



# SUSTAINABILITY REPORT 2023

1 AUGUST 2022 – 31 JULY 2023





# BEST PARTNER FOR SUSTAINABLE BUILDING

STARK Group is a leading business-to-business distributor of building materials for the European construction industry. For over 125 years, our company has been devoted to serving professional tradespeople. Today, we are more than 20,000 people working across 1,150 branches and distribution centres in Europe to empower builders and the entire construction industry with insights, product knowledge, documentation, and sound advice to partner for a net zero future.

We play a crucial role in connecting manufacturers of building materials with professional tradespeople. Our efficient logistics ensure that the right products are delivered on time, where and how our customers need them. This creates value for our suppliers as it allows them to reach a widespread, hyperlocal network of customers cost and carbon-efficiently while ensuring sustainable business operations.

As an international group with a local attitude, STARK Group plays a vital role in sustainable value creation in the European construction industry. We stay on top of sustainable building practices and emerging low-carbon, energy-efficiency, and eco-labelled products to support the green transition while providing efficient documentation.

Together, we help our customers and partners keep their businesses one step ahead as we build our shared net zero future.

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## DOUBLE MATERIALITY ASSESSMENT

Preliminary results of our first double materiality assessment. Each material topic is addressed in our sustainability programmes in the Environmental, Social and Governance sections, respectively.

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## LETTER FROM THE CEO

Update from our CEO on sustainability achievements and our vision for the future.

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## ABOUT THIS REPORT



This report covers the financial year from the 1st of August 2022 to the 31st of July 2023 (2022/23). It represents the corporate social responsibility statement of STARK Group as required according to EU Directive 2014/95/EU and Sections 99a, 99b, 99d and 107d of the Danish Financial Statements Act as shown in the readers guide [p. 69](#). The report further describes STARK Group's progress on efforts to implement the Ten Principles of the UN Global Compact initiative.

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



This is our communication on Progress in implementing the Ten Principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback in its contents.



# 01

## INTRODUCTION

This section includes our CEO statement and provides an overview of our sustainability performance and key events during the financial year.

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**SØREN P. OLESEN**

CEO of STARK Group since 2016

**LETTER FROM THE CEO**

# A BIGGER STRONGER FAMILY

I am pleased to present our Sustainability Report 2023, covering a year where our business has been significantly affected by the war in Ukraine and the subsequent geopolitical and economic instabilities. Amid these challenges, we have remained dedicated to our sustainability commitments and continued to drive our Environmental, Social and Governance (ESG) agenda forward.

As a company, we adopt a holistic approach to sustainability, and recognise that with regulations aimed at boosting renovation and decarbonisation of buildings being introduced across our markets, it is imperative for our customers and partners that we achieve our ESG objectives. This not only positions our efforts as a competitive advantage but is also essential for our continued success.

During the year, we have conducted a comprehensive strategy update with sustainability at the core. These adjustments not only future-proof our core business and enhance value creation for our customers, suppliers, and partners but also emphasise our unwavering commitment to sustainability. Part of the strategy involves expanding our commitment to commercialising sustainability, making it easier for tradespeople, contractors, and builders to comply with ever-increasing climate and documentation requirements.

**RESPONSIBLE GROWTH**

In December 2022, we achieved a milestone in our growth strategy when entering the UK market for building materials through the acquisition of Saint-Gobain Building Distribution Ltd. A significant portion of our efforts has been dedicated to finalising the acquisition and seamlessly integrating the organisation into our operations while fostering the alignment of our corporate culture.



**During the year, we have conducted a comprehensive strategy update with sustainability at the core**

Despite volatile times and a transformative acquisition, we continued to deliver on our commitment to decarbonise the way we operate in line with our SBTi commitments. Carbon emissions in scope 1 and 2, including our newly acquired UK business, have been reduced by 19.4% from a 2020 baseline, through the shift to renewable energy, energy-efficient technologies and improved operational processes.

Nonetheless, being committed to a net zero future entails exceeding our scope 1 and 2 emissions to encompass all direct and indirect emissions. The vast majority of our emissions lie within our scope 3, originating from the production, distribution and end-of-life of the products



Looking ahead, I am confident that our Group remains resolute in its pursuit of excellence in ESG practices, recognising that our actions today shape the world of tomorrow

we make available to the market. Therefore, we continue to engage in partnerships to decarbonise our value chain.

Ahead of the COP28 climate conference, I joined 26 fellow CEOs from leading companies headquartered in Denmark, calling on companies and governments worldwide to take bold steps to combat the climate crisis. When companies from various industries join forces in this manner, it instils reason for optimism. However, we acknowledge that the green transition of the building sector lags behind other industries, and numerous challenges persist. There is a pressing need to reduce emissions from existing buildings, which underlines the importance of energy-efficient renovations. I strongly welcome the European Green Deal and underlying programmes that seek to improve energy efficiency and reduce the carbon intensity of buildings. This will not only improve the quality of life and lower costs for the people living in the buildings but also accelerate the overall societal transition towards a more sustainable tomorrow.

#### PEOPLE AT THE CORE

I am delighted to see that our efforts to cultivate a strong safety culture and mindset have successfully reduced the rate of occupational injuries. We will continue in our endeavour to prevent injuries and maintain our dedication to further strengthen our health and safety culture through the Vision Zero campaign.

I take pride in the fact that our employee engagement is consistently sustained at a high level, surpassing the industry average. Nevertheless, we work continuously to advance our people-focused initiatives and have introduced a Diversity, Equity, and Inclusion Policy to ensure a more inclusive and improved working environment for all our employees.

We remain dedicated to adhering to the principles of the United Nations Global Compact and are actively implementing measures to help support the ten principles within environment, human rights, labour rights and anti-corruption.

Looking ahead, I am confident that our Group remains resolute in its pursuit of excellence in ESG practices, recognising that our actions today shape the world of tomorrow. Since 2021, our executive remuneration has been tied to our sustainability performance, and for the upcoming financial year, our remuneration structure encompasses our scope 3 data foundation and reduction roadmap.

I wish to express my heartfelt gratitude to our customers, partners, stakeholders, and each and every colleague at STARK Group for their unwavering support on our journey to partnering for a more sustainable future.

**SØREN P. OLESEN**  
CEO STARK Group



# STARK GROUP AT A GLANCE

Mission

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

Net sales

**€7BN**

CAGR Growth 2020-23

**+20%**

Engagement Score

**74**

Customer Net Promotor Score

**56**

# HARD WORK MADE EASIER

The Group lives and breathes to remove hassle and make life easier for the more than 450,000 tradespeople that are its customers. It aims at bringing everything they need within easy reach. It empowers its colleagues to offer eye-level service in a flash. And it uses its size to tradespeople’s advantage.

This has made STARK Group a market-leading builders’ merchant and distributor of heavy building materials in Europe.

## BUILT FOR GROWTH

STARK Group is on an ambitious growth journey that combines organic and acquisitional growth. In the financial year 2023, the Group acquired six businesses, including Saint-Gobain Building Distribution Ltd. in the UK. The Group has quadrupled its business over the past five years.

SME customers

**275,000** → **450,000**  
2022 2023

Employees

**11,000** → **20,000**  
2022 2023

Branches

**550** → **1,150**  
2022 2023

Suppliers

**10,000** → **15,000**  
2022 2023

## KEY TRADE BRANDS

Norway

**NEUMANN**  
Sammen bygger vi profesjoner

Finland

**STARK**  
Rakennus ja remontointi

Sweden

**BEIJER**  
BYGGMATERIAL

UK

**JEWSON**

Denmark

**STARK**  
Sammen bygger vi profesjoner

Germany

**RAAB KARCHER**  
BAUSTOFFHANDEL

**MELLE GALLHÖFER**  
DACH- UND FASSADENHANDEL

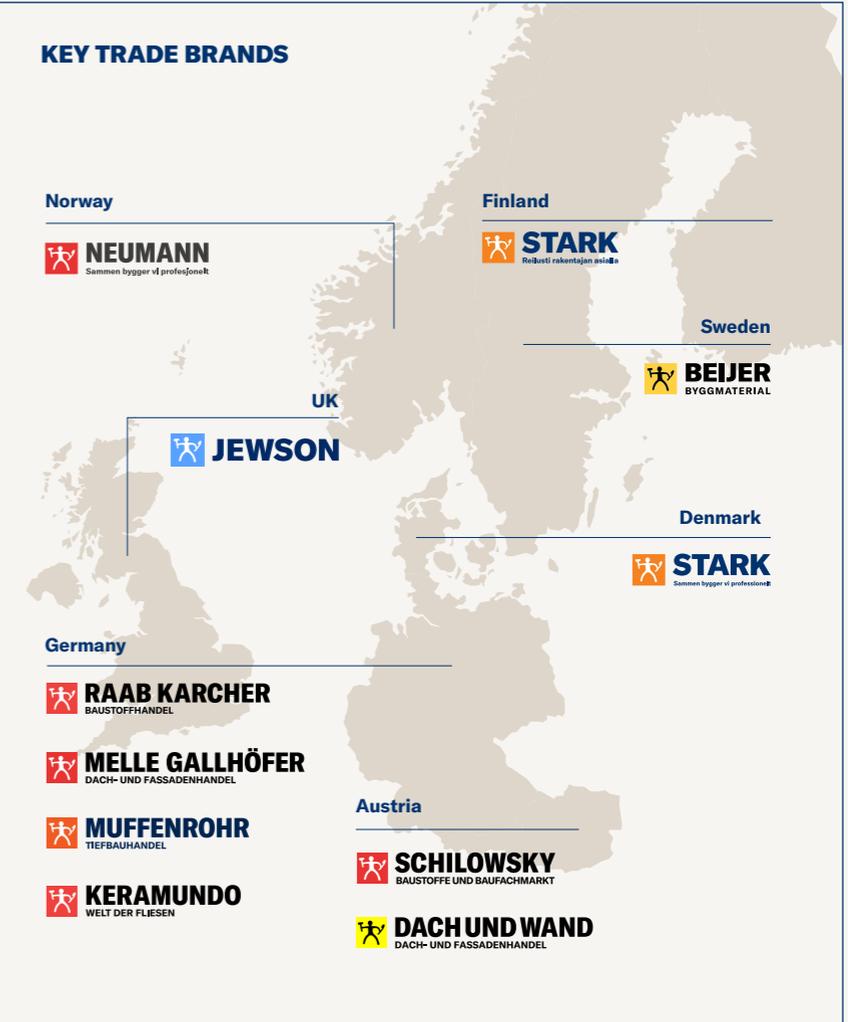
**MUFFENROHR**  
TIEFBAUHANDEL

**KERAMUNDO**  
WELT DER FLIESEN

Austria

**SCHILOWSKY**  
BAUSTOFFE UND BAUFACHMARKT

**DACH UND WAND**  
DACH- UND FASSADENHANDEL





# KEY EVENTS



## MARKET ENTRY TO THE UK THROUGH A TRANSFORMATIONAL ACQUISITION

STARK Group achieved a milestone on our growth strategy in March 2023 by entering the UK market through the acquisition of Saint-Gobain Building Distribution Ltd., now STARK Building Materials Ltd. (STARK UK).

STARK UK operates 600 branches and distribution centres in the UK under leading brands including Jewson in the UK and JP Corry in Northern Ireland.

As the UK housing stock is amongst the oldest in Northern Europe, we see a significant market potential in our strong renovation, maintenance, and improvements (RMI) sector driven by energy efficiency regulations through

the Future Homes Standard and Future Buildings Standard. Furthermore, this potential is supported by a projected population growth of 1.6% to 68.7 million in 2027 where newbuild and rebuilds will be required. We believe that our market leading product range, advice and documentation within sustainable construction can support this development.

The acquisition added approximately EUR 2.7 billion to STARK Group’s annual pro forma net sales and 52.2 ktCO<sub>2</sub> in scope 1 and 2 emissions corresponding to 55% of total Group scope 1 and 2 carbon emissions. STARK UK ESG data has been fully integrated into the STARK Group reporting framework and we are diligently working to implement the STARK Group sustainability policies, principles, and commitments.



## BUILDING A FUTURE-PROOF ESG FOUNDATION

In 2022/23, we have prioritized building a future-proof ESG foundation and completed a gap analysis between our current ESG reporting and the emerging requirements in the Corporate Sustainability Reporting Directive. Key highlights include the publication of ESG-related policies, our first double materiality assessment, the implementation of new supply chain due diligence processes and an increased focus on building our product data foundation for scope 3 calculations.



## STRATEGY REVIEW

In 2022/23, we concluded a strategy update which has cemented STARK Group's ambition of being the **best partner for sustainable building**. Achieving this ambition entails two focus areas: maintaining high ESG performance by further integrating ESG into strategic decision-making and succeeding in making sustainability a commercial success.

## JOINT CEO STATEMENT ON CLIMATE ACTION

STARK Group and other large companies call on governments to take climate action through a CEO statement launched at the 78th UN General Assembly during Climate Week in New York. In the statement, executives from 27 leading companies call for ambitious and credible commitments to take even bolder and measurable steps for a more sustainable and just future. Read the complete statement on our website

 [STARKGROUP.DK](https://starkgroup.dk)

### CEO Statement

...to stand together globally with high ambitions for a just and green transition to a net-zero future.

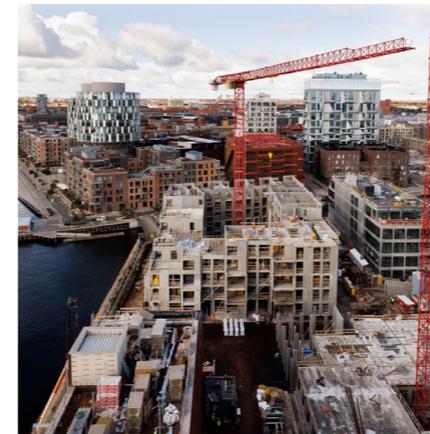


Global Compact Network Denmark



## ECOVADIS PLATINUM

For the second straight year, STARK Group secured the highest distinction, a platinum rating, in Ecovadis' global sustainability assessment, thus maintaining its position among the top 1% of more than 100,000 assessed companies globally. STARK Group's performance within the themes of environment, labour and human rights, ethics and sustainable procurement has been evaluated and rated at an overall score of 85/100, a 7-point improvement from the previous year.



## LAUNCHED CUSTOMER CLIMATE TOOL

STARK Group has launched a new digital climate tool for customer product carbon reporting in Denmark and Sweden. The climate monitor provides customers and end-users with an overview of product climate impact, making it easier to assess and compare product carbon data and identify lower-impact alternatives for building life cycle assessments (LCAs). This tool is a crucial step in reducing our scope 3 carbon emissions.



# ESG PERFORMANCE HIGHLIGHTS

## E ENVIRONMENT

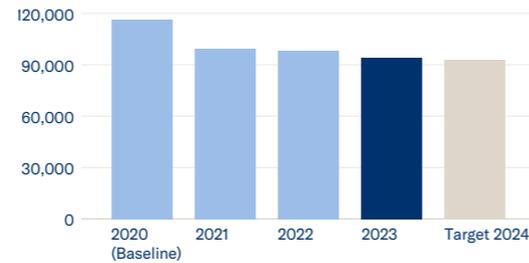


### CARBON SCOPE 1 & 2<sup>1</sup>

Absolute tCO<sub>2</sub>e

Absolute scope 1 and 2 emissions have decreased by 19.4% since baseline 2020, ahead of our 12.6% SBTi target. Excluding our newly acquired STARK UK business unit, the absolute scope 1 and 2 emissions reduction was 33%.

#### Our progress ON TARGET

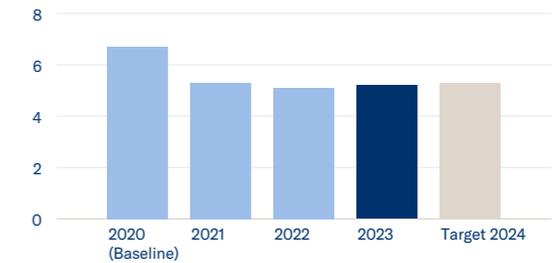


### WASTE INTENSITY FROM OPERATIONS<sup>1</sup>

Tonnes per mEUR revenue

The waste intensity from operations has decreased with 21% since baseline 2020 signifying tht we have managed to decouple our economic growth from the waste produced. This is due to a significant improvement in the Nordic markets where absolute waste amounts have decreased by 16%.

#### Our progress ON TARGET

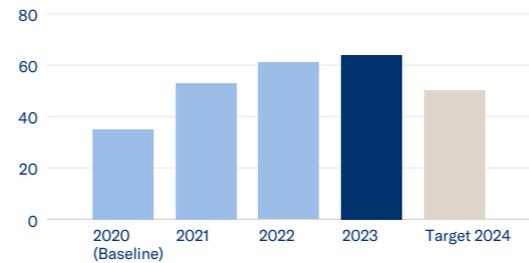


### RENEWABLE ELECTRICITY SOURCED<sup>1</sup>

Percentage

The percentage of electricity sourced as certified renewable energy increased to 65% after the acquisition of STARK UK. STARK UK, which comprises 30% of STARK Group's electricity consumption, sources 100% renewable electricity.

#### Our progress ON TARGET

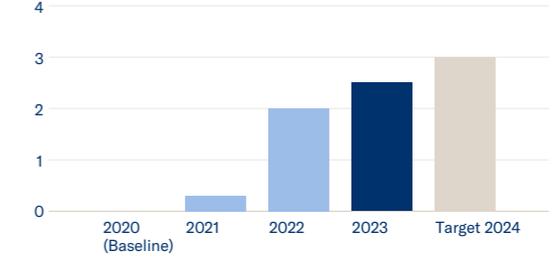


### SUSTAINABILITY SPECIALISTS

% of total employees

A total of 520 sustainability specialists have been trained through Sustainability Ambassador Training Programmes in STARK Danmark, STARK Suomi, STARK Deutschland and Beijer Byggmaterial, comprising 2.5% of our total employees.

#### Our progress TOWARDS TARGET



<sup>1</sup> Baseline has been restated to include M&As according to our accounting principles (p. 68). 2020/21 and 2021/22 with interpolated UK data.



## S SOCIAL



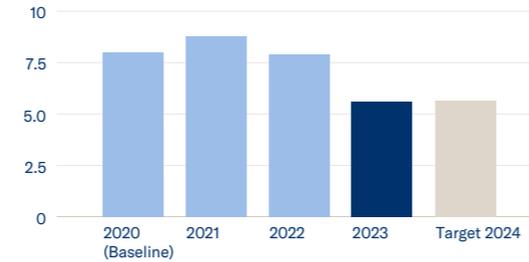
### INJURY RATE

per million hours

The Injury frequency rate decreased from 7.9 in 2021/22 to 5.6 in 2022/23. These reductions are driven by a continued focus on root cause analysis and involvement from the Health and Safety steering committees as well as high health and safety standards in newly acquired STARK UK.

#### Our progress

### ON TARGET



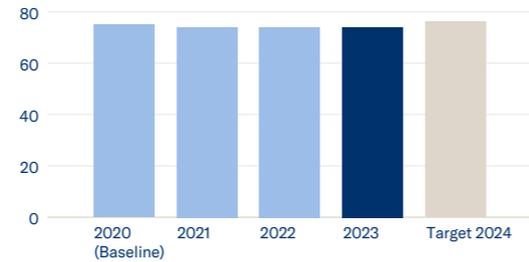
### EMPLOYEE ENGAGEMENT

engagement score

The average satisfaction and motivation score in 2022/23 was 74, a 1-point decline from baseline 2020, and the same level as in the two preceding years and two points above the industry average. STARK UK was not part of STARK Group at the time of the survey and will only be included from 2024.

#### Our progress

### BEHIND TARGET



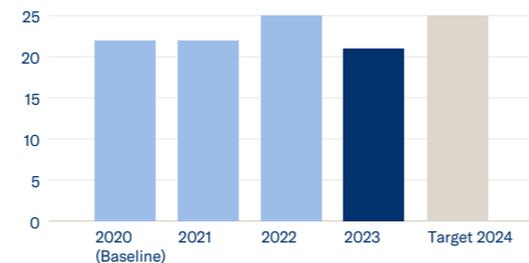
### GENDER BALANCE

% women

Women accounted for 21% of the total number of employees, a 1pp decline from the 2020 baseline and a 4pp reduction from the previous year. This decrease was due to the acquisition of STARK UK, where women make up 17% of the total headcount. Excluding UK, women account for 25% of employees.

#### Our progress

### BEHIND TARGET



## G GOVERNANCE



### ESG RATING OF SUPPLIERS

ESG Risk score

We have integrated a third-party ESG screening to view supplier ESG risk scores alongside financial risks. We presently have ESG scores on more than 3,000 suppliers, covering 49% of our total spend. The average ESG risk score per spend (excluding suppliers to STARK UK) was 2.4 (medium risk) out of 5.

#### Our progress

### TARGET TO INCREASE COVERAGE AND REDUCE RISK SCORE

**49%** of our spend is covered by an ESG risk score

**2.4** is the average risk score



# THE YEAR IN REVIEW



## ENVIRONMENT

Progress on climate action, circularity, and ecosystem protection

Being a signatory to the UN Global Compact, STARK Group is committed to upholding the ten principles within environment, human rights, labour rights and anti-corruption throughout all business activities. This has been further strengthened through the 2023 strategy review which has cemented STARK Groups ambition to be the best partner for sustainable building. Reaching this ambition entails maintaining high ESG performance and making sustainability a commercial success.

Key highlights from 2022/23 within ESG performance include integrating the EU Corporate Sustainability Reporting Directive into the Group sustainability framework using double materiality as the foundation to develop further efforts within material topics. Furthermore, we have published ESG-related policies, and implemented new supply chain due diligence processes. We are currently implementing new systems to support our journey while focusing on building the product data foundation for our scope 3 calculation and wider ESG reporting.

STARK Group's 2030 science-based carbon reduction targets are a clear commitment that we will continue to work to decarbonise the way we operate across the value chain. STARK Group has a solid roadmap to meet our interim goals for 2024 and 2030, and we are determined to reach net zero by 2050 despite high growth rates through acquisitions.

In 2022/23, STARK Group, including our newly acquired UK market, reduced scope 1 and 2 emissions by 19.4% from the 2020 baseline. The reduction is driven by the continued sourcing of renewable electricity, comprising 65% of total electricity consumption. Furthermore, we continued the transition away from diesel forklift trucks to electric and from gas and oil heating systems to district heating and electric heat pumps. Despite the increased electrification of energy systems and transport fleet, our electricity consumption has decreased by 6% from the 2020 baseline. Following the reduction of emissions, STARK Group achieved interest savings on our ESG-linked loan of EUR 1 million in 2022/23.

STARK Group reduced waste to 5.2 tonnes per mEUR revenue, corresponding to a reduction of 21% since 2020. This reduction is primarily driven by the Nordics, who achieved a 16% reduction in absolute waste despite market growth. The percentage of total waste segregated for recycling has decreased to 67% due to lower waste

recycling rates in STARK UK. Best practice sharing across markets will be utilized to leverage waste recycling potentials in STARK UK.

