



SUSTAINABILITY REPORT 2024

1 AUGUST 2023 – 31 JULY 2024



BUILDING FOR THE FUTURE

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 19,000 people working across 1,100 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 and 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 responsible 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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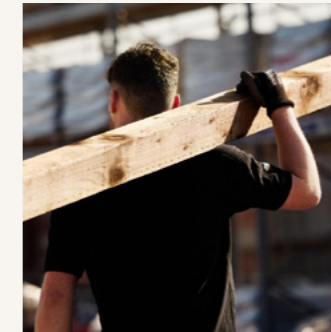
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DOUBLE MATERIALITY ASSESSMENT

Results of our preliminary 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 achievements within sustainability and our continued vision for the future.

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ABOUT THIS REPORT



This report covers the financial year from 1 August 2023 to 31 July 2024 (2023/24). It represents the statutory corporate social responsibility statement and the statutory data ethics statement of STARK Group as required according to EU Directive 2014/95/EU and Sections 99a and 99d of the Danish Financial Statements Act. Please refer to readers guide [p. 85](#). 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 and brands.



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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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LETTER FROM THE CEO

ESG DRIVING COMMERCIAL SUCCESS

SØREN P. OLESEN

Group CEO,
STARK Group A/S

During the past financial year, we have further pursued our ambition of achieving high ESG performance while ensuring that sustainability translates into commercial success.



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Letter from the CEO

As we conclude the financial year 2023/24, we also mark the end of our interim 2024 target period. We have successfully reduced our scope 1 and 2 emissions surpassing our interim target of in alignment to the 1.5-degree trajectory. This achievement marks a significant step towards our SBTi-validated near-term 2030 targets of reducing scope 1 and 2 emissions by 42%.

Recognising that the majority of our emissions lie within scope 3, we have refined our inventory methodology, utilising product specific data to assess our product-related emissions. Our new scope 3 inventory covers all our product categories and will be continuously refined going forward.

Continuing our journey within the SBTi framework, we reached the significant milestone of submitting our net zero targets, which we expect to be approved by early 2025.



In our pursuit of making sustainability commercially viable, we have launched a digital climate tool which we are preparing to implement across all our markets to help our customers make informed decisions and comply with new and emerging regulatory requirements”

COMMERCIALISING SUSTAINABILITY

In our pursuit of making sustainability commercially viable, we have launched digital climate tools in two of our markets. These tools compile product data to provide a comprehensive and easily accessible overview of the carbon footprint of building materials purchased from us, facilitating easier evaluation and selection of products and their alternatives. We are preparing to implement digital climate tools across all our markets to help our customers make informed decisions and comply with new and emerging regulatory requirements.

GROWING OUR PEOPLE AGENDA

Our commitment to safety and well-being has yielded positive results, with a reduction in injury rates and a strengthened focus on psychological safety and well-being. Engagement and loyalty among our people remains strong, and we continue to advance our people-focused initiatives.

The launch of our expanded DEI Council underscores our dedication to embedding diversity, equity, and inclusion across the Group.

WE WELCOME INCREASED TRANSPARENCY

Achieving our ambitious targets requires collaboration. We are working closely with customers and suppliers, and we rely on the support of the industry and regulators. As regulatory scrutiny intensifies, stakeholders expect more action and improved disclosures on key ESG issues.

We welcome the EU Corporate Sustainability Reporting Directive (CSRD) and are currently in the process of aligning our reporting to the European Sustainability Reporting Standards (ESRS), and we believe these will ensure a more balanced, transparent and consistent disclosure of sustainability information, as well as strengthen our sustainability governance and management. During the year, we have reviewed our preliminary double materiality assessment and will continue the development towards full CSRD compliance in 2026.

Despite 2024 being challenging from weak market demand and pressure on profitability, our commitment to sustainability has not wavered, and we have launched several new initiatives and made significant strides in our strategic priorities. We remain committed to the principles of the United Nations Global Compact and will continue to embed sustainability into our

business activities. Through focused efforts and collective action, we are committed to addressing the global challenges of our time.

SØREN P. OLESEN
CEO, STARK Group



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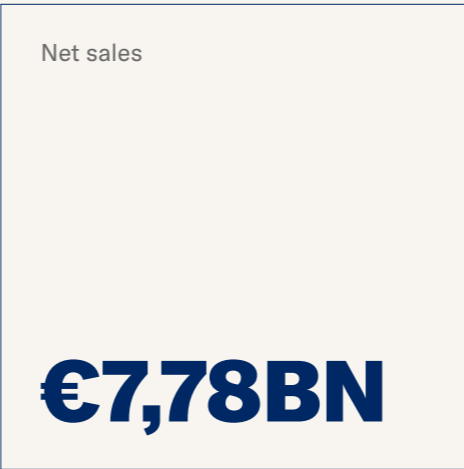
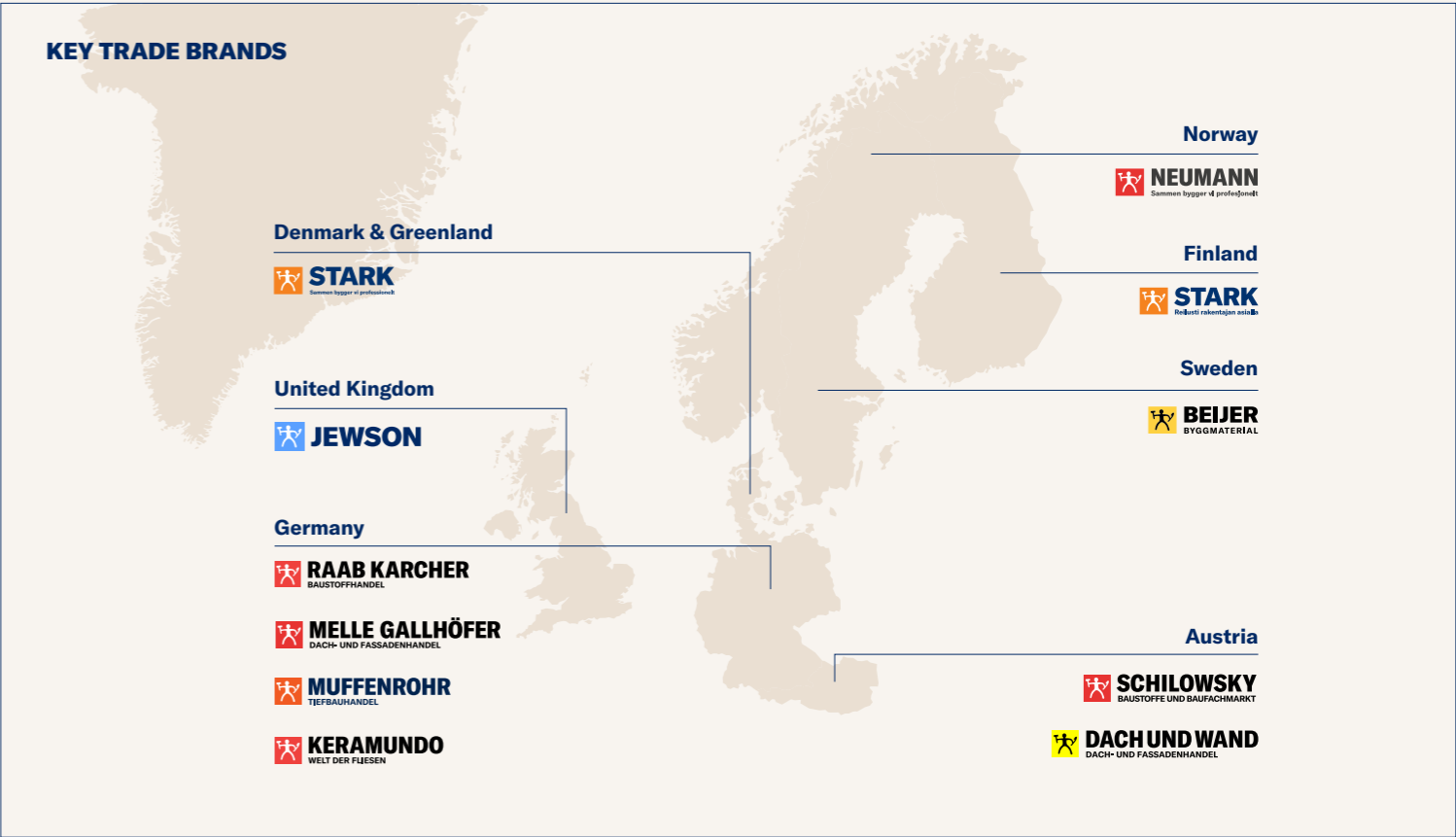
STARK Group at a glance

HARD WORK MADE EASIER

At STARK Group we live and breathe to remove hassle and make life easier for the more than 450,000 tradespeople that are our customers. We aim at bringing everything they need within easy reach. We empower our colleagues to offer eye-level service, and leverage our scale to benefit tradespeople.

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

WE BUILD OUR FUTURE BY HELPING OTHERS BUILD THEIRS



* Adjusted EBITDA is defined as EBITDA excluding non-recurring items. Non-recurring items are items of a material and exceptional nature which are adjusted for to provide a better understanding of the underlying performance of the Group



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ESG OVERVIEW

Environment
E **REDUCING OUR ENVIRONMENTAL IMPACT**

AMBITION

Best partner for building a net zero future

STRATEGIC GOALS

- Reduce carbon emissions from our own operations in line with the 1.5 °C trajectory
- Reach net zero across the value chain by 2050
- Deliver a future-fit product range
- Increase circularity and resource efficiency

READ MORE

[Environment](#)

Social
S **OUR SOCIAL RESPONSIBILITY**

AMBITION

An engaged workforce delivering exceptional service, advice, and product documentation to our customers

STRATEGIC GOALS

- Maintain a safe, engaged and inclusive workforce
- Offer digital climate tools to help customers
- Train salesforce as specialists in future-fit products
- Offer customer sustainability training and events
- Advance diligent supply chain governance and strategic sourcing
- Support human rights in the value chain

READ MORE

[Social](#)

Governance
G **OUR BUSINESS ETHICS**

AMBITION

A trusted partner to our stakeholders, committed to ethical corporate governance and accountable disclosure

STRATEGIC GOALS

- Enhanced disclosure
- Top performance on external ESG ratings
- Executive remuneration linked ESG performance to drive strategic priorities
- Leverage ESG performance to access capital
- Key resources trained in business ethics

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ESG PERFORMANCE HIGHLIGHTS

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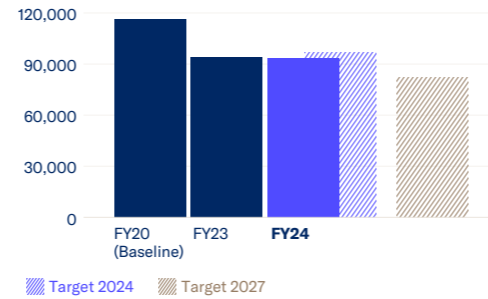
CARBON SCOPE 1 & 2

Absolute tCO₂e

We have reduced scope 1 and 2 emissions by 19.6% since base year 2019/20. This is ahead of our 16.8% SBTi near-term target.

Our progress

ON TARGET



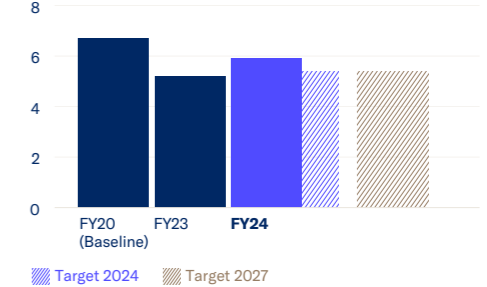
WASTE INTENSITY FROM OPERATIONS

Tonnes per mEUR revenue

We have reduced waste intensity from our own operations by 12% since base year 2019/20. This is behind our 20% reduction target. The numbers are affected by branch network adjustments in STARK UK and STARK Deutschland. In the Nordics, waste production has been reduced by 15% since the base year 2019/20.

Our progress

BEHIND TARGET



RENEWABLE ELECTRICITY SOURCED

Percentage

56% of our electricity originates from renewable sources in 2023/24 which is above our 50% target. However, this is a 9pp reduction since last year, due to a switch in electricity suppliers and time-limited certificates. STARK Danmark has entered a power purchase agreement to ensure additionality and progress towards our 100% target in 2030.

Our progress

ON TARGET



SUSTAINABILITY SPECIALISTS

% of total employees

A total of 780 sustainability specialists have been trained through the Sustainability Ambassador Training Programmes in STARK Danmark, STARK Suomi, STARK Deutschland, Beijer Byggmaterial and STARK UK, comprising 3.9% of our total employees.

Our progress

ON TARGET



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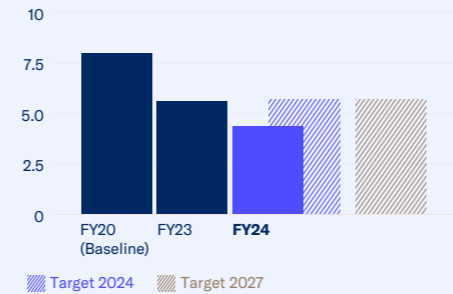
INJURY RATE

per million hours

With targeted efforts within strategic focus areas we have reduced our injury frequency rate from 5.6 in 2022/23 to 4.4 in 2023/24.

Our progress

ON TARGET



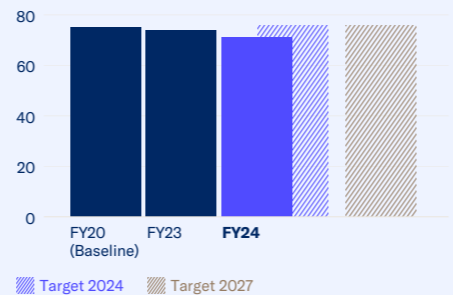
EMPLOYEE ENGAGEMENT

satisfaction & motivation score

The average satisfaction and motivation score in 2023/24 was 71, a 4-point decline from baseline 2019/20 and 5 points behind target. The Nordics reached the target of 76. It is the first year that STARK UK has been part of the survey, and the decline in engagement scores can be attributed to structural changes in STARK UK and STARK Deutschland.

Our progress

BEHIND TARGET



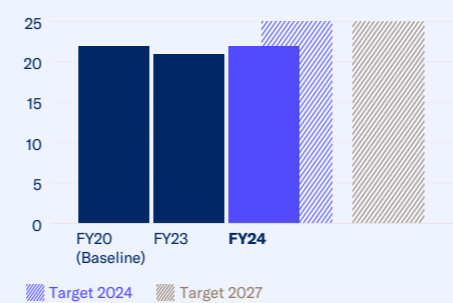
GENDER BALANCE

% women

Women accounted for 22% of the total number of employees, the same as in the 2019/20 baseline and a 1pp increase from the previous year. The decrease from 2022/23 was due to the acquisition of STARK UK, where women make up 17% of the total headcount.

Our progress

BEHIND TARGET



G GOVERNANCE

E-learning module

CODE OF CONDUCT

100%

of total workforce was assigned

73%

completion of assigned

E-learning module

ANTI-FRAUD, BRIBERY AND CORRUPTION

82%

of total workforce was assigned

88%

completion of assigned

E-learning module

COMPETITION LAW

78%

of total workforce was assigned

92%

completion of assigned

E-learning module

PERSONAL DATA PROTECTION

85%

of total workforce was assigned

88%

completion of assigned



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THE YEAR IN REVIEW

Our ambition is to maintain high ESG performance while making sustainability a commercial success. Our key ESG highlights from 2023/24 include further integrating the EU Corporate Sustainability Reporting Directive into the Group's sustainability framework using double materiality as the foundation to prioritise and develop further actions within our material topics. Furthermore, we have implemented a new ESG system to support our data-driven approach within all material aspects of ESG.



Environment

PROGRESS ON CLIMATE ACTION, BIODIVERSITY, ECOSYSTEM PROTECTION, AND CIRCULARITY

The financial year 2023/24 marks the end of our interim 2024 target period. We have successfully reduced our scope 1 and 2 emissions by 19.6% from baseline 2019/20, surpassing our interim target of 16.8% and well below the 1.5-degree trajectory. We sourced 56% renewable electricity, exceeding our interim 2024 target of 50%, and in August 2024, we entered our first power purchase agreement to ensure the additionality of our renewable electricity.

Acknowledging the importance and magnitude of our scope 3 emissions, we have enhanced our scope 3 inventory methodology from spend- to activity-based using environmental product declarations (EPDs) and life cycle carbon assessments. We have established a detailed scope 3 baseline accounting for all our product categories, which we will monitor on an ongoing basis. In October 2024, we submitted our net zero target and updated near-term targets to the Science Based Targets initiative, and we expect approval by early 2025.

We have further developed our digital climate tool in two business units, showing customers product-specific carbon emissions. This initiative supports an increasing legislative focus on reducing embodied carbon in the built environment and has proven to give a competitive advantage to both STARK Group and our customers. We are preparing to implement this tool across all our markets.

We have worked to identify our products' impact on biodiversity and ecosystems by investigating how EPD data can be used as indicators relevant to biodiversity. We aim to convert these indicators into accessible information for our customers by integrating them into our digital climate tools.

We are focused on increasing the range and sales of third-party verified eco-labelled products with lower carbon and chemical emissions. In 2023/24, third-party verified eco-labelled products made up 6% of our stocked assortment and accounted for 24% of total sales, showing a strong customer demand for eco-labelled products.

To further promote our lower-impact products and support our decarbonization journey, we have continued to expand our Sustainability Ambassador Programme and have trained 3.9% of our employees, surpassing our 2024 target of 3%.

We reached a 12% reduction of total waste compared to the base year 2019/20, short of the 20% reduction target. The waste volumes increased in STARK UK and STARK Deutschland due to branch network adjustments, but the Nordics saw a 15% reduction through packaging reuse, circular partnerships, and staff training. The 2024 target to segregate 80% of waste for recycling was not met due to low recycling rates in STARK UK. We will continue to work towards this target by 2027.

Although not meeting our operational waste targets, we have made great efforts to increase circularity in the construction industry, including collaboration on a research project to establish documentation standards for the durability and strength of reused materials, which we hope will support revised regulations and a greater adoption of reused building materials in construction projects.

In May 2024, STARK Suomi was ISO 14001 certified, joining STARK Deutschland, Beijer Byggmaterial and STARK UK. Neumann Bygg is certified under the Eco-Lighthouse certification system. 80% of our branches are now certified.



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S Social OUR SOCIAL RESPONSIBILITY

At STARK Group, we strive to create a healthy and safe working environment for our employees, customers, and contractors. This year, STARK Suomi achieved ISO 45001 certification for all branches, bringing the share of ISO 45001-certified branches to 22%.

We significantly improved our injury rate, reducing it from 5.6 to 4.4 per million hours. However, the severity of injuries increased, leading to a higher lost workday rate, which remains a key focus area. We have established Health and Safety Steering Committees in all business units, involving top management in setting risk tolerance and addressing high-level challenges. We made strides in aligning and digitalising our health and safety processes and have initiated the implementation of a comprehensive health and safety system.

Through our preliminary double materiality and human rights assessment, well-being was deemed material, and as a salient human right. Therefore, psychological safety and experiences of harassment have become an integral part of our engagement surveys. A Group manual for handling harassment cases has been developed and we have introduced an Inclusive Leadership training module for managers.

We have launched an expanded DEI Council to embed diversity, equity, and inclusion across the Group. Women make up 22% of our workforce, with

16% in management. The gender balance at the Executive Committee level remains at 29%, and the Board of Directors' gender diversity decreased to 17% as the Board expanded.

We monitor our age diversity and work actively to attract young talent. We will continue to focus on recruitment strategies that attract younger professionals while ensuring that we maintain the experience of our senior workforce.

Overall employee engagement decreased by 3 points from last year to 71, with a loyalty score of 80. 82% of all employees participated in the engagement survey.

All new sourcing contracts 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. We have doubled the number of suppliers with an ESG risk screening, and we now have ESG risk scores on more than 10,000 suppliers, covering 84% of our total spend. The average ESG risk score per spend was 2.6 (medium risk) out of 5.

We established a new Sustainable Supply Chain Manager role to advance the environmental and human rights due diligence processes and educate the organisation in sustainable supply chain management.

G Governance OUR BUSINESS ETHICS

We believe good corporate governance is a prerequisite for a successful business. We comply with all applicable regulatory frameworks across our markets and uphold a zero-tolerance policy towards fraud, bribery, corruption, and anti-competitive behaviour. We have established clear control processes and a confidential whistleblower system to monitor and mitigate any impacts.

Employees in relevant positions are trained in anti-fraud, bribery, and corruption bi-annually. The training module was completed by 88% of the assigned workforce. All relevant new employees were assigned the module during onboarding.

The training module "Competition Law" has a two-year cycle and was completed by 92% of the assigned workforce.

We have an anonymous whistleblower setup that allows all stakeholders, both internal and external, to express their concerns without fear of retaliation. In the past financial year, 71 cases were reported. Seventeen cases were referred to the local Human Resources department. Six cases resulted in disciplinary actions.

Our executive remuneration is linked to our sustainability performance. During 2023/24, executive remuneration was linked to product-related scope 3 emissions in support of our net zero targets. In 2024/25, this KPI applies to all CEOs in the business units and their management teams.

We fully embrace digitalisation and the opportunities it presents. We are dedicated to maintaining high ethical standards in handling, using, and processing data. Awareness campaigns included identifying personal data, data breaches, data subject requests, and handling and deleting unstructured data. The eLearning module, "Personal Data Protection", was completed by 88% of the assigned workforce.



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STRATEGY AND SUSTAINABILITY GOVERNANCE

Sustainability is an integral part of the way we do 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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20% OF STARK REVENUE IS GENERATED FROM THE SALE OF TIMBER-BASED MATERIALS



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BUSINESS MODEL

STARK Group operates within an industry that is instrumental in building and renovating cities for the future. STARK Group plays a crucial role in efficiently connecting manufacturers of building materials with tradespeople. We source more than 400,000 different products at scale from more than 15,000 suppliers, providing them with market insights and customer feedback.

Our extensive network of 1,100 warehouses, distribution centres, branches, and shops, located close to building sites, ensures product availability and delivery on time in full for tradespeople.

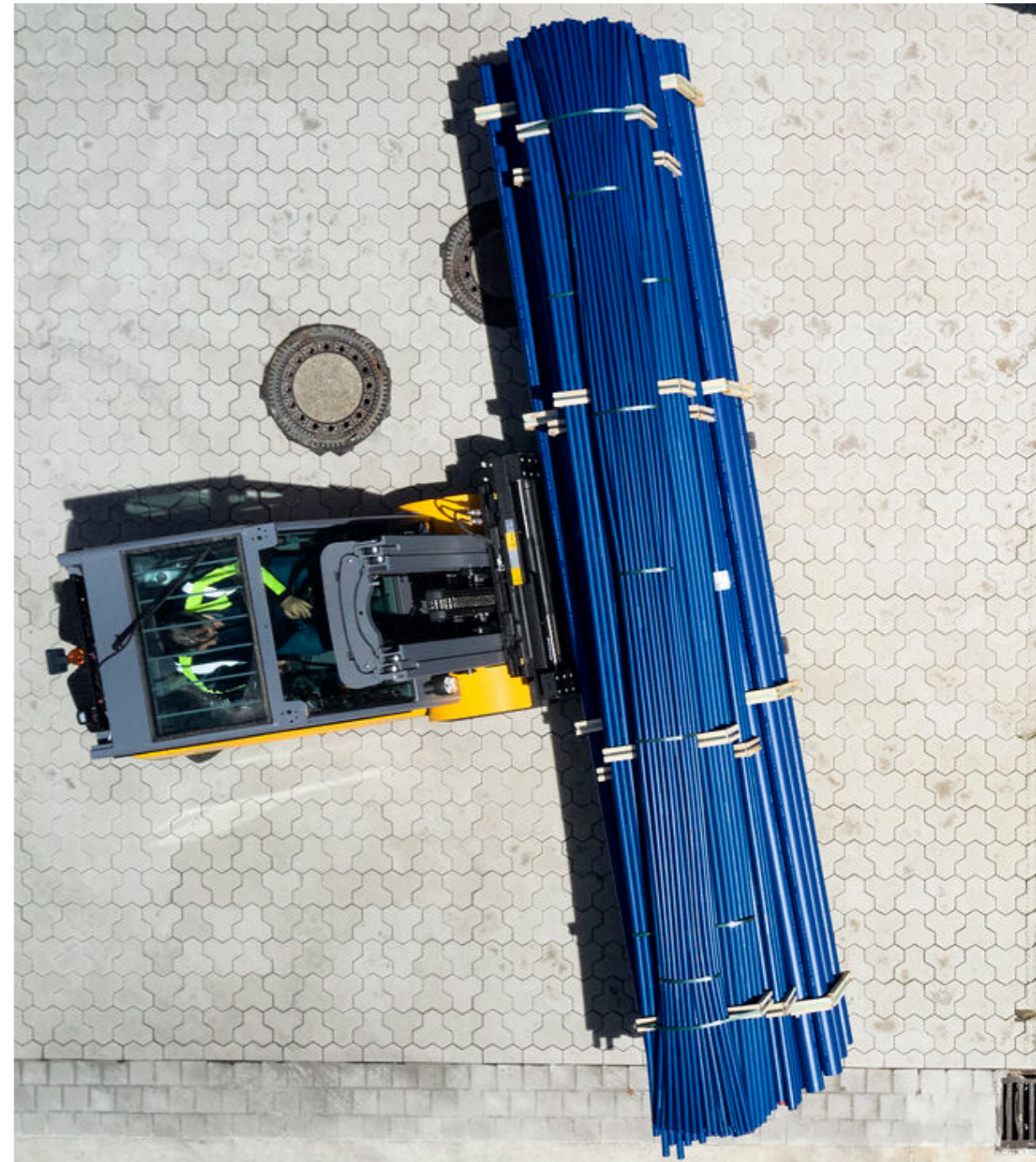
Every second, we take an order from the more than 450,000 tradespeople who rely on us for efficient procurement, expert advice, documentation, credit, and effective distribution. Doing this well creates value not only for our customers but also for our shareholders, employees, and the communities where we operate. Central to this is that we wish to be the best partner for supporting our customers in building for the future.

