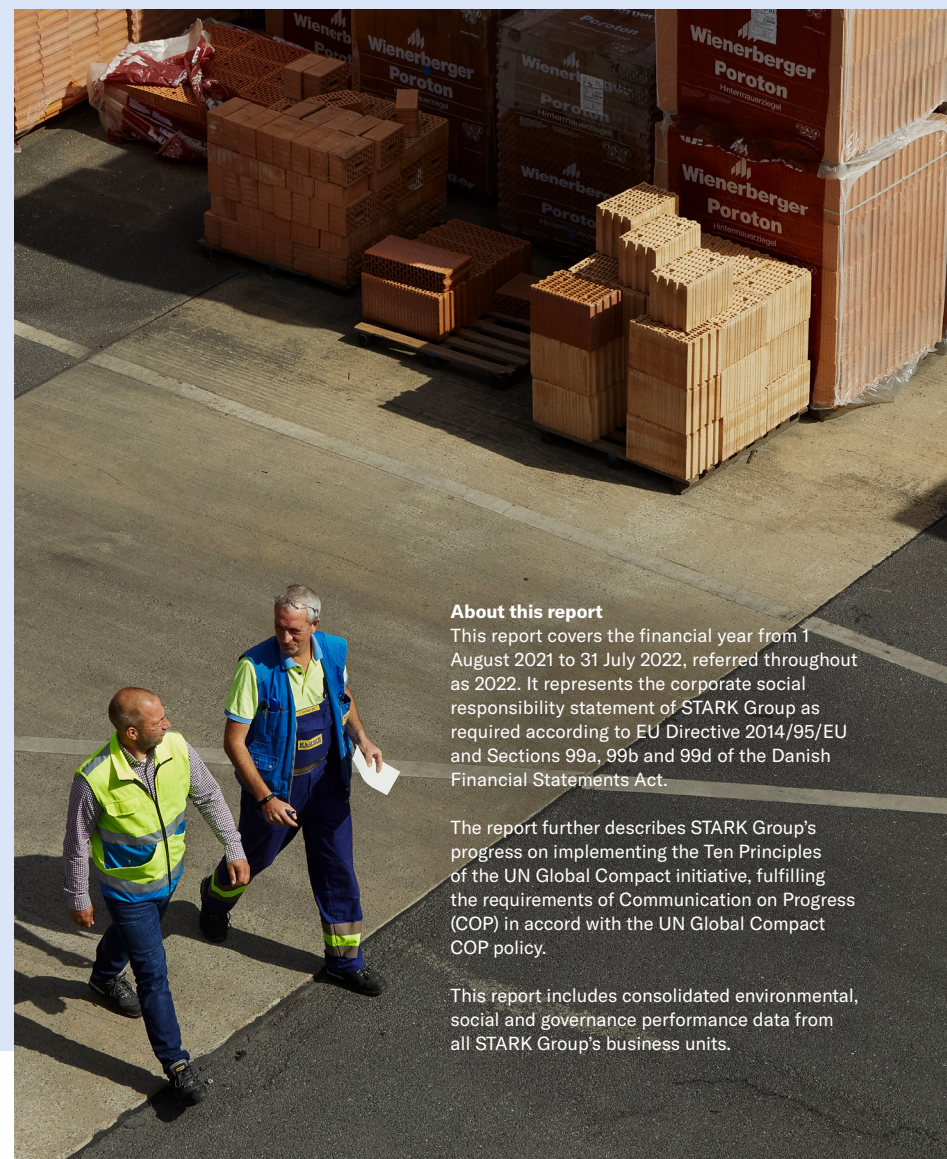


SUSTAINABILITY REPORT 2022

1 August 2021 — 31 July 2022

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About this report

This report covers the financial year from 1 August 2021 to 31 July 2022, referred throughout as 2022. It represents the corporate social responsibility statement of STARK Group as required according to EU Directive 2014/95/EU and Sections 99a, 99b and 99d of the Danish Financial Statements Act.

The report further describes STARK Group's progress on implementing the Ten Principles of the UN Global Compact initiative, fulfilling the requirements of Communication on Progress (COP) in accord with the UN Global Compact COP policy.

This report includes consolidated environmental, social and governance performance data from all STARK Group's business units.



LETTER FROM THE CEO

I am pleased to present our Sustainability Report 2022 covering a remarkable year in every sense of the word.

On the one hand, we witnessed the truly devastating invasion of Ukraine that created not only a humanitarian tragedy but also geopolitical uncertainty, further supply chain disruptions, and we saw consumer confidence plummet to new lows. We responded firmly to the invasion of Ukraine by stopping all direct purchases from Russia and Belarus. Additionally, we initiated an emergency aid collection and offered practical support through our branches to help transport humanitarian aid to the Ukrainian people.

On the other hand, we experienced a retail and distribution market with very high activity levels, particularly in the first half of our financial year, and we ended 2022 with reported net sales close to EUR 6bn, 21% up from the previous year.

Our solid financial performance provides an impetus for us to take bold climate action and accelerate the green transition in the construction industry. We are thinking and acting on ESG in a proactive way, and as a company, we believe that to be fit for the future, our business performance and ESG performance must go hand in hand.

Strong climate targets toward a net zero future

While urgent priorities are keeping us busy as a consequence of the war in Ukraine, climate change is having a significant impact on businesses, society and individuals. We have

experienced extreme weather across the globe, underlining the need for urgent action. The science is clear: this is the decade of action, so we are accelerating our climate ambitions committed to reaching the Paris Agreement's 1.5°C objective.

“STARK Group was the first retailer and distributor of building materials across our markets to get 2030 carbon targets approved by the Science Based Targets initiative”

Across our markets, energy and gas prices have spiked to levels not seen in decades. Energy-efficient renovations have never been more important. These renovations will enhance the quality of life for people living in the buildings, as well as require fewer resources and reduce costs – something we think everyone deserves.

In the past year, STARK Group was the first retailer and distributor of building materials across our markets to have its 2030 carbon targets approved by the Science Based Targets initiative (SBTi), proving that our climate roadmap is aligned with what science tells us is necessary to limit global temperature rise to 1.5°C. Our determination to decarbonise the way we operate reflects our

“Our work to develop a strong safety culture and mindset has brought the rate of occupational injuries down, even with significant acquisitions and high activity levels in our industry.”

strong commitment to our customers, suppliers and partners.

Although we do not have all the answers for how we will reach net zero by 2050, one thing is clear; we cannot reach our targets alone. We are therefore working closely with a broad range of customers and suppliers, and I am delighted to see more and more companies commit to the Science Based Targets initiative (SBTi) 1.5°C pathway.

We are working hard to reduce emissions from our own operations and value chain. Carbon emissions in our scope 1 and 2 are down by 22% compared to our 2020 baseline. However, committing to a net zero future means we need to go beyond our scope 1 and 2 and take responsibility for all financed emissions. We acknowledge that the most prominent part of our emissions fall within our scope 3, which covers the production, distribution and end-of-life of our extensive range of construction products and services. Consequently, we continue to engage in partnerships to drive resilience and sustainability in the construction industry.

A people business

Our people are of prime importance to us. Therefore, I am pleased that our work to develop a strong health and safety culture and mindset has brought the rate of occupational injuries down, even after significant acquisitions and given high activity levels in our industry. We will continue to make every effort to prevent injuries, and we have

joined the Vision Zero campaign to underline our commitment to building an even stronger health and safety culture.

We have increased our focus on diversity, equity and inclusion, participated in the UN Global Compact Target Gender equality accelerator programme and initiated a DE&I council. To me, this is not just about valuing diversity; it encompasses everything we do to break down barriers and become a truly inclusive company. While we know we have much more to do, I am pleased to see an improved gender balance and a continuously high employee engagement level.

We are committed to upholding the principles of the UN Global Compact, and we continue to implement measures to help support the ten principles within environment, human rights, labour rights and anti-corruption.

The past year has been extraordinary in many ways. I would like to offer my sincerest gratitude to all STARK Group colleagues for their work and commitment. Together, we have managed through a year defined by contrasts in a rapidly changing world. The decade of action has begun, and we are ready to be instrumental in building a net zero future.



Søren P. Olesen
CEO Stark Group



STARK GROUP AT A GLANCE

**WE BUILD OUR FUTURE BY
HELPING OTHERS BUILD THEIRS**



The Group connects 10,000 suppliers with +275,000 professional craftsmen through its more than 550 branches.

On average, STARK Group employees make more than 5,000 deliveries to building sites every day, year-round.

EMPLOYEES

12,500

BRANCHES

550

NET SALES

€6bn

CAGR GROWTH
2020-22

↑16%

CUSTOMER NET
PROMOTOR SCORE

+56

ENGAGEMENT
SCORE (GELX)

+74

STARK Group is a market-leading merchant and distributor of heavy building materials in Northern Europe.



OUR BRANDS

Denmark



STARK
Sammen bygger vi professionelt

Sweden



BEIJER
BYGGMATERIAL

Finland



STARK
Reilusti rakentajan asialla

Norway



NEUMANN
Sammen bygger vi profesjonelt

Germany



STARK
DEUTSCHLAND



RAAB KARCHER
BAUSTOFFHANDEL



MELLE GALLHÖFER
DACH- UND FASSADENHANDEL



MUFFENROHR
TIEFBAUHANDEL



KERAMUNDO
WELT DER FLIESEN



SAXONIA
BAUSTOFFHANDEL



KLUWE
BAUFACHHANDEL



DÄMMISOL
BAUSTOFFHANDEL



SPORKENBACH
BAUFACHHANDEL

Austria



DACH UND WAND
DACH- UND FASSADENHANDEL

SUSTAINABILITY HIGHLIGHTS 2022

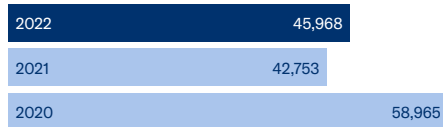
Carbon emissions scope 1 & 2

Absolute tCO₂e



↓22%

Decrease from 2020 baseline



Target 2024:
16.8% reduction

Our progress:
On target

Renewable electricity sourced

% of total



↑41pp

Increase from 2020 baseline



Target 2024:
50% renewable

Our progress:
Towards target

Waste reduction

t/mEUR revenue



↓36%

Decrease from 2020 baseline



Target 2024:
20% waste reduction
per mEUR revenue

Our progress:
On target

Sustainability specialists

% total employees (absolute no.)



↑2pp

Increase from 2020 baseline



Target 2024:
3% of total
employees

Our progress:
Towards target

Certified timber in fixed assortment

% FSC or PEFC certified timber-based products
(DK only)



↑9pp

Increase from 2020 baseline



Target 2024:
Increasing %

Our progress:
On target

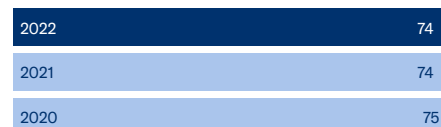
Employee engagement

Satisfaction & motivation score



↓1%

Decrease from 2020 baseline



Target 2024:
Score of 76

Our progress:
Behind target

Injury rate

Per million worked hrs



↓1%

Decrease from 2020 baseline



Target 2024:
7.0 per million
worked hrs

Our progress:
Towards target

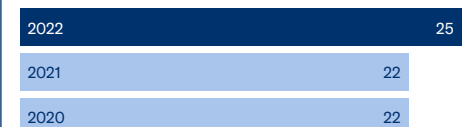
Gender balance

% Women of total employees



↑3pp





Increase from 2020 baseline



Target 2024:
25% women

Our progress:
On target

SUSTAINABILITY DATA OVERVIEW

	2022	2021	2020	2024 Target	Performance relative to baseline 2020
	GENERAL DATA				
	Number of locations	550	485	422	
	Number of employees	12,500	11,700	10,038	
	Net revenue (mEUR)	5,995	4,949	4,458	
	ENVIRONMENTAL				
	GHG Scope 1&2 (absolute tCO ₂ e) ¹	45,968	42,753	58,965	16.8% reduction in GHG emissions scope 1 & 2 from 2020 On target
	GHG Scope 3 (absolute MtCO ₂ e)	N/A ³	N/A ³	11	5% reduction in GHG emissions scope 3 from 2020
	% renewable electricity ¹	45	32	4	50% renewable in 2024 Progress towards target
	% trained sustainability specialists (absolute)	2 (250)	0.3 (36)	0	3% of all employees trained sustainability specialists Progress towards target
	Total waste (t/mEUR revenue) ^{1,2}	5.2	5.6	8.1	20% waste reduction per million revenue from 2020 On target
	% waste segregated for recycling ¹	74	71	75	80% waste segregated for recycling Behind target
	% share of certified FSC or PEFC timber and timber-based products SKUs in stocked assortment (DK only)	89	88	80	Increasing % of certified timber and timber-based products Progress towards target
	% share of sales of timber and timber-based FSC or PEFC-certified products in stocked assortment (DK only)	95	95	93	Increasing % sale of certified timber and timber-based products Progress towards target
	SOCIAL				
	Injury rate (per million worked hrs)	7.9	8.8	8.0	Reduce injury rate to 7 per million worked hours Progress towards target
	Lost workday rate (per million worked hrs)	81.2	64.3	64.3	Reduce lost workday rate to 40 per million worked hours Behind target
	Gender (% women)	25	22	22	25% women in total On target
	Management positions (% women)	16	16	15	20% women in management positions Progress towards target
	Executive Management team Diversity (% women)	50	50	50	30% women in Executive Management team On target
	Board Diversity (% women)	20	20	33	30% women in Board of Directors Behind target
	STARK Group employee engagement survey score (satisfaction & motivation)	74	74	75 ⁴	High employee satisfaction and motivation score of 76 Behind target
	Employee engagement survey score (loyalty)	80	83 ⁴	N/A	High employee loyalty score of 82 Behind target
	Employee engagement survey participation rate (%)	83	81	91 ⁴	High survey participation rate of 85% Progress towards target
	GOVERNANCE				
	% of suppliers passed Product Integrity evaluation	100	100	100	100% passed Product Integrity evaluation On target

1. Restated after M&A activities according to accounting principles [page 63](#)

2. Fixed FX rates as of baseline 2020

3. We are currently compiling supplier-specific data (EPDs) for all products to move away from the Quantis spend-based inventory method and improve accuracy.

4. Nordic only

THE YEAR IN REVIEW



ENVIRONMENTAL

Climate action, circularity, and ecosystem protection

In February 2022, our 2030 science-based carbon reduction targets were approved by the Science Based Targets Initiative (SBTi), affirming that our targets and efforts are aligned with what science says is necessary to limit the rise in global temperature to 1.5°C. We are committed to cutting our carbon emissions by 42% from our own operations (scope 1 and 2), actively sourcing 100% renewable electricity, and reducing our total scope 3 emissions by 12.3% by 2030. Furthermore, we have committed to achieving net zero by 2050 at the latest through the Business Ambition for 1.5 campaign, which is a commitment to decarbonise the way we operate. As outlined in our roadmap, we have a robust plan for meeting our interim goals in 2024 and 2030.

In 2022, we reduced our scope 1 and 2 emissions by 22% from the 2020 baseline. 45% of our electricity consumption is now sourced from renewables through the purchase of renewable electricity certificates in Germany, Finland and Norway. Furthermore, there has been an ongoing transition from conventional to LED lighting, from diesel-powered to electric forklift trucks, improved efficiency ventilation systems as well as an accelerated transition from gas and oil heating systems. We reduced our total kWh energy consumption per mEUR revenue by 34% in 2022 compared to 2020, although our electricity consumption has increased slightly due to an ongoing electrification process.

We have reduced our absolute waste by 578 tonnes from a 2020 baseline, primarily driven by initiatives to reuse transport packaging, sell

surplus products through new partnerships and train warehouse colleagues regarding resource efficiency. Furthermore, the total waste segregated for recycling has increased across all business units except for STARK Deutschland, which already has the highest recycling rate of 88% In Neumann Bygg, a significant focus on recycling saw an increase from 16% to more than 50%.

We further expanded the sustainability specialists training programme in Sweden and Denmark and have initiated a sustainability ambassador programme in Germany and Finland. As of July 2022, 250 (2% of total employees) are now fully trained as sustainability specialists. Additionally, 17 sustainability events have been held across our business units to promote products with sustainable value, including those with lower embodied carbon, fewer hazardous chemicals, and eco-labelled and circular products.

In 2022, over 89% of all timber and timber-based products in stocked assortment in STARK Danmark and Neumann Bygg were FSC® or PEFC-certified and made up over 94% of the total sales of timber based products. Similarly, in STARK Danmark the share of third-party eco-labelled SKUs comprised 28% of the stocked assortment and represented roughly half of the total sale of stocked assortment.



SOCIAL

Safe, engaged and inclusive

We strive to be a safe, inclusive, and diverse company with a highly engaged and competent workforce. In 2022, our employee engagement score remained at 74, with an overall survey participation rate of 83%.

The health and safety of our people is always a top priority. In 2022, STARK Group joined the Vision Zero campaign via the Danish Vision Zero Council. Our updated Health and Safety strategy is based on Vision Zero and the introduction of several new Key Performance Indicators (KPIs) that make it possible to measure and support a strong Health and Safety culture. In 2022, the rate of occupational injuries decreased from 8.8 to 7.9 injuries per million hours worked.

STARK Group works to ensure equal treatment and opportunities for all employees. During 2022, we launched a Diversity, Equity and Inclusion (DE&I) Council, which meets quarterly. Furthermore, Diversity, Equity and Inclusion have been key topics in management, board and HR meetings throughout the year. In 2022, women constituted 25% of our employees, a 3 percentage point (pp) increase compared to 2021, while women accounted for 16% of our management positions.

We participated in the UN Global Compact Target Gender equality accelerator programme. The DE&I Council is now working to implement the Women's Empowerment Principles and strengthen our contribution to SDG 5.5.



GOVERNANCE

Responsible business ethics

100% of all contracts entered in 2022 have undergone and passed the product integrity evaluation, and 100% of targeted suppliers have signed legal terms and conditions, including fulfilment of STARK Group's Code of Conduct.

During 2022, we implemented a Supplier Code of Conduct to clarify our minimum requirements and ambitions for our suppliers across the supply chain. In addition, we have piloted an ESG screening of our suppliers using an external partner as a foundation for our further due diligence work.

We are committed to paying our fair share of taxes in all our markets, as we firmly believe that taxes constitute an important contribution to society. In 2022 we have initiated the development of a Tax Impact Report, which will present our total tax contributions by 2023.

Our investors are increasingly focused on our sustainability efforts and ESG performance. Following the reduction of emissions in 2022, we gained a reduction in interest costs of 0.6mEUR on our ESG-linked loan. The interest savings achieved through the ESG discount have been allocated to the further conversion of natural gas and oil heating systems to electrical heat pumps to ensure further progress towards our targets.

To ensure focus and continuous progress on a broad range of ESG topics, the STARK Group executive remuneration has been linked to STARK Group's sustainability performance during 2022.

KEY EVENTS



SEPTEMBER 21

STARK Denmark partners with Building Green conference.

Read more on [page 26](#)



DECEMBER 21

First electric truck for building materials distribution in Germany piloted in collaboration with Fulda university and the state of Hessen.

Read more on [page 21](#)



MARCH 22

STARK Denmark uses its logistics set-up to catalyse Ukraine humanitarian aid together with the humanitarian organisation WeHelp.

Read more on [page 45](#)



MAY 22

“Sustainability powered by STARK” – STARK Denmark partners with Building Green conference in Århus.

Read more on [page 26](#)



JULY 22

Product ratings according to DGNB criteria launched on STARK Denmark's webshop.

STARK Suomi entered a strategic pilot project with Encore Ympäristöpalvelut to recycle workwear.

Read more on [page 26](#)



OCTOBER 21

GENTRÆ concept initiated in Sweden.

Read more on [page 27](#)

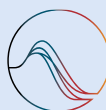


FEBRUARY 22

STARK Group receives EcoVadis Platinum rating 78/100.

STARK Group receives approval of Science Based Targets from SBTi.

Read more on [page 20](#)



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCIENCE
BASED
TARGETS



APRIL 22

STARK Deutschland becomes strategic partners in the Madaster Kennedy Program.

Read more on [page 25](#)

STARK Group wins “The electric car workplace of the year”

STARK Denmark initiates Danish Diversity Day in Construction with Ambercon A/S, Arkil, CG Jensen A/S and Divérs

STARK Suomi initiated renewable diesel in all goods transport in Helsinki Metropolitan Area.

Read more on [page 21](#)



JUNE 22

Beijer Byggmaterial initiates a partnership with Tørn, Scandinavia's largest marketplace for selling surplus building materials from retailers and industry.

Read more on [page 27](#)

Beijer Byggmaterial nominated twice for “Årets Byggmaterialhandlare” for its partnership with Nacka vatten och avfall AB to recycle building materials, and for the concept GENTRÆ.

Read more on [page 27](#)



STRATEGY & MATERIALITY

Sustainability is an integral part of how we conduct business, and we are determined to partner with our suppliers and customers to build a net zero future.

In this section, we describe our sustainability strategy, framework and governance.

IN THIS SECTION

- 11 Our sustainability strategy
- 12 Our role in the value chain
- 13 Our sustainability framework
- 16 Sustainability governance
- 18 Our contribution to support the UN SDG targets



OUR SUSTAINABILITY STRATEGY

Our sustainability strategy sets transformative targets and ambitions within Environment, Social and Governance (ESG).

Our ambitions and targets build on the principles of the UN Global Compact, taking into consideration how we can contribute to the Sustainable Development Goals and reach the Paris Agreement's 1.5°C objective.

For each of our strategy's core commitments, we have established sustainability priorities and targets that direct our operations and enable our stakeholders to measure and hold us accountable for our performance. Our strategy sets bold ambitions within our sustainability priorities.

We operate in the construction industry, which is responsible for 38% of global carbon emissions. Therefore, we work relentlessly to mitigate the industry's and our adverse impact on the planet and believe that we have an instrumental role in shaping the future of a net zero construction sector.