In 2022/23, STARK Group expanded the sustainability specialists' training programme and initiated Sustainability Ambassador Programmes in Germany and Finland. A total of 520 employees, equal to 2.5% of the Group's employees, have been trained as sustainability specialists. A sustainability training programme will be launched in the UK during 2023/24.

In 2023, STARK Group launched a new digital climate tool for customer product carbon reporting in Denmark and Sweden. The climate monitor provides customers and end-users with an overview of product climate impact, making it easier to assess and compare product carbon data and identify lower-impact alternatives for building life cycle assessments (LCAs). The tool is planned for launch across all markets within the next years to support customers in making informed decisions regarding product carbon impact. We expect this to impact our scope 3 reduction plans significantly.

In 2022/23, there was an increase in sales of third-party certified eco-labelled products in all Nordic markets. FSC and PEFC-certified timber-based products comprised 78-95% of total timber sales in Finland, Denmark, Sweden,

and Norway. Similarly, the share of sales of third-party eco-labelled products in stocked assortment contributed to 25-73% of sales between our Nordic markets. Accounting principles will be streamlined to report a Group number in 2023/2024. As penetration levels of eco-labelled products are relatively low in the UK market, we see considerable potential for promoting such products in our newest market. However, it is expected that average Group percentages will drop significantly.

81% of our branches are environmentally certified. STARK Deutschland, Beijer Byggmaterial and 521 STARK UK branches are certified to ISO 14001, while Neumann Bygg is certified under the Eco-Lighthouse certification system.



## SOCIAL

Our focus on a safe, engaged and inclusive workforce

We are committed to being 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 its strategic goals and maintain customer loyalty. As a workplace, STARK Group works to ensure equal treatment and opportunities for all employees. We take pride in belonging to a community that supports the inclusion of all people, regardless of gender, age, ethnicity, sexual orientation, faith, or religion.

In 2022/23, we published a Diversity, Equity & Inclusion Policy as a foundation for all guidelines and procedures. This policy was written with support from the STARK DE&I Council and concrete targets and initiatives have been determined to ensure progress and eliminate risks.

On 31 July 2023, women constituted 21% of our total employees, a 1pp decline from the 2020 baseline and a 4pp reduction from the previous year. This decrease is due to the acquisition of STARK UK, where women make up only 17% of the total headcount. Across the Group, 15% of management positions are held by women. The Executive Committee comprises 29% women, a 4pp increase compared to the previous year. The Executive Management Team's gender balance was 50/50. The Board of Directors of STARK Group A/S consists of

20% women. We are committed to improving the gender balance.

Employee engagement remained at a high level of 74 compared to the industry average of 72. The participation rate for the engagement survey was 82%. During 2022/23, 37,652 training hours were completed, equivalent to 3.1 hours of training per employee.

Health and safety is a key priority for STARK Group. In 2022/23, the rate of occupational injuries decreased from 7.9 to 5.6 injuries per 1 million hours worked from 2021/22. High safety standards in STARK UK drive these reductions, as well as improved governance, continued focus on root cause analysis and involvement from recently established Health and Safety steering committees.

A total of 21% of STARK Group's branches are ISO 45001 certified, including three Danish, three UK, and 207 German branches. The reduction compared to last year, when 40% of our branches were certified, is due to new acquisitions of uncertified branches. In 2024, STARK Suomi plans to obtain ISO 45001 and ISO 14001 certifications for all branches.



## GOVERNANCE

Our responsible business ethics

STARK is committed to upholding high standards of responsible business conduct, sustainable procurement and high data ethics to meet the expectations of stakeholders and the greater society.

We are committed to sourcing our products from financially healthy, reliable partners that trade ethically and responsibly without compromising on labour rights, human rights or the environment. Our size and close relationships with trusted suppliers allow us to drive sustainable development in the supply chain by improving supplier ESG performance through knowledge sharing, clear expectations, and screening processes.

All new contracts entered in 2022/23 have undergone and passed the product integrity evaluation as part of an updated environmental and human rights due diligence process, and all targeted suppliers have signed legal terms and conditions, including compliance with STARK Group's Supplier Code of Conduct, since its implementation.

In 2022/23, we integrated a third-party ESG screening to view supplier ESG risk scores alongside financial risks. The average ESG risk score per spend (excluding suppliers to STARK UK) was 2.4 (medium risk) out of 5. Four percent of the supplier spend falls within the "High Risk" category. A common cause of "High Risk" is a lack of ESG risk screening assessment data. Therefore, we

continuously work with our suppliers and risk assessment providers to improve ESG efforts and data quality and will use ESG risk screening to prioritize our efforts. In 2022/23, a total of 32 whistleblower cases have been reported through the confidential and anonymous whistleblower system SpeakUp! Three cases resulted in disciplinary actions.

The STARK Group executive remuneration has since 2021 been linked to STARK Group's sustainability performance. During 2022/23, sustainability was linked to a third-party sustainability rating by EcoVadis, which scores performance within Environment, Labour & Human Rights, Ethics, Sustainable Procurement and Carbon Management. Carbon reductions are included as a significant part of our EcoVadis rating. In 2023/24, the executive remuneration will be linked to the Group's scope 3 data foundation and reduction roadmap.

In 2022/23 we have adopted a public Tax Policy and published a Tax Impact Report to show our stakeholders how we fulfil our responsibilities. Combined with our values and Code of Conduct, the Tax Impact Report presents our approach to responsible tax affairs and our contributions to the local markets where we operate. STARK Group strongly believes in transparent and fair tax behaviour, and we are determined to be forerunners, pushing this development in all our markets.



# 02

## STRATEGY AND MATERIALITY

Sustainability is an integral part of the way 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 Group strategy, sustainability framework and governance.

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# GROUP STRATEGY AND BUSINESS MODEL

As a leading builders' merchant and distributor of building materials, STARK Group operates within an industry that is instrumental in building and renovating cities and communities for the future, in line with the EU Green deal. The continuing population growth calls for more housing, office space and community buildings to accommodate people expecting a high quality of life as well as energy-efficient and sustainable cities.

STARK Group plays a crucial role in effectively connecting manufacturers of building materials with tradespeople. We source more than 400,000 SKUs at scale from more than 15,000 suppliers, advise manufacturers about market developments and customer feedback, and make products available to tradespeople from our densely knitted network of 1,150 warehouses and distribution centres, branches and shops located close to building sites. More than 450,000 tradespeople buy from STARK Group to obtain ease of procuring, advice, documentation, credit, and efficient distribution. Our business model on [p. 17](#) outlines the role of STARK Group, our key resources, and the value created.

## FUTURE-PROOF PLAN TOWARDS 2027

In the spring of 2023, we conducted a strategy review to future-proof our plan towards 2027. New strategic initiatives were added to the strategy to secure a contin-

ued ambitious plan for enhancing the Group's strategy with sustainability at the core.

Our newly reviewed strategy plan towards 2027 outlines how we intend to grow our market share and deepen customer relations, drive efficiency, and manage our assets to future-proof the business. We are on a quest to support tradespeople in making hard work as easy as possible. Central to this strategy plan is that we wish to be the best partner for sustainable building and see this as an important enabler to succeed.

## LEADING ON SUSTAINABILITY

Our ambition to be the best partner for sustainable building is supported by helping our customers to meet emerging requirements and sustainability objectives. We offer customers market-leading advice on sustainable construction standards and product range and provide efficient carbon and chemical content documentation while reducing the environmental footprint of our own operations and maintaining a high level of product integrity and corporate governance.

Having direct contact with over 450,000 customers, our growing sustainability-trained salesforce continuously strives to communicate clearly and promote documented lower-carbon alternatives and energy-efficiency products

to support energy renovations and future-fit buildings. Our partnerships with suppliers and customers bring together knowledge of challenges and opportunities across the value chain and provide our suppliers with insights about customer needs and market developments while helping to translate this into business opportunities for all. By uniting this knowledge, we wish to accelerate the green transition further. We are proud to be a trusted, attractive, and innovative partner. A sustainable future requires partnerships, and partnerships require trust. We believe trust builds the net zero future.

**A SUSTAINABLE FUTURE  
REQUIRES PARTNERSHIPS,  
AND PARTNERSHIPS  
REQUIRE TRUST. WE  
BELIEVE TRUST BUILDS  
THE NET ZERO FUTURE.**





# WE MAKE HARD WORK EASIER

Our 2027 strategy outlines how we intend to grow our market share and deepen customer relations, drive efficiency, and manage our assets to future-proof our business.

We are on a quest to support tradespeople in making hard work as easy as possible by winning the local zone by, firstly building more trusted relationships, and enhancing our range, service offering and network. Secondly, offering a great customer experience into the local zone. Finally, bringing benefits to tradespeople from working with Europe's strongest Group by gaining sourcing synergies, consolidating our industry, and reinvesting in our business. Central to this strategy plan is that we wish to be the best partner for sustainable building and see this as an important enabler to succeed.

## MOVING CLOSER

To win the local zone by building more trusted relationships and enhancing its range, service offering and network.

**01 SME FOCUS**

**02 CUSTOMER PROMISE**

**03 BEST BRANCHES, PROXIMITY & LOGISTICS**

## ACTING SMARTER

To offer great customer experience by bringing power from smart digital, people and pricing solutions from business units into the local zone.

**04 DIGITAL, IN EVERYTHING WE DO**

**05 EMPOWER PEOPLE EFFICIENTLY**

**06 SMART PRICING**

## GROWING STRONGER

To bring benefits to tradespeople from working with Europe's strongest Group by gaining sourcing synergies, consolidating our industry, and reinvesting in our business.

**07 EUROPE'S #1 SOURCING CHANNEL**

**08 M&A LEADERSHIP**

**09 COMMERCIAL REAL ESTATE**

## LEADING ON SUSTAINABILITY

To become the best partner for sustainable building by managing the business to high ESG standards and making sustainability a commercial success to the benefit of tradespeople and a net zero future.



**10 BEST PARTNER FOR SUSTAINABLE BUILDING**



# BUSINESS MODEL

## KEY RESOURCES

### Products

More than 400,000 SKU numbers sourced and sold

### Partnerships

Trusted relationships with +450,000 tradespeople, 15,000 suppliers and the building industry at large

### People

More than 20,000 employees with backgrounds as tradespeople, retailers, distributors etc.

### Expertise & knowledge

Continuous training of employees and more than 125 years of heritage

### Brand & reputation

Suite of leading brands acknowledged by tradespeople and the building industry at large

## BUSINESS ACTIVITIES

### SOURCE

#### Scale in sourcing

Leverage scale to secure availability, product integrity and competitive prices

#### Breaking pallets

Break truckloads from manufacturers into smaller quantities and mix needed at building sites ensuring an efficient low-carbon logistics

#### Warehousing

Efficient distribution from manufacturers to network of large warehouses and branches that keep buffer stock for tradespeople

### SELL

#### Network with broad coverage

Located close to building sites to reduce tradespeople's time spent on procuring

#### Product availability

Offer the right product mix and full availability within short timeframe on time in full. This includes a market leading assortment of materials to fulfill energy efficiency and LCA requirements

#### Sales facilitation

Provision of projects and bidding planning services

#### Customer consultations and credit

Offer deep customer and market insights and act as sales force for manufacturers for long tail of SME customers. Ensure competitive pricing and advice to customers about products, sustainability etc. Bridge the liquidity gap by offering credit

#### Product documentation

Provide market leading product documentation to fulfill national and sustainability scheme requirements

### DISTRIBUTE

#### Efficient distribution

Manage complex distribution of heavy and fragile materials with modified trucks and direct delivery capabilities. Ensure access to and availability of materials close to building sites with efficient low-carbon logistics solutions

## VALUE CREATED

### Net zero cities of tomorrow

More and better housing, office spaces and renovated and energy-efficient buildings for high quality of life and sustainable communities and cities

### Efficient building industry

Reduced complexity, more speed and best prices when distributing heavy building materials procured in different mixes for delivery within a short timeframe

### Customer value

Advice, service and credit for professional tradespeople

### Great place to work

Career opportunities in an engaging and safe working environment for a brand that employees take pride in

### Shareholder value

Competitive total returns through high ESG performance and above average market growth and value creation





# OUR SUSTAINABILITY FRAMEWORK

Our sustainability framework builds on the principles of the UN Global Compact, considering how we can contribute to the Sustainable Development Goals (SDGs) and achieve the Paris Agreement’s 1.5°C objective and our net zero commitment. To succeed with our Group strategy, to be the best partner for sustainable building, we have developed a management framework and established sustainability programmes with clear targets that direct our operations and enable our stakeholders to measure and hold us accountable for our performance.

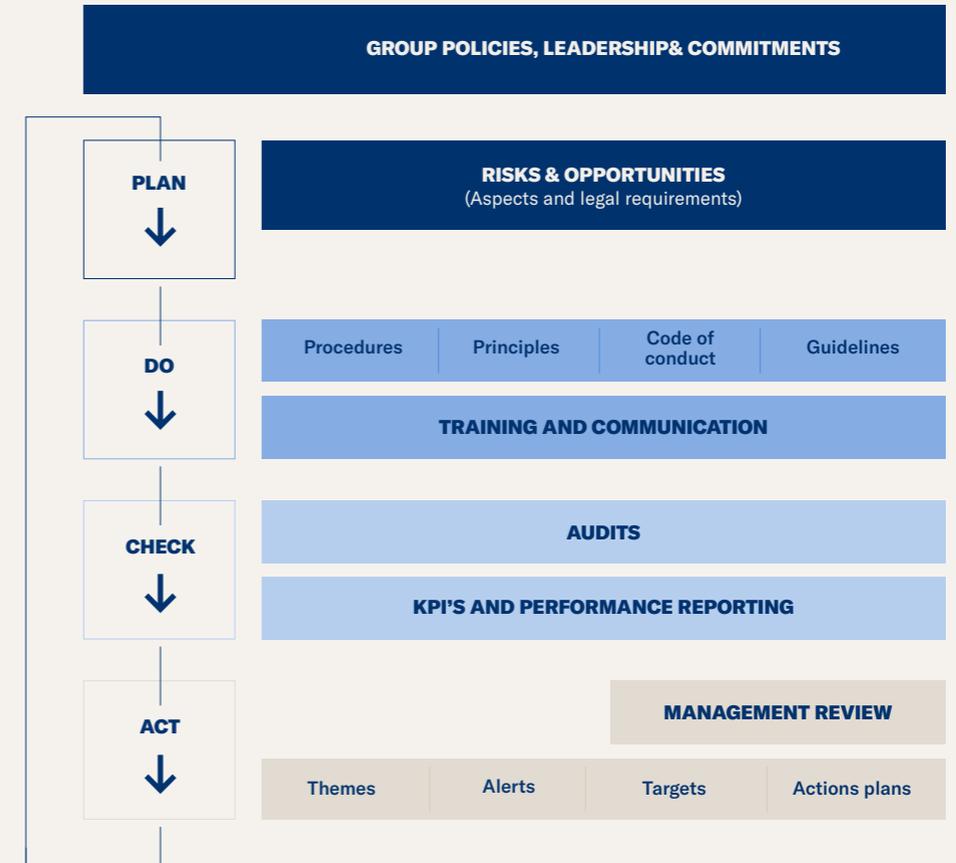
## OUR SUSTAINABILITY FRAMEWORK

Our sustainability framework addresses the value chain's top risks and opportunities, from raw materials extraction to product end-use and circularity. The framework directly supports our vision to be the most trusted distributor and supports our ambition to be the best partner for sustainable building. 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 ten principles of the UN Global Compact and the UN SDGs. The framework structures our sustainability efforts and ensures that environmental, social and governance impacts, risks and opportunities are identified and addressed within programmes with appropriate governance, policies, targets, and actions.

STARK Group’s sustainability management is structured around a plan-do-check-act management system. Managing impacts, risks, and opportunities is vital in ensuring growth and continued success for the Group and our operations. Therefore, we aim to identify and monitor material impacts, risks, and opportunities hindering us from achieving our strategic objectives or influencing our financial or ESG performance to ensure appropriate controls and mitigating actions.

## STARK GROUP ESG MANAGEMENT SYSTEM SUPPORTS ESRS

Our ESG management system supports the requirements of the European Sustainability Reporting Standard (ESRS). This figure illustrates how our policies, governance and commitments are our ESG foundation. Our impacts, risks and opportunities assessment forms the basis for our double materiality assessment (Plan), which governs our procedures, principles, guidelines, training and communication to manage material topics (Do). To ensure functioning controls to monitor and manage material topics, audits, KPIs and performance reporting against targets are implemented (Check). Performance data is presented at management reviews, resulting in updated action plans if targets are unmet (Act). When new material issues arise, these may lead to new or updated policies and a governance review to ensure appropriate measures are in place. Our approach is iterative and follows the logic of the ESRS and double materiality assessment with an annual review of our risks and opportunities to reflect the actual terms of our business.





**DOUBLE MATERIALITY ASSESSMENT**

In 2022/23, we initiated a double materiality assessment process to ensure complete coverage of our sustainability related impacts, risks, and opportunities from both an ESG and financial risk perspective. We contextualized the assessment to cover our entire value chain from product to market. Our double materiality assessment approach follows six annual steps: scope and mapping, materiality scoring, validation, governance and policy review, strategic implications, and reporting. We have developed a methodology and accounting principles aligned with the CSRD.

In collaboration with subject matter experts at the Group level and within our business units, we have identified and scored our risk landscape, aggregating topics and sub-topics into relevant programmes for which we have established processes following our plan-do-check-act approach.

To ensure ongoing follow-up and alignment with our policies, we are establishing automated workflows within our enterprise risk management (ERM) system where in-house subject matter experts address the risk profile within their area during our annual policy review. In this way, we aim to actively address new risks or opportunities in our business related to acquisitions, market developments, new regulations or similar.

The figure shows the six annual steps of our double materiality assessment approach.

**DOUBLE MATERIALITY CONTEXTUALISATION**

- Development of DMA accounting principles and methods aligned with CSRD
- Mapping of activities throughout value chain





## DOUBLE MATERIALITY ASSESSMENT

Preliminary results

The table shows the preliminary results of our first double materiality assessment. Each material topic is addressed in our sustainability programmes, and the preliminary assessment has not given rise to the addition of any new programmes or policies, however, we have adjusted our sustainability programmes after implementing the double materiality assessment process to include newly identified issues.

We plan to further develop and adapt our double materiality assessment setup to ensure that we comply fully with the provisions of the CSRD and that our efforts provide the most accurate information for our strategic decision-making and programmes.

INPUT	ASSESSMENT	VALIDATION	MATERIAL TOPICS		
			E	S	G
Group Sustainability	<b>Financial materiality</b> When STARK Group faces substantial financial risks or opportunities in the short or long term due to environmental, social and governance factors	Validation and qualification by Group and BU subject matter experts	Climate adaption	Health & Safety	Data ethics
BU Sustainability Management			Climate mitigation	Wellbeing	Responsible tax
Group subject matter experts			Energy consumption	Employee engagement	Supplier relations
Executive Management	<b>Social and environmental materiality</b> When STARK Group activities may cause considerable impacts or provide positive influence on individuals, society or the environment		Ecosystem degradation	Diversity & inclusion	Business conduct
Regulatory frameworks			Environmental pollution	Human and labor rights in the supply chain	
Supplier engagement*			Hazardous substances	Product safety and information	
Customer engagement*			Circularity & resource efficiency		

\* will be included in 2023/24



### FIND ALL OUR POLICIES ON OUR WEBSITE

Policies relevant to external stakeholders are updated annually in connection with the double materiality assessment and are published on our website



### GROUP POLICIES TO SUPPORT SUSTAINABILITY

STARK Group policies form the foundation for all procedures, manuals, guidelines and local policies, and are active management tools structured in our Group compliance setup. Our Group policies lay down the fundamental principles that govern the way 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.

STARK Group policies apply to all business areas within STARK Group. All Group policies have been approved by all members of the Executive Committee (ExCom) and are owned by an ExCom member. By approving the policy in ExCom, each Business Unit CEO approves that there are no local policies that contradict the fundamental principles set out in the STARK Group policy.

### SUSTAINABILITY GOVERNANCE

Our governance structure empowers our strategic initiatives and upholds our commitments. Sustainability governance is anchored with the Group Executive Committee (ExCom), which also functions as our Sustainability Advisory Board. Together with the Group Head of Sustainability, the advisory board is responsible for the sustainability strategy, framework, targets and progress towards targets throughout the organisation. Sustainability is a fixed item at least once a year on the agendas of the Board of Directors, Executive Committee and Audit Committee meetings to ensure progress towards our targets and suitable ESG data processes and quality in line with the financial reporting.

Underlining our commitment to the sustainability strategy, the STARK Group executive remuneration during 2022/23 was linked to the external sustainability performance rating by EcoVadis assessing our performance within policies, actions, and results within Environment (carbon reduction), Labour & Human Rights, Ethics and Sustainable Procurement. ESG objectives are set annually by the Remuneration Committee. In 2023/24, executive remuneration will be linked to product carbon data to support scope 3 carbon transparency and reductions.

The Sustainability Advisory Board oversees our sustainability strategy. The Advisory Board is chaired by our Chief Human Resources Officer (CHRO). In 2023, the Advisory Board welcomed two new members – the CEO of STARK UK and the Group IT Director. The Executive Committee

meets monthly and holds designated Sustainability Advisory Board meetings twice annually.

The Group Head of Sustainability sets the strategic direction for sustainability within the Group, ensures that relevant targets are in place, facilitates best practice sharing, and reports on ESG progress. The BU Sustainability Managers work to commercialise the sustainability agenda by understanding and meeting customers' growing needs within product ranges, low-carbon logistics, sustainability documentation and circular solutions and services.



## GOVERNANCE MODEL



### E ENVIRONMENT

### S SOCIAL

### G GOVERNANCE

Sustainability Programme	Sponsor	Owner	Sustainability Programme	Sponsor	Owner	Sustainability Programme	Sponsor	Owner
Climate action	CHRO	Group Sustainability	Health & Safety	CHRO	Group Health & Safety	Business Conduct	Group General Counsel	Group Legal / Group Finance
Circularity & Resource efficiency	CHRO	Group Sustainability	Diversity and Inclusion	CHRO	Group HR	Responsible tax	CFO	Group Finance
Ecosystem Protection	Sourcing CEO	Group Sustainability	Employee Engagement	CHRO	Group HR	Data ethics	CIO	Group Legal
			Labour Rights	CHRO	Group HR	Corporate citizenship	CHRO	Group Sustainability
			Ethical behaviour and Human Rights	CHRO	Group Sustainability / Group Sourcing / Group Health & Safety			



### 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. Please see [p. 70](#) for an overview of targets within each sustainability programme. Progress on our targets is reported annually in the sustainability report and discussed at the management level.

### REPORTING

We transparently report on sustainability 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.

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 [p. 78](#). In addition, we have applied the UN Guiding Principles on Business and Human Rights (UNGPs) to identify our salient human rights issues, as reported on [p. 47](#).

### CONTROL MECHANISM

We have various processes, systems, and tools to regulate, monitor, and influence progress against targets, action plans and activities within STARK Group. Effective control mechanisms help us operate efficiently, reduce risks, and achieve our objectives. They are an integral part of our management process and contribute to overall business success.

