



Kährs®

Norwegian Transparency Act Report- 2023

Norwegian Transparency Act

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 (Transparency Act) is a Norwegian law that 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. Note, however, that the guidelines cover more than Act does. The Act is limited to assessing how enterprises may negatively affect fundamental human rights and decent working conditions, whereas the OECD guidelines cover additional topics such as corruption, competition and taxation.

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 condition that the enterprise has caused or contributed toward, or that are directly linked with the enterprise's operations, products or services via the supply chain or business partners. The enterprise must then address these adverse impacts and track the results of implemented measures. Due diligence should be carried out regularly, and is an ongoing and iterative process that must be constantly evaluated.

Kährs in short

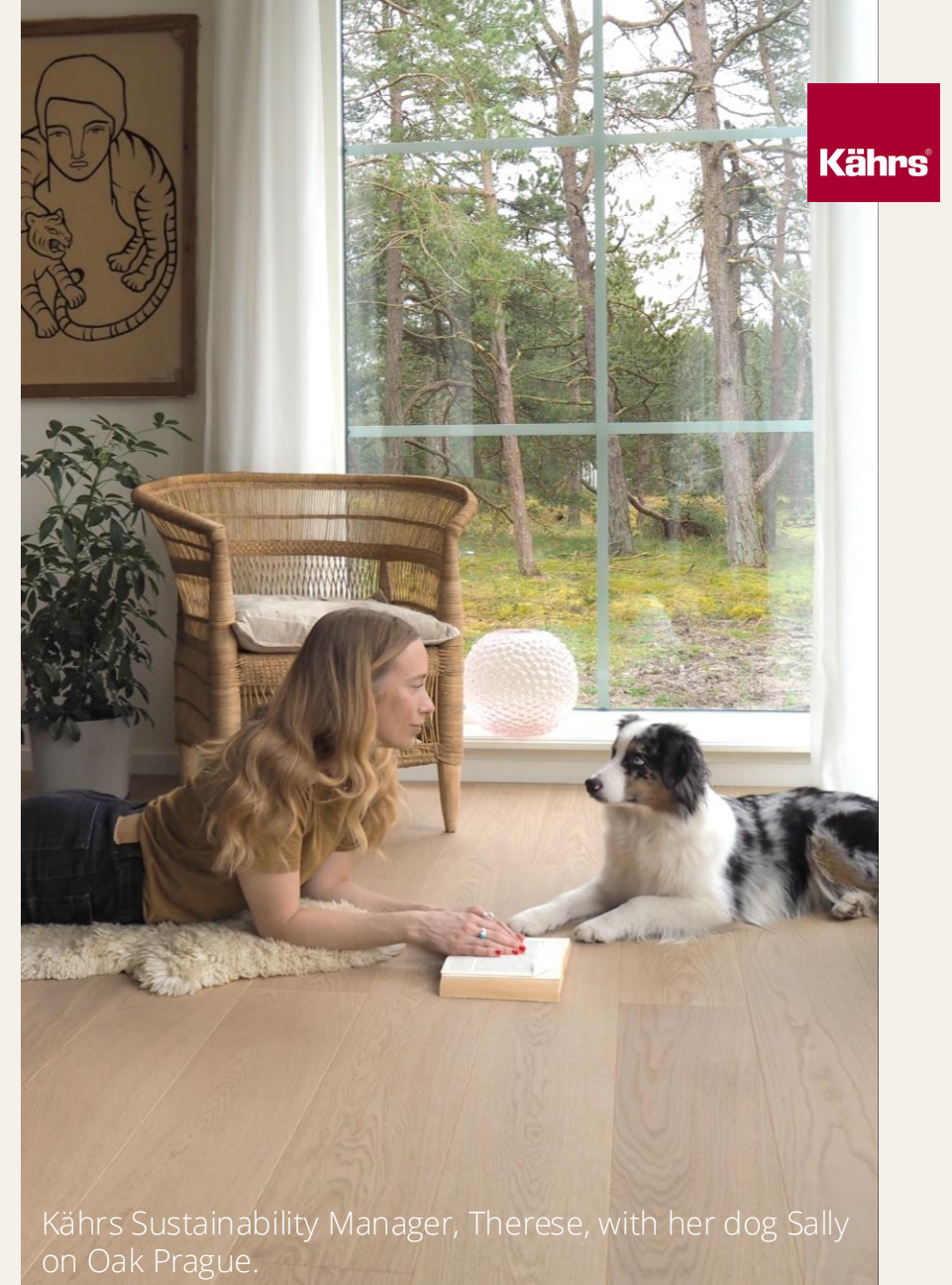
Kährs is a flooring company, founded in Nybro, Sweden with production in Sweden, Finland, Romania and Poland. With extensive knowledge and history from both wood and resilient flooring, the Swedish flooring company provides floors with a high dedication to quality and durability, and a rooted passion for the environment, efficiency and interiors.