Our business model on [pp. 14-16](#) outlines the role of STARK Group, our key resources, and the value created across our value chain.

AMBITION TO LEAD ON SUSTAINABILITY IN OUR INDUSTRY

Our ambition is to help our customers to meet emerging requirements and sustainability objectives. We offer customers market-leading advice, driven by our sustainability ambassador programme, on sustainable construction standards and product range. We strive to provide efficient carbon and chemical content documentation through our digital tools. We continuously work to monitor and reduce the environmental footprint of our operations and support 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 further accelerate the green transition.





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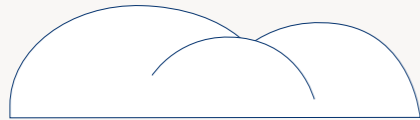
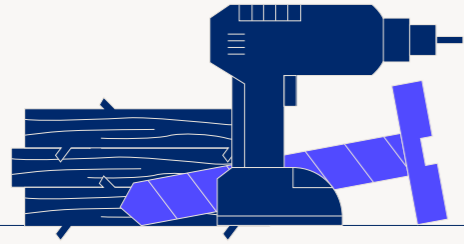


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PRODUCTS



OPERATIONS

KEY RESSOURCES

- 400,000 SKU numbers sourced, sold and distributed
- +450,000 tradespeople
- 15,000 suppliers
- 19,000 employees
- 125 years of heritage leading sales brands

SOURCE

We source at scale and break truckloads into smaller quantities and mix needed at building sites. Keeping stock of a market leading assortment in warehouses and branches secures high levels of availability, product integrity and competitive prices



SELL

We offer a comprehensive product mix and full availability, facilitating sales through project provision and bidding planning services. Our offerings include competitive pricing, product and sustainability advice, product documentation, and credit options to bridge liquidity gaps



DISTRIBUTE

Through our network of branches and hubs we distribute building materials, significantly reducing the time tradespeople spend on procurement. Also, our modified trucks and direct delivery capabilities enable us to efficiently manage the complex distribution of heavy and often fragile materials to building sites



VALUE CREATED

- Net zero cities of tomorrow
- Efficient building industry
- Customer value
- Great place to work
- Shareholder value

MARKETS





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FUTURE-PROOFING OUR JOURNEY

We support tradespeople in making hard work as easy as possible. We work hard to build trusted relationships, and to enhance our range, service offering and network to offer a great customer experience locally. Furthermore, we bring 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 lead on sustainability and see this as an important enabler to succeed.



WIN THE LOCAL ZONE TO GROW LOCAL SHARE

SME* focus: We aim to win SME customers, actively reduce churn, and do more business with existing customers.

Customer promise: To grow share of wallet with customers, we aim to offer great availability and On Time In Full (OTIF) delivery while expanding our offering in must win categories, such as tiles, energy efficiency and light building supplies.

Best branches, proximity and logistics: We aim to hone our network through high proximity and market-leading branch concepts, enhanced logistics capabilities and lighthubs that offer above-branch logistics with superior ranging and availability.

*Small and medium sized enterprises / craftsmen with up to 50 FTEs employed



BENEFIT FROM EUROPE'S STRONGEST PLATFORM

Europe's #1 sourcing channel: We aim to leverage our scale and buying power to regain margin from suppliers, chase synergies and roll out a rejigged Own Brand offering.

M&A leadership: We aim to consolidate our industry to secure scale benefits to tradespeople, build local proximity in growth zones and fuel must-win category plays.

Commercial real estate: We aim to manage our property portfolio actively to secure operational excellence and reinvest in our business and branch network.



CATALYSE THE BU POWER INTO THE LOCAL ZONE

Digital in everything we do: We aim to establish a modern digital foundation that makes key processes more effective, frees up time, and provides smarter, value-adding services that solve essential customer pain points.

Empower right people efficiently: We aim to organise for local responsibility and accountability, work smartly with efficiency and performance, and ensure that we have capable and engaged people serving our customers.

Smart pricing: We aim to secure best prices and pricing consistency tailored for individual customers while enhancing automated pricing practices through improved use of data and AI.



BEST PARTNER FOR SUSTAINABLE BUILDING

Best partner for sustainable building: We aim to make it easy for our customers to build responsibly and future fit, and to offer our customers low-carbon services and products while enhancing our sustainability advisory, documentation and carbon-efficient distribution services.



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OUR SUSTAINABILITY FRAMEWORK

Our sustainability framework builds on the principles of the UN Global Compact, considering how we can achieve the Paris Agreement’s 1.5°C objective and our net zero commitment. We have developed a management framework and established sustainability programmes with clear targets that direct our operations and enable our stakeholders to hold us accountable for our performance.

OUR SUSTAINABILITY FRAMEWORK

Our sustainability framework addresses our top impacts, risks and opportunities, from raw materials extraction to product end-use and circularity. During 2023/24, our framework has been further developed with reference to the European Sustainability Reporting Standards (ESRS) to prepare for compliance with the Corporate Sustainability Reporting Directive before 2026. Furthermore, we continue to evaluate external and internal requirements and commitments, including customer expectations, ESG ratings, investor requests and how we can support the ten principles of the UN Global Compact and the UN SDGs.

STARK Group’s sustainability management is structured around a plan-do-check-act management system. 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 policies, governance, targets, and actions.

STARK GROUP ESG MANAGEMENT SYSTEM SUPPORTS THE ESRS

Our ESG management system aligns towards the requirements of the European Sustainability Reporting Standards (ESRS). This figure illustrates how our policies, governance, and commitments are part of our ESG foundation. Our preliminary double materiality assessment guides our prioritisation of programmes and initiatives (Plan), which governs our procedures, principles, manuals, 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 have been 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.





Our sustainability framework



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SUSTAINABILITY GOVERNANCE AND MANAGEMENT

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 Senior Director of Group Sustainability and ESG, the advisory board is responsible for the sustainability strategy, framework, targets and progress towards targets throughout the organisation. Sustainability is a fixed topic twice a year on the agenda 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 has been linked to sustainability performance since 2022/23. ESG objectives are set annually by the Remuneration Committee. During 2022/23, performance was linked to the external sustainability performance rating by EcoVadis, assessing our performance within policies, actions, and results within Environment, Labour & Human Rights, Ethics and Sustainable Procurement. In 2023/24, executive remuneration has been linked to product carbon

data to support scope 3 carbon transparency and reductions.

The Sustainability Advisory Board, chaired by our Chief Human Resources Officer (CHRO), oversees the sustainability strategy. The Executive Committee meets monthly and holds designated Sustainability Advisory Board meetings twice annually.

The Senior Director of Group Sustainability and ESG 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 and the Sustainable Supply Chain Manager support the double materiality process and data delivery and work to commercialise the sustainability agenda through supplier collaborations, understanding and meeting customers' growing needs within product ranges, low-carbon logistics, sustainability documentation and circular solutions and services.



Our sustainability framework

GOVERNANCE MODEL



UK	DE	DK	SE
FI	NO	SOURCING	

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E ENVIRONMENT

S SOCIAL

G GOVERNANCE

SUSTAINABILITY PROGRAMME	SPONSOR	OWNER	SUSTAINABILITY PROGRAMME	SPONSOR	OWNER	SUSTAINABILITY PROGRAMME	SPONSOR	OWNER
Climate change	CHRO	Group Sustainability	Own workforce	CHRO	Group HR	Business Conduct	Group General Counsel	Group Legal/ Group Finance
Biodiversity and ecosystems	Sourcing CEO	Group Sustainability/Group Sourcing	Health and safety	CHRO	Group Health & Safety	Corporate governance	CFO	Group Finance
Resource use and circular economy	CHRO	Group Sustainability	Diversity and Inclusion	CHRO	Group HR/DEI Committee	Fraud, bribery, corruption, and anti-competitive behaviour	Group General Counsel	Group Legal
			Employee engagement & competence development	CHRO	Group Talent & Development	Data ethics and IT security	CIO	Group Legal
			Workers in the value chain	Sourcing CEO	Group Sourcing			
			Affected communities	Sourcing CEO	Group Sustainability			
			Consumers and end-users	CSO	Group Sustainability/BU CCO			



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OUR PRELIMINARY DOUBLE MATERIALITY ASSESSMENT APPROACH

To prepare for CSRD compliance we are developing our approach to meet the new requirements and have completed a preliminary assessment. Our preliminary double materiality assessment covers our entire value chain from product to market. Our double materiality assessment approach includes the following annual steps: scope and mapping of each topic, materiality scoring taking into consideration the scale, scope and remediability of our impacts, IRO validation, governance and policy review, strategic implications, and reporting.

The identification and scoring of our impacts and risk landscape has been done in collaboration with subject matter experts at the Group and BU level. Topics and subtopics have been aggregated into relevant programmes. We have developed a methodology, scoring tables, and accounting principles based on the ESRS.

To ensure ongoing follow-up and alignment with our policies, we have established automated workflows within our enterprise risk management (ERM) system where in-house subject matter experts address the risk profile within their area of expertise prior to our annual policy review. In this way, we aim to continuously address new risks or opportunities in our business

related to activities such as acquisitions, market developments or new regulations.

The results of our preliminary double materiality assessment 2023/24 are shown on [pp. 25-26](#). Each material topic is addressed within our sustainability programmes, and we are currently implementing new processes to align with the European Sustainability Reporting Standards. This includes conducting a gap analysis of current ESG key performance indicators (KPIs) against the required ESRS data points, assigning data ownership and establishing a governance structure for all data gaps, developing accounting principles, and finally, developing reporting processes in our new ESG system. Our ambition is to gain an efficient overview of ESG performance and thus use this data to prioritise efforts and ensure progress within our material topics to ensure data-driven strategic ESG decision-making.

We will continue to develop and adapt our double materiality assessment approach to ensure that we comply fully with the provisions of the CSRD in due time, and that our efforts provide the most accurate information for our internal strategic decision-making as well as external stakeholders.





Our sustainability framework

OUR DUE DILIGENCE PROCESS



DUE DILIGENCE PROCESS

We aim to conduct due diligence on our suppliers, aligning with global standards such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct. The ambition of our risk-based approach is to allow us to proactively identify and mitigate environmental and human rights risks in our supply chain.

The figure to the left shows the six steps of our due diligence process as stated in the OECD Guidelines for Due Diligence Guidance on Responsible Business Conduct. Our ambition is that by adopting responsible business conduct, we can prevent and address the negative impacts of our activities while contributing to the sustainable development of the communities in and around our value chain.

We have integrated our due diligence into relevant published policies, including our Supplier Code of Conduct and Human Rights Policy. We expect our suppliers to adhere to our Supplier Code of Conduct as part of our Standard Legal Terms. To identify actual and potential impacts, we screen our suppliers to gain indicative insights on ESG performance through third-party validated supplier ESG risk scores. These scores are available to all sourcing colleagues in the STARK Group Sourcing analytics system alongside financial data.

For suppliers to STARK Deutschland, an extended due diligence questionnaire is requested to ensure adherence to the German Supply Chain Act.

We strive to engage with suppliers to uphold the high standards set forward in our Supplier Code of Conduct, encourage responsible sourcing practices, especially regarding our stocked assortment, and promote sustainable construction schemes and practices.

The purpose of our due diligence insights is to prevent and mitigate potential impact throughout our value chain and to prioritise our efforts towards suppliers with the highest risk indications. We continuously work with our suppliers to improve their ESG efforts and data quality to manage risks and to enhance our insights.

To monitor the effectiveness of our policies and measures, we annually publish our average supplier ESG risk scores and have KPIs to continuously increase the share of spend with suppliers who disclose ESG information and have ESG risk scores, encouraging suppliers who do not to interact with third-party rating entities to gain a validated score.

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OUR SUSTAINABILITY TARGETS

To ensure progress in our sustainability programmes, we develop clear targets to be met within the ongoing business strategy period. With the end of the strategy period 2020-2024, new targets are set to guide our activities and enable our stakeholders to hold us accountable for our performance. Please see [pp. 86-87](#) for an overview of targets within each sustainability programme. Progress on our targets is reported annually in the sustainability report and evaluated at the management level.

To align with the reporting requirements emerging from the Corporate Sustainability Reporting Directive (CSRD), we are currently implementing new processes to collect relevant datapoints related to material topics. These data points will be published as soon as they are available and no later than 2025/26, when STARK Group is required to comply with the CSRD.

REPORTING

We transparently report on our sustainability performance in line with the requirements and guidelines of the EU non-financial reporting directive (2014/95/EU) while preparing for the upcoming 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. 94](#). In addition, we aim to integrate the UN Guiding Principles on Business and Human Rights

(UNGPs) further in the identification of our salient human rights issues along our value chain. Our preliminary human rights assessment is reported on [p. 27](#).

CONTROL MECHANISMS

We have various processes, systems, and tools to regulate, monitor, and influence progress against targets, action plans and activities within STARK Group. Strong 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.

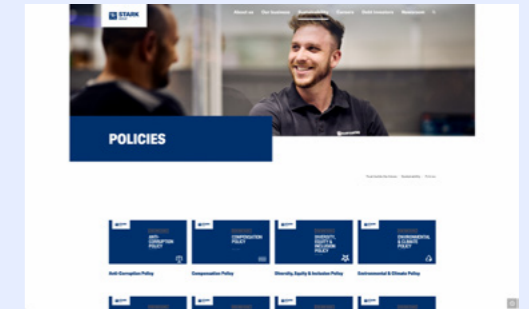
Alongside financial, strategic, and operational controls, we have feedback and monitoring mechanisms. “Speak Up!” is a confidential and anonymous whistle-blower system where all stakeholders can raise concerns about regulatory violations or violations of STARK Group’s Code of Conduct. Such issues include 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. 63](#) for information and data on whistle-blower cases.

EXTERNAL ASSURANCE AND RATINGS

An authorised auditor conducts limited assurance on our carbon scope 1 and 2 data annually in accordance with ISAE 3000, ISAE 3410 and the criteria from the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Furthermore, the auditor verifies that our sustainability report meets the requirements

of sections 99a, 99b and 99d of the Danish Financial Statements Act and any other requirements under Danish audit regulations.

We are rated annually by EcoVadis, a highly recognised and widely used external ESG rating system according to our stakeholders. Throughout the year, we have also responded directly to numerous stakeholders’ ESG questionnaires. Our EcoVadis rating is publicly available.



OUR POLICIES TO SUPPORT SUSTAINABILITY

STARK Group policies form the foundation for all procedures, manuals, guidelines, and local policies, and they 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 that provide 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 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.

All externally relevant policies are published on our website and updated annually in the extension of our annual double materiality re-assessment.



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 the appendix on [p. 86](#).

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
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DOUBLE MATERIALITY AND HUMAN RIGHTS ASSESSMENT

Our preliminary double materiality assessment addresses how our activities impact society and the environment and how social and environmental factors can impact our financial performance. In this section, we outline the results of our preliminary double materiality assessment and our material impacts, risks and opportunities. Furthermore, the section describes our human rights assessment and our salient risks within human rights.

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MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES

This section outlines the results of our preliminary double materiality assessment 2023/24.

The figure illustrates our inherent exposure to impacts, risks and opportunities. Applied controls are not accounted for when assessing our IROs. In this way, we ensure that all material topics are considered when reviewing our ESG governance and necessary policies, actions, targets, and performance.

We actively engage with our stakeholders to understand their main ESG interest areas and expectations. In completing our preliminary double materiality assessment, we have considered these perspectives.

Materiality has been triggered within eight out of ten topics. Each material topic is detailed in the following sections: Environmental, Social, and Governance.

We will continue to refine our double materiality assessment methodology before incorporating the results into our future CSRD-compliant report.

	E ENVIRONMENT	UPSTREAM	OWN OPERATIONS	DOWNSTREAM	IMPACT, RISK, AND OPPORTUNITIES
non material	Climate change	●	●	●	<ul style="list-style-type: none"> Carbon emissions from products, operations and markets Climate change (floods and storms) can impact the supply chain, operation and market Establish best-in-class carbon data to help our customers meet regulatory requirements Commercialise sustainability through the provision of EPDs and product information
	Pollution	○		○	<ul style="list-style-type: none"> Potential ecosystem pollution from production facilities Pollution of indoor climate from products with SVHC
	Water and marine resources	○			<ul style="list-style-type: none"> Potential excessive water consumption in supply chain Potential marine habitat degradation related to raw material extraction of sand/gravel
	Biodiversity and ecosystems	●	●	○	<ul style="list-style-type: none"> Biodiversity loss due to production of timber and raw materials Loss of PEFC and FSC® certification Increasing demand for certified timber and building materials
	Resource use and circular economy	●	●	●	<ul style="list-style-type: none"> Excessive waste production in our downstream value chain transport packaging and poor inventory management Excessive waste production and in-store breakage
S SOCIAL					
	Own workforce		●		<ul style="list-style-type: none"> Accidents, incidents, fatalities, and lost workdays due to hazardous conditions and inadequate safety measures Gender pay gaps may impact employee engagement, talent acquisition and reputation
	Workers in the value chain	●			<ul style="list-style-type: none"> Poor working conditions for workers in countries of product origin Non-compliance with the Supplier Code of Conduct and upcoming due diligence regulation
	Affected communities	○	○		<ul style="list-style-type: none"> Poor working conditions for workers in countries of product origin Work related incidents in upstream value chain
	Consumers and end-users		●	○	<ul style="list-style-type: none"> Poor product data may result in missed sales Emissions of harmful substances in finished buildings
G GOVERNANCE					
	Business Conduct	●	●	●	<ul style="list-style-type: none"> Leverage ESG performance to access green capital Anti-competitive practices and fraud, bribery, and corruption in our value chain Ethical data management and GDPR in operations





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Material Impacts, Risks and Opportunities

OUR STAKEHOLDER LANDSCAPE

We continuously engage with both internal and external stakeholders through various channels to understand which ESG related topics are of material interest to them, and what their expectations are towards STARK Group. These interests and expectations are considered in our double materiality assessment.

Employees

Our employees are able to share their views anonymously through our annual engagement survey, daily interactions with colleagues across different departments and 1:1 meetings with managers. Generally, the main interest areas are within immediate working conditions, job purpose, development opportunities and fair treatment. These views are primarily brought into the annual double materiality assessments through the HR DMA workshops.

Customers

Our customers share their views through daily interactions with sales staff, customer surveys, customer net promoter score and deep loop assessments as well as at sustainability events. Generally, their main interest areas are within high product quality and integrity, trusted product supply and product documentation to help to make their work easier and reduce their administration burden.

Suppliers

Our suppliers share their views through daily interactions with sourcing and category managers. A growing number of suppliers have dedicated sustainability roles who meet with our sustainability teams. Furthermore, we engage with our suppliers on

sustainability topics through round tables and bilateral meetings in the European Supplier Programme. Their main interests are within strategic partnerships to reach common ESG goals primarily regarding carbon reductions. They are interested in the promotion of their low-carbon and third-party verified eco-labelled products and display of available EPD data.

Owners and investors

Our owners share their expectations and interest areas at quarterly board meetings where sustainability is a recurring topic. Our investors engage with us through investor calls and sustainability questionnaires. Their main interests are within strategy, action plans, targets, and performance primarily within carbon reductions.

Authorities

Compliance with regulation is the main interest of the authorities. We primarily engage with relevant authorities through industry associations.

Educational institutions

We collaborate with educational institutions by participating in research projects and guest lecturing at technical schools. Their greatest interest is industry leadership to push the sustainability agenda.

NGO's

We engage with NGO's including FSC®, PEFC, UN Global Compact and Green Building Councils through our timber certifications and audits, membership events, various partnerships, and bilateral engagement on projects. Their greatest interest is to see industry leadership within material issues.





OUR HUMAN RIGHTS ASSESSMENT

Respecting human rights is central to conducting responsible business. 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 workforce as strong national employment laws and our Code of Conduct, policies and practices protect our colleagues. However, as a company with a global value chain, we acknowledge potential risks related to human rights as the products we source are available because of the efforts of many people working in the mining, forestry, manufacturing, and transport sectors.

We are committed to respecting all internationally recognised human rights of our employees, customers, suppliers, other business partners and the communities in which we operate. This includes the freedom of association and the right to collective bargaining, eliminating forced and compulsory labour, abolishing child labour, eliminating discrimination in employment and occupation, and providing a safe, healthy working environment.

Our due diligence processes are built upon the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We continuously develop and expand our due diligence processes to ensure that we live up to our code of conduct, our stakeholder expectations and compliance with current and emerging EU reporting requirements such as the Corporate Sustainability

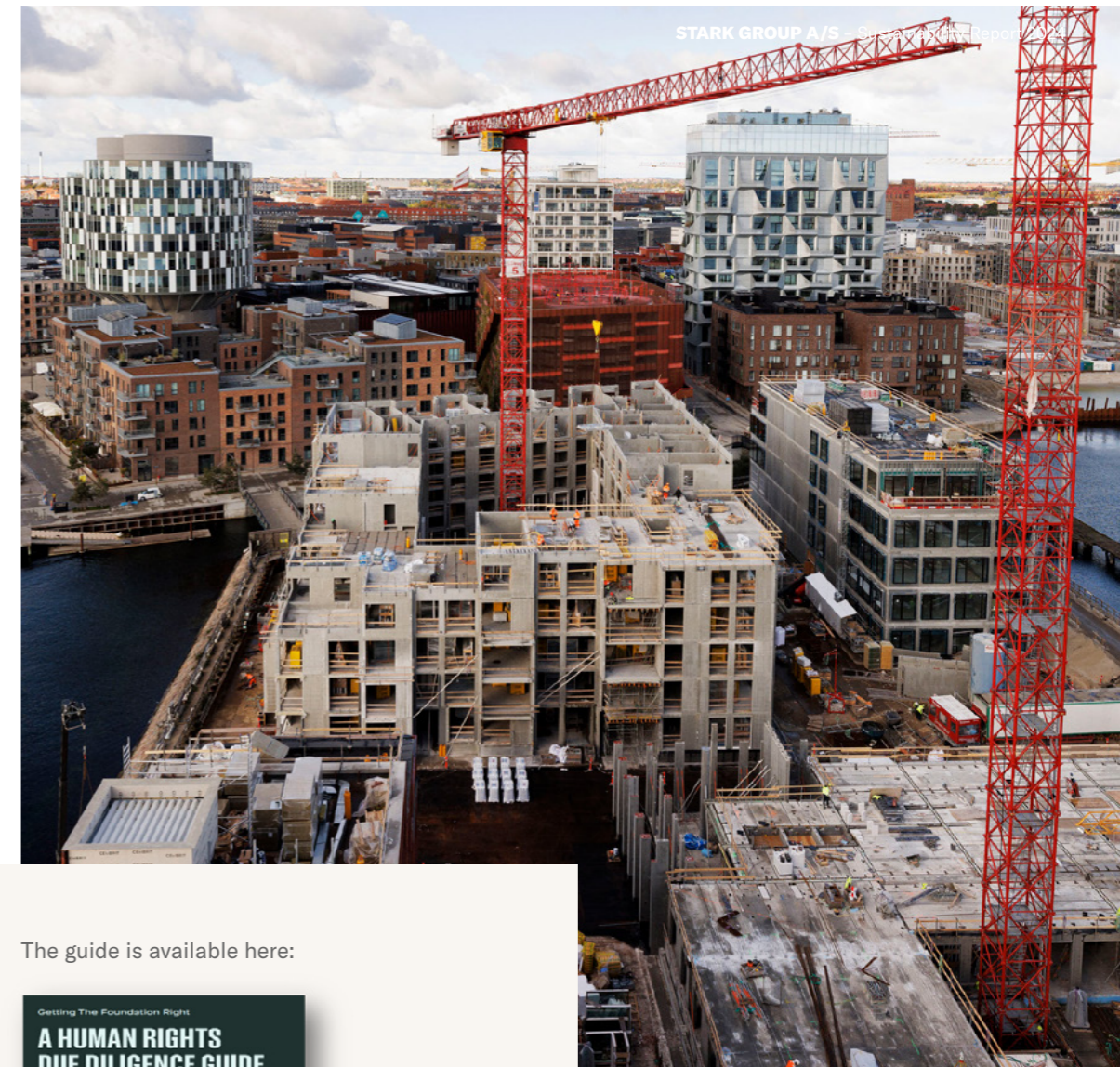
Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD).