Alongside financial, strategic, and operational controls, we have feedback and monitoring mechanisms. “Speak Up!” is a confidential and anonymous whistle-blower 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 and safety threats, environmental hazards, theft, embezzlement, human rights violations, harassment, and discrimination. Please refer to [p. 50](#) for information and data on whistle-blower cases.

### EXTERNAL ASSURANCE AND RATINGS

An authorized 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 sections 99a, 99b, 99d and 107d of the Danish Financial Statements Act and any other requirements under Danish audit regulations as shown in the readers guide on [p. 69](#).

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



**WOOD IS A  
RENEWABLE  
RESOURCE THAT  
STORES CARBON  
WHILE IN USE.**



# OUR ROLE IN THE VALUE CHAIN

Minimising our impacts and risks



## OPERATIONS

### Climate action

We encourage our suppliers to join the Science Based Targets initiative and request product embodied carbon data to make informed decarbonization decisions.

[Pages 29-32](#)

### Ecosystem Protection

We wish to eliminate deforestation and land degradation in our value chain and expect our suppliers to reduce their ecological footprint through, e.g. timber certifications.

[Pages 36-37](#)

### Circularity & Resource efficiency

We aim to source eco-labelled, recycled, reused or, at a minimum, recyclable products. Where feasible, we strive to support supplier circularity through partnerships.

[Pages 33-35](#)

### Ethical behaviour & Human rights

We are committed to sourcing our products from reliable partners with low ESG risk ratings that trade ethically without compromising labour and human rights.

[Pages 47-48](#)

### Climate action

We strive to run low carbon operations that minimize our scope 1 & 2 emissions through renewable energy sourcing as well as high energy and fuel efficiency.

[Pages 29-32](#)

### Engagement

We strive to uphold our high satisfaction, motivation, and loyalty scores and continuously invest in our people to further build our future.

[Pages 44-45](#)

### Health & Safety

We strive to be a safe workplace and drive continuous improvements with an ISO 45001 and Vision Zero approach to health, safety, and well-being.

[Pages 39-41](#)

### Diversity & Inclusion

We are committed to fostering a diverse, equitable, and inclusive workplace and use our clear targets and DE&I council to develop the agenda further.

[Pages 42-43](#)

### Business conduct

We have zero tolerance towards fraud, bribery, corruption, and anti-competitive behaviour and have an effective whistle-blower system in place.

[Pages 50-51](#)

### Responsible tax

Taxes constitute an important contribution to society, and we are committed to responsible tax practices and tax transparency reporting.

[Page 53](#)

### Climate action

We wish to leverage our scale to decarbonize the industry by promoting low-carbon products and services through in-store sustainability specialists and efficient carbon documentation.

[Pages 29-32](#)

### Health & Safety

We prioritize our customers' and product end-users' health and safety and are committed to supplying safe and reliable products and documentation.

[Pages 39-41](#)

### Circularity & Resource efficiency

We wish to support and promote eco-labelled products and circularity in the construction sector through innovative partnerships with customers and suppliers.

[Pages 33-35](#)

### Data ethics

We embrace digitalization and the world of opportunities it brings. We are committed to high ethical standards when handling, using, and processing data.

[Page 52](#)



## PRODUCTS



## MARKETS





# OUR CONTINUED ACTIONS TO SUPPORT THE UN SDGs

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 our efforts will have the most impact.

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 targets and supported SDGs, see [pp. 72-77](#).

## HIGH



## MEDIUM



## LOW



SDG targets  
3.8

SDG targets  
4.4

SDG targets  
5.5

SDG targets  
7.3

SDG targets  
8.4

SDG targets  
10.4

SDG targets  
11.6

SDG targets  
12.2  
12.4  
12.5  
12.8

SDG targets  
13.2

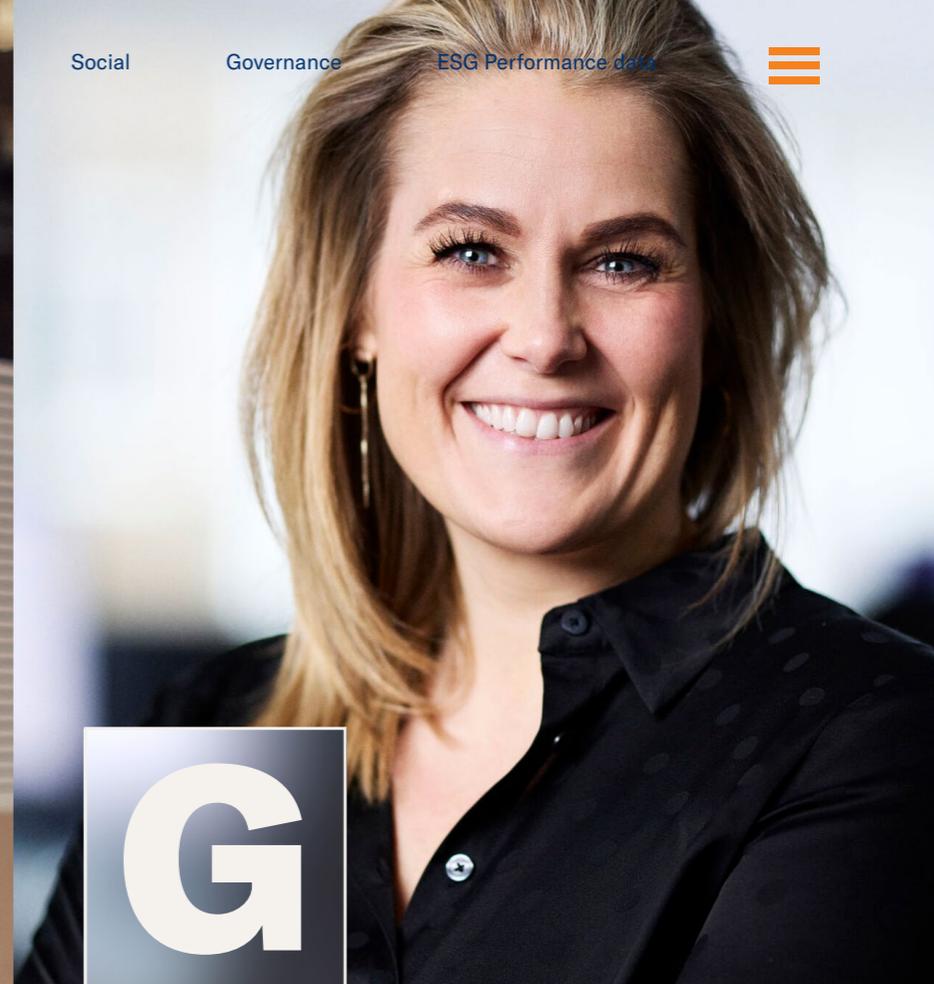
SDG targets  
15.1  
15.2  
15.5  
15.B

SDG targets  
16.2  
16.5  
16.6

SDG targets  
17.17



# 03



## ENVIRONMENT

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

## SOCIAL

We are committed to being 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 our strategic goals and maintain customer loyalty.

## GOVERNANCE

Good corporate governance is a prerequisite for a successful sustainability and business strategy.



# ENVIRONMENT

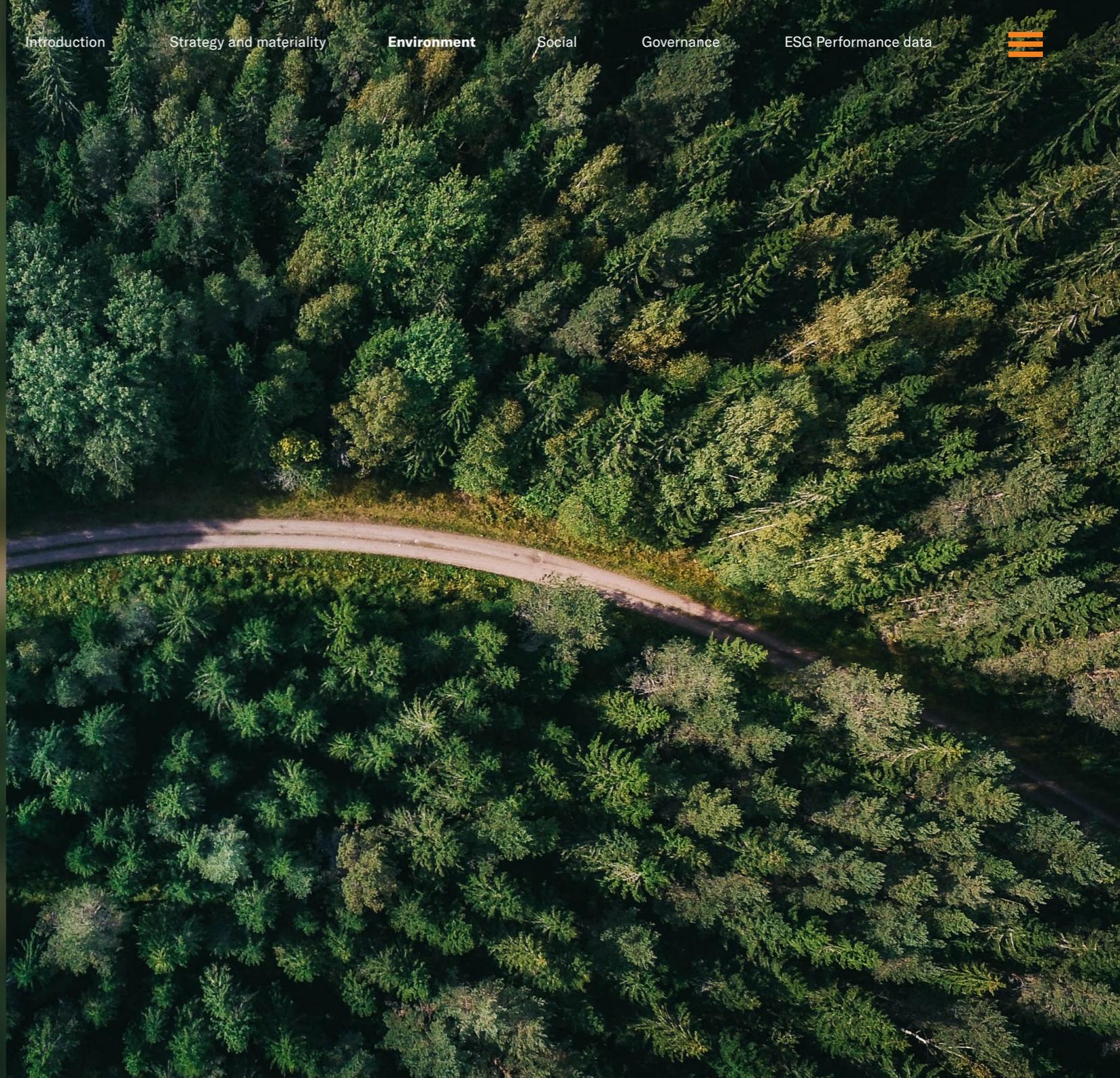
We wish to help build the cities of tomorrow while reducing the impact on climate and the environment by reducing emissions from operations and product embodied carbon, increasing circularity and resource efficiency, and supporting resilient ecosystems.

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

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## IN THIS SECTION

Climate action	28
Circularity & resource efficiency	32
Ecosystem protection	35





## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Climate action



Affordable and clean energy

### TARGETS 2024

**16.8%**

reduction of absolute scope 1 & 2 GHG emissions

**5%**

reduction of absolute scope 3 GHG emissions

**50%**

actively sourced renewable electricity

**10%**

of branches offer customer sustainability events annually

**3%**

of employees trained as sustainability specialists annually

### SUPPORTING POLICIES

- Environmental & Climate Policy
- Sustainability Policy
- Responsible Timber Policy
- People Policy
- Supplier Code of Conduct

### COMMITMENTS / CERTIFICATIONS

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

See performance data on [pp. 55-59](#)

# CLIMATE ACTION

The built environment and the construction industry contributes significantly to global greenhouse gas emissions. As one of Europe's largest distributors of construction materials, we recognize our responsibility to act accordingly. Therefore, we are committed to reducing emissions through concrete action and engaging our supply chain and markets.

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.

### PROGRESS ON REDUCING OUR SCOPE 1 AND 2 EMISSIONS

With the acquisition of STARK UK, we are operating in three principal markets: the Nordics, Germany & Austria, and the United Kingdom (UK). The Nordics attribute 24% of our scope 1 and 2 carbon emissions, Germany & Austria 21%, and 55% to the UK. The acquisition of STARK UK has roughly doubled the size of our business and, consequently, the carbon impacts falling under our operational control. To ensure comparability, we have restated our baseline according to the GHG protocol as referenced in our accounting principles (p. 68).

In 2022/23, our scope 1 and 2 emissions have been reduced by 19.4% from baseline 2020, keeping us ahead of the target curve according to our SBTi commitments of 12.6% (4.2% per year from baseline 2020).

Fuel for logistics is the primary source of emissions, constituting 55% of our total scope 1 and 2 carbon emissions. Electricity consumption and fuel for company cars are the second-largest emitters, comprising 11% respectively. In 2022/23, we continued the transition from diesel forklift trucks to electric, converting conventional lighting to LED, improved efficiency ventilation systems and a continued shift away from gas and oil heating systems to district heating and electrical heat pumps. Despite our continued electrification of energy systems and transport fleets, our electricity consumption decreased by 6%, and we cut carbon emissions from electricity by 16% during the past year. This reflects our business-wide efforts to save energy and a general decrease in carbon emissions per kilowatt hour consumed.

### SWITCHING TO RENEWABLE ELECTRICITY

Our target is to switch to 100% renewable electricity across the Group by 2030. In 2022/23, the share of certified renewable electricity increased to 65% with the acquisition of STARK UK. STARK UK accounts for 30% of STARK Group's electricity consumption and sources 100% renewable electricity. STARK Deutschland, STARK Suomi and Neumann Bygg also source renewable electricity.

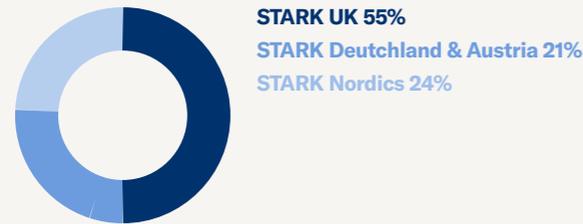
### STARK UK EMISSIONS

STARK UK comprises 55% of STARK Group's total scope 1 and 2 carbon emissions. As such, the new acquisition has a significant impact on Group performance. Our first

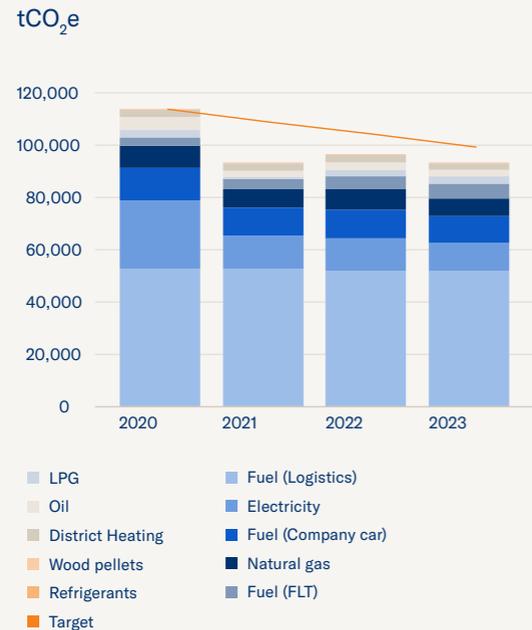
Continues →



**SCOPE 1 & 2 EMISSIONS**



**STARK GROUP TOTAL CARBON EMISSION BY CATEGORY**



reporting on STARK UK shows an isolated 4% decrease in scope 1 and 2 carbon emissions since the base year 2019/20. STARK UK operates a large fleet of distribution vehicles. Therefore, fuel consumption from logistics is the primary source of scope 1 and 2 carbon emissions, at a share of 76%. These numbers indicate a high priority and focus area for improvements, and the significant reductions obtained in other business units, including the transition to HVO and experiences with electric trucks, will inspire STARK UK's reduction journey.

**STARK GERMANY & AUSTRIA EMISSIONS**

STARK Germany & Austria account for 21% of our scope 1 and 2 carbon emissions. Since the base year 2019/20, scope 1 and 2 emissions have been reduced by 42%, mainly driven by a transition to renewable electricity in 2020/21. Compared to 2021/22, scope 1 and 2 carbon emissions have decreased by 2.5% due to reduced fuel consumption in logistics and forklift truck operations and a reduction in natural gas consumption due to efforts to enhance energy efficiency at the branches. The most significant sources of emissions continue to be fuel for logistics and company cars, as well as the consumption of natural gas. This underlines the importance of our efforts to electrify our vehicle fleet, optimize our logistics and continue to focus on energy efficiency.

**STARK NORDICS EMISSIONS**

The Nordic markets account for 24% of our total scope 1 and 2 emissions. Since baseline 2020, STARK Nordics have reduced scope 1 and 2 emissions by 21%, with the most significant absolute reduction coming from electricity, as the percentage of renewable electricity sourced has increased, and national emission factors

have decreased for the residual electricity. Reduced fuel consumption in logistics and operations and reduced district heating consumption has also contributed to significant reductions in emissions. As STARK Danmark and Beijer Byggmaterial have not yet transitioned to renewable electricity sourcing, electricity still constitutes 45% of total Nordic emissions and is the single largest source of emissions. Despite reductions in 2022/23, the consumption of fuel for logistics and company cars accounts for a large portion of our scope 1 and 2 emissions, comprising 22% and 14%, respectively. These areas continue to take high priority in our efforts to reduce our climate impact.

**AN ELECTRICAL TRANSITION IN NEUMANN**

Since 2020, Neumann Bygg has worked persistently to reduce the consumption of fossil fuels across the organization. This includes transitioning the company car fleet from internal combustion engines to electric. Since 2020/21, Neumann Bygg has reduced carbon emissions from all fuel types by 42%. Neumann Bygg's company car fleet is now 73% electric. Furthermore, 88% of all Neumann Bygg forklift trucks are electric. As a result, Neumann Bygg has cut fuel consumption from forklift trucks by 90% since 2020. The conversion of the company car fleet and the forklift truck fleet has required the installation of new charging stations at all branches. In 2022/23, these efforts helped Neumann Bygg reach its lowest overall carbon emissions count ever while also undergoing organic growth.

**PROGRESS ON OUR ROADMAP TO NET ZERO – SCOPE 3: SUPPORTING DECARBONIZATION IN THE CONSTRUCTION INDUSTRY**

Reducing our scope 3 emissions requires a collective effort involving a wide range of stakeholders along our value chain, from upstream suppliers to downstream markets and customers.

As a leading building materials supplier, we have the potential and responsibility to reduce carbon emissions in the industry by promoting low-carbon products and services. Decisions made about buildings during the planning and construction phase largely determine the environmental impact for several decades into the future due to the long lifetime of buildings. Therefore, our ambition is to become involved at an early stage to promote the most sustainable solutions. Our sustainability ambassador networks actively seek out new development projects to partner proactively with our suppliers, architects and customers during the planning phase.

**SUSTAINABILITY SPECIALISTS TO PROMOTE AND ADVISE**

We believe knowledge is crucial to our green transition. Therefore, we continue to expand our sustainability ambassador programmes to build knowledge and to promote and advise our customers on sustainable building. As of July 2023, 520 sustainability specialists (representing 2.5% 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 develop skills and best practice sharing across branches and regions within practical, customer-driven sustainability, including sustainable building materials, third-party certified eco-labels, and documentation.

#### STARK DEUTSCHLAND LAUNCHES THE SUSTAINABILITY AMBASSADOR PROGRAM:

Providing expert knowledge is one of our core competencies as a specialised trade. This applies to classic product advice and advice on sustainable building. With the launch of the Sustainability Ambassador Programme, STARK Deutschland takes on the function of a sustainability knowledge partner for our customers to create a decisive competitive advantage for the future. This year, 207 of our German colleagues completed the sustainability training programme to provide the best knowledge and advice and become the industry's best partner for sustainable building.

#### SUSTAINABILITY-RELATED PRODUCT DOCUMENTATION

All STARK Group business units aim to make it easier for customers to make informed decisions on our assortment of building materials. We do this by providing relevant information illustrating what the various product labels stand for and which products to look for to ensure a healthy indoor climate, reduce environmental impacts and lower occupational health risks for tradespeople. Our customer feedback is that this sustainability information has improved their sales arguments to end-customers by providing clear arguments for the added value of the sustainable alternative.

#### SUPPORTING THE UK MARKET IN MEETING NEW BUILDING REGULATIONS

Since the new UK Building Regulations deadline came into force in early 2023, STARK UK has been working with customers to support them in remaining compliant through the Making Better Homes programme to gather relevant products and knowledge in one place. During the months leading up to and following the new regulations, STARK UK saw a rise in sales of several key products within the Making Better Homes range. Insulation sales increased by 367%, sustainable timber cladding rose by 18%, and wastewater heat recovery systems increased sales by 276% between January and June 2023 compared with the year before. The sales of air source heat pumps also saw a significant increase, as favoured in Part L. Overall sales from the Making Better Homes range were 66% higher in the six months to June 2023, compared with the same period of 2022.

#### STARK DIGITAL CLIMATE TOOL

Requirements for reporting climate footprints are increasing rapidly, and tradespeople are experiencing a growing need for data and documentation. Many small and mid-sized companies in the construction industry face challenges in accessing the necessary information. STARK Group aims to provide market-leading and easily accessible product sustainability documentation to our customers.

This year, STARK Danmark and Beijer Byggmaterial have launched a new digital climate tool that shows customers the carbon emissions data associated with purchased or planned products. The digital climate tool gives trades-

people an overview of a product's climate impact, making it easier for customers to assess and compare associated product carbon data and identify lower-impact alternatives for building life cycle assessments (LCAs). We continuously add data to our platforms, making it readily available to customers through their accounts. With the digital climate tool, customers, regardless of size, can easily send climate documentation to their customers and view their climate profile.

We plan to launch a digital climate tool across all our markets within the next years to support our customers in making informed decisions regarding product carbon impact. The climate tool is part of an investment in making life easier for tradespeople and part of a larger investment by the Group in digitalisation and sustainability. We expect this to significantly impact our scope 3 reduction plans. The STARK climate tool is available on:





# OUR ROADMAP TO 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.

Commitment to Science Based Targets Business Ambition to 1.5°C

## 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

### 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 2050 we will reach

# NET ZERO

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

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

2020

Baseline

2024

2030

2050



## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Responsible consumption and production

### TARGETS 2024

↓ **20%**

waste reduction per revenue

↑ **80%**

of waste segregated for recycling



Increasing assortment and sale of third-party verified eco-labelled products

### SUPPORTING POLICIES

- Environmental & Climate Policy
- Sustainability Policy
- Product Integrity Policy
- Sustainability Policy
- Code of Conduct
- Supplier Code of Conduct

### COMMITMENTS / CERTIFICATIONS

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

See performance data on [pp. 60-61](#)

# 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.

### INCREASING ASSORTMENT OF ECO-LABELLED PRODUCTS

At STARK Group, we want to increase our assortment and sales of products with ecolabels and lower carbon emissions. Many of our suppliers are producing more sustainably and in a circular manner, using less energy, hazardous chemicals, water, and resources. By using third-party eco-labels on these products, suppliers clearly communicate the sustainable value of these products, and our sales staff can promote this added value effectively.

