

NORWEGIAN TRANSPARENCY ACT STATEMENT 2024

The Norwegian Transparency Act came into force in July 2022. The Act is meant to aid in meeting challenges of human rights abuses and indecent working conditions in connection with the production of goods and provision of services in Norway and supply chains across the world.

The Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions requires a range of larger enterprises to work to avoid and address adverse impacts on people and society. In addition, enterprises must be transparent about their work with the general public and provide information to anyone who requests it.

Enterprises shall carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The Act is limited to assessing how enterprises may negatively affect fundamental human rights and decent working conditions. Explained in simple terms, due diligence is a method used to investigate whether there are any actual or potential adverse impacts on human rights and decent working conditions that the enterprise has caused or contributed toward, or that are directly linked via the supply chain or business partners.

About Kährs

Kährs is a flooring company founded in Nybro, Sweden, with production facilities in Sweden, Finland, Romania, and Poland. The reporting organisation is the group of companies where Kährs BondCo AB is the controlling company. For 2025, Kährs Holding AB is the organisation where ESG reporting is included.

Founded in 1857, Kährs designs, manufactures, and sells high quality floors that help make homes, businesses, and institutions look beautiful, feel comfortable, and contribute to healthier indoor spaces for us and the planet. We are a full range supplier of floor solutions for all areas of use, with leading positions in the Nordics and strong positions across Europe and the USA. Our products are sold globally in approximately 70 countries.

2024 in numbers

Net Sales: SEK 2,391 million

Employees: 905

Production sites: Sweden, Finland, Romania, Poland

Markets: 70+ countries

Total emissions scope 1, 2 + 3 (market-based): 107,460.70 tCO₂e

Sustainability Strategy

Kährs' sustainability strategy strives to ensure our flooring solutions are designed, manufactured, and disposed of responsibly. We focus on sustainable materials, circularity, and product durability and design. By increasing the use of sustainably sourced wood, recycled plastic, and bio-based materials, we aim to create closed-loop systems through the collection and recycling of installation waste, particularly for resilient and LVT flooring. Our durable, low-maintenance products are developed with longer life cycles to reduce environmental impacts.

The strategy is tailored to meet the sustainability demands of various customer groups and geographies. For residential customers, we offer sustainable flooring made from renewable or recycled materials that contribute to healthier indoor environments. Commercial customers benefit from durable, low-impact flooring for high-traffic areas, while industrial customers receive easy-to-maintain solutions that reduce environmental footprints and offer circular solutions.

Stakeholder engagement is key to our sustainability strategy. We ensure responsible sourcing, ethical labor practices, and the use of renewable or recycled materials with our suppliers. We promote a sustainable workplace through training, diversity, and environmental responsibility with our employees. We educate customers on the benefits of sustainable flooring and support informed purchasing decisions.

In FY 2024, we broadened our portfolio of products, launching a new resilient product containing 50% to 90% recycled materials. Our supplier collaboration efforts have focused on integrating renewable energy, recycled materials, and transparent practices. Finally, we implemented a sustainability scorecard as an internal tool to evaluate innovation and product sustainability.

To support our climate goals, Kährs has validated science-based targets (SBTi):

- 95% reduction in Scope 1 and 2 emissions by 2030
- 42% reduction in Scope 3 emissions by 2030
- Reach net-zero by 2040

Governance

We act with integrity and in the spirit of good business practice. We do not tolerate any activities that distort the market or inhibit economic, social and democratic development, such as corruption, bribery, and anti-competitive measures.

We must comply with national laws in the countries where we operate. Where Kährs Group's demands go further than national legislation, our requirements apply. Within a global operation, there is a risk of corruption and bribery occurring. We counteract this through clear policies and guidelines regarding what is not permitted or ethically acceptable, based on both laws and our corporate values, and through regular staff training in ethical issues.