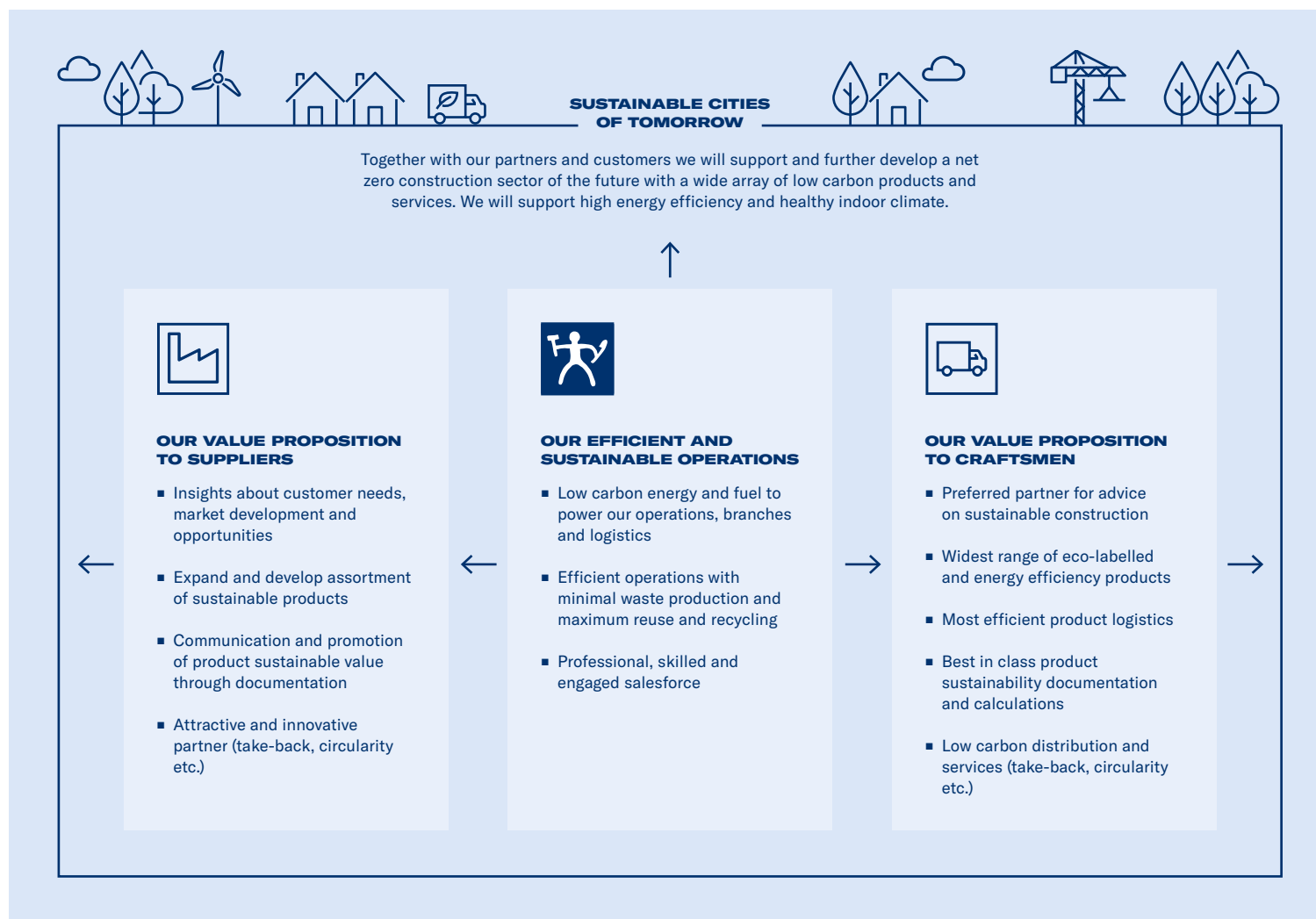
Purpose	WE BUILD OUR FUTURE BY HELPING OTHERS BUILD THEIRS								
2024 business strategy priorities	SME focus	Customer promise	Smart pricing	Better sourcing	Stronger network	Digital leadership	Excellent operator		
Sustainability strategy	PARTNERING TO BUILD A NET ZERO FUTURE								
Commitments	ENVIRONMENT We are determined to decarbonise the construction industry while supporting sustainable ecosystems			SOCIAL We strive to be a safe and inclusive company with a highly engaged and competent workforce			GOVERNANCE We act with decency, honesty and integrity throughout all business practices		
Sustainability priorities and targets	Climate action 2024 <ul style="list-style-type: none">16.8% reduction in scope 1 & 25% reduction in scope 33% of employees trained as sustainability specialists 2050 <ul style="list-style-type: none">Net Zero	Circularity & ressource efficiency 2024 <ul style="list-style-type: none">20% waste reduction80% waste segregated for recycling	Ecosystem protection 2024 <ul style="list-style-type: none">Increase % of FSC and PEFC certified productsIncrease % of 3rd party eco-labelled products	Health and Safety 2024 <ul style="list-style-type: none">Injury rate: 7 per million worked hoursLost workday rate: 40 per million worked hours	Diversity & Inclusion 2024 <ul style="list-style-type: none">25% women in total20% women in management30% women in the Board	Employee engagement 2024 <ul style="list-style-type: none">Satisfaction and motivation score: 76Loyalty score: 82	Business Conduct 2024 <ul style="list-style-type: none">100% passed Product Integrity evaluation100% employees trained in STARK Group Code of Conduct	Responsible tax 2024 <ul style="list-style-type: none">Publish Tax Impact Report	Data Ethics 2024 <ul style="list-style-type: none">100% of assigned employees have completed “Personal Data Protection” training

OUR ROLE IN THE VALUE CHAIN

Our ambition is to be the preferred partner for sustainable construction. We strive to offer our customers best-in-class advice about services and products for sustainable construction, the best range of eco-labelled and energy-efficient products and a low-carbon distribution. Furthermore, we are working hard to provide product sustainability documentation and calculations to help our customers meet the rapidly emerging requirements for reporting lifecycle carbon in their construction projects.

With direct contact with over 275,000 customers, our growing sustainability-trained salesforce continuously strives to provide clear communication and promotion of documented lower carbon alternatives and products with lower hazardous chemical content, which support circularity. Our partnerships with suppliers and customers bring together knowledge of challenges and opportunities across the value chain and offer our suppliers insights about customer needs and market developments while helping to translate this into business opportunities for all. By uniting this knowledge, we wish to further accelerate the green transition. We are proud to be a trusted, attractive, and innovative partner, as we have proven through numerous partnerships that promote take-back and circularity. See [pages 25-27](#) for cases.

A sustainable future requires partnerships, and partnerships require trust. We believe trust builds the net zero future.



OUR SUSTAINABILITY FRAMEWORK

Our sustainability framework addresses the key risks and opportunities from raw material extraction to product end-use along our value chain.

The framework directly supports our vision to be the most trusted distributor and supports our core values and Code of Conduct. The framework structures our sustainability efforts and ensures that environmental, business ethics and social issues are identified and appropriately addressed with suitable governance, policies, targets and actions.

In forming our sustainability framework, external and internal requirements and commitments have been considered, including customer expectations, ESG ratings, investor requests and how we can support the UN sustainable development goals. STARK Group is committed to fulfilling the ten principles of the UN Global Compact with respect to human rights, labour, environment, and anti-corruption. Regarding labour and human rights, we are committed to respecting fundamental human and labour rights within our operations and through collaboration with our value chain. Our commitment is based on core ILO conventions and internationally accepted frameworks from the OECD and the United Nations, including the UN guiding principles on business and human rights as well as compliance with applicable local legislation where we operate.

Within the environmental area, we continuously aim for full compliance with local legislation.

Furthermore, we have joined the Science Based Targets initiative and Business ambition for 1.5 campaign to reduce greenhouse gas emissions in line with the latest climate science to achieve the Paris Agreement target of limiting global warming to 1.5°C. This commitment extends beyond our own operations, covering both our upstream and downstream emissions.



OUR SUSTAINABILITY TARGETS

To ensure progress in our sustainability programmes, we have clear targets to be met within the business strategy period 2020-2024. These targets guide our activities and enable our stakeholders to hold us accountable for our performance. Our ESG performance and progress on targets are shown on [page 47](#) and [pages 49-52](#), respectively.

We transparently report on these areas in line with the requirements and guidelines of the EU non-financial reporting directive (2014/95/EU) while preparing for the upcoming corporate sustainability reporting directive (CSRD), EU Taxonomy and mandatory due diligence in supply chains.

Please refer to [page 53](#) for further details regarding the sustainability framework and supporting policies and targets.

Sustainability management

STARK Group's sustainability framework is structured around a plan-do-check-act management system. We believe that risk management plays a vital part in ensuring growth and continued success for the Group and its operations. Our fundamental belief is that if we know and prepare for the risks we face, we are better equipped to deliver on our strategy and create value for our stakeholders. Therefore, we aim to ensure that all risks that might hinder us from achieving our strategic objectives or influence our financial or ESG performance, are identified and monitored with appropriate controls and mitigating actions.

We follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to increase focus on our climate-related risks. Please refer to [page 62](#). In addition, we have used the UN Guiding Principles on Business and Human Rights (UNGPs) to identify our salient human rights issues.

Policies to support the sustainability framework

An essential foundation of the STARK Group sustainability framework is our Group policies within HR, Finance, Sourcing, Legal, Risk, Compliance & Property and IT. Our Group policies lay down the fundamental principles that govern how we operate and describe the roles and responsibilities of relevant stakeholders. These policies are supported by Group manuals providing working instructions and details on how to comply with the fundamental principles set out in the policies.

Our policies, underlying manuals, and guidelines are active management tools structured in our

Group compliance setup, including policies, procedures, standards of conduct, communication and whistleblowing, training and education, and internal monitoring and auditing. Policies, manuals and guidelines foster compliance uniformity within the Group and ensure that employees understand how to comply with applicable rules and regulations. Leaders and employees are expected to proactively communicate in a timely manner, whether that means asking compliance questions, reporting issues, or addressing ethical concerns. The Audit Committee is updated on progress and findings, in addition to risk assessments, mitigating actions and follow-up on auditor findings.

Sustainability Policy

We have an overarching sustainability policy based on five guiding principles intended to support our mission of partnering to build the sustainable cities of tomorrow with zero emissions by being the preferred partner for construction and a positive link in the sustainable construction industry value chain.

This policy is intended as a compass showing one common direction for everyone working within the Group. All STARK Group employees are responsible for following our five guiding principles and integrating sustainability into all activities and processes.

Sustainability principles

1. We act sustainably in everything we do.

We strive to integrate environmental and social sustainability into all our activities and our value chain in line with the ten principles of the UN Global Compact. This includes equal treatment and opportunities for all employees, providing an accident-free workplace with continuous improvement in health, safety and well-being, maintaining our high level of employee engagement, and responsibly sourcing our products and services. In addition, we support transparency by reporting on sustainability annually, disclosing progress within environmental, social and governance issues, including our carbon footprint, in order to fulfil our approved Science Based Targets to limit climate change.

2. We are at the cutting edge of sustainability in the industry.

We are active in sustainability networks and open to collaborating in partnerships that drive and promote sustainability and circularity – in order to remain the preferred partner we want to be to our customers and suppliers.

3. We offer a market leading product assortment.

We have a wide assortment of products to fulfil energy efficiency requirements and eco-labelled products to meet the growing customer focus, public procurement, and sustainable construction requirements such as LEED, BREAM, DGNB and Svanen. A wide FSC- and PEFC-certified timber-based product range is a top priority to support ecosystem protection and the increasing focus on lifecycle and embodied carbon in construction. Furthermore, we focus on increasing

reusability, recyclability, and the proportion of secondary materials in products.

4. We offer market leading sustainability advice.

We aim to be the preferred partner for sustainable construction and renovation, and we continuously upskill salespeople with relevant product knowledge within energy efficiency and sustainable alternatives. Our sustainability ambassador programme aims to ensure access to a sustainability specialist to support our customers in making informed decisions and fulfil their customers' increasing requirements.

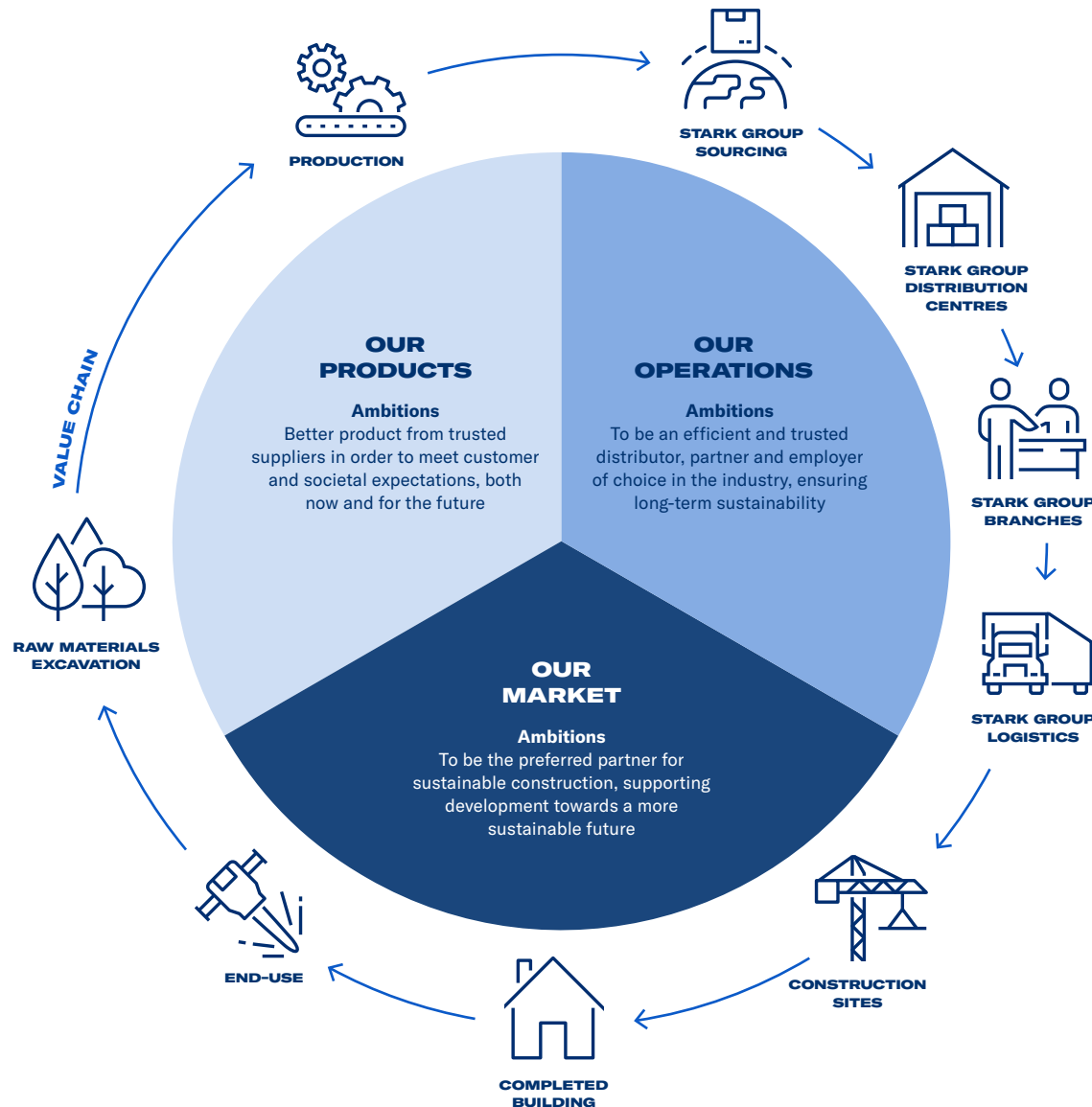
5. We ensure correct and efficient product documentation.

We aim to deliver best-in-class product documentation to support our customers' increasing demand for environmental information regarding chemical content and product impact throughout its lifecycle. In addition, we support our customers in fulfilling sustainable procurement requests, new and emerging building regulations, and certification requirements.

We strive for continuous improvement, and as sustainability is an area where new knowledge, legislation and technology are developing rapidly, continuous improvement is vital.



OUR CIRCULAR FRAMEWORK



Our sustainability framework aims to drive business growth by partnering to build the cities of tomorrow without compromising the climate, natural resources or social well-being.

To address some of our time's main challenges, including climate change and resource scarcity, we wish to support our customers and suppliers in making the value chain circular, using our united strength to join both ends. Please refer to our [Circularity and resource efficiency](#) section for further information.

SUSTAINABILITY PROGRAMMES

OUR PRODUCTS

- Product quality and integrity
- Responsible sourcing
- Ethical behaviour and human rights

OUR OPERATIONS

- Climate action and environmental efficiency
- Health and safety
- Employee engagement
- Diversity and inclusion
- Competence development

OUR MARKET

- Promoting sustainable products
- Educative partner and corporate citizen

On [page 53](#), there is an overview of policies, programmes and how they support the sustainability framework.

SUSTAINABILITY GOVERNANCE

Sustainability governance is anchored with the Group Executive Committee, which also functions as our Group Sustainability Advisory Board. Together with the Group Head of Sustainability, the advisory board is responsible for the sustainability framework, Key Performance Indicators (KPIs) and progress towards targets throughout the organisation.

The primary focus of the Group Head of Sustainability is to set the strategic direction for sustainability within the Group, ensure that relevant targets are in place, facilitate best practice sharing, and report on progress. The Sustainability Managers work to commercialise the sustainability agenda by understanding and meeting the growing needs of the customers within a product range, low carbon logistics, sustainability documentation and circular solutions and services.

Underlining our commitment to the sustainability strategy, STARK Group executive remuneration is linked to our external sustainability performance rating in order to align strategic priorities in our corporate strategy to the long-term sustainability of STARK Group.

Sustainability has become a fixed part of the agenda on board of directors and executive management meetings, at least annually. In addition, in 2022, ESG has also become a fixed item on the agenda of the STARK Group Audit Committee

in order to ensure a suitable data process and quality that is in line with the financial reporting.

Role description

Below is a list of the main focus areas for each sustainability role in STARK Group.

Sustainability Advisory Board

- Decide on strategy and discuss risks and opportunities
- Approve policies and standards
- Define the sustainability framework and targets
- Ensure integrated sustainability in all business operations
- Review sustainability performance

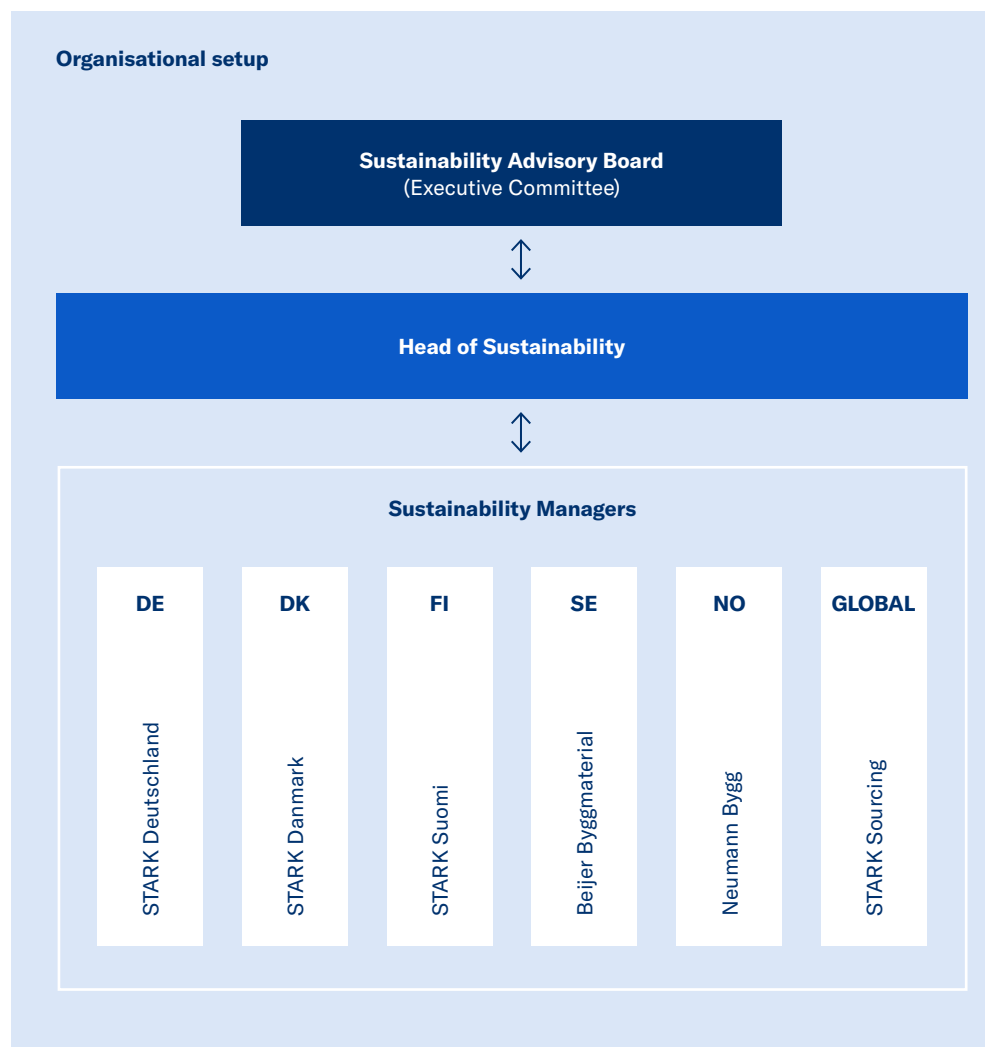
Group Head of Sustainability

- Manage sustainability and ESG reporting and ratings
- Control that processes, standards and policies are in place, followed and met
- Monitor sustainability competence within the organisation
- Ensure relevant sustainability KPIs and targets are in place
- Secure best practice sharing

Sustainability Managers

- Commercialise the sustainability agenda to embrace the market potential
- Contribute with a strong market overview of sustainable construction and products
- Support the sales organisation in the tender process and customer meetings
- Collaborate with suppliers on sustainable products, waste reduction, packaging requirements etc.
- Develop and support processes to enable correct and efficient product documentation

Organisational setup



Control mechanism

“Speak Up!” is a confidential and anonymous whistleblower system where all stakeholders can raise concerns about regulatory violations or violations of STARK Group’s Code of Conduct. Such issues include financial fraud, corruption, IT security breaches, data ethics, health & safety threats, environmental hazards, theft, embezzlement, human rights violations, harassment, and discrimination. See [pages 41-42](#) and [45](#) for information and data on whistleblower cases.

External assurance and ratings

An authorised auditor conducts limited assurance on our carbon scope 1 and 2 data annually in accordance with ISAE 3000, ISAE 3410 and the criteria from the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Furthermore, the auditor verifies that our sustainability report meets the requirements of The Danish Financial Statements Act §§ 99a, 99b and 99d and any other additional requirements under Danish audit regulations.

We are annually rated by EcoVadis, which our stakeholders view as one of the most recognised and used external ESG rating systems, and directly responding to numerous ESG questionnaires throughout the year. Our EcoVadis rating is publicly available.

Material risks and actions taken to address them

Our Group Compliance setup is the framework for how we address risks within our value chain related to our interaction with our suppliers, customers and society. We continuously assess our primary business and sustainability risks, including human and labour rights, environmental

impact and corruption in our group of companies and supply chains, and we implement measures to prevent or, where possible and necessary, end or minimise adverse impacts.

We continuously develop our risk assessments, and since September 2021, we have involved EcoVadis as an external ESG rating expert in the monitoring process. We are externally rated by EcoVadis on an annual basis, and this acts as an external ESG risk analysis enabling benchmarking across the industry. Currently, our Sustainability rating is 78/100 with “Advanced performance” in the themes environment, labour & human rights and sustainable procurement. In addition, we scored “Good performance” in the ethics theme and have thus worked to improve and document our processes during 2022.

“Risk assessments aim to identify and prioritise actions to address them.”

Our risk assessments are embedded in our plan-do-check-act management system. Risk assessments aim to identify and prioritise actions to address them. Based on the results of the risk assessments, relevant departments provide measures that address the individual results of the risk assessments. It is the role of the sustainability advisory board to review significant sustainability risks and action plans to manage them.

On [pages 60-61](#), we show our most material risks within the environmental, social and governance

spheres across our value chain – from sourcing our products, through our own operations and in our market. Selected actions taken during 2022 to minimise these risks are also described.

Reporting on our salient human rights issues

We have initiated a human rights due diligence process, which includes the following steps: Identifying and assessing our salient human rights issues; integrating findings from impact assessments into relevant company processes; tracking the effectiveness of measures and procedures; communicating how impacts are addressed.

Identifying our salient human rights issues is important to understanding and prioritising how we address human rights impacts across our operations and supply chain. The UN Guiding Principles on Business and Human Rights (UNGPs) define salient human rights issues as “the human rights that are at risk of the most severe negative impacts through a company’s activities or business relationships.”

