

STATEMENT

Independent verification of Greenhouse Gas Emissions reporting and SPT progress

Kährs Holding AB has commissioned The Governance Group AS (“TGG”) to conduct an independent review of the company’s GHG reporting and the Sustainability Performance Targets included in Kährs’ 2021 Sustainability-Linked Bond Framework.

BASIS FOR THE REVIEW OF

Reporting period: 01.01.2021 – 31.12.2021
 Framework / Methodology: GHG Protocol; The SBTi’s Net-Zero Standard; 2021 ICMA Guidelines for Green, Social, Sustainability and Sustainability- Linked Bonds External Reviews

From Kährs’ Sustainability-Linked Bond Framework

Key Performance Indicators (KPI)	Sustainability Performance Targets (SPT)
1: CO2e emissions from the Group’s own operation and purchased energy (scope 1 and 2)	1: Reduction in Scope 1 and 2 CO2 e emissions (40 % in 2025, baseline 2020)
2: Setting a Science Based Target (“SBT”) for CO2e emission reduction in line with 1.5 degree scenario	2: SBT to be validated by the Science Based Target Initiative (SBTi)
3: Sustainably sourced wood as a per cent of the Group’s total purchased wood raw material	3: Increase the share of sustainably sourced wood (to 87 % in 2025, from 80 % in 2020)

CRITERIA AND PROCEDURES

	Criteria applied	Verification procedures
<i>KPI I and SPT I</i>	I. The structure of the report is in line with the GHG Protocol. II. The data used is transparent and the performance is in line with the trajectory. III. The calculations have been conducted using the correct conversion factors.	<ul style="list-style-type: none"> Review of entities included in the reporting, and if an Equity or Control approach has been chosen. Review of data used for Scope 1 and 2, and completeness Review of emission factors used. Review of estimation techniques where data has been unavailable. Traceability and correctness of calculations. Overall review of the application of the GHG Protocol
<i>KPI II and SPT II</i>	IV. The approach to commit to the SBT is in line with the standard established by SBTi V. The commitment of Kährs is submitted to SBTi VI. The company has submitted SBT for validation by SBTi VII. The SBT is validated by SBTi	<ul style="list-style-type: none"> Review of commitment letter prepared by company Review of documentation submitted to SBTi Review documentation of validation Confirmation of target validation by SBTi
<i>KPI III and SPT III</i>	VIII. The company is using recognised systems for documenting certified wood IX. The sourcing of wood is following the required trend	<ul style="list-style-type: none"> Review of the composition of systems for documenting certified wood Reviewing the documentation of results achieved

CONCLUDING COMMENTS

Following the review of Kährs Holding's GHG reporting based on the criteria above, we consider the reporting to cover the elementary requirements, however we would like to highlight the following:

SPT 1

- I. The reporting follows the basic principles of the GHG Protocol, but Scope 2 should in the future include market based and location based figures. Not all entities within the reported scope are accounted for, and it should be stated if this is due to the entities having insignificant emissions.
- II. The spreadsheet covers detailed reporting for one reporting year, and only overall figures for the previous year provided. Providing detailed reporting for the previous period would make detailed comparisons more transparent. The total emissions have not been reduced in line with the trajectory.
- III. Emission factors for Scope 1 provided, but source only stated for one factor. Emission factors for Scope 2 are provided, however not for prior periods. Emissions factors, relevant to the reporting period, should be included for all conversions factors.

APPROACH:

- Operational control approach

EMISSIONS DATA REVIEWED:

- Scope 1: 1 866 tCO₂e
- Scope 2: 13 398 tCO₂e

REDUCTIONS REVIEWED:

- Scope 1: 1 866 vs 2337 = - 470 (20% decrease)
- Scope 2: 13 398 vs 12 838 = + 560 (4,3% increase)
- Total: 15 264 vs 15 175 = + 89 (0,58% increase)

SPT II

- IV. The commitment letter contains the information required.
- V. The documentation has been submitted to and registered by SBTi.
- VI. The company will need to get the SBTs validated by December 2023.
- VII. See point above.

SPT III

- VIII. The company is applying the certification systems provided by FSC and PEFC which represent good practice.
- IX. The company achieved 82 % certified wood in 2021 and is ahead of the trajectory.

Oslo, March 22, 2022

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