For 2022/23, we report the share of eco-labelled SKUs and sales for our Nordic business units only, as our systems and product categories have not been mutually compatible across all markets. We are working continuously to improve our data, aiming to cover the entire group. In 2022/23, a product sustainability documentation working group was initiated to develop clear accounting principles to streamline market data. These principles will be followed and reported on in the 2023/24 report. As penetration levels of eco-labelled products are relatively low in the UK market, we see considerable potential to promote these. However, average

Group percentages are expected to drop significantly when UK data is incorporated.

The share of all third-party verified eco-labelled SKUs of stocked assortment in the Nordics ranged from 12-35%, representing 25-73% of total sales in 2022/23. The share of eco-labelled sales has increased in STARK Suomi and Neumann Bygg in the past year. The decrease in STARK Danmark was due to the delisting of the textile eco-label Oeko-tex standard 100, which does not meet our accounting principles (see p. 61). Beijer Byggmaterial has not previously been able to report eco-labelled SKUs and sales and thus has no previous comparison data.

	% SKU	% SALE
STARK Danmark	16	35
STARK Suomi	12	59
Neumann Bygg	25	25
Beijer	24	73

The share of third-party verified eco-labelled products in STARK stocked assortment shown as share of total SKUs in stocked assortment as well as share of the total sale in stocked assortment.

Continues →



**SHARE OF THIRD-PARTY VERIFIED ECO-LABELLED PRODUCTS 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, such as material safety data sheets (MSDS), environmental product declarations (EPDs) and technical data sheets. We provide customers with access 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 continue improving the availability of documentation on our products to meet the growing data demands relating to sustainable construction.

**100% RECYCLED PLASTIC FOIL WRAPPING**

In 2022/23, STARK Danmark shifted from using 70% recycled plastic foil for weather protection of building materials to employing 100% recycled plastic foil. This transition involved comprehensive quality testing to ensure product quality and avoid breakage of distributed materials in the wet Nordic climate. Adopting 100% recycled plastic is a slight advancement in reducing environmental impact and aligning with the net-zero emissions target for 2050.

**CATALYSING CIRCULARITY THROUGH SUPPLIER AND CUSTOMER PARTNERSHIPS**

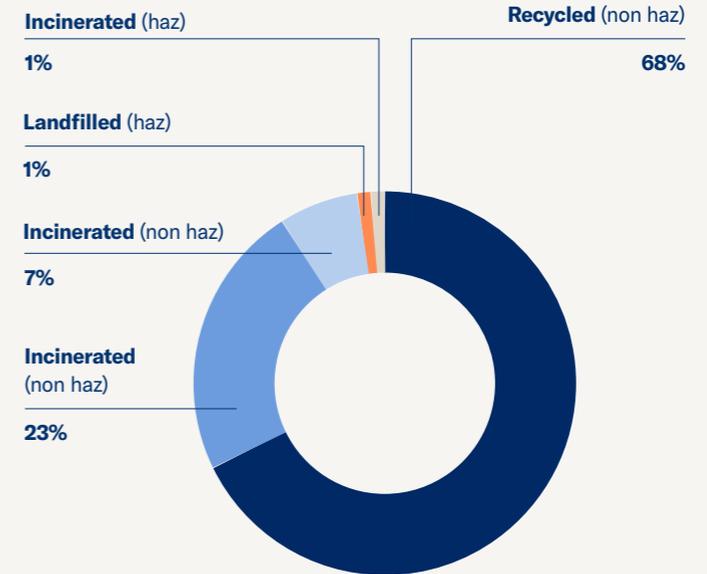
We have continued expanding our circular concepts to include various products from supplier and customer waste streams to reuse, repurpose, or make new products. We participate in numerous networks and partnerships to close material loops and push forward a European standard for circular products and processes in the construction industry. In 2022/23, we developed our partnerships from primarily focusing on wood reuse (GENTRÆ) to working with products such as tiles, expanded polystyrene and textiles.

**TILE RESIDUE IS TRANSFORMED INTO DESIGN TILES**

In collaboration with Dewdrop Tiles, STARK Danmark ensures that tile residues are transformed into "new" tile solutions. The concept reduces waste and replaces the environmentally intensive production process of new tiles with upcycling existing resources. STARK delivers tile residues to Dewdrop on Bornholm with a truck that already transports goods to STARK's sites on the island. Dewdrop works with a local machine shop, Trio Nexø, which produces the specially designed tiles. The tiles are currently on display and sold at STARK Frederiksberg, and the plan is to expand to more stores. According to a life cycle assessment by TRE Rådgivende Ingeniører og Biologer, the solution saves 20 kg CO<sub>2</sub>e per m<sup>2</sup> compared to traditional tiles. This corresponds to a CO<sub>2</sub>e-saving of approximately 98%.

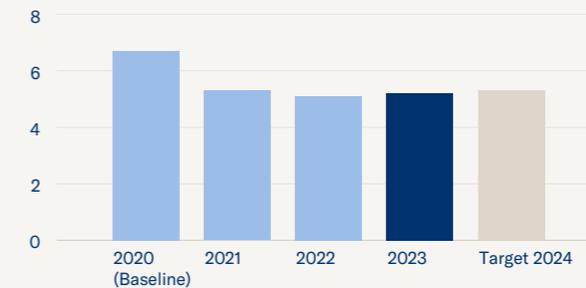


**WASTE FRACTIONS 2022/23**



**WASTE INTENSITY FROM OPERATIONS**

Waste per revenue (t/meur)





### OUR EFFORT TO IMPROVE WASTE MANAGEMENT

While our total waste production was increased to 44,800 tonnes in 2022/23, equivalent to our base year, we have reduced our waste production per revenue by 21% across the Group since the base year 2019/20, showing that we are succeeding in our ambition to decouple the growth of our business from the impact on our surroundings.

In absolute numbers, we have reduced our waste volume by 16% in the Nordics through continued initiatives to reuse packaging, circular partnerships, and training warehouse staff in resource efficiency. STARK Germany experienced a slight increase of 3% in waste, while newly acquired STARK UK saw a substantial increase of 15% in reported amounts, bringing our total waste production to 2019/20 levels. This signifies an improvement potential in our newest market.

Non-hazardous waste makes up 98% of total Group waste, while hazardous waste, comprising mainly paint, chemically treated wood, and chemical products, comprises the last 2%. 67% of our waste is recycled. 25% of non-hazardous waste was incinerated, and 6% was sent to landfill, a 5pp reduction compared to baseline 2020. Beijer Byggmaterial and STARK UK are the main contributors of waste to landfill.

### WASTE RECYCLING

Despite the fact that the Nordics had a 7pp increase in total waste segregated for recycling to 59%, and STARK UK increased recycling rates by 1pp to 48%, the Group average percentage of total waste segregated for recycling decreased by 1pp from the 68% baseline in 2020.

This decrease was due to the Germany & Austria market, which reduced recycling rates by 10pp from a high recycling rate of 98% after the integration of a significant Austrian acquisition. This highlights that our actions to increase waste recycling require additional effort, and we are committed to facilitating best practice sharing between business units to ensure we make progress towards our target.

### WASTE DATA DASHBOARD

In Beijer Byggmaterial, a dashboard has been implemented to follow the amount, intensity (kg/revenue) and type of waste generated. Branches are clearly ranked according to waste generation to make targeted improvements. As a result, waste intensity has improved by 8.5%, and the recycling rate has improved to 64%.

### WATER RESOURCE MANAGEMENT

Our direct operational impact on water resources is low as our locations have limited water consumption and discharge. Water is generally used for sanitary purposes, cleaning equipment, and maintaining outdoor areas. Furthermore, none of our operational sites are in areas with a high or very high risk of water stress, according to WWF Risk Filter Suite. Our total direct water consumption was 251,196 m<sup>3</sup> in 2022/23, a 27% reduction from baseline 2020.

We acknowledge that the products we distribute may have high water-dependent production phases or processes impacting water quality. Therefore, we continuously work to increase transparency in the supply chain regarding such issues to understand the impact of our sold products.



## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Life on land

### TARGETS 2024

Increasing assortment and sales of FSC and PEFC labelled products.

### SUPPORTING POLICIES

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

### COMMITMENTS / CERTIFICATIONS

**78%**

FSC-certified



100% STARK Deutschland, 100% Beijer Byggmaterial and 86% of STARK UK branches

**82%**

PEFC-certified



Miljøfyrtårn certification (100% Neumann Branches)

See performance data on [p. 61](#)

# ECOSYSTEM PROTECTION

Natural ecosystems provide raw materials and 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, Beijer Byggmaterial and 521 STARK UK branches are ISO 14001 certified. Neumann Bygg is certified under the Eco-Lighthouse certification system, and 81% of STARK Group's branches are presently environmentally certified. All certified business units are externally audited annually. Branches conduct a weekly self-inspection programme concerning environmental matters 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 Denmark, Beijer Byggmaterial and STARK Suomi conduct energy audits at least once 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.

### REDUCING AIR POLLUTION FROM OPERATIONS AND DISTRIBUTION

Presently, 82% our forklift trucks are electric. The electrification of forklift trucks significantly reduces particle pollution in our yards and distribution centres, improving air quality and our customers' and employees' health and safety. In the same way, our ambition is to transition our transport fleet to electric to improve air quality in areas where we distribute products. However, this transition is gradual, and during this interim period, we are in a transitional phase, substituting conventional diesel with renewable, fossil-free HVO. HVO has the added benefit, aside from reducing carbon emissions by 90%, of reducing nitrogen oxide emissions by 10% and particulate matter by 40%.

### BIODIVERSITY AND ECOSYSTEM PROTECTION

At STARK Group, we want to put our efforts where our impacts are. According to WWF Biodiversity Risk Filter, none of our branches are in areas with a high or very high impact on key biodiversity areas or natural ecosystems. Our branches are generally located in industrial areas with high population density and well-developed infrastructure, close to our customers. Therefore, our direct impact on biodiversity is limited.

However, we acknowledge that the production of the products we distribute may impact people and the environment, and we are therefore committed to responsible sourcing. We believe in conducting appropriate

Continues →



supplier due diligence to secure future materials in the supply chain without compromising biodiversity and ecosystems. Roughly 20% of STARK Group's sourced products, measured in monetary terms, are timber-based, underlining the importance of sustainable sourcing of timber-based products. We have a policy for responsible timber to leverage our ambition to ensure that our timber products originate from sustainably managed forests, which minimize impacts on soil health, water resources and biodiversity.

#### RESPONSIBLE TIMBER SOURCING

Through our Responsible Timber Policy, we want to eliminate deforestation and land degradation in our value chain and comply with all relevant national and international legislation. All STARK Group business units conduct due diligence according to the STARK Group Responsible Timber 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 continuing future supply chain.

Together with Preferred by Nature, we have completed desk-based risk assessments of our supply chains to identify potential risks. If a high risk is identified, Preferred by Nature conducts an assessment to evaluate if the risk is negligible or non-negligible. In the event of non-negligible risk, mitigative actions such as on-site audits or timber testing is conducted when necessary.

No on-site supplier audits have been required, as it was possible to obtain all documentation necessary for the due diligence processes. Therefore, no changes have been made to our measurement and mitigation process, ensuring compliance and securing negligible risk.

#### FSC AND PEFC CERTIFICATIONS

We recognise that third-party certifications of responsible forest management combined with a chain of custody audits throughout the supply chain are key to reducing the risk of sourcing illegal and controversial timber products and improving forest management.

We are committed to increasing the share of certified timber, and preference is given to certified suppliers. If certified timber-based products are unavailable, suppliers must provide evidence that the product is from a legal and traceable source.

All STARK Group's UK and Nordic branches are PEFC-certified, and STARK UK, STARK Denmark and Beijer Byggmaterial are also FSC®-certified. In STARK Deutschland, 13% of branches are FSC and PEFC-certified. In 2022/23, STARK Suomi has become FSC certified to support direct sales. In 2022/23, the share of FSC® and PEFC-certified timber-based products in assortment made up 87% of the STARK Denmark assortment, 40% of the STARK Suomi assortment and 95% of Neumann Bygg assortment. Meanwhile, the sales of certified wood-based products constituted 95%, 78% and 95%, respectively, of the business units' total wood-based product sales.

#### WE EXPECT OUR SUPPLIERS TO CONTINUOUSLY REDUCE THEIR IMPACTS

We expect our suppliers to share our ambitions and work to measure and reduce their ecological and carbon footprint. We expect our suppliers to gradually increase their share of certified supply chains and work with certification bodies to improve their methods. Furthermore, we promote the added value of certified timber from responsibly managed forests and actively engage with our customers to increase their demand for certified and responsibly sourced timber.

#### STARK SUOMI SUPPORTS BIODIVERSITY RESEARCH

Together with UPM, STARK Suomi supports biodiversity research at the Natural Resources Institute Finland (Luke) and the University of Helsinki. The research aims to explore new methods to boost populations of wood-decaying fungi by improving habitats to promote forest biodiversity. Timber extraction for the construction industry has a substantial environmental impact. Timber and timber products constitute a significant part of STARK Suomi's sales, which is why STARK Suomi wants to champion sustainable building and support biodiversity by funding research. Decreasing our environmental impact without forgetting the effects of the value chain and doing our part to curb biodiversity loss are important components of STARK Suomi's sustainability agenda. Through research, STARK Suomi can learn how best to support biodiversity and increase awareness of the importance of biodiversity. The results are expected to be available later this year, and outcome will be used to evaluate potential ecosystem restoration projects in the future.



# SOCIAL

We are committed to being 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.

This section describes our principles and ambitions on 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

Health & safety	38
Diversity, equity & inclusion	41
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Ethical behaviour & human rights in the supply chain	46



**WE ARE MORE THAN  
20,000 PEOPLE  
WORKING ACROSS  
THE GROUP**



## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Good health and well-being

### TARGETS 2024

↓ **5.7/Mhrs**

Reduce injury rate to 5.7 per million worked hours

↓ **40/Mhrs**

Reduce lost workday rate to 40 per million worked hours

### SUPPORTING POLICIES

- Health and Safety Policy
- People Policy
- Human rights Policy
- Code of Conduct
- Supplier Code of Conduct

### COMMITMENTS / CERTIFICATIONS

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



**ISO  
45001**

See performance data on [p. 62](#)

# HEALTH & SAFETY

## A STRONG HEALTH AND SAFETY CULTURE

Upholding the highest health and safety standards across our operations and proactively managing and mitigating risks and hazards inherent to our industry is a key priority for STARK Group. We have ambitious targets for improving our health and safety culture. Despite significant progress, we aim to push the bar higher for what we as a company can achieve within health and safety.

In 2022/23, we welcomed a strong health and safety team from the UK. The STARK UK Health and Safety team is aligned with our strategy and has been successfully included in our reporting metrics. A Health and Safety steering committee has been established. Onboarding of the UK branches is well under way, and we look forward to a beneficial collaboration and synergies between all the STARK Group business units.

## PERFORMANCE PROGRESS

Strong improvements have been achieved in the Group's core safety metrics. Throughout the business units, injuries are reported using the GRI standard, allowing us to monitor trends and target our initiatives. In 2022/23, the Injury frequency rate decreased from 7.9 to 5.6 compared to the previous year, and the lost workdays rate fell from 81.2 in 2021/22 to 52.7 (per million hours).

Several elements drove these reductions, including a continued focus on root cause analysis and involvement from the Health and Safety steering committees. The goal of having a Health and Safety Manager appointed in all business units was achieved in 2022/23. This gives

the business units greater ownership and better opportunities to target local challenges and development areas.

Information is exchanged between the Group and business unit Health and Safety teams and the Health and Safety steering committees to manage high-consequence accidents and those with the potential for serious injury. The business unit Health and Safety teams identify and implement preventive measures. Despite significant improvements in our core metrics and a performance that places us at the top of the industry, we remain resolute in our commitment to further enhance safety in the years ahead.

## ISO METHODOLOGY

We maintain a health and safety management system structured around the ISO 45001:2018 standard, ensuring that all business units maintain an equally high health and safety performance level and comply with local legal requirements. The methodology also supports our business units that already have or choose to obtain ISO certifications in the future.

In 2022/23, 21% of our branches were ISO 45001-certified, including three Danish, three UK, and 207 German branches. The reduction in coverage compared to last year, when 40% of our branches were certified, is due to new acquisitions of uncertified branches. In 2024, STARK Suomi plans to obtain ISO 45001 and 14001 certifications for all branches.

Continues →



All STARK branches must adhere to the Group Health and Safety Policy, and conduct local health and safety risk assessments, self-inspections and are audited and supported by Health and Safety Business Partners on a risk-based approach. Considering our recent M&As, ~87% are covered by the Group health and safety management system setup.

**BRANCH AUDITS AND SUPPORT**

Annual branch audits serve a dual purpose: ensuring compliance with national regulations and internal health and safety standards while prioritizing the well-being of our employees. These audits evaluate working environment standards at each branch and offer a comprehensive view of the Group's health and safety risk profile.

Our branch audit programme is a vital management tool for assessing operational health and safety performance, maintaining a steadfast commitment to the safety culture, and preventing incidents and near-misses. The top risks identified in our health and safety risk assessment in 2023 were 1) Collisions of pedestrians, 2) Cuts from sharp items, 3) slips, trips and falls and 4) acute physical overload of the body.

Weekly health and safety self-inspections are conducted between branch audits to ensure that controls are in place to reduce these risks to have a consistent and high health and safety performance. We view support as an essential element for achieving a proactive health and safety culture. We take pride in diligently addressing audit findings, providing additional support when necessary, and empowering our branches to create and maintain a secure workplace.

**HEALTH AND SAFETY TRAINING**

Ensuring compliance with health and safety standards, driving continuous improvement, and successfully onboarding new employees are key priorities for STARK Group. Central to these efforts are customized training programs designed specifically for our employees. These trainings combine on-site training with e-learning modules covering our main risks and focus areas. In addition to our internal training programs, we provide training materials that include our fundamental safety guidelines, targeting external drivers and contractors. This comprehensive approach underscores our commitment to promoting a safe and secure working environment for all stakeholders.

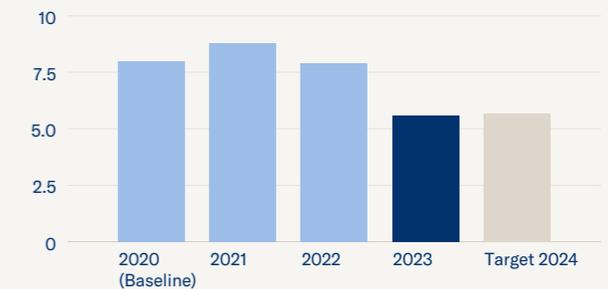
**ERGONOMIC TRAINING VIDEOS IN STARK SUOMI**

In 2022/23, STARK Suomi initiated an ergonomic improvement project in collaboration with their insurance company and healthcare provider. The goal is to ensure that all employees acquire the correct techniques for performing their tasks, promoting health, and preventing injuries. A series of concise instructional videos filmed at our branches focused on ergonomic techniques for common work tasks. These videos, showcasing real-life work scenarios, offer relatable and easily repeatable guidance. They will become an integral component of STARK Suomi's onboarding programme and be accessible to all employees through the e-learning platform. Additionally, the healthcare provider will incorporate these videos into their ergonomic training within the branches.

Continues →



**INJURY RATE**  
per million hours





### **STRENGTHENING OUR HEALTH AND SAFETY GOVERNANCE**

In 2022/23, Health and Safety steering committees were established within each business unit. These committees comprise key members from the business unit's top management team, the business unit's Health and Safety manager, the Group Head of Health and Safety, and, in specific business units, representatives from the works council. These steering committees play an important role in offering overarching guidance, direction, and decision-making for specific projects and other Health and Safety initiatives. They function as a governing body with responsibilities encompassing setting strategic objectives, prioritizing tasks, and ensuring that Health and Safety activities align with the organization's overall goals.

For example, the Steering Committee in STARK Danmark has taken action to address replacing outdated racking systems. In some instances, the condition of the racking systems in STARK Danmark presented potential safety risks. However, individual branch managers lacked the authority and budget to approve replacing these racking systems. By involving the Steering Committee, a decision was reached to replace the outdated racking, a financial commitment that required management approval and support. This example underscores the pivotal role of our Health and Safety steering committees in driving critical safety improvements.

### **THE HEALTH AND SAFETY OF OUR CUSTOMERS**

We prioritize our customers' health and safety, including supplying up-to-date Material Safety Data Sheets (MSDS) for our products and ensuring proper product labelling and packaging. We also carry an assortment of certified personal protective equipment (PPE). Our sales staff are trained in advising on suitable PPE for products in the assortment that may pose a hazard. We wish to uphold high standards of product compliance with relevant regulations, quality control, and feedback mechanisms for continuous improvement. By collaborating closely with our trusted suppliers, we wish to mitigate risks and enhance safety for our customers.

Safety data sheets are available for download on business unit websites or can be requested in a printed format at the branches. STARK Germany distributed 452,640 safety data sheets to customers during 2022/23. No health and safety issues associated with products sold have been reported.



## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Gender  
Equality



Reduce  
Inequalities

### TARGETS 2024

# 25%

Women in total

# 20%

women in management  
positions

# 30%

women in the Executive  
Management team

# 30%

women in Board of  
Directors

### SUPPORTING POLICIES

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

### COMMITMENTS / CERTIFICATIONS

In 2030, we want to be recognized as being ahead of our industry in terms of diversity, equity and inclusion.

DI Gender Diversity Pledge (DK)  
The Charta der Vielfalt (DE)  
Diversity Charter (SE)

See performance data on [pp. 63-64](#)

# DIVERSITY, EQUITY & INCLUSION

STARK Group is committed to fostering a more diverse, equitable, and inclusive workplace, recognizing this as a strategic imperative to become an even stronger market leader and player. We firmly believe that a diverse and inclusive culture within our organization is essential for building a stronger company that can effectively tackle a wide range of tasks and challenges in a global and culturally diverse environment.

As a company, we value a diverse workforce that mirrors the demographics of our customer base. We do not discriminate on gender, transgender identity or other expressions, age, culture, nationality, ethnicity, physical abilities, disabilities, political and religious beliefs, sexual orientation, or other factors. We consider it material to our business that we succeed on the diversity, equity, and inclusion (DE&I) agenda to remain relevant to our customers, employees, investors, and society in general. Our workforce should reflect the diversity of the wider community, underscoring the significance of our efforts to embrace and leverage differences.

### MULTILINGUAL DICTIONARY

As an example of our efforts to provide an inclusive workplace, STARK Deutschland has created a 'dictionary' in nine languages that covers the most common words and phrases used in STARK Deutschland. This multinational company manual supports our commitment to inclusion and diversity of culture and nationality.

