

Karndean Evolve™

Sustainability Report 2025



Welcome

More than five decades ago, our family owned business was founded on innovation, bold action and a pioneering spirit. Those same ideals still guide us forward today.

Karndean Designflooring is now a global flooring company specialising in luxury vinyl tile (LVT) flooring for residential and commercial markets. The company designs, markets and distributes flooring products, inspired primarily by natural wood and stone, serving customers across the UK, Europe, North America, Australia and New Zealand.

Karndean outsources the manufacturing process to carefully selected partners in China, South Korea, Taiwan and Vietnam but operates through a network of regional sales, distribution and showroom facilities, selling approximately 15 million square metres of flooring annually, and employing approximately 600 people globally.

We have always aimed to be the market leader in luxury vinyl flooring, focusing on product design and quality, as well as taking care of our customers and our employees. As the focus extends ever more towards sustainability, we have made significant steps to create value in social, environmental and financial ways for our stakeholders. This includes our own operations, our supply chains, our products, and through our people.

When we design product, we design with our customers, our colleagues, and our communities in mind. Our ethos, designing for life, sits at the heart of everything we do. As part of this design ethos, we have rolled out a comprehensive environmental, social, and governance (ESG) programme, Karndean Evolve™. This consists of six focus areas that influence how we operate as a company from the very top of the organisation: confronting climate change, individual health and wellbeing, sustainable resource use, inclusion and diversity, supply chain transparency, and education.



"During 2025, we continued to strengthen our business by embedding responsible practices into the decisions we make every day, from improving operational efficiency and reducing our environmental impact to building a more resilient and ethical supply chain. While we recognise there is still more to do, the progress outlined in this report demonstrates our commitment to continuous improvement across all aspects of sustainability."