In our operations, we have identified three salient risks. Each of these issues is discussed in relevant sections of Own Workforce: Health and safety ([p. 44](#)), discrimination, and wellbeing ([p. 48](#)).

Within our supply chain, we have identified salient risks, including decent and fair pay, forced labour and children's rights. These risks are discussed in the section Workers in The Value Chain ([p. 53](#)).

HUMAN RIGHTS DUE DILIGENCE GUIDANCE IN CONSTRUCTION

During 2022/23, STARK Group participated in a project led by the 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 goal was to build capacity and develop human rights due diligence resources for the construction sector. It resulted in a Human Rights Due Diligence Guide for the Danish Construction sector. We continue to be active in the group and wish to distribute the guide further to promote improved human rights in our sector.



The guide is available here:



[HUMAN RIGHTS DUE DILIGENCE GUIDE](#)

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E 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.

S SOCIAL

We are committed to being a safe and inclusive company with a highly engaged and competent workforce. We are also committed to upholding human rights across our value chain. We believe that social sustainability fosters engagement, which is crucial for STARK Group to deliver on our strategic goals and maintain customer loyalty.

G GOVERNANCE

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



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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.

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CLIMATE CHANGE

We aim to run efficient operations that minimise our energy consumption and carbon emissions while providing our customers with lower-carbon services and products. The built environment and construction industry contribute significantly to global greenhouse gas emissions. As one of Europe's largest distributors of construction materials, we recognise our responsibility to act accordingly. Therefore, we are committed to reducing both our direct emissions and those within our value chain by implementing concrete actions, engaging our suppliers, and raising awareness among our customers and markets.

CERTIFICATIONS

- Approved SBTi near-term targets 2030
- SBTi net zero targets submitted



SUPPORTING POLICIES

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

See performance data on [pp. 67-72](#)

IMPACTS

- 1 Excessive upstream carbon emissions
- 2 Excessive downstream carbon emissions

OPPORTUNITIES

- 3 Establish best-in-class carbon data to help our customers meet regulatory requirements and increase sales
- 4 Commercialise sustainability through the provision of EPDs and product information

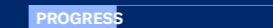


2027 TARGETS

29.4%
reduction of absolute scope 1 & 2 GHG emissions



14.3%
reduction of absolute scope 3 GHG emissions



70%
actively sourced renewable electricity



↗
Increase number of customer sustainability events held annually



5%
of employees trained as sustainability specialists





Climate change

EVALUATING ON OUR INTERIM TARGETS

The end of the financial year 2023/24 marks the finish line for our interim reduction targets 2024. We have been successful in our efforts, and despite the previous year’s major acquisition in the UK and an ongoing turnaround of the business there, we have managed to reduce our footprint across scope 1 and 2. Looking at our totals, we have reduced our scope 1 and 2 emissions by 19.6% since our base year 2019/20, putting us well ahead of our 16.8% interim reduction target.

This year, we have achieved a modest scope 1 and 2 reduction of 0.2% from the previous year, driven primarily by reductions in STARK UK. In our Germany & Austria market, emissions have increased due to not all electricity being covered by Renewable Energy Certificates (REC). Additionally, our Nordic business has seen a rise in emissions, driven by increased electricity consumption and high electricity emission factors for STARK Danmark and Beijer Byggmaterial, as they have not yet transitioned to electricity from renewable sources.

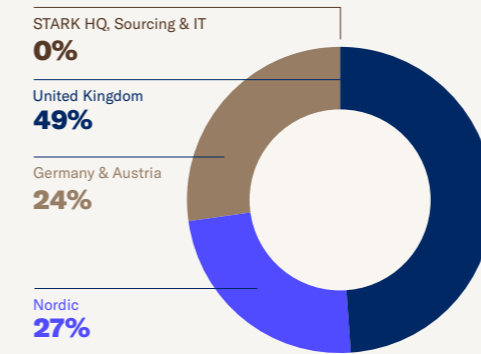
Our increased electricity consumption is a direct result of our efforts to electrify our operational fuels. With our target to source 70% renewable electricity before 2027 and 100% by 2030, we expect to cut electricity-related emissions to zero. In 2023/24, we sourced 56% renewable electricity, putting us ahead of our interim target of 50% renewables.

SUSTAINABILITY AMBASSADORS TO ADVISE AND PROMOTE LOWER-CARBON PRODUCTS

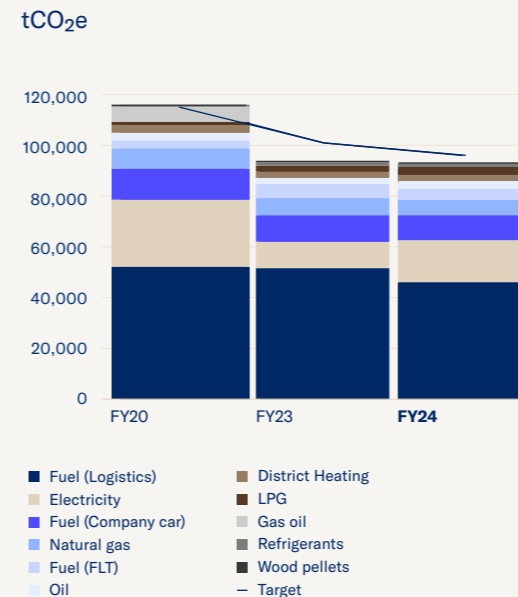
We train our employees to enable them to advise and promote lower-impact products. This is an effort to accelerate the market demand and an action that addresses our scope 3 emissions. With 3.9% of our employees trained as sustainability ambassadors, we have surpassed our 2024 target of 3%.

Through weekly training and networking sessions, these ambassadors develop skills and best practice sharing across branches and regions within practical, customer-driven sustainability, including lower-carbon building materials, third-party certified eco-labels, and documentation. Looking ahead, we will continue to train our employees to advise and promote lower-impact products.

SCOPE 1 & 2 EMISSIONS



STARK GROUP TOTAL CARBON EMISSION BY CATEGORY



CASE
STARK DANMARK ENTERS LONG-TERM POWER PURCHASE AGREEMENT

STARK Danmark has signed a ten-year PPA, which will allow STARK to purchase renewable energy from a new 122-hectare solar park in Djursland, Denmark. This long-term agreement marks a significant milestone in STARK Group’s ongoing efforts to decarbonise its operations and achieve its emissions targets. By committing to this ten-year power purchase agreement, STARK is both supporting the construction of the solar park and contributing to the increase of renewable energy in the Danish electricity grid. “At STARK Group, we have ambitious carbon reduction targets aligned with The Paris Agreement towards 2030, and our ambition is to reach Net Zero by 2050. We are making good progress towards our targets, and this agreement is an important step on our decarbonisation journey. This agreement underpins our effort to ensure additionality and contributes to creating more renewable electricity on the Danish grid,” says Louise Askær-Hune, Senior Director Group Sustainability & ESG.



Climate change

ROADMAP TO NET ZERO 2050

*Subject to SBTi approval. Current approved near-term scope 3 target is 12.3% (2oC trajectory)

SCOPE 1 & 2

- Switch to 100% renewable electricity at all our sites
- Electrify forklift trucks and other equipment
- Transition to low carbon distribution
- 100% of electricity from on-site renewable production or power purchase agreements
- Fuel efficiency driver training
- Electrify car fleet and light commercial vehicles
- Implement Group wide carbon reporting system

SCOPE 3

- 01 Provide advice and promote low carbon construction materials
- Sustainability ambassadors and educative sustainability customer events in all branches
- ESG supply chain transparency and product life cycle carbon data collection
- Clear specifications for sustainable low carbon sourcing
- Increase % of 3rd party certified eco-labeled products in assortment
- Supplier net zero engagement
- Provide product embodied carbon (CO₂) information to customers
- 100% of packaging recyclable or reusable by 2030
- Quantify and manage biodiversity and nature impact

- 02 Responsible procurement guide for indirect spend
- 04 09 Carbon data requirements and caps for outsourced transportation and distribution
- 05 Waste reduction and segregation for reuse and recycling
- 11 Promote energy efficient products to reduce product use emissions
- 12 Promote reused products and circular business models

Together with our partners and customers we continue to support and develop a net zero construction sector with a wide array of low carbon products and services.

We will balance our remaining emissions through credible third-party verified carbon removal technologies and projects, such as reforestation and soil carbon sequestration.

By 2050 we will reach

NET ZERO

Commitment to Science Based Targets Business Ambition to 1.5°C

Net Zero targets and near-term target update submitted to SBTi

By 2030, we will reduce our scope 1 & 2 carbon emissions by 42% and scope 3 target by 25%*

2020

2024

2030

2050

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ESTABLISHING OUR IMPROVED SCOPE 3 BASELINE

This year, we have made significant strides in improving our scope 3 inventory. We have established a detailed scope 3 baseline using activity data and product-specific emissions data from environmental product declarations (EPDs), including production stage (A1-A3) and end-of-life treatment (C1-C4) across our markets and product range.

Our new scope 3 baseline inventory provides us with improved insights into our company’s impact and indirect emissions. This information allows us to work towards our net zero ambitions and pinpoint key products, categories, suppliers and decarbonisation levers within our product range.

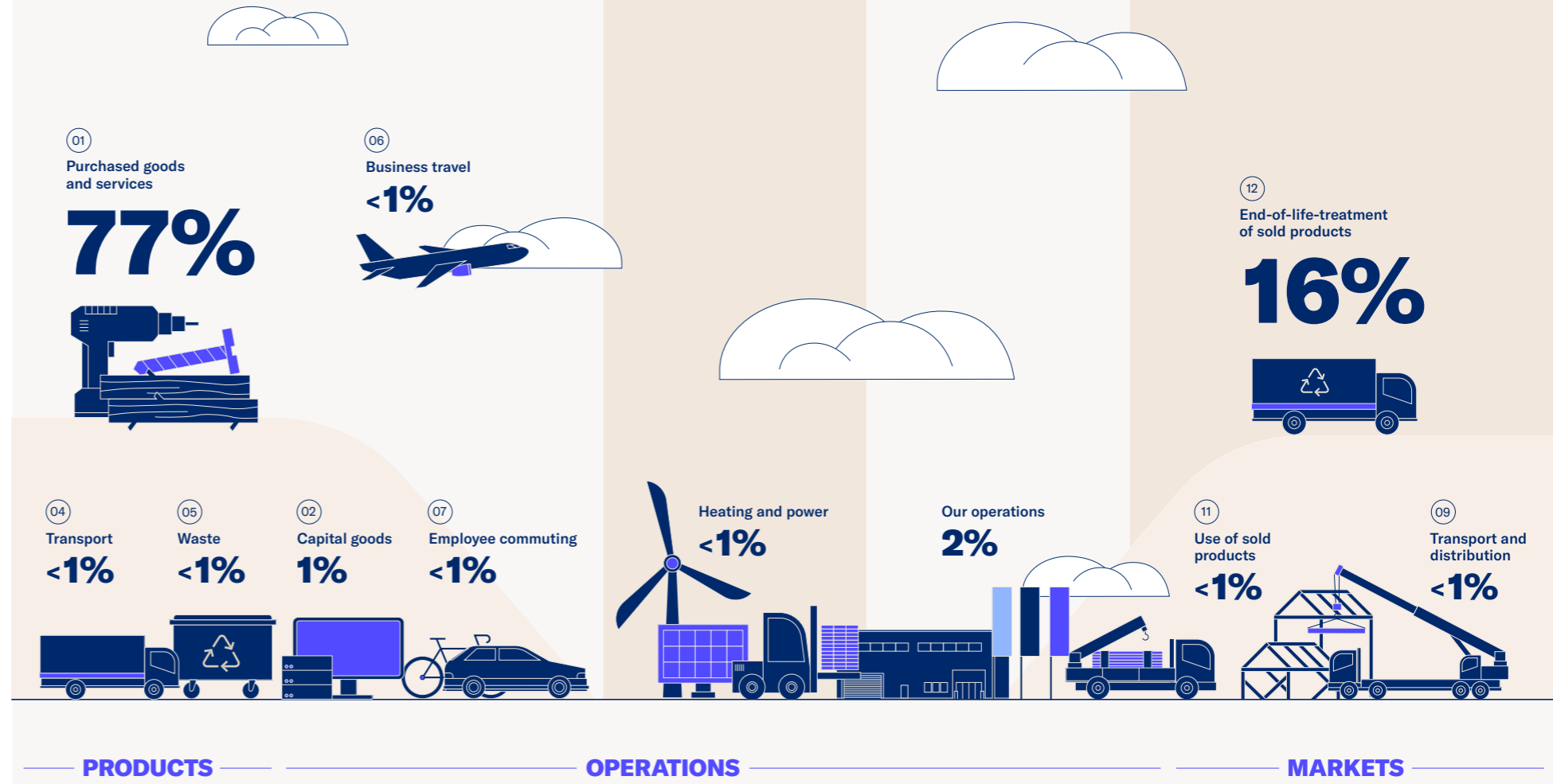
Our efforts to improve our scope 3 methodology and inventory are a key prerequisite of our work to set SBTi-aligned net-zero targets. To credibly reflect the emissions of our products and the improvements that our suppliers apply in their industries, we strive to minimise the use of spend-based calculations. Within our product-related scope 3 inventory, we have used EPDs to the furthest extent possible and utilised industry product averages and generic product emissions data to fill the gaps. We aim to improve our data quality and coverage continuously. To ensure all business units are aligned with our agenda, we have established strategic KPIs for EPD coverage with a direct link to our executive remuneration.

**SCOPE 3
UPSTREAM**

**SCOPE 2
HEATING AND POWER**

**SCOPE 1
OUR OPERATIONS**

**SCOPE 3
DOWNSTREAM**



PRODUCTS

OPERATIONS

MARKETS

01 – 12 GHG Protocol Scope 3 categories



Climate change

OUR PRODUCT EMISSIONS



01 PURCHASED GOODS AND SERVICES

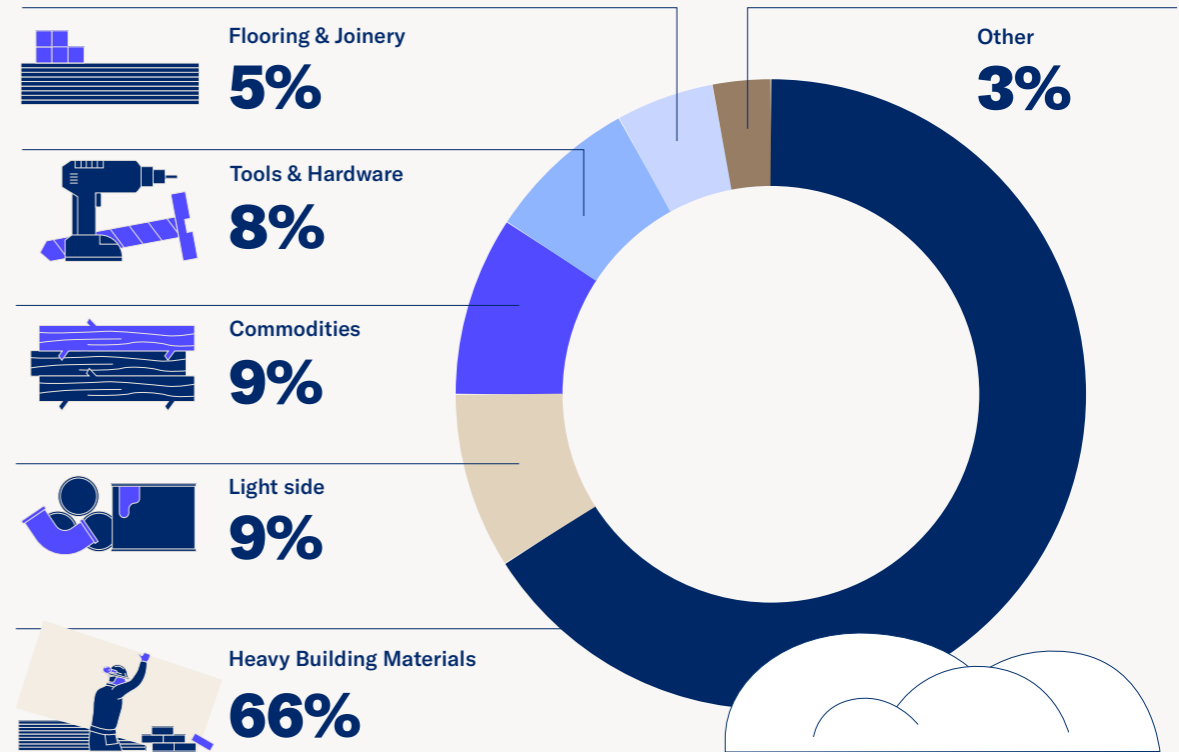
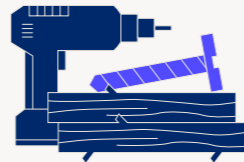
77% of our total carbon emissions are related to raw material extraction and the manufacturing of our sold products. These emissions amount to 3.5 million tonnes of carbon, with 15 product categories making up roughly 70%. The residual 89 categories make up the remaining 30% of emissions.

Over two thirds of our production stage product emissions are associated to products within the category "Heavy building materials" covering products such as cement products, plasterboard, bricks and tiles, concrete products, and insulation. Other high emitting categories are lightside, which includes drainage pipes, and commodities.

Our product emission data is derived from environmental product declarations (EPDs) global warming potential (GWP) data in the production stage (A1-A3).

This detailed analysis provides insights to identify key product and supplier emission sources and prioritise our procurement strategy to reach net zero.

77%
3.5 MT CO₂



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OUR PRODUCT EMISSIONS

12 END-OF-LIFE TREATMENT OF SOLD PRODUCTS

16% of our total carbon emissions are related to the end-of-life treatment of sold products in our downstream value chain. End-of-life treatment emissions amount to 0.7 million tonnes of carbon, with 15 product categories making up roughly 65%.

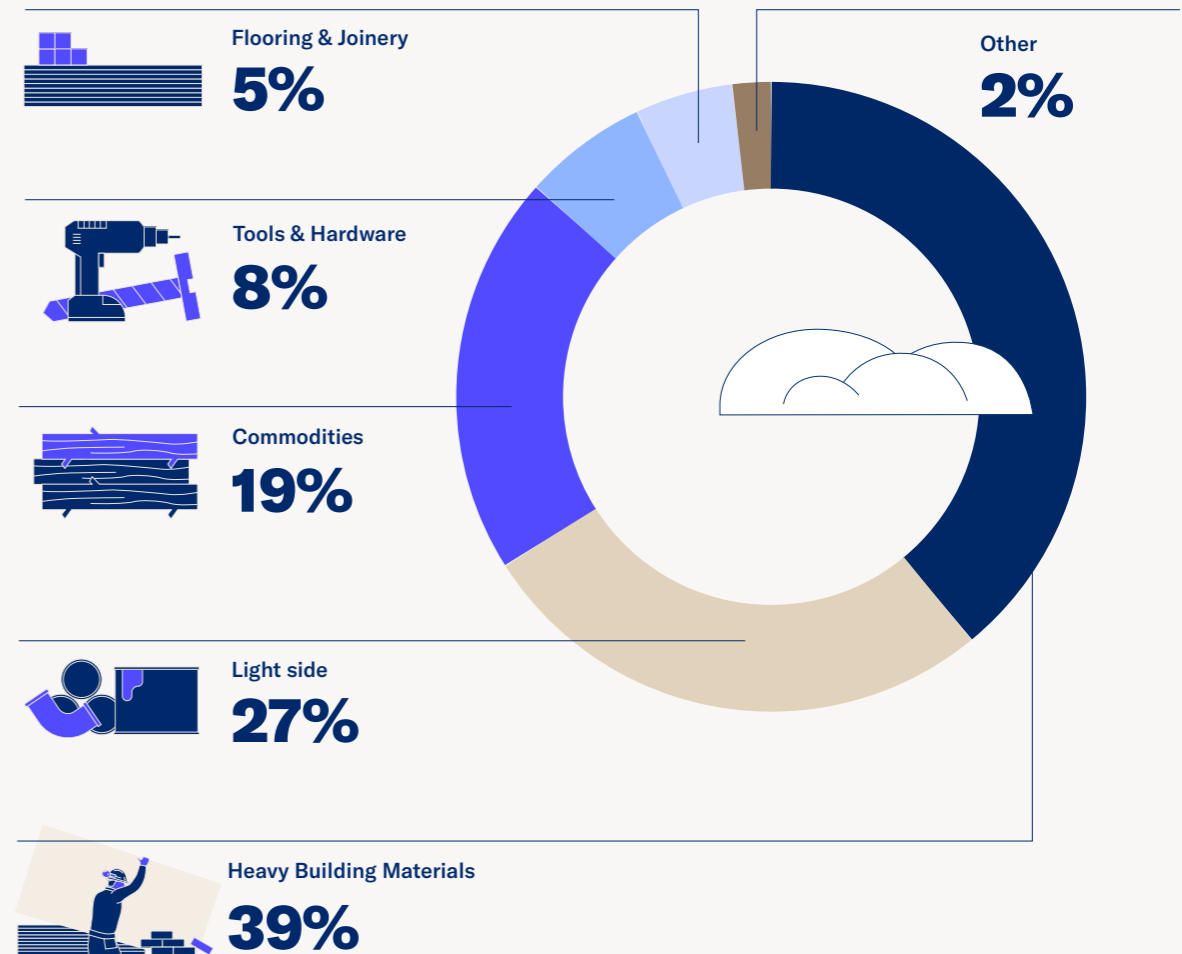
Over a third of end-of-life emissions are associated with products in the heavy building materials category including plastic-based insulation and plasterboard. Other high emitting categories include lightside comprising PVC drainage pipes, and commodities.

End-of-life emission data is derived from environmental product declarations (EPDs) global warming potential (GWP) data in the End-of-life treatment stage (C1-C4).

This detailed analysis provides insights to identify hotspots and informs our prioritisation of circularity partnerships to reduce these impacts to move towards net zero.

16%

0.7 MT CO₂





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Climate change

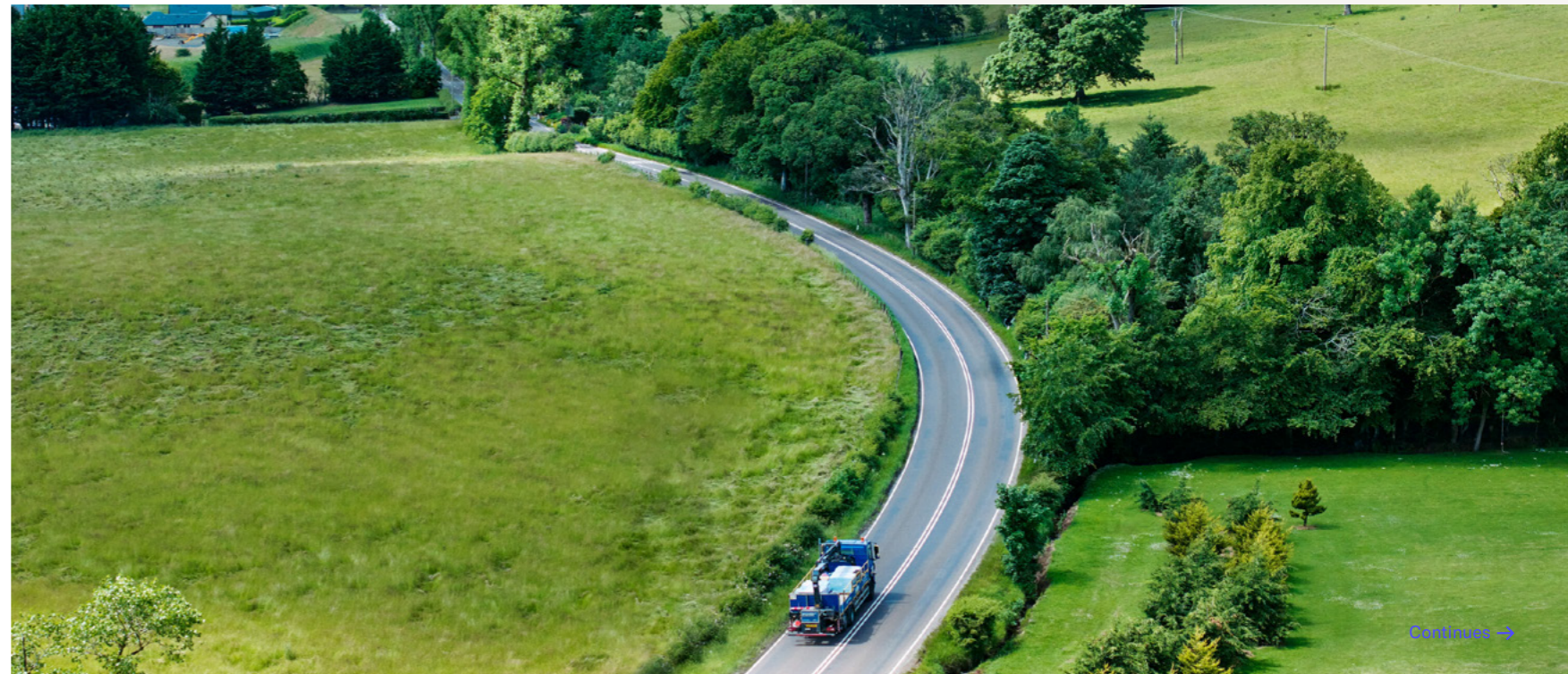
READILY AVAILABLE PRODUCT CARBON DATA FOR INFORMED PRODUCT DECISIONS

Across our markets, with the Nordics front running, there is an increased legislative focus on addressing the emissions of the built environment. Emerging regulations put a gradually lower cap on emissions allowances and require builders to document the impact of their projects through LCA calculations. This trend is increasing the demand for product carbon information and incentivizing suppliers to enhance their product carbon documentation.