### PUBLISHED DIVERSITY, EQUITY & INCLUSION POLICY

In 2022/23, we published our first Diversity, Equity & Inclusion Policy. It outlines our expectations for all employees. Together with our Code of Conduct and People Policy, the DE&I Policy is the foundation of all guidelines and procedures regarding rights and responsibilities concerning diversity, equity and inclusion as a STARK Group employee.

Our DE&I policy outlines four fundamental principles. Firstly, we are committed to having a diverse talent base. We wish to attract, develop, and retain people with different perspectives, experiences, and backgrounds to support our strategic journey. Therefore, DE&I must be a natural element of any recruitment, hiring and selection activity in STARK Group. We are committed to making our approach to DE&I visible in job postings, selection criteria, position short listings, employer branding activities and when preparing the pipeline of talents and successors for key positions.

Secondly, we strive to uphold inclusive leadership and behaviour. STARK Group has zero tolerance against bullying, harassment and discrimination and is committed to creating a culture free from such behaviours. We have clear processes to follow if an employee does not feel included or experiences bullying, harassment, or discrimination. Inclusive leadership is a prioritized focus area in further developing the STARK Group leadership development programme.

Continues →



Thirdly, we are committed to identifying and eliminating barriers to ensure equal advancement opportunities. Our priorities are reflected in our key people processes, including recruitment, training and development, succession, culture, leadership and rewards. We monitor the outcome and progress of these initiatives annually through defined KPIs via an internal discussion amongst Group HR function leads and Business unit HR Directors. Finally, we wish to ensure equal treatment of all employees. By acknowledging different perspectives and experiences, we will gain a competitive advantage and leverage the effect of diversity for business growth.

**DE&I GOVERNANCE**

The STARK Group CHRO is accountable for the DE&I agenda in STARK Group. The business unit HR directors are responsible for ensuring that all STARK Group business units understand and comply with our DE&I principles. Also, the business unit HR directors are responsible for ensuring that the relevant employees know and understand our DE&I guidelines and that they are fully implemented and followed. DE&I targets are defined on a group level and cascaded to business units to ensure local adoption and delivery.

**FOLLOWING UP, REPORTING AND INTERNAL CONTROLS**

We continuously follow up on our DE&I initiatives. To uphold compliance with our principles, we have established control procedures at multiple levels to minimise the risk of misconduct. Group HR communicates the risk allocation and the corresponding control measures that must be implemented. Additionally, we have adopted

group-wide diversity targets to assess the effects of initiatives implemented.

**PROGRESS TOWARD OUR GENDER DIVERSITY TARGETS**

Women account for 21% of our total employees, a 4-pp decrease from last year after the acquisition of STARK UK. STARK Deutschland and STARK Suomi contribute with the highest percentage of women, each with 27%. The lowest percentage of women is found in STARK UK and Neumann Bygg, both having 17% women.

The percentage of female managers remained at 15%, 5 percentage points below our 2024 target. Again, STARK Suomi has the highest female participation at the management level, together with Beijer Byggmaterial, with women occupying 22% of management positions. STARK Danmark and STARK Deutschland had significantly less female participation at the management level, with 8% and 12% of positions held by women, respectively.

At STARK Group, 29% of the Executive Committee members are women (4 women; 14 men). The gender ratio increased from 25% women to 29% after CIO Pernille Geneser and STARK UK CEO John Carter joined the Executive Committee. As for additional management levels, defined as managers with management responsibilities who report to the Executive Committee, 16% are women. The Executive Management level's gender balance is 50/50 (1 woman; 1 man).

We work consistently to improve the gender balance at all company levels. We are committed to ensuring that

discussions at all management levels, including our Board of Directors, deal with multiple perspectives on business, the industry in general, people and leadership. To reach our targets by July 2024, we consistently monitor our recruitment process to ensure we have female candidates in the pipeline. We strongly urge our external recruitment partners to present diverse candidates.

There are five members on the STARK Group Board of Directors; two are representatives of STARK Group – comprising both genders, and three of CVC, comprising only men, resulting in a gender ratio of 20% women on the Board of Directors. Accordingly, we have not improved on our progress towards our targets at the Executive Committee and the Board of Directors' level. During 2022/23, there was no intention to increase the number of seats on the Board as the board composition made good progress in delivering on the strategy. We will continue to raise awareness on this issue, and gender ratio at all levels, including at the Board level, will be discussed at board meetings to determine how best to reach this target. The gender distribution on the STARK Danmark A/S Board is 33% women (1 woman; 2 men).

**AGE DIVERSITY**

Just under half (46%) of all STARK Group employees are between 31-50 years old. 37% are above 50 years old, and the remaining 18% are 30 years or less. This age range is relatively uniform across all business units, with a slightly higher group of younger employees, aged up to 30, in the Nordics and older employees, aged over 50, in the United Kingdom. The average seniority was 10.2 years, with the highest (12.3 years) being in STARK Deutschland.

**TARGETS AND PERFORMANCE ON DIVERSITY 2023**

**Board Diversity (% women)**

**Target:** 30% in the Board of Directors

2023	20
2022	20
2021	20
2020	33

**Executive Management team (% women)**

**Target:** 30% women in the Executive Management team

2023	50
2022	50
2021	50
2020	50

**Management positions (% women)**

**Target:** 20% in management positions

2023	15
2022	16
2021	15
2020	15

**Gender (% women)**

**Target:** 25% women in total

2023	21
2022	25
2021	22
2020	22





## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Quality Education

### TARGETS 2024

# 76

Employee satisfaction and motivation score of 76

# 82

Employee loyalty score of 82

# 85%

Survey participation rate of 85%

### SUPPORTING POLICIES

- People Policy
- Diversity, Equity & Inclusion Policy
- Human Rights Policy
- Code of Conduct

### COMMITMENTS / CERTIFICATIONS

- UN guiding principles on business and human rights
- Core ILO conventions
- Internationally accepted frameworks from the OECD

See performance data on [p. 64](#)

# 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. 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 and respect. We listen to our co-workers' feedback from our engagement surveys and act on areas where improvement is needed.

### ENGAGEMENT IS BUSINESS-CRITICAL

Training and competence development is an ongoing activity for STARK Group to retain high employee engagement and competence levels. We measure and report on key social performance indicators within gender equality and engagement to ensure progress.

In November 2022, we conducted our annual engagement survey TellUS! in all business units except the UK. 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 77 for the Nordics and 70 for STARK Deutschland. The average satisfaction and motivation score was 74, the same level as last year. In comparison, the industry average is 72.

During 2022/23, the Nordics held their loyalty score at

83, and Germany scored 75, for a total STARK Group score of 80 on the loyalty part of 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 engagement survey, performance talks across the business, the DE&I council and numerous other initiatives.

We know the best way to improve employee satisfaction and motivation is to act on the results of the survey. Therefore, we monitor employee satisfaction with the conducted follow-up on the previous year's survey. In the 2022/23 survey, STARK Group received a score of 71, a 1-point increase from the previous year, a good progression, and a step in the right direction towards our target of 75.

The survey participation rate was 82%, which is a 1pp decrease compared to the previous year due to a 1pp drop in participation rate in STARK Deutschland (71%). The participation rate in the Nordics was 91%, the same level as last year. We will continue to focus on improving the awareness campaign and activities, especially in our newly acquired branches, to ensure we maintain a high participation rate across all markets.

Continues →



**COMPETENCE DEVELOPMENT IS KEY**

Managers and leaders play a vital role in developing employee competencies. As a result, we allocate time and resources to equip our managers with the necessary skills and insights to cultivate and sustain a workplace fostering growth. Each employee is entitled to at least one annual performance review, but it is strongly encouraged that these be held more frequently.

The development process takes various forms, including classroom training led by in-house and external trainers, on-the-job training conducted through mentoring by colleagues or managers, or the intentional expansion of daily tasks beyond an employee's existing competencies. Engaging in work beyond one's comfort zone or participating in cross-functional projects can significantly enhance personal development, often surpassing the benefits of traditional classroom training.

We also provide a variety of online courses supported by our online learning management system. In 2022/23, 487 e-learning modules were active on the STARK Group e-learning platform, an 8% increase from last year. A total of 45,253 e-learning modules were completed.

In 2022/23, we had 20,261 hours of on-site training, which is a decrease in training hours of 9% compared to 2021/22. A total of 37,652 training hours were completed, equivalent to 3.1 hours of training per employee. Data includes online- and on-site training (skills, product, management and leadership training). The reduction of the average number of training hours from 3.4 to 3.1 was primarily due to Group-wide training compliance modules

having a two-year cycle and which will be relaunched during the next financial year.

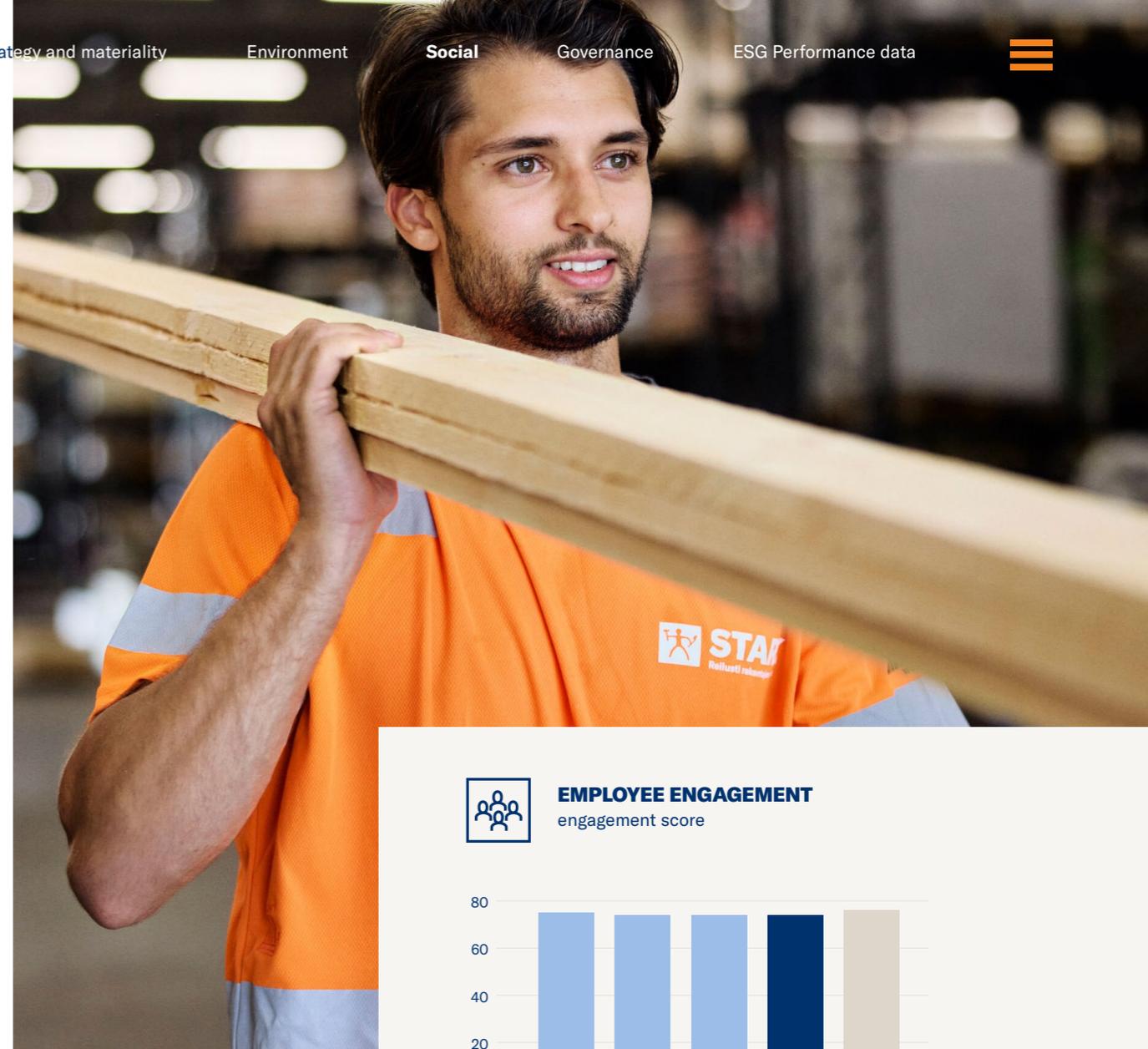
**ONBOARDING**

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

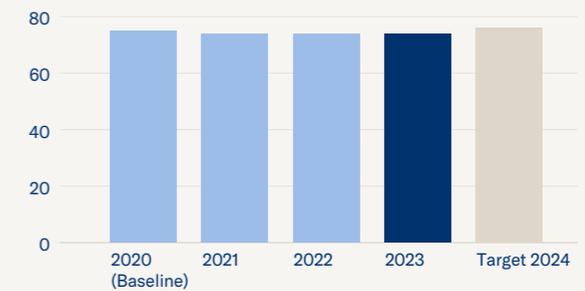
**INTERNAL PROMOTIONS**

In-house promotions are important factors in motivating and retaining valuable employees. Therefore, we support our employees who wish to change positions, roles, and organisations within STARK Group by offering promotion opportunities for all available positions.

Last year, a new leadership programme, GROW@STARK, was implemented in STARK Suomi to promote internal upskilling to the management level. Thanks to the good experience during the first year of the programme, GROW@STARK is being expanded to other Nordic business units as well as STARK Deutschland and STARK UK.



**EMPLOYEE ENGAGEMENT**  
engagement score





## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Decent work and economic growth



Peace, justice and strong institutions

### TARGET 2024

Please see the Health & Safety, Diversity, Equity and Inclusion, and Ethical Behaviour and Human Rights in the Supply chain sections for our Group targets within relevant Labour rights issues

### SUPPORTING POLICIES

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

### COMMITMENTS / CERTIFICATIONS

ILO fundamental rights at work

# LABOUR RIGHTS

We are determined to have constructive relations with our employees and to respect and support fundamental labour rights. We respect labour rights and are committed to supporting good working conditions for all people engaged in our operations.

### LABOUR LAW AND INDUSTRIAL RELATIONS

STARK Group is committed to respecting fundamental human rights at work as declared by the ILO. These include freedom of association, the right to collective bargaining, and the right not to be subjected 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.

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.

At the beginning of 2023, STARK Group established a European Workers Council based on the Danish EWC Act. The European Workers Council is a sounding board for all employees across Europe. In May 2023, we held our first European workers council meeting in Copenhagen with representatives from Denmark, Sweden, Norway, Finland, Germany, the Group management team and others from the STARK Group office. At the meeting, we discussed operational clarifications for the EWC and appointed a select committee.

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.



## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Decent work and economic growth



Reduce inequalities



Responsible consumption and production



Reduce inequalities

### TARGET 2024

# 100%

of contracts passed Product Integrity process

### SUPPORTING POLICIES

- Human Rights Policy
- People Policy
- Product Integrity Policy
- Anti-Corruption Policy
- Sustainability Policy
- Supplier Code of Conduct
- Code of Conduct

### COMMITMENTS / CERTIFICATIONS

- UN Guiding Principles on Business and Human Rights
- International labour standards as defined by the International Labour Organisation (ILO)

See performance data on [p. 65](#)

# ETHICAL BEHAVIOUR AND HUMAN RIGHTS IN THE SUPPLY CHAIN

We have strong partnerships with our suppliers, and having a sustainable supply chain is crucial to our common success. We are committed to sourcing our products from financially sound, reliable business partners that trade ethically and responsibly without compromising on labour rights, human rights, and the environment. Our size and close relationship with trusted suppliers enables us to drive sustainable developments in the supply chain by improving supplier ESG performance through knowledge sharing, clear expectations, and screening processes.

### SUPPORTING HUMAN RIGHTS IN THE SUPPLY CHAIN

We aim to source our products with due consideration for ethical concerns and human rights to support safe and decent working conditions along our supply chain. We are committed to respecting fundamental human and labour rights. 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 and compliance with applicable local legislation where we operate.

We have published our Human Rights Policy, which clearly states our commitments and explains our due diligence process. Furthermore, the policy ensures a common understanding of key human rights across our value chain, which must be considered. Our human rights due diligence

process aims to become a fully integrated part of the Product Integrity process to identify and assess our key salient human rights issues, integrate findings from impact assessments into relevant company processes, track the effectiveness of measures and processes, and communicate on how impacts are being addressed. We aim to be the best partner for sustainable building and a positive link in the construction value chain by meeting our stakeholder expectations by identifying and implementing measures to address our salient human rights impacts.

As a signatory to the United Nations Global Compact supporting the ten principles, including support, respect, and protection of internationally proclaimed human rights, we also encourage our suppliers to become signatories, as stated in our Supplier Code of Conduct.

### PRODUCT INTEGRITY PROCESS

Our Supplier Code of Conduct is the foundation of our product integrity and supply chain due diligence process. The Supplier Code of Conduct describes our positions on sustainability issues, such as human rights and environmental responsibilities, and clearly states what we expect of our suppliers. The Supplier Code of Conduct is an integral part of our standard legal terms. Business partners and suppliers are expected to adhere to the STARK Group Supplier Code of Conduct and are evaluated through our Product Integrity Process.

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. Our due diligence process has a risk-based approach based on third-party ESG ratings, country, industry risk profiles, and our spend. During 2022/23, 100% of all new contracts entered were subject to and passed the product integrity evaluation, and 100% of targeted suppliers signed legal terms and conditions, including complying with STARK Group's Supplier Code of Conduct.

In 2022/23, we integrated a third-party ESG screening through D&B ESG Intelligence of all suppliers into our sourcing business intelligence system, enabling colleagues to view supplier ESG scores alongside financial risks. We will publish our average ESG rating per spend and implement a new KPI to improve our supplier ESG rating. Our first average ESG score (excluding suppliers to STARK UK) is 2.4, with the highest risk being within environment (average score of 2.9: Medium Risk) and the lowest being in governance (average score of 1.2: Low Risk). Currently, 4% of our supplier spend falls within a "High Risk" category. A common cause of "High Risk" is a lack of data in the ESG risk screening assessment. Therefore, we continuously work with our suppliers to improve their ESG

Continues →



efforts and data quality and will use the ESG risk screening to prioritize our efforts. Neumann Bygg has launched a dedicated website to communicate supply chain due diligence policies, efforts, and supplier risk profiles:



**UN GLOBAL COMPACT BUSINESS & HUMAN RIGHTS ACCELERATOR PROGRAMME**

In 2023, we completed the UN Global Compact Business & Human Rights Accelerator Programme. This six-month programme helped us identify our responsibilities and salient issues and establish an ongoing human rights due diligence process in line with international standards to move from commitment to action on human and labour rights. We have completed a gap analysis and action plan with clear roles and responsibilities to ensure progress on salient operational risks and further develop the product integrity process to consider newly identified issues in our value chain.

**IDENTIFYING AND ASSESSING OUR SALIENT HUMAN RIGHTS ISSUES**

As a distributor without production facilities and only operating branches and distribution centres in Northern Europe, our human rights assessment indicates a low risk of human rights violations occurring within our own workforce as our colleagues are protected by strong national employment laws and our Code of Conduct, policies and practices.

In our own operations, we have identified salient risks which are discussed in relevant sections of this report including health and safety (p. 38) and discrimination (p.

41). Within our supply chain, we acknowledge that the products we source are available as a result of the efforts of many people working in the mining, forestry, manufacturing, and transport sectors. Within our supply chain, we have identified high-priority risks, including decent and fair pay, forced labour and children’s rights.

Improving our risk assessment and standards in the supply chain is an ongoing process. In collaboration with external stakeholders, we will further develop our risk assessment, management, and human rights due diligence processes within our business. We will strive to align with recognised standards and the emerging EU Directive on Environmental and Human Rights Due diligence.

**HUMAN RIGHTS DUE DILIGENCE GUIDANCE - DANISH CONSTRUCTION**

During 2022/23, STARK Group participated in a project to build capacity and develop human rights due diligence resources for the construction sector in view of legal and policy developments. The project was led by Green Building Council Denmark, the Confederation of Danish Industries, and the UN Global Compact Network Denmark, with the Danish Institute for Human Rights (DIHR) as a knowledge partner. The project included interviews and a workshop with different actors across the value chain, including producers, distributors, architects, construction companies, technical installers, and developers. The project has resulted in a Human Rights Due Diligence Guide for the Danish Construction sector available:



**STARK GROUP SUPPLIER DUE DILIGENCE PROCESS**





# GOVERNANCE

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

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

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## IN THIS SECTION

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## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Peace, justice and strong institutions

### TARGETS 2024

# 100%

passed Product Integrity evaluation

# 30%

Board Diversity of 30% women

# 100%

of assigned employees have completed “Competition law” and “Fraud, Anti-Bribery and Corruption” e-learning training

### SUPPORTING POLICIES

- Competition Law Policy
- Anti-Corruption Policy
- Product Integrity Policy
- Code of Conduct
- Supplier Code of Conduct

See performance data on [p. 66](#)

# BUSINESS CONDUCT

Our value of decency is key to the way in which we conduct business. We have zero tolerance towards fraud, bribery, corruption, and anti-competitive behaviour. Our ambition is to act with decency, honesty and integrity and comply with applicable regulatory frameworks and the STARK Group Code of Conduct. 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 risks include dealing with suppliers and vendors involving unethical practices, dealing with third-party agents who conduct unethical business in foreign markets and the risk of aggressive or unethical sales and marketing tactics that involve offering inappropriate incentives in the form of gifts and entertainment.

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 is built around plan-do-check-act and 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.

In 2022/23, the Anti-corruption policy was reviewed and published on the STARK Group website with a clear link to the whistle-blower hotline. Leaders and employees are expected to act proactively regarding compliance questions, reporting issues, and addressing ethical concerns. Employees in relevant positions are trained in anti-fraud, bribery and corruption bi-annually. All relevant new employees were assigned the module in connection with onboarding.

We aim for our supplier code of conduct, manuals and due diligence activities to combat bribery and corruption and expect that advancements in technology and data analytics will enable higher transparency across our value chain to detect and prevent corruption more effectively. Our collaboration with Dunn & Bradstreet regarding the screening of suppliers for ESG and financial risk further supports this aspect.

Continues →



## SUPPORTING A COMPETITIVE ENVIRONMENT

At STARK Group, we welcome free and open competition with our zero-tolerance policy of anti-competitive practices. STARK Group complies with all applicable competition laws. We believe 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, networking, and dawn raids. The Competition Law Compliance Programme is structured like the Group Fraud, Anti-Bribery and Corruption Compliance Programme, and includes the four key elements for achieving an effective compliance programme. The training module “Competition Law” has a two-year cycle and was assigned to 38% of the total workforce in 2021/22. All relevant new employees were assigned the module in connection with onboarding.

## INTERNAL CONTROL PROCESSES

The Group Head of Internal Controls and Enterprise Risk Management works with local BU auditors to monitor financial and operational controls, risk and IT-specific issues within the Group Risk and Control Framework.