The reporting organisation is the group of companies where Kährs BondCo AB is the controlling company. For 2023, the group included twenty legal entities, where Kährs Holding AB is the organisation where ESG reporting is included.

In 2023, sales for the reporting organization amounted to MSEK 2897

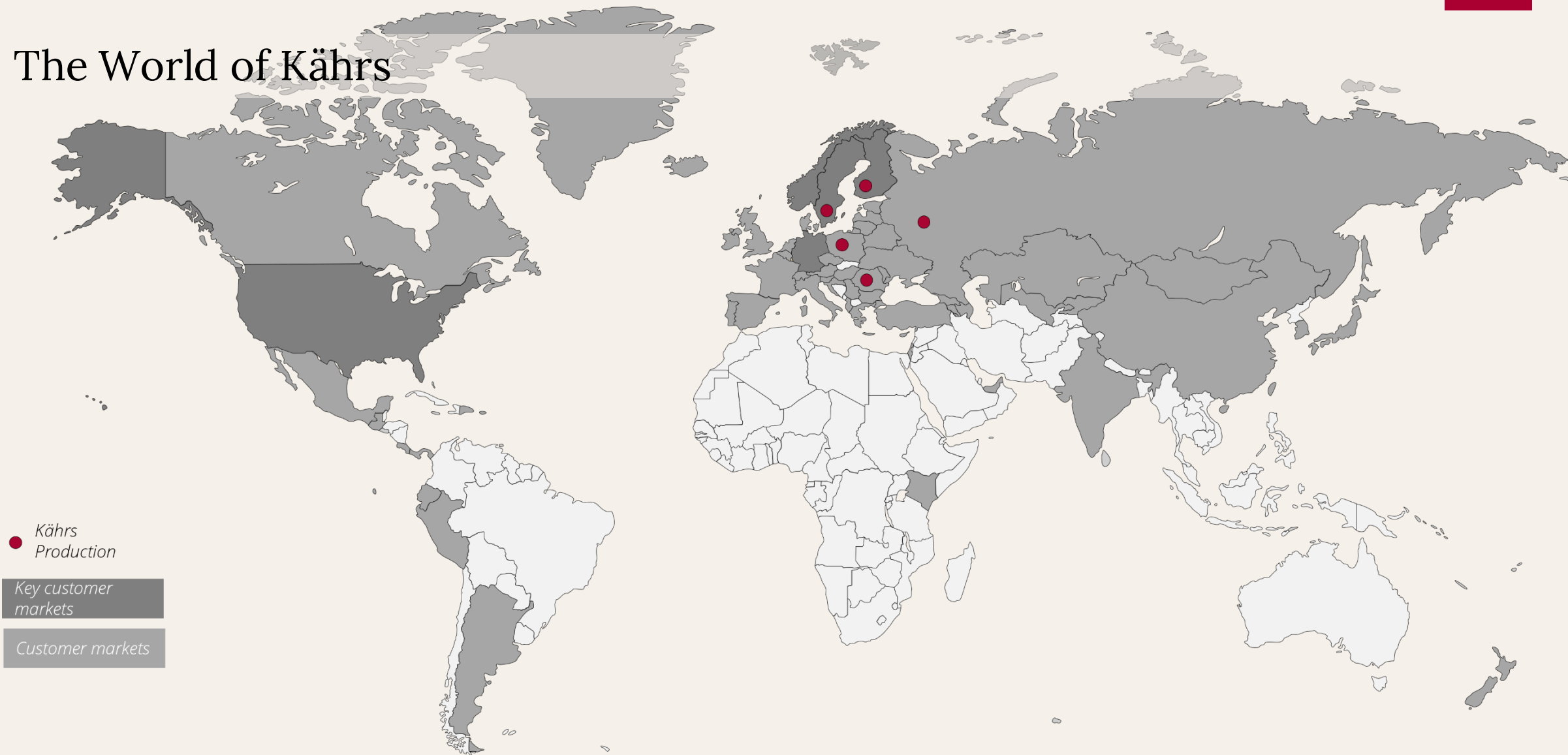
About Kährs

At Kährs, we go the extra mile to create high quality floors that innovate the flooring industry. We help make homes and businesses look beautiful, feel comfortable, and be healthier for us and the planet. And we do it beyond expectations — both internally and externally



Kährs Sustainability Manager, Therese, with her dog Sally on Oak Prague.

The World of Kährs





About Kährs

Kährs Group is the European leader in flooring with our own production of multi-layer wooden floors and PVC-free plastic floors. We also distribute floors in other product categories and are now a full range supplier of floor solutions for all areas of use. With leading positions in wooden flooring in Sweden and Finland, as well as strong positions in other important markets such as Norway, the USA and Germany. Our products are sold in approximately 70 countries, with employees across 15 countries. We target groups with demands on high quality, design, and durability for all types of rooms and needs. The focus is therefore to offer premium products with high design content, good quality, a responsible relationship with the environment and a high level of service.

As a pioneer in the PVC-free resilient floor segment we launched the world's first PVC-free resilient floor (2004), first homogenous PVC-free resilient floor (2014), and first Nordic Eco-labelled collection within the category (2022). The Kährs range also includes products in the luxury tiles and textile tiles categories. This also includes a new type of functional, vinyl-free, bio-based floor; Kährs Aware.

