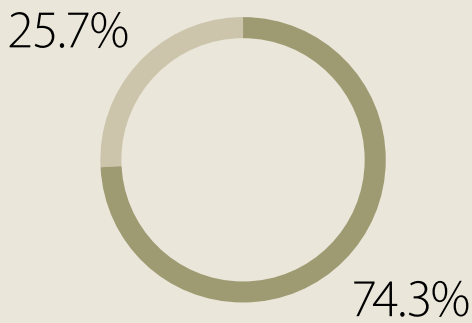
It is also important to us that work of equal value is rewarded with equal pay. The criteria for salaries comprise personal elements such as training, diplomas, language skills, relevant professional experience, as well as employer-related factors such as requirements profile, level of responsibility, and specific specialized know-how.

Female employees at Forbo mostly work in the areas of finance, administration, human resources, marketing as well as manufacturing, supply chain, or purchasing. In Flooring Systems, positions in design and sales are often filled by women.

The professional instruction of trainees is important to us. Especially at larger locations with diverse and demanding work areas, we have motivated teams with appropriate professional experience, qualified trainers, and suitable workplaces. We use engaging teaching methods to impart the appropriate skills for professional, independent, and responsible performance of tasks. We also offer technical and business students the opportunity to complete an internship with us.

Forbo is committed to the inclusion of people with disabilities and works with relevant companies and institutions in various countries to promote their integration into the world of work and business. We therefore fulfill our social responsibility in a variety of ways.

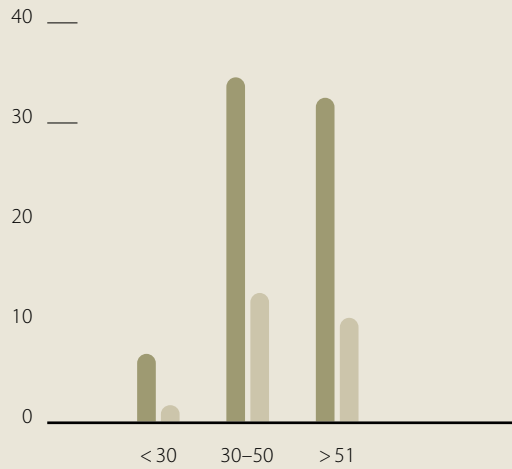


Percentage of women/men

● Men
● Women

Age structure

In percent



● Men
● Women

Apprentices and trainees

Number

50

**Persons with disabilities**

Number

84

**Respectful behavior**

Mutual respect is a given in our multicultural environment.

Forbo does not tolerate discrimination or bullying and strives to offer its employees a safe working environment free from all forms of violence, including threats, threatening gestures, intimidation, attacks, and similar conduct, at all times.

Reporting compliance issues

We encourage our employees to report incidents that violate applicable law, ethical standards, or the Code of Conduct. By raising concerns, they contribute to their own protection, that of their colleagues, and the protection of Forbo's rights and interests.

If an incident occurs, employees can speak to their supervisor in person. Alternatively, the Forbo Integrity Line is available in the respective national language. Employees can use this to draw attention to any compliance issues, anonymously if they wish.

Human rights

We assume responsibility for respecting human rights as part of our business activities. Respecting and enforcing human rights can only be successful if all stakeholders involved make their contribution. We are therefore committed to taking appropriate measures to prevent human rights violations in connection with our business activities.

If, in exceptional cases, we do not meet our own standards, affected employees and third parties have the opportunity to report violations. Valid concerns related to human rights violations within the Group or in the supply chain can be reported via the Forbo Integrity Line, which can be accessed on the Forbo Group website. Reports can be submitted anonymously. Reports may also be sent to the widely communicated email address compliance@forbo.com, which is intended specifically for this purpose.

Forced labor, freedom of association, and the right to collective bargaining

Our Code of Conduct expressly states that Forbo rejects any form of forced or compulsory labor. We also respect our employees' freedom of association and collective bargaining rights. They are essential for social dialog on an equal footing. We use internal audits to ensure compliance with our global labor and social standards. We also expect fair and ethical employee management from our business partners.



Combatting child labor

Child labor is harmful to children's physical and social development and affects their education. Forbo respects the rights of children and has implemented processes to combat child labor. As part of these processes, due diligence checks are also carried out and, if necessary, corrective measures are taken. The Code of Conduct sets out the most important business principles and values of the Forbo Group. It emphasizes that Forbo refrains from any form of child labor. Forbo also requires its business partners to comply with our or equivalent standards, including the entire supply chain.

Responsible sourcing

Our commitment

For Forbo, responsible sourcing not only means complying with the legal framework, but also setting standards together and overcoming challenges within the supply chain. We are convinced that by implementing the principles of responsible sourcing, we not only have a positive impact on society and the environment, but also contribute significantly to the resilience and reliability of our own supply chain.

Fair and ethical supplier management is the basis of cooperation with our suppliers. Our supplier requirements are part of our contracts. They include requirements relating to quality, environmental impact, anti-corruption, human rights, health and safety, social responsibility, and financial risks.

We expect our partners in the supply chain, their upstream suppliers, subcontractors, and service providers to comply with the minimum social standards applicable in their country and also have a valid sustainability strategy. Because only together can we achieve the goal of a completely sustainable supply chain. Compliance with these principles is checked through regular risk assessments and, if necessary, through on-site supplier audits.