While new and emerging legislation is driving the right agenda, the increasing requirements present a challenge for our customers as many SMEs in the construction industry face difficulties in accessing the right information. This is a material opportunity for STARK Group to commercialise sustainability and a key lever to reduce our scope 3 emissions. STARK Group aims to provide market-leading and easily accessible product sustainability documentation to all our customers through our digital solutions.

STARK Danmark and Beijer Byggmaterial have both launched digital climate tools that present customers with the carbon emissions data associated with their purchased or planned products. The tools give tradespeople an overview of a product’s climate impact, making it easier to assess and compare associated product carbon data and identify lower-impact alternatives for building within established emission caps. We continuously add data to our platforms, making it readily available to customers through their accounts.

We plan to launch the 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. In May 2024, STARK Danmark was awarded Finans Impact Climate Award 2024 for the digital climate tool, KlimaLog. For further information, please refer to [p. 58](#).



CASE LOGISTICS EMISSIONS INTEGRATED INTO KLIMALOG

STARK Danmark has improved its digital climate tool and added transport emissions to the solution, allowing customers to generate detailed emission reports for their logistics. These reports highlight emissions from STARK’s deliveries and track deliveries and pick-up patterns at the construction site level. This capability is crucial in the Danish market, where upcoming legislation will mandate such reporting. STARK is proactively monitoring these developments and continuously refining the tool to ensure customers can effortlessly gain insights into the carbon-efficiency of STARK deliveries and comply with new requirements.

Continues →



BIODIVERSITY AND ECOSYSTEMS

The construction industry and its suppliers rely on natural resources and raw materials, which are dependent on functioning ecosystems. Forests provide timber, and while they are often managed to maximise timber production, they may also deliver other ecosystem services such as carbon sequestration, water quality, and biodiversity preservation. As a leading distributor of building materials, STARK Group aims to minimise the impacts that our business inflicts on biodiversity and ecosystems. The topic is complex and difficult to monitor. While we develop and refine our biodiversity framework, we rely on credible third parties to certify that the timber we sell is sourced from responsibly managed forests.

CERTIFICATIONS

ISO 14001 (100% STARK Deutschland, 100% Beijer Byggmaterial, 100% STARK Suomi, and 86% of STARK UK branches)
 Miljöfyrtårn certification (100% Neumann Bygg Branches)
 68% FSC®-certified branches
 72% PEFC-certified branches

SUPPORTING POLICIES

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

FSC® AND PEFC LICENCE NO.



STARK UK Building Materials Ltd	FSC®-C004856	PEFC/16-37-1047
STARK Deutschland GmbH	FSC®-C100156	PEFC/04-31-1576
STARK Danmark A/S	FSC®-C004720	PEFC/09-31-026
Beijer Byggmaterial AB	FSC®-C118054	PEFC/05-37-215
STARK Suomi Oy	FSC®-C189454	PEFC/02-31-194
Neumann Bygg AS		PEFC/03-31-41

See performance data on [p. 73](#)

IMPACTS

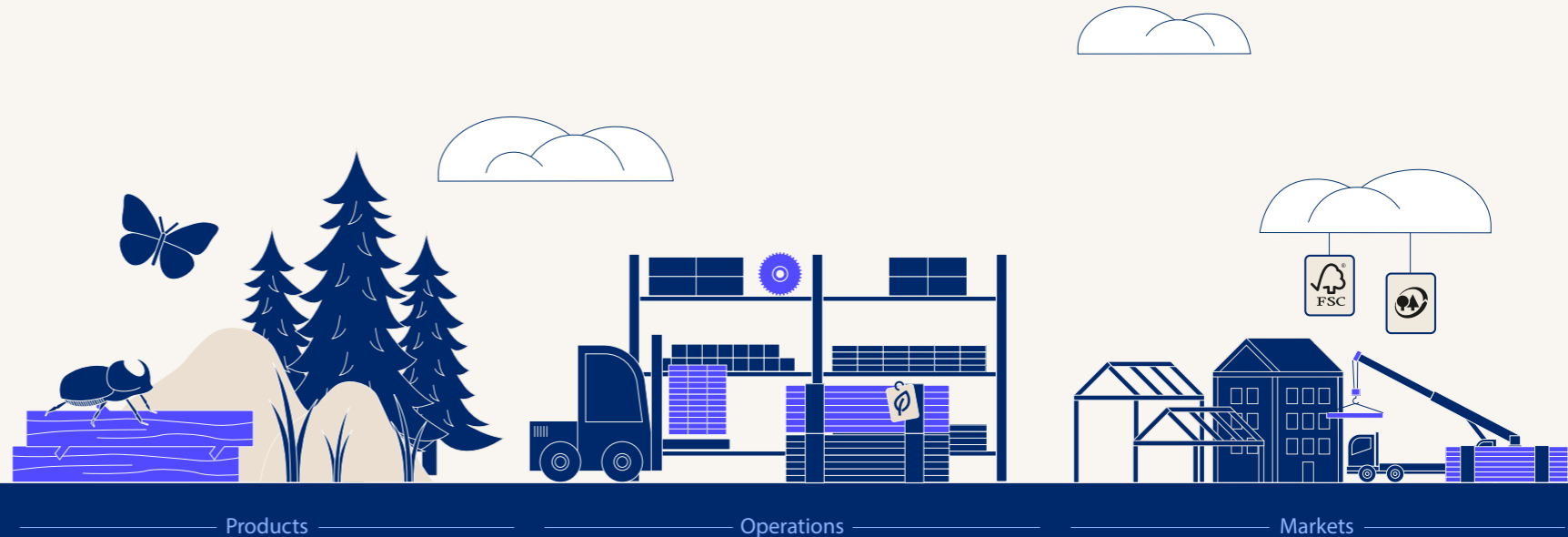
- 1 Biodiversity loss due to climate change
- 2 Biodiversity loss due to production of timber and raw materials

RISKS

- 3 Loss of PEFC/FSC® certification
- 4 Supply chain disruption due to loss of ecosystem services in areas of production and sourcing

OPPORTUNITIES

- 5 Increasing demand for certified timber and building materials



2027 TARGETS



Increasing assortment and sales of FSC® and PEFC labelled products.



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Biodiversity and ecosystems

BIODIVERSITY AND ECOSYSTEM PROTECTION

At STARK Group, we want to put our efforts where our impacts are. According to the WWF Biodiversity Risk Filter, three of our branches or locations are in areas with a high or very high impact on key biodiversity areas or natural ecosystems. We have conducted a follow up assessment and ascertained that the locations are situated in industrial areas within city borders. 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, the production of the materials we distribute may impact people and the environment, and we are therefore committed to responsible sourcing. We believe in conducting appropriate 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 responsible 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 minimise impacts on soil, water resources and biodiversity.

QUANTIFYING PRODUCT BIODIVERSITY INDICATORS

Building on experience from our climate action efforts, we are working on quantifying our indirect impacts on biodiversity and ecosystems. The product-specific product environmental footprints (PEFs) and environmental product declarations (EPDs) that we obtain from our suppliers contain several indicators that may

be relevant to the context of biodiversity and ecosystems. This includes acidification, freshwater and marine eutrophication, and terrestrial eutrophication potentials. STARK Group is working on establishing a method to convert these indicators into accessible and operational information to showcase our indirect biodiversity impacts while also making the information readily available to our customers. As such, we strive to integrate biodiversity indicators in our digital climate tools, potentially as early as the coming financial year.

RESPONSIBLE TIMBER SOURCING (FSC® AND PEFC CERTIFICATIONS)

Through our Responsible Timber Policy, we aim to prevent deforestation and land degradation in our value chain while adhering to all relevant national and international legislation. All STARK Group business units perform due diligence in line with the STARK Group Responsible Timber Policy. This process is carried out in partnership with our external collaborator, Preferred by Nature, to ensure product legality in compliance with the EU Timber Regulation and to evaluate the sustainability of forest resources. Sustainable forestry practices enable us to meet customer demands for timber without compromising ecological balance, including biodiversity, climate change, and water regeneration, thereby ensuring a sustainable future supply chain.

In collaboration with Preferred by Nature, we have conducted desk-based risk assessments of our supply chains to identify potential risks. If a high risk is detected, Preferred by Nature performs an assessment to determine whether the risk is negligible or non-negligible. For non-negligible risks, mitigative actions such as on-site audits or timber testing are conducted.

In 2023/24, we did not conduct any on-site supplier audits. Instead, we successfully obtained all necessary documentation for the due diligence process remotely. Consequently, our measurement and mitigation processes remain unchanged while we prepare for the implementation of our updated due diligence process in order to adhere to the upcoming EU Deforestation Regulation (EUDR).

An internal EUDR project group, established with collaboration across all STARK Group business units, is currently developing an updated due diligence process.

We acknowledge the importance of third-party certifications for responsible forest management, along with chain of custody audits throughout the supply chain, in mitigating the risk of sourcing illegal and controversial timber products and enhancing forest management practices. We are dedicated to increasing the proportion of certified timber in our supply chain, prioritising certified suppliers. In cases where certified timber-based products are not available, suppliers must provide verifiable evidence that the products are sourced legally and are traceable.

ENVIRONMENTAL MANAGEMENT AND AUDITS

Our environmental management system is structured around the ISO 14001:2015 standard. All STARK Deutschland, Beijer Byggmaterial, STARK Suomi, and 86% of STARK UK branches are ISO 14001 certified. Neumann Bygg is certified under the Eco-Lighthouse certification system, and 80% of STARK Group’s branches are presently environmentally certified. All certified business units are externally audited annually. A weekly self-inspection programme

includes 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 Danmark, 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.

**CASE
STARK SUOMI COMPLETES
ISO-CERTIFICATION**

In May 2024, STARK Suomi received the ISO 14001 certification for environmental management. This certification encompasses all operations and units across Finland. STARK Suomi has consistently undertaken determined efforts to reduce the environmental impacts of its activities. Achieving this certification demonstrates the commitment to continuous improvement and environmentally friendly practices. The ISO certification highlights that responsibility is a top priority and of strategic importance at STARK Suomi, as it is throughout the entire STARK Group.





RESOURCE USE AND CIRCULAR ECONOMY

We strive to support and promote responsible consumption and production within the construction sector. We work to decouple our growth from our environmental impacts by improving resource efficiency and promoting circularity in the industry. By integrating these principles into our operations, we aim to minimise waste, maximise the lifecycle of materials, and contribute to a more sustainable future for the construction sector.

CERTIFICATIONS

- Approved SBTi near-term targets 2030
- SBTi net zero targets submitted

SUPPORTING POLICIES

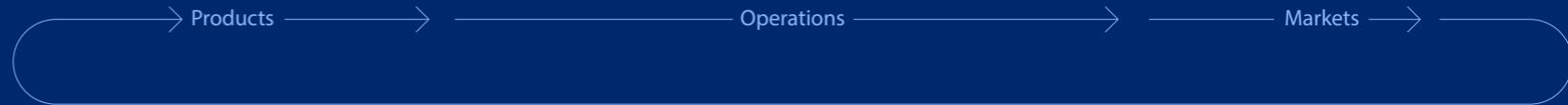
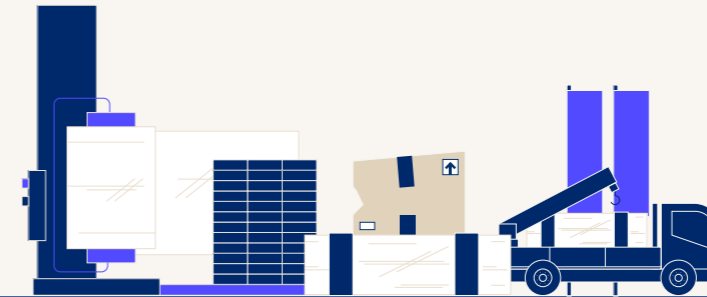
- Sustainability policy
- Environmental & Climate policy
- Supplier Code of Conduct
- Code of Conduct

IMPACTS

- 1 Excessive waste production in our downstream value chain transport packaging and poor inventory management

RISKS

- 2 Excessive waste production and in-store breakage



2027 TARGETS

20%
waste reduction per revenue



80%
of waste segregated for recycling



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



Resource use and circular economy

INCREASING CIRCULARITY

The disposal of waste from the construction industry is a significant source of emissions and resource use. As such, there is a great potential for reducing the impacts of the industry by increasing circularity and rethinking consumption patterns. However, stringent safety standards, lack of standardisation, product documentation, financial disincentives and perceived risk are all barriers to increased reuse of materials in the construction industry. Addressing these challenges requires a concerted effort to update building regulations, develop standardised testing and certification processes for reused materials, and create financial incentives that promote sustainable building practices.

STARK DANMARK IS PARTNERING TO ENHANCE THE REUSE OF BUILDING MATERIALS

In collaboration with the University of Southern Denmark, STARK Danmark is participating in a new research project aimed at enhancing the viability of reused wood in the construction industry. Currently, the Danish construction industry faces significant challenges in using reused construction materials due to inadequate documentation of durability and strength. Building regulations impose strict requirements, and while new materials come with guaranteed strength standards, such documentation is lacking for reused materials. This project aims to establish these standards, potentially accelerating the adoption of revised regulations and promoting the reuse of building materials. Initial tests on recovered wooden trusses indicate that these components may possess sufficient strength for reuse. STARK Group believes that developing documentation standards and revising requirements and regulations can lead to more sustainable and economically viable construction practices.

BEIJER BYGGMATERIAL EXPANDS COLLABORATIONS TO INCREASE REUSE

Since 2022, Beijer Byggmaterial has collaborated with Nacka Vatten och Avfall to test and explore the potential for reusing building materials from a waste facility. As part of this initiative, visitors to the facility were encouraged to deposit reusable wooden boards, beams, and wood-based panels at a designated collection point for construction material reuse rather than discarding them in the wood container. Beijer Byggmaterial took responsibility for collecting, sorting, and preparing the materials for reuse, ensuring that suitable materials were repurposed rather than directed toward energy recovery. The project yielded positive results, leading to an expansion that included other types of construction materials beyond wood. In 2023/24, similar partnerships were established with five additional municipalities across Sweden. This collaboration further demonstrates the growing awareness and commitment of local governments to promote circular solutions in the construction industry.

IMPROVING OUR WASTE MANAGEMENT

Within our operations, we also strive to reduce our impact. In 2023/24, our total waste production was 45,900 tonnes, corresponding to ~5.9 tonnes per mEUR revenue. This is a 12% reduction compared to the base year 2019/20 but does not meet our ambition of a 20% waste intensity reduction.

In absolute numbers, we have reduced our waste volume by 15% in the Nordics through continued initiatives to reuse packaging, circular partnerships, and training warehouse staff in resource efficiency. Meanwhile, due to major adjustments to the branch network in STARK UK and STARK Deutschland, waste

volumes have increased in both markets compared to the base year 2019/20. With the re-organisation of our branch networks in place, we expect to deliver less deviant waste figures in the future.

WASTE RECYCLING

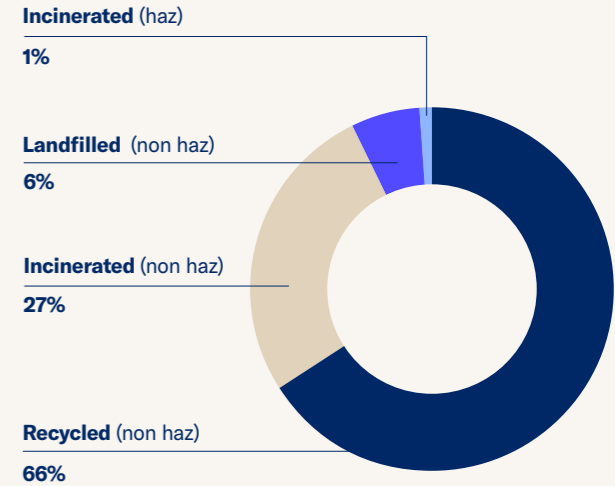
Our ambition is to segregate 80% of our waste for recycling. This year, our total recycling rate was 66%, which is behind target and a minor drop compared to last year. As for our total waste volumes, our recycling rate is influenced by the ongoing integration of our UK acquisition with significantly lower recycling rates. STARK Nordics has increased recycling rates to 61%, which is a 9pp improvement compared to base year 2019/20.

INCREASING ASSORTMENT OF THIRD-PARTY VERIFIED ECO-LABELLED PRODUCTS

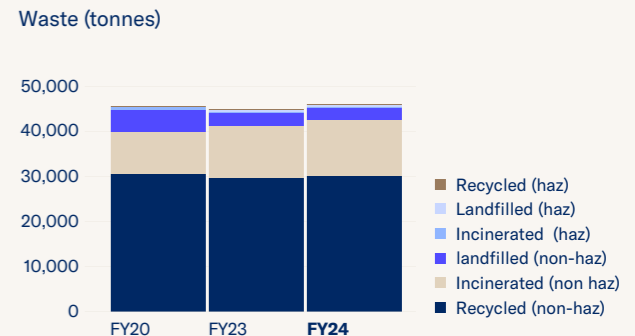
At STARK Group, we want to increase our assortment and sales of products with third party verified eco-labels and lower carbon emissions. Many of our suppliers are adopting improved production methods to reduce their energy consumption, hazardous chemicals, water, and other resources. By incorporating third-party eco-labels, these suppliers can effectively communicate the sustainable value of their products. This enables our sales staff to highlight and promote these benefits to our customers more effectively.

Last year, we launched a working group to improve our product documentation data and to establish clear accounting principles for the share of third-party verified eco-labelled SKUs and sales across

WASTE FRACTIONS 2023/24



ABSOLUTE WASTE AMOUNT FROM OPERATIONS



Continues →



Resource use and circular economy

the group. We are now able to report comparable data across our Group. As penetration levels of third-party verified eco-labelled products are relatively low in the UK and German & Austrian markets, we see considerable potential to promote these.

The share of third-party verified eco-labelled products in STARK Group’s stocked assortment totalled 6%. However, it represented 24% of total sales in 2023/24, showcasing a strong demand for third-party verified eco-labelled products from our customers. This clearly supports our ambition to increase the certified product range.

EFFICIENT PRODUCT SUSTAINABILITY DOCUMENTATION

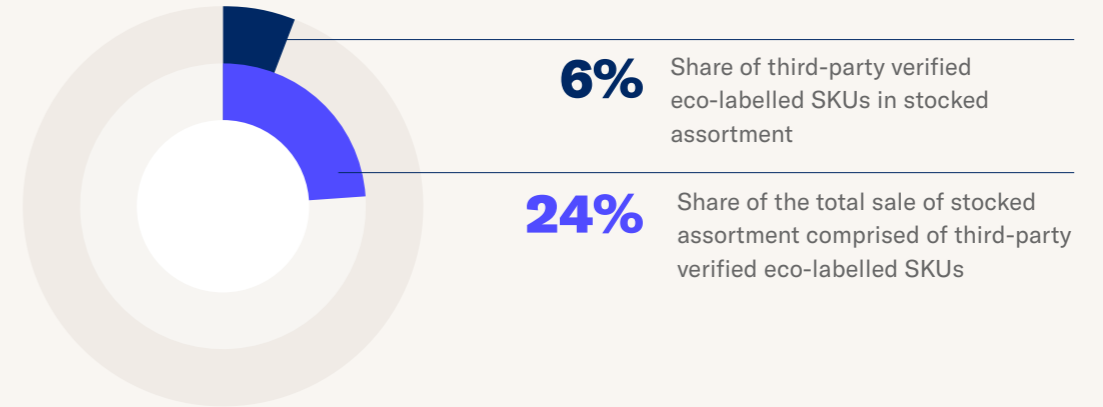
Certified sustainable construction schemes and public procurement requirements demand correct and verified documentation of construction materials. We strive to make it easy for all customers and end-users to find the required sustainability and safety documentation, such as material safety data sheets (MSDS), environmental product declarations (EPDs) and technical data sheets. We provide customers with access to view their 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 certified construction.

WATER RESOURCE MANAGEMENT

Based on our preliminary double materiality assessment, water and marine resources are not considered material topics for STARK Group due to our minimal direct operational impact on water resources. In our operations, water is primarily used for sanitary purposes, cleaning equipment, and maintaining outdoor areas. In 2023/24, our total direct water consumption was 217,000 m³, reflecting a 14% improvement from the previous year and a 37% reduction from base year 2019/20.

We recognise that the products we distribute may involve water-dependent production phases or processes that affect water quality. Consequently, we are committed to collaborating with our suppliers to enhance transparency within our supply chain and to understand the environmental impact of our products better.

SHARE OF THIRD-PARTY VERIFIED ECO-LABELLED PRODUCTS





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S SOCIAL

We are committed to being a safe and inclusive company with an engaged and competent workforce. We believe that social sustainability throughout our workforce fosters engagement, which is crucial for STARK Group to deliver on strategic goals and maintain customer loyalty.

We are also committed to reducing our potential negative impacts in our value chain regarding the workers in our value chain, affected communities around ours and our suppliers' activities, as well as taking into consideration how we can support social sustainability for our consumers and end-users.

This section describes our principles and ambitions on social sustainability and the impacts and progress of our operations and across our value chain.

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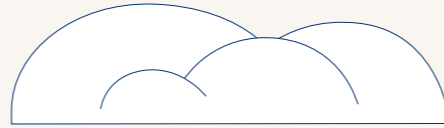
ESG Performance data

OWN WORKFORCE

At STARK Group, we are committed to creating a safe and inclusive workplace, ensuring our workforce is engaged and skilled. Social sustainability within our workforce is vital for driving engagement, achieving strategic goals, and maintaining customer loyalty. By focusing on employee well-being and development, we build a resilient and motivated workforce capable of delivering exceptional service to our customers.

HEALTH AND SAFETY

We are committed to fostering a healthy and safe working environment for our employees while ensuring secure and welcoming premises for our customers and partners



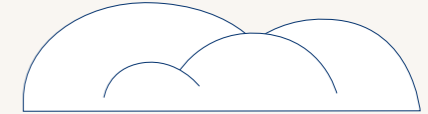
DIVERSITY, EQUITY AND INCLUSION

We prioritise diversity, equity, and inclusion, recognising that a diverse culture strengthens our organisation and drives market leadership



EMPLOYEE ENGAGEMENT AND COMPETENCE DEVELOPMENT

Our people's engagement and skills are key to achieving our goals and building customer loyalty. We invest in their growth, fostering a diverse and respectful workplace.





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Own workforce

HEALTH AND SAFETY

At STARK Group, we strive to create a healthy and safe working environment for our employees and secure premises for customers and third parties. In collaboration with our employees, our ambition is to continuously improve health, safety, and well-being throughout our operations. Together, we are committed to fostering a culture where everyone feels valued, protected, and empowered to contribute to a safer and healthier workplace.

PERFORMANCE PROGRESS

Our incident management is based on the GRI standard 403: Occupational Health and Safety. This means that we include all employees and workers in our operational control in our reporting.

In 2023/24, STARK Group's injury rate improved significantly, with the rate decreasing from 5.6 in 2022/23 to 4.4 in 2023/24 (per million hours worked).

Despite a reduction in the number of injuries, there is an indication that the injuries that occurred resulted in longer periods of absence and, thus, an increase in lost workdays. This increase in accident severity is a challenge that we are implementing actions to address. The lost workday rate from 2022/23 to 2023/24 is not fully comparable as there has been a change in our accounting principles, where lost workdays in 2023/24 were aligned to general practice and thus calculated using calendar days instead of scheduled workdays.