As a distributor without production facilities and only operating branches and distribution centres in Northern Europe, our preliminary human rights assessment indicates a low risk of human rights violations occurring in our primary business operations and among our direct employees. Our colleagues are protected by strong national employment laws and our Code of Conduct, policies and practices. We acknowledge that the products we source are available with the effort of many people working in the mining, forestry and manufacturing industries. Therefore, we aim to source our products considering human rights

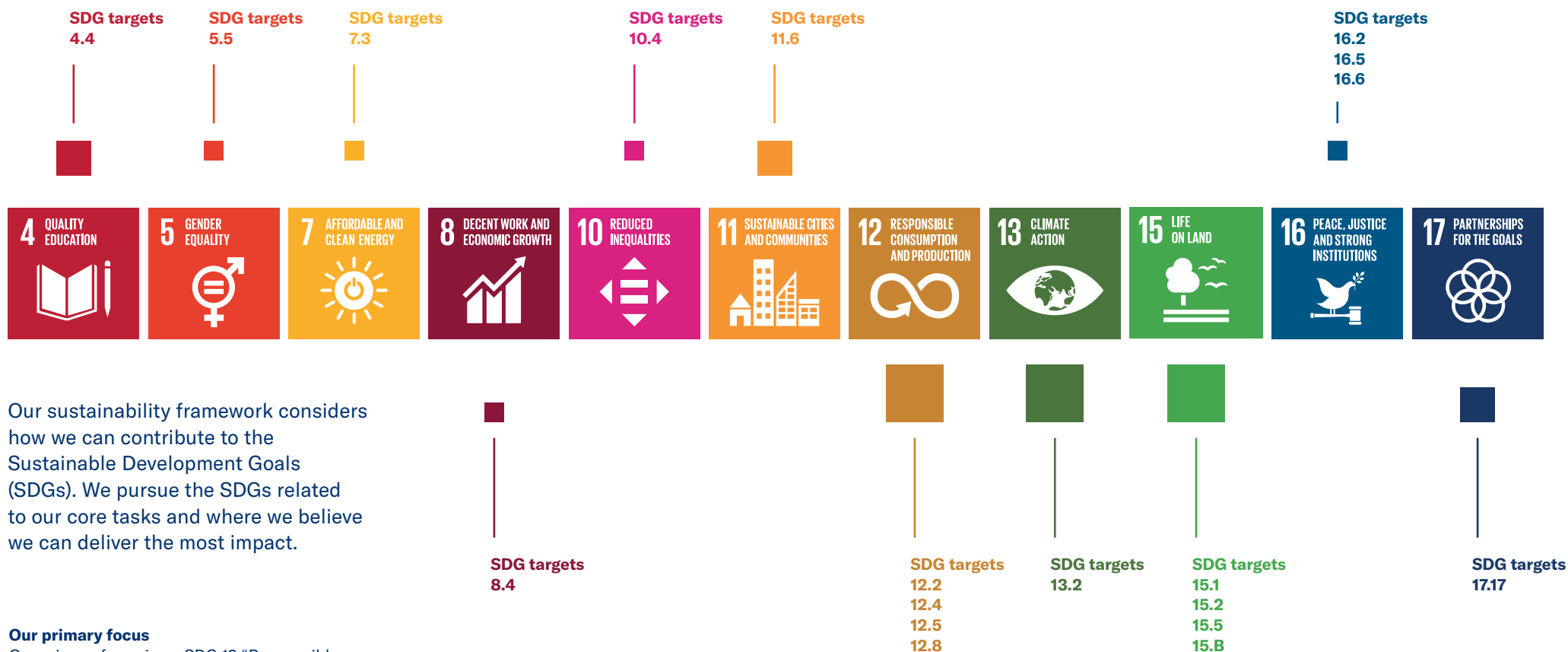
in order to support safe and decent working conditions along the supply chain.

We have identified seven salient issues in our value chain. Each of these issues is discussed in relevant sections of this report: Health and safety (see [Health & safety](#) section); discrimination (See [Diversity, equity & inclusion](#) section); harassment (See [Diversity, equity & inclusion](#) and [Ethical behaviour & human rights in the supply chain](#) section); data privacy (See [Data ethics](#) section); freedom of association (See [Labour rights](#) section); fair wages (See [Diversity, equity & inclusion](#) and [Ethical behaviour & human rights in the supply chain](#) section); and forced/child labour (See [Ethical behaviour & human rights in the supply chain](#) section).

Improving our risk assessment and standards in the supply chain is an ongoing process. We will further develop our risk assessment, management and human rights due diligence processes within our business, in collaboration with external partners, and strive to align with recognised standards.

We are committed to providing appropriate remediation to harmed individuals or communities where we identify that we have caused or contributed to a negative impact. We are also prepared to collaborate with suppliers to remedy adverse impacts linked to our products or services through our suppliers’ mechanisms or by collaborating on developing third-party non-judicial remedies. Furthermore, we will not obstruct access to other remedies and are committed to collaborating on initiatives that provide remedy access.

OUR CONTRIBUTION TO SUPPORT THE UN SDG TARGETS



Our sustainability framework considers how we can contribute to the Sustainable Development Goals (SDGs). We pursue the SDGs related to our core tasks and where we believe we can deliver the most impact.

Our primary focus

Our primary focus is on SDG 12 “Responsible consumption and production”, SDG 13 “Climate action”, and SDG 15 “Life on land”. In addition, we support a wide range of other SDGs throughout our business operations and supply chain.

For a summary of our contributions during 2022 to the SDG targets see [pages 54-59](#).



ENVIRONMENT

We wish to help build the cities of tomorrow while reducing our impact on the climate and environment by cutting emissions from operations and product embodied carbon, increasing circularity and resource efficiency, and by supporting sustainable ecosystems.

This section describes our principles and ambitions within environmental sustainability and our impacts and progress on climate action, circularity, and ecosystem protection.

IN THIS SECTION

- 20 Climate action
- 25 Circularity & resource efficiency
- 28 Ecosystem protection



CLIMATE ACTION

Climate change is causing widespread disruption to nature and affecting the lives of billions of people around the world. Climate change is a global challenge that requires local solutions and immediate action.

Approval of science based targets

In February 2022, the Science Based Targets initiative (SBTi) approved our 2030 targets to reduce carbon emissions. Furthermore, we made a clear commitment to reach net zero by 2050 at the latest through the Business Ambition for 1.5 campaign. This commitment will require a transition to a more circular, low-carbon construction sector to solve environmental

challenges and meet the demands of tomorrow's net zero sustainable societies.

Progress on our roadmap to net zero – scope 1 and 2

The STARK Group scope 1 and 2 carbon footprint decreased by 22% compared to our 2020 baseline. The reduction is primarily driven by the purchase of renewable electricity certificates in Germany, Finland, and Norway as well as energy efficiency projects, including a continued transition from conventional lighting to LED and more efficient heating and ventilation systems, and a continued transition from oil and gas to district heating and heat pumps. During 2022, 45% of our electricity was actively sourced as renewable. Thus, progress has been made toward our 100%

renewable target in 2030. Our long-term ambition is to ensure that our sourced renewable energy contributes with additionality to the renewable energy system through power purchase agreements or on-site renewable energy production in markets where renewable electricity is in surplus.

During 2022, we continued the transition from diesel to electric forklift trucks; presently, electric forklifts make up 78% of the total fleet, comprising 1,761 electric forklift trucks. Replacing the fleet reduces carbon footprint, improves air quality, and reduces noise in the working environment.

Carbon emissions from our own goods distribution have decreased by 12% compared to the 2020 baseline. This reduction is driven primarily by fossil-free deliveries in southern Sweden,



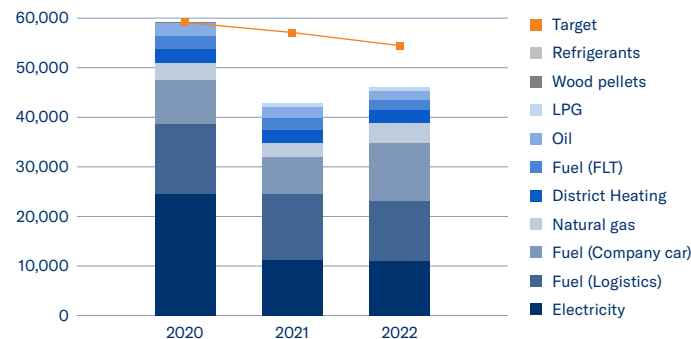
Our approved science-based targets:

STARK Group commits to:

1. Reduce absolute scope 1 and 2 GHG emissions by 42%*
2. Actively sourcing 100% renewable electricity*
3. Reduce absolute scope 3 GHG emissions by 12.3%*

* by FY2030 from a FY2020 base year

STARK Group total scope 1 & 2 by category (tCO₂e)



OUR 2024-TARGETS

16.8% reduction in absolute scope 1 & 2 GHG emissions

5% reduction in absolute scope 3 GHG emissions

10% of branches offer customers sustainability events annually

3% employees trained as sustainability specialist

Find performance data [here](#)

OUR PRINCIPLES

We aim to run efficient operations that minimise energy consumption and waste and to offer our customers low carbon services and products that reduce our carbon footprint and the impacts of climate change.

OUR AMBITIONS

Net Zero 2050

SUPPORTING POLICIES

- Environmental Policy
- Sustainability Policy
- Responsible Timber Sourcing Policy

COMMITMENTS / CERTIFICATIONS

- Approved Science Based Targets 2030
- Net Zero 2050 (Business Ambition for 1.5°C)

SUSTAINABLE DEVELOPMENT GOAL

- 13 Climate Action



FIRST ELECTRIC TRUCK IN BUILDING MATERIALS DISTRIBUTION IN GERMANY

In cooperation with Fulda University of Applied Sciences and with funding from the State of Hessen, STARK Deutschland put its first battery-electric truck into operation. The project aims to present a decarbonisation concept that can serve companies and politicians as a plan for a green transformation of heavy goods transport. We believe we must work with our suppliers and partners to improve efficiency and adopt new technologies to reduce emissions from distribution and transport, even as our business grows. Using electric trucks reduces carbon emissions and air pollution and contributes to a much quieter city.

CO₂ REDUCTIONS FROM HELSINKI DELIVERIES

From April 2022 STARK Suomi switched to the use of renewable HVO diesel in all its transports in the Helsinki metropolitan area, accounting for one million kilometers annually and more than 30% of all STARK Suomi transport. HVO diesel has 90% lower carbon emissions compared to conventional diesel. "The decision is a strategic investment in sustainability, as we see that responsible operations create a competitive advantage for us and ensure long-term profitability and growth," says Anne Koskinen, Sustainability Manager in STARK Suomi.

Stockholm, Helsinki, and Copenhagen regions, using renewable HVO100 and piloting electric trucks in Denmark and Germany. In addition, the substitution of diesel with HVO has reduced our carbon emissions by 1,020 tonnes. Furthermore, the full implementation of Descartes in our logistics set-up has further improved our logistical efficiency by enabling data-driven decisions.

STARK Group's fleet of passenger cars contributed 26% of total 2022 scope 1 and 2 carbon emissions. Therefore, the Group car policy encourages electric or at least hybrid, in order to reduce this significant contribution.

Progress on our roadmap to net zero – scope 3: Supporting decarbonization in the construction industry

Product documentation for building LCA

Carbon emissions are released during the product manufacturing, transportation, construction, and end-of-life phases, commonly referred to as embodied carbon. To reach net zero, there is an urgent need for coordinated actions across the value chain to design and produce low-carbon building materials that can be reused or recycled after end-use to reduce this embodied carbon.

As a leading building materials supplier, we have the potential to reduce carbon emissions in the construction industry by promoting low-carbon products and services. The decisions made for buildings during the planning and construction phase largely determine the environmental impact over many future decades due to the long lifetime of buildings. Therefore, our ambition is to become involved at an early stage to promote the most sustainable material solutions. Furthermore, decisions involve a trade-off between additional capital expenditure and potential cost and carbon savings during operational use and



at the end of life. We therefore encourage using lifecycle assessments (LCA) of buildings and strive to support calculations with increased documentation in order to complement economic decision-making with information on environmental impacts such as global warming potential.

We support and encourage sustainable construction and increased circularity in the construction industry by offering a wide range of sustainable eco-labelled products and products with environmental product declarations (EPDs). Furthermore, we support our customers' needs for increased environmental information regarding product impact throughout the life cycle. We believe a documented sustainable product focus secures our future relevance in the market.



Replacing diesel forklift trucks with electric reduces the carbon footprint, improves air quality, and reduces noise pollution

78%

of STARK Group's forklift trucks are electric (1,761 out of 2,255)

“With sustainability ambassadors in all our stores, we can help craftsmen cope with the increasingly complex sustainability requirements that they rarely have time to familiarize themselves with.”

– Kristian Fribo, Sustainability Manager, STARK Danmark

STARK Group Carbon Emission Inventory per scope (%)



Scope 3 comprises >99% of Group emissions including 53% Purchased Goods and Services and 45% Product End-of-life.¹

- Scope 1 (=0.3%)
- Scope 2 (=0.1%)
- Scope 3

1. Based on Quantis spend-based inventory calculation 2020. We are currently compiling supplier-specific data (EPDs) for all products to improve accuracy.

Sustainability specialists to promote and advise

We believe knowledge is crucial to the green transition. As of July 2022, a total of 250 sustainability specialists, comprising 2% of our total employees, have been trained through sustainability ambassador training programmes in STARK Danmark, STARK Suomi, STARK Deutschland and Beijer Byggmaterial. Through weekly training and networking sessions, these ambassadors developed skills and best practice sharing across branches and regions in practical, customer-driven sustainability, including sustainable building materials, third-party certified eco-labels and documentation.

All STARK Group business units aim to make it easier for customers to make informed decisions within our assortment of building materials. We do this by providing relevant information illustrating what the various product labels stand for and which product labels to look for to ensure a healthy indoor climate, lower environmental impacts and lower occupational health risks for craftsmen. Customer feedback indicates this sustainability information has bolstered their sales arguments toward end customers by providing clear arguments for the added value of the sustainable alternative.

STARK Danmark has launched “Byg Grønt” to guide customers to the most sustainable alternatives. All Byg Grønt products are certified with a verified third-party ecolabel. Byg Grønt is found on the web shop, on in-store material

and on marketing materials. Furthermore, STARK Danmark is a partner of Building Green, an event established in Copenhagen, to create a more sustainable construction industry and sustainable architecture in the future. To explore our collaboration with Building Green, please refer to [page 26](#).

Supplier collaboration to meet scope 3 targets

With over 99% of scope 3 emissions related to the purchase of goods and the end-of-use of sold products, collaboration with suppliers is key to meeting our net zero targets. STARK Group has an ongoing partnership with our most prominent suppliers under the European Supplier Programme. The ambition is to work closely together to solve some of the industry's most significant challenges. The European Supplier Programme aims to create an innovative and collaborative environment for piloting sustainable initiatives across the supply chain. During 2022, the second roundtable session on sustainability was held to discuss the need for increased collaboration and carbon data and to encourage our partners to join the Science Based Targets initiative. Furthermore, sustainability has been a reoccurring theme on Executive Supplier days, including keynote sessions by Chris Trott, Head of Sustainability and Partner at Foster + Partners and Jan Mischke, Partner at McKinsey Global Institute.

Third-party verified eco-labels



STARK Deutschland
STARK Danmark
STARK Suomi
Beijer Byggmaterial
Neumann Bygg

FSC® C100156
FSC® C004720
FSC® C118054

PEFC/04-31-1576
PEFC/09-31-026
PEFC/02-31-194
PEFC/05-37-215
PEFC/03-31-41

STARK Group white paper

SUSTAINABILITY MARKET INSIGHT REPORT 2022

The Sustainability Market Insight Report (2022) gives an overview of sustainability in the construction industry across the STARK Group markets.

All STARK Group markets have clear nationally legislated net-zero targets and ambitious 2030 targets for carbon reduction that match or exceed those set by European Union (EU), net-zero by 2050 and 55% emissions reduction by 2030. Globally, the building and construction sector is responsible for approximately 39% of all greenhouse gas emissions, with 28% from operational energy use and 11% from consumption of materials for new buildings and refurbishment of existing buildings (World Green Building Council, 2019). Therefore, reducing emissions from the building sector must be approached from both a materials and energy perspective.

This white paper highlights differences in national legislation and requirements for product documentation and data availability to support the green transition towards a more sustainable construction sector and a net-zero future. The report also highlights the importance of product documentation and the data required to support the transition.

With this report, we wish to share our insights and knowledge across our value chain in order to embrace the market potential of the green transition and the European Green Deal while supporting a net zero future.

This report has been shared with key suppliers to ensure that we have the right products in our assortment to fulfil the requirements of our customers both now and in the future.



As all STARK Group markets have clear, nationally legislated net zero targets, the construction sector must inevitably deliver significant carbon reductions.

2050

Latest net zero target in all STARK Group markets






Download report at
<https://starkgroup.dk/sustainability>

OUR ROADMAP TO NET ZERO

Accelerating our climate efforts

Scope 1 & 2





-  Switch to 100% renewable electricity at all our sites
-  Transition to low carbon distribution using electric trucks & vans or renewable fuels (HVO100)
-  Fuel efficiency driver training to all STARK Group goods drivers

Scope 3

-  Waste reduction and segregation for reuse and recycling
-  Collaboration with suppliers to obtain ESG supply chain transparency and product life cycle carbon data
-  Initiate sustainability ambassador training, buyer sustainable procurement training and customer sustainability events in all BUs





Increasing focus across the value chain

Scope 1 & 2

-  The construction of new branches are certified according to sustainable construction schemes
-  100% of renewable electricity on-site or through power purchase agreements
-  Transition to plug-in hybrid and electric car fleet and light commercial vehicles
-  Convert all forklift trucks and other equipment from diesel to electric/ low carbon fuel

By 2024, we will reduce our scope 1 & 2 emissions by 16.8% and scope 3 emissions by 5%

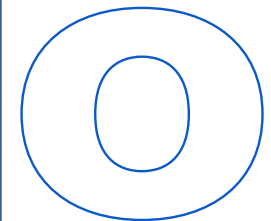
Scope 3

-  Increase % of 3rd party certified eco-labelled products in assortment
-  Close the packaging loop. 100% of packaging recyclable or reusable
-  Clear Group specifications and procedures for sustainable low carbon sourcing
-  Helping craftsmen and customers to live low carbon lifestyles and to support the sustainable transition in the building industry
-  Provide product embodied carbon information and climate budget to customers
-  Measure and manage biodiversity and nature impact
-  Promote reused products and circular business models i.e GENTRÆ

By 2030, we will reduce our scope 1 & 2 carbon emissions by 42% and scope 3 emissions by 12.3%

Delivering net zero

Together with our partners and customers we will support and further develop a net zero construction sector of the future with a wide array of low carbon products and services. We will continue to be active in partnerships for circularity and to measure and manage the sustainability impacts of our value chain. We will balance any remaining emissions through trusted third party verified climate solutions that benefit society at a whole.



By 2050 we will reach

NET ZERO

2030

2050

Commitment to Science Based Targets Business Ambition to 1.5°C

2020
Baseline

2024

CIRCULARITY & RESOURCE EFFICIENCY

We strive to support and promote sustainable consumption and production. We wish to decouple our economic growth from environmental degradation by increasing resource efficiency and promoting circularity in the construction sector.

Circular platforms and networks

We participate in numerous networks and partnerships to close material loops and push forward a European standard for circular products and processes in the construction industry.

STARK Deutschland has joined the Madaster global online platform, which is dedicated to the circular use of products and materials in the construction industry. "The partnership with Madaster gives us the opportunity to actively contribute with our know-how in the building materials trade to promote circular economy in Germany and thus make an even more far-reaching contribution to sustainable development," says Michael Knüppel, CEO of STARK Deutschland. Madaster is a digital register in which buildings, including the materials, products and elements used, are recorded and documented to support circularity.

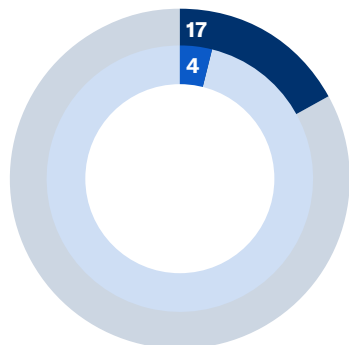
Furthermore, our participation has continued in Circle House Lab (Please refer to [Circle House Lab - BLOXHUB](#) to download Green Paper publications) and various other networks and partnerships throughout our markets.

Increasing assortment of eco-labelled products

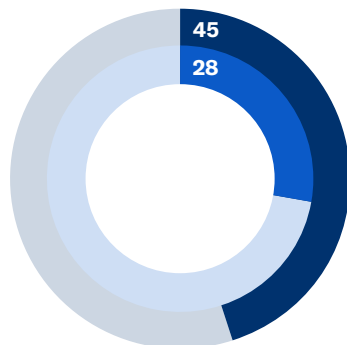
Many of our suppliers are producing their products more sustainably and with circularity in mind, using less energy, hazardous chemicals, water and resources. By applying third-party eco-labels to these products, suppliers can clearly communicate the sustainable value of them, and our sales staff are readily able to promote this added value.

Share of third-party verified eco-labelled products

STARK Suomi (%)



STARK Danmark (%)



In 2022, the share of third-party verified eco-labelled products in STARK Denmark comprised 28% of stocked assortment but represented almost half of the total sale of stocked assortment.

- Share of total sale in stocked assortment comprised of third-party verified eco-labelled SKUs
- Share of third-party verified eco-labelled SKUs in stocked assortment



OUR 2024-TARGETS

Increasing percentage of assortment and sales of third-party verified eco-labelled products

20% waste reduction

80% waste segregated for recycling

Find performance data [here](#)

OUR PRINCIPLES

We aim to run efficient operations that minimise resource consumption and waste production while supporting circularity throughout the value chain.

OUR AMBITIONS

Our ambition is to use our united strength to work with our customers and suppliers to support a circular value chain.

SUPPORTING POLICIES

- Sustainability policy
- Environmental policy
- Supplier Code of Conduct
- Code of Conduct

SUSTAINABLE DEVELOPMENT GOAL

- 12 Responsible consumption and production

In collaboration with construction companies and suppliers, STARK's concept GENTRÆ has collected and recycled more than

500

tonnes of wood since 2019, corresponding to a reduction of at least 22.5 tonnes of carbon.

Read more on
STARK GENTRÆ – Løsning til
genbrug af træ fra midlertidige
konstruktioner

All third-party verified eco-labelled SKUs in STARK Danmark and STARK Suomi made up 4% and 28% of the stocked assortment and represent 17% and 45% of the total sales of stocked assortment, respectively. The share of eco-labelled SKUs and sales has thus increased during the past year.

Efficient product sustainability documentation

Certified sustainable construction schemes and public procurement requirements demand correct and verified documentation of construction materials. We strive to make it easy for all customers and end-users to find the required sustainability and safety documentation. For example, customers are able to view their previous orders and invoices and download data sheets, delivery notes and sustainability documentation for any project number or construction site in their portfolio. Together with our suppliers, we are continuously improving the availability of documentation on our products to meet the increasing data demands for sustainable construction.

Catalysing circularity through supplier and customer partnerships

It is increasingly important to reuse and recycle the planet's resources due to climate change and the current geopolitical situation having a huge impact on global supply chains and limiting a wide range of resources, including building materials. Therefore, we have continued to expand our circular concepts to include various products from supplier and customer waste streams for reuse, repurposing, or to make new products.