Report on child labor in the supply chain in accordance with Article 964j CO

According to Article 964j CO, Forbo is obliged to report annually on compliance with due diligence obligations in the supply chain with regard to child labor. The supply chain audit initially involves categorizing the countries in which Forbo operates, with reference to the UNICEF Children's Rights in the Workplace Index, which establishes a child labor risk assessment for each country. The categories of the index are 'basic', 'enhanced', and 'heightened'. Forbo sometimes also operates in countries whose 'due diligence response' is not classified as 'basic' by UNICEF. For these countries, further checks are carried out for all suppliers using a detailed, risk-based approach. Our buyers assess the risk of child labor associated with each procurement category in the respective supply chain. These checks have shown that there is no reasonable suspicion of the use of child labor. Forbo is therefore exempt from due diligence and reporting obligations in accordance with Article 5 Paragraph 2 of the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO). This assessment is continually reviewed.

In order to keep the risk of child labor in our supply chain low in the future, we have taken preventive measures. As part of the supply chain policy, the issue of child labor has been integrated into the current supplier and procurement guidelines of the divisions as well as into the contracts and agreements with suppliers. The regulations are based on the ILO Convention No. 138 on the minimum age and No. 182 on the worst forms of child labor, the ILO-IOE Child Labor Guidance Tool for Business and the OECD Guidelines for Multinational Enterprises, respectively the UN Guiding Principles for Business and Human Rights. If we deem it appropriate based on the risk assessment, we also require self-disclosures and certifications from our suppliers and carry out on-site supplier audits. The results and respectively effectiveness of these measures are regularly analyzed in order to identify potential for improvement.

Report on conflict minerals in accordance with Article 964j CO

Forbo does not exceed the quantities of minerals and metals specified in Annex 1 DDTrO and is therefore exempt from the due diligence and reporting obligations with regard to conflict minerals and metals. The evaluation took place involving all Group companies and is continually reviewed.

Prevention of corruption

Our commitment

Corruption distorts competition, leads to higher costs, destroys the trust of customers and suppliers, and ultimately endangers jobs. For these reasons, Forbo rejects any impairment or distortion of competition through corruption in the spirit of zero tolerance.

Concepts and processes

In our Code of Conduct, the chapter 'Business integrity: no tolerance of any form of corruption' forms the basis for our efforts in the field of combating corruption. Forbo prohibits the offering, giving, or taking of bribes in whatever form. This includes improper commission payments or other means of providing improper benefits to customers, agents, suppliers, officials, or business partners. Gifts received by Forbo employees must be brought to the attention of their superiors. Donations to political parties, political organizations, or holders of political office are strictly prohibited at Forbo.

The careful review of business partners is part of the standard process, which includes desktop analyses as well as consultation of global databases, risk analysis using sources such as Transparency International's 'Corruption Perceptions Index', and self-declarations by business partners.

Furthermore, Forbo strives to ensure that the applicability of the Code of Conduct or an equivalent code of conduct of the business partner is contractually secured.

As part of the internal compliance reviews regularly carried out under the leadership of the Corporate Compliance Officer, the adherence to and effectiveness of these processes are checked on a sample basis.

Risk management

From both a geographical and industry-specific perspective, Forbo operates in markets where corruption risks exist. We therefore take our responsibility to prevent corruption seriously wherever we operate.

Forbo's compliance management system in the area of anti-corruption includes regular online training specifically on anti-corruption and annual online training on the Code of Conduct in general. All employees in areas susceptible to corruption receive specific training.

Social commitment

Commitment to the community

For almost 100 years, Forbo, as an employer, has been committed to creating attractive workplaces and, thanks to profitable growth, continually provides added value for regional economies, suppliers, and business partners. In doing so, Forbo assumes social responsibility in a comprehensive sense.

Forbo attaches particular importance to sound training and education as well as equal opportunities for all employees. We employ trainees in a variety of demanding roles with the aim of imparting all the relevant skills that are required for the professional and responsible practice of their chosen profession.

We conserve resources through our sustainable products and the partial use of green energy.

We work with external institutions to outsource simple work to workshops for disadvantaged people and thus also promote external, inclusive jobs.

Forbo strives to make a positive contribution to the well-being of society and the local communities in which we are active. Forbo is aware of its social responsibility and takes it seriously. Communication and cooperation with local authorities, institutions, interest groups, and educational institutions, especially in the vicinity of larger manufacturing companies, is based on proactive dialog. This creates trustful ways of working together on creative, social, and sustainability topics.

Social commitment/ charitable activities

Forbo also contributes to the common good by making individual contributions to support social and environmental projects at both Group and local level.

With product donations and support for flooring installations, we enable institutions in need to gain additional benefit for their commitment.

Social commitment is based on long-term partnerships with social institutions and programs with partners. At global level, selectively targeted funds are directed to social and charitable institutions or to relief organizations to alleviate acute suffering or local disasters. Local companies and employees around the world do charitable work and support social and health promotion projects through team events.

Ambitions

Our ambition when it comes to social responsibility is to be a role model for ethical, environmentally friendly, and socially responsible conduct. We achieve this by encouraging and challenging our employees, offering an appreciative, safe, and progressive working environment, and promoting innovation and a high level of service orientation for our stakeholders. We engage actively for the common good by making individual contributions globally to support social and environmental projects.



GOVERNANCE

The separate Corporate Governance report starting on page 81 of this Annual Report deals with the topic of governance in detail.