Founded in 1857 by Johan Kähr our strong brand has been built through innovative flooring solutions and close relationships with customers, suppliers and forest owners,

which has all contributed to consolidating the company's strong position in the market. We continuously develop products and our offering to create added value for private, commercial and public spaces through beautiful and environmentally sustainable floors.

Our consolidated production network in strategic locations, maintains proximity to raw materials and key markets, to ensure competitive quality products, punctual deliveries and the shortest possible logistics distances. Business is conducted with local adaptations in terms of sales strategy, market strategy and distribution, but with increasingly harmonized product platforms that enable efficient capacity utilization and flexible production planning. Production is always adapted to achieve a balance between economies of scale, local presence and consideration for the environment. The company has five production units; in Sweden, Finland, Russia, Romania and Poland. The technical development and design center for wood-based multi-layer floors is located in Nybro, Sweden, while the product development of PVC-free plastic floors is in Finland.

2023 in numbers

Customers: 5,200
Employees: 1,245
Sqm of flooring sold:
8,096,473 m²
Net Sales: 2897 MSEK
Operating Profit: 182 MSEK

Employee engagement
Temperature: 7.4
Participation Rate: 61%
eNPS: -17

LTFIR: 9.2
Work-related injuries: 72
Fatality numbers: 0

Scope 1 & 2 emissions: 2599 tCO₂e
Share of energy consumption renewable: 93%

Sustainability Strategy & Governance

Sustainability Strategy

The construction and building industry accounts for 38 percent of global CO2 emissions, and 72% of carbon emissions will come from new construction worldwide by 2030. Kährs aim is to be the natural partner to reduce the carbon footprint within the building industry.