Building Green conference

STARK Danmark is a partner at Building Green, a bi-annual conference and sustainability trade fair for the entire construction industry in Copenhagen and Aarhus, respectively. Our annual customer sustainability survey in STARK Danmark once again showed that our customers'



FROM WORKWEAR TO BUILDING ISOLATION

STARK Suomi entered a strategic pilot project with Rester Oy, Ekovilla Oy and Encore Ympäristöpalvelut Oy to recycle workwear as a raw material. The pilot project serves a greater purpose as Ekovilla develops and tests the utilisation of textile fibre from workwear in the manufacture of ecological building insulation and acoustic panels. Five thousand kilos of workwear from STARK have already been given a new life as construction products.

"It is especially interesting to see how textile fibre in the future can be utilised in products specifically related to construction, such as insulation," says Anne Koskinen, Sustainability Manager at STARK Suomi.

The experiment implements circular economy principles, saves natural resources, promotes the product development of textile fibre utilisation and contributes to our ways to achieve net zero by 2050 at the latest.



STRATEGIC PARTNERSHIP TO REUSE BUILDING MATERIALS

Beijer Bygghmaterial initiated a strategic partnership with Nacka Vatten och Avfall to reuse building materials. Together they created a circular concept where customers deposit waste wood at a recycling center, and Beijer Bygghmaterial ensures that what can be reused is sold to customers instead of going to waste. Materials that cannot be sold are offered to the building programme at Nacka Gymnasium.

Sustainability Manager at Beijer Bygghmaterial, Alexandra Rosenqvist says: "For Beijer, it is obvious that reused and recycled building materials are part of the future of construction. Therefore, we continuously work to find circular concepts strongly needed in the existing environmental certifications of buildings. We are counting on our customers to join us on this journey, and we are already seeing great interest in circular solutions."

"By looking at wood waste as a resource and reusing the material instead of using virgin material, the pressure on forests is reduced," says Peter Bergengren, Professional sales Beijer Bygghmaterial.

Due to this partnership, the branch in Nacka was awarded Builders' Merchant of the year for motivating and inspiring others in the industry through its work with sustainability.

most significant barrier to sustainable construction is the lack of knowledge about sustainable building standards, available products, and sustainable alternatives. To address this, our sustainability ambassadors were present at the conference to share their knowledge of meeting the increasing demands and efficiently incorporating certifications such as DGNB into projects. At the same time, the craftsmen could experience and ask questions about new innovative products and solutions for use in a sustainable construction process.

Supplier partnerships

The STARK Group wood recycling concept GENTRÆ is experiencing great customer interest and has inspired numerous partners in the construction industry to rethink the lifespan and potential reuse of building materials. GENTRÆ has thus expanded its operations and product assortment. GENTRÆ teamed up with five students from Alborg University and Superwood A/S, a Danish company that has developed and patented a technology for the complete impregnation of wood without using heavy metals and solvents. Together they have initiated GENWOOD, a product consisting of Superwood's byproducts which do not live up to the high Superwood standard. These products were previously sent for incineration, but now the wood is checked by the social-economic company, Comeback, and sold as recycled wood. Comeback is a company that specializes in helping marginalized young men aged 16-35 to take responsibility for their own development.

Keflico is another supplier that has incorporated the GENTRÆ concept. Together with STARK, Carlsberg Group and Lendager architects,

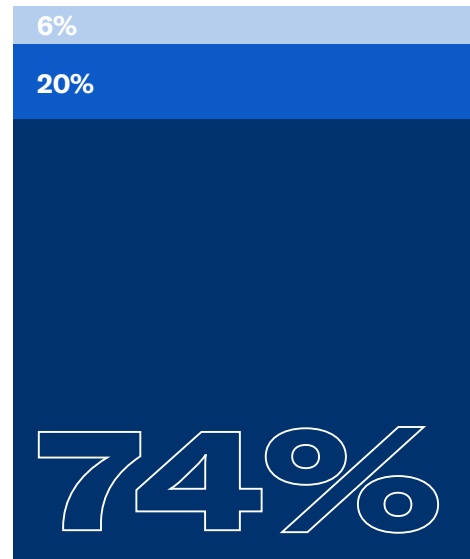
one of Denmark's largest terraces was built at Roskilde Festival 2022 from wood offcuts that normally end up as waste. The terrace was designed for disassembly on screw foundations, divided into sections, and has been disassembled, ready for reassembly.

Improved waste management

We have reduced our own waste amounts by 2%, primarily driven by initiatives to sell surplus products and breakage.

Waste fractions 2022

(%)



■ Landfilled ■ Incinerated ■ Recycled

To reduce the wastage of surplus products, Beijer Bygghmaterial and Neumann Bygg have joined forces with Tørn, Scandinavia's first and largest marketplace for selling surplus building materials. Neumann Bygg was the first partner to utilize the innovative resource platform when it was initiated in Norway in 2020 and Beijer Bygghmaterial is the first in Sweden to enter a partnership with Tørn. "Selling the surplus products frees up both working capital and storage space, so the most sustainable choice is also the most economically profitable," says Alexandra Rosenqvist, Sustainability Manager at Beijer Bygghmaterial. In February, an agreement was signed to collaborate with three pilot branches: Karlskoga, Örebro and Karlstad. In four months, these pilot branches have sold 561 surplus products. This is just the beginning, as the goal for 2023 is to expand the collaboration throughout Beijer Bygghmaterial.

STARK Suomi have also initiated a structured collection of damaged plasterboards and cut-offs and return these valued resources to production facilities as raw materials. This has resulted in reduced waste amounts and is an example of a supplier partnership for circularity.

The percentage of waste segregated for recycling has increased 3 pp during the past year but is still 1 pp behind the baseline of 2020. However, all business units except for STARK Deutschland, which holds the highest recycling rate of 88%, have increased their recycling rates. In Neumann Bygg, for example, significant efforts to implement new sorting systems and to train warehouse colleagues regarding resource efficiency have increased recycling rates from 16 to more than 50%.

ECOSYSTEM PROTECTION

Natural ecosystems provide raw materials and a series of ecosystem services which reduce the risks of natural disasters, loss of biodiversity, regulate climate and maintain the productivity of agricultural systems. Protecting these ecosystems supports climate change mitigation and adaptation efforts.

Environmental management and audits

Our environmental management system is structured around the ISO 14001:2015 standard. All STARK Deutschland and Beijer Byggmaterial branches are ISO14001 certified. Neumann Bygg

is certified under the Eco-Lighthouse certification system. 60% of STARK Group's branches are environmentally certified at present. All certified business units are externally audited annually. A weekly self-inspection programme includes environmental questions such as waste sorting and handling, hazardous material handling and storage, resource efficiency and maintenance of any fuel tanks to avoid spills and leaks.

STARK Deutschland, STARK Danmark, Beijer Byggmaterial and STARK Suomi all conduct energy audits at least every four years in accordance with The Energy Efficiency Directive (2012/27/EU). These audits form the basis for prioritising energy efficiency initiatives and projects on the business unit action plans towards their targets.

Biodiversity and ecosystem protection

Our ecosystem and biodiversity are under pressure, and we are responsible for considering the negative impacts on ecosystems and biodiversity when sourcing our products. Roughly a quarter of STARK Group's sourced products, measured in monetary terms, is timber or timber-based, making responsible sourcing of timber and timber products of prime importance to the Group. Our ambition is to ensure that our timber products originate from sustainably managed forests which help preserve soil health, water resources and biodiversity.

Responsible timber sourcing (FSC and PEFC certifications)

All business units within STARK Group conduct due diligence in accordance with the STARK



OUR 2024-TARGETS

Increasing percentage of assortment and sales of FSC and/or PEFC labelled products

Find performance data [here](#)

OUR PRINCIPLES

STARK Group aims to run responsible and efficient operations that minimise waste and any negative effects of its business activities on the environment. In addition, STARK Group works with its suppliers and customers to minimise indirect environmental impacts in its supply chain.

OUR AMBITIONS

To ensure that our timber products originate from sustainably managed forests which help preserve soil health, water resources and biodiversity.

SUPPORTING POLICIES

- Sustainability Policy
- Environmental Policy
- Responsible Timber Sourcing Policy
- Supplier Code of Conduct

COMMITMENTS / CERTIFICATIONS

- ISO 14001 (206 STARK Deutschland branches and 95 Beijer Byggmaterial branches)
- Miljöfyrtårn certification (17 Neumann Branches)
- PEFC certification (48% of total branches)
- FSC certification (39% of total branches)

SUSTAINABLE DEVELOPMENT GOAL

- 15 Life on land

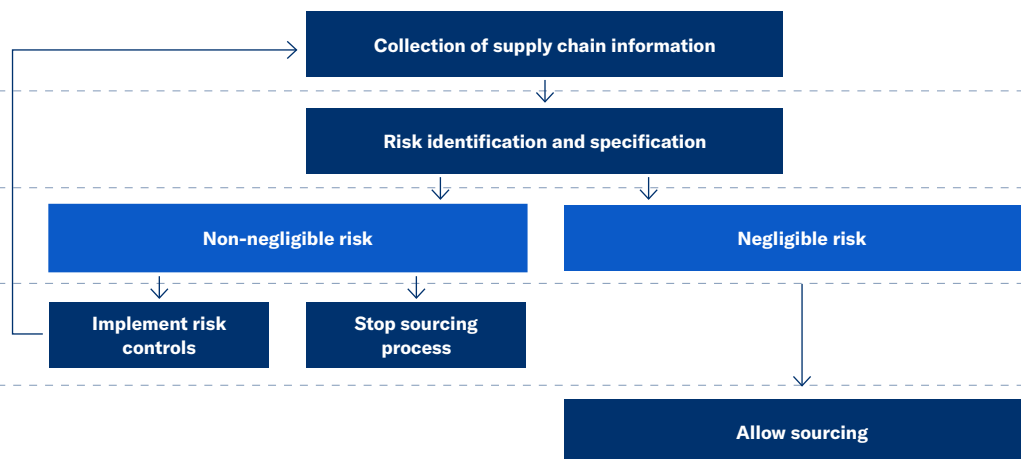
Risk Data Collection (STARK Sourcing)

Risk Identification (Preferred by Nature™)

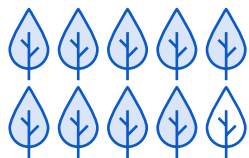
Risk Assessment Result (Preferred by Nature™)

Risk Mitigation (STARK Sourcing)

Risk Conclusion (STARK Sourcing)



More than **9 out of 10** timber-based products are made from certified timber*



Group Responsible Timber Sourcing Policy. This is undertaken in collaboration with our external partner, Preferred by Nature, to gain assurance of product legality in compliance with the EU Timber Regulation and to assess the sustainability of forest resources. Sustainable forestry ensures we can meet customer demands for timber without compromising the ecological balance, including biodiversity, climate change and water regeneration, thereby securing a continuous future supply chain.

Together with Preferred by Nature, we have completed desk research of our suppliers to identify potential risks downstream in the supply chain. No on-site supplier audits have been required as it was possible to obtain all necessary documentation through the due diligence process. Therefore, no changes have been made to our measurement and mitigation process, ensuring compliance or securing negligible risk.

100% of STARK Group's Nordic branches are PEFC-certified, and STARK Danmark and Beijer Bygghus are also FSC®-certified. In STARK Deutschland, 12% of branches are FSC and PEFC-certified. In 2022, the percentage of FSC® and PEFC-certified timber and timber-based products increased in STARK Danmark and Neumann Bygg with certified stock keeping units (SKUs) in the stocked assortment ranging between 89-94% and share of timber-based sales ranging between 94-95%.

Case

PLANT-MY-TREE – MELLE GALLHÖFER

STARK Group's German roofing and facade specialist, Melle Gallhöfer, has partnered with the organisation PLANT-MY-TREE to contribute to sustainable forest management, afforestation and increasing biodiversity.

They will plant 10,000 new trees in a protected area in the western part of Germany together with their customers and PLANT-MY-TREE. Together with PLANT-MY-TREE, Melle Gallhöfer is contributing to ensuring sustainable forestry and helping preserve biodiversity. From the 1 August 2022, Melle Gallhöfer will plant a new tree for every purchase of timber or timber-based product to support afforestation and the conversion of local forests into species-rich deciduous forests adapted to climate change. Young plants between three and five years old with a height of around 80 to 110 cm will be planted in areas that will be secured and intensively cared for, for at least 99 years.



* STARK Danmark and Neumann Bygg



SOCIAL

We work dedicatedly to be a safe and inclusive company with a highly engaged and competent workforce. We believe that social sustainability fosters engagement, which is crucial for STARK Group to deliver on strategic goals and maintain customer loyalty.

In this section, we describe our principles and ambitions within social sustainability and our impacts and progress on health and safety, diversity, equity and inclusion, employee relations, and our efforts to assess human rights across our value chain.

IN THIS SECTION

- 31 Health & safety
- 33 Diversity, equity & inclusion
- 36 Employee engagement & competence development
- 38 Labour rights
- 39 Ethical behaviour & human rights in the supply chain



HEALTH & SAFETY

The health and safety of our people is always a key priority for STARK Group, whether it involves our employees, customers or the communities in which our businesses operate.

We aim for an accident-free workplace, and all our employees must support continuous improvements in health, safety and well-being throughout our operations. We report transparently on the health and safety of our people and have ambitious targets to ensure progress and focus.

Vision Zero

At STARK Group, we believe that incidents are neither predetermined nor unavoidable – they always have causes. By building a strong safety

culture, these causes can be eliminated, and incidents prevented. STARK Group has joined the Vision Zero campaign via the Danish Vision Zero Council to support this. In 2022, we updated our Health and Safety strategy based on Vision Zero. In addition, we introduced several new Key performance indicators that make it possible to measure and support a strong health and safety culture.

Our H&S management system and audit program

We maintain an occupational health and safety management system structured around the ISO 45001:2018 standard to achieve an equally high level of health and safety performance throughout the Group and ensure full compliance with legislation and other requirements. In 2022, 40% of our branches across the Group were ISO45001 certified, including 206 German- and three Danish branches. This is a reduction compared to previous years due to new acquisitions.

All STARK Group business units report monthly the number of injuries and the number of lost workdays (LWDs) and have annual targets for reducing these parameters.

During 2022, the total number of reportable injuries decreased from 8.8 to 7.9 per million hours worked. This reduction was driven by an increased effort to prevent incidents by focusing on learnings from root cause analysis. Based on incident analysis and risk assessments, instructions and guidelines are communicated to our employees. In addition, local Health and Safety Steering Committees evaluate all incidents to prevent future occurrence. Finally, accident statistics and performance on internal

Injury rate

(per million worked hrs)

Target: Reduce injury rate to 7 per million worked hours

Progress: Towards target

2022	7.9
2021	8.8
2020	8

Lost workday rate

(per million worked hrs)

Target: Reduce lost workday rate to 40 per million worked hours

Progress: Behind target

2022	81.2
2021	64.3
2020	64.3

health and safety audits are a recurring topic at all Board meetings.

To support the STARK Group operating model, we have moved responsibility for health and safety from being Group centred to being the responsibility of each business unit. We have done this because we believe that the health and safety of our employees is closely related to the



OUR 2024-TARGETS

Reduce injury rate to 7 per million worked hours

Reduce lost workday rate to 40 per million worked hours

Find performance data [here](#)

OUR PRINCIPLES

We believe that all incidents and accidents can be prevented through a strong safety culture

OUR AMBITIONS

To create a safe workplace in collaboration with our employees and to support continuous improvements in health, safety and well-being throughout our operations

SUPPORTING POLICIES

- Health & Safety Policy
- People Policy
- Code of Conduct

COMMITMENTS / CERTIFICATIONS

- Vision Zero – member of the Danish Vision Zero Council
- ISO - 45001

SUSTAINABLE DEVELOPMENT GOAL

- 3 Good health and well-being



SAFETY FIRST

40%

of our branches across the Group are certified to ISO45001, including 210 German- and three Danish branches.



MANAGEMENT TRAINING IN SAFETY BEHAVIOUR

In STARK Suomi, all managers have undergone two days of training in safety behaviour. The training was based on the Vision Zero methods. In addition, the managers conducted a survey outlining what they need to work on to support good safety culture. The training was part of a larger effort to reduce the number of incidents in Finland. Together with various other initiatives, this training has contributed to a 30% reduction in incidents during the past year.

FORKLIFT TRUCK SAFETY WORKING GROUP

At STARK Group, more than 2,250 forklift trucks (FLT) operate daily, making them the most important machines we use to handle our goods. We have set up a dedicated working group to ensure a high safety standard for using FLT. The group evaluates new technologies and ways of training employees in safe behaviour around FLT. Beijer Bygghandels and STARK Danmark test and pilot new forklift safety equipment and training methods.

Our focus on safety around forklift trucks comes from the fact that we are very aware of the potential risk they pose in our daily work, especially because they are operated in areas that both employees and customers pass through.

day-to-day operation and management of our business. The role of Group is to set targets and direction and to support local Health and Safety partners and local management teams in their daily work, making STARK Group a safe place to work. Furthermore, additional resources have been allocated to the health and safety organisation following numerous new acquisitions.

We continue to set high standards for our employee's health and safety and are pleased that our injury rate is significantly lower than the European industry benchmark. Nonetheless, we aim to continue to improve in the coming years.

Branch support and audits

STARK Group internal branch audits assess compliance with legal requirements and internal health and safety processes in all branches annually. Branch audit results are reviewed monthly by management to ensure rectification of nonconformities and continual improvement at the branches. Any non-conformities which have not been rectified within the deadline are escalated to the local Health and Safety Steering committee.

When performing internal branch audits, extending the support needed to make the outcome of the audit a success is very important for us. In the period after the internal audits, we follow up and support the branches that have non-conformities. We do this to support the safety culture, which is a key element in our approach to the continuing development of a safe workplace. The branch audit programme has proven to be an important management tool for assessing operational health and safety performance and keeping a constant focus on

the safety culture to help prevent incidents and near-misses. In addition, weekly health and safety self-inspections are made between branch annual internal audits to ensure consistent, high health and safety standards.

Health and Safety training programs

Health and safety training for STARK Group employees combines on-site training, standard operational procedures and e-learning modules covering our main risks and focus areas.

Health and Safety of Contractors

To ensure the safety of contractors working on STARK Group premises, they are also required to follow our procedures. Contractors are given a health, safety and environmental introduction in accordance with our Checklist for Contractors & Subcontractors and a link to our STARK Group safety film.

Health and safety committees

Health and safety committees have been established in STARK Deutschland, STARK Suomi, and STARK Danmark and consist of managers or manager-appointed sub-managers and voluntarily elected employees. The committees function as local health and safety resources for the branches and as a cooperative link between the local health and safety management team and the branches regarding relevant health and safety inputs, risk assessments, and opportunities. In business units without formal health and safety committees, health and safety business partners function as their link to local management and STARK Group for local risk assessments and best practice sharing.

Health and safety partners meet regularly with STARK Group management to ensure a uniform professional quality and approach across the Group.



DIVERSITY, EQUITY & INCLUSION

STARK Group aspires to be a more diverse and inclusive company. We believe diversity, equity and inclusion positively impact our business results and the communities around us.

Gender focus as a key driver for diversity, equity and inclusion (DE&I)

At STARK Group, we are convinced that our continued success relies on the diverse skills, experiences, and backgrounds that our employees bring to their roles. We believe that diversity, equity and inclusion positively impact our overall

business results, our performance, our products, our relationships with customers and suppliers, and the communities where our employees thrive.

Our Diversity and Inclusion manual outlines our expectations for all employees. Together with our Code of Conduct and People Policy, the manual is the foundation for all guidelines and procedures regarding rights and responsibilities concerning diversity, equity and inclusion as a STARK Group employee. It is business critical that we succeed if we want to stay relevant to our customers, employees, investors and society in the future, and it is part of our values related to decency.

Our workforce reflects the increasing diversity of the greater community. Therefore, our efforts to understand, appreciate and incorporate differences are becoming increasingly important. The value of equal opportunity is embedded in the way we do business and retain talent across the Group, and we believe this inclusive culture also fosters engagement.

A diverse talent base

A diverse culture is about inviting, welcoming, and embracing multiple competencies, viewpoints and perspectives in our company. It will help us to become more open, informed, take better decisions and reflect the diversity of the societies we are part of.

Targets and performance on diversity 2022

Gender (% women)

Target: 25% women in total

2022	25
2021	22
2020	22

Executive Management team (% women)

Target: 30% women in the Executive Management team

2022	50
2021	50
2020	50

Management positions (% women)

Target: 20% in management positions

2022	16
2021	16
2020	15

Board Diversity (% women)

Target: 30% in the Board of Directors

2022	20
2021	20
2020	33



At the Board of Directors, the gender diversity ratio has decreased. **1 of 5 board members is female.**

■ Women
■ Men



OUR 2024-TARGETS

25% women in total

20% women in management positions

30% women in Executive Management team

30% women in Board of Directors

Find performance data [here](#)

OUR PRINCIPLES

The value of equal opportunity is embedded in the way we do business and retain talent groupwide. Therefore, we do not discriminate on gender, transgender identity or other expressions, age, culture, nationality, ethnicity, physical abilities, disabilities, hidden disabilities, political and religious beliefs, sexual orientation or other factors.

OUR AMBITIONS

In 2030 we want to be recognised in society as being ahead of our industry with regards to diversity, equity and inclusion.

SUPPORTING POLICIES

- Code of Conduct
- People policy
- Diversity and Inclusion manual

COMMITMENTS / CERTIFICATIONS

- Gender Diversity Pledge (DK)
- German Diversity Charter "The Charta der Vielfalt" (DE)
- Diversity Charter (SE)

SUSTAINABLE DEVELOPMENT GOALS

- 5 Gender equality
- 10 Reduced inequality

“We strive to nurture a sense of belonging and empowerment for all STARK Group employees to be comfortable expressing themselves openly, freely, and in their own voices.”

We are committed to attracting, developing, and retaining people with different perspectives, experiences, and backgrounds to support us in our strategic journey. Our focus on DE&I is, in this sense, a necessary action for access to future, wider and more diverse talent pools.

We have a lot of work to do to build a more equal workplace and world for all. We aim for diversity, equity and inclusion to be a natural element of any recruitment, hiring or selection activity within STARK Group. We strive to make our approach to DE&I visible in all job advertisements posted, in our selection criteria, position shortlisting, employer branding activities and when preparing the pipeline of talents and successors for key positions.

Inclusive leadership and behaviour

We strive to nurture a sense of belonging and empowerment for all STARK Group employees to

be comfortable expressing themselves openly, freely, and in their own voices. We have zero tolerance towards bullying, harassment and discrimination and are committed to creating an inclusive culture free from these behaviours.

Therefore, leaders and employees are expected to demonstrate an inclusive attitude and to build and foster an inclusive culture through their daily practices. Furthermore, all our business units have clear processes in place, should any employees not feel included or experience any episodes of bullying, harassment or discrimination.

STARK Group applies a leader-led approach to attracting more diverse applicants at all levels of our companies. We strive to identify and eliminate potential barriers to ensure equality in advancement opportunities and foster an inclusive work environment where diversity thrives in support of strategic ambitions and priorities.

As such, our DE&I priorities are reflected and integrated into our key people processes and approaches, including, Recruitment, Hiring and Selection, Training & Development, Succession, Leadership and Rewards.