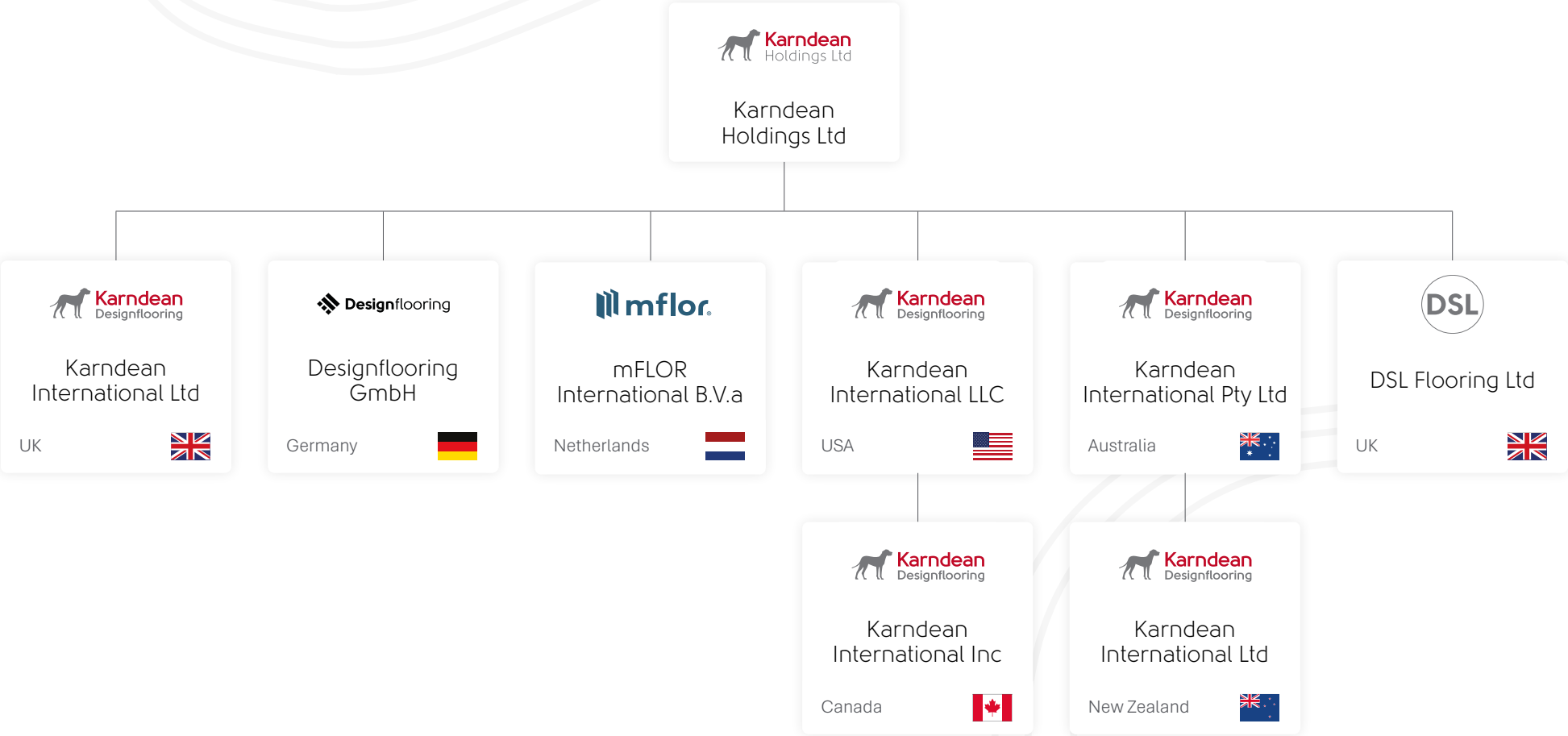
Ed Perrin, Group CEO

"Sustainability is not a standalone initiative at Karndean. It is becoming an integral part of how we operate, innovate and make decisions. During 2025, we strengthened our governance, enhanced the quality of our sustainability data and continued working with colleagues, customers and suppliers to drive meaningful progress. Each step we take helps build a more resilient business, reduces our environmental impact and reinforces our commitment to responsible growth."

Jamie Shaw, Group Sustainability Director

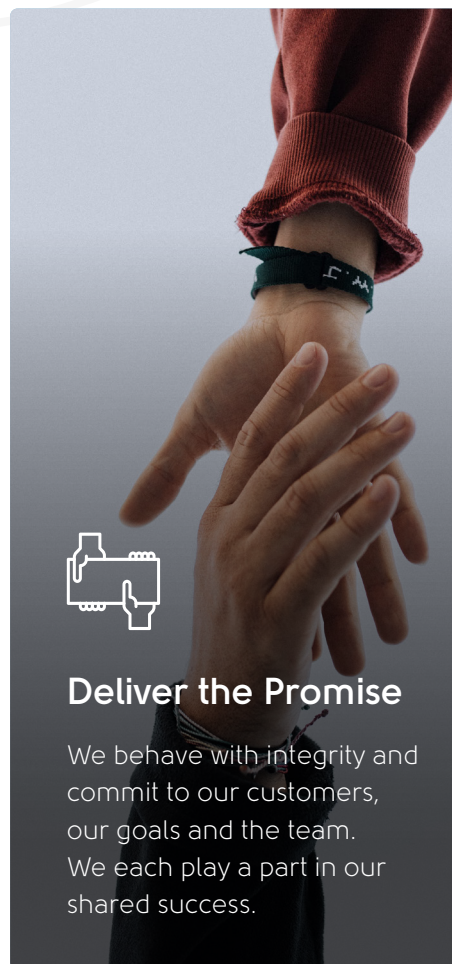


Corporate structure



Our core values

Core values guide our actions. They neatly summarise expected behaviours and demonstrate how we should interact with each other as employees, as well as with customers and suppliers.



The story so far

Karndean Evolve™ reflects our commitment to integrating sustainability into the design, manufacture and delivery of our flooring solutions. To guide this work, we conducted our first focused materiality assessment between 2021 and 2023 to identify the environmental, social and governance (ESG) issues most important to our stakeholders and to the long-term success of our business.

The assessment considered both our impacts on the environment and society and the sustainability risks and opportunities facing Karndean. Input was gathered from a wide range of stakeholders, including customers, specifiers, employees, suppliers, distributors and industry bodies, alongside analysis of market trends and regulatory developments.

Every year we review that initial materiality assessment to gain further stakeholder insight through customer workshops and feedback, employee engagement, audit activities, and data management to ensure that our focus remains relevant. Outputs from the ongoing process then feed into and inform our strategic management and planning of the business – through our risk management and governance processes, product strategies, operational management, supply chain strategy, and employee engagement.

