

Kährs Climate & Environmental Policy

Kährs Group is committed to creating value through sustainable practices that minimize our environmental impact while promoting environmental stewardship throughout our operations and supply chain. We recognize that environmental sustainability is a critical aspect of our business model, and we are dedicated to taking proactive measures to reduce our environmental footprint.

Last reviewed on 2025-05-14

Kährs Group Management

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1. Background

As a company with deep ties to nature and a legacy rooted in forestry and the use of renewable raw materials, we acknowledge our responsibility to protect the planet for future generations. We embrace the principles of circular economy and are committed to minimizing waste, reducing greenhouse gas (GHG) emissions, conserving water, protecting biodiversity, and reducing pollution across our value chain.

Our Environmental Policy aligns with the European Sustainability Reporting Standards (ESRS) and is designed to address key environmental issues that affect our operations globally. We will continue to monitor, assess, and report on our environmental performance transparently, with the goal of continuously improving our practices in line with evolving sustainability requirements.

2. Environmental Commitment

Kährs is dedicated to conducting our business in an environmentally responsible manner. This commitment is grounded in the following areas:

- **Climate Change and GHG Management**
- **Energy Management**
- **Water Management**
- **Waste Management**
- **Protecting Biodiversity**
- **Minimizing Pollution**
- **Chemical Management**
- **Embedding Circularity**

Kährs strives to meet the requirements set forth by relevant international frameworks and regulations, including the UN Paris Agreement, EU Corporate Sustainability Reporting Directive (CSRD), and the Science Based Targets Initiative (SBTi). We are committed to working with our employees, suppliers, and business partners to achieve our environmental goals and integrate these objectives into our day-to-day operations.

3. Key Areas of Environmental Responsibility

3.1 Climate Change and GHG Management

Kährs is committed to achieving net-zero emissions across all our operations and value chain, in line with the United Nations' Paris Agreement and Science Based Targets Initiative (SBTi). Our objectives include:

- Transitioning to renewable energy across all Kährs production sites.
- Transitioning to fossil-free fuels in internal transportation and production processes.

- Supporting the development and implementation of low-carbon innovations and products.
- Collaborating with suppliers to drive low-carbon solutions across the value chain.
- Measuring carbon emissions in accordance with GHG Protocol and EU CSRD reporting guidelines.
- Engaging in a double-materiality assessment to understand climate-related risks and opportunities.

3.2 Energy Management

We aim to optimize energy use and transition towards a sustainable energy model. This includes:

- Complying with EU Energy Efficiency Directive (EU/2023/1791)
- Conducting annual energy audits to identify significant energy users and develop plans for reduction.
- Ensuring energy-saving initiatives are implemented at every level of our operations.
- Sourcing verified renewable energy across Kährs operations.
- Seeking energy exchanges and collaborative projects with local businesses.

3.3 Water Management

Kährs is committed to the responsible use of water resources in our operations. This includes:

- Annually evaluating water-related impacts, risks, and opportunities, especially in water-stressed areas.
- Reducing total water consumption and seeking innovative water-saving solutions.
- Monitoring water usage in categories such as drinking water, ground water and stormwater.
- Reporting on water usage in accordance with EU CSRD and best practices.

3.4 Waste Management

Kährs strives to reduce waste at all stages of production and throughout our value chain:

- Minimizing waste generation by promoting efficient use of materials.
- Prioritizing recycling and reuse of materials.
- Ensuring waste is handled and disposed of in line with relevant environmental regulations.
- Developing strategies to reduce packaging waste and implement circular economy principles in production.

3.5 Protecting Biodiversity

As a company deeply rooted in forestry, Kährs recognizes the importance of protecting biodiversity. Our efforts include:

- Adhering to the Kunming-Montreal Global Biodiversity Framework and aligning with the EU Biodiversity Strategy for 2030.

- Sourcing wood and materials from responsibly managed forests with certifications like FSC® and PEFC.
- Avoiding sourcing from areas sensitive to biodiversity and working with local communities to protect ecosystems.
- Supporting regenerative forestry and promoting biodiversity through responsible land management.

3.6 Minimizing Pollution

Kährs aims to minimize pollution in all areas of our operations:

- Reducing VOC emissions (Volatile Organic Compounds) through advanced technology and process optimization.
- Managing wood dust, plastic dust, and chemical discharges effectively to prevent environmental contamination.
- Ensuring that all environmental impacts, risks and opportunities are measured, reported, and evaluated through continuous monitoring.
- Support and question management of pollution related aspects management in Kährs value chain

3.7 Chemical Management

Kährs is committed to the safe and responsible use of chemicals:

- Using chemicals in compliance with EU REACH and other relevant regulations.
- Substituting hazardous chemicals with safer alternatives wherever possible.
- Ensuring that all products meet strict health and safety standards, particularly in flooring and interior environments.
- Collaborating with suppliers to promote safer chemicals throughout our value chain.
- Reducing the use of Substances of Concern (SoC) in manufacturing.

3.8 Embedding Circularity

Kährs believes in the power of the circular economy to drive sustainability:

- Prioritizing renewable and recycled materials in our products.
- Ensuring that products are designed to be durable, repairable, and recyclable.
- Collaborating with industry stakeholders to promote circularity across the value chain.
- Developing strategies for the end-of-life management of products, ensuring they can be recycled or repurposed in a circular model.
- Reporting on circular economy initiatives transparently and in alignment with EU Ecodesign regulations.

5. Monitoring and Reporting

To ensure transparency and accountability, Kährs will:

- Conduct regular environmental audits to measure and evaluate our environmental impact.
- Report progress on our environmental goals in line with ESRS standards and relevant sustainability frameworks.
- Engage stakeholders in a meaningful dialogue on environmental issues through annual reports and sustainability updates.

6. Conclusion

Kährs is committed to integrating environmental sustainability into all aspects of our business operations. Our Environmental Policy sets clear goals and provides a framework for reducing our environmental footprint, from climate change mitigation to protecting biodiversity. By adhering to international standards and working collaboratively with our stakeholders, we will continue to drive positive environmental change and contribute to a more sustainable future.

This new Environmental Policy aligns with the ESRS and follows the same structure as the Sustainability Policy, ensuring consistency across Kährs Group's ESG practices.

7. Governance and Oversight

Kährs has established clear governance structures to oversee the implementation of this Environmental Policy:

- The Environmental Committee is responsible for setting and reviewing the company's environmental goals.
- Progress on environmental performance is reported annually in our Sustainability Report and is aligned with the EU Corporate Sustainability Reporting Directive (CSRD).
- All policies and practices will be continuously reviewed to ensure compliance with emerging environmental regulations and industry best practices.
- This policy is set by the Group Management and approved by Kährs' Board. It is reviewed and approved annually in accordance with the rules and procedure of the Board of Directors, or more frequently if appropriate.

Revision history

Date	Version	Activity/edits	Edited by	Comment
2025-02-18	0.1	New policy. Replaces the previous "Environmental Policy."		Reviewed & approved by Kährs Audit Committee.
2025-05-14	1.0	Yearly Review		Board Approval