The control framework is built around plan-do-check-act with policies like the foundation, information gathering, verification and follow-up. Quality testing of controls and general control submissions are reported to local management and Group top management. These control assessments form the basis of our Enterprise Risk framework, including risk mitigating actions and follow-up on auditor findings. Control assessments are reported to the Audit Committee.

## WHISTLE-BLOWER PROCESS

STARK Group has an open-door policy that encourages employees to voice their concerns. If, for any reason, our employees are uncomfortable discussing their concerns with local management, the HR and Legal departments within each business unit are trained to handle such instances.

At STARK Group, we also have “Speak Up!” a confidential and anonymous whistleblower solution for all stakeholders to express their concerns without fear of retaliation. The Speak Up! System is referred to in our Code of Conduct, which is incorporated into all our Business Units and subsidiaries and available at <https://starkgroup.whistleblownetwork.net> or via a telephone hotline in the UK. 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 Executive Management and the Audit Committee, and the whistleblower process is a recurring item at all Audit Committee meetings. In the

past financial year, 32 cases were reported through the Speak Up! process, with four cases still open and under investigation. Fourteen of the 28 closed cases were dismissed after a preliminary investigation, while 11 cases were referred to the local Human Resources department. Three cases resulted in disciplinary actions.

## 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 STARK Group Remuneration Committee sets the overall direction of compensation and benefits. All reward decisions comply with Group guidelines as well as legislation.

The STARK Group executive remuneration has since 2021 been linked to STARK Group's sustainability performance to ensure focus and continuous progress on ESG topics. During 2022/23, executive remuneration has been linked to a third-party sustainability rating by EcoVadis, which scores performance within Environment, Labour & Human Rights, Ethics, Sustainable Procurement and Carbon Management. CO<sub>2</sub> management and reductions are a significant part of our EcoVadis rating. In 2023/24, the executive remuneration will be linked to the Group's scope 3 data foundation and reduction roadmap.

## THE BOARD OF DIRECTORS

On 31 July 2023, the Board of Directors comprised only 20% women and did not have an equal gender rep-

resentation. For more information, please refer to [p. 41](#) in the Diversity, Equity and Inclusion section.

## ESG LINKED LOAN

In January 2021, the acquisition of STARK Group by CVC Capital Partners Fund VII was partly financed by a sustainability-linked loan and a revolving credit facility, including an ESG margin ratchet that linked the loan's margin to our ability to meet our carbon emission reduction targets. Following the continued emission reductions aligned with the SBTi, we gained a reduction in interest costs of EUR 1m on our ESG-linked loan. The interest savings achieved through the ESG margin ratchet have been assigned to continued energy efficiency projects across the business units.



## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Peace, justice and strong institutions

### TARGETS 2024

# 100%

of assigned employees have completed “Personal Data Protection” e-learning training

### SUPPORTING POLICIES

- Records Management and Personal Data Protection Policy

See performance data on [p. 67](#)

# DATA ETHICS

We embrace digitalisation and the opportunities it brings. We are committed to high ethical standards when handling, using, and processing data and to supporting appropriate safeguards for protecting the 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 customer, employee, and vendor data but do not intend to trade data.

We have processes to protect data to avoid unwanted disclosure that may harm STARK Group’s business operations, partners, or other stakeholders. Our data processing agreement guideline sets clear requirements for third-party vendors and stakeholders to comply with data protection and ethics.

### PERSONAL DATA PROTECTION

STARK Group prioritizes data ethics in our GDPR Compliance efforts. We have undertaken a comprehensive system mapping and data deletion exercise to identify and ensure that both our legacy systems and the new data platform align with GDPR standards. Our proactive approach guarantees transparency, safeguards personal data, and demonstrates our commitment to privacy. In 2022/23, we established an internal IT team that will

continue to drive the focus on privacy, offering guidance and continuous training throughout the organization and fostering a culture of data protection awareness.

STARK Group processes personal data related to its employees, customers, and suppliers. Our “Records Management and Personal Data Protection Policy” governs this use of personal data. This policy is supported by a continuously developing and amended range of guidelines, processes and standard communication material to support all Business Units and 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.

### GDPR-COMPLIANT STARK IT PLATFORM

In 2022/23, STARK Group initiated a strategic digital transformation programme to advance to more efficient and smarter IT solutions for employees and customers. As part of this transformation, a data platform has been developed that is fully GDPR compliant. The platform enhances data security, ensures privacy for our customers and employees, and simplifies compliance with data protection regulations when used to build reporting, analytics, and applications. From a business perspective, this platform enables a unified view of data timely insights for informed decision-making and simplifies how we extract data from various source systems. In line with our commitment to ethical data management, the data platform minimizes data duplication. It promotes responsible data stewardship, benefiting the direct stakeholders and the wider community.

### E-LEARNING AND AWARENESS CAMPAIGNS

Awareness campaigns during 2022/23 included identifying personal data, data breaches, data subject requests, and handling and deleting unstructured data.

The eLearning module, “Personal Data Protection”, was assigned to 56% of the overall workforce, and the completion rate is currently above 92%.

### INFORMATION SECURITY

STARK Group is committed to supporting appropriate safeguards for protecting the confidentiality and integrity of information assets and their availability to support the business from various information security risks. The overarching Information Security Strategy ensures continuous progress and guidance for internal and external activities protecting our information assets. All operational sites apply our IT Policy, which is based on ISO 27000 best practices, and information security awareness is available on the STARK Intranet for all users in all business units.

STARK Group recognizes that cyberattacks have the potential to ultimately disrupt all our business activities. Therefore, STARK Group has initiated an Information Security Programme. This programme has so far included substantial investments in cutting-edge information security technologies, which have resulted in significant cost reductions, improved efficiency, and enhanced effectiveness. Implementation has been successful across STARK Group following robust collaborations with partners.

### INFORMATION SECURITY CONTROLS

The Information Security Framework implemented in 2022 includes various controls, including a monthly security operations compliance report for all registered PCs, continuous DMARC monitoring and penetration tests by external parties. All data subject requests received were responded to within the legal deadline of thirty days, and STARK Group is proud to have the highest Microsoft Secure Score of all companies in Denmark. An audit of general IT controls is performed annually by Deloitte.



## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Reduce  
Inequalities



Partnerships  
for the goals

### TARGETS 2024

The overall ambition for our tax management is to ensure that we pay the right amount of taxes at the right time and in the right place.

### SUPPORTING POLICIES

– Public Group Tax Policy

### COMMITMENTS / CERTIFICATIONS

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

# RESPONSIBLE TAX

Taxes constitute an important contribution to society and the sustainable development goals. STARK Group is dedicated to responsible tax practices and tax transparency.

The ambition for our tax management is to ensure that we pay the right amount of taxes at the right time and in the right place. 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 constitute a vital part and economic foundation of our ambitions to support the Sustainable Development Goals.

The Tax Impact Report is our way of showing our stakeholders how we are fulfilling our responsibilities. Combined with our values and Code of Conduct, the Tax Impact Report provides the basis for our approach to responsible tax affairs and our contributions to the local markets where we operate.

We have a public Tax Policy which states our approach to manage our tax affairs. This includes how we approach tax compliance and tax planning, as well as our governance. We have sound tax risk management and tax control framework, and our commitment to transparency underpins the importance that STARK Group allocates to responsible tax practices. In 2022/23 we renewed our public Tax Policy with the goal of simplifying it, and emphasizing our core principles and statements. We have also introduced an internal Operational Tax Policy throughout the organization, to further clarify our tax responsibilities and principles expected from employees at all levels.

### TAX RISK MANAGEMENT

STARK Group aims to manage tax risks proactively and, therefore, has formal procedures for this purpose. These procedures are based on i) maintaining an appropriate tax control framework, ii) having a system for identifying and controlling tax risks, and iii) monitoring and continuously improving the tax control framework. We believe having a tax control framework is key to ensuring timely detection, correct measurement, and control of tax risks. A range of specified controls are included and designed in our tax control framework. Such controls may include controls related to ensuring that all tax return filings and tax payments are made in a timely manner, confirming that all decisions impacting our total tax contributions have genuine business purposes and that any tax planning is deemed to be within the spirit of the law when subject to legislative interpretation.

Our focus on tax controls is an ongoing process, and we will continuously seek to improve the effectiveness of our framework, which also, for 2022/23, led to the introduction of several new tax controls and adjustments of existing controls intended to strengthen our ability to monitor and document compliance.

### TAX GOVERNANCE STRUCTURE

The Vice-chairman of the Board of STARK Group is ultimately responsible for the Group's tax affairs including preparation of- and compliance with our tax policies, while the Audit Committee oversees the implementation of STARK Group's tax policy and receives regular reports from the Group Head of Tax on the Group's tax affairs and risks.

The Group Chief Financial Officer (CFO) has the overall responsibility for the STARK Group's tax affairs, and is supported by the Group Head of Tax, who is responsible for the Group's tax management.

Alongside the Group Head of Tax, the local managements of business units in the various countries are responsible for managing tax compliance and tax risks as well as monitoring new legislation at local level.

### BEST IN CLASS TAX GOVERNANCE

We published our first Tax Impact Report covering 2021/22 in May 2023. The Tax Impact Report, based on the GRI 207 standard, shows STARK Group's total contribution of taxes for 2021/22 and to which jurisdictions those taxes were paid. After publication, STARK Group was ranked number 1 in Økonomisk Ugebrev's annual Tax Governance Rating for large unlisted companies with 11 points out of a possible 12. "We act sustainably, including when it comes to our tax affairs. For us, this means that STARK Group pays its fair share of tax wherever we operate, that we have strong governance around managing our tax affairs and that we are transparent in our approach to tax," says Emil Hartmann, Group Head of Tax. Our total tax contributions, details and progress on tax activities are presented in our Tax Impact Report 2022/23 available here:



[STARGROUP.DK/PUBLICATIONS](https://stargroup.dk/publications)



## HIGHLIGHTS

### SDG

Read more on [p. 72](#)



Partnerships  
for the goals

### TARGETS

- Engagement and partnerships with NGOs, educational institutions etc.
- Educative events

### SUPPORTING POLICIES

- Code of Conduct

### COMMITMENTS / CERTIFICATIONS



- UN Global Compact
- Business ambition for 1.5 campaign / Race to Zero

# CORPORATE CITIZEN

STARK Group wants to be an active corporate citizen supporting social sustainability in its 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 tradespeople and non-profit organisations within our industry and in a wide range of debates and workshops to promote sustainability.

#### THE STARK FOUNDATION SUPPORTS STUDENTS

In the STARK Foundation, we work to build a better future. We primarily support students in the timber industry who wish to enhance their skills, especially in connection with exchange programs and stays abroad. The foundation also donates funds to visionary and innovative projects which can contribute to the green transition, create value, and make a positive difference to society. In 2022/23, the STARK Foundation supported 48 students and eight projects.

#### ARCHITECTS WITHOUT BORDERS (AUG)

The STARK Foundation provided support to AUG through a donation to create a platform that promotes their volunteer efforts. With this donation, AUG organized an exhibition in front of BLOX in Copenhagen. This exhibition was designed to highlight the work of AUG and was strategically placed near one of the Sustainable Development Goals Pavilions at the UIA conference. This

exhibition garnered significant attention from various organizations and paved the way for potential collaborations. Notably, the exhibition frames are reusable and will be showcased at Denmark's largest sustainability event for the construction and architecture industry, Building Green.

#### YOUNG PEOPLE ACQUIRE NEW SKILLS TO ENTER THE LABOUR MARKET

STARK Denmark has established multiple partnerships with social enterprises and educational institutions to support efforts to help young people enter the labour market. In collaboration with Comeback, young people facing personal and societal challenges are engaged in constructing walkways (GENBRO) from reclaimed wood collected from construction sites through the GENTRÆ project.

We also work closely with TAMU, a labour market training program, to assist young individuals dealing with personal and social issues on their journeys back to employment. STARK Denmark provides recycled and sorted wood, which TAMU students transform into sheds, terrace covers, patio tiles, and benches after preparing the wood.

Another notable partnership is with FRAK, an organization that aids young people on the fringes of the

labour market in retaining part-time jobs. Through these collaborations, we contribute to environmental sustainability by recycling wood and also facilitate young people in gaining qualifications that open new opportunities for them in the job market.





# 04

## ESG PERFORMANCE DATA

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# ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

## ENVIRONMENT

GOVERNANCE, PROCESSES AND POLICIES	Unit	2022/23	2021/22	2020/21	Baseline 2020	
Formal environmental policy	(yes/no)	yes	yes	yes	yes	<a href="https://starkgroup.dk/sustainability/policies">https://starkgroup.dk/sustainability/policies</a>
Published Sustainability Report	(yes/no)	yes	yes	yes	yes	<a href="https://starkgroup.dk/newsroom/publications">https://starkgroup.dk/newsroom/publications</a>
Board of Directors oversight of climate-related risks	(yes/no)	yes	yes	yes	yes	See Sustainability governance <a href="#">p. 22</a>
Executive Management team oversight of climate-related risks	(yes/no)	yes	yes	yes	yes	See Sustainability governance <a href="#">p. 22</a>
Sustainability data provided to sustainability reporting frameworks	(yes/no)	yes	yes	yes	yes	Danish Financial Statements Act 99a, b, d, 107d, TCFD, EcoVadis, Nasdaq 2.0, UN Global Compact Communication on Progress (COP)
Company focus on specific UN Sustainable Development Goals (SDGs)	(yes/no)	yes	yes	yes	yes	See the Sustainable Development Goals <a href="#">pp. 25</a> and <a href="#">72-77</a>
Company sets targets and reports progress on the UN SDGs	(yes/no)	yes	yes	yes	yes	See the Sustainable Development Goals <a href="#">pp. 70</a> and <a href="#">72-77</a>
Company's sustainability disclosures are assured or validated by a third party	(yes/no)	yes	yes	yes	yes	See Auditor's Independent Assurance Report <a href="#">p. 80</a>

ENVIRONMENTAL	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
<b>Climate action</b>									
GHG Scope 1&2 (Absolute tCO <sub>2</sub> e)	tCO <sub>2</sub> e	93,992	98,173	99,381	116,586	-19.4%	16.8% reduction in scope 1 & 2	✓	The direct and indirect GHG emissions (scope 1 and 2) are reported in tonnes of CO <sub>2</sub> equivalents.
United Kingdom	tCO <sub>2</sub> e	52,231	53,019	53,808	54,596	-4%			
Germany & Austria	tCO <sub>2</sub> e	19,608	20,107	20,431	34,079	-42%			
Nordic	tCO <sub>2</sub> e	22,154	25,047	25,142	27,910	-21%			
Scope 1: Direct GHG emissions (GHG Protocol)	tCO <sub>2</sub> e	80,989	82,721	83,793	87,245	-7%			Direct greenhouse gas emissions are reported in metric tonnes of CO <sub>2</sub> 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).

Continues →



## ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
United Kingdom	tCO <sub>2</sub> e	52,095	52,786	53,478	54,169	-4%			
Germany & Austria	tCO <sub>2</sub> e	18,739	19,281	19,085	21,579	-13%			
Nordic	tCO <sub>2</sub> e	10,155	10,654	11,230	11,497	-12%			
Scope 2: Indirect GHG emissions – energy related (GHG Protocol, market-based inventory)	tCO <sub>2</sub> e	13,003	15,452	15,588	29,341	-56%			Indirect GHG emissions from purchased electricity and district heating: Scope 2 GHG emissions are reported in metric tonnes of CO <sub>2</sub> 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: <ul style="list-style-type: none"> <li>• Energy attribute certificates (GOs, PPAs, and similar)</li> <li>• Contracts (PPAs)</li> <li>• Supplier/Utility emission rates</li> <li>• Residual mix (RE-DISS)</li> </ul> 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.
United Kingdom	tCO <sub>2</sub> e	135	233	330	427	-68%			
Germany & Austria	tCO <sub>2</sub> e	869	827	1,346	12,501	-93%			
Nordic	tCO <sub>2</sub> e	11,999	14,393	13,913	16,413	-27%			
Scope 3: Indirect GHG emissions (Quantis inventory Spend-based method)	MtCO <sub>2</sub> e	-	-	-	11		5% reduction in scope 3		Scope 3 GHG emissions are reported in million tonnes of CO <sub>2</sub> equivalent. Scope 3 data is a combination of actual and calculated data. All scope 3 categories except cat. 6 and cat. 9 are calculated based on economic spend allocation and weight-based calculations according to the Quantis inventory method ( <a href="https://ghgprotocol.org/scope-3-evaluator">https://ghgprotocol.org/scope-3-evaluator</a> ) 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.

Continues →



## ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
Activity based scope 3 data:	tCO <sub>2</sub> e	40,199	44,821	49,430	52,649	-24%			The categories within scope 3 with actual data are cat. 6 Business travel and cat. 9 including vehicle fuel used for goods transport by third party (outsourced transportation). These activities are reported based on actual fuel consumed where available and based on the travel activity by air and rail.
Cat. 6 – Business travel	tCO <sub>2</sub> e	1,778	1,330	759	1,645	8%			Transportation of employees for business-related activities during the reporting year (in vehicles not owned or operated by the reporting company). Business travel by air and train travel kilometers are retrieved from travel agents and emissions are calculated based on DEFRA emission factors.
Cat. 9 – Downstream transportation and distribution	tCO <sub>2</sub> e	38,421	43,491	48,672	51,004	-25%			The total volume of fuel used by type (i.e., diesel or other) related to the transport of goods outsourced to a third party incl. transportation of goods from distribution centres to branches/locations, transportation related to picking up goods directly from a supplier, and transporting them to a distribution centre or to branches/locations, and delivery of goods to customers.
GHG emissions from building and equipment	tCO <sub>2</sub> e/mEUR revenue	3.7	3.7	4.1	6.3	-42%	16.8% reduction in scope 1 & 2	✓	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). The total revenue (mEUR revenue) includes estimated figures for STARK UK and Dach & Wand for all four years, using the same revenue as in 2023, due to lack of actual figures.
GHG emissions from transport	tCO <sub>2</sub> e/mEUR revenue	12.0	11.7	12.4	16.8	-28%	16.8% reduction in scope 1 & 2	✓	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 including (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)). The total revenue (mEUR revenue) includes estimated figures for STARK UK and Dach & Wand for all four years, using the same revenue as in 2023, due to lack of actual figures.
Location based electricity emissions	tCO <sub>2</sub> e	20,054	19,763	19,004	22,178	-10%			The location-based emissions for the total electricity consumption, which includes company-owned or leased electric vehicles and the owned/leased electric fleet, are calculated using the Production Mix specific to each Business Unit, sourced from the Association of Issuing Bodies (AIB).

Continues →



## ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
Market Based electricity emissions	tCO <sub>2</sub> e	10,618	12,671	12,755	26,451	-60%			The market-based emissions for the total electricity consumption, including company-owned or leased electric vehicles and the owned/leased electric fleet, are calculated using the residual mix specific to each business unit, sourced from the Association of Issuing Bodies (AIB).
Renewable electricity	%	65	61	53	35	30pp	50% renewable in 2024	✓	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.
Biogenic emissions	tCO <sub>2</sub> e	11,599	10,184	11,542	8,853	31%			Emissions data for direct CO <sub>2</sub> emissions from biologically sequestered carbon (e.g., CO <sub>2</sub> from burning biomass/biofuels). The GHG Protocol requires that biogenic emissions (CO <sub>2</sub> emissions from the combustion of biomass) are reported, but separately from the scopes. The requirement to report biogenic emissions separately only refers to CO <sub>2</sub> emissions from the combustion of biomass and not to the emissions of any other GHGs which are also emitted during combustion (CH <sub>4</sub> and N <sub>2</sub> O – these are reported under scope 1).
Calculation percentage scope 1&2 (Group)	%	67	11	33	-				The calculation percentage is reported for scope 1 and 2 carbon emissions. Calculations are expenditure-based and calculated using actual figures obtained from account postings, such as taking the monthly fuel expenditure and dividing it by the average fuel price from all the primary fuel invoices. Calculation methods have been assured.
United Kingdom	%	100	-	-	-				
Germany & Austria	%	25	18	79	-				
Nordic	%	28	4	4	-				
Total energy consumption (incl. outsourced transport)	1,000 MWh	689	695	713	746	-8%			The total energy consumed by STARK Group throughout the reporting period is determined by summing the primary energy sources, which include electricity, fuel for operations, and fuel for transportation. To ensure consistency, all data is converted into a standardized unit, MWh, using the conversion factors supplied by Defra. The total energy consumption includes both outsourced and personally owned or hired vehicles. However, it excludes business travel and refrigerants.



## ESG DATA AND PROGRESS ON TARGETS

On target ✓ Progress towards target → Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
Electricity	1,000 MWh	111	115	116	118	-7%			The total amount of on-site electricity (excluding the electricity consumed by plug-in hybrid and electric vehicles).
District heating	1,000 MWh	32	35	31	32	0%			The total amount of district heating consumed.
Natural gas	1,000 m3	3,627	4,273	3,932	4,569	-21%			The total amount of natural gas consumed.
Oil	1,000 l	1,006	993	1,105	1,211	-17%			The total amount of oil consumed.
LPG	1,000 l	1,779	1,636	1,488	987	80%			The total amount of LPG consumed.
Diesel (distribution & operations)	1,000 l	26,217	26,011	26,085	26,300	0%			The total amount of diesel, petrol and biofuel are reported for scope 1 including fuel for operations, company owned or leased vehicles and owned/leased vehicles. Biofuel includes the use of HVO, environmental diesel, ethanol and biogas.
Biofuel (distribution & operations)	1,000 l	812	673	552	380	114%			
Petrol (distribution & operations)	1,000 l	909	756	443	335	172%			
Electric forklift trucks (excl. UK)	%	82	78	-	-				The amount of electric forklift trucks as a percentage of the total amount of forklift trucks on a Group basis.
Trained sustainability specialists	no.	520	250	36	0				The percentage of STARK Groups' workforce that received sustainability training as a % of total employees as per the last day of the reporting year. This training is structured into three tiers: Foundational Sustainability Training: this tier covers e-learning modules such as FSC/PEFC, ISO 14001, and Supply Chain School (UK). Sustainability Ambassadors: these individuals are employees who have successfully completed the fundamental sustainability ambassador program. Sustainability Specialists: this category covers the individuals who have undergone the extended ambassador training program, as well as consultants and SMs.
Trained sustainability specialists	% of total employees	2.5	2.0	0	0	2.5pp	3% of employees trained as sustainability specialists	→	
Sustainability events held	% of total branches	55 (5%)	17 (3%)	0 (0%)	0 (0%)	5pp	10% of all branches held sustainability events annually	→	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.