Kährs Planet Positive Journey is our path that looks at materials, products and corporate responsibility in their overall environmental impact. With our floor coverings, we not only want to contribute to sustainable and responsible materials in the construction process, but also have a positive impact on the daily lives of people and future generations. – For a worth living planet and for us.

Sustainability is about both the planet and people. During 2023, we expanded our diversity, equity and inclusion (DEI) measurement and efforts in 2023, tracking more data and establishing new policies and training resources. We see opportunities to improve gender and diversity balance among leadership at Kährs and develop new initiatives to make changes in the right direction."

Furthermore, we have worked on developing new processes and implementing a new Supplier Relations Management (SRM) system, to follow up our suppliers according to the new rules that come with the CSDDD (Corporate Sustainability Due Diligence Directive). CSDDD imposes stricter requirements on responsibility for the environment and human rights throughout the value chain, which means that companies need to follow up on their suppliers to assess risk and minimize risk. Within the framework of this work, we have introduced new policies, implemented SRM system, implemented a new risk minimization process, new internal governance, and carried out supplier visits to suppliers where we identified higher risk based on the corruption index.



Exploring textures and shades as part of the design process

Governance

During 2023, focus has been on continuing the work to anchor the sustainability strategy within the company, as well as to also lead the continued work to drive sustainability issues cross-functionally through the business. One result of this work is a new internal management structure of sustainability work, including steering groups and working groups, described below.

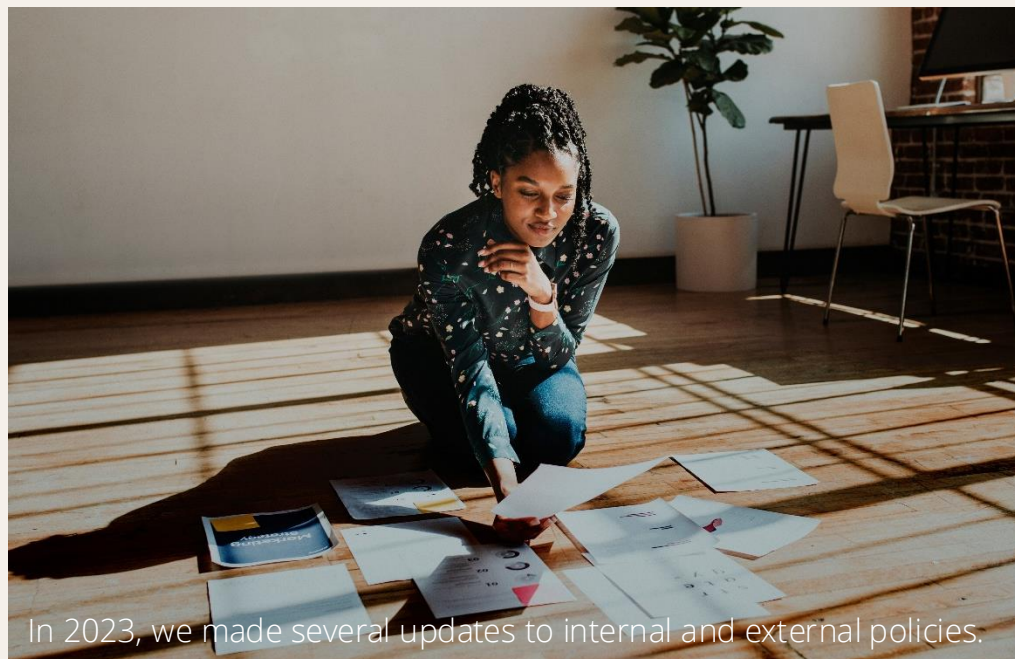


External and Internal Policies

External policies and strategy documents

We have several external policies that primarily serve as a framework and guidance for our daily sustainability work, with guidance in design, product development, logistics and supplier processes. Each policy is linkable for further reading.