Sustainability-related topics are evaluated by committees, the management team, and the board once per quarter. The audit committee is informed about sustainability-related topics by the sustainability, risk management, and compliance teams. These updates include progress on sustainability goals, key risks, compliance with regulations, and the implementation of due diligence processes. The committee receives detailed reports and presentations on the effectiveness of policies, actions, and metrics adopted to address sustainability issues. This includes an assessment of

progress toward established targets, such as carbon reduction goals or diversity initiatives. The information is reviewed by the executive team before being presented to ensure accuracy and alignment with corporate strategy allowing the audit committee to evaluate the impact of these efforts and make informed decisions.

The administrative, management, and supervisory bodies play a crucial role in balancing the impacts, risks, and opportunities associated with the company's strategy, major transactions, and risk management processes. They ensure that strategic decisions are aligned with long-term objectives, that major transactions are thoroughly assessed for both benefits and risks, and that an effective risk management process is in place. Throughout this process, they carefully weigh trade-offs to ensure decisions support the overall health and growth of the company while managing the risks involved.

Policies

Kährs has established a structured policy framework to address material sustainability impacts, risks, and opportunities. Policies are reviewed at least annually. The following external policies are publicly available:

- Code of Conduct
- Introduction Policy
- Performance Review
- Recruitment Policy
- Supplier Compliance Policy and Framework for Responsible Procurement
- Whistleblowing Policy
- Anti-Bribery and Corruption Policy

All policies are aligned with internationally recognized frameworks including the UN Universal Declaration of Human Rights (UDHR), ILO Conventions, the UN Guiding Principles on Business and Human Rights (UNGPs), the UN Global Compact (UNGC), and the Paris Agreement.

Risk Management

Kährs' risk management and internal control processes for sustainability reporting are designed to ensure accuracy, transparency, and compliance with regulations. These processes cover environmental, social, and governance (ESG) aspects, helping to identify and mitigate risks that could impact sustainability performance.

Key features of the system include identifying and prioritizing sustainability risks, implementing internal controls to manage these risks, and aligning reporting with international standards (e.g. GHG Protocol, GRI, TCFD). The company also monitors key performance indicators (KPIs) and regularly audits its sustainability data to ensure accuracy and integrity.

The internal control components include a governance structure overseeing sustainability, defined policies and procedures, data collection and verification systems, employee training, risk registers, and third-party audits. These controls help maintain consistency and reliability in reporting, while feedback mechanisms allow for continuous improvement.

Kährs' risk assessment approach focuses on identifying, evaluating, and prioritizing sustainability-related risks across environmental, social, and governance (ESG) areas. The process starts with systematically identifying potential risks that could impact the company's sustainability goals and

operations. These risks can stem from regulatory changes, environmental impacts, market shifts, or social challenges.

Once identified, each risk is assessed based on two key factors: its potential impact on the organization and the likelihood of it occurring. This allows Kährs to understand the severity of each risk and prioritize them accordingly. Risks with higher potential impacts and higher probabilities are given top priority, while lower-impact risks are monitored and addressed as needed.

The prioritization methodology ensures that resources and efforts are directed toward managing the most significant risks that could hinder the company's sustainability performance. Regular reviews and updates to the risk assessment process help keep it aligned with changing business conditions and external factors.

Overall, Kährs' system ensures that sustainability risks are managed effectively, and that the company's sustainability reporting is credible, transparent, and aligned with stakeholder expectations.

Due Diligence Process

Kährs carries out due diligence as a continuous iterative process. The process follows 6 steps across our own operations and the value chain.