Continues →



## ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
<b>Circularity and Ressource efficiency</b>									
Waste per revenue	(t/mEUR revenue)	5.2	5.1	5.3	6.7	-21%	20% waste reduction	✓	Waste is reported per net turnover in million EUR revenue (mEUR) and as absolute waste tonnage, split by hazardous waste (as defined by the European Waste Catalogue) and non-hazardous waste and further split by incinerated, landfilled and segregated for recycling, respectively.
Total waste	(1,000 tonnes)	44.8	46.1	44.5	45.5	-2%			Waste is reported per net turnover in million EUR revenue (mEUR) and as absolute waste tonnage, split by hazardous waste (as defined by the European Waste Catalogue) and non-hazardous waste and further split by incinerated, landfilled and segregated for recycling, respectively.
United Kingdom	(1,000 tonnes)	7.7	6.9	6.1	5.3	46%			
Germany & Austria	(1,000 tonnes)	17.2	16.1	13.5	16.7	3%			
Nordic	(1,000 tonnes)	14.7	17.5	19.1	17.6	-16%			
Waste divided in category									
Non-hazardous - recycled	(1,000 tonnes)	29.9	28.3	27.3	30.7	-3%			
Non-hazardous - landfilled	(1,000 tonnes)	2.9	3.8	4.8	5.2	-44%			
Non-hazardous - incinerated	(1,000 tonnes)	11.4	10.0	10.1	9.1	25%			
Hazardous - recycled	(1,000 tonnes)	0.1	0.0	0.0	0.1	34%			
Hazardous - landfilled	(1,000 tonnes)	0.3	0.2	0.3	0.0				
Hazardous - incinerated	(1,000 tonnes)	0.3	0.2	0.2	0.4	-14%			
% waste segregated for recycling	%	67	62	61	68	-1pp	80% waste segregated for recycling	←	Waste segregated for recycling is reported as a percentage of total waste.
United Kingdom	%	48	48	47	47	1pp			The total amount of on-site electricity (excluding the electricity consumed by plug-in hybrid and electric vehicles).
Germany & Austria	%	88	88	89	98	-10pp			
Nordic	%	59	59	56	52	7pp			
Water consumption	1,000 m3	2,175	2,214	2,239	2,266	-4%			The total water consumption of the Group covers all water withdrawn throughout the reporting period.

Continues →



## ESG DATA AND PROGRESS ON TARGETS

On target ✓ Progress towards target → Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
<b>% share of eco-labelled SKU's in stocked assortment</b>									
							Increase % SKU of eco-labelled product	→	3rd party verified eco-labelled SKU's and sales are reported as the percentage of 3rd party verified eco-labelled product SKUs in stocked assortment in relevant categories and the percentage of sales of 3rd party verified eco-labelled products in stocked assortment in relevant categories 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, Indoor Air comfort, Natureplus, Basta, Sundahus accepted levels: A, B, C+, Byggvarubedömningen accepted levels: Rekommenderas, Acceptoras.
STARK Danmark	%	16	-	-	-				
STARK Suomi	%	12	-	-	-				
Beijer Byggmaterial	%	24	-	-	-				
Neumann Bygg	%	35	-	-	-				
<b>% share of sales of eco-labelled products in stocked assortment</b>									
							Increasing % sale of eco-labelled products	✓	As accounting principles have been updated across all business units in 2023 for comparability, all data reported using different accounting principles have been removed.
STARK Danmark	%	35	-	-	-				
STARK Suomi	%	59	54	49	46	13pp			
Beijer Byggmaterial	%	73	-	-	-				
Neumann Bygg	%	25	7	-	-				
<b>Ecosystem protection</b>									
Environmental certified branches	% of branches	81	58	74	72				Total of ISO 14001 and Ecolighthouse (Norway) certified branches as a percentage of total branches in STARK Group as per last day of the reporting year (31/7).
Branches which are FSC certified	% of branches	78	39	39	39				Total of FSC certified branches as a percentage of total branches in STARK Group as per last day of the reporting year (31/7).
Branches which are PEFC certified	% of branches	82	48	48	48				Total of PEFC certified branches as a percentage of total branches in STARK Group as per last day of the reporting year (31/7).
<b>% share of certified FSC or PEFC timber-based products SKUs in stocked assortment</b>									
							Increasing % sale of certified timber products		The number of certified FSC and PEFC timber and timber-based stock keeping units (SKUs) in stocked assortment as a percentage (%) of total timber-based SKUs in stocked assortment during the reporting year. As accounting principles have been updated across all business units in 2023 for comparability, all data reported using different accounting principles have been removed.
STARK Danmark	%	87	89	88	90	-3pp			
STARK Suomi	%	40	-	-	-				
Neumann Bygg	%	95	94	94	93	2pp			
<b>% share of sales of timber-based FSC or PEFC certified products in stocked assortment</b>									
							Increasing % SKU of certified timber products		The percentage of total sale of timber-based products in stocked assortment comprised of FSC and PEFC certified products during the reporting year. As accounting principles have been updated across all business units in 2023 for comparability, all data reported using different accounting principles have been removed.
STARK Danmark	%	95	95	95	93	2pp			
STARK Suomi	%	78	-	-	-				
Neumann Bygg	%	95	94	-	-				



# ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

## SOCIAL

GOVERNANCE, PROCESSES AND POLICIES	Unit	2022/23	2021/22	2020/21	Baseline 2020	
Occupational health and/or global health & safety policy (yes/no)	(yes/no)	yes	yes	yes	yes	<a href="https://starkgroup.dk/sustainability/policies">https://starkgroup.dk/sustainability/policies</a>
Child and forced labour in policies and processes (yes/no)	(yes/no)	yes	yes	yes	yes	See Ethical Behaviour and Human Rights pp. 46–47 and <a href="https://starkgroup.dk/sustainability/policies">https://starkgroup.dk/sustainability/policies</a>
Human Rights in policies and processes (yes/no)	(yes/no)	yes	yes	no	no	See Ethical Behaviour and Human Rights pp. 46–47 and <a href="https://starkgroup.dk/sustainability/policies">https://starkgroup.dk/sustainability/policies</a>
Non-discrimination in policies and processes (yes/no)	(yes/no)	yes	yes	yes	yes	See Diversity, Equity & Inclusion pp. 41–42 and <a href="https://starkgroup.dk/sustainability/policies">https://starkgroup.dk/sustainability/policies</a>
Collective bargaining	(yes/no)	yes	yes	yes	yes	See Labour Rights <a href="#">p. 45</a>

SOCIAL	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
<b>Health &amp; Safety</b>									
Injury rate	per million worked hours	5.6	7.9	8.8	8.0	-30%	Injury rate: 5.7 per million worked hours	✓	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	per million worked hours	52.7	81.2	64.3	64.3	-18%	Lost workday rate: 40 per million worked hours	→	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.
Fatalities	headcount	0	0	0	0				Fatalities is the headcount number of work-related accidents leading to the death of the employee.
Branches which are ISO45001 certified	no. of branches	213	213	212	212				Total number of branches certified according to ISO 45001 at last day of reporting year (31/7).
	% of branches	21	40	48	52				Total of ISO 45001 certified branches as a percentage of total branches in STARK Group as per last day of the reporting year (31/7).

Continues →



# ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
<b>Diversity, Equity and Inclusion</b>									
Total number of employees	headcount	20,813							The number of employees (headcount) is reported as the number of headcounts employed by STARK Group as per the last day of the reporting period including 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 and the STARK UK HR system.
United Kingdom	headcount	8,547							
Germany & Austria	headcount	5,879							
Nordic	headcount	6,387							
Gender (% women)	% women	21	25	22	22	-1	25% women in total	←	The number of women divided by the total headcount reported as a percentage (%) as per the last day of the reporting year.
United Kingdom	% women	17	-	-	-				
Germany & Austria	% women	27	-	-	-				
Nordic	% women	22	-	-	-				
Management positions held by women	% women	15	16	16	15	0	20% women in management positions	←	Management positions are defined as any employee with direct reports. The percentage is calculated per the last day of the reporting year.
United Kingdom	% women	14	-	-	-				
Germany & Austria	% women	12	-	-	-				
Nordic	% women	16	-	-	-				
% women in additional management levels (managers who refer to executive committee with manager responsibilities)	% women	16	22	-	-		30% women in additional management levels	←	Additional management levels are defined as managers who refer to executive committee with manager responsibilities as defined in Danish Financial statements act 99b. The percentage is calculated per the last day of the reporting year (31/7/2023).
United Kingdom	% women	15	-	-	-				
Germany & Austria	% women	0	-	-	-				
Nordic	% women	23	-	-	-				
Executive Committee	% women	29	25	25	30	-1	30% women in the Executive Committee	←	STARK Group Executive Committee comprises of 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.
Executive Management team	% women	50	50	50	50	0	30% women in the Executive Management team	✓	
Board Diversity	% women	20	20	20	33	-13	30% women in the Board of Directors	←	Number of female board members divided by the total number of board members expressed as a percentage (%)

Continues →



## ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
<b>Age diversity (Group total)</b>									
0-29 years	%	18							The number of employees per age group (<30, 30-50, >50) is reported as the percentage of total headcounts employed by STARK Group as per the last day of the reporting period (31/7) and includes permanent, temporary, and seasonal employees.
30-49 years	%	46							
50+ year	%	37							
<b>Seniority (Group total)</b>									
United Kingdom	years	9.9							Average number of years an employee has been employed within the company (excluding newly acquired companies who have not yet been integrated into our HR system).
Germany & Austria	years	12.3							
Nordic	years	8.7							
<b>Engagement &amp; Development</b>									
STARK Group employee engagement survey score (satisfaction & motivation)	score	74	74	74	75	-1	Satisfaction and motivation score: 76	←	An annual employee engagement survey is made through Enova resulting in a satisfaction and 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.
Employee engagement survey score (loyalty)	%	80	80	83	-	Loyalty score: 82	←		
Employee Net Promotion Score		27							
Employee engagement survey participation rate (%)	%	82	83	81	91		A high survey participation rate of 85%	←	
Active e-learning modules	modules	487	450	283	-				Number of active modules completed through Eloomi
Training hours completed	hours	37,652	44,487	26,476	-				The cumulative training hours, including online training via Eloomi, the Language platform, and training conducted through People Point. The training hours via Eloomi were calculated, assuming an average course duration of 20 minutes each.



## ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
<b>Ethical Behaviour and Human Rights in the Supply Chain</b>									
Suppliers required to follow a Code of Conduct	(yes/no)	yes	yes	yes	yes				
Suppliers passed Product Integrity evaluation	%	100	100	100	100		100% passed product integrity evaluation	✓	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.
New targeted suppliers who have signed legal terms and conditions, including fulfilment of STARK Group's Code of Conduct	%	100	100	100	-				Suppliers committed to the STARK Group Supplier Code of Conduct as a the percentage of contracts entered during the reporting year. The supplier's commitment is based on a signed contract as the Supplier Code of Conduct is an integral part of the standard legal terms.
Number of passed onsite supplier audits		0/0	0/0	0/0	0/0		100% of audits passed	✓	No. of onsite audits passed / no. of onsite audits conducted
Number of passed EUTR evaluations		1/1	17/17	0/0	0/0				No. of EUTR evaluations passed / no. of EUTR evaluations conducted
No. of suppliers with ESG risk score	number	5,097	pilot system launched	-	-				Total no. of suppliers in Sourcing BI cube with an ESG risk score from D&B
% spend covered by ESG risk score	%	45	-	-	-				% of total spend in Sourcing BI Cube with and ESG risk score from D&B
% of supplier covered by ESG risk score	%	31	-	-	-				% of supplier in Sourcing BI Cube with and ESG risk score from D&B
Average ESG risk score	score	2.4	-	-	-				Average ESG risk score per spend
No. of suppliers with "5=High Risk" ESG score	number	163	-	-	-				Number of suppliers with ESG ratings with a rating of 5 "high risk"
% of suppliers with "5=High Risk" ESG score	%	3	-	-	-				% of suppliers with ESG ratings with a rating of 5 "high risk"
Average supplier Environment risk score	score	2.9	-	-	-				Average E risk score per spend
Average supplier Social risk score	score	1.2	-	-	-				Average S risk score per spend
Average supplier Governance risk score	score	2.6	-	-	-				Average G risk score per spend

Continues →



# ESG DATA AND PROGRESS ON TARGETS

On target ✓

Progress towards target →

Behind target ←

## GOVERNANCE

GOVERNANCE, PROCESSES AND POLICIES	Unit	2022/23	2021/22	2020/21	Baseline 2020	
Board Independence	(yes/no)	no	no	no	no	See Diversity, Equity & Inclusion pp. 41-42
Incentivised Pay	(yes/no)	yes	yes	yes	no	See Business Conduct pp. 49-50
Tax Impact Report	(yes/no)	yes	no	no	no	See Responsible Tax p. 52 and <a href="https://starkgroup.dk/newsroom/publications">https://starkgroup.dk/newsroom/publications</a>
Ethics and/or Anti-Corruption policy	(yes/no)	yes	yes	yes	yes	<a href="https://starkgroup.dk/sustainability/policies">https://starkgroup.dk/sustainability/policies</a>

GOVERNANCE	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles	
<b>Business Conduct</b>										
E-learning module "Fraud, Anti-Bribery and Corruption"										
assigned to	% of total workforce	42	42	30	-				Employees in relevant positions are trained within anti-fraud, -bribery and -corruption. 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. The e-learning module "Fraud, Anti-Bribery and Corruption" and "Competition Law" has a two-year cycle. All relevant new employees have been assigned the modules in connection with onboarding.	
completion	%	93	93	90	-					
E-learning module "Competition Law"										
assigned to	% of total workforce	38	38	23	-					
completion	%	93	93	90	-					
Code of Conduct		Distributed in STARK UK	E-learning module launched for 100% employees	Training conducted in STARK DE	Distributed in STARK DE				Code of Conduct training is the completion rate of employees in scope for the Code of Conduct e-learning out of the total employee population in scope. The completion rate is based on completed modules in the e-Learning system as per the final day in the reporting year (31/7).	
Cases reported through Speak Up!	cases	32	5	12*	-				Whistleblower cases is the number of whistleblower cases recorded the SpeakUp! whistle blower system during the year irrespective of whether the reporter is internal or external. Whistleblower cases do not include cases reported via other channels such as through managers or the Human Ressource department. *Since 2019.	

Continues →



# ESG DATA AND PROGRESS ON TARGETS

On target ✓ Progress towards target → Behind target ←

	Unit	2022/23	2021/22	2020/21	Baseline 2020	Development since baseline	2024 Target	Performance	Accounting principles
<b>Responsible Tax</b>									
Tax Impact Report	(yes/no)	yes	no	no	no		Publish Tax Impact Report	✓	Tax contributions, details and progress on tax activities are presented in our Tax Impact Report: <a href="https://starkgroup.dk/newsroom/publications">https://starkgroup.dk/newsroom/publications</a>
<b>Data Ethics</b>									
E-learning module "Personal Data Protection"									
assigned to	% of total workforce	56	56	82	-				Employees in relevant positions are trained within personal data protection. The Personal Data Protection 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. The e-learning module "Personal Data Protection" has a two-year cycle. All relevant new employees have been assigned the modules in connection with onboarding.
completion	%	92	93	54	91	100% of assigned employees have completed "Personal Data Protection" training	→		



# ACCOUNTING FRAMEWORK AND READERS GUIDE

STARK Group's sustainability report is aligned with the requirements of EU Directive 2014/95/EU and Sections 99a, 99b, 99d and 107d of the Danish Financial Statements Act. Please refer to the reader's guide for references (p. 69). 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. Accounting principles related to specific KPIs are available in the section ESG Data and Progress on Target ([pp. 55-67](#)) Acquisitions (where fully owned unless otherwise stated) are included as soon as the data becomes available but no later than 12 months after the approved acquisition. 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 per the STARK Group's financial reporting year (1 August – 31 July). All performance data in this report refers to full financial reporting years.

## CHANGES TO THE ESG PERFORMANCE DATA 2022/23

### Acquisitions and carbon base year recalculation

In 2021/22, six acquisitions comprising 22 branches were made but were not included in the 2021/22 reporting due to less than six months of ownership. All data from these acquisitions has been included in the 2022/23 data.

In 2022/23, STARK Group made five new acquisitions comprising 659 branches, of which 634 were part of Saint Gobain Building Distribution UK (now STARK UK). All STARK UK branches have been included in the 2022/23 data, as there was good data availability and due to the high impact on total carbon emissions. The seven branches associated with one acquisition in STARK Deutschland have not been included in 2022/23 but will be included in the 2023/24 data reporting. A record is kept for all acquired branches stating from which date data is available and included in reporting.

Carbon emissions data covering the newly acquired branches has been included for a full 12-month period regardless of the shorter ownership period. Where carbon emission data is included, this data is also included in absolute terms in the base and previous year recalculation, triggered by a cumulative change of 55% in total scope 1 and 2 emissions according to our carbon base year recalculation principles.

### Environmental reporting and control process

Energy, refrigerants, waste, and water consumption are reported according to the STARK Group environmental data reporting manual, updated annually. The manual helps secure our internal data assurance before sign-off by the respective accountable managers. A clear explanation is required for any data which deviates 10% or more from the previous year. Submitted data from business units is validated and sense-checked through 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

We conduct our greenhouse gas accounting in accordance with the GHG Protocol. We use the operational control approach for 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 emissions in CO<sub>2</sub> equivalents (tCO<sub>2</sub>e). Emissions from purchased electricity are calculated by applying the market-based approach, multiplying the industry emission factor (RE-DISS Residual European Mix) by the electricity consumption for the period where renewable electricity certificates have not been purchased. Biogenic CO<sub>2</sub> emissions are reported separately in the ESG performance table.

Reports are set up to calculate scope 1, scope 2 and intensity measures (per million EUR revenue). STARK Group Finance provides revenue data in local currencies and EUR for the equivalent reporting period and organisational scope. Where ownership is less than 12 months,

Finance data is extrapolated for a full 12-month period to be directly comparable to 12-month carbon data. Fixed FX rates as of baseline 2020 are used (DKK 7.46, SEK 10.56, NOK 9.69, UK 1.12).

### Carbon base year recalculation principles

STARK Group's base year and subsequent year inventories are adjusted for acquisitions and divestments according to guidance outlined 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 GHG protocol. Similarly, current-year emissions are recalculated for the entire year to maintain consistency with the base-year recalculation. STARK Group includes data as soon as quality data is available. If six months of actual data is unavailable, the recalculation may be carried out in the following year if it does not exceed 12 months after the date of acquisition.

STARK Group's base year inventory and inventories 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 % or more in STARK Group's total base year emissions (total of scope 1 and 2). The assessment of the cumulative change is 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 is 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 data point, as energy efficiency initiatives are 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 is obtained. Actual STARK UK 2020 baseline data has been obtained from the UK sustainability department.

### Carbon data accuracy and comparability

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

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

The calculation percentage of our scope 1 and 2 carbon emissions during 2022/23 are 4% in the Nordics, 49% in Germany & Austria and 100% in the STARK UK. The

high calculation percentage in STARK UK is due to a lack of actual consumption data for fuel and natural gas. Electricity data for the UK is obtained from actual consumption figures but because STARK UK relies entirely on renewable electricity certificates, emissions are zero. Therefore, this specific figure is not taken into consideration. All other scope 1 and 2 data are spend-based and calculated using actual figures obtained from account postings, such as taking the monthly fuel expenditure and dividing it by the average fuel price from all the primary fuel invoices. In cases where brands are not listed in the central accounts file, previous data from SECR reporting has been employed for a similar timeframe, depending on data availability.

The same applies to the 31pp increase in calculation in Germany & Austria, which is driven by spend-based data in newly acquired branches. Calculation methods have been assured. The total average calculation percentage for STARK Group 2022/23 scope 1 and 2 data is 67%, which is a 56pp increase from 2021/22.

### 12-month normalised intensity data – United Kingdom

In our financial reporting, we only include revenue numbers for entities in the actual period of ownership. As described above, ESG data is reported in full 12-month cycles. To ensure the accuracy of reported intensity numbers, we have established an accounting principle to normalise financial revenue numbers to correspond to the ESG data. To normalise financial data, we calculate an average monthly revenue based on the ownership period and apply this to achieve a full 12-month normalised revenue number for intensity calculations. The normalised revenue numbers are only used for calculation purposes.