We monitor the outcome and progress of these initiatives annually through defined KPIs.

DE&I Governance

The STARK Group CHRO is ultimately accountable for improving the Diversity & Inclusion agenda in STARK Group, including ensuring that the D&I Manual and associated documents are kept compliant and up to date. Business unit HR Directors are responsible for ensuring that all companies within STARK Group comply

with, know and understand our DE&I principles. In addition, business unit HR Directors are responsible for ensuring that relevant employees know and understand our D&I Manuals and Guidelines/Handbooks and that they are fully implemented and followed.

DE&I targets are defined at a Group level and cascaded to business units to ensure local adaption and delivery.

Following up, reporting and internal controls

We continuously follow up on our diversity, equity and inclusion initiatives. To ensure that we live our DE&I principles, control processes have been implemented at various levels, designed to reduce the likelihood of problematic conduct. Group HR communicates the risk allocation and corresponding controls to be performed.

Progress towards our gender diversity targets

While our sector remains male-dominated, we are starting to see greater female participation throughout our business.

We measure and report on our gender balance annually and have set targets to increase the percentage of women in STARK Group by 2024. On a Group level we strive for at least 25% women in total and at least 20% of management positions should be held by women. On all top management levels, we have a target of 30% women by 2024, this includes managers who refer to the executive committee, our Executive Committee, our Executive Management team, and our Board of Directors.

We have reached our 2024 target for total employees, as women now account for 25% of

our total employees, a 3 pp increase from the previous year. The total percentage of women in management remained at 16%, 4 pp behind our 2024 target. As for additional management levels defined as managers who refer to our executive committee, 22% are women. In STARK Group, 25% of the Executive Committee members are women (3 women: 12 men); at Executive Management level, the gender balance is 50/50 (1 woman: 1 man), and in the STARK Group board of directors, 20% are women.

Our 2024 target for Board of Directors has not yet been met as there are presently five members on the STARK Group Board of Directors but only one woman. Following our change in ownership during 2021, a new STARK Group Board of Directors was established comprising two seats for STARK Group and three seats for CVC Capital Partners. STARK Group presently have two representatives on the board which are held by one woman and one man. There was no intention to increase the number of seats on the board as the board composition made good progress on delivering on the strategy. We will continue to raise awareness on board diversity to meet our 30% target by 2024 as we are committed to ensuring that discussions among all management levels, including our Board of Directors, include multiple perspectives on business, the industry, our people, leadership and society as a whole.

We work continuously to improve the gender balance of the company as described in our people policy and our D&I manual. To reach our 2024 targets on a management level and to maintain our high female participation rate of 25%, we continue to monitor our recruitment process to ensure we have female candidates



We work continuously to improve our gender balance as described in our people policy and our Diversity and Inclusion manual. We have set targets that at least

25%

of total employees are women

in the pipeline. We strongly urge our external recruitment partners to present diverse candidates. Additionally, we have a target that apprentice schemes should aim for 30% women participation.

During 2022, STARK Group joined the UN Global Compact Target Gender equality accelerator programme to further develop our efforts in this area, deepen our implementation of the Women's Empowerment Principles and strengthen our contribution to SDG 5.5.



HIGH LEVEL OF EQUAL PAY IN BEIJER BYGGMATERIAL

In Sweden, equal pay legislation has been in place for many years. All employers follow up on and compare salaries for men and women in both equal and equivalent roles to identify unexplainable pay gaps. Using a structured approach in collaboration with our external people analytics partner, Beijer Byggmateriel could conclude that our Equal Pay index was well over the Swedish benchmark of 95.8 and close to 100 indicating a high level of equality in pay.

Diversity, equity and inclusion commitments

The value of equal opportunity is embedded in the way we do business and retain talent across the Group. STARK Danmark and STARK Deutschland have committed to the Confederation of Danish Industry (DI) Gender Diversity Pledge and the German Diversity Charter "The Charta der Vielfalt", respectively. At the same time, Beijer Byggmateriel has committed to the Swedish Diversity Charter.

In 2022 STARK Deutschland's commitment to the German Diversity Charter "The Charta der Vielfalt" was reinforced with a re-signing by the top management team as a clear statement to all employees that STARK Deutschland strives to further develop as a respectful and inclusive workplace irrespective of age, ethnic background and nationality, gender and gender identity, physical and mental abilities, religion and world view, sexual orientation and social background. This has been followed up with continuous updates on diversity data in HR, management, and board meetings.

Additionally, a diversity, inclusion, and corporate culture workshop was held at the national HR meeting, where fifty-five HR colleagues from all areas of STARK Deutschland were gathered to discuss actions and initiatives. Going forward, leadership training will include diversity, equity and inclusion to ensure that the agenda is driven by the company leaders and embedded in the STARK Deutschland culture. Having 39 different nationalities in the STARK Deutschland workforce, one of the inclusion initiatives implemented during 2022 has been making company manuals available in eight languages to show the commitment to inclusion and diversity of culture and nationality.



Equal pay for equal work

We have established an equal pay project group to carry out an investigation based on an equal pay analysis conducted by Beijer Byggmateriel in 2022. The group will undertake an individual analysis for each of our business units to ensure equal pay and create actions and awareness if there are areas where we need to act.

Age and nationality as focus areas for 2023-2024

We have broadened our diversity, equity and inclusion focus to not only work with gender. We plan to focus more on diversity within age and nationality in 2023 and create mechanisms and

training to foster an inclusive workplace. STARK Deutschland has initiated various initiatives to improve diversity and inclusion within age and nationality, and our experience from these initiatives will help further develop a structured approach at Group level.

EMPLOYEE ENGAGEMENT & COMPETENCE DEVELOPMENT

The level of engagement and competence amongst our people is crucial for STARK Group to deliver on strategic goals and maintain customer loyalty and the overall sustainability of the business.



GROW@STARK LEADERSHIP PROGRAMME

During 2022, STARK Suomi launched GROW@STARK, a one-year leadership programme built on the foundation and principles of the STARK Group Leadership Development Programme (LDP). Employees who aspire to become managers were encouraged to apply for the programme. The programme received 25 applicants, and 13 joined the programme with an equal gender balance. Several programme participants have already advanced to branch or sales manager positions.

The GROW@STARK concept is currently being implemented in STARK Danmark and planned in Beijer Byggmaterial.

Engagement is business critical

Training and competence development is an ongoing activity for STARK Group to maintain a high level of employee engagement and competence. We measure and report on key social performance indicators within gender equality and engagement to ensure progress in these areas.

In November 2022, we conducted TellUs!, our annual engagement survey across all business units. For STARK Deutschland, this was the second time they were included in the survey. Challenges, root causes and improvements were identified, and action plans to implement improvements were initiated locally, regionally and nationally.

The employee engagement (satisfaction and motivation) survey score was measured at 74, the same level as last year but one point lower than 2020. By way of comparison, the industry average is 71. Thus, although our score has decreased since 2020 due to the acquisition of STARK Deutschland, we score higher than our industry benchmark.

STARK Group scored 80 on the loyalty area in our Engagement survey. We aim to increase this to meet our goal of 82 by implementing a wide range of improvement actions pinpointed through the survey, our DE&I council and other initiatives.

We know the best way to improve employee satisfaction and motivation is to act on the survey's output. Therefore, we monitor our employees' satisfaction with the follow-up process on the previous year's survey and have a target of 75. In the 2022 survey, STARK Group received a

STARK Group Employee engagement survey score

Satisfaction & motivation

Target: Score of 76

2022	74	
2021	74	
2020 ¹	75	

Loyalty

Target: Score of 82

2022	80	
2021	83	

Participation rate (%)

Target: Survey participation rate of 85%

2022	83	
2021	81	
2020 ¹	91	

1. Nordic only

score of 70, which is a 2 point increase from the previous year and indicates good progress and a step in the right direction towards our target.

We see a steady progression in action points being defined and followed up on as a result of the engagement surveys. For example, in the 2019 survey, 39% registered improvement tasks to work on with their team. In 2020 the number



OUR 2024-TARGETS

Employee satisfaction and motivation score of 76

Employee loyalty score of 82

Survey participation rate of 85%

Find performance data [here](#)

OUR PRINCIPLES

We strive to listen to our co-workers' feedback from our engagement survey and act on the areas where improvement is needed.

OUR AMBITIONS

We want to be the favourite place to work in the industry and invest in our people to build our future by offering development opportunities. We live by our values and treat our people with decency, understanding, respect and value diversity.

SUPPORTING POLICIES

- People Policy
- Diversity & Inclusion Manual
- Code of Conduct

SUSTAINABLE DEVELOPMENT GOAL

- 4. Quality education

“We support our employees who aim to change positions, roles, or organisations within STARK Group by offering promotion opportunities for all available positions.”

had increased to 48%. In the most recent survey for 2022, we have 62% who actively register and work with their teams on improving the areas that need improvement, according to the survey.

The survey participation rate was 83% which is a 2pp increase compared to the previous year. We will continue to focus on various communication activities to ensure we maintain a high participation rate.

Competence development

Managers and leaders play an essential role in developing employee competencies. Therefore, we invest time and resources toward giving our managers the skills and understanding needed to build and maintain a work environment that fosters growth. Employees are entitled to at least one performance talk annually, and we recommend that they are held more regularly.

Development has a wide range of forms, such as classroom training performed by in-house- and external trainers, on-the-job training carried out as side-by-side training from a colleague or manager, or simply stretching daily assignments above the limits of the employee's competencies. Doing a job outside your comfort zone or having a cross-functional project can develop a person much more than classroom training.

We also have a variety of online courses supported by our online learning management system. During 2022, 450 e-learning modules were active on the STARK Group e-learning platform which is a significant increase of 59% from last year. A total of 60,885 e-learning modules were completed, this is mainly because

of higher online training activities in our German, Norwegian and Swedish business units.

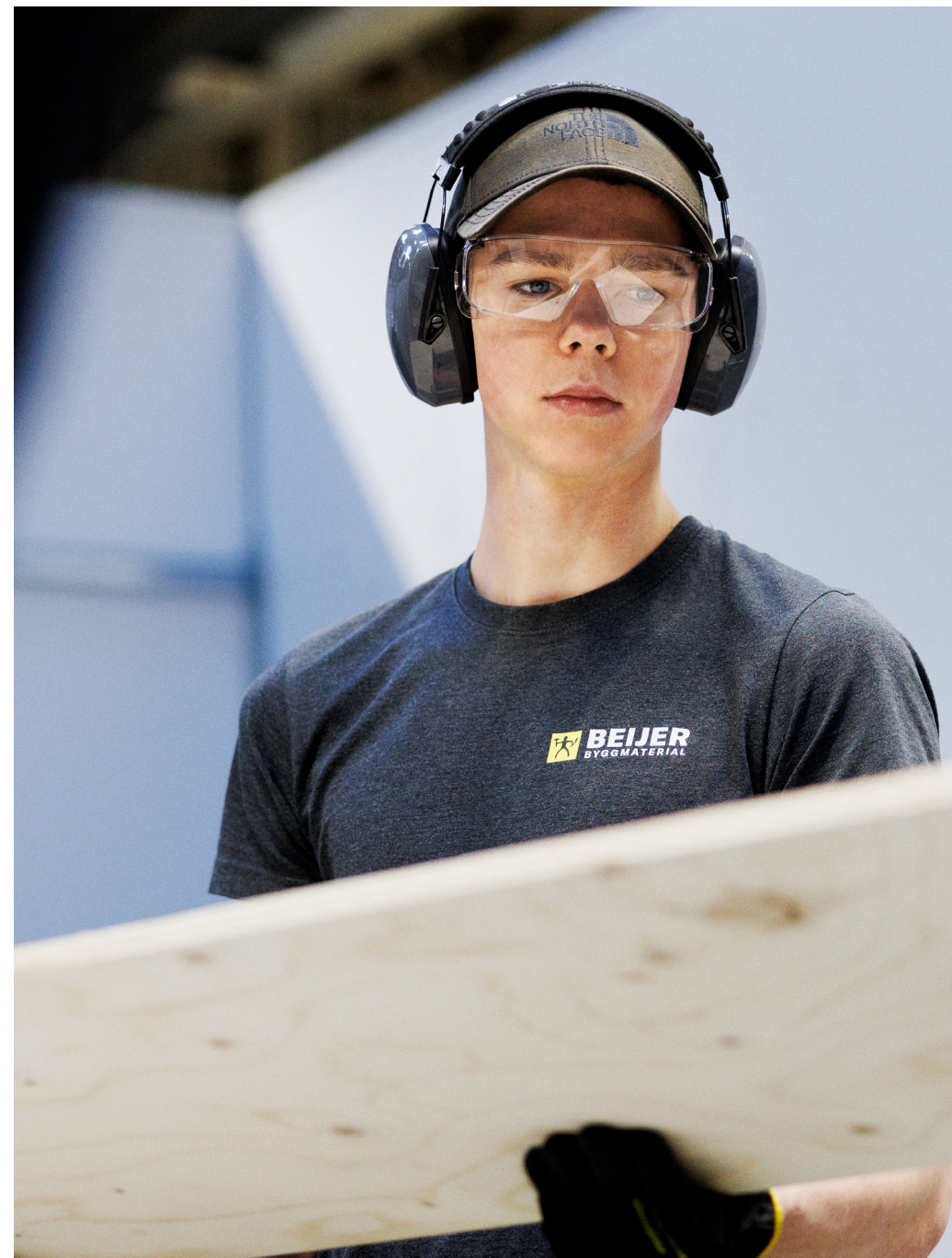
During 2022 we had 22,347 hours of on-site training, which is an increase of 39% training hours from 2021. A total of 44,487 training hours were completed, which is equivalent to 3.4 hours of training pr. employee. Data includes online- and on-site training (skills, product, management and leadership training).

Internal promotions

Internal promotions are important for motivating and retaining valuable employees. Therefore, we support employees who aim to change positions, roles or organisations within STARK Group by offering promotion opportunities for all available positions. In addition, a new leadership programme, GROW@STARK is being implemented to promote internal promotions to management level. Please refer to case [page 36](#).

Onboarding

All business units have an extensive onboarding programme to help new employees understand their tasks and company processes, as well as to become an integrated part of the corporate culture. Our Code of Conduct, health, safety and sustainability issues make up a significant part of the onboarding programme. These issues support our corporate values and are key to our long-term success.



LABOUR RIGHTS

We are determined to have constructive relations with our employees and to respect and support fundamental labour rights.

Labour law and industrial relations

STARK Group is committed to respecting the human rights that the ILO has declared fundamental rights at work. These include freedom of association, the right to collective bargaining, and the right not to be subject to forced labour, child labour or discrimination. Furthermore, our

Supplier Code of Conduct explicitly states that we expect our suppliers to commit to these same standards in our supply chain.

STARK Group complies with all regulations set by law and collective bargaining agreements. In business units where most of our employees are covered by collective bargaining agreements, we cooperate with representatives and recognise and encourage our employees to organise and have union representation and constructive dispute resolution processes. We also inform and consult employees and worker representatives when significant changes occur through local work councils or other channels, depending on the issue and local culture.

STARK Group is currently establishing a European Workers Council through a Special Negotiation Body consisting of representatives from STARK Group headquarters (HR and Legal), employees from each business unit, and selected advisors. The European Workers Council is a sounding board for all employees across Europe. By January 2023, an agreement must be in place for the European Workers Council's work and operation.

Please refer to the [Health & safety](#), [Diversity, equity & inclusion](#), and [Ethical behaviour & human rights in the supply chain](#) sections for more information regarding labour rights issues.



OUR 2024-TARGETS

Please see the [Health and safety](#), [Diversity, equity and inclusion](#), and [Ethical behaviour & human rights](#) in the supply chain sections for our Group targets within relevant Labour rights issues.

OUR PRINCIPLES

We are committed to respecting the human rights that the ILO has declared to be fundamental rights at work.

OUR AMBITIONS

To respect labour rights and take action to improve working conditions for all people engaged in our operations.

SUPPORTING POLICIES

- People policy
- Code of Conduct
- Supplier Code of Conduct
- Health and Safety Policy

SUSTAINABLE DEVELOPMENT GOALS

- 8 Decent work and economic growth
- 16 Peace, justice and strong institutions



ETHICAL BEHAVIOUR & HUMAN RIGHTS IN THE SUPPLY CHAIN

We have a strong partnership with our suppliers, and a sustainable supply chain is crucial to our common success. We encourage suppliers to become signatories to the United Nations Global Compact or at least comply with the ten principles within the four focus areas of Human Rights, Labour, Anti-corruption and Environment.



PILOTING AN EXTERNAL SUPPLIER ESG RATING SYSTEM

In 2022, we piloted an ESG AI screening tool to allow us to assess and track our business partners' ESG performance. The pilot helped us gain an overview of our supplier ESG Rankings and insights with regard to our ESG spend impact. We are currently testing how this solution can be integrated into our human rights due diligence process to help us identify adverse human rights amongst our more than 10,000 suppliers.

Supporting Human Rights in the supply chain

We acknowledge that the products we source are available through the efforts of people working within the various industries around the globe. Therefore, we aim to source our products with due consideration for ethical concerns and human rights to support safe and decent working conditions throughout the supply chain.

STARK Group is committed to upholding the fundamental rights of workers in the supply chain in line with internationally agreed human rights and labour rights conventions as stated in the STARK Group Supplier Code of Conduct. Accordingly, STARK Group expects suppliers to respect and comply with international labour standards as defined by core conventions of the International Labour Organisation (ILO), the United Nations Universal Declaration of Human Rights, and to respect the UN Guiding Principles on Business and Human Rights.

Product Integrity

The STARK Group Trade Compliance and Sanctions Policy is designed to ensure that STARK Group complies with all applicable sanctions and export and import control laws. We have a zero-tolerance approach to international breaches and failures to adhere to sanction obligations.

In 2022, we have launched a new STARK Group Supplier Code of Conduct which sets out minimum requirements and our longer-term ambitions for our suppliers, as well as being the foundation of our product integrity and supply chain due diligence process. Compliance with laws and regulations is one of the fundamental principles of the STARK Group Supplier Code of Conduct.

The STARK Sourcing product integrity process provides all sourcing colleagues with a simple and efficient approach to complying with the STARK Group Product Integrity Policy. In addition, the product integrity evaluation procedure provides insights into financial health, ethical concerns and contract compliance. During 2022, 100% of all new contracts entered have undergone and passed the product integrity evaluation, and 100% of targeted suppliers have signed legal terms and conditions, including fulfilment of STARK Group's Code of Conduct.

Supply chain due diligence

We are experiencing a rapidly growing regulatory pressure on supply chain transparency and due diligence with the implementation of the Norwegian Transparency Act and the German Act on Corporate Due Diligence in Supply Chains effective as of 1 July 2022 and 1 January 2023, respectively, and we are currently preparing for the implementation of the emerging EU directive on Environmental and Human Rights Due Diligence. We have during 2022 made an extended ESG screening of our suppliers using an external partner as a foundation for our further due diligence work.

We have initiated a human rights assessment described on [page 17](#). This process covers all our activities and our value chain as a whole. As a result of this process, we have developed a dedicated Supplier Code of Conduct clearly stating our position on human rights and associated expectations to our suppliers. The Supplier Code of Conduct is an integral part of the standard legal terms going forward.



OUR 2024-TARGETS

100% of contracts passed Product Integrity process

Find performance data [here](#)

OUR PRINCIPLES

We are committed to sourcing our products from financially healthy, reliable partners that trade ethically and responsibly without compromising labour rights, human rights, and the environment.

OUR AMBITIONS

Our size and close relationship with trusted suppliers gives us an opportunity to drive sustainable development in the supply chain by improving supplier ESG performance through knowledge sharing and clear expectations.

SUPPORTING POLICIES

- Supplier Code of Conduct
- Code of Conduct
- People policy
- Trade Compliance and Sanctions Policy

SUSTAINABLE DEVELOPMENT GOALS

- 8 Decent work and economic growth
- 10 Reduced inequalities
- 12 Responsible consumption and production
- 15 Life on land
- 16 Peace, justice and strong institutions



GOVERNANCE

We believe good corporate governance is a prerequisite for a successful sustainability and business strategy.

This section describes our principles and ambitions within business conduct, data ethics, responsible tax and our role as educative partner and corporate citizen.

IN THIS SECTION

- 41 Business conduct
- 43 Data ethics
- 44 Responsible tax
- 45 Corporate citizenship



BUSINESS CONDUCT

Decency is key to the way we conduct business. We have zero tolerance towards fraud, bribery, corruption and anti-competitive behaviour. Clear control processes and a confidential whistleblower system are set up to monitor and mitigate negative impacts.

Zero tolerance towards fraud, bribery & corruption

Fraud, bribery, and corruption undermine STARK Group's fundamental values and our ability to act with decency, honesty and integrity and to comply with the applicable regulatory framework and the STARK Group Code of Conduct.

Our Fraud, Anti-Bribery and Corruption Compliance Programme sets the framework for how we work with fraud, bribery and corruption risks within our value chain related to interaction with suppliers and customers. Our policies, underlying manuals, and guidelines are active management tools to minimise these risks and are structured in our Group compliance programme. The compliance programme outlines four key elements: 1) Policies, procedures and standards of conduct, 2) Communication and whistleblowing, 3) Training and education, and 4) Internal monitoring and auditing. Clear written policies, manuals, and guidelines foster compliance uniformity within the Group and ensure that employees understand how to comply with applicable rules and regulations. Leaders and employees are expected to proactively communicate in a timely manner, whether that means asking compliance

questions, reporting issues, or addressing ethical concerns. In 2022, the training module "Fraud, Anti-Bribery and Corruption" was assigned to 42% of the total workforce and has currently been completed by 93%.

Supporting a competitive environment

At STARK Group, we welcome free and open competition with our zero-tolerance policy of anti-competitive practices. We encourage and promote a competitive environment in which market participants are free to buy and sell products and services to the benefit of consumers. At the same time, we compete with integrity and fairness.

STARK Group complies with all applicable competition laws. We believe that economies and consumers benefit from a level playing field that includes diverse products and services at market price. Competition laws safeguard this effective competition to create open and dynamic markets and enhance productivity, innovation and value.

The STARK Group Competition Law Compliance Programme sets the framework for working with competition law compliance in all relevant business areas. We have implemented policies, manuals and guidelines to provide leaders and employees with an understanding of competition compliance and to identify sensitive situations, problem areas and behaviour that might be considered anti-competitive. Manuals cover the areas of commercial contracts, M&A transactions, events and networking, and dawn raids. The Competition Law Compliance Programme is built up in the same way as the Group Fraud, Anti-Bribery and Corruption Compliance Programme, including the four key elements for

achieving an effective compliance programme. During 2022 the e-learning module "Competition Law" was assigned to 38% of the total workforce and has presently been completed by 93%.

Internal control processes

The Group Head of Internal Controls and Enterprise Risk Management works with local BU auditors to monitor financial controls, risk and IT-specific issues within the Group Risk and Control Framework, including whistleblowing. The Audit Committee is updated on progress and findings, in addition to risk assessments, mitigating actions and follow-up on auditor findings.

Whistleblower process

STARK Group's open-door policy allows employees to come forward with their concerns. If for any reason, our employees are not comfortable discussing their concerns with local management, the HR and Legal departments within each business unit are trained to act accordingly.

We also have "Speak Up!" a confidential and anonymous whistleblower process for all stakeholders to express their concerns without retaliation. The Speak Up! system is referred to in our Code of Conduct and is available at <https://starkgroup.whistleblownetwork.net> or can be downloaded as a Speak Up! app to a smartphone. The Speak Up! system is monitored all year round, and all whistleblower reports are investigated. Case details are kept strictly confidential, and all documentation is kept within the third-party provided whistleblower system.

