

NORWEGIAN TRANSPARENCY ACT STATEMENT 2025

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.

2025 in numbers

Net Sales: SEK 1,972 million

Employees: 810

Production sites: Sweden, Finland, Romania, Poland

Markets: 70+ countries

Total emissions scope 1, 2 + 3 (market-based): 65,184 tCO₂e

Share of renewable energy consumed: 97.4%

Sustainability Strategy

Kährs' aim is to be the chosen flooring partner across ESG within the building industry. Our sustainability strategy seeks to address the impacts, risks and opportunities of the materials we source, products we sell, and our corporate responsibility in how we work internally and externally.

Our sustainability strategy is built on five strategic pillars:

- **Climate and Circularity:** Reduce Scope 1–3 greenhouse gas emissions and integrate circular design principles, while increasing the proportion of recycled and renewable inputs.
- **Nature and Biodiversity:** Manage environmental impact and strengthen responsible forestry.
- **People and Culture:** Promote a safe, inclusive, and engaging workplace.
- **Responsible Procurement and Collaboration:** Strengthen due diligence in the value chain and collaborate with suppliers to manage environmental and social risks.
- **Ethics, Transparency, and Compliance:** Strengthen governance structures, responsible business conduct, and regulatory compliance.

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

- 95% reduction in Scope 1 and 2 emissions by 2030, based on a 2020 baseline
- 42% reduction in Scope 3 emissions by 2030, based on a 2020 baseline
- 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.

The Board of Directors has ultimate responsibility for overseeing sustainability matters. Sustainability oversight is integrated into the Board's regular agenda and supported by an Audit Committee, which reviews sustainability-related risks, internal controls, and CSRD disclosures. The CEO and Group Management are responsible for integrating material impacts, risks, and opportunities into business planning, operations, and capital allocation. The sustainability team, which reports to Group Management, coordinates Group-wide sustainability governance, manages the DMA, and prepares CSRD disclosures. Updates on sustainability and progress toward goals are reviewed through monthly sustainability review meetings.

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
- Environmental Policy
- Human Rights Commitment
- Health & Safety Policy
- Diversity, Equity and Inclusion Policy
- Supplier 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.

Whistleblowing

The WhistleB whistleblower service enables internal and external stakeholders to anonymously report any irregularities in a secure manner. The service can be used to alert us to serious risks that could harm individuals, our company, society, or the environment. No reports of irregularities or corruption have been received in our whistleblower system during the reporting period.

Impacts, Risks and Opportunities Assessment

In 2025, Kährs conducted a Group-wide Double Materiality Assessment (DMA) to identify sustainability-related impacts, risks, and opportunities (IROs) within our own operations and throughout the upstream and downstream value chain. The assessment followed ESRS requirements aligned to the European Union's Corporate Sustainability Reporting Directive (CSRD) and covered all applicable standards (E1–E5, S1–S4, G1).

The DMA evaluates both impact materiality (actual and potential impacts on people and the environment) and financial materiality (sustainability issues that may affect Kährs' financial position). Four key stakeholder groups were identified: Consumers, Employees and Co-workers, Suppliers and Subcontractors, and Investors. Stakeholder feedback was gathered through workshops, interviews, supplier assessments, and investor dialogues.

Material topics most relevant to human rights and working conditions under the Transparency Act include:

- Health and safety for own employees
- Working hours and job security for own employees
- Diversity and equal opportunities
- Child labor and forced labor risks (both within own operations and upstream in the supply chain)
- Working conditions, wages, and health and safety for workers in the value chain
- Corporate culture, anti-corruption, and whistleblower protection

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 double materiality 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. From FY2025 this is disclosed in line with the CSRD and integrated with Kährs Group annual report.

Own Workforce

We have a strong commitment to corporate ethics and integrity. We want all people to be treated with dignity, and we do not accept behaviour that does not show due respect to others. Everyone who is part of our business must be offered a workplace where well-being and health are protected.

Employees' terms of employment must at least meet the minimum requirements in national legislation and relevant ILO conventions. Kährs strives to be a modern and attractive employer that recruits talented employees with the right skills. We see equality and diversity as obvious conditions for success and want all our employees to have the same conditions to develop within all parts of the group.