- [Code of Conduct](#)
- [Environmental policy](#)
- [Human Rights Commitment](#)
- [Health & Safety Policy](#)
- [Diversity, Equity and Inclusion Policy](#)



Internal policies and guiding documents

Internally, we work with several different policies and guiding documents.

- Code of Conduct
- Anti Bribery and Corruption Policy
- Working from home Policy
- Supplier Compliance Policy
- Anti Money Laundering Policy
- Anti Trust Guideline
- Conflicts of interest policy
- Information and Security Policy
- Quality Policy
- Energy Policy

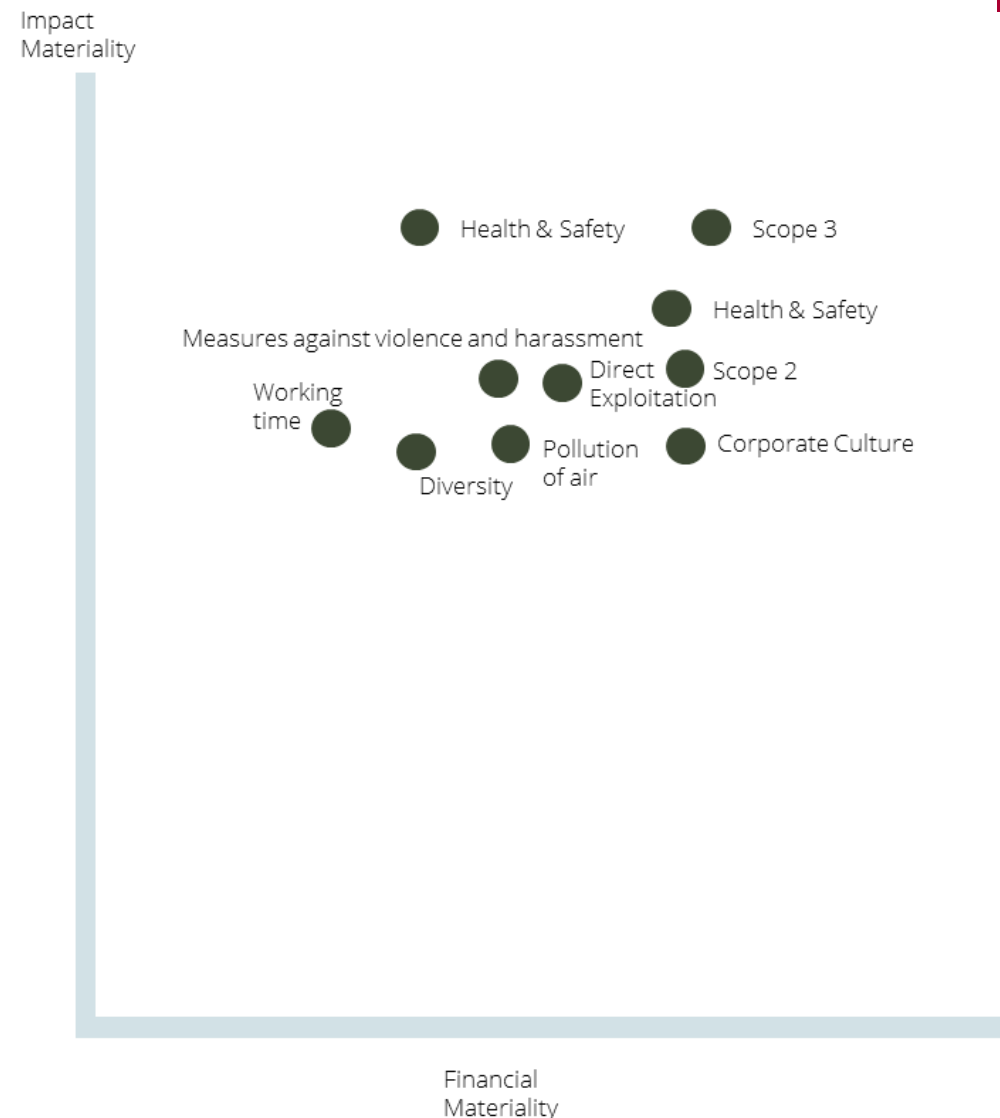
Materiality Assessment

The dual materiality analysis conducted in 2023 was the first steps in developing an outlook of our material impacts, risks and opportunities. Our dual materiality analysis is based on a series of workshops, interviews and internal documents and visualizes the subjects deemed to be of material and of importance to Kährs. We are now working on defining the impact, risks and opportunities within the ESRS areas to understand the interaction with our strategy and business model. More work is ongoing after this process to develop policies, objectives and measures to deal with the results of the dual materiality analysis.

During the materiality assessment, we identified material stakeholders, considering the stakeholders' impact on Kährs, our impact on the stakeholders and the stakeholders' materiality to companies in the same industry. We have identified four key groups of stakeholders:

- Consumers,
- Employees and co-workers,
- Suppliers and subcontractors,
- Investors.

We asked identified stakeholders for their views on sustainability issues to identify significant sustainability-related impacts, by conducting interviews with various functions throughout the company and among our key stakeholders within suppliers, subcontractors and investors.



Social

Own Workforce

Within the Kährs Group, we have a strong commitment to corporate ethics and integrity. We want all people to be treated with dignity, and we do not accept behavior that does not show due respect to others. Everyone who is part of our business, as an employee or as a business partner, must be offered a workplace where well-being and health are neither compromised nor compromised.

Employees' terms of employment must at least meet the minimum requirements in national legislation and relevant ILO conventions to guarantee a safe and healthy workplace. Kährs Group wants to be a modern and attractive employer that can recruit talented employees with the right skills, despite intensifying competition on the labor market. It must be clear what Kährs Group stands for. We must be sensitive to how our employees perceive their workplace and what we have to offer, so that we take care of our strengths and can and can capture what we can improve on. We see equality and diversity as obvious conditions for success and want all our employees to have the same conditions to develop and feel good within all parts of the group.