Incidents are reported to the Audit Committee, where the whistleblower process is a recurring item at all Audit Committee meetings. Since the



OUR 2024-TARGETS

100% of contracts passed Product Integrity process

100% of assigned employees have completed "Competition law" and "Fraud, Anti-Bribery and Corruption" e-learning training

OUR PRINCIPLES

We have zero tolerance towards fraud, bribery & corruption and encourage and promote a competitive environment.

OUR AMBITIONS

To act with decency, honesty and integrity and comply with applicable regulatory frameworks and the STARK Group Code of Conduct.

SUPPORTING POLICIES

- Competition Law Policy
- Fraud, Anti-Bribery and Corruption Policy
- Code of Conduct
- Supplier Code of Conduct

SUSTAINABLE DEVELOPMENT GOAL

- 16 Peace, justice and strong institutions

beginning of 2019, a total of 17 cases have been reported through Speak Up!, with seven cases in the past financial year. Four of these cases were of a general nature and reported to the local Human Resource department. Three cases were not substantiated.

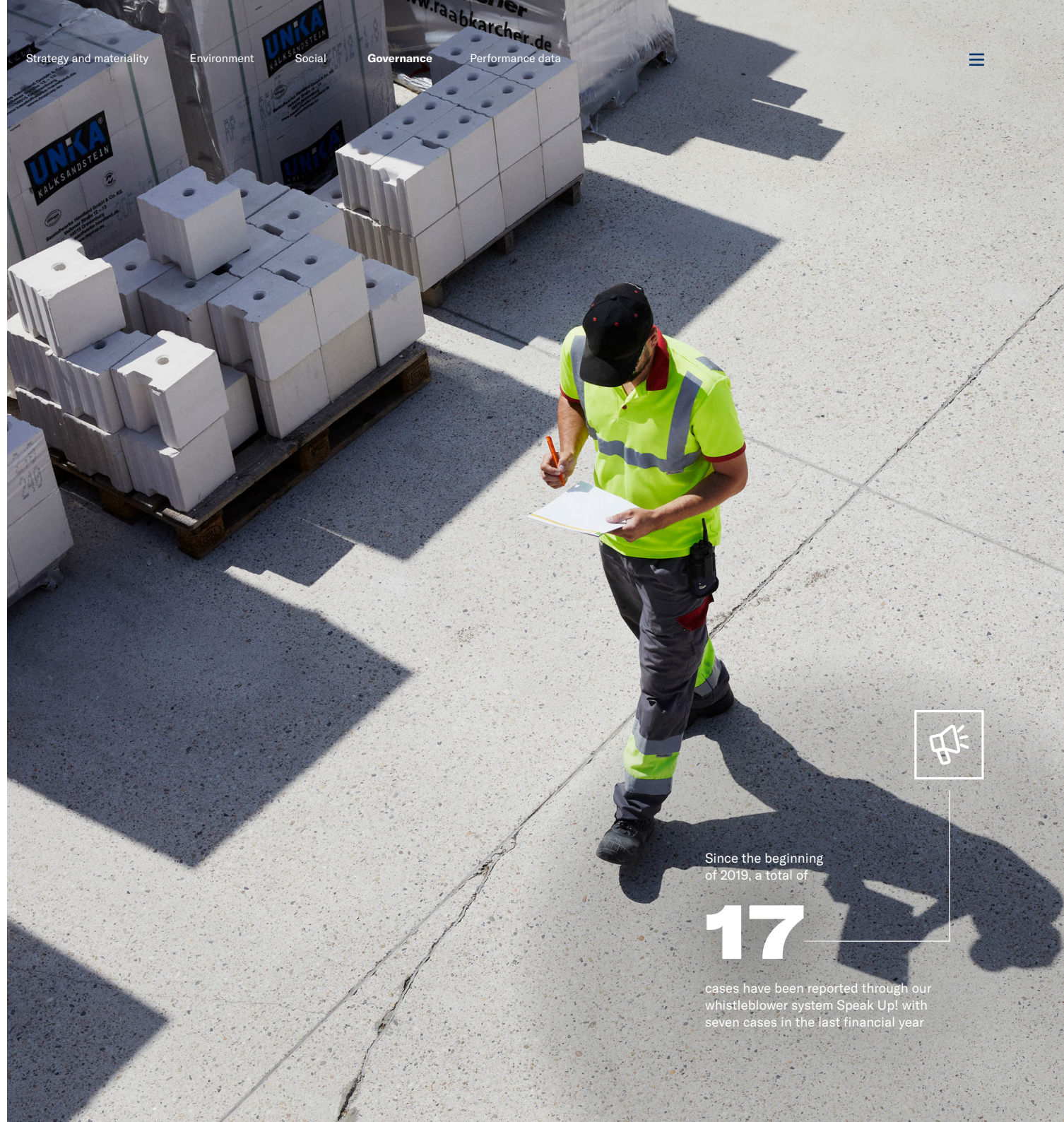
Compensation and Executive Remuneration

STARK Group pays fair wages and rewards good performance. Employee compensation is based on market levels, performance and, where relevant, collective bargaining agreements. The overall direction of compensation and benefits is set by the STARK Group Remuneration Committee. All reward decisions comply with Group guidelines as well as legislation.

STARK Group executive remuneration has since 2021 been linked to STARK Groups sustainability performance to ensure focus and continuous progress on ESG issues.

ESG-linked loan

In January 2021, the CVC Capital Partners Fund VII's acquisition of STARK Group was financed by a sustainability linked loan and revolving credit facility, including an Environmental Social Governance (ESG) margin ratchet that linked the loan's margin to our ability to meet our carbon emission reduction targets. Following the reduction of emissions in 2022, we gained a reduction in interest costs of 0.6mEUR on our ESG linked loan. The interest savings achieved through the ESG discount have been allocated to a pilot project in Denmark and Germany to convert the gas and oil heating systems in four branches to electric heat pumps and solar panels to ensure further progress towards our carbon targets.



Since the beginning
of 2019, a total of

17

cases have been reported through our
whistleblower system Speak Up! with
seven cases in the last financial year



DATA ETHICS

We embrace digitalisation and the world of opportunities it brings. We are committed to high ethical standards when handling, using, and processing data and to supporting appropriate safeguards for protecting data at hand and constantly strengthening our information security level.

Ethical use of data

We acknowledge that data privacy and protection is a fundamental human right. Data is an important business asset for STARK Group, and we aim for high ethical standards when handling, using, and processing data. We continuously gather data on customers, employees, and vendors, but we have no intention to trade data.

We have processes in place to protect data in order to avoid unwanted disclosure that may harm STARK Group's business operations, our partners or other stakeholders. STARK Group does not presently have a data ethics policy but plan to implement one during 2023. Presently, our data processing agreement guideline sets clear requirements for third-party vendors and stakeholders to comply with data protection and ethics.

Personal data protection

The privacy of individuals is important to us, and we continuously strive to adapt our processes to comply with privacy regulations to ensure data confidentiality and integrity.

STARK GROUP processes personal data related to its employees, customers, and suppliers. This use of personal data is governed by our "Records Management and Personal Data Protection Policy". This Policy is, in turn, supported by a continuously developed and amended range of guidelines, processes and standard communication material developed by STARK Group to support all its Business Units. All data, whether personal or business data, is protected by robust security features.

STARK Group has, moreover, an annual GDPR activity plan which addresses topics to steadily enhance awareness training and compliance levels across the entire Group. During 2022, this included the roll-out of tools to facilitate risk assessment, e.g., in relation to Data Processing Agreements, awareness campaigns through posters and Town Hall meetings, implementation of an access management procedure, specialist training, e.g., in Privacy by Design and Default as well as regular GDPR community meetings. The STARK GDPR community consists of subject matter experts from functional areas such as Legal and IT, who are responsible for promoting and safeguarding our Policy.

Information Security

STARK Group is committed to supporting appropriate safeguards for protecting information assets' confidentiality, integrity, and availability to support and defend the business from various information security risks. STARK Group recognizes that cyberattacks have the potential to ultimately disrupt all our business activity. Therefore, STARK Group has initiated a multiannual Information Security Program.

STARK Group has successfully engaged in the first phase of the Information Security Program, including substantial investments in cutting-edge information security technologies, thereby reducing costs, improving efficiency, and enhancing effectiveness. Implementation has been successful across STARK Group following robust collaborations with partners.

The overarching Information Security Strategy ensures continuous progress and guidance for internal and external activities protecting our information assets, thereby significantly improving the overall information security.

E-learning and awareness campaigns

Awareness campaigns during 2022 included identifying personal data, Data Breaches, Data Subject Requests, and handling and deleting unstructured data. The eLearning module, "Personal Data Protection" has during 2022 been assigned to 56% of the total workforce, and the completion rate is currently above 93%.

Controls

All received Data Subject Requests have been responded to within the legal deadline of thirty days. Our annual audit of general IT controls has been performed by Deloitte. During 2022 we have introduced a comprehensive Information Security Framework, which included a new Information Security Policy, cyber security awareness campaigns and optimised process for continuous security monitoring.



OUR 2024-TARGETS

100% of assigned employees have completed "personal Data Protection" e-learning training

OUR PRINCIPLES

STARK Group is committed to supporting appropriate safeguards for protecting data at hand and constantly strengthening our information security level.

OUR AMBITIONS

To ensure confidentiality, integrity and availability of data.

SUPPORTING POLICIES

- IT Policy
- Records Management and Personal Data Protection Policy

SUSTAINABLE DEVELOPMENT GOAL

- 16 Peace, justice and strong institutions

RESPONSIBLE TAX

Taxes constitute an important contribution to society and the sustainable development goals.

We are committed to complying with the letter and spirit of tax law and to act sustainably when it comes to our tax affairs. This means that STARK Group pays its fair share of tax contributions wherever we operate, that we have strong governance around managing our tax affairs and that we are transparent about our approach to tax.

Our approach to tax is built on a solid foundation of integrity and core values of decency, passion and pride. Integrity is critical for STARK Group, as we strive to be recognised as honest and trustworthy by all our employees, customers, suppliers, partners and society as a whole.

Our Tax Policy establishes the main principles for how our tax affairs are managed, and is based on good corporate practice in the area of tax management and tax transparency while balancing the interests of our various stakeholders. The overall ambition for our tax management is to ensure that we pay the right amount of taxes

at the right time and place. This is what we mean by good tax governance. We want to pay our fair share of taxes in all the markets where we conduct business, as we strongly believe our approach to tax and associated tax contributions are a vital part of our ambitions to support the Sustainable Development Goals and that taxes constitute an important contribution to society in the countries in which we operate.

We support the development of a well-defined standard for public tax reporting to promote trust and enable stakeholders to make informed decisions. We are presently developing a Tax Impact Report based on inspiration from the Global Reporting Initiatives standard GRI 207. We aim to publish this report covering our financial year 2023 at the latest. We hope that our approach to tax transparency will further drive our own and the industry's level for more transparent tax reporting.

The Board of Directors of STARK Group is ultimately accountable for the Group's tax affairs. The Board review and approve our Public Group Tax policy on an annual basis and define the Group's tax risk appetite. The Board's Audit Committee oversees the implementation of the tax policy and receives reports on STARK Group's tax

affairs and risks annually from the Head of Group Tax at an Audit Committee meeting. The Group Chief Financial Officer (CFO) has overall responsibility for STARK Group's tax affairs supported by the Head of Group Tax, who is responsible for the day-to-day Group management of tax. In each business unit, the local CFO assumes the business unit's operational day-to-day tax affairs and is responsible for ensuring that relevant employees know and understand the Group Tax Policy and the Manuals and associated Guidelines, and that these are fully implemented and adhered to.

STARK Groups total tax contributions will be presented in our upcoming Tax Impact Report, including a breakdown of our tax contributions by type and jurisdiction.



OUR 2024-TARGETS

Published Tax Impact Report

OUR PRINCIPLES

Our approach to tax is built on a solid foundation of integrity, and core values of decency, passion and pride. This reflects our intention to pay our fair share of tax contributions wherever we operate as well as our ambition to become transparent about our approach to tax.

OUR AMBITIONS

We aim to pay our fair share of taxes in all markets where we conduct business, as we strongly believe our approach to tax and associated tax contributions are a vital part of our ambitions to support the Sustainable Development Goals and act as a good corporate citizen.

SUPPORTING POLICIES

- Group Tax Policy
- Operating Tax manual

COMMITMENTS / CERTIFICATIONS

- We are committed to publish a Tax Impact Report inspired by GRI 207: Tax 2019 reporting standards.

SUSTAINABLE DEVELOPMENT GOALS

- 10 Reduced inequalities
- 17 Partnerships for the goals

CORPORATE CITIZENSHIP

We strive to be an active corporate citizen supporting social sustainability in our local communities.

At STARK Group, we seek to be active in sustainability networks and collaborate in partnerships that promote sustainability and circularity. We participate in educative events for children, young craftsmen and non-profit organisations within our industry and in a wide range of debates and workshops to promote sustainability as described in previous sections.

We strive to contribute to the local communities in which we operate and have during 2022, used our size and reach to make various contributions to be a good corporate citizen.

Humanitarian help for Ukraine

In collaboration with the organisation We.HELP, STARK Danmark have provided a warehouse, packaging materials and volunteers to coordinate, collect, pack and transport emergency aid from Køge into Ukraine. By April, more than 200 tonnes of supplies, including clothes, food, blankets and medication, were delivered to Ukraine. This was the largest humanitarian contribution from Zealand. We.HELP is a network of 150 volunteers in Køge sorting, packing and preparing humanitarian aid shipments. The network collaborates closely with charity organizations and state institutions in Ukraine, receiving the aid and performing 'last-mile' delivery. Many Danish companies supported this initiative with products and logistics incl. COOP, Netto, Arla, Matas, Falck and DSV.

STARK Foundation supports the construction of a rehabilitation house

Together with other generous donations, the STARK foundation has contributed to SMILfonden, in order to establish a SMIL house, which offers recreation by the North Sea to families with seriously and chronically ill children. The goal with the house is that families who have gone through long hospitalisations and illnesses can recharge their batteries and give them the much-needed extra energy for to cope with a difficult everyday life. Many of the families have never been on holiday together before. Perhaps they cannot be insured to travel, perhaps the sick child requires special facilities at the home, or care staff. The SMIL house takes all of that into account. See more at [SMILhuset : STARK Fonden](#)

Mustaschkampen to put focus on prostate cancer

Mustaschkampen is a campaign run by The Prostate Cancer Association that combines humour with a serious message to contribute to research, development, and better health care while at the same time spreading knowledge about Sweden's most common type of cancer: prostate cancer. In 2022, for the sixth year in a row, Beijer Byggmateriel was the main partner for Mustaschkampen. By donating gifts or buying promotional products during November and December, customers can contribute to the cause. In addition to donating money to the campaign, Beijer Byggmateriel also works to spread the message about male health and the importance of taking a PSA test if you have passed the age of 50.

Donation of EUR 83,418 to Ukraine

In June, STARK Group and our owner, CVC, initiated a collection for Save the Children,



Photo by SMILhuset

the Red Cross and the United Nations refugee organisation UNHCR. For every EUR donated, CVC doubled the amount. As a result, a total of EUR 83,418 were donated to support humanitarian aid in Ukraine.

Supporting Veterans

STARK Danmark is one of the founders of VELKOMMEN HJEM, an organisation to support veterans in a transition from the military to the civilian labor market, where the focus is on uncovering the veteran's skills and matching them with a mentor from a private company.

Britta Korre Stenholt, CEO of STARK Danmark is a mentor in VELKOMMEN HJEM and a strong mentorship with veteran Toke Bjørnshave resulted in a civilian job after 18 years in the Armed Forces and 2 deployments. Britta pointed out that the mentorship has once again con-

firmed that if you have the right attitude, the rest can be learned. "Toke is a very good example of that! And in an industry where you typically tend to look for candidates with industry knowledge, it's good to be reminded of this". See more at [Velkommenhjem.net](#)

PERFORMANCE DATA

IN THIS SECTION

- 47 ESG performance in numbers
- 49 Our progress on targets
- 53 Sustainability framework & supporting policies
- 54 Our contribution to the UN SDG targets
- 60 Material risks & actions to minimize
- 62 Reporting according to the TCFD
- 63 Accounting principles
- 67 Auditor's independent assurance report



ESG PERFORMANCE IN NUMBERS

This ESG data table provides ESG data for STARK Group according to NASDAQ's ESG Reporting Guide 2.0.

1.1 Environmental indicators

ESG Indicator	Indicator	Unit	2022	2021	2020	Further information
E1	Scope 1: Direct GHG emissions (GHG Protocol) ²	tCO ₂ e	32,203	28,750	31,496	pg 20-24
E1	Scope 2: Indirect GHG emissions – energy related (GHG Protocol, market-based inventory) ²	tCO ₂ e	13,765	14,002	27,469	pg 20-24
E1	Scope 3: Indirect GHG emissions (Quantis inventory Spend-based method)	MtCO ₂ e	N/A ¹	N/A ¹	11	pg 20-24, 64
E2.1	GHG emissions from building and equipment ^{2, 3}	tCO ₂ e/mEUR revenue	3.5	3.9	8.9	pg 20-24
	GHG emissions from transport ^{2, 3, 4}	tCO ₂ e/mEUR revenue	10.1	11.0	16.1	pg 20-24
E2.2	Waste per output scaling factor ^{2, 3}	t/mEUR revenue	5.2	5.6	8.1	pg 25-27
	Waste disposed ²	metric tonnes	33	32	33	pg 25-27
	% waste segregated for recycling ²	%	74	71	75	pg 25-27
E3	Total energy consumption (incl. outsourced transport) ²	1,000 Mwh	485	473	482	pg 20-24
E3	Electricity ²	1,000 Mwh	76	75	75	pg 20-24
E3	District heating ²	1,000 Mwh	35	31	32	pg 20-24
E3	Natural gas ²	1,000 m ³	2,095	1,450	1,528	pg 20-24
E3	Oil ²	1,000 l	736	826	909	pg 20-24
E3	LPG ²	1,000 l	424	442	109	pg 20-24
E3	Diesel (distribution & operations) ²	1,000 l	9,763	8,897	9,718	pg 20-24
E3	Biofuel (distribution & operations) ²	1,000 l	950	885	489	pg 20-24
E3	Petrol ²	1,000 l	275	177	162	pg 20-24
E3	Refrigerant ²	kg	5.4	15.5	20.6	pg 20-24
E7	Formal environmental policy	Yes/No	Yes	Yes	Yes	pg 52
E8	Board of Directors oversight of climate-related risks	Yes/No	Yes	Yes	Yes	pg 13, 16-17, 62
E9	Executive Management team oversight of climate-related risks	Yes/No	Yes	Yes	Yes	pg 13, 16-17, 62

1. We are currently compiling supplier-specific data (EPDs) for all products to move away from the Quantis spend-based inventory method and improve accuracy.

2. 2020 and 2021 have been restated after M&A activities according to accounting principles [page 63](#).

3. Fixed FX rates as of baseline 2020

4. Including outsourced transport (scope 3)

1.2 Social indicators

ESG Indicator	Indicator	Unit	2022	2021	2020	Further information
S4	Gender Diversity: All employees	% women	25	22	22	pg 33-35
S4	Gender Diversity: Executive Management	% women	50	50	50	pg 33-35
S4	Gender Diversity: Executive Committee	% women	25	25	30	pg 33-35
S4	Gender Diversity: Management positions	% women	16	16	15	pg 33-35
S6	Non-Discrimination in policies and processes	Yes/No	Yes	Yes	Yes	pg 33-35, 38
S7	Injury rate	per million worked hours	7.9	8.8	8.0	pg 31-32
S7	Lost workday rate	per million worked hours	81	64	64	pg 31-32
S8	Occupational health and/or global health & safety policy	Yes/No	Yes	Yes	Yes	pg 31-32, 52
S9	Child and forced labour in policies and processes	Yes/No	Yes	Yes	Yes	pg 39
S10	Human Rights in policies and processes	Yes/No	Yes	Yes	Yes	pg 39

1.3 Governance indicators

ESG Indicator	Indicator	Unit	2022	2021	2020	Further information
G1.1	Total board seats occupied by women	%	20	20	33	pg 34
G2	Board Independence	Yes/No	No	No	No	pg 34
G3	Incentivised Pay	Yes/No	Yes	Yes	No	pg 42
G4	Collective Bargaining	Yes/No	Yes	Yes	Yes	pg 38
G5	Suppliers required to follow a Code of Conduct	Yes/No	Yes	Yes	Yes	pg 39
G6	Ethics and/or Anti-Corruption policy	Yes/No	Yes	Yes	Yes	pg 39, 41, 52
G7	Data Privacy policy	Yes/No	Yes	Yes	Yes	pg 43, 52
G8	Published Sustainability Report	Yes/No	Yes	Yes	Yes	All
G9	Sustainability data provided to sustainability reporting frameworks	Yes/No	Yes	Yes	Yes	SBTi
G9	Company focus on specific UN Sustainable Development Goals (SDGs)	Yes/No	Yes	Yes	Yes	pg 18, 54-59
G9	Company sets targets and reports progress on the UN SDGs	Yes/No	Yes	Yes	Yes	pg 18, 53, 54-59
G10	Company's sustainability disclosures are assured or validated by a third party	Yes/No	Yes ¹	Yes ¹	Yes ¹	pg 67

1. Scope 1 and 2 CO₂e emissions

OUR PROGRESS ON TARGETS

Baseline: 2020 (Target period 2020-2024)

General data

	2022	2021	2020
Number of locations	550	485	422
Number of employees	12,500	11,700	10,038
Net revenue (mEUR)	5,995	4,949	4,458
Number of countries	7	6	6

2.1 Environmental

	2022	2021	2020	2024 Target	Performance relative to baseline 2020	Performance relative to baseline 2020
Climate action						
GHG Scope 1&2 (Absolute tCO ₂ e) ^{1, 4}	45,968	42,753	58,965	16.8% reduction in GHG emissions scope 1 & 2 from 2020	-22%	On target
GHG Scope 1 (Absolute tCO ₂ e) ^{1, 4}	32,203	28,750	31,496		-2%	N/A
GHG Scope 2 (Absolute tCO ₂ e) ¹	13,765	14,002	27,469		-50%	N/A
GHG Scope 1&2 pr. revenue (tCO ₂ e/mEUR) ^{1, 2}	7.4	7.6	14.5	16.8% reduction in GHG emissions scope 1 & 2 from 2020	-49%	On target
Buildings & equipment (tCO ₂ e/mEUR) ^{1, 2}	3.5	3.9	8.9		-60%	On target
Transport (tCO ₂ e/mEUR) ^{1, 2, 3}	10.1	11.0	16.1		-37%	On target
GHG Scope 3 (absolute MtCO ₂ e)	N/A ⁵	N/A ⁵	11	5% reduction in GHG emissions scope 3 from 2020	N/A	Progress towards target
% Renewable electricity ¹	45	32	4	50% renewable in 2024	+41pp	Progress towards target
Trained sustainability specialists	250	36	0		+250	Progress towards target
Trained sustainability specialists (% of total employees)	2.0	0.3	0	3% of all STARK Group employees trained as sustainability specialists	+2pp	Progress towards target
Sustainability events held (% of total branches)	17 (3%)	0 (0%)	0 (0%)	10% of all branches	+3pp	Progress towards target

1. 2020 and 2021 have been restated after M&A activities according to accounting principles [page 63](#).