Global

Strategic outcomes** that we are aiming for:

- A low carbon business that aligns with Science Based Target initiative pathways.
- Transition to a circular business model with reduced reliance on virgin materials.
- Delivery of products that are safe for people and the environment.
- Ethical, safe, and transparent supply chains globally.
- Creating a safe, inclusive and engaging workplace while supporting communities.
- Embedding strong governance and transparent ESG reporting across the business.
- Engaging and educating our stakeholders.

** See Annex for further information.

The story so far

Key Environmental Priorities

- Our priorities are climate impact, product circularity and responsible materials as critical areas of risk and opportunity for the business. Karndean Evolve™ therefore focuses on reducing carbon emissions across all operations and embodied carbon in the products, improving resource efficiency in our product portfolio, and exploring circular end of life solutions for our products.
- From a total emissions footprint perspective, the emission hotspots are in the raw materials and manufacturing process of the products, and the end of life treatment of sold products. This is where we focus our climate impact priorities across the product lifecycle.
- Transparent information about the materials used and environmental performance is also a priority for customers and specifiers.

Key Social Priorities

- Responsible supply chain practices for sourcing of products were identified as essential to maintaining trust and meeting our stakeholders' expectations as well as a potential source of risk from unethical practices to poor working conditions.
- Health, safety and wellbeing, for building occupants, our employees and for those involved across the products' lifecycle, need to be core considerations for our flooring products.
- Diversity and inclusion is a less visible but potential underlying risk and opportunity for the business. From product inception through our supply chains to our own teams we need to consider how to be inclusive and potentially create greater value through increased diversity.

Key Dependencies

Across Karndean, due to the nature of our business model and historical operations, our main global dependencies are:

- Polyvinyl chloride (PVC) petrochemical supply chains with Asian based manufacturing capacity and capability.
- Global shipping logistics.
- Construction and renovation cycles in residential housing markets, commercial fit outs, and retail and hospitality refurbishments.
- Sales, distribution and installer networks in our main territories.
- Chemical, material and sustainability regulations.

Moving Forward

The insights from our materiality assessment and assessing our key dependencies guide our sustainability strategy, investment decisions and product innovation.

As expectations continue to evolve, we will regularly review our priorities to ensure Karndean Evolve™ delivers meaningful progress while maintaining the quality, performance and value our customers expect.

Significant improvement in sustainable performance is not achieved overnight and we are taking a long term view to managing and improving our performance.

Governance

Our ambition: Establish governance as an enabling process that ensures accountability, scrutiny, and continuous improvement across the Karndean Group.

Our main targets:

- Publish annual sustainability report, with improved data coverage every year.
- Integrate ESG KPIs** into leadership objectives by the end of 2027.
- Establish horizon scanning capability to help identify and prepare for future regulatory requirements.

Strong governance underpins how Karndean manages risk, maintains trust, and delivers long-term value to all stakeholders. Good governance enables Karndean to:

- Manage global supply chain risks
- Comply with complex and evolving regulation
- Maintain customer trust and win business
- Make better strategic decisions
- Protect our brand
- Deliver credible sustainability performance

Transparency, credible sustainability claims and innovation for a low impact built environment are key to maintaining confidence in the Karndean brand. Karndean Evolve™ supports these priorities by embedding sustainability into business governance, product development, operations and communication.

Oversight of Karndean Evolve™ sits within Karndean's broader governance framework, with cross functional involvement from sustainability, product, operations and company leadership teams. This structure helps ensure that sustainability considerations are integrated into decision making rather than treated as a standalone activity.

** See Annex for further information.

Since 2024 we have used a maturity model approach to layout our sustainability expectations and ambitions and to monitor and manage progress for both our own operations and our main suppliers. The aim is for each business in the Group and each supplier to progress up the model for each focus area. A high level version of the model is shown below. Progress against the model will be included in future reports.

Each business within the group has a sustainability lead to implement our strategy, engage with our teams, and improve our sustainability performance.

Sustainability and diversity continue to be standing agenda items at board level and risk committee meetings.

The managing director from each business within the group is required to present on their annual sustainability performance to rest of the senior management team.

We are committed to producing an annual report on our sustainability performance. This is our third annual sustainability report.

Our sustainability structure and systems are part of our internal audit process.