One of our colleagues in the factory in Nybro



Own Workforce

Risk management and social responsibility

In a manufacturing industry, there are risks for employees to injure themselves in daily operations. To minimize these risks, we work with comprehensive safety programs at all our production units. All our employees receive a review of the Kährs Group's code of conduct and relevant personnel receive in-depth training regarding our business practices and our guidelines against bribery and corruption.

In 2016, the Kährs Group started an initiative, which we have called Safety First, to introduce a common strategy for safety across the entire group. A series of activities to increase focus and awareness around safety were carried out in stages at all production facilities and dealt with everything from routines, protective equipment and incident reporting. In 2017, the Kährs Group launched a joint deviation and incident reporting system, IA (WIA for the wood industry). We encourage our employees to be active and register all types of deviations/events in the system, which thus become a good basis for the preventive work and to support the work with continuous improvements. Since 2017, approx. 2,500 events have been registered in the WIA system in all categories, which in addition to accidents and incidents, include risk observations, quality, environment, improvement proposals and other deviations.

Whistleblowing

It is important to us that our employees have the opportunity to participate and influence their work environment, but also that we should be able to detect and remedy any irregularities as quickly as possible. In 2022, we introduced a new

whistleblower service, WhistleB, which enables employees to anonymously report any irregularities in a secure manner. The whistleblower service can be used to alert us to serious risks that could harm individuals, our company/organization, society or the environment. No reports of irregularities or corruption have been received in our whistleblower system.

Employee survey

In 2022, we implemented the temperature measurement system Winningtemp throughout the group. It is a way for us to follow how the employees feel and what they experience works well and not so well. It will also make it easier for us to work towards and set relevant goals and activities to increase the percentage of engaged and satisfied employees. The measurements provide a good basis for working actively with continuous improvements. Winningtemp is based on all employees receiving a few short questions every two weeks to answer via an app or email. An overall result of all responses is presented as a scale between 0 and 10, which is a temperature measurement of how we experience our workplace.