2. Fixed FX rates as of baseline 2020

3. Including outsourced transport (scope 3)

4. Biogenic emissions in 2022: 1,907 tCO₂

5. We are currently compiling supplier-specific data (EPDs) for all products to move away from the Quantis spend-based inventory method and improve accuracy.

2.1 Environmental – Continued

	2022	2021	2020	2024 Target	Performance relative to baseline 2020	Performance relative to baseline 2020
Circularity and resource efficiency						
Total waste (t/mEUR revenue) ^{1,2}	5.2	5.6	8.1	20% waste reduction per million revenue from 2020	-36%	On target
Total waste (1,000 tonnes) ¹	32.6	31.6	33.2	N/A	-2%	
% waste segregated for recycling ¹	74	71	75	80 % waste segregated for recycling	-3pp	Behind target
% share of eco-labelled SKU's in stocked assortment (STARK Danmark)	28	21	N/A	Increasing % of eco-labelled products	N/A	Progress towards
% share of eco-labelled SKU's in eco-labelled product groups (STARK Suomi)	37	9	9	Increasing % of eco-labelled products	+28pp	Progress towards
% share of eco-labelled SKU's in stocked assortment (Neumann Bygg)	7.0	N/A	N/A	Increasing % of eco-labelled products	N/A	Progress towards
% share of sales of eco-labelled products in stocked assortment (STARK Danmark)	45	40	N/A	Increasing % sale	N/A	Progress towards
% share of sales of eco-labelled products in eco-labelled product groups (STARK Suomi)	54	49	46	Increasing % sale	+8pp	Progress towards
% share of sales of eco-labelled products in stocked assortment (Neumann Bygg)	7.0	N/A	N/A	Increasing % sale	N/A	N/A
Ecosystem Protection						
% share of certified FSC or PEFC timber and timber-based products SKUs in stocked assortment (STARK Danmark)	89	88	80	Increasing % of certified timber and timber-based products	+9pp	Progress towards
% share of certified PEFC timber and timber-based products SKUs in PEFC product groups (STARK Suomi)	98	89	89	Increasing % of certified timber and timber-based products	+9pp	Progress towards
% share of certified PEFC timber and timber-based products SKUs in stocked assortment (Neumann Bygg)	94	94	93	Increasing % of certified timber and timber-based products	+1pp	Progress towards
% share of sales of timber and timber-based FSC or PEFC-certified products in stocked assortment (STARK Danmark)	95	95	93	Increasing % sale of certified timber and timber-based products	+2pp	Progress towards
% share of sales of timber and timber-based PEFC certified products in PEFC product groups (STARK Suomi)	99	94	95	Increasing % sale of certified timber and timber-based products	+4pp	Progress towards
% share of sales of timber and timber-based PEFC certified products in stocked assortment (Neumann Bygg)	94	N/A	N/A	Increasing % sale of certified timber and timber-based products	N/A	N/A

1. 2020 and 2021 have been restated after M&A activities according to accounting principles page 63.

2. Fixed FX rates as of baseline 2020



2.2 Social

	2022	2021	2020	2024 Target	Performance relative to baseline 2020	Performance relative to baseline 2020
Health and Safety						
Injury rate (per million worked hrs)	7.9	8.8	8.0	Reduce injury rate to 7 per million worked hours	-1%	Progress towards target
Lost workday rate (per million worked hrs)	81.2	64.3	64.3	Reduce lost workday rate to 40 per million worked hours	+26%	Behind target
The number of recordable work-related injuries	175	N/A ²	N/A ²			
The number of fatalities	0	0	0			
Employee Engagement						
STARK Group employee engagement survey score (satisfaction & motivation)	74	74	75 ¹	High employee satisfaction and motivation score of 76	-1%	Behind target
Employee engagement survey score (loyalty)	80	83 ¹	N/A	High employee loyalty score of 82	N/A	Behind target
Employee engagement survey participation rate (%)	83	81	91 ¹	A high survey participation rate of 85%	-8pp	Behind target
Diversity, Equity and Inclusion						
% women (total)	25	22	22	25% women in total	+3pp	On target
% of management positions held by women	16	16	15	20% women in management positions	+1pp	Progress towards target
% women in additional management levels (managers who refer to executive committee with manager responsibilities)	22	N/A ²	N/A ²	30% women in additional management levels	N/A	N/A: new KPI
Executive Committee (% women)	25	25	30	30% women in the Executive Committee	-5pp	Behind target
Executive Management team (% women)	50	50	50	30% women in the Executive Management team	0pp	On target
Board of Directors (% women)	20	20	33	30% women in the Board of Directors	-7pp	Behind target



1. Nordic only

2. New parameter



2.3 Governance	2022	2021	2020	2024 Target	Performance relative to baseline 2020	Performance relative to baseline 2020
Business conduct						
% suppliers passed Product Integrity evaluation (%)	100	100	100	100% passed Product Integrity evaluation		On target
% of new suppliers who have signed legal terms and conditions, including fulfilment of STARK Group's Code of Conduct	100	100	100			
Number of passed onsite supplier audits (no. of onsite audits passed / no. of onsite audits conducted)	0/0	0/0	0/0	100% of audits passed		On target
Number of passed EUTR evaluations (no. of EUTR evaluations passed / no. of EUTR evaluations conducted)	17/17	0/0	0/0	100% of audits passed		On target
Code of Conduct	E-learning module launched for 100% employees	Training conducted in STARK DE	Distributed in STARK DE			

SUSTAINABILITY FRAMEWORK & SUPPORTING POLICIES

	Sustainability programmes	Supporting policies	Targets (Target period 2020-2024)	Supported SDGs
3.1 Our products Better products from trusted suppliers in order to meet customer and societal expectations, both now and in the future.	Product quality and integrity	<ul style="list-style-type: none"> Product Integrity Policy Code of Conduct Risk Management Policy Sustainability Policy Competition Law Policy 	<ul style="list-style-type: none"> 100% passed Product Integrity evaluation All onsite supplier audits passed 	  
	Responsible sourcing	<ul style="list-style-type: none"> Responsible Timber Sourcing Policy Trade Compliance and Sanctions Policy Code of Conduct Sustainability Policy Risk Management Policy 	<ul style="list-style-type: none"> 100% passed Product Integrity evaluation 100% passed EUTR evaluation Increasing % FSC and PEFC certified wood SKUs Increasing % third-party verified eco-labelled product SKUs 	
	Ethical behaviour and human rights	<ul style="list-style-type: none"> Records Management and Personal Data Protection Policy Fraud, Anti-Bribery and Corruption Policy Sustainability Policy Code of Conduct 	<ul style="list-style-type: none"> 100% passed Product Integrity evaluation 	
3.2 Our operations To be an efficient and trusted partner and employer of choice in the industry to ensure long-term sustainability.	Climate action and environmental efficiency	<ul style="list-style-type: none"> Environmental Policy Sustainability Policy 	<ul style="list-style-type: none"> 16.8% reduction of absolute scope 1 & 2 GHG emissions 16.8% reduction of CO₂e emissions from buildings and equipment 16.8% reduction of CO₂e emissions from transport 20% waste reduction 80% waste segregated for recycling 	       
	Health and safety	<ul style="list-style-type: none"> Health and Safety Policy Code of Conduct 	<ul style="list-style-type: none"> Reduce injury rate (7 per million worked hours) Reduce lost workday rate (40 per million worked hours) 	
	Employee engagement	<ul style="list-style-type: none"> People Policy Code of Conduct 	<ul style="list-style-type: none"> Engagement survey score - Satisfaction & Motivation: 76 Loyalty: 82 Engagement survey participation rate: 85% 	
	Diversity and inclusion	<ul style="list-style-type: none"> People Policy Code of Conduct 	<ul style="list-style-type: none"> 25% of women in total 20% of women in management positions 30% of women in Executive Committee 30% of women in Board of Directors 	
	Competence development	<ul style="list-style-type: none"> People Policy Sustainability Policy 	<ul style="list-style-type: none"> 3% employees trained as sustainability specialist 	
3.3 Our market To be the preferred partner for sustainable construction, supporting development towards a more sustainable future.	Promoting sustainable products	<ul style="list-style-type: none"> Environmental Policy Sustainability Policy Responsible Timber Sourcing Policy 	<ul style="list-style-type: none"> Increasing % sales of FSC and PEFC certified wood Increasing % sales of third-party verified eco-labelled products 10% of branches offer customers sustainability events annually 	     
	Educative partner and corporate citizen	<ul style="list-style-type: none"> Sustainability Policy Code of Conduct Tax Policy 	<ul style="list-style-type: none"> Engagement and partnerships with NGOs, educational institutions etc. Educative events 	

OUR CONTRIBUTION TO THE UN SDG TARGETS



4.1 High contribution

UN SDG targets	Our direct contribution	Our targets
<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p>	<ul style="list-style-type: none"> ■ Support customer access to available Environmental Product Declarations (EPD) and product impact throughout the life cycle. ■ STARK Deutschland joined the Madaster global online platform Kennedy Programme. Madaster is a digital register in which buildings, including materials, products and elements used, are recorded and documented to support circularity. ■ Actively engage in relevant partnerships to support circularity in the construction industry. ■ Focus on increasing recyclability and proportion of secondary materials in products and packaging. ■ Being a partner of the Danish BUILDING GREEN conference to promote circular partnerships and low carbon solutions for sustainable construction. ■ Expand our team of sustainability specialists to 250 employees to enable our local branches to provide sufficient advice in the field of sustainable construction. ■ Launch of the STARK Group Sustainability Market Insight Report (2022) to share insights and advocate for the need for sustainable solutions in the construction industry in order to meet national net zero ambitions. Please refer to page 23. ■ Continuous improvements of our systematic Group health, safety and environmental management system (according to ISO 45001 and ISO 14001) to ensure safe, healthy and resource-efficient operations across the supply chain. ■ 2nd Sustainability round table held in the European Supplier Program to discuss solutions and challenges to overcome together. 	<ul style="list-style-type: none"> ■ Increase share of sales that are third-party verified eco-labelled products ■ 3% of employees trained as sustainability specialists (incl. key positions in sourcing)
<p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p>	<ul style="list-style-type: none"> ■ Promotion of sustainable construction products, reducing hazardous substances and improving indoor climate and recyclability. ■ Launched a product rating system according to DGNB ENV 1.2 criteria on STARK Danmark's webshop. ■ Actively encourage suppliers to provide Environmental Product Declarations (EPD) and product impact throughout the life cycle. 	<ul style="list-style-type: none"> ■ Increase share of sales that are third-party verified eco-labelled products ■ 3% of employees trained as sustainability specialists (incl. key positions in sourcing)



UN SDG targets		Our direct contribution	Our targets
12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<ul style="list-style-type: none"> Actively engage in relevant partnerships to support circularity in the construction industry. Focus on increasing recyclability and proportion of secondary materials in products and packaging. GENTRÆ concept has been expanded and initiated in Sweden Take urgent action by entering partnership with Nacka vatten och avfall AB and Tørn to sell surplus building materials from retailers and industry. GENTRÆ x Superwood A/S collaboration to reuse production biproducts 	<ul style="list-style-type: none"> 20 % Waste reduction 70 % Recycled waste
12.8	By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature incentives to developing countries to advance sustainable forest management, including for conservation and reforestation.	<ul style="list-style-type: none"> Help bring sustainable alternatives to public notice through product documentation and in-store information. Collaboration with trade organisations, politicians, NGO's to develop information material regarding sustainable building materials and choices. Ensure product documentation to fulfill public procurement and certification requirements regarding product impact throughout the lifecycle. Sustainability events and dialog meetings in STARK branches to discuss new requirements in the new building regulations and how we can help SME customers to meet these requirements. 	<ul style="list-style-type: none"> 3 % of employees trained as sustainability specialists 10% of branches offer customer sustainability events annually Increase share of timber purchase that is FSC/PEC certified
13.2	Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> Approval of our science based targets by SBTi Clear road map to net zero and continuously following progress in each initiative Net zero commitment 2050 Advocate to customers, suppliers and competitors to join us in having Science Based Targets Inspirational talks held in UN Global Compact Climate Change Accelerator Programme to inspire more companies to join Science Based Targets. 	<ul style="list-style-type: none"> 16.8% reduction in absolute scope 1 & 2 GHG emissions 5% reduction in absolute scope 3 GHG emissions 50% actively sourced renewable electricity
15.1	By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	<ul style="list-style-type: none"> All STARK Group Business units are FSC® and/or PEFC™ certified and follow the Group Responsible Timber Sourcing Policy, including targets for increasing percentage of timber and timber products certified. All timber and timber products sourced from suppliers outside the EU undergo third-party vendor due diligence to ensure that timber is legally harvested and traded. 	<ul style="list-style-type: none"> Increase share of timber purchase that is FSC/PEC certified 100% of all new contracts pass Product integrity evaluation process 100% pass rate of EUTR evaluations
15.2	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.	<ul style="list-style-type: none"> 100% of all tropical hardwood products sourced by STARK Group are FSC certified. Sourcing of hardwood species from high-risk countries is prohibited within STARK Group. 	<ul style="list-style-type: none"> Increase share of timber purchase that is FSC/PEC certified Increase share of sales that are 3rd party verified eco-labelled products



UN SDG targets

Our direct contribution

Our targets

15.5	Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.	<ul style="list-style-type: none"> ■ Responsible Timber Sourcing Policy including a target for increasing percentage of timber and timber products sold certified. ■ Tempered hardwood products traded in STARK Group must be FSC or PEFC certified unless they originate from low-risk countries. ■ Participation in Finnish PEFC working group for review of forest management standard. ■ Having a board member in the FSC board of directors. ■ Partnering with the organization PLANT-MY-TREE to contribute to sustainable forest management, afforestation and increasing biodiversity in Germany. 	<ul style="list-style-type: none"> ■ Increase share of timber purchase that is FSC/PEC certified
15.B	Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.	<ul style="list-style-type: none"> ■ Business units are members of FSC and PEFC organisations. ■ STARK Group is active in both FSC and PEFC organisations having a board member in the FSC board of directors and a representative in the Finnish PEFC working group. 	<ul style="list-style-type: none"> ■ Increase share of timber purchase that is FSC/PEC certified

4.2 Medium contribution



UN SDG targets	Our direct contribution	Our targets
4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	<ul style="list-style-type: none"> ■ All STARK Group business units offer a wide range of internships and apprentices. ■ All STARK Group employees are continuously trained to provide the best advice within sustainable product selection for our customer to make informed decisions. ■ A new leadership programme, GROW@ STARK is being implemented to promote internal upskilling to management level. 	<ul style="list-style-type: none"> ■ 3% of employees trained as sustainability specialists ■ 10% of branches offer customer sustainability events annually
11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	<ul style="list-style-type: none"> ■ Using cleaner transport fuels such as HVO to reduce particle emissions in cities. ■ Increase sales from products that help customers to create better, more sustainable home. ■ Commitment to eliminate waste to landfill. ■ Entered a piloted project in Germany in collaboration with Fulda university and the state of Hessen, to test the first electric truck for building materials distribution in German cities. 	<ul style="list-style-type: none"> ■ 16.8% reduction in absolute scope 1 & 2 GHG emissions ■ 5% reduction in absolute scope 3 GHG emissions ■ 50% actively sourced renewable electricity ■ 20% waste reduction ■ 80% waste segregated for recycling
17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.	<ul style="list-style-type: none"> ■ STARK Danmark partnered with the humanitarian organisation WeHelp and used their logistics set-up to catalyse Ukraine humanitarian aid including last mile transport. ■ Actively engage in relevant partnerships to support circularity in the construction industry (such as GENTRÆ, Tørn, Nacka vatten och avfall AB, Encore Ympäristöpalvelut and in the Madaster Kennedy Programme). 	

4.3 Low contribution



UN SDG targets	Our direct contribution	Our targets
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	<ul style="list-style-type: none"> Working to improve gender balance. Whilst our sector remains male-dominated, we are starting to see greater female participation in our business, and we continuously work to improve the gender balance of the company. During 2022, STARK Group joined the UN Global Compact Target Gender equality accelerator programme to further develop our efforts in this area and to deepen our implementation of the Women's Empowerment Principles. DE&I priorities are reflected and integrated into our key people processes and approaches, including, Recruitment, Hiring and Selection, Training & Development, Succession, Leadership and Rewards. New target that apprentice schemes should aim for 30% women participation. 	<ul style="list-style-type: none"> 25% women in total 20% women in management positions 30% women in Executive Management team 30% women in Board of Directors
7.3 By 2030, double the global rate of improvement in energy efficiency.	<ul style="list-style-type: none"> Approved science-based carbon reduction targets and net zero road map Promote energy-efficient products Increase our range of energy saving and low carbon energy generation products 	<ul style="list-style-type: none"> 16.8% reduction in absolute scope 1 & 2 GHG emissions 5% reduction in absolute scope 3 GHG emissions 50% actively sourced renewable electricity 3 % of employees trained as sustainability specialists 10% of branches offer customer sustainability events annually
8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.	<ul style="list-style-type: none"> Responsible sourcing of all timber and timber-based products. Wide product range of FSC/PEFC certified timber and timber-based products. Wide assortment of products to fulfil energy efficiency requirements. Sourcing of wide range of eco-labelled products. Focus on increasing recyclability and proportion of secondary materials in products. 	<ul style="list-style-type: none"> Increase share of timber purchase that is FSC/PEC certified Increase share of sales that are 3rd party verified eco-labelled products 3% of employees trained as sustainability specialists (incl. key positions in sourcing)
10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.	<ul style="list-style-type: none"> The value of equal opportunity is embedded in the way we do business and retain talent groupwide. We have established an equal pay project group to carry out an investigation to ensure equal pay for equal work During 2022, we launched a Diversity, Equity and Inclusion (DE&I) Council, which meets quarterly. 	<ul style="list-style-type: none"> 25% women in total 20% women in management positions 30% women in Executive Management team 30% women in Board of Directors



UN SDG targets

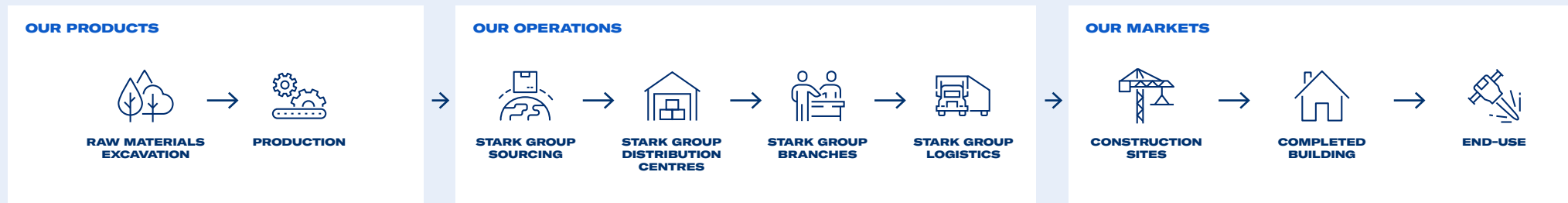
Our direct contribution

Our targets

16.2	End abuse, exploitation, trafficking and all forms of violence against and torture of children.	<ul style="list-style-type: none"> ■ Implementation of our Supplier Code of Conduct which explicitly states that we expect our suppliers to commit to respecting the human rights that the ILO has declared fundamental rights at work. ■ By encouraging our suppliers to meet ethical and environmental standards and through our Supplier Code of Conduct and training for colleagues. ■ During 2022 we piloted an ESG screening tool to allow us to assess and track our suppliers ESG performance. ■ During 2022 we have initiated a human rights due diligence process ■ "Speak Up!" is a confidential and anonymous whistleblower process for all stakeholders to express their concerns without retaliation. 	<ul style="list-style-type: none"> ■ 100% of all new contracts pass Product integrity evaluation process
16.5	Substantially reduce corruption and bribery in all their forms.	<ul style="list-style-type: none"> ■ In 2022, the training module "Fraud, Anti-Bribery and Corruption" was assigned to 42% of the total workforce and has currently been completed by 93%. ■ "Speak Up!" is a confidential and anonymous whistleblower process for all stakeholders to express their concerns without retaliation. 	<ul style="list-style-type: none"> ■ Suppliers must adhere to our Supplier Code of Conduct
16.6	Develop effective, accountable and transparent institutions at all levels	<ul style="list-style-type: none"> ■ "Speak Up!" is a confidential and anonymous whistleblower process for all stakeholders to express their concerns without retaliation. 	<ul style="list-style-type: none"> ■ Suppliers must adhere to our Supplier Code of Conduct

MATERIAL RISKS & ACTIONS TO MINIMIZE

We continuously assess our primary business and sustainability risks, throughout our value chain and we implement measures to prevent adverse impacts. Our risk assessments aim to identify and prioritise actions to address them. Our material risks along our value chain, and selected actions taken during 2022 to minimise these risks, are shown below.



Material Risks

Selected 2022 actions to minimise impact/risk

OUR PRODUCTS

Environmental pollution during product production, use and end-use

- Increasing assortment of eco-labelled products with minimal hazardous chemicals. % of eco-labelled products has increased from a 2020 baseline.

Natural resource depletion and biodiversity loss in the supply chain

- Focus on increasing FSC and PEFC-certified timber in assortment has led to a wider assortment of certified products.
- Focus on finding ways to increase and document recycled content in product assortment.
- Improving product sustainability attributes and digital data quality to highlight sustainable choices.
- Implemented "BygGrønt" label in STARK Danmark to promote sustainable alternatives.
- Collaboration with suppliers to turn defect materials into products.

High product embodied carbon (Carbon scope 3)

- Increased focus on documented low carbon alternatives.
- Requesting environmental product declarations (EPD) from suppliers as promotion tool.

Insufficient product documentation

- Supplier partnerships and collaborations to improve product documentation with focus on sustainability.

Lack of supplier supply chain transparency

- Pilot test of third party supplier evaluation system on >10.000 STARK Group suppliers.

Human and labour rights violations in the value chain

- New supplier code of conduct and revised supplier agreement contract to highlight environmental and human rights requirements throughout the supply chain implemented during 2022.
- Increased FSC and PEFC-certified timber in assortment. The percentage certified has increased in Denmark, Finland, and Norway respectively.
- Initiated test of a Group wide third-party supplier evaluation system to improve such material areas as the human rights and environmental due diligence process.

OUR OPERATIONS

Exposure of own workforce to health and safety hazards

- Continued communication of e-learning modules and self-inspection checklist.
- Launch of new Health and Safety operating model. Please refer to description [pages 31-32](#).
- Communication of easy access to safety data sheets for employees.