DIGITALISING OUR HEALTH AND SAFETY CULTURE

In 2023/24, we started a journey to digitalise our health and safety management systems into one shared platform across STARK Group. The vision of the implementation is to promote a safety culture, ease legal compliance, and create a safer workplace. By replacing existing standalone systems with a single, streamlined HS platform, we will be able to provide real-time insights into our organisation's safety performance and proactively identify and mitigate potential risks. By integrating all HS-related data and workflows, we will moreover be able to optimise our processes and improve our decision-making capabilities.

In August 2024, STARK Group initiated a collaboration with a market-leading vendor to establish a setup comprising incident management, including near misses and observations, audits and inspections, document

CERTIFICATIONS

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

SUPPORTING POLICIES

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

See performance data on [p. 76](#)

IMPACTS

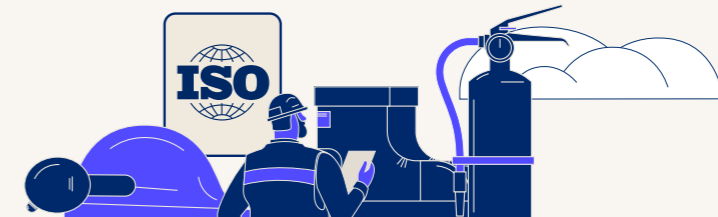
- 1 Accidents, incidents, fatalities, and lost workdays due to hazardous conditions and inadequate safety measures

RISKS

- 2 Customer and contractor safety risks at STARK facilities
- 3 Inadequate emergency preparedness
- 4 Non-identification of potential risks

OPPORTUNITIES

- 5 Lower insurance costs
- 6 Higher employee engagement



Operations

2027 TARGETS

↘ **5.7/Mhrs**

Reduce injury rate to 5.7 per million hours worked

↘ **40/Mhrs**

Reduce lost workday rate to 40 per million hours worked



Own workforce

management, and risk assessment. After implementing and adapting the initial setup in the platform, we plan to get more areas digitalised, including chemical management and health checks.

The benefits we expect to gain from the platform are multifaceted, improving both scalability and easy acquisition, improved safety performance, legal compliance, and one standardised source of health and safety data. A benchmark throughout the project is how the platform decisions will improve the health and safety of our employees and third parties. The options to identify root causes and create action plans, as well as the transparency of tasks and responsibility, will enhance opportunities to follow up, learn, and prevent future incidents.

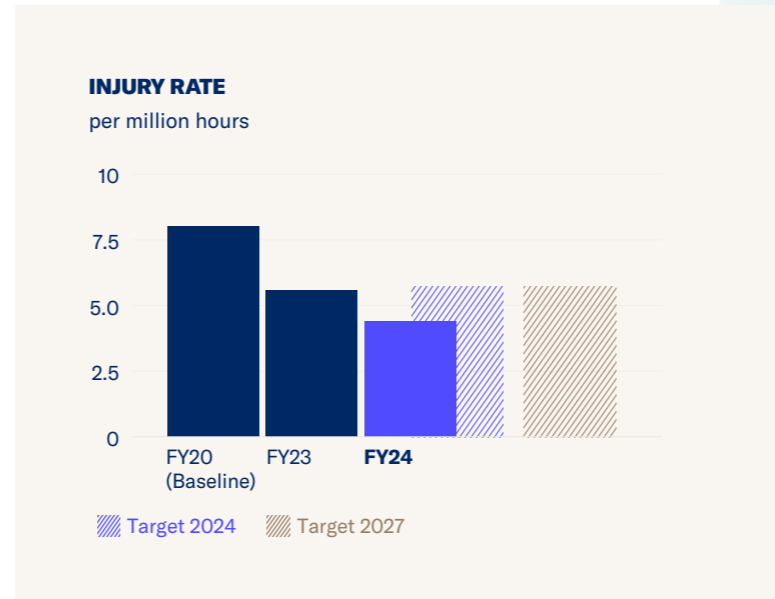
We have reviewed and optimised our Group processes to prepare for the implementation. As a result, our audits have become more transparent and interlinked with our risk management. The audit scope and frequency have changed accordingly, so not all branches will be visited equally; rather, they will be dependent on performance and maturity.

HEALTH AND SAFETY GROWTH AND COLLABORATION

The rapid growth of STARK Group, with STARK UK being the latest major acquisition, has made our health and safety collaboration and learning evolve simultaneously. Local mandatory practices in some business units have helped raise the Group standard, and best practices are shared across the business units. During the HS platform pre-project, the Group health

and safety team worked closely with the teams across all business units, focusing on mapping all our processes in detail. This process has brought the Group and the HS teams closer together, fostering a better understanding of each other's ways of working and our commonalities.

The business unit's health and safety managers meet quarterly to align Group standards, discuss common challenges, and find solutions. The output from our 2023/24 collaboration includes a Group standard developed for ATEX (European directive ensuring safety in explosive environments by setting standards for equipment used in areas with flammable gases, vapors, liquids, or dusts), comprising both a procedure



KIAN
Warehouse Operative
STARK Denmark



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for managing ATEX and a risk assessment template and register. Additionally, an instruction and poster were developed for employees working in areas with ATEX risks. The ATEX standard will be implemented in 2024/25 to ensure risk mitigation and legal compliance. To address preventable cut accidents, the health and safety team also agreed to make safety knives mandatory. This is already well established in STARK UK, STARK Deutschland, and STARK Suomi, and by making it a Group standard, we expect the Nordic BUs to follow this good example in the coming year.

At the business unit level, the health and safety teams have the responsibility and autonomy to implement local and Group strategies adapted to the local culture. Besides ongoing support from Group, each business unit has a health and safety steering committee. Here, top management gets involved, sets the risk tolerance, and takes responsibility and ownership for high-level challenges to foster a strong health and safety culture.

ISO CERTIFICATES AND STANDARDS

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. In 2023/24, 22% of our branches were ISO 45001-certified. The ISO certification covers 213 German branches and STARK Suomi, who successfully achieved the 14001 and 45001 certificates for 100% of their branches in May 2024.

EVERY 10 SECONDS, WE DELIVER BUILDING MATERIALS TO CONSTRUCTION SITES ACROSS EUROPE





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Own workforce

DIVERSITY, EQUITY AND INCLUSION

At STARK Group, we prioritise diversity, equity, and inclusion as strategic imperatives. We believe that fostering a diverse and inclusive culture strengthens our organisation, enabling us to effectively navigate global challenges and maintain our leadership in the market.

As a company, we value a workforce that reflects the demographics of society around us. We do not discriminate based on gender, ethnicity, disabilities, or other factors. Achieving success in our diversity, equity, and inclusion (DEI) agenda is crucial for staying relevant to our customers, employees, investors, and society. Our workforce should mirror the diversity of the wider community, highlighting the importance of embracing and leveraging differences.

DE&I GOVERNANCE

The STARK Group CHRO oversees the diversity and inclusion agenda. Business unit HR directors help to shape the agenda and ensure compliance with DEI principles and guidelines within their units. They are responsible for educating employees and implementing DEI practices. Group-level DEI targets are cascaded to business units for local adoption and execution.

DIVERSITY, EQUITY & INCLUSION COUNCIL LAUNCHED

To embed DE&I across the Group, we have established a DEI Council with fifteen members from various roles within our business units, representing a wide range of genders, ages, ethnicities, backgrounds, experiences,

and sexualities. This council plays a critical role in shaping our DEI strategy and ensuring representation across all levels of the company. The DEI Council was launched in January with the purpose of onboarding the group into where we stand with the DEI agenda in STARK Group, sharing initial ideas, and getting a common understanding of the issues and ideas that our different BUs face on DEI matters.

The council has four scheduled meetings per year, including both virtual and physical meetings hosted in the Group office in Copenhagen. Themes during 2023/24 include the results of the STARK Group DEI Survey 2023/24, accountability for the DEI agenda, and the submission of 10 initiatives to support development towards our targets. Proposed initiatives include

COMMITMENTS

- In 2030, we want to be recognised in society as being ahead of our industry in terms of diversity, equity and inclusion.
- Confederation of Danish Industry (DI) Gender Diversity Pledge (DK)
- German Diversity Charter “The Charta der Vielfalt” (DE)
- Diversity Charter (SE)

SUPPORTING POLICIES

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

See performance data on [pp. 77-78](#)

RISKS

- 1 Gender pay gaps may impact employee engagement, talent acquisition and reputation.

OPPORTUNITIES

- 2 Embracing inclusive employment expands the talent pool



Operations

2027 TARGETS

25%
women in total



20%
women in management positions



30%
women in the Executive Management team



30%
women on the Board of Directors





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further integrating DEI into the hiring and onboarding process, culture training, inclusive communication and gaining group-wide awareness of our DEI targets.

WELL-BEING: A KEY FOCUS AREA

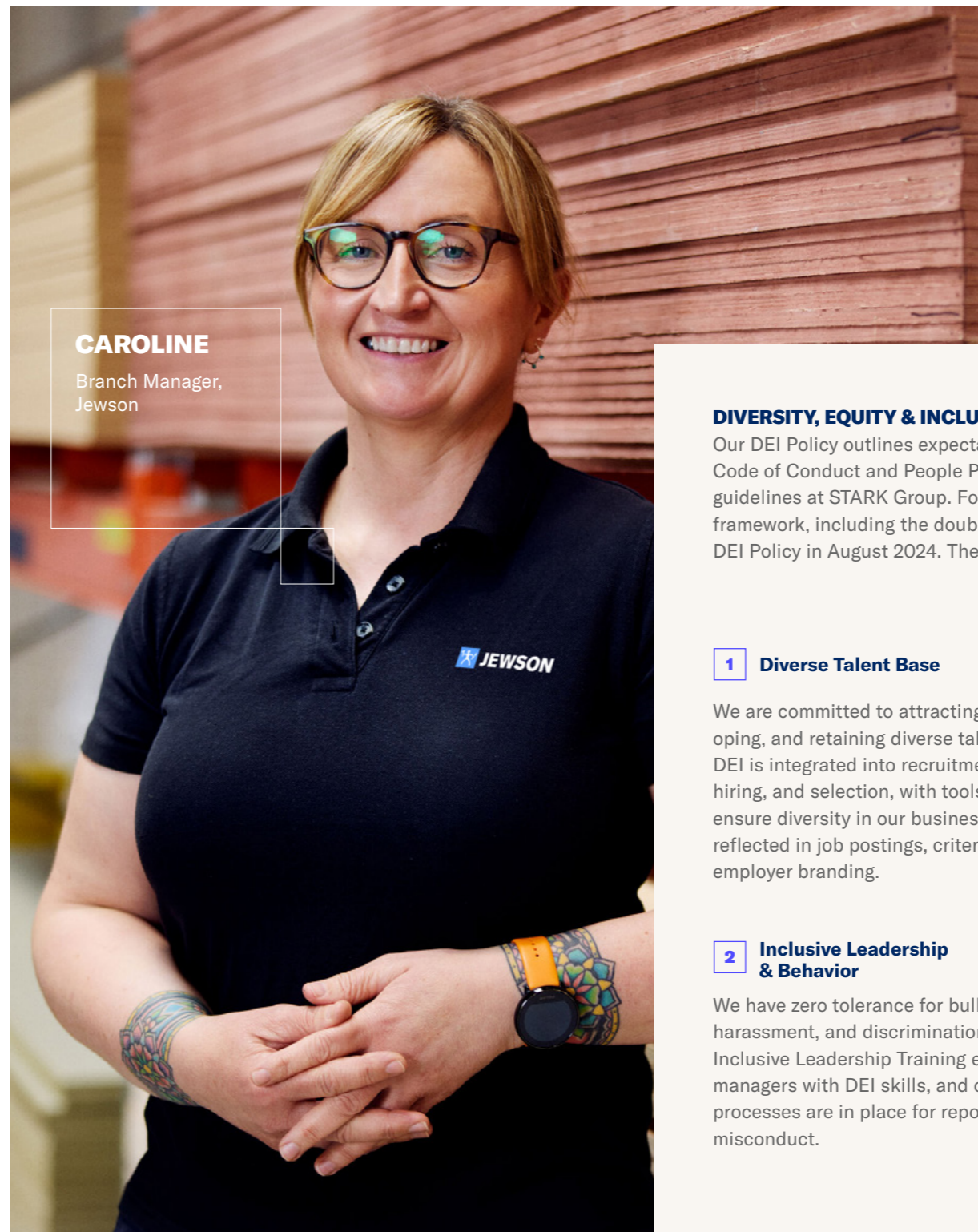
Well-being has also become an integral part of our engagement surveys, with questions focused on psychological safety and experiences of harassment. This allows us to maintain a workplace where equal rights and treatment are upheld. In line with this, we have developed a Group manual for handling harassment cases, ensuring clear procedures and support for affected employees.

INCLUSIVE LEADERSHIP TRAINING

We have introduced an Inclusive Leadership training module for managers, which covers DEI principles, bias awareness, and strategies for leading inclusively. This equips our leaders with the tools to foster a more inclusive work environment. At the same time, half of our business units have launched a talent programme – Grow@Stark – focusing on supporting a diverse representation of gender, age and experience amongst our future managers at STARK.

EVALUATION, REPORTING AND CONTROLS

We regularly monitor our DEI initiatives, with control procedures in place to minimise the risk of misconduct. Group HR oversees risk allocation and ensures the necessary control measures are implemented. We've also set group-wide diversity targets to evaluate the impact of our efforts.



CAROLINE
Branch Manager,
Jewson

DIVERSITY, EQUITY & INCLUSION POLICY

Our DEI Policy outlines expectations for all employees. Together with our Code of Conduct and People Policy, it forms the basis for all DEI-related guidelines at STARK Group. Following our annual policy maintenance framework, including the double materiality assessment, we updated the DEI Policy in August 2024. The policy is built on four key principles:

1 Diverse Talent Base

We are committed to attracting, developing, and retaining diverse talent. DEI is integrated into recruitment, hiring, and selection, with tools to ensure diversity in our business units, reflected in job postings, criteria, and employer branding.

2 Inclusive Leadership & Behavior

We have zero tolerance for bullying, harassment, and discrimination. Our Inclusive Leadership Training equips managers with DEI skills, and clear processes are in place for reporting misconduct.

3 Equal Advancement Opportunities

We focus on removing barriers to equal growth through recruitment, training, leadership, and rewards. Progress is monitored through KPIs and discussed at the leadership level.

4 Equal Treatment

Recognising diverse perspectives and experiences enhances business growth and gives us a competitive edge.



Own workforce

GENDER DIVERSITY PROGRESS

In 2023/24, STARK Group continued its efforts to improve gender diversity across all levels of the organisation, though we faced challenges in maintaining progress in some areas. Currently, women make up 22% of our total workforce, a slight decrease from 2022/23 due to the acquisition of STARK UK, with a significantly lower representation of 17% women.

Women in management account for 16% of our total management, which is an increase of 1pp from last year, although not meeting our 2024 target of 20%. Our headquarters have a higher female representation, with women holding 42% of the management roles. For detailed performance numbers, refer to [pp. 67-83](#).

At the Executive Committee (ExCom) level, the gender ratio remains unchanged. Of 14 members, 4 are women, equalling 29%. The gender balance at the Executive Management level remains the same, with one seat held by a man and the other by a woman.

In 2023/24, the gender diversity on our Board of Directors changed as the Board expanded from five to six members, with only one being a woman. This reduces the percentage of women from 20% to 17% at the Board level.

We continue to prioritise gender diversity across all company levels in alignment with our DEI and People Policies. Although we've seen some setbacks, we remain committed to improving gender balance, particularly in management and executive roles. Recruitment processes are closely monitored to ensure

female candidates are included in the pipeline, and we encourage our external partners to present diverse talent. Gender diversity remains a key topic in Board discussions, and we are dedicated to finding the best strategies to achieve our targets.

AGE DIVERSITY PROGRESS

In 2023/24, STARK Group continued its efforts to improve age diversity across the organisation.

As of this year, 17% of STARK Group employees are 29 years or younger, a slight decrease from last year's 18%. Meanwhile, 43% of employees are between the ages of 30 and 49, and the proportion of employees over 50 years old has increased to 39%, compared to 37% last year. This reflects a growing trend of an ageing workforce, particularly in STARK Danmark and STARK UK, the latter traditionally having a higher percentage of employees over 50.

This trend signifies that we need to intensify our efforts to attract younger talent. This is key to building a more balanced and dynamic workforce across age groups, which is essential for sustaining long-term growth and innovation.

We remain committed to our goal of increasing the number of employees under 30 and will continue to focus on recruitment strategies that attract younger professionals. Additionally, we are working on initiatives to create career development opportunities tailored to younger employees, helping them grow within STARK Group while also ensuring that we maintain the valuable experience of our senior workforce.

OUTSTANDING SATISFACTION IN STARK SUOMI WITHIN 2024 RESPONSIBLE SUMMER JOB SURVEY

STARK Suomi participated in the 2024 Responsible Summer Job Survey, the largest annual survey in Finland. The comprehensive organisation-specific research report provided insights into employees' experiences across all areas of responsibility.

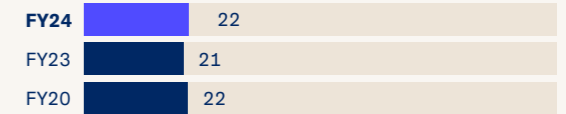
Summer workers reported outstanding satisfaction in several key areas, including fairness and equity, the atmosphere within the work community, the meaningfulness of tasks, and the quality of cooperation and communication with supervisors. Employees felt well-integrated into the work community, receiving equal treatment alongside permanent staff. They felt they could provide open feedback and utilise their skills in their roles.

The overall result of the Summer Job Survey improved from 4.46 in 2023 to 4.52 in 2024 on a scale of 5. The results highlight our continuous efforts to enhance the quality of our summer job programme, our dedication to fostering an inclusive and supportive work environment and our mission to create a positive and equitable workplace for all. Responsible Workplace Survey in Finland was carried out by Iro Research (ISO 20252:2019 certified).

TARGETS AND PERFORMANCE ON DIVERSITY 2027

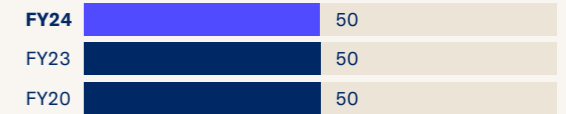
Gender (% women)

Target: 25% women in total



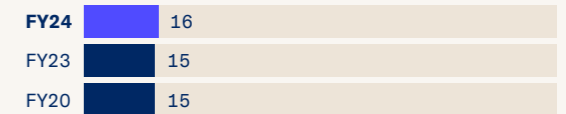
Executive Management team (% women)

Target: 30% women in the Executive Management team



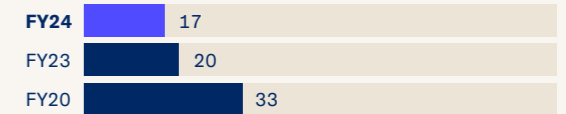
Management positions (% women)

Target: 20% in management positions



Board Diversity (% women)

Target: 30% in the Board of Directors





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EMPLOYEE ENGAGEMENT AND COMPETENCE DEVELOPMENT

Our people's engagement and competence are vital for STARK Group to achieve strategic goals and maintain customer loyalty. We aim to be the industry's preferred workplace by investing in our people and offering development opportunities. We uphold our values, treating everyone with decency respect, and valuing diversity. We evaluate feedback from our engagement surveys and act on areas that need improvement.

TRAINING, COMPETENCE DEVELOPMENT, AND EMPLOYEE ENGAGEMENT AT STARK GROUP

At STARK Group, we prioritise ongoing training and competence development to ensure high employee engagement and maintain robust skill levels. Monitoring social performance indicators such as gender equality and employee engagement helps us track our progress and commitment to improvement. In November 2023, we conducted our annual engagement survey, TellUs!, across all business units, including new questions on workplace wellbeing, psychological safety and harassment. The survey results offer valuable insights into satisfaction, motivation, and loyalty levels, guiding our action plans at local, regional, and national levels.

ENGAGEMENT SURVEY RESULTS AND ANALYSIS

The 2023 TellUs! Survey provides critical insights into our employees' satisfaction, motivation, and loyalty. This year, the survey received an overall participation rate of 82%, which is on the same level as last year, even though we also included our business unit in the UK. The Nordics even reached 93%, an increase of 2pp from the previous year.

SATISFACTION, MOTIVATION AND LOYALTY SCORES

STARK Group's average score for satisfaction and motivation was 71, a 3-point decline from 2022/23. Notably, the Nordics maintained a strong score of 76 despite a slight 1-point drop. We continue to focus on the initiatives implemented across our business units to improve the score and to use the survey insights constructively.

CERTIFICATIONS

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

SUPPORTING POLICIES

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

See performance data on [p. 79](#)

RISKS

- 1 Low customer satisfaction due to a lack of product knowledge and customer service in the sales process
- 2 Reduced employee retention due to stagnation of skills and career development opportunities
- 3 Lack of social dialogue can diminish employee engagement

OPPORTUNITIES

- 4 Enhanced customer satisfaction by equipping them with the skills, knowledge, and attitudes needed to deliver exceptional service



Operations

2027 TARGETS

76
Employee satisfaction and motivation score of 76

PROGRESS

82
Employee loyalty score of 82

PROGRESS

85
Survey participation rate of 85%

PROGRESS



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Loyalty remains a critical metric, and this year, STARK Group maintained an overall score of 80, consistent with last year. The Nordics achieved 83, while the UK came in for their first year in the survey with a score of 82 – on par with the external benchmark. STARK Deutschland recorded 75, a slight decrease of 1 point from last year.

WELL-BEING AND PSYCHOLOGICAL SAFETY

New questions about workplace well-being, psychological safety, and harassment were implemented into the survey in 2023/24. These additions are vital as we focus on creating a safe and supportive environment for all employees. While we have identified areas for improvement, our efforts are geared toward actionable plans that address these concerns.

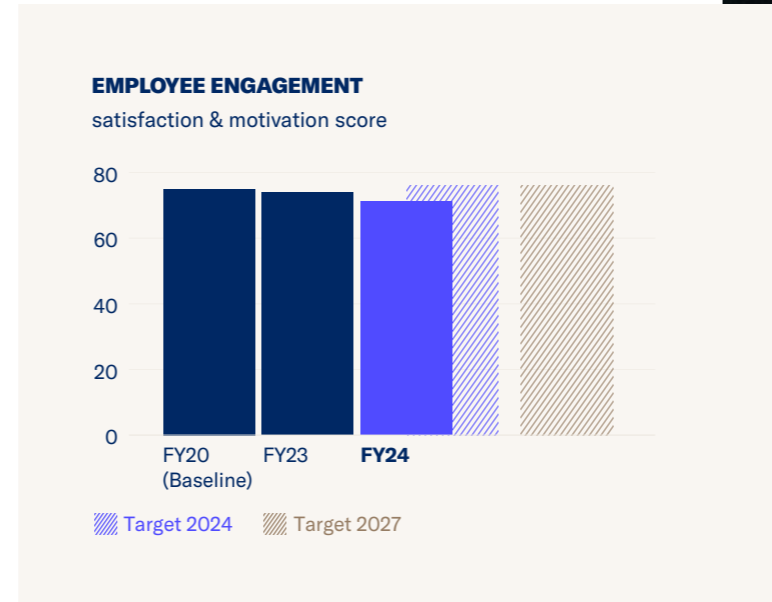
FOCUS AREAS AND ACTION PLANS

While the overall satisfaction and motivation scores dipped slightly compared to last year, the results have prioritised our efforts and initiatives. We have begun implementing improvement actions highlighted through the engagement survey, focusing on the key areas of workplace well-being and psychological safety. Our target remains to increase the group-wide satisfaction and motivation score to 76 and our loyalty score to 82.

Additionally, we will reinforce our efforts with targeted initiatives in performance talks, DEI initiatives, and through localised action plans. Our awareness campaigns in newly acquired branches, especially

in STARK UK and STARK Deutschland, will focus on maintaining and increasing employee participation and engagement.

As we act on the feedback from this year’s results, we remain committed to creating a workplace that supports growth, safety, and inclusivity. Our progress so far is encouraging, and with the ongoing improvements in place, we are confident in achieving our long-term goals.



Continues →



Own workforce



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COMPETENCE DEVELOPMENT IS ESSENTIAL

Managers and leaders are crucial in shaping employee development. Therefore, we invest time and resources to ensure they have the skills and knowledge to create a workplace that promotes growth. While every employee is entitled to at least one annual performance review, we strongly encourage more frequent feedback sessions.

Employee development takes various forms, such as formal classroom training delivered by internal or external experts, on-the-job training through mentorship, or expanding daily responsibilities beyond current skills. Taking on new challenges, stepping outside comfort zones, and participating in cross-functional projects can significantly boost personal growth, often offering more impactful learning than traditional classroom methods.