Temperature in WinningTemp

	2023	2024 Target	2027 Target
Score	7	7.5	8
Participation Rate	55%	75%	90%



Own Workforce

Diversity, equality and inclusion

Over the past year, we have focused on diversity, equality and inclusion as we saw a great need to raise this area, partly as part of our social work under ESG, partly because after our sustainability reporting to our owners we saw a gap in strategy, initiatives and goals in this area. In 2023, we developed a strategy for how we want to work with both culture, as well as diversity, equality and inclusion. We developed a strategy and action plan with clear goals and initiatives based on the gaps and opportunities for improvement we identified.

To fully understand where our organization was and how we were doing internally, we did in-depth interviews internally, exit interviews when people left, and used our employee survey to fully understand where the organization was. While we were mapping our needs, some key people within the company also attended training in diversity, equality and inclusion in order to deepen the subject and be able to take it further within the organization. During the year we have had training in unconscious bias and will in 2024 hold training in inclusive leadership. It is the ESG function within Kährs that holds these trainings.

Policies for our own workforce

The following internal documentation provides guidance on how our business should be conducted responsibly in terms of employee health and safety:

- Code of Conduct
- Health and Work Environment Policy

Measures to address risks and opportunities

- Secure a higher response rate in Winningtemp, our employee survey to be able to form a fair picture of how people feel internally
- Proactively work to improve our culture and engagement across all functions, at all levels within the company. By:
 - Interviews with employees internally to provide internal recognition
 - Colleagues and managers can nominate who should receive extra attention one month
- Work culture as a building block into our KPI and work tool Howwee
- Increase information flow internally so that we increase understanding, commitment and transparency
- Internal training in Winningtemp to increase response rate:
 - Prioritize people and culture as part of our ESG strategy and agenda
 - Follow up on equality, inclusion and diversity in our employee survey Winningtemp

Key Performance Indicators

	2023	2024 Target	2027 Target
Employee net promoter score	-18	0	+13

	2021	2022	2023	2027 Target
Lost Time Injury Frequency Rate	7.5	8	9.2	5

Workforce in the Value Chain

Kährs Group manufactures most of the wooden and resilient floor products that the company sells on the market. Kährs Group also has agreements for the purchase of certain products with external suppliers that meet our strict specifications.

In 2018, the external purchases of finished products were expanded with the product category, LVT, and in 2022 we expanded the offer with a new product category, bio-based, vinyl-free floors. The externally purchased products are an integral part of the group's total offering under the Kährs brand. Since 2019, Kährs has a partnership agreement with a Belgian manufacturer of textile floor tiles, Modulyss, for the distribution of their products on the Nordic project market.

Key stakeholders

During the materiality assessment, we have identified material stakeholders, taking into account the stakeholders' impact on Kährs, our impact on stakeholders and the stakeholders' materiality to companies in the same industry. We have identified four important groups of stakeholders:

- Consumers
- Employees and collaborators
- Suppliers and subcontractors
- Investors

We asked identified stakeholders for their views on sustainability issues to identify significant sustainability-related impacts, by:

- Conducting interviews for various functions throughout the company
- Conducting interviews among our key stakeholders: suppliers, subcontractors and investors.

Impacts, risks and opportunities

Evaluation of our value chain is for us an important step in developing and strengthening cooperation with our partners. It allows us to better understand how they work, and what their strengths and needs are in terms of our collaboration when it comes to sustainability. This is a crucial part as we define more sustainable products and implement a circular roadmap and initiatives for the future.

Kährs Group requires that the application of our business principles is in line with our ethical expectations and legal obligations. These are mainly based on internationally agreed standards such as the Universal Declaration of Human Rights, the principles of the UN Global Compact, the UN Convention on the Rights of the Child and applicable ILO conventions.