- Responsible business conducted embedded in policies and processes: A structured policy framework covers human rights, working conditions, supplier conduct, anti-corruption, and whistle blowing. Policies are reviewed annually and approved by the Board of Directors.
- Identify and assess actual and potential impacts, risks and opportunities: Practices in our own operations and across our value chain are assessed for human rights and working conditions through a combination of a double materiality assessment, supplier assessments, regular factory inspections, and financial risk assessments.
- Prioritization of identified risks: In the assessment, risks are prioritized based on a scale of severity and likelihood. While in our upstream supply chain, findings from our supplier assessments prompt supplier follow-ups, on-site visits, and collaboration for corrective actions.
- Cease, prevent or mitigate: Where risks are identified we take action to mitigate the risk, through deeper assessments and/or corrective actions. Where an adverse impact occurs, we work to reduce and remediate. If prevention, reduction, remediation, or mitigation is inadequate we may cease the related action.
- Track implementation and results: Progress is monitored through due diligence systems and internal reporting. Supplier assessments and management are monitored through the SRM system. Key findings are reported to the Group Management and the Board through regular communications and board meetings throughout the year.
- External Communication: Progress is shared externally through annual sustainability reporting.

Whistleblower Mechanism

For internal feedback and employee engagement, Kährs uses a tool to gather feedback and measure employee sentiment anonymously for group and local management to address. A specific whistleblowing policy outlines the approach to handling internal and external whistleblowing. The channel is administrated by WhistleB, an external service provider. All messages are encrypted and anonymous. To ensure the anonymity of the person sending a message, WhistleB deletes all meta

data, including IP addresses. The person sending the message also remains anonymous in the subsequent dialogue with responsible receivers of the report.

Own Workforce

At Kährs, we are committed to creating a work environment built on respect, fairness, and well-being for all employees. We believe every individual deserves to be treated with dignity, and we have zero tolerance for behavior that undermines this principle. Our goal is to ensure a workplace where health, safety, and overall well-being are prioritized, and employees feel valued and supported.

We ensure that our employees' terms of employment meet or exceed the minimum standards set by national legislation and international frameworks, such as ILO conventions, to maintain a safe and healthy work environment. This commitment helps us create a supportive workplace where everyone can thrive.

Kährs strives to be an attractive employer, able to recruit and retain top talent in a competitive labor market. We understand the importance of clearly defining our values and fostering a positive company culture. Regular feedback and engagement help us stay connected with our workforce, celebrate our strengths, and address areas for improvement.

Equality and diversity are fundamental to our success, and we are dedicated to ensuring that all employees have equal opportunities to grow and succeed. By promoting an inclusive and supportive environment, we empower every individual at Kährs Group to reach their full potential.

Health & Safety

We are deeply committed to the health, safety, and well-being of our workforce. Our Health and Safety Policy is designed to exceed global safety standards, national legislation, and ILO conventions, ensuring that all employees work in a safe and supportive environment. We take proactive measures, such as conducting regular risk assessments, investigations, and safety initiatives, to identify potential hazards early and eliminate them before they impact our workforce.

Our commitment to health and safety goes beyond physical protection—it extends to fostering a culture of fairness, openness, and inclusion. We empower employees to take ownership of their own safety and the well-being of their colleagues, ensuring that everyone plays a role in creating a safe workplace. To support this, Kährs offers wellness programs, medical check-ups, and rehabilitation services to address health concerns early, focusing on both mental and physical well-being.

Kährs' Health and Safety Policy also aligns with our broader sustainability goals, including efforts to reduce environmental impacts such as greenhouse gas emissions. By integrating sustainability with employee well-being, we aim to not only meet legal obligations but also create a thriving work environment that supports the long-term success of our workforce and the company. Through systematic risk management, strict compliance with legal safety standards, and a focus on wellness, we strive to minimize workplace incidents while promoting a culture of responsibility.

At Kährs, we are proud to provide a workplace where employees feel valued, supported, and empowered to contribute to the company's long-term success in a safe, inclusive, and healthy environment. In 2024 we continued to proactively addressing safety protocols, employee training and proactive risk management to improve our health & safety metrics.

Metric	2023	2024
Lost Time Injury Frequency Rate (LTIFR)	9.2	6.1

Employee Engagement

We prioritize engaging with our workforce throughout the entire employee lifecycle, from recruitment to exit. Our approach emphasizes clear communication, continuous feedback, and ongoing support, ensuring employees feel valued and connected to our mission. Engagement occurs through onboarding, performance reviews, surveys, focus groups, and involving employees in decision-making.