We provide a variety of online and on-site training courses. In 2023/24, 63,215 hours of training were completed, resulting in an average of 3.1 hours of training per employee.

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 & 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.

IN-HOUSE 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.

LABOUR LAW AND INDUSTRIAL RELATIONS

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

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 STARK Denmark, Beijer Bygmaterial, Neumann Bygg, STARK Suomi, STARK Deutschland, 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.





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WORKERS IN THE VALUE CHAIN

We aim to maintain strong partnerships with our suppliers, and 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 human rights and the environment. Our size and close relationship with trusted suppliers give us leverage to drive sustainable development in the supply chain, and we, therefore, have an ambition to improve supplier ESG performance through knowledge sharing, clear expectations, encouraging certifications and validated commitments, as well as developing transparent screening processes.

CERTIFICATIONS

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

SUPPORTING POLICIES

- Human Rights Policy
- People policy
- Product Integrity Policy
- Records Management and Personal Data Protection Policy
- Anti-Corruption Policy
- Sustainability Policy
- Supplier Code of Conduct
- Code of Conduct

See performance data on [p. 80](#)

IMPACTS

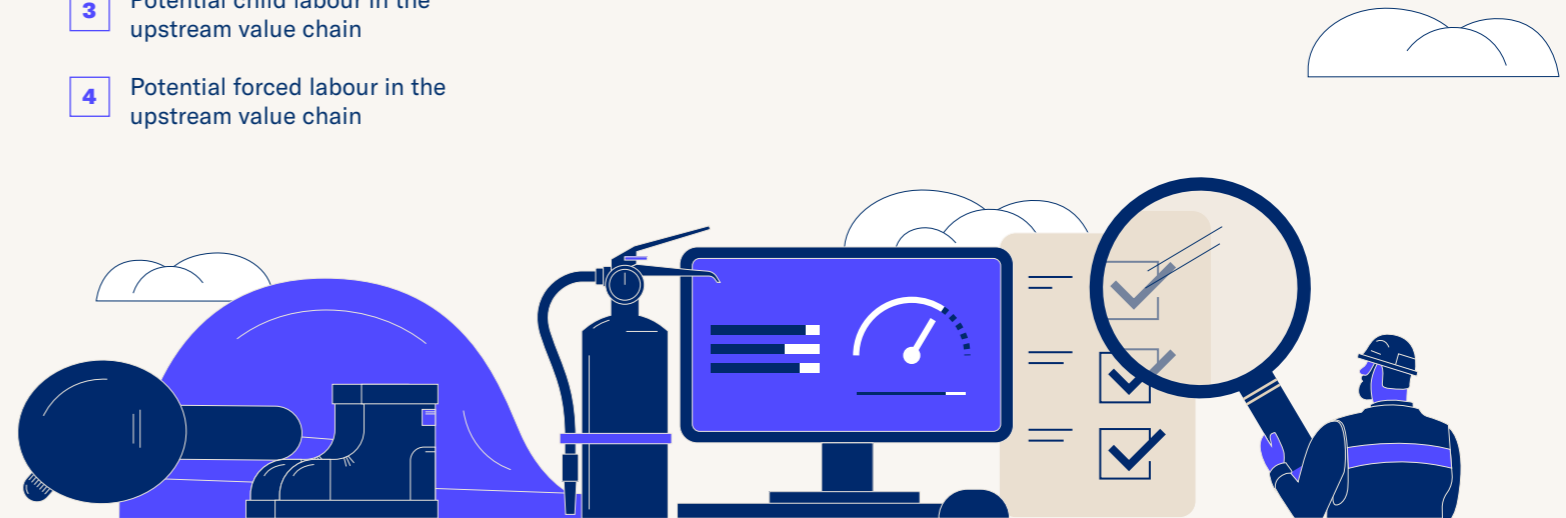
- 1 Poor working conditions for workers in countries of product origin
- 2 Work-related incidents in the upstream value chain
- 3 Potential child labour in the upstream value chain
- 4 Potential forced labour in the upstream value chain

RISKS

- 5 Non-compliance with the Supplier Code of Conduct and upcoming due diligence regulation
- 6 Supply chain disruption
- 7 Reputational risk

OPPORTUNITIES

- 8 Upskilling suppliers to understand EU requirements and STARK Group ambitions can support best-in-class assortment and target realization



Products

2027 TARGETS

100%
of contracts passed Product Integrity process



Increasing assortment and sales of FSC® and PEFC labelled products



Increasing % spend covered by suppliers with ESG risk score



Increasing % of suppliers covered by ESG risk score



Decrease in average ESG risk score



Decrease in no. of suppliers with "5=High Risk" ESG score



Workers in the value chain



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SUPPORTING HUMAN RIGHTS IN THE SUPPLY CHAIN

We aim to source our products ethically, with a focus on human rights, ensuring safe and decent working conditions throughout 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.

Our Human Rights Policy clearly states our commitments and explains our due diligence process. The policy ensures a common understanding of key human rights across our value chain. Our human rights due diligence process aims 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 how impacts are being addressed. We strive to be a positive link in the construction value chain by meeting our stakeholder expectations and 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.

STRENGTHENING OUR SUSTAINABLE SUPPLY CHAIN GOVERNANCE

During 2023/24, we established a new management role in STARK Group Sourcing and hired a dedicated Sustainable Supply Chain Manager. This role is part of the Group Sourcing management team and plays an instrumental role in further developing the environmental and human rights due diligence processes and educating the organisation in sustainable supply chain management.

In addition, the new role aims to integrate sustainability into strategic sourcing through sustainability KPIs and incentive schemes, as well as engage with suppliers to communicate STARK Groups' sustainable sourcing ambitions to encourage strong partnerships.

The Sustainable Supply Chain Manager will drive the sustainability agenda in STARK Group's European Supplier Programme as well as other supplier networks.

ESG IN THE 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 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.

During 2023/24, 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.

Through an ESG screening process, we gain indicative insights into supplier ESG risk scores. We have, during 2023/24, doubled the number of suppliers with an ESG risk screening and presently we have ESG risk scores on more than 10,000 suppliers, covering 84% of our total spend. The average ESG risk score per spend was 2.6 (medium risk) out of 5, which is an increased risk of 0.2 compared to last year. The highest risk is generally within environment (average score of 2.9: medium risk), and the lowest is in governance (average score of 1.6: low risk). Currently, 2% of our supplier spend falls within a "high risk" category. A common cause of "high risk" ratings continues to be a lack of data in the ESG risk screening assessment. Therefore, we will continuously work with our suppliers to improve their ESG efforts and data quality and will use the ESG risk screening to prioritise our efforts.

For further information on Neumann Bygg's supply chain due diligence policies, efforts, and supplier risk profiles, please refer to <https://www.neumann.no/Apenhetsloven>. For STARK Deutschland's reporting, according to Lieferkettensorgfaltspflichtengesetz, please refer to Nachhaltigkeit | STARK Deutschland (stark-deutschland.de).

HUMAN RIGHTS IN OUR VALUE CHAIN

Our human rights salience assessment identified four focus areas in our value chain: safe working environment, decent and fair pay, forced labour and children's rights. We plan to assess our current activities against relevant International Labour Organisation conventions and the UN Guiding Principles further and develop our action plan. The action plans we develop will form the basis of our new human rights performance indicators in the future.

Improving our risk assessment and standards in the supply chain is an ongoing process. With our new Sustainable Supply Chain Manager spearheading the area, we will further develop our risk assessment, management, and human rights due diligence processes within our business. We strive to align with recognised standards and the emerging EU Corporate Sustainability Due Diligence Directive.



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AFFECTED COMMUNITIES

STARK Group strives to minimise the impact we may have on communities in our supply chain and to be a positive corporate citizen supporting sustainability in our local communities.

CERTIFICATIONS

- UN Guiding Principles on Business and Human Rights
- International labour standards as defined by the International Labour Organisation (ILO)
- Business ambition for 1.5 campaign / Race to Zero
- UN Global Compact

SUPPORTING POLICIES

- Human Rights Policy
- People policy
- Sustainability Policy
- Supplier Code of Conduct
- Code of Conduct

See performance data on [p. 81](#)

IMPACTS

- 1 Poor working conditions for workers in countries of product origin
- 2 Work related incidents in upstream value chain
- 3 Potential impact on indigenous people's rights in origin countries of tropical wood

RISKS

- 4 Potential child labour in upstream value chain
- 5 Potential forced labour in upstream value chain
- 6 Potential forced labour in the downstream value chain (construction sites) poses an ethical, social and economic risk

OPPORTUNITIES

- 7 Upskilling suppliers to understand EU requirements and STARK Group ambitions can support best-in-class assortment and target realization



Products

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2027 TARGETS

100%
of contracts passed Product Integrity process



Engagement and partnerships with NGOs, educational institutions etc.



Educative events



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Affected communities

INDIGENOUS PEOPLE'S RIGHTS

Our double materiality assessment highlighted that STARK Group may have a potential impact on indigenous people's rights in countries of origin of our sourced tropical wood. We strive to reduce this risk through our timber policy, which clearly states that timber and products containing tropical hardwood species from high-risk countries, as defined by monitoring organisations and international regulators, must be sourced from FSC® or PEFC-certified suppliers. By trading certified tropical wood, STARK contributes to giving the forest value. Without this added value, the land would be at higher risk of land-use conversion to more economically advantageous uses, such as soy or cattle farming.

CORPORATE CITIZEN

At STARK Group, we seek to be active in sustainability networks and collaborate in partnerships that promote sustainability and circularity. We initiate and participate in a broad range of educative events within our industry and in conferences, debates, and workshops to promote sustainability.

JEWSON PARTNERSHIP SOLUTIONS AND YOUTHBUILD COLLABORATION

As part of its ongoing relationship with YouthBuild, a non-profit which teaches construction skills to disadvantaged young adults and helps them to find employment within their chosen trade, Jewson Partnership Solutions (JPS), a part of STARK UK, provides tools, equipment, and training to YouthBuild students and helps graduates of the programme to find employment in the construction sector. As an example,

JPS colleagues held CV coaching and mock interview workshops to prepare the YouthBuild students to take the first steps in their careers.

JPS also supported a YouthBuild 13-week intensive Green Futures Construction Bootcamp, including the refurbishment of the Javan Coker Foundation's community centre. Scott Cooper, managing director of JPS, which has partnered with YouthBuild since 2021, said: "It is a huge honour to partner with YouthBuild and to play a role in shaping the future careers of these talented young people. Seeing them grow in confidence and demonstrate their newly acquired trades on this latest community project has been incredibly rewarding. The Javan Coker Foundation is an excellent cause that empowers children and young people with disabilities and special educational or additional needs, and their families. The centre is vital to the local community, and we are proud to have played a role in refurbishing the site so that it can continue to benefit families in Abbey Wood and beyond."

THE STARK FOUNDATION SUPPORTS RESEARCH AND EDUCATION WITHIN THE TIMBER INDUSTRY

The STARK Foundation has two main purposes. To grant funds to young tradespeople undertaking education within the timber and construction industries and secondly to support philanthropic projects within the timber industry, including visionary and innovative projects which can contribute to the green transition or, in other ways, make a positive difference to society.

During 2023/24, the STARK Foundation supported 18 projects with a total of 0.2 million EUR.

CASE

RESPECTING THE RIGHTS OF INDIGENOUS PEOPLE THROUGH THE FOREST STEWARDSHIP COUNCIL (FSC®)

We cooperate with certification organisations such as FSC® to support human rights in the timber value chain, including the rights of Indigenous people. FSC focuses on labour rights at all levels. At the forest management level, FSC has specific requirements regarding customary, community, and indigenous peoples' rights, which include third-party verification of performance against these standards. All FSC certificate holders are subject to annual audits by accredited certification bodies.

Research shows that FSC fosters additional social and economic benefits for the workers involved, as well as local communities and indigenous people affected by FSC-certified forest operations. The social impact of FSC goes beyond avoidance of violations of human rights. For Indigenous people and local communities that may be affected by certified forest operations, FSC requires the facilitation of meaningful engagement, including through free, prior, and informed consent.





CUSTOMERS AND END-USERS

We aim to make it easy for our customers to build responsibly and future fit and to offer our customers low-carbon services and products. As one of Europe's largest distributors of construction materials, we recognise our responsibility to act accordingly. Therefore, we are committed to supplying a future-fit product range with best-in-class product documentation and trusted advice. We prioritise engaging with our customers to understand their needs and ensure that we can support them in building for the future.

CERTIFICATIONS

- SBTi net zero targets submitted
- Approved SBTi near-term targets 2030

SUPPORTING POLICIES

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

IMPACTS

- 1 Poor product data may result in missed sales
- 2 Poor information on sourcing trails, production methods and countries of origin
- 3 Emissions of harmful substances in finished buildings
- 4 Inadequate guidance on machine rentals may put customers at risk of accidents

RISKS

- 5 Misleading sales promotions may have negative reputational impacts and accusations of greenwashing etc.
- 6 Non-compliance with ethical standards and legal requirements - EUDR, CSDDD, etc.
- 7 Greenwashing and loss of reputation

OPPORTUNITIES

- 8 The demand for product information, including product carbon information is increasing representing an opportunity to capitalise on the provision of EPD's to customers



2027 TARGETS

14.3%
reduction of absolute scope 3 GHG emissions

PROGRESS

↑
Increase number of customer sustainability events held annually

PROGRESS

5%
of employees trained as sustainability specialists

PROGRESS



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Consumers and end-users

SUSTAINABILITY TRAINED SALESFORCE TO ADVISE CUSTOMERS

STARK Group aims to make it easier for customers to make informed product choices regarding sustainability. We do this by providing relevant information illustrating what the various product labels stand for and which labels to look for to ensure a healthy indoor climate, reduce environmental impacts and lower occupational health risks. To accelerate the market demand for lower-carbon and third-party verified eco-labelled product alternatives, 3.9% of the STARK Group salesforce has been trained as a sustainability specialist.

BEST-IN-CLASS PRODUCT DOCUMENTATION FOR CUSTOMERS AND END-USERS

The increased legislative focus on addressing embodied carbon in buildings calls for product-specific carbon data to enable life cycle assessment (LCA) calculations in many of our markets. The increasing requirements present challenges for our customers, and we aim to provide market-leading and easily accessible product documentation to all our customers through our digital solutions to fulfil these needs. The digital climate tool, KlimaLog, provides STARK Danmark consumers and end-users, including builders, consultants, and tradespeople, with easy access to information and documentation regarding the specific climate impact of the products used in construction. This makes the CO₂ footprint as transparent as the price, simplifying the evaluation and selection process between different products and their alternatives. STARK Group plans to roll out the digital climate tool

across our markets. KlimaLog is supported by the CVC Planet & People Grant.

Please refer to [p. 36](#) for more information on the digital climate tool, KlimaLog.

STARK DANMARK RECEIVES CLIMATE AWARD FOR THEIR CUSTOMER FOCUS

STARK Danmark has been awarded this year's Finans Impact Climate Award 2024 for KlimaLog. The Danish business media Finans and the auditing firm KPMG presented the award.

The jury motivated the award as follows: "STARK as a company has taken responsibility for taking action to combat the climate burden within the construction sector. The company is thus making an effort to motivate customers to make responsible choices. With STARK's KlimaLog, stakeholders in the construction industry, regardless of size, can choose more environmentally friendly alternatives, meet climate requirements in construction, and obtain qualified documentation for their LCA calculations and ESG reporting.

STARK is the first in the industry to visualise large amounts of data collected in this way. By creating transparency about emission data at the product level, the project can help promote the green transition and motivate manufacturers to develop more environmentally friendly products."

EDUCATIVE EVENTS FOR CUSTOMERS AND SUPPLIERS

During 2023/24 a total of 65 sustainability events have been held throughout STARK Group. The main aim of these events is to knowledge share and prepare customers and suppliers for new building regulations and support documentation requirements and product data for calculations.

STARK Suomi's 13 sustainability events attracted over 600 B2B participants where knowledge was shared regarding product sustainability and product carbon emissions in relation to life cycle assessment (LCA) calculations in the upcoming Finnish building regulations.





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GOVERNANCE

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

This section describes our principles and ambitions regarding business conduct, data ethics, and IT security.

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ANNE
Sustainability Manager
STARK Suomi



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BUSINESS CONDUCT

At STARK Group, our guiding principles are rooted in the values of decency, honesty, and integrity. These values are fundamental in maintaining the highest standards among colleagues and in the relationship with our suppliers and customers.

We comply with all applicable regulatory frameworks across our markets and uphold a zero-tolerance policy towards fraud, bribery, corruption, and anti-competitive behaviour. We have established clear control processes and a confidential whistleblower system to monitor and mitigate any impacts.

We fully embrace digitalisation and the opportunities it presents. We are dedicated to maintaining high ethical standards in handling, using, and processing data. This includes implementing appropriate safeguards to protect data and continuously enhancing our information security measures.

CORPORATE GOVERNANCE

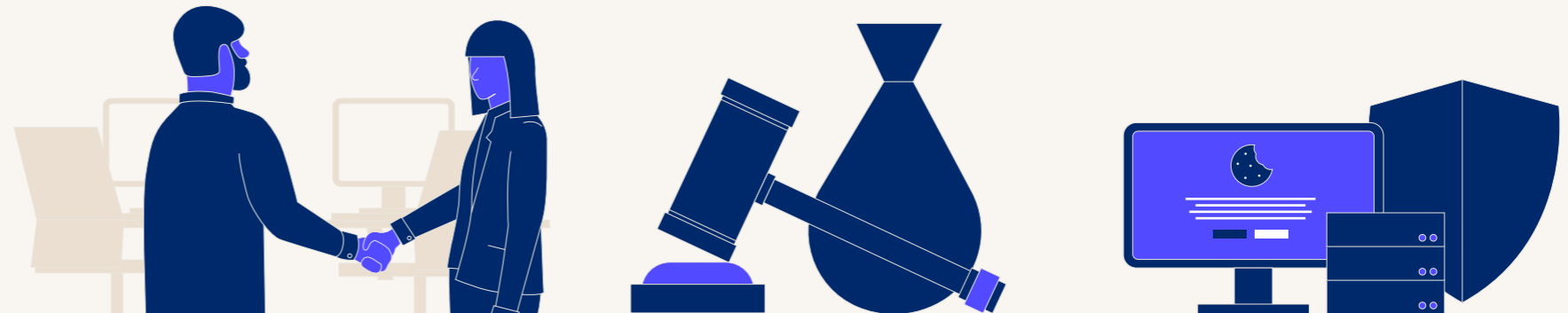
We ensure accountability, transparency, and ethical leadership through concrete action. Our executive remuneration is aligned with our ESG-performance to ensuring responsible leadership. We leverage our ESG performance to secure ESG-linked loans, to enhance our access to capital and to drive our commitment.

FRAUD, BRIBERY, CORRUPTION, AND ANTI-COMPETITIVE BEHAVIOUR

We maintain a zero-tolerance policy towards fraud, bribery, corruption, and anti-competitive behavior. In full compliance with regulatory frameworks across our markets, we have implemented strict control processes and a confidential whistleblower system to proactively monitor and address potential risks.

DATA ETHICS AND IT SECURITY

We prioritise data ethics and IT security in all aspects of our operations. We are committed to responsibly managing data, safeguarding sensitive information, and continuously enhancing our security measures to protect against emerging threats, ensuring the trust of our stakeholders.





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CORPORATE GOVERNANCE

EXECUTIVE REMUNERATION

STARK Group executive remuneration is overseen by our Remuneration Committee. Our executive remuneration is linked to our sustainability performance to ensure management support and continuous progress on ESG topics. In 2023/24, executive remuneration was linked to the share of stocked assortment stock-keeping units with digitalised product carbon data in our product information management systems. This KPI was to incentivise our management to pursue a broader coverage of digitalised and mapped product information, which is a key lever for reducing our scope 3 product emissions and a prerequisite for enhancing and expanding our digital climate tool. In the upcoming year, executive remuneration will be linked to the sales share of the stocked assortment with product carbon data, and the KPI will be expanded to all CEOs in the business units and their management teams.

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, which were earmarked for further reduction initiatives.

ENHANCED DISCLOSURE

We strive to improve the quality of our data and disclosure practices to provide accurate and transparent insights to our stakeholders. By adopting recognised reporting frameworks and ensuring comprehensive, consistent, and timely disclosures, we empower our stakeholders to make informed decisions and engage meaningfully with our sustainability journey. This year, we have implemented a new ESG reporting system to build our capacity, enhance insights, and support our ambition of data-driven ESG performance.

OUR TAX IMPACT REPORT

STARK Group is dedicated to responsible tax practices and tax transparency. We publish an annual Tax Impact Report to transparently show our stakeholders how we are fulfilling our responsibilities. View the report here.

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

SUPPORTING POLICIES

- Product Integrity Policy
- Code of Conduct
- Supplier Code of Conduct
- Group Tax Policy

See performance data on [pp. 78-83](#)

OPPORTUNITIES

- 1 Leverage ESG performance to access green capital
- 2 Enhanced disclosure to attract investors and differentiate in the market



Products

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2027 TARGETS

100%
of contracts passed Product Integrity process

PROGRESS 

30%
women on the Board of Directors

PROGRESS 



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FRAUD, BRIBERY, CORRUPTION, AND ANTI-COMPETITIVE BEHAVIOUR

Fraud, bribery, and corruption undermine STARK Group’s fundamental values and our ability to act with decency, honesty, and integrity and to comply with regulations 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. The compliance programme fosters uniformity within the Group and ensures that employees understand how to comply with applicable rules and regulations.

Our published Anti-corruption policy is available at <https://starkgroup.dk/sustainability/policies> 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. In 2023/24 the training module was assigned to 82% of the total workforce. 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

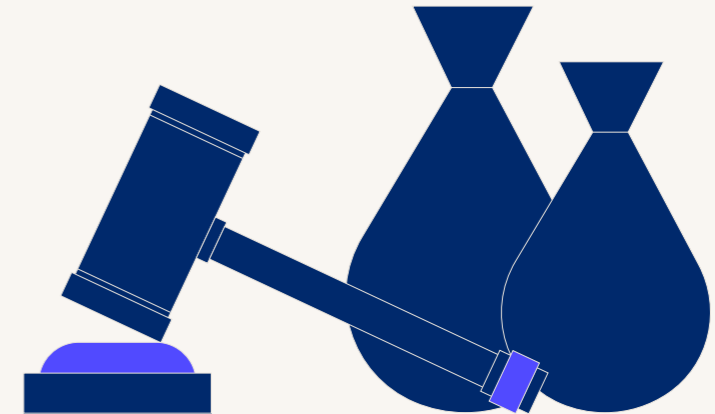
SUPPORTING POLICIES

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

See performance data on [pp. 78-83](#)

RISKS

- 1 Anti-competitive practices and fraud, bribery, and corruption in our value chain
- 2 Legal, financial, and reputational risks of non-compliance
- 3 Insufficient whistle-blower protection



Products Operations Markets

2027 TARGETS

100%
of assigned employees have completed “Fraud, Anti-Bribery and Corruption” e-learning training



100%
of assigned employees have completed “Competition Law” e-learning training





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and data analytics will enable higher transparency across our value chain to detect and prevent corruption more effectively. Our collaboration with Dun & Bradstreet to screen suppliers for ESG and financial risks, peps, and sanctions further supports this aspect. 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 Dun & Bradstreet for screening suppliers for ESG and financial risks, peps and sanctions is expected to further support this aspect.

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, 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 78% of the total workforce in 2023/24. 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 collaborates with local BU auditors to oversee financial and operational controls, as well as risk and IT-specific issues, within the Group Risk and Control Framework. This framework is structured around the plan-do-check-act cycle, with policies serving as the foundation for information gathering, verification, and follow-up. Quality testing of controls and general control submissions are reported to local management and Group top management, including risk mitigation and follow-up on auditor findings. Additionally, control assessments are reported to the Audit Committee.

WHISTLE-BLOWER PROCESS

STARK Group maintains an open-door policy that actively encourages employees to voice their concerns. If employees feel uncomfortable discussing their issues with local management, they can confidently approach the HR and Legal departments within their business unit, as these teams are specifically trained to handle such situations.

We have a confidential and anonymous whistleblower solution that allows all stakeholders, both internal and external, to express their concerns without fear of retaliation. The Speak Up! system is highlighted in our Code of Conduct, which is integrated into all

our business units and subsidiaries. It is accessible online at starkgroup.whistleblownetwork.net or via a telephone hotline in STARK UK. The Speak Up! system is monitored 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, 71 cases were reported through the Speak Up! process, with all cases closed. 45 of the 71 cases were dismissed after a preliminary investigation, while 17 cases were referred to the local Human Resources department. Six cases resulted in disciplinary actions.