Material Risks

Selected 2022 actions to minimise impact/risk

Excess operational energy and fuel consumption (Carbon scope 1 & 2)	<ul style="list-style-type: none"> ■ 45% of electricity actively sourced as renewable. ■ Project to gain energy consumption data at branch level in all business units. ■ Continue transition to fossil-free deliveries in Denmark, Sweden and Finland. During 2022 1,212 tonnes of carbon have been saved through substitution of diesel with HVO. ■ Pilot electric delivery trucks and vans in Denmark and Germany. Please refer to page 21. ■ Continued focus on transition from diesel to electric forklift trucks. 78% of all STARK Group FLT's are now electrical.
Excessive waste production & in-store breakage	<ul style="list-style-type: none"> ■ Training of FLT drivers and knowledge of cost of waste handling for increased focus on waste and reduction of breakage
Lack of diversity, equity and inclusion	<ul style="list-style-type: none"> ■ Implementation of a DE&I council with quarterly meetings. Updated D&I manual
Fraud, Anti-Bribery and Corruption	<ul style="list-style-type: none"> ■ Updated Fraud, Anti-Bribery & Corruption Programme, Policy, Manual, training and communication. ■ E-learning modules Fraud, Anti-Bribery and Corruption have been assigned to 42% of total workforce and have been completed by 93% ■ An updated Gifts, entertainment & hospitality manual has been implemented
Anti-competitive practices	<ul style="list-style-type: none"> ■ E-learning module "Competition Law" was assigned to 38% of total workforce and completed by 93%
OUR MARKET	
Insufficient data protection (Data protection)	<ul style="list-style-type: none"> ■ Personal Data Protection assigned to 56% of total workforce and completed by 93%
Customer focus on short-term cost at the expense of sustainability	<ul style="list-style-type: none"> ■ Competent and informed sales staff that can communicate the lower total cost of ownership (TCO) and the added value of sustainable alternatives
Poor occupational health of craftsmen	<ul style="list-style-type: none"> ■ Easier access to safety data sheets for craftsmen on webshop and in store. ■ Easy access to sustainability knowledge on webshop and clear signage in-store and on products with verified eco-labels. ■ Advice and promotion of sustainable alternatives with minimal toxic chemical content to craftsmen
Poor customer indoor climate (Product chemical emissions)	<ul style="list-style-type: none"> ■ Promotion and communication of low-emission eco-labelled product alternatives
High product use energy consumption	<ul style="list-style-type: none"> ■ Promotion of energy-efficient product alternatives
High product End-of-Life emissions (Product disposal)	<ul style="list-style-type: none"> ■ Increased focus on durability, repairability, recycling and reuse. ■ Focus on eco-labelled products – Products with minimal toxic chemical content have a higher recycling value and lower risk of landfill ■ Partnering for circularity with customers and selective demolition companies to reuse materials. Please refer to case page 25. ■ Working with socioeconomic projects to produce products (i.e. walkways) from used "waste" materials such as GenBro.
Insufficient waste sorting and recycling	<ul style="list-style-type: none"> ■ Supplier partnerships to build take-back solutions for selected products such as Building materials: Xella, Gyproc and Rockwool and clothes: Mascot and Encore (case page 26)

REPORTING ACCORDING TO THE TCFD

Recommendation	Our disclosure in brief	Learn more
GOVERNANCE Disclose the organisation's governance around climate-related risks and opportunities.	<p>Our Group Executive Committee (Excom) functions as our Sustainability Advisory Board, who has ultimate responsibility for risk management, including climate-related risks.</p> <p>Together with the Group Head of Sustainability, Excom is responsible for the sustainability framework, targets, and progress throughout the organisation. Excom reviews sustainability risks, opportunities and performance against targets biannually and reports to the board.</p>	<p>Sustainability Governance, pages 16-17</p>
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material.	<p>Our sustainability framework and targets are an integrated part of our business strategy. Our net-zero target is based on a sustainability materiality assessment to ensure meeting our customers' increasing requirements for sustainable construction, the market opportunities in the green transition in the construction industry, our access to capital (ESG linked loan), and employee attraction and retention.</p> <p>Our 2030 targets, aligned with the Paris Agreement 1.5°C scenario to reduce climate change risks throughout our value chain, have been approved by the Science Based Targets Initiative.</p> <p>Our net zero commitment through the Business Ambition for 1.5 further cements our decarbonisation strategy.</p>	<p>Our Sustainability Strategy pages 11-12</p> <p>Sustainability Framework, pages 13-15</p> <p>Climate action, pages 20-24</p>
RISK MANAGEMENT Disclose how the organisation identifies, assesses and manages climate-related risks.	<p>Materiality assessments have been made to assess the adverse impacts of the construction industry and the material risks in our value chain.</p> <p>During 2022 we have started to supplement our product information management system with carbon data for a wide range of products and will continue, in order to improve our initial scope 3 screening. We have worked dedicated with our suppliers to get access to carbon data and to improve data quality. Becoming increasingly data driven on our scope 3 emissions will enable us to take informed decisions and to further reduce the carbon impacts of material production, use and end-of-life of our products, which make up roughly 99% of our total carbon emissions.</p> <p>During 2022, selected climate related risks and opportunities have been discussed Excom and reported to the board.</p>	<p>Material risks and actions taken to minimise them, pages 60-61</p> <p>Climate action, pages 20-23</p> <p>Our roadmap to net zero, page 24</p>
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.	<p>Our science based carbon targets and performance towards these targets, for the business strategy period (2020-2024), medium-term 2030 and long-term 2050 respectively, are disclosed in our sustainability report annually.</p> <p>Furthermore, our contribution to the UN Sustainable Development Goals and the ten principles of the UN Global Compact are disclosed. We report our ESG efforts according to Nasdaq 2.0 guidance.</p>	<p>Climate action, pages 20-23</p> <p>Our Roadmap to net zero, page 24</p> <p>ESG reporting table, pages 47-48</p> <p>Our progress on targets, pages 49-52</p> <p>Contributions to the SDGs, pages 54-59</p>

ACCOUNTING PRINCIPLES

Reporting framework

STARK Groups sustainability report is aligned with tSTARK Group's sustainability report is aligned with the requirements of EU Directive 2014/95/EU and Sections 99a and 99b of the Danish Financial Statements Act and follows the Nasdaq ESG guide 2.0 including a selection of Global Reporting Initiative (GRI) guidelines. The performance data includes consolidated data from STARK Group and all business units. Data is collected per business unit per activity, and the figures are internally controlled before consolidation in the shown Group totals.

Acquisitions (where fully owned unless otherwise stated) are included as soon as the data becomes available but no later than 12 months after approved acquisition. For bolt-on acquisitions, data may be available (and included) for some metrics sooner than others within this time period. Divestments are removed from the data from the date of divestment. New or closed sites are treated in the same way.

Reporting period

Data is reported in line with the STARK Group's financial reporting year (1 August – 31 July) at the half-year (to include 1 August to 31 January data) and the full year (to include 1 August to 31 July data). All performance data in this report refers to full financial reporting years.

Changes to the ESG Performance data 2022

Acquisitions and carbon base year recalculation

In 2021 three acquisitions were made comprising of six branches in total. All data from these acquisitions has been included in the 2022 data.

In 2022, STARK Group made 16 new acquisitions comprising 109 branches. Nine of these acquisitions comprising 80 branches have been included in the 2022 data, as there was good data availability including at least six months of actual data (with the exception of one branch with four months available data).

Carbon emissions data covering the newly acquired branches has been included for a full 12-month period regardless that the ownership period has been shorter. Where carbon emission data is included, this data is also included in absolute terms in the base year recalculation, which has been triggered by a cumulative change of 13 percent in total scope 1 and 2 emissions according to our carbon base year recalculation principles.

The remaining seven acquisitions acquired between February 2022 and July 2022, comprising 29 branches, will be included in the 2023 data reporting. A record is kept for all acquired branches stating from which date data is available and included in reporting.

Inclusion of 100% of carbon data from Vivaldi

100% of carbon emissions from Vivaldi, a subsidiary to Beijer Byggmaterial, is included in the emissions data inventory from 2022 due to full operational control. All prior data has been restated accordingly.

Inclusion of radiative forcing in business flight travel:

As of 2022, the indirect effects of non-CO₂ aviation emissions, also known as radiative forcing (RF), have been included in business travel emissions to capture the full climate impact of travel, as required according to Greenhouse Gas

protocol Technical Guidance for Calculating Scope 3 Emissions. To provide comparable reporting, prior data has been restated to include radiative forcing (RF). For business travel measured in litres of aviation turbine fuel, the CO₂ component is multiplied by 1.9 and summed with the CH₄ and N₂O direct emissions. The emission factor used for aviation turbine fuel is 4.81 kgCO₂e/l.

Environment

Environmental reporting and control process:

Data regarding energy, refrigerants, waste, and water consumption are reported according to the STARK Group environmental data reporting manual, updated annually. The manual aims to secure the businesses' own assurance of submitted data before sign-off by the respective accountable managers. A clear explanation is required for any data which has changed 10% or more from the previous year. Submitted data from business units is validated and sense checked by documented internal control processes before being added to the Environmental reporting tool for carbon accounting.

It is the responsibility of each STARK Group business unit to ensure that appropriate procedures are in place to provide data in line with the STARK Group requirements.

Carbon accounting: Scope

Greenhouse gases accounting is conducted in accordance with the GHG Protocol:

- Direct emissions from own assets (scope 1)
- Indirect emissions from purchased electricity and district heating (scope 2)

Value chain emissions (scope 3)

The operational control approach is used for purposes of setting inventory organisational boundaries. These boundaries include facilities where STARK Group has, at least, a controlling interest from an operational perspective or at best, the facility is owned entirely by STARK Group.

Emission conversions and calculations

The STARK Group environmental reporting tool is set up to convert the business data into standard units of measure for each activity. STARK Group scope 1 inventory uses emission factors from suppliers where available, and otherwise from relevant emission databases such as DEFRA. For district heating scope 2 emissions, national emission factors are used if available. Where data is not available, DEFRA emission factors are applied. The system applies the appropriate emissions factors to calculate the STARK Group's tonnes of CO₂ equivalent (tCO₂e). Biogenic CO₂ emissions¹ are reported separately.

Reports are set up to calculate scope 1, scope 2 and intensity measures (per million EUR revenue). Revenue data is provided by STARK Group Finance in local currencies and EUR for the equivalent reporting period and organisational scope. Fixed

1. Biogenic emissions - Emissions data for direct CO₂ emissions from biologically sequestered carbon (e.g., CO₂ from burning biomass/biofuels). The GHG Protocol requires that biogenic emissions (CO₂ emissions from the combustion of biomass) are reported, but separately from the scopes. The requirement to report biogenic emissions separately only refers to CO₂ emissions from the combustion of biomass and not to the emissions of any other GHGs which are also emitted during combustion (CH₄ and N₂O - these are reported under Scope 1).

	2022 % estimated scope 1	2022 % estimated scope 2	2022 % estimated scope 1 & 2
STARK Group (average)	13%	4%	11%
STARK Deutschland	18%	63%	18%
Nordics (average)	5%	3%	4%

FX rates as of baseline 2020 are used (DKK 7.46, SEK 10.56, NOK 9.69).

Carbon base year recalculation principles

STARK Group's base year and subsequent year inventories are adjusted for mergers, acquisitions, and divestitures according to guidance as set forth in the WRI/WBCSD GHG Protocol. A record is kept with all acquired branches stating the closing date and from which date the data is available and included in reporting.

Data must be included/excluded in carbon accounts within 12 months of closing an acquisition or divestment. When significant structural changes occur during the middle of the year, the base year emissions are recalculated for the entire year, rather than only for the remainder of the reporting period after the structural change occurred, in line with the Greenhouse Gas protocol. Similarly, current year emissions are recalculated for the entire year to maintain consistency with the base year recalculation. In STARK Group, data is included as soon as quality data is available, this generally requires at least 6 months of actual data.

If six months of actual data is not available, the recalculation may be carried out in the following year if it does not exceed 12 months after approved acquisition.

STARK Group's base year inventory and emissions reports for subsequent years are updated when a significant cumulative change in STARK Group's base year emissions is triggered. Significant is defined as a cumulative change (+/-) of five percent (5%) or more in STARK Group's total base year emissions (total of scope 1 and 2) on a CO₂e basis. The assessment of the cumulative change will be performed on a yearly basis.

In cases where STARK Group has acquired a company and base year data for the newly acquired company is not available, the absolute 12-month energy, fuel, waste, and water consumption at the acquisition year will be used to calculate carbon emissions in the base year assuming that energy, fuel, and water consumption as well as waste production, has been constant. This is done by adding the absolute consumption to the baseline consumption, which is subsequently multiplied by the emission factors from the base year to obtain the restated carbon emissions. This calculation method is viewed as a conservative estimation for a baseline datapoint, as energy efficiency initiatives driven by the EU Energy Efficiency Directive and cost savings since baseline 2020 are likely to have occurred. All associated procedures and calculations are documented and assurance for carbon scope 1 and 2 on the restated baseline are obtained.

Carbon data accuracy and comparability

The measuring and reporting of some environmental performance data involve a degree of estimation and the use of assumptions. We strive to keep estimations at a minimum and aim to improve data quality when entering new contracts. Estimated percentages are reported annually for carbon data.

Historical data is recalculated and restated where data improvements are made to enhance comparability across reporting periods. All restatements are approved by the STARK Group Head of Sustainability. Narrative is provided in the STARK Group reporting system to explain major adjustments to prior year numbers.

The estimation rates of our scope 1 and 2 carbon emissions during 2022 range from 4% in the Nordics to 18% in STARK Deutschland. The high estimation rate in STARK Deutschland is primarily driven by a lack of actual data for fuel, electricity and natural gas consumption, which is thus calculated from the monthly average price or similar. All estimation methods have been approved. The average estimation for STARK Group 2022 for scopes 1 and 2 is 11% which is a 22pp improvement from 2021.

Environmental indicators

Scope 1: Direct GHG emissions

Direct Greenhouse Gas emissions are reported in metric tonnes of CO₂ equivalents, which is the sum of the 7 gases according to the Kyoto protocol. The emissions are calculated based on the direct energy consumption for operations (natural gas, oil, LPG, diesel, biofuel, petrol, wood pellets, refrigerant leakage) and vehicle fuel use

from people transport (company owned/leased vehicles) and goods transport (owned/leased vehicles).

Scope 2: Indirect GHG emissions from purchased electricity and district heating

Scope 2 GHG emissions are reported in metric tonnes of CO₂ equivalent. Scope 2 emission is reported according to the market-based accounting approach from 2020. The market-based electricity inventory is based on supplier-specific emission factors collected for purchased power based on the latest available emission factors published or provided by a supplier. If a supplier-specific factor is not available, the latest dataset with residual mix is used. The scope 2 emissions factors are reported in accordance with the scope 2 quality criteria defined by GHG protocol guidance, following the hierarchy of the market-based reporting methods:

- Energy attribute certificates (GOs, PPAs, and similar)
- Contracts (PPAs)
- Supplier/Utility emission rates
- Residual mix (RE-DISS)

For company owned and leased vehicles that use electricity, the residual mix emission factor for each country is used to calculate the carbon emission reported in scope 2. Emission factors from local district heating suppliers or verified national averages are used if available. Where data is not available DEFRA emission factors are applied.

Scope 3: Value chain GHG emissions

Indirect Scope 3 GHG emissions are reported in metric tonnes of CO₂ equivalent. Scope 3 data is a combination of actual and calculated data. The

categories within scope 3 with actual data are Category 3. Fuel- and energy-related activities; Category 5. Waste generated in operations and Category 6. Business travel. Cat 3. includes vehicle fuel used for goods transport (outsourced transportation) and people transport (private/hired vehicles). These activities are reported based on actual fuel consumed. Cat 5. is reported as the amount of waste generated. Cat 6. is reported based on the travel activity by air and rail.

All other scope 3 categories are based on economic spend allocation and weight-based calculations according to the Quantis inventory method (<https://ghgprotocol.org/scope-3-evaluator>) where actual data is not available. These calculations are considered a very rough approximation of total emissions while accurate product specific data is being collected.

GHG emissions from Buildings and Equipment per Revenue

GHG emissions per net turnover in million EUR revenue (mEUR) from Buildings and Equipment including all heating and operational energy consumption (electricity, heating, refrigerant leakage and fuel consumption for equipment).

GHG emissions from Transport (Goods and People) per Revenue

GHG emissions from transport per net turnover in million EUR revenue (mEUR) including all people and goods transport (vehicle fuel use: people transport (company owned/leased vehicles), goods transport (owned/leased vehicles), goods transport (outsourced transportation), people transport (private/hired vehicles) and business travel (rail and air)).

Waste

Waste is reported per net turnover in million EUR revenue (mEUR) and as absolute waste tonnage, split into Hazardous waste (as defined by the EU directive European Waste Catalogue) and Non-hazardous waste and further split into Incinerated, Landfilled and Segregated for Recycling, respectively. Waste segregated for recycling is reported as a percentage of total waste.

Refrigerants

The amount of leakage of refrigerants from operations is calculated from the amount in kg of each type of refrigerant added during the reporting year and reported as CO₂e equivalent.

Percentage actively sourced renewable electricity (%)

The total amount of on-site electricity production or purchased electricity through guarantees of origin (GO) as a percentage of total electricity consumption in kwh.

Water consumption

Water is reported as the sum of all consumed water in m³.

Sustainability Ambassadors

The number of STARK Group employees who have completed the sustainability ambassador programme as a % of total employees as per the last day of the reporting year.

Sustainability events

The number of sustainability events held annually reported as the number of branches who have held a sustainability event during the reporting year as a percentage of the total number of

branches. Sustainability events are defined as customer events where sustainability has been a key topic. Examples include events held together with suppliers of sustainable and energy efficiency products and solutions, information evenings regarding sustainability in building regulations (i.e. LCA) and eco-labels.

Certified timber and timber-based products

Data regarding responsibly sourced certified timber and timber-based products is reported as:

- % share of certified FSC or PEFC timber and timber-based product SKUs in stocked assortment defined as the number of certified FSC and PEFC timber and timber-based stock keeping units (SKUs) in stocked assortment as a percentage (%) of total timber and timber-based stock keeping units (SKUs) in stocked assortment during the reporting year.
- % share of sales of timber and timber based FSC or PEFC-certified products in stocked assortment defined as the percentage of total sale of timber and timber-based products in stocked assortment comprised of FSC and PEFC-certified products during the reporting year.

3rd party verified eco-labelled

Data regarding 3rd party verified eco-labelled is reported as the percentage of 3rd party verified eco-labelled product SKUs in stocked assortment and the percentage of sales of 3rd party verified eco-labelled products in stocked assortment during the reporting year. 3rd party verified eco-labels counted in the calculation include: FSC, PEFC, Nordic Ecolabel, EU Ecolabel, Blauer Engel, M1, EC1, C2C, Dansk Indeklimamærket, OEKO-TEX, Eco Institut Tested Product, GUT.

Social

Social reporting and control process:

Data regarding employees, gender, seniority, and employee turnover is generated from our HR system. Employee engagement survey scores and participation rates are collected through Ennova.

Data regarding accidents, incidents, and lost workdays is reported through our Health and Safety reporting tool based on submitted data from all reporting entities. Data is checked by the Group Health and Safety Department monthly before reporting to Executive Management.

It is the responsibility of each STARK Group business unit to ensure that appropriate procedures are in place to provide data in line with the STARK Group requirements.

Social indicators

Number of employees

The number of employees is reported as headcounts employed by STARK Group as per the last day of the reporting period and includes permanent, temporary, and seasonal employees. Headcounts are defined as all employees with an active employment contract. Headcount numbers are pulled from the STARK Group HR system.

Injury rate

The injury rate is the number of injuries per 1,000,000 employee-hours worked within the reporting period as defined by GRI.

Lost workday rate:

The Lost workday rate formula is defined according to GRI as the total number of workdays

lost per 1,000,000 hours worked by all employees within the reporting period. Lost work days include days lost due to injuries not requiring medical treatment.

Number of high-consequence work-related injuries:

Work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months as defined by GRI.

Employee engagement survey scores:

An annual employee engagement survey is made through Enova resulting in a Satisfaction & Motivation score and a Loyalty score. Scores are compared to the most recent industry average gained from the Global Employee & Leadership Index™. The STARK Group Engagement Survey is carried out annually in November.

Seniority

Average number of years an employee has been employed by the company (excluding newly acquired companies who have not yet been integrated into our HR system).

Gender balance - % women

The number of women divided by the total headcount reported as a percentage (%) as per the last day of the reporting year.

Percentage of management positions held by women

Management positions are defined as any employee with direct reports. The percentage is calculated per the last day of the reporting year.

Governance

Governance indicators

Executive Management team:

STARK Executive Management team comprises the Group CEO and Group CFO.

Executive Committee (Excom):

STARK Group Executive Committee comprises Group CEO, CFO, CSO, CHRO, CCO, General Council, and business unit CEOs from STARK Deutschland, STARK Danmark, Beijer Byggmaterial, STARK Suomi, Neumann Bygg and STARK Sourcing.

Board diversity

Number of female board members divided by the total number of board members expressed as a percentage (%)

Percentage of contracts passed

Product Integrity process

The percentage of all contracts entered during the financial year which have passed the external Product Integrity assessment process including financial health, ethical concerns and contract compliance.



AUDITOR'S INDEPENDENT ASSURANCE REPORT

To the Management and broader stakeholders of STARK Group A/S

We have reviewed the Scope 1 and 2 CO₂e emissions for 2022, which covers STARK Group's global activities from 1 August 2021 to 31 July 2022.

STARK Group has restated the Scope 1 and 2 CO₂e emissions for 2020 that covers STARK Group's global activities from 1 August 2019 to 31 July 2020, in order to adjust for the emissions of branches acquired during 2021 and 2022. As part of our assurance for 2022, we have also reviewed the restatement for 2020.

The reviewed KPIs are presented in STARK Group A/S ('STARK Group') 2022 Sustainability Report ('the Report') [page 47](#).

We express a conclusion providing limited assurance.

Management's responsibility

The Management of STARK Group is responsible for collecting, analysing, aggregating and presenting the information in the Report, ensuring that the Report is free from material misstatement, whether due to fraud or error. STARK Group's accounting principles contain Management's defined reporting scope for each data type. The accounting principles for CO₂e emissions can be found in the 2022 Sustainability Report [pages 63-65](#).

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with STARK Group in accordance with the agreed scope of work. We have conducted our work in

accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements (as amended), and additional requirements under Danish audit regulations to obtain limited assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR – Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion, and we have – among other things – performed the following procedures:

- Obtaining an understanding of what is material to STARK Group for reporting purposes and determining a threshold of materiality of misstatement for the different types of information;
- Conducting interviews with management representatives, key functions and data owners;
- Reviewing the data, making enquiries into a selection of calculations and aggregated numbers and obtaining supporting documentation;
- Assessing processes, tools, systems and controls for gathering, consolidating and aggregating applicable data;
- Testing procedures and methods deployed to ensure that the reported data are stated in accordance with the accounting principles;
- Performing analytical review procedures on a sample basis and testing the data to underlying documentation;
- Evaluating the reliability and validity of underlying sources.

We have not interviewed external stakeholders.

The restated Scope 1 and 2 GHG emissions (tCO₂e) for 2020 are stated and reported based on estimations. Due to lack of access to accurate 2020 energy and material consumption data from the branches acquired in 2022, STARK was unable to obtain the actual Scope 1 and 2 GHG emissions for these acquired branches. Instead, STARK has made assumptions and estimates for this data as described in [page 64](#) in the Report.

Conclusion

Based on our work, nothing has come to our attention that causes us not to believe that, in

all material respects, the consolidated Scope 1 and 2 GHG emissions (tCO₂e) for 2022 and the restated consolidated Scope 1 and 2 GHG emissions (tCO₂e) for 2020, as presented in STARK Group's 2022 Sustainability Report, have been reported in accordance with the accounting principles described.

Copenhagen, 10 November 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Kim Takata Mücke

State-Authorised Public
Accountant
Identification No (MNE)
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Helena Barton

Lead Reviewer



Feedback

We welcome views on our sustainability efforts and feedback on this report from all our stakeholders.

Please send your feedback to sustainability@starkgroup.dk

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