Employee engagement happens at different stages, with a focus on building trust and aligning individual goals with company objectives. During recruitment and onboarding, we communicate our company culture, expectations, and benefits. Throughout employment, regular check-ins, performance reviews, and career development discussions help us stay connected. Employees actively participate in feedback through surveys and focus groups, and we gather insights through exit interviews to continuously improve.

We also maintain a positive and respectful workplace culture by addressing employee concerns effectively. Kährs provides anonymous reporting tools and regular feedback surveys, offering employees safe spaces to raise issues without fear of retaliation. Tools like WhistleB, Winningtemp, and WIA Global ensure transparency and accountability, while HR takes prompt action to assess and resolve grievances. Serious issues are escalated to the CEO and Board of Directors, with follow-ups to ensure satisfaction.

Kährs is focused on improving employee engagement using the Employee Net Promoter Score (eNPS) and Winningtemp metrics. Winningtemp allows us to track engagement and well-being in real-time, enabling us to address concerns promptly. These efforts aim to enhance workplace culture, boost retention, and attract new talent, creating an environment where employees feel supported and valued.

Metric	2023	2024
Employee Engagement Index	7	7.3
Employee NPS (eNPS)	-18	-24

Diversity, Equity and Inclusion

We are committed to fostering a culture of gender equality across all aspects of our operations. We believe that a diverse and inclusive workforce, where all individuals are treated equally regardless of gender, is essential for the success and growth of our company. Our approach to gender equality includes ensuring equal opportunities for all employees, regardless of gender, in recruitment, career advancement, pay, and benefits. Through transparent recruitment processes and unbiased performance evaluations, we strive to eliminate any form of gender-based discrimination or bias. We are also focused on addressing gender pay gaps, ensuring that all employees receive fair and equal compensation for their work. Regular reviews of our compensation policies and practices help us maintain fairness and transparency.

In addition, we promote work-life balance for all employees, recognizing that supporting personal and professional life is key to fostering gender equality. Flexible working arrangements and parental leave policies are in place to support both men and women in balancing their work and family responsibilities.

Metric	2023	2024
Women in leadership positions	N/A	22%
Participation in DEI training	N/A	60%

Workers in the value chain

We recognize that the people who contribute to our value chain, from raw material sourcing to final production, are central to our business. We are committed to promoting fair labor practices, protecting human rights, and mandate safe, respectful, and inclusive working environments across all levels of our supply network.

Our approach begins with strong foundations: the Kährs Code of Conduct, Human Rights Commitment, and Supplier Compliance Policy, all establish clear expectations for how workers should be treated. These documents are aligned with international standards such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the ILO Declaration on Fundamental Principles and Rights at Work.

Kährs engages directly and indirectly with workers throughout the value chain using a multi-layered strategy:

- Regular Supplier Self-Assessments is a key component of Kährs' risk management approach, providing essential information on labor conditions throughout our value chain.
- Direct audits, third-party audits and certifications provide assurance of supplier compliance with fair labor practices and support ongoing improvement actions.
- An anonymous whistleblower mechanism, Whistle-B, empowers workers to report violations safely and confidentially.
- In cases where issues are identified, Kährs works with suppliers to implement corrective action plans, promoting long-term improvement over punitive measures.

We also prioritize ongoing engagement with suppliers and value chain workers. This includes pre-contractual assessments, operational monitoring, and collaboration with third-party organizations, certification bodies, and NGOs. Our aim is to include the voices of even the most vulnerable or marginalized workers, particularly in high-risk sectors or regions.

To further enhance our efforts, Kährs has implemented a Supplier Relationship Management (SRM) system that strengthens how we assess, monitor, and support suppliers, especially with regard to labor practices. Our long-term goal is to ensure that by 2026, 100% of our suppliers are covered by our worker-focused assessments and compliance monitoring.