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DATA ETHICS AND IT SECURITY

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 personal data subjects and 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 AND GDPR COMPLIANCE

STARK Group prioritises 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 and new systems align with GDPR standards. We constantly consider the use of new technologies, default settings, tools, etc., to enhance personal data compliance across the Group. Our proactive approach guarantees transparency, safeguards personal data, and demonstrates our commitment to privacy. STARK Group has an IT Compliance team that ensures privacy by design and default and offers guidance and continuous training throughout the organisation, 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 Forum meetings. The STARK GDPR Forum consists of subject matter experts from all business units who are responsible for compliance with the data protection rules. To enforce the policy, the GDPR-Forum has appointed GDPR-Ambassadors in relevant functional areas of the business units.

SUPPORTING POLICIES

- Records Management and Personal Data Protection Policy

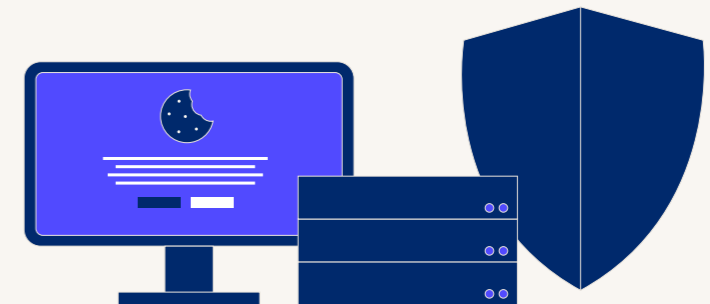
See performance data on [p. 83](#)

IMPACTS

- 1 Ethical data management and GDPR in operations

RISKS

- 2 Financial and reputational consequences of GDPR non-compliance
- 3 Misuse of customer data



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2027 TARGETS

100% of assigned employees have completed “Personal data protection” e-learning training



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E-LEARNING AND AWARENESS CAMPAIGNS

Awareness campaigns during 2023/24 included identifying personal data, data breaches, data subject requests, and handling and deleting unstructured data. The eLearning module, “Personal Data Protection”, was assigned to 85% of the overall workforce, and the completion rate is currently above 88%.

INFORMATION SECURITY

STARK Group is dedicated to ensuring the confidentiality, integrity, and availability of its information assets.

Our Information Security Strategy provides continuous progress and guidance for both internal and external activities aimed at protecting these assets. Our operational sites adhere to our IT Policy, which is based on ISO 27000 best practices. Additionally, information security awareness is promoted through the STARK Intranet, which is accessible to all users across all business units. Recognising the potential disruption that cyberattacks can cause, STARK Group has launched our comprehensive Information Security Programme. This initiative has led to substantial

investments in advanced information security technologies, resulting in enhanced effectiveness and improved protection. The successful implementation of this programme across STARK Group has been achieved through robust collaborations with partners.

INFORMATION SECURITY CONTROLS

Implemented in 2022, the Information Security Framework includes various controls such as a monthly security operations compliance report for all registered PCs, continuous DMARC monitoring and

penetration tests. STARK Group has responded to all Data Subject Requests within the legal deadline of thirty days and proudly holds a high Microsoft Secure Score compared with companies in our industry. Annually, an ISAE3402 type II Audit statement is received from our outsourcing partner, Infosys.





ESG PERFORMANCE DATA

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ESG DATA AND PROGRESS ON TARGETS

ENVIRONMENT

GOVERNANCE, PROCESSES AND POLICIES	Unit	2023/24	2022/23	Baseline 2019/20	
Formal environmental policy	(yes/no)	yes	yes	yes	https://starkgroup.dk/sustainability/policies
Published Sustainability Report	(yes/no)	yes	yes	yes	https://starkgroup.dk/newsroom/publications
Board of Directors oversight of climate-related risks	(yes/no)	yes	yes	yes	See Sustainability governance model p. 19
Executive Management team oversight of climate-related risks	(yes/no)	yes	yes	yes	See Sustainability governance model p. 19
Sustainability data provided to sustainability reporting frameworks	(yes/no)	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	See the Sustainable Development Goals p. 23 and pp. 88-93
Company sets targets and reports progress on the UN SDGs	(yes/no)	yes	yes	yes	See the Sustainable Development Goals p. 23 and pp. 88-93
Company's sustainability disclosures are assured or validated by a third party	(yes/no)	yes	yes	yes	See Auditor's Independent Assurance Report pp. 96-97

ENVIRONMENTAL	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Climate change								
Total GHG emissions	MtCO ₂ e	4.24	4.48	N/A				Total GHG emissions (scope 1, 2 & 3) are reported in Mega tonnes of CO ₂ equivalents.
Carbon Scope 1&2								
GHG Scope 1&2 (Absolute tCO ₂ e)*	tCO ₂ e	93,783	93,992	116,586	-19.6%	2027: 29.4% reduction in scope 1&2 GHG emisissions	→	The direct and indirect GHG emissions (scope 1 & 2) are reported in tonnes of CO ₂ equivalents.
United Kingdom	tCO ₂ e	46,102	52,231	54,596	-16%			
Germany & Austria	tCO ₂ e	21,643	19,608	34,079	-36%			
Nordic	tCO ₂ e	25,689	21,983	27,678	-7%			
STARK HQ, Sourcing & IT	tCO ₂ e	348	171	233	50%			

*KPI under assurance



ESG DATA AND PROGRESS ON TARGETS

ENVIRONMENTAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Climate change – continued								
Carbon Scope 1&2 – continued								
Scope 1: Direct GHG emissions (GHG Protocol)*	tCO ₂ e	74,384	80,989	87,245	-15%			Direct greenhouse gas emissions are reported in metric tonnes of CO ₂ 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). The scope 1 inventory uses emission factors from DEFRA (2024) database.
United Kingdom	tCO ₂ e	45,416	52,095	54,169	-16%			
Germany & Austria	tCO ₂ e	19,219	18,739	21,579	-11%			
Nordic	tCO ₂ e	9,555	10,086	11,377	-16%			
STARK HQ, Sourcing & IT	tCO ₂ e	195	69	120	62%			
Scope 2: Indirect GHG emissions – energy related (GHG Protocol, market-based inventory)*	tCO ₂ e	19,399	13,003	29,341	-34%			Indirect GHG emissions from purchased electricity and district heating: Scope 2 GHG emissions are reported in metric tonnes of CO ₂ equivalent. Scope 2 emissions are reported according to the market-based accounting approach. The market-based electricity inventory is based on energy attribute certificates (GOs, PPAs, and similar). Where they have not been purchased the residual mix (AIB, 2023) is used. 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 (2024) emission factors are applied.
United Kingdom	tCO ₂ e	686	136	427	61%			
Germany & Austria	tCO ₂ e	2,424	869	12,501	-81%			
Nordic	tCO ₂ e	16,135	11,897	16,301	-1%			
STARK HQ, Sourcing & IT	tCO ₂ e	154	102	112	37%			
Carbon Scope 3								
Scope 3: Indirect GHG emissions	MtCO ₂ e	4.15	4.39		-5%	14.3% reduction in scope 3 emissions from 2022/23–2027		Scope 3 data is a combining of actual and calculated data. Please refer to the specific categories accounting principles for more details. In 2020, most categories were estimated using the Quantis inventory method, which relies on economic spend and weight to provide rough approximations resulted in an scope 3 inventory of 11 MtCO ₂ e in 2019/20.
United Kingdom	MtCO ₂ e	1.45	1.41		3%			
Germany & Austria	MtCO ₂ e	1.26	1.52		-17%			
Nordic	MtCO ₂ e	1.43	1.44		-1%			
STARK HQ, Sourcing & IT	MtCO ₂ e	0.01	0.01		-			

*KPI under assurance



ESG DATA AND PROGRESS ON TARGETS

ENVIRONMENTAL – CONTINUED	Unit	2023/24	Baseline 2022/23	2019/20	Development since baseline	Target	Performance	Accounting principles
Climate change – continued								
Carbon Scope 3 divided by category								
Cat. 1 - Purchased goods and services	tCO ₂ e	3,244,472	3,469,445		-6%			Category 1 (Purchased Goods and Services) The majority of the spend value is covered by stage A1-A3of the EPDs (incl. generic and product specific), with the rest of the result based on proxy categories. Product specific and generic EPDs and extrapolation methodologies is used for each BU emission calculation.
Cat. 2 - Capital goods	tCO ₂ e	45,180	48,658		-7%			Category 2 (Capital goods) A spend-based methodology is used, multiplying the spend for each category (derived from EORA accounts) by appropriate emission factors. Eora66 emission factors for computers and electric products, machinery, and construction are applied to the spend amounts. These factors help estimate the GHG emissions associated with the goods and services purchased by the company.
Cat. 3 - Fuel- and energy-related activities	tCO ₂ e	20,497	20,152		2%			Category 3 (Fuel- and Energy-Related Activities) DEFRA emission factors are used to calculate emissions related to fuel and energy, including upstream and downstream activities. Emission factors for Well-To-Tank (WTT) are considered for various types of fuel used, ensuring that the total fuel-related emissions include both direct fuel consumption and the emissions from extracting, refining, and transporting the fuel.
Cat. 4 - Upstream transportation and distribution	tCO ₂ e	20,199	22,171		-9%			Category 4 (Upstream Transportation and Distribution) The transportation costs associated with sourcing agreements are used to estimate emissions. These costs are multiplied by Eora66's "Other Transport and Support" [USD] emission factors to calculate the emissions related to upstream transportation, including supplier shipments.
Cat. 5 - Waste generated in operations	tCO ₂ e	1,634	1,846		-11%			Category 5 (Waste Generated in Operations) Emissions are calculated based on actual weight data. This weight data is then multiplied by DEFRA emission factors for different waste disposal methods such as landfills, combustion, and closed-loop recycling. This ensures that waste management emissions are accurately captured.
Cat. 6 - Business travel	tCO ₂ e	1,415	1,751	1,645	-19%			Category 6 (Business Travel) Emissions from business travel are calculated based on actual fuel consumed and travel activity. Data on business-related air and rail travel is retrieved from travel agents. Emissions are calculated using DEFRA emission factors for air, rail, and car travel. For company-related travel in personal or hired cars, kilometers are tracked, and emissions are calculated based on either the distance traveled or the amount of fuel consumed.

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ENVIRONMENTAL – CONTINUED	Unit	2023/24	Baseline 2022/23	2019/20	Development since baseline	Target	Performance	Accounting principles
Climate change – continued								
Cat. 7 – Employee commuting	tCO ₂ e	36,064	37,349		-3%			Category 7 (Employee Commuting) The emissions related to employee commuting are calculated using the number of employees, Danish commuting, and the average stock of passenger cars (klimakompasset). The average commuting distance for employees, along with the distribution of different transportation modes (e.g., car, train, bus) used by Danish employees, is factored in. This gives a weighted estimate of the emissions from commuting.
Cat. 9 – Downstream transportation and distribution	tCO ₂ e	43,208	41,560	51,004	4%			Category 9 (Outsourced Transportation) Emissions are calculated based on the actual fuel used by third-party transport providers. This includes fuel used for outsourced transportation of goods, from distribution centers to branches/ locations, as well as the transportation related to picking up goods from suppliers and delivering them to customers. The total fuel volume by type (e.g., diesel or other) is used to calculate emissions.
Cat. 11 – Use of sold products	tCO ₂ e	9,236	9,606		-4%			Category 11 (Use of Sold Products) A spend-based methodology is used. The quantity of products sold is multiplied by their lifetime (assumed to be 36 months), the energy consumption per month, and the electricity emission factors (average for the German market). This method estimates the emissions from energy consumption during the use phase of sold products.
Cat. 12 – End-of-life treatment of sold products	tCO ₂ e	728,354	736,151		-1%			Category 12 (End-of-life treatment of sold products) Represent stage C1–C3 where the majority of the spend value is covered by EPDs (incl. generic and product specific), with the rest of the result based on proxy categories. Product specific and generic EPDs and extrapolation methodologies is used for each BU emission calculation.

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On target ✓ On track → Behind target ←

ENVIRONMENTAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Climate change – continued								
Intensity measures								
GHG emissions from building and equipment	tCO ₂ e/mEUR revenue	4.6	3.7	7.5	-38%	2027: 29.4% reduction in scope 1&2 GHG emissions	✓	GHG emissions from buildings and equipment per revenue is the 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 before 2023, using the same revenue as in 2023, due to lack of actual figures.
GHG emissions from transport	tCO ₂ e/mEUR revenue	13.1	12.0	17.3	-24%	2027: 29.4% 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 before 2023, using the same revenue as in 2023, due to lack of actual figures.
Location Based emissions (Scope 2)*	tCO ₂ e	17,110	18,287	25,939	-34%			The location-based emissions for total Scope 2 includes company-owned or leased electric vehicles and the owned/leased electric fleet as well as district heating. With the implementation of STARK Groups new reporting system, a more precise emission factors is obtained from DEFRA (2024) and IEA (2022), necessitating a recalculation of the emissions.
Market Based emissions (Scope 2)*	tCO ₂ e	19,399	13,003	29,341	-34%			The marked-based emissions for Scope 2 includes company-owned or leased electric vehicles and the owned/leased electric fleet as well as district heating. The marked-based emissions are calculated using the residual mix specific to each business unit, sourced from the Association of Issuing Bodies (AIB, 2023).
Renewable electricity	%	56	65	35	21pp	2027: 70% actively sourced renewable electricity	→	The total amount of on-site electricity production or purchased electricity through guarantees of origin (GO) as a percentage of total electricity consumption in kWh.
Biogenic emissions	tCO ₂ e	9,558	11,602	8,853	8%			Emissions data for direct CO ₂ emissions from biologically sequestered carbon (e.g., CO ₂ from burning biomass/biofuels). The GHG Protocol requires that biogenic emissions (CO ₂ emissions from the combustion of biomass) are reported, but separately from the scopes. The requirement to report biogenic emissions separately only refers to CO ₂ emissions from the combustion of biomass and not to the emissions of any other GHGs which are also emitted during combustion (CH ₄ and N ₂ O).

*KPI under assurance



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ENVIRONMENTAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Climate change – continued								
Energy consumption								
Total energy consumption (incl. outsourced transport)	1,000 Mwh	672	681	753	-11%			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.
Electricity	1,000 Mwh	104	111	118	-13%			The total amount of on-site electricity (excluding the electricity consumed by plug-in hybrid and electric vehicles).
District heating	1,000 Mwh	37	32	32	14%			The total amount of district heating consumed.
Natural gas	1,000 m³	3,365	3,627	4,569	-26%			The total amount of natural gas consumed.
Oil	1,000 l	1,052	1,006	1,211	-13%			The total amount of oil consumed.
LPG	1,000 l	1,794	1,779	987	82%			The total amount of LPG consumed.
Diesel (distribution & operations)	1,000 l	23,349	26,217	26,300	-11%			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	450	812	380	18%			
Petrol (distribution & operations)	1,000 l	906	909	335	171%			
Forklift	% electric forklift	54	82	N/A				The amount of electric forklift trucks as a percentage of the total amount of forklift trucks on a Group basis. STARK UK were not incl in 2022/23.



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ENVIRONMENTAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Biodiversity and Ecosystems								
Environmental certified branches (ISO14001 or similar)	% of Groups branches	80	81	72	8pp			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 July).
FSC® certified branches	% of Groups branches	68	78	100% PEFC and/or FSC® (nordic)				Total of FSC certified branches as a percentage of total branches in STARK Group as per last day of the reporting year (31 July).
PEFC certified branches	% of Groups branches	72	82	100% PEFC and/or FSC® (nordic)				Total of PEFC certified branches as a percentage of total branches in STARK Group as per last day of the reporting year (31 July).
% share of certified FSC® or PEFC timber-based products SKUs in stocked assortment (excl Germany & Sweden)	%	60	N/A	N/A		Increasing assortment of FSC® and PEFC labelled 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 stock keeping units (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.
United Kingdom	%	51	N/A	N/A				
Germany & Austria	%	1	N/A	N/A				
Nordic (excl Sweden)	%	78	N/A	N/A				
% share of sales of timber-based FSC® or PEFC certified products in stocked assortment (excl Germany)	%	66	N/A	N/A		Increasing sales of FSC® and PEFC labelled products		
United Kingdom	%	83	N/A	N/A			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.	
Germany & Austria	%	1	N/A	N/A				
Nordic	%	56	N/A	N/A				

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ENVIRONMENTAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Resource use and circular economy								
Total waste	(t/mEURrevenue)	5.9	5.2	6.7	-12%	2024/27: 20% waste reduction per revenue	←	Waste is reported per net turnover in million EUR revenue (mEUR) and as absolute waste tonnage.
Total waste	(1,000 tonnes)	45.9	44.8	45.5	1%			Waste is reported 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)	12.6	13.0	11.3	11%			
Germany & Austria	(1,000 tonnes)	18.4	17.2	16.6	11%			
Nordic	(1,000 tonnes)	14.9	14.7	17.6	-15%			
Waste divided in category								
Non-Hazardous – Recycled	(1,000 tonnes)	30.3	29.9	30.7	-1%			Waste segregated for recycling is reported as a percentage of total waste.
Non-Hazardous – Landfilled	(1,000 tonnes)	2.6	2.9	5.2	-50%			
Non-Hazardous – Incinerated	(1,000 tonnes)	12.4	11.4	9.1	37%			
Hazardous – Recycled	(1,000 tonnes)	0.1	0.1	0.1	23%			
Hazardous – Landfilled	(1,000 tonnes)	0.3	0.3	0.1	213%			
Hazardous – Incinerated	(1,000 tonnes)	0.3	0.3	0.4	-18%			
Waste segregated for recycling	%	66	67	68	-2pp	2024/27: 80% of waste segregated for recycling	←	
United Kingdom	%	43	48	47	-4pp			
Germany & Austria	%	85	88	98	-13pp			
Nordic	%	61	59	52	9pp			
Water Consumption	1,000 m ³	217	251	342	-37%			The total water consumption of the Group covers all water withdrawn throughout the reporting period.



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ENVIRONMENTAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Resource use and circular economy – continued								
% share of third-party verified eco-labelled SKU's in stocked assortment	%	6	N/A	N/A	Increase assortment of 3rd party verified eco-labelled products			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+, Byggarubedømmingen accepted levels: Rekommanderas, Accepteras.
United Kingdom	%	4	N/A	N/A				
Germany & Austria	%	0	N/A	N/A				
Nordic	%	19	N/A	N/A				
% share of sales of third-party verified eco-labelled products in stocked assortment	%	24	N/A	N/A	Increasing sales of 3rd party verified 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.
United Kingdom	%	16	N/A	N/A				
Germany & Austria	%	0	N/A	N/A				
Nordic	%	56	N/A	N/A				

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On target ✓ On track → Behind target ←

SOCIAL

GOVERNANCE, PROCESSES AND POLICIES	Unit	2023/24	2022/23	Baseline 2019/20	
Occupational health and/or global health & safety policy	(yes/no)	yes	yes	yes	https://starkgroup.dk/sustainability/policies
Child and forced labour in policies and processes	(yes/no)	yes	yes	yes	https://starkgroup.dk/sustainability/policies
Human Rights in policies and processes	(yes/no)	yes	yes	no	https://starkgroup.dk/sustainability/policies
Non-discrimination in policies and processes	(yes/no)	yes	yes	yes	https://starkgroup.dk/sustainability/policies
Collective Bargaining	(yes/no)	yes	yes	yes	See labour law and industrial relations p. 52

SOCIAL	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Own workforce								
Health & Safety								
Injury rate	per million worked hours	4.4	5.6	8.0	-45%	2024/27: Reduce injury rate to 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	96.0	52.7	64.3	49%	2024/27: Reduce lost workday rate to 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	-			Fatalities is the headcount number of work-related accidents leading to the death of the employee.
Branches which are ISO45001 certified	no. of branches	245	213	212	16%			Total number of branches certified according to ISO 45001 at last day of reporting year (31 July).
	% of total	22	21	52	-30pp			



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SOCIAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Own workforce – Continued								
Diversity, Equity and Inclusion								
Total number of employees	Headcount	20,238	20,959	10,038	102%			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 (31 July) 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	7,597	8,547	N/A				
Germany & Austria	Headcount	5,837	5,879	N/A				
Nordic	Headcount	6,625	6,387	N/A				
STARK HQ, Sourcing & IT	Headcount	179	146	N/A				
Gender (% women)	% women	22	21	22	0pp	2024/27: 25% women in total	←	The number of women divided by the total headcount reported as a percentage (%) per the last day of the reporting year (31 July).
United Kingdom	% women	17	17	N/A				
Germany & Austria	% women	27	27	N/A				
Nordic	% women	22	22	N/A				
STARK HQ, Sourcing & IT	% woman	39	42	N/A				
Management positions held by women	% women	16	15	15	1pp	2024/2027: 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	14	N/A				
Germany & Austria	% women	14	12	N/A				
Nordic	% women	17	16	N/A				
STARK HQ, Sourcing & IT	% woman	31	N/A	N/A				
Women in other management levels	% women women/total	26 5/19	22 4/18	N/A		2024/2027: 30% women in other management levels	→	Other management levels are defined as managers who refer to top management body with manager responsibilities as defined in Danish Financial statements act 99b. The percentage is calculated per the last day of the reporting year (31 July).



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SOCIAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Own workforce – Continued								
Diversity, Equity and Inclusion								
Executive Committee	% women	29	29	30	-1pp	2024/2027: 30% women in the Executive Committee	←	STARK Group Executive Committee comprises of Group CEO, CFO, CSO, CHRO, CCOM, CIO, General Council, and business unit CEOs from STARK Deutschland, STARK Danmark, Beijer Byggmaterial, STARK Suomi, Neumann Bygg and STARK Sourcing, as per the last day of the reporting period (31 July).
Executive Management team	% women women/total	50 1/2	50 1/2	50 1/2	0pp	2024/2027: 30% women in the Executive Management team	✓	STARK Executive Management team comprises of the Group CEO and Group CFO as per the last day of the reporting period (31 July).
Board Diversity	% women women/total	17 1/6	20 1/5	33 1/3	-16pp	2024/2027: 30% women in the Board of Directors	←	Number of female board members divided by the total number of board members expressed as a percentage (%) as per the last day of the reporting period (31st July).
Age diversity (Group total)								
0-29 years	%	17	18	N/A				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 July) and includes permanent, temporary, and seasonal employees.
30-49 years	%	43	46	N/A				
50+ year	%	39	37	N/A				
Seniority (Group total)								
United Kingdom	years	10.0	9.9	N/A				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	13.0	12.3	N/A				
Nordic	years	8.5	8.6	N/A				
STARK HQ, Sourcing & IT	years	4.5	4.5	N/A				



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SOCIAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Own workforce – Continued								
Employee Engagement and Competence Development								
STARK Group employee engagement survey score (satisfaction & motivation)	score	71	74	75	-5%	2024/27: Employee satisfaction and motivation score of 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.
United Kingdom	score	67	N/A	N/A				
Germany & Austria	score	71	N/A	N/A				
Nordic + STARK HQ, Sourcing & IT	score	76	77	N/A				
Employee engagement survey score (loyalty)	score	80	80	N/A		2024/27: Employalty score of 82	←	
United Kingdom	score	82	N/A	N/A				
Germany & Austria	score	75	N/A	N/A				
Nordic + STARK HQ, Sourcing & IT	score	83	N/A	N/A				
Employee Net Promotion Score	score	18	27	N/A				
United Kingdom	score	11	N/A	N/A				
Germany & Austria	score	0	N/A	N/A				
Nordic + STARK HQ, Sourcing & IT	score	40	N/A	N/A				
Employee engagement survey participation rate (%)	%	82	82	91	-9pp	2024/27: A high survey participation rate of 85%	←	
United Kingdom	%	80	N/A	N/A				
Germany & Austria	%	73	N/A	N/A				
Nordic + STARK HQ, Sourcing & IT	%	93	91	N/A				
Average training hours per employee	hours/employee	3.1	3.1	N/A				Average training hours, including online training via Eloomi, the Language platform, and training conducted through People Point, per employee (head-count).



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SOCIAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Workers in the value chain								
Training hours completed	hours	63,215	38,024	N/A				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.
Suppliers required to follow a Code of Conduct	(yes/no)	yes	yes	yes				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 Supplier Code of Conduct	%	100	100	N/A				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 EUTR evaluations	no.	1/1	17/17	0/0				Number of EUTR evaluations passed/no. of EUTR evaluations conducted.
Number of suppliers with ESG risk score	no.	10,847	5,097	0				Total number of suppliers in Sourcing BI cube with an ESG risk score from D&B.
% spend covered by ESG risk score	%	84	45	0		Increasing % spend covered by suppliers with ESG risk score		% of total spend in Sourcing BI Cube with an ESG risk score from D&B.
% of supplier covered by ESG risk score	%	62	31	0		Increasing % of suppliers covered by ESG risk score		% of supplier in Sourcing BI Cube with an ESG risk score from D&B.
Average ESG risk score	score	2.6	2.4	N/A		Decrease average ESG risk score		Average ESG risk score per spend.
Number of suppliers with "5=High Risk" ESG score	no.	247	163	N/A		Decrease no. of suppliers with "5=High Risk" ESG score		Number of suppliers with ESG ratings with a rating of 5 "High Risk".
% of suppliers with "5=High Risk" ESG score	%	2	3	N/A				% of suppliers with ESG ratings with a rating of 5 "High Risk".
Average supplier Environment risk score	score	2.9	2.9	N/A				Average E risk score per spend.
Average supplier Social risk score	score	2.3	1.2	N/A				Average S risk score per spend.
Average supplier Governance risk score	score	1.6	2.6	N/A				Average G risk score per spend.