Factory Supply Chain Sustainability Maturity Model

Goal Increasing performance and maturity Sustainability Criteria	Goal					
	Net zero production of all products	Employees health improved through working for you	Open/Closed loop production of all resources; Restorative environmental projects	Ethical business an ongoing corporate and company executive priority	Public reporting of sustainability policies, practices, and performance	Achieve international best practice for educating employees on sustainability issues
	50%+ renewable energy Influencing suppliers	Worker health assessments system	Elimination of raw materials derived from crude oil Factory take back	Positive social community engagement	Product Passports delivered	Third party sustainability qualifications for employees sponsored by employer
	25%+ renewable energy Science based targets set	Health and safety function Active health and safety risk assessments	Products designed for local recycling Facilities developed to take back end of life flooring	Local community outreach projects Supply chain engagement on social value	Certification to NSF 332 Level 2 Reporting on gender pay gap	Specific courses on individual sustainability issues made available
	Energy efficiency projects Climate change included in purchasing practices	Supply chain code of conduct Health and wellbeing included in purchasing practices	Resource efficiency included in purchasing practices Encouraging suppliers to implement programme	Social value included in purchasing practices Active supply chain risk assessments	Certification to NSF 332 Level 1	Basic social awareness provided to all employees Training delivered as per training matrix
	Support Karndean EPD requirements	Heavy Metals eliminated, REACH compliance, VOC certifications	Post industrial recycled content Recycled and recyclable packaging	All employment is freely chosen	Supply chain map for raw materials ISO 14001	Business wide training matrix Active internal communications
	Climate Change	Health and Wellbeing	Sustainable Use of Resources	Diversity and Inclusion	Transparency	Education

Our key focus areas



Confront climate change

Reducing our carbon footprint through energy efficiency and use of renewable energy. We have approved targets through the Science Based Targets initiative to reduce our own scope 1 and 2 emissions by at least 42% by 2030.



Health and wellbeing

Ensuring the health and safety of those involved with the manufacturing and use of our products.



Sustainable use of resources

Conserving natural resources; using post-industrial and post-consumer recycled materials; making products that can be recycled; elimination of raw materials derived from crude oil; creating closed-loop production processes.



Inclusion and diversity

Nurturing an equitable, inclusive and diverse workplace culture through engagement and education.



Supply chain transparency

Third-party certifications for environmental and social responsibility, including fair treatment and safe conditions for workers.



Education

Educating employees about the importance of sustainability, helping them understand what role they play and increasing the likelihood of achieving our goals.

Confront climate change



Our ambition: A low carbon business that aligns with Science Based Target initiative pathways.

Our targets: Since 2022 we have calculated our greenhouse gas emissions across scopes 1, 2 and 3 as defined by the Greenhouse Gas Protocol. The calculations have been used to establish our Science Based Targets and achieve approval through the SBTi.

	Target #	Type	Scope	Target
Scope 1 & 2	Target 1	Absolute Reduction	Scope 1 & 2	"Karndean commits to reduce absolute Scope 1 and 2 emissions by 42% by 2030 from a 2022 base year"
	Target 2	Supplier Engagement	Purchased goods and services and upstream transportation & distribution.	"Karndean commits that 62% of suppliers by emissions covering purchased goods and services and upstream transportation & distribution will set science-based targets by 2028 "
Scope 3	Target 3	Physical Intensity	End-of-Life Treatment of Sold Products	"Karndean commits to reduce Scope 3 end-of-life emissions by 51.6% per sold product by 2030 from a 2022 base year"

The data for 2023 has been audited and verified against ISO 14064** with improvements applied to all years. The nature of our business model means that our greenhouse gas emissions footprint is dominated by our supply chain. The calculations demonstrate that 99% of our emissions are classified as scope 3 emissions.

** See Annex for further information.

Confront climate change

Emissions data table (Tonnes CO₂e)

Region	Scope	2022	2023	2024	2025
Australasia	Scope 1	115	124	117	120
	Scope 2	203	174	171	158
Europe	Scope 1	55	95	185	190
	Scope 2	N/A	9	9	10
North America	Scope 1	547	1348	1124	1115
	Scope 2	350	381	410	376
UK	Scope 1	351	477	397	355
	Scope 2	98	95	86	85
KHL	Scope 1	1068	2133	1823	1777
	Scope 2	651	682	676	648
Categories 1 – 15 of GHG Protocol	Scope 3	255,620	264,101	264,420	223,990
Total Emissions		257,339*	266,916*	266,919	226,415

*The 2022 inventory data is our baseline for our approved Science Based Targets. The 2023 inventory has been verified in accordance with ISO 14064-3:2019**.