There is a risk that purchases are made from suppliers who do not treat people with dignity and respect or who disregard the minimum requirements in national legislation and relevant ILO conventions, therefore we work continuously to update policies, evaluate our suppliers and have a close collaboration with our suppliers.



Workforce in the Value Chain

Policies

We have developed a framework for cooperation with suppliers and subcontractors that will take into account social issues regarding workers in the value chain. We want to ensure that they are treated as our own workers in areas such as human rights, diversity and equality, health and safety. In 2023, we implemented a new Kährs Code of Conduct that sets even higher requirements and complies with the new legislation that Kährs needs to comply with, in both the environment and human rights.

To minimize the risk of purchasing from suppliers who do not treat people with respect or disregard the minimum requirements in national legislation, we collect a signed Kährs Code of Conduct from our suppliers certifying that they have read and understood our requirements. We inspect all factories that manufacture finished products for our range, and they go through our supplier evaluation process, where we evaluate risk and work to minimize risk among our suppliers. In order to be able to do this methodically and administratively efficiently, we have implemented a new SRM system where we can follow up on our suppliers. We are documenting the process for how we analyze and minimize the risk of our suppliers during the first part of 2024.

The following documentation provides guidance on how we and our partners should act to protect human dignity and human rights:

- Kährs Code of Conduct
- Human Rights Policy
- Supplier's Policy

External suppliers undergo our supplier evaluation process with criteria to ensure quality, environment, governance and financial security for our stakeholders. All external manufacturing facilities are inspected and receive ongoing support from our purchasing and quality organization.

Measures to address risks and opportunities

The risks we see are that if we don't work with our suppliers or have a process in place, we can't ensure that they comply with the demands we have on them when it comes to human rights. Our strategy is that after we have analyzed and evaluated our suppliers, we lay a foundation to either be able to continue working with the supplier and help them become better in these areas or to end the relationship. We already see that the working method we have introduced in evaluating our suppliers has opened up a better dialogue and understanding that we must work towards sustainability goals together and that we can help them partly with inspiration, but also good examples, structure and the importance of this continued change work.

By working closely with our partners, we can cooperate and drive a positive change within our value chain, to reach even higher standards in the areas of environment, labor rights and human right. Anders Edh, Purchasing Manager at Kährs

The first goal we are working on is to get answers from our most strategic partners, this to be able to follow up on them in an adequate way.

	2023	2024 Target	2027 Target
Supplier response rate	50%	80%	100%

Governance

Business Conduct

Risk management Governance & business ethics

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

We must comply with national laws in the countries where we operate. Should any requirement in our Code of Conduct conflict with national legislation in any country or territory, the law must always be followed. However, Kährs Group's demands can go further than the requirements set out in national legislation. Within a global operation, there is a risk of this occurring corruption and bribery. We counteract this through clear guidelines regarding what is not permitted or ethical acceptable - both based on laws and our corporate values. We train staff in ethical issues.

Our suppliers commit to complying with our code of conduct and we inspect all factories that manufacture finished goods products to our range, and they go through our supplier evaluation process. We make use of Corruption Perceptions Index as part of the risk assessment when entering a new market or when choosing supplier. The risk of purchasing illegal wood is minimized by buying certified wood or using one third-party organization to verify legal compliance if there is uncertainty about the

origin of the wood.

The following documentation provides guidance on how we work ethically with regard to accountability, justice and transparency with our stakeholders:

- Code of Conduct
- International Sanctions policy
- Anti-Money laundering
- Anti-Trust Guideline
- Anti-bribery and Anti-corruption guidelines

Whistleblowing

It is important to us that our employees have the opportunity to participate and influence their work environment, but also that we should be able to detect and remedy any irregularities as quickly as possible. In 2022 we implemented a new whistleblower service, WhistleB, which enables employees to anonymously report any irregularities in a secure manner. The whistleblower service can be used to alert us to serious risks that may harm individuals, our company/our organization, society or the environment. No notifications about irregularities or corruption have entered our whistleblower system.



Children playing on an [Aware](#) Collection floor