Through transparency, accountability, and collaboration, Kährs strives to create a value chain where all workers are treated with dignity and respect, and where human rights are not just protected, but actively promoted.

Kährs recognizes the importance of addressing sustainability issues across its value chain, understanding that certain practices within its supply network carry inherent risks that could impact both individuals and the company. These risks include concerns around secure employment, working

time, adequate wages, health and safety, workplace violence and harassment, diversity, and child labor.

To manage these risks, Kährs maintains a strong commitment to ethical sourcing, transparency, and responsible supply chain management. The company works closely with suppliers—particularly in higher-risk regions such as China.

Although these risks are present, Kährs assesses the financial impact to be minimal. This is largely due to well-established relationships with suppliers, effective monitoring systems, and proactive engagement. For example, while child labor presents a potentially high-impact risk, its scope is limited, and the likelihood of occurrence is considered low. Similarly, areas such as health and safety or collective bargaining may pose localized challenges, but do not significantly threaten Kährs' overall financial stability.

Nonetheless, Kährs remains vigilant. The company continues to prioritize the well-being of workers across its global value chain and seeks to mitigate social and ethical risks wherever they arise. Its approach combines compliance with ongoing dialogue, aiming to support fair and safe working environments throughout its operations.

Transparency in the Supply Chain

We believe that transparency is essential for building a responsible and sustainable supply chain. Being open about how we operate, across our suppliers, our customers, and our stakeholders, helps us foster trust and ensure that we're making a positive impact.

In 2024, we took a significant step forward by implementing our Supplier Relationship Management (SRM) system, provided by Kodiak. This system enables us to monitor and manage our supplier relationships more effectively, offering deeper insights into sustainability risks and opportunities for improvement. With Kodiak's technology, we have achieved an 80% response rate from our main suppliers, demonstrating their commitment to transparency and our shared sustainability goals.

In our work to analyze and evaluate our suppliers, we have chosen to apply a limitation in the selection, due to the large number of small suppliers, our focus is placed on the main suppliers who represent the greatest potential impact on our operations. We have therefore chosen to include suppliers that combined account for approximately 90% of our total purchasing spend. In addition, we have focused on suppliers that either; externally manufacture finished products for us, or supply materials to our own production sites. This limitation enables us to concentrate on the supplier relationships that are most critical to our value chain, quality, and delivery performance.

Kodiak is a leading provider of digital solutions for supply chain management with a platform designed to simplify the process of collecting, analyzing, and managing supplier data, making it easier for companies like Kährs to engage with suppliers, monitor compliance, and drive continuous improvement. The partnership with Kodiak strengthens our Due Diligence and Monitoring Assessments (DMA) to ensure we're staying on top of potential risks and identifying areas for improvement.

- Third-party certifications: We track whether our suppliers' operations or products are third-party certified
- Other key factors: We also collect data on various other factors, including supplier compliance with our Code of Conduct, human rights standards, and environmental practices.

This data enables us to take a proactive approach to managing our supply chain, identifying and mitigating risks before they become issues. By actively engaging with our suppliers and monitoring their progress through Kodiak’s SRM system, we continue to strengthen our commitment to a transparent and responsible supply chain. This is a crucial step as we work toward achieving our long-term sustainability goals.

Metric	2023	2024
Main suppliers assessed via SRM (%)	50%	80%

Right of Access to Information

Under the Norwegian Transparency Act, anyone has the right to request information from Kährs about how we address actual and potential adverse impacts on fundamental human rights and decent working conditions in our operations and supply chain.

Requests for information may be submitted by email to: sustainability@kahrs.com

We will respond within the statutory deadline of three weeks from the date the request is received. If a request is refused, we will state the reason for the refusal. This statement is published annually and made publicly available on our website.

This report covers the reporting year 2024. It has been prepared on a consolidated basis within the same scope as the 2024 Sustainability Report.