### Disclosure requirements according to §99a, 99b, 99d and 107d of the Danish Financial Statements Act

Disclosure requirements		Policies, risks, processes, actions, and future expectations	Performance data
Business model		Group strategy and business model <a href="#">pp. 15-17</a> Our role in the value chain <a href="#">p. 24</a>	ESG performance data <a href="#">pp. 55-67</a>
99a	Environment and Climate	Double materiality assessment <a href="#">pp. 19-20</a> Climate action <a href="#">pp. 28-31</a> Circularity & resource efficiency <a href="#">pp. 32-34</a> Ecosystem protection <a href="#">pp. 35-36</a>	
	Own workforce	Double materiality assessment <a href="#">pp. 19-20</a> Health & safety <a href="#">pp. 38-40</a> Diversity, equity & inclusion <a href="#">pp. 41-42</a> Employee engagement & competence development <a href="#">p. 43</a> Labour rights <a href="#">p. 45</a>	
	Human Rights	Double materiality assessment <a href="#">pp. 19-20</a> Ethical behaviour & human rights in the supply chain <a href="#">p. 46</a>	
	Anti-bribery & corruption	Double materiality assessment <a href="#">pp. 19-20</a> Business conduct <a href="#">pp. 49-50</a>	
99b	Diversity in management	Diversity, equity & inclusion <a href="#">pp. 41-42</a>	
	Diversity in Board of Directors	Diversity, equity & inclusion <a href="#">p. 42</a> Business conduct <a href="#">p. 50</a>	
99d	Data Ethics	Data ethics <a href="#">p. 51</a>	
107d	Diversity & Inclusion Policy	Sustainability framework, policies and supporting targets <a href="#">p. 70</a>	



# SUSTAINABILITY FRAMEWORK, POLICIES AND SUPPORTING TARGETS

	Supporting policies	Commitments / certifications	Targets (Target period 2020-2024)	Supported SDG's
<b>E</b> <b>ENVIRONMENT</b>	<b>Climate change</b> <ul style="list-style-type: none"> <li>- Environmental &amp; Climate Policy</li> <li>- Sustainability Policy</li> <li>- Responsible Timber Policy</li> <li>- People Policy</li> <li>- Supplier Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- Science Based Targets 2030</li> <li>- Net Zero 2050 commitment</li> </ul>	<ul style="list-style-type: none"> <li>-16.8% reduction of absolute scope 1 &amp; 2 GHG emissions</li> <li>-16.8% reduction of CO<sub>2</sub>e emissions from buildings and equipment</li> <li>-16.8% reduction of CO<sub>2</sub>e emissions from transport</li> <li>-5% reduction of absolute scope 3 GHG emission</li> <li>-50% actively sourced renewable electricity</li> <li>-10% of branches offer customers sustainability events annually</li> <li>-3% of employees trained as sustainability specialists</li> </ul>	 
	<b>Circularity &amp; resource efficiency</b> <ul style="list-style-type: none"> <li>- Environmental &amp; Climate Policy</li> <li>- Sustainability Policy</li> <li>- Supplier Code of Conduct</li> <li>- Code of Conduct</li> <li>- Product Integrity Policy</li> <li>- Sustainability Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Science Based Targets 2030</li> <li>- Net zero 2050 commitment</li> </ul>	<ul style="list-style-type: none"> <li>- 20% waste reduction</li> <li>- 80% waste segregated for recycling</li> <li>- Increasing % third-party verified eco-labelled product SKUs and sales</li> <li>- 100% passed EUTR evaluation</li> <li>- 100% passed Product Integrity evaluation</li> </ul>	
	<b>Ecosystem protection</b> <ul style="list-style-type: none"> <li>- Sustainability Policy</li> <li>- Environmental &amp; Climate Policy</li> <li>- Responsible Timber Policy</li> <li>- Supplier Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- FSC-certified 78% coverage</li> <li>- PEFC-certified 82% coverage</li> <li>- ISO14001/ Ecolighthouse 81% coverage</li> </ul>	<ul style="list-style-type: none"> <li>- Increasing % FSC and PEFC certified timber SKUs and sales</li> </ul>	
<b>S</b> <b>SOCIAL</b>	<b>Health &amp; safety</b> <ul style="list-style-type: none"> <li>- Health &amp; Safety Policy</li> <li>- People Policy</li> <li>- Human Rights Policy</li> <li>- Supplier Code of Conduct</li> <li>- Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- Vision Zero</li> <li>- People Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Reduce injury rate to 5.7 per million worked hours</li> <li>- Reduce lost workday rate to 40 per million worked hours</li> </ul>	
	<b>Diversity, equity &amp; inclusion</b> <ul style="list-style-type: none"> <li>- Diversity, Equity &amp; Inclusion Policy</li> <li>- People policy</li> <li>- Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- Gender Diversity Pledge (DK)</li> <li>- German Diversity Charter "The Charta der Vielfalt" (DE)</li> <li>- Diversity Charter (SE)</li> </ul>	<ul style="list-style-type: none"> <li>- 25% of women in total</li> <li>- 20% of women in management positions</li> <li>- 30% of women in Executive Committee</li> <li>- 30% of women in Board of Directors</li> </ul>	 
	<b>Employee engagement &amp; competence development</b> <ul style="list-style-type: none"> <li>- People Policy</li> <li>- Diversity, Equity &amp; Inclusion Policy</li> <li>- Human Rights Policy</li> <li>- Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- UN guiding principles on business and human rights</li> </ul>	<ul style="list-style-type: none"> <li>- Employee satisfaction and motivation score of 76</li> <li>- Employee loyalty score of 82</li> <li>- Survey participation rate of 85%</li> </ul>	



	Supporting policies	Commitments / certifications	Targets (Target period 2020-2024)	Supported SDG's
<b>Labour rights</b>	<ul style="list-style-type: none"> <li>- People policy</li> <li>- Health and Safety Policy</li> <li>- Supplier Code of Conduct</li> <li>- Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- ILO fundamental rights at work</li> </ul>		 
<b>Ethical behaviour &amp; human rights in the supply chain</b>	<ul style="list-style-type: none"> <li>- Human Rights Policy</li> <li>- People policy</li> <li>- Product Integrity Policy</li> <li>- Records Management and Personal Data Protection Policy</li> <li>- Anti-Corruption Policy</li> <li>- Sustainability Policy</li> <li>- Supplier Code of Conduct</li> <li>- Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- UN Guiding Principles on Business and Human Rights</li> <li>- International labour standards as defined by the International Labour Organisation (ILO)</li> </ul>	<ul style="list-style-type: none"> <li>- 100% of contracts passed Product Integrity process</li> </ul>	   
<b>Business conduct</b>	<ul style="list-style-type: none"> <li>- Anti-Corruption Policy</li> <li>- Product Integrity Policy</li> <li>- Supplier Code of Conduct</li> <li>- Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>- UN Global compact</li> <li>- EcoVadis Platinum</li> </ul>	<ul style="list-style-type: none"> <li>- 100% of contracts passed Product Integrity process</li> <li>- All onsite supplier audits passed</li> <li>- 100% of assigned employees have completed "Competition law" and "Fraud, Anti-Bribery and Corruption" e-learning training</li> </ul>	
<b>Data ethics</b>	<ul style="list-style-type: none"> <li>- Records Management and Personal Data Protection Policy</li> </ul>		<ul style="list-style-type: none"> <li>- 100% of assigned employees have completed "Personal Data Protection" e-learning training</li> </ul>	
<b>Responsible tax</b>	<ul style="list-style-type: none"> <li>- Tax Policy</li> </ul>		<ul style="list-style-type: none"> <li>- Publish Tax Impact Report</li> </ul>	 
<b>Corporate citizen</b>	<ul style="list-style-type: none"> <li>- Sustainability Policy</li> <li>- Code of Conduct</li> <li>- Tax Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Business ambition for 1.5 campaign / Race to Zero</li> <li>- UN Global compact</li> </ul>	<ul style="list-style-type: none"> <li>- Engagement and partnerships with NGOs, educational institutions etc.</li> <li>- Educative events</li> </ul>	



**GOVERNANCE**



# THE SUSTAINABLE DEVELOPMENT GOALS

## HIGH CONTRIBUTION (SDG 12, 13 & 15)

UN SDG targets	Our direct contribution	Our 2024 targets
<p> <b>12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources</p>	<p>Support customer access to available Environmental Product Declarations (EPD) and product impact throughout the life cycle. Launching a new digital climate tool for customer product carbon reporting in Denmark and Sweden. The climate monitor provides customers and end-users with an overview of product climate impact and makes it easier to assess and compare product carbon data and to identify lower impact alternatives for building life cycle assessments (LCAs).</p> <p>Actively engage in relevant partnerships to support circularity in the construction industry.</p> <p>Focus on increasing recyclability and proportion of secondary materials in products and packaging.</p> <p>Being a partner of the Danish BUILDING GREEN conference to promote circular partnerships and low carbon solutions for sustainable construction</p> <p>Expand our team of sustainability specialists to 2.5% of employees to enable our local branches to provide sufficient advice in the field of sustainable construction</p> <p>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</p> <p>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.</p> <p>2nd Sustainability round table held in the European Supplier Program to discuss solutions and challenges to overcome together.</p>	<p>Increasing % third-party verified eco-labelled product SKUs</p> <p>3% of employees trained as sustainability specialists</p>
<p> <b>12.4</b> 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>	<p>Promotion of sustainable construction products, reducing hazardous substances and improving indoor climate and recyclability.</p> <p>Launched a product rating system according to DGNB ENV 1.2 criteria on STARK Denmark's webshop.</p> <p>Actively encourage suppliers to provide Environmental Product Declarations (EPD) and product impact throughout the life cycle.</p>	<p>Increasing % third-party verified eco-labelled product SKUs</p> <p>3% of employees trained as sustainability specialists</p>



UN SDG targets	Our direct contribution	Our 2024 targets
 <p><b>12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<p>Actively engage in relevant partnerships to support circularity in the construction industry.</p> <p>Focus on increasing recyclability and proportion of secondary materials in products and packaging.</p> <p>GENTRÆ concept has been expanded in Sweden and Finland.</p> <p>Partnering with Dewdrop Tiles to reduces waste and replaces the environmentally intensive production process of new tiles with upcycling existing resources.</p> <p>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.</p> <p>Continued partnership with Nacka vatten och avfall AB and Tørn to sell surplus building materials from retailers and industry.</p> <p>GENTRÆ continued collaboration with multiple partnerships to reuse collected reclaimed products from construction sites.</p>	<p>20% waste reduction</p> <p>80% waste segregated for recycling</p>
 <p><b>12.8</b> 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.</p>	<p>Help bring sustainable alternatives to public notice through product documentation and in-store information.</p> <p>Collaboration with trade organisations, politicians, NGO's to develop information material regarding sustainable building materials and choices.</p> <p>Ensure product documentation to fulfill public procurement and certification requirements regarding product impact throughout the lifecycle</p> <p>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.</p>	<p>3% of employees trained as sustainability specialists</p> <p>10% of branches offer customers sustainability events annually</p> <p>Increasing % FSC and PEFC certified wood SKUs"</p>
 <p><b>13.2</b> Integrate climate change measures into national policies, strategies and planning</p>	<p>Approval of our science based targets by SBTi and clear road map to net zero and continuously following progress in each initiative</p> <p>Net zero commitment 2050</p> <p>Advocate to customers, suppliers and competitors to join us in having Science Based Targets</p> <p>Inspirational talks held in UN Global Compact Climate Change Accelerator Programme to inspire more companies to join Science Based Targets.</p>	<p>16.8% reduction of absolute scope 1 &amp; 2 GHG emissions</p> <p>5% reduction of absolute scope 3 GHG emission</p> <p>50% actively sourced renewable electricity</p>



UN SDG targets	Our direct contribution	Our 2024 targets
 <p><b>15.1</b> 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.</p>	<p>Partnering with Preferred by Nature to gain assurance of product legality in compliance with the EU Timber Regulation and to assess the sustainability of forest resources.</p> <p>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.</p> <p>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.</p>	<p>Increasing % FSC and PEFC certified wood SKUs</p> <p>100% of contracts passed Product Integrity process</p> <p>100% pass rate of EUTR evaluations</p>
 <p><b>15.2</b> 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</p>	<p>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.</p> <p>Published Responsible Timber Policy</p>	<p>Increasing % FSC and PEFC certified wood SKUs</p> <p>Increasing % third-party verified eco-labelled product SKUs</p>
 <p><b>15.5</b> 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</p>	<p>Responsible Timber Policy including a target for increasing percentage of timber and timber products sold certified.</p> <p>Tempered hardwood products traded in STARK Group must be FSC or PEFC certified unless they originate from low-risk countries.</p> <p>Participation in Finnish PEFC working group for review of forest management standard.</p> <p>Having a board member in the FSC board of directors.</p> <p>Partnering with UPM, STARK Suomi to supports biodiversity research at the Natural Resources Institute Finland (Luke) and the University of Helsinki.</p> <p>Partnering with the organization PLANT-MY-TREE to contribute to sustainable forest management, afforestation and increasing biodiversity in Germany. In 2023 10.000 trees were planted Through partnership with STARK Deutschland.</p>	<p>Increase share of timber purchase that is FSC/PEFC certified</p>
 <p><b>15.B</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</p>	<p>Business units are members of FSC and PEFC organisations</p> <p>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</p>	<p>Increase share of timber purchase that is FSC/PEFC certified</p>



## MEDIUM CONTRIBUTION (SGD 4, 11 & 17)

UN SDG targets	Our direct contribution	Our 2024 targets
 <p><b>4.4</b> 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</p>	<p>All STARK Group business units offer a wide range of internships and apprentices</p> <p>All STARK Group employees are continuously trained to provide the best advice within sustainable product selection for our customer to make informed decisions.</p> <p>Expanding the leadership programme GROW@STARK to other Nordic business units and STARK Deutschland and STARK UK, after good experience in STARK Suomi, to promote internal upskilling to management level.</p>	<p>3% of employees trained as sustainability specialists</p> <p>10% of branches offer customer sustainability events annually</p>
 <p><b>11.6</b> 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</p>	<p>Using cleaner transport fuels such as HVO to reduce particle emissions in cities.</p> <p>Increase sales from products that help customers to create better, more sustainable home.</p> <p>Transition to electric forklift trucks to reduces particle pollution in yards and distribution centres, improving the air quality and the customers' and employees' health and safety.</p>	<p>16.8% reduction in absolute scope 1 &amp; 2 GHG emissions</p> <p>5% reduction in absolute scope 3 GHG emissions</p> <p>50% actively sourced renewable electricity</p> <p>20% waste reduction</p> <p>80% waste segregated for recycling</p>
 <p><b>17.17</b> Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<p>Working close with the labour market training program, TAMU, to assist young individuals dealing with personal and social issues in their journey back to employment.</p> <p>The STARK Foundation provided support to AUG through a donation to create a platform that promotes their volunteer efforts.</p> <p>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 ).</p>	



## LOW CONTRIBUTION (SDG 3, 5, 7, 8, 10 & 16)

UN SDG targets	Our direct contribution	Our 2024 targets
 <p><b>3.8</b> Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>	<p>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.</p> <p>Performing annual branch audits to ensure compliance with national regulations and internal health and safety standards while prioritizing the well-being of our employees.</p>	<p>Reduce injury rate to 5.7 per million worked hours</p> <p>Reduce lost workday rate to 40 per million worked hours</p>
 <p><b>5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>	<p>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.</p> <p>DE&amp;I priorities are reflected and integrated into our key people processes and approaches, including, Recruitment, Hiring and Selection, Training &amp; Development, Succession, Leadership and Rewards.</p>	<p>25% women in total</p> <p>20% women in management positions</p> <p>30% women in Executive Management team</p> <p>30% women in Board of Directors</p>
 <p><b>7.3</b> By 2030, double the global rate of improvement in energy efficiency</p>	<p>Approved science-based carbon reduction targets and net zero road map</p> <p>Promote energy-efficient products</p>	<p>16.8% reduction in absolute scope 1 &amp; 2 GHG emissions</p> <p>5% reduction in absolute scope 3 GHG emissions</p> <p>50% actively sourced renewable electricity</p> <p>3% of employees trained as sustainability specialists</p> <p>10% of branches offer customer sustainability events annually</p>
 <p><b>8.4</b> 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</p>	<p>Responsible sourcing of all timber and timber-based products.</p> <p>Wide product range of FSC/PEFC certified timber and timber-based products.</p> <p>Wide assortment of products to fulfil energy efficiency requirements.</p> <p>Sourcing of wide range of eco-labelled products.</p> <p>Focus on increasing recyclability and proportion of secondary materials in products.</p>	<p>Increase share of timber purchase that is FSC/PEFC certified</p> <p>Increase share of sales that are 3rd party verified eco-labelled products</p> <p>3 % of employees trained as sustainability specialists (incl. key positions in sourcing)</p>



UN SDG targets	Our direct contribution	Our 2024 targets
 <p><b>10.4</b> Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality</p>	<p>The value of equal opportunity is embedded in the way we do business and retain talent groupwide.</p> <p>We have established an equal pay project group to carry out an investigation to ensure equal pay for equal work</p> <p>Diversity, Equity and Inclusion (DE&amp;I) Council, which meets quarterly.</p> <p>In 2022 /23, the first Diversity, Equity &amp; Inclusion Policy was published, outlining the expectations for all employees and making the foundation of all guidelines and procedures regarding rights and responsibilities concerning diversity, equity and inclusion.</p>	<p>25% women in total</p> <p>20% women in management positions</p> <p>30% women in Executive Management team</p> <p>30% women in Board of Directors</p>
 <p><b>16.2</b> End abuse, exploitation, trafficking and all forms of violence against and torture of children</p>	<p>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.</p> <p>By encouraging our suppliers to meet ethical and environmental standards and through our Supplier Code of Conduct and training for colleagues.</p> <p>Integrating a third-party ESG screening through D&amp;B ESG Intelligence of all suppliers into our Sourcing business intelligence system, enabling colleagues to view supplier ESG scores alongside financial risks.</p> <p>Completed the UN Global Compact Business &amp; Human Rights Accelerator Programme</p> <p>“Speak Up!” is a confidential and anonymous whistleblower process for all stakeholders to express their concerns without retaliation.</p>	<p>100% of all new contracts pass Product integrity evaluation process</p>
 <p><b>16.5</b> Substantially reduce corruption and bribery in all their forms</p>	<p>Training module “Fraud, Anti-Bribery and Corruption” assigned to relevant employees</p> <p>“Speak Up!” is a confidential and anonymous whistleblower process for all stakeholders to express their concerns without retaliation.</p>	<p>100% of targeted suppliers signed Supplier Code of Conduct</p>
 <p><b>16.6</b> Develop effective, accountable and transparent institutions at all levels</p>	<p>“Speak Up!” is a confidential and anonymous whistleblower process for all stakeholders to express their concerns without retaliation.</p>	<p>100% of targeted suppliers signed Supplier Code of Conduct</p>



# REPORTING ACCORDING TO RECOMMENDATIONS OF THE TCFD

We have incorporated the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In the table below, we refer to relevant sections of the report to learn more.

Recommendation	Our disclosure in brief	Learn more
<p><b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities.</p>	<p>Our Group Executive Committee (Excom) functions as our Sustainability Advisory Board, which has ultimate responsibility for risk management, including climate-related risks.</p> <p>Together with the Group Head of Sustainability, Excom is responsible for the organisation's sustainability framework, targets, and progress. Excom reviews sustainability risks, opportunities and performance against targets biannually and reports to the board.</p> <p>Climate-related risks have been integrated into the double materiality assessment and the enterprise risk management system going forward.</p>	<p>Double Materiality Assessment, <a href="#">pp. 19–20</a> Sustainability Governance Model, <a href="#">p. 22</a></p>
<p><b>Strategy</b> 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>	<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>Strategy and materiality, <a href="#">pp. 14–25</a> Climate Action, <a href="#">pp. 28–31</a></p>
<p><b>Risk management</b> Disclose how the organisation identifies, assesses and manages climate-related risks.</p>	<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 2022/23, we have supplemented our product information management system with carbon data for a wide range of products and will continue improving our initial scope 3 screening. We have worked with our suppliers to get access to carbon data and improve data quality and have linked executive remuneration to our scope 3 data availability for 2023/24. Becoming increasingly data-driven on our scope 3 emissions will enable us to make informed decisions and further reduce the carbon impacts of material production, use and end-of-life of our products, which comprise roughly 99 % of our total carbon emissions.</p> <p>During 2022/23, selected climate-related risks and opportunities have been discussed in Excom and reported to the board.</p>	<p>Double Materiality Assessment, <a href="#">pp. 19–20</a> Sustainability Governance Model, <a href="#">pp. 22</a> Climate Action, <a href="#">pp. 28–31</a></p>
<p><b>Metrics and targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<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. We have 15 climate action related KPI's which are published annually as part of our ESG performance data.</p> <p>Furthermore, our contribution to the UN Sustainable Development Goals and the ten principles of the UN Global Compact are disclosed.</p>	<p>Climate Action, <a href="#">pp. 28–31</a> ESG data and progress on targets, <a href="#">p. 55</a> Sustainability framework, policies and supporting targets, <a href="#">p. 70</a> The Sustainable Development Goals, <a href="#">pp. 72–77</a></p>



# STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board has today considered and approved the Sustainability Report (“the Report”) of STARK Group A/S for the financial year 1 August 2022 – 31 July 2023.

The ESG performance data in the Sustainability Report for 2022/23 on [pp. 55-67](#) has been prepared in accordance with the environmental, social and governance accounting policies stated on [pp. 55-69](#).

In our opinion, the Report gives a true and fair presentation of STARK Group A/S’ sustainability activities and results of the Group’s sustainability efforts in the reporting period, as well as a balanced presentation of STARK Group A/S’ environmental, social and governance performance in accordance with the stated accounting policies.

Copenhagen, 27 November 2023

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## BOARD OF DIRECTORS

**SØREN VESTERGAARD-POULSEN**  
Chair

**CHRISTOFFER HELSENGREEN SJØQVIST**  
Co-chair

**PHILIP BENDORFF RØPCKE**

**SØREN PESCHARDT OLESEN**

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## EXECUTIVE BOARD

**SØREN PESCHARDT OLESEN**  
CEO

**SISSE FJELSTED RASMUSSEN**  
CFO

**SISSE FJELSTED RASMUSSEN**



# AUDITOR'S INDEPENDENT ASSURANCE REPORT

## TO MANAGEMENT AND BROADER STAKEHOLDERS OF STARK GROUP A/S

STARK Group A/S engaged us to provide limited assurance on the statement of Scope 1 and Scope 2 CO<sub>2</sub>e emissions performance for the year ended 31 July 2023, presented on [pp. 55-57](#) in the Sustainability Report of STARK Group A/S.

STARK Group has restated the baseline 2020 Scope 1 and 2 CO<sub>2</sub>e emissions for the year ended 31 July 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 and divested during 2022 and 2023. As part of our engagement to express a conclusion providing limited assurance, we have reviewed the restatement of the baseline for 2020, presented on [pp. 55-57](#) in the Sustainability Report of STARK Group A/S.

## MANAGEMENT'S RESPONSIBILITY

Management of STARK Group A/S is responsible for designing, implementing, and maintaining internal controls over information relevant to the preparation of the GHG emission data and information in the scope 1 and scope 2 CO<sub>2</sub>e emissions performance for the year ended 31 July 2023 including the restated baseline 2020 for Scope 1 and 2 CO<sub>2</sub>e emissions, ensuring they are free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting policies for the preparation of GHG

emissions data, for the overall content of the Sustainability Report, and for measuring and reporting the Scope 1 and Scope 2 CO<sub>2</sub>e emissions performance for the year ended 31 July 2023 including the restated baseline 2020 for Scope 1 and 2 CO<sub>2</sub>e emissions in accordance with the accounting policies on [pp. 55-57](#) and [68-69](#).

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagements on Greenhouse gas Statements, and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion. Greenhouse gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gasses.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Scope 1 and Scope 2 CO<sub>2</sub>e emissions performance for the year ended 31 July 2023 including the restated baseline 2020 for Scope 1 and 2 CO<sub>2</sub>e emissions is free from material misstatement, whether due to fraud or error, and prepared, in all

material respects, in accordance with the accounting policies;

- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the Management and broader stakeholders of STARK Group A/S.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

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.

## WORK PERFORMED

We are required to plan and perform our work in order to consider the risk of material misstatement in the Scope 1 and Scope 2 CO<sub>2</sub>e emissions performance for the year ended 31 July 2023 including the restated baseline 2020 for Scope 1 and 2 CO<sub>2</sub>e emissions. To do so, we have:

- conducted interviews with data owners and internal stakeholders to understand the key processes and control activities for measuring, recording and reporting the GHG emissions data;
- performed limited substantive testing on a selective basis to check that data has been appropriately measured, recorded, collated and reported;
- performed analysis of data, selected based on risk and materiality;
- made inquiries regarding significant developments in the reported data;
- considered the presentation and disclosure of the Scope 1 and Scope 2 CO<sub>2</sub>e emissions performance the year ended 31 July 2023 including the restated baseline 2020 for Scope 1 and 2 CO<sub>2</sub>e emissions;
- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy outlined in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015); and
- evaluated the evidence obtained.



The restated baseline 2020 for Scope 1 and 2 CO<sub>2</sub>e emissions is stated and reported based on actual data and calculations. Due to lack of access to accurate energy consumption data covering activities from 1 August 2019 to 31 July 2020 for some of the branches acquired in 2022 and 2023, STARK has made assumptions and estimates for this data as described in [pp. 68-69](#) in the Report.

#### **OUR CONCLUSION**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the statement of Scope 1 and Scope 2 CO<sub>2</sub>e emissions performance for the year ended 31 July 2023 and the restated baseline 2020 for Scope 1 and Scope 2 CO<sub>2</sub>e emissions on [pp. 55-57](#) in the Sustainability Report, have not been prepared, in all material respects, in accordance with the accounting policies on [pp. 68-69](#).

Copenhagen, 27 November 2023

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No. 33 96 35 56

#### **Lars Siggaard Hansen**

State Authorised Public  
Accountant  
MNE no 32208

#### **Marie Voldby**

Lead Reviewer



We welcome views on our sustainability efforts and feedback from all our stakeholders on this report. Please send your feedback to [sustainability@starkgroup.dk](mailto:sustainability@starkgroup.dk)

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