Health & Safety

In a manufacturing industry, there are risks for employees to injure themselves in daily operations. We work with comprehensive safety programs at all our production units, built on our long-running Safety First initiative (launched 2016), which introduced a common safety strategy across the entire group. We utilize an incident reporting system to log occurrences and analyse incidents to inform our preventative actions and continuous improvement.

Metric	2024	2025
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Lost Time Injury Frequency Rate (LTIFR)	6.1	14.7
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In 2025 our lost time injury frequency rate increased. This is attributed to both the decrease in total hours worked between in 2025 vs 2024, as well as the composition of the workforce and nature of the accidents resulting in increased lost time. This will be addressed in 2026 through stronger safety leadership, routine risk assessments, and targeted training at our production sites.

Employee Engagement

Employee engagement is a priority area due to its strong link to operational performance, staff retention, and cultural stability. We measure employee engagement through an engagement index score and Employee Net Promoter Score, the results of which directly inform leaders' approach to management and our strategy and goals to create a strong culture across the company.

Metric	2024	2025
Employee Engagement Index	7.3	7.3
Employee NPS (eNPS)	-24	-18

Diversity, Equity and Inclusion

In 2025 we expanded our diversity, equity and inclusion (DEI) measurement and work. We have developed a DEI strategy with clear goals and initiatives, conducted training in unconscious bias and inclusive leadership, and are tracking more data across the employee lifecycle. We see clear opportunities to improve gender and diversity balance among leadership at Kährs.

Kährs' DEI Policy covers equal opportunities and non-discrimination, objective merit-based recruitment, fair compensation, inclusive leadership, and zero tolerance for bullying, harassment, or unfair treatment. Mandatory training in DEI and compliance applies globally.

Metric	2024	2025
Women in leadership positions	22%	12.5%
Participation in DEI training	60%	100%

Workers in the value chain

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. From the assessments in 2025 we identified that there is a potential for risks of child labor and forced labor in Kährs' upstream supply chain, particularly in geographic regions with weaker regulatory frameworks. Working conditions, wages, health and safety, and freedom of association among supply chain workers are also assessed as potential risks. To mitigate these, Kährs requires our value chain to apply our business principles in line with our ethical expectations and legal obligations, based on internationally agreed standards including the Universal Declaration of Human Rights, the UN Global Compact, the UN Convention on the Rights of the Child, and applicable ILO conventions.

The double materiality assessment identified the most significant supply chain risks to human rights and decent working conditions as concentrated in the following areas:

- Child labor and forced labor: A potential risk in the upstream supply chain from suppliers located in high-risk locations.
- Working conditions and health and safety: A risk among upstream suppliers, where Kährs has less direct control in comparison to our own production facilities. SRM assessments and, where relevant, factory inspections are used to identify, address, and correct shortfalls.
- Freedom of association and collective bargaining: A potential risk in the upstream supply chain, where trade union rights are restricted. Main suppliers are required to comply with relevant ILO conventions through the Kährs Code of Conduct, which is verified through annual assessments and declarations.

A supplier relationship management system and due diligence with suppliers and subcontractors, supports how we manage and engage with our suppliers on issues related to the workers in the value chain. Key elements of our approach:

- All main suppliers must sign the Kährs Code of Conduct, certifying they have read and understood our requirements.
- A Supplier Relationship Management (SRM) system is used to methodically assess and follow up on our main suppliers, evaluate risk, and document corrective actions.
- We use the Corruption Perceptions Index as part of risk assessment when entering new markets or selecting suppliers.
- Supplier visits are conducted at suppliers identified as higher risk based on the corruption index and labor rights criteria.

The results of Kährs’ due diligence process are integrated into operational and commercial decisions to ensure that any potential or actual risks and impacts are considered.

During 2025, the following concrete measures were taken to address the identified risks:

Metric	2024	2025
Main suppliers assessed via SRM (%)	80%	80%

Planned actions for 2026 include completing risk assessments for 100% of major suppliers through the SRM system, with active engagement to drive improvements in environmental and social performance.

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 2025. It has been prepared on a consolidated basis within the same scope as the 2025 Annual Report. For more comprehensive sustainability information, including our full CSRD-compliant Sustainability Statement, please refer to the Kährs Annual Report 2025.