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SOCIAL – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Affected communities								
Please see Biodiversity and Ecosystems								
Consumers and end-users								
Trained sustainability specialists	no.	780	520	0				
Trained sustainability specialists	% of total employees	3.9	2.5	0	3.9pp	2027: 5% of employees trained as sustainability specialists	→	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® and 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.
Sustainability events held	no. of events (% of total branches)	65 (6%)	55 (5%)	0 (0%)		2024/27: 10% of all branches offer customers 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-labelled.



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GOVERNANCE

GOVERNANCE, PROCESSES AND POLICIES	Unit	2023/24	2022/23	Baseline 2019/20	
Board Independence	(yes/no)	no	no	no	See Diversity, Equity & Inclusion pp. 47-49
Incentivised Pay	(yes/no)	yes	yes	no	See Business Conduct pp. 60-65
Tax Impact Report	(yes/no)	yes	yes	no	https://starkgroup.dk/newsroom/publications
Ethics and/or Anti-Corruption policy	(yes/no)	yes	yes	yes	https://starkgroup.dk/sustainability/policies

GOVERNANCE	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Business Conduct								
Fraud, Bribery, Corruption, and Anti-Competitive behaviour								
E-learning module "Anti-Fraud, Bribery and Corruption"								
assigned to	% of total workforce	82	42	N/A		2027: Completion of assigned 100%	→	Employees in relevant positions are trained within anti-fraud, -bribery and -corruption. The Competition Law Compliance Programme is built up with the four key elements for achieving an effective compliance programme. The e-learning module "Anti-Fraud, 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	% of assigned	88	93	N/A				
E-learning module "Competition Law"								
assigned to	% of total workforce	78	38	N/A		2027: Completion of assigned 100%	→	
completion	% of assigned	92	93	N/A				
Code of Conduct	% of total workforce	73	N/A	N/A		2027: 100% employees trained in STARK Group Code of Conduct	→	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 July).



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GOVERNANCE – CONTINUED	Unit	2023/24	2022/23	Baseline 2019/20	Development since baseline	Target	Performance	Accounting principles
Business Conduct – continued								
Fraud, Bribery, Corruption, and Anti-Competitive behaviour – coninued								
Cases reported through Speak Up!	cases	71	32	N/A				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.
Data Ethics								
E-learning module “Personal Data Protection”								
assigned to	% of total workforce	85	56	N/A		2027: Completion of assigned 100%	→	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 Anti-Fraud, 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	% of assigned	88	92	91	-3pp			

N/A: not available. We continuously develop our ESG targets and performance measurement program, adding data points on an ongoing basis. As a result, some data points cannot be traced back to the baseline of 2019/20



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ACCOUNTING FRAMEWORK AND READERS GUIDE

STARK Group's sustainability report is aligned with the requirements of EU Directive 2014/95/EU and Sections 99a and 99d of the Danish Financial Statements Act. It represents the statutory corporate social responsibility statement and the statutory data ethics statement of STARK Group. Please refer to the reader's guide for references ([p. 85](#)). 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 targets ([pp. 67-83](#)).

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.

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.

ACQUISITIONS 2023/24

In August 2022, one acquisition (Konz) comprising seven branches were made in STARK Deutschland but were not included in the 2022/23 reporting due to less than twelve months of ownership. In August 2023, STARK Group made acquired Schilowsky comprising four branches. All data from these acquisition have

been included in the 2023/24 data. A record is kept for all acquired branches stating from which date data is available and included in reporting.

Due to immaterial changes to STARK Groups total carbon emissions below the 5% threshold, a scope 1 and 2 emissions baseline recalculation has not been triggered in accordance with our carbon baseline 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 reporting manuals and requirements.

Carbon accounting - operational control

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 relevant emission databases such as DEFRA (2024). 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 CO₂ equivalents (tCO₂e). Emissions from purchased electricity are calculated by applying the market-based approach, multiplying the industry emission factor (Residual European Mix, AIB, 2023) by the electricity consumption for the period where renewable electricity certificates have not been purchased. Biogenic CO₂ 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 2019/20 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 baseline 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 2019/20 inventory and inventories for subsequent years are updated when a significant cumulative change in STARK Group's baseline emissions is triggered. Significant is defined as a cumulative change (+/-) of 5% or more in STARK



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Group's total baseline 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 2019/20 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 2019/20, 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.

As opposed to ESG data, financial reporting only includes revenue numbers for entities in the actual period of ownership. To ensure the accuracy of reported intensity numbers, 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.

No baseline recalculations have been made for 2023/2024 acquisitions as carbon emissions did not result in a cumulative change of five percent.

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 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 rates of our scope 1 and 2 carbon emissions during 2023/24 are 3% in the Nordics, 17% in Germany & Austria and 92% in United Kingdom. Calculations are made where there is a lack of actual consumption data and we must rely on a spend-based approach where consumption is 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.

All calculation methods have been approved by Group internal control. The total average calculation for STARK Group 2023/24 for scope 1 and 2 is 50%, which is a 17pp decrease from 2022/23.

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 pp. 14-16 Our role in the value chain p. 15, 25, 30, 37, 39, 44, 47, 50, 53, 55, 57, 61, 62, 64	ESG performance data pp. 67-85
99a	Environment and Climate Double materiality assessment pp. 20, 24-26 Climate change pp. 30-36 Biodiversity and ecosystems pp. 37-38 Resource use and circular economy pp. 39-41	
	Own workforce Double materiality assessment pp. 20, 24-26 Health and safety pp. 44-46 Diversity, equity and inclusion pp. 47-49 Employee engagement and competence development pp. 50-52	
	Human Rights Double materiality assessment pp. 20, 24-26 Workers in the value chain pp. 53-54 Affected communities pp. 55-56 Consumers and end-users pp. 57-58	
	Anti-bribery & corruption Double materiality assessment pp. 20, 24-26 Business conduct pp. 60-65	
99b*	Diversity in management Diversity, equity and inclusion pp. 47, 49	
	Diversity in Board of Directors Diversity, equity & inclusion pp. 47, 49	
99d	Data Ethics Data ethics and IT security pp. 64-65	
107d**	Diversity & Inclusion Policy Sustainability framework, policies and supporting targets pp. 22, 86-87	

* 99b is included in the STARK Group Sustainability Report for information although the reporting according to Section 99b of the Danish Financial Statements Act is found in the management review of STARK Group's Annual Report 2024.

** Voluntary disclosure for non-listed companies



SUSTAINABILITY FRAMEWORK, POLICIES AND SUPPORTING TARGETS

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	Supporting policies	Commitments / certifications	Targets 2027	Supported SDG's	
E ENVIRONMENT	Climate change	<ul style="list-style-type: none"> - Environmental & Climate Policy - Sustainability Policy - Responsible Timber Policy - People Policy - Supplier Code of Conduct 	<ul style="list-style-type: none"> - Approved SBTi near-term targets 2030 - SBTi net zero targets submitted 	<ul style="list-style-type: none"> -29.4% reduction of absolute scope 1 & 2 GHG emissions -29.4% reduction of CO₂e emissions from buildings and equipment -29.4% reduction of CO₂e emissions from transport -14.3% reduction of absolute scope 3 GHG emission -70% actively sourced renewable electricity -10% of branches offer customers sustainability events annually -5% of employees trained as sustainability specialists 	 
	Biodiversity and ecosystems	<ul style="list-style-type: none"> - Sustainability Policy - Environmental & Climate Policy - Responsible Timber Policy - Supplier Code of Conduct 	<ul style="list-style-type: none"> - FSC®-certified 68% coverage - PEFC-certified 72% coverage - ISO14001/ Ecolighthouse 80% coverage 	<ul style="list-style-type: none"> - Increasing assortment and sales of FSC® and PEFC labelled products 	
	Resource use and circular economy	<ul style="list-style-type: none"> - Environmental & Climate Policy - Sustainability Policy - Supplier Code of Conduct - Code of Conduct 	<ul style="list-style-type: none"> - Approved SBTi near-term targets 2030 - SBTi net zero targets submitted 	<ul style="list-style-type: none"> - 20% waste reduction - 80% waste segregated for recycling - Increasing assortment and sale of third-party verified eco-labelled products 	
S SOCIAL	Own workforce Health & safety	<ul style="list-style-type: none"> - Health & Safety Policy - People Policy - Human Rights Policy - Supplier Code of Conduct - Code of Conduct 	<ul style="list-style-type: none"> - Vision Zero – a member of the Danish Vision Zero Council - ISO – 45001 	<ul style="list-style-type: none"> - Reduce injury rate to 5.7 per million worked hours - Reduce lost workday rate to 40 per million worked hours 	
	Own workforce Diversity, equity & inclusion	<ul style="list-style-type: none"> - Diversity, Equity & Inclusion Policy - People policy - Code of Conduct 	<ul style="list-style-type: none"> - In 2030, we want to be recognised in society as being ahead of our industry in terms of diversity, equity and inclusion. - Confederation of Danish Industry (DI) Gender Diversity Pledge (DK) - German Diversity Charter “The Charta der Vielfalt” (DE) - Diversity Charter (SE) 	<ul style="list-style-type: none"> - 25% of women in total - 20% of women in management positions - 30% of women in Executive Management team - 30% of women in Board of Directors 	 
	Own workforce Employee engagement & competence development	<ul style="list-style-type: none"> - People Policy - Diversity, Equity & Inclusion Policy - Human Rights Policy - Code of Conduct 	<ul style="list-style-type: none"> - UN Guiding Principles on business and human rights - Core ILO conventions - Internationally accepted frameworks from the OECD 	<ul style="list-style-type: none"> - Employee satisfaction and motivation score of 76 - Employee loyalty score of 82 - Survey participation rate of 85% 	



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








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	Supporting policies	Commitments / certifications	Targets 2027	Supported SDG's	
Workers in the value chain	<ul style="list-style-type: none"> - Human Rights Policy - People policy - Product Integrity Policy - Records Management and Personal Data Protection Policy - Anti-Corruption Policy - Sustainability Policy - Supplier Code of Conduct - Code of Conduct 	<ul style="list-style-type: none"> - UN Guiding Principles on Business and Human Rights - International labour standards as defined by the International Labour Organisation (ILO) 	<ul style="list-style-type: none"> - 100% of contracts passed Product Integrity process - Increasing assortment and sales of FSC® and PEFC-labelled products - Increasing % spend covered by suppliers with ESG risk score - Increasing % of suppliers covered by suppliers with ESG risk score - Decrease the average ESG risk score - Decrease the no. of suppliers with "5=High Risk" ESG score 	 	
Affected communities	<ul style="list-style-type: none"> - Human Rights Policy - People policy - Sustainability Policy - Supplier Code of Conduct - Code of Conduct 	<ul style="list-style-type: none"> - UN Guiding Principles on Business and Human Rights - International labour standards as defined by the International Labour Organisation (ILO) - Business ambition for 1.5 campaign / Race to Zero - UN Global Compact 	<ul style="list-style-type: none"> - 100% of contracts passed Product Integrity process 	   	
Consumers and end-users	<ul style="list-style-type: none"> - Environmental & Climate Policy - Sustainability Policy - Responsible Timber Policy - Supplier Code of Conduct 	<ul style="list-style-type: none"> - Approved SBTi near-term targets 2030 - SBTi net zero targets submitted 	<ul style="list-style-type: none"> -14.3% reduction of absolute scope 3 GHG emission -10% of branches offer customers sustainability events annually - 5% of employees trained as sustainability specialists 		
GOVERNANCE	Business conduct Corporate governance	<ul style="list-style-type: none"> - Product Integrity Policy - Code of Conduct - Supplier Code of Conduct - Group Tax Policy 	<ul style="list-style-type: none"> - UN Global compact - EcoVadis Platinum 	<ul style="list-style-type: none"> - 100% of contracts passed Product Integrity process - 30% of women in Board of Directors - 100% of assigned employees have completed "competition Law" e-learning training 	 
	Business conduct Fraud, bribery, corruption, and anti-competitive behaviour	<ul style="list-style-type: none"> - Competition Law Policy - Anti-Corruption Policy - Product Integrity Policy - Supplier Code of Conduct - Code of Conduct 		<ul style="list-style-type: none"> - 100% of assigned employees have completed "Anti-Fraud, Bribery and Corruption" e-learning training - 100% of assigned employees have completed "competition Law" e-learning training 	
	Business conduct Data ethics and IT security	<ul style="list-style-type: none"> - Records Management and Personal Data Protection Policy 		<ul style="list-style-type: none"> - 100% of assigned employees have completed "Personal data protection" e-learning training 	



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THE SUSTAINABLE DEVELOPMENT GOALS

HIGH CONTRIBUTION (SDG 12, 13 & 15)

UN SDG targets	Our direct contribution	Our 2027 targets
 <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p>	<p>Our digital climate tools provide customers access to EPDs and product LCA data. The climate tools provide customers and end-users with an overview of product carbon data and make it easier to assess and compare product carbon data and to identify lower impact alternatives for building life cycle assessments and regulatory requirements.</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>Expanding our team of sustainability specialists to enable our local branches to provide sufficient advice in the field of sustainable construction. Currently 3.9% of our employees are trained sustainability specialists.</p> <p>Being a part of the European Supplier Programme to discuss solutions and challenges to overcome together.</p>	<p>Increasing % third-party verified eco-labelled product SKUs</p> <p>5% of employees trained as sustainability specialists</p>
 <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p>	<p>Promotion of sustainable construction products, reducing hazardous substances and improving indoor climate and recyclability.</p> <p>Including a product rating system according to DGNB ENV 1.2 criteria into the digital climate monitor at STARK Denmark's webshop.</p> <p>Actively encourage suppliers to provide Environmental Product Declarations (EPD) and product impact information throughout the life cycle.</p>	<p>Increasing % third-party verified eco-labelled product SKUs</p> <p>5% of employees trained as sustainability specialists</p>



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UN SDG targets



12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Our direct contribution

Actively engage in relevant partnerships to support circularity in the construction industry.

Focus on increasing recyclability and proportion of secondary materials in products and packaging.

In collaboration with the University of Southern Denmark, STARK Danmark is participating in a new research project aimed at enhancing the viability of reused wood in the construction industry.

Partnering with Dewdrop Tiles to reduces waste and replaces the environmentally intensive production process of new tiles with upcycling existing resources.

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.

Continued partnership with Nacka vatten och avfall AB a successful pilot project is now being expanded to additional municipalities, aiming to recycle even more building materials.

GENTRÆ continued collaboration with multiple partnerships to reuse collected reclaimed products from construction sites.

Our 2027 targets

20% waste reduction
80% waste segregated for recycling



12.8
By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature incentives to developing countries to advance sustainable forest management, including for conservation and reforestation.

Help bring sustainable alternatives to public notice through product documentation and in-store information.

Collaboration with trade organisations, politicians, and NGOs to develop information materials regarding sustainable building materials and choices.

Ensure product documentation to fulfill public procurement and certification requirements regarding product impact throughout the lifecycle.

Sustainability events and dialouge meetings in STARK branches to discuss new requirements in the new building regulations and how we can help SME customers to meet these requirements.

5% of employees trained as sustainability specialists
10% of branches offer customers sustainability events annually
Increasing % FSC® and PEFC certified wood SKUs"



13.2
Integrate climate change measures into national policies, strategies and planning

Welcoming the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

Submission of our net zero targets and updated near-term targets, which we expect to be approved by early 2025. Advocate to customers, suppliers and competitors to join the Science Based Targets Initiative.

Enhanced our scope 3 inventory methodology from spend- to activity-based using environmental product declarations (EPDs) and life cycle carbon assessments.

Inspirational talks held in UN Global Compact Climate Change Accelerator Programme to inspire more companies to join Science Based Targets Initiative.

29.4% reduction of absolute scope 1 & 2 GHG emissions
14.3% reduction of absolute scope 3 GHG emission
70% actively sourced renewable electricity



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UN SDG targets	Our direct contribution	Our 2027 targets
 <p>15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.</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>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</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>Focusing on increasing the range and sales of third-party verified eco-labelled products with lower carbon and chemical missions.</p>	<p>Increasing % FSC® and PEFC certified wood SKUs</p> <p>Increasing % third-party verified eco-labelled product SKUs</p>
 <p>15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species</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 the review of forest management standard.</p> <p>STARK Group represented in the FSC® Danmark 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>Increase share of timber purchase that is FSC® and PEFC certified</p>
 <p>15.B Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation</p>	<p>Business units are members of FSC® and PEFC organisations.</p> <p>STARK Group is active in both FSC® and PEFC organisations. STARK Group is represented in the FSC® Danmark board of directors and has a representative in the Finnish PEFC working group.</p>	<p>Increase share of timber purchase that is FSC® and PEFC certified</p>



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MEDIUM CONTRIBUTION (SGD 4, 11 & 17)

UN SDG targets	Our direct contribution	Our 2027 targets
 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	<p>All STARK Group business units offer 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>Half of our business units have launched a talent programme – Grow@Stark – for our talent to become future managers at STARK.</p> <p>Partnering with YouthBuild, a non-profit which teaches construction skills to disadvantaged young adults and helps them to find employment within their chosen trade.</p>	<p>5% of employees trained as sustainability specialists</p> <p>10% of branches offer customer sustainability events annually</p>
 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>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>29.4% reduction in absolute scope 1 & 2 GHG emissions</p> <p>14.3% reduction in absolute scope 3 GHG emissions</p> <p>70% actively sourced renewable electricity</p> <p>20% waste reduction</p> <p>80% waste segregated for recycling</p>
 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	<p>Grant funds to young tradespeople undertaking education within the timber and construction industries and to support philanthropic projects within the timber industry, including visionary and innovative projects.</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>	



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

UN SDG targets	Our direct contribution	Our 2027 targets
 <p>3.8 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>Maintaining 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.</p> <p>Performing annual branch audits to ensure compliance with national regulations and internal health and safety standards while prioritising 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>5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>	<p>Working to improve gender balance.</p> <p>DEI priorities are reflected and integrated into our key people processes and approaches, including, recruitment, hiring and selection, training & 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>7.3 By 2030, double the global rate of improvement in energy efficiency</p>	<p>Submission of our net zero targets and updated near-term targets, which we expect to be approved by early 2025.</p> <p>Promote energy-efficient products.</p> <p>Entering into our first power purchase agreement to ensure additionality and supporting the development of new renewable energy.</p>	<p>29.4% reduction in absolute scope 1 & 2 GHG emissions</p> <p>14.3% reduction in absolute scope 3 GHG emissions</p> <p>70% actively sourced renewable electricity</p> <p>5% of employees trained as sustainability specialists</p> <p>10% of branches offer customer sustainability events annually</p>
 <p>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p>	<p>Responsible sourcing of all timber and timber-based products.</p> <p>Wide product range of FSC® and 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® and PEFC certified</p> <p>Increase share of sales that are 3rd party verified eco-labelled products</p> <p>5% of employees trained as sustainability specialists (incl. key positions in sourcing)</p>



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UN SDG targets	Our direct contribution	Our 2027 targets
10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	<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>The launch of our expanded DEI Council underscores our dedication to embedding diversity, equity, and inclusion across the Group.</p> <p>In 2022/23, the first Diversity, Equity & 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>
16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children	<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&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 & 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>
16.5 Substantially reduce corruption and bribery in all their forms	<p>Training module “Anti-Fraud, 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>
16.6 Develop effective, accountable and transparent institutions at all levels	<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>



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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>Governance 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. Together with the Senior Director Sustainability & ESG, 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. Climate-related risks have been integrated into the preliminary double materiality assessment and the enterprise risk management system. Climate risks are reviewed on an annual basis.</p>	<p>Double Materiality Assessment pp. 20, 24-26 Sustainability Governance Model p. 19</p>
<p>Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material.</p>	<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. Our near-term scope 1 and 2 2030 target is aligned with the Paris Agreement 1.5°C scenario and our scope 3 target is aligned with the 2°C scenario. We have in October 2024 submitted an updated near-term scope 3 target to the SBTi to align to a well-below 2°C scenario. We have during 2023/24 developed a detailed activity-based scope 3 inventory which enables us to make a clear roadmap to net zero. In October 2024 we submitted our net zero target to the SBTi for approval.</p>	<p>Strategy and materiality pp. 14-22 Climate change pp. 30-36</p>
<p>Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.</p>	<p>We have conducted a preliminary double materiality assessment to assess the impacts of our business on people and environment, as well as financial risks emerging from our surroundings. During 2023/24, we have further developed our carbon product information management system for a broader range of products and will continue improving our activity-based scope 3 data from environmental product declarations (EPDs). We have worked with our suppliers to access carbon data and improve data quality supported by a KPI in executive remuneration during 2023/24. This KPI has been extended to a broader management group in our business units in 2024/25 to ensure focus across the Group. 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 93 % of our total carbon emissions. During 2023/24, selected climate-related risks and opportunities have been discussed in ExCom and reported to the board.</p>	<p>Double Materiality Assessment pp. 20, 24-26 Sustainability Governance Model p. 19 Climate change pp. 30-36 Executive Remuneration p. 61</p>
<p>Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<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 32 published climate-related KPI's, which are published annually as part of our ESG performance data. Furthermore, we disclose our contribution to the UN Sustainable Development Goals and the ten principles of the UN Global Compact.</p>	<p>Climate change pp. 30-36 ESG data and progress on targets pp. 67-83 Sustainability framework, policies and supporting targets p. 86 The Sustainable Development Goals pp. 88-93</p>



STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today considered and approved the Sustainability Report (“the Report”) of STARK Group A/S for the financial year 1 August 2023 – 31 July 2024.

The ESG performance data in the Sustainability Report for 2023/24 on [pages 67 to 83](#) has been prepared in accordance with the environmental, social and governance accounting policies stated on [pages 67 to 85](#).

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, 15 November 2024

BOARD OF DIRECTORS

JENS BJØRN ANDERSEN
Chair

SØREN VESTERGAARD-POULSEN
Vice-chair

CHRISTOFFER HELSENGREEN SJØQVIST

PHILIP BENDORFF RØPCKE

EXECUTIVE BOARD

SØREN PESCHARDT OLESEN
CEO

THOMAS AHLE
CFO

SØREN PESCHARDT OLESEN

THOMAS AHLE



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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON SCOPE 1 AND SCOPE 2 CO₂E EMISSIONS

TO THE STAKEHOLDERS OF STARK GROUP A/S

STARK Group A/S engaged us to provide limited assurance on selected environmental metrics; GHG Scope 1 & 2 (Absolute tCO₂e), Scope 1: Direct GHG Emissions (GHG Protocol), Scope 2: Indirect GHG emissions – energy related (GHG protocol, market-based inventory) as presented on [pages 67 and 68](#), and Location-based emissions (Scope 2), Market-based emissions (Scope 2) as presented on [page 71](#) of the Sustainability Report of STARK Group A/S, for the year ended 31 July 2024.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Sustainability Report 2024, and accordingly, we do not express an opinion on this information.

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 environmental metrics and information in the selected environmental metrics, ensuring they are free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting principles for the preparation of the selected environmental metrics, for the overall content of the selected environmental metrics, and for measuring and reporting the selected environmental metrics for Stark Group in accordance

with the accounting principles, the Greenhouse Gas Protocol Corporate Standard Revised edition (2015) included on [pages 67, 68 & 71](#) in the Sustainability Report.

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 selected environmental metrics are free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the accounting principles;

- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the 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 selected environmental metrics. 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 selected environmental metrics;
- 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 environmental metrics for the year ended 31 July 2024 for Stark Group;
- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy out-lined in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015); and
- evaluated the evidence obtained.

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Strategy and
GovernanceDouble
materiality
assessment

Environment



Social



Governance

ESG
Performance
data

Auditor's Independent Assurance 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 the GHG Scope 1 and 2 (Absolute tCO₂e), Scope 1 : Direct GHG Emissions (GHG Protocol), Scope 2: Indirect GHG emissions – energy related (GHG protocol, market-based inventory) as presented on [pages 67 and 68](#), and Location based emissions (Scope 2), Market based emissions (Scope 2) as presented on [page 71](#), for the year ended 31 July 2024 in the Sustainability Report, has not been prepared, in all material respects, in accordance with the accounting policies on [pages 67, 68 and 71](#) respectively.

Copenhagen, 15 November 2024

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Lars Siggaard Hansen

State Authorised Public
Accountant
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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

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