** See Annex for further information.

Confront climate change



Performance

Total emissions – Due to a change in the emission factors used in our independently verified environment product declarations published in 2025 we have seen a significant reduction in emissions associated with Category 12 (End of life treatment of sold products) in scope 3 emissions. This is the primary contributor to the reduction in total emissions from previous years.

Target #	Progress
Scope 1 & 2	
Target 1	Scope 1 and 2 emissions increased after 2022 but we are now seeing a reduction in emissions in Australia, the UK and North America due to better building controls and low carbon technology helping to reduce associated emissions. Emissions from fuel use in vehicles has fluctuated due to increases in distances travelled by our sales teams. Greater controls and incentives are required to reduce these emissions though the transition to electrified and hybrid vehicles in the UK and Australia has helped minimise the fluctuations.
Scope 3	
Target 2**	Our logistics partners for the UK, Europe and Australian businesses have set targets through the SBTi. Our logistics partner for the North American market has set science aligned targets. These cover approximately 11% of our total emissions. Our product suppliers, accounting for approximately 65% of our total emissions, are gathering data and preparing science aligned targets and reduction plans as part of their partnership with us.
Target 3	We have written a comprehensive design guide for end of life to use with our product suppliers to help design products that meet our end of life goals and requirements. This will be implemented with each product supplier in 2026. During 2026 we will progress a dedicated project on circular business model development to understand stakeholder perspectives and expectations and examine potential options for a more circular solution to flooring.

** See Annex for further information.

Actions across the business

Australia

- A solar scheme designed to generate more than 300,000 kilowatt hours of electricity and providing approximately 60% of our site needs is in development and due to go live in 2026.
- We have transitioned all cars on the vehicle fleet to hybrids.
- Site electricity consumption was 8% less than last year and 4% less than 2022.

UK

- Since 2022 the business has removed 22 petrol and diesel vehicles from the fleet and added 16 fully electric cars and 10 petrol plug in hybrids to the fleet.
- We have introduced new technology to help monitor and reduce energy consumption. This has helped us to switch off heaters when not required.

USA

- The solar scheme planned for our Pennsylvania facility has received internal approval. We aim to achieve the necessary permits in 2026 for the scheme that will generate in excess of 600,000 kilowatt hours per year**.

** See Annex for further information.

Supply Chain

Our partner factories are reducing their emissions through the use of solar panels and biomass in production.

Electric vehicles are also used to move products around on site.

Our factories are developing their own science based targets to further reduce their greenhouse gas emissions.



Risks from a volatile, uncertain, complex and ambiguous world

As part of Karndean Evolve™ we have started looking at long term climate risks and opportunities for the business. These include transition risks that may arise from to a low carbon, sustainability focused economy and physical risks from a changing climate.

Key risks we need to consider are:

- Increasing requirements to measure, reduce and disclose emissions.
- Carbon pricing schemes and global energy policies.
- Requirements to reduce emissions from manufacturing partners.
- Increasing scrutiny of fossil fuel based plastics in construction materials.
- Increasing requirements for recyclability, take-back and extended producer responsibility.
- Tightening restrictions on substances used in vinyl flooring.
- Rising and volatile energy costs during transition to low-carbon systems.
- Reputational risks and increased scrutiny of sustainability claims and supply chain practices.

During 2025 we specifically analysed the risk from a changing climate on 50 key business-related locations globally. This included both current operations and potential future operations.

The project identified that:

Today, pluvial flooding is the highest risk across the locations assessed, with 59% of assets rated at an elevated exposure. This is projected to increase to 61% of assets by 2050.

The three hazards with the greatest projected 2050 risks to the locations are surface water flooding caused by intense rainfall, extreme heat, and water stress.

Next steps

Over the next 3 years we will delve deeper into this initial climate risk analysis and assess the wider transition risks to the business. We will:

- Assess site specific vulnerabilities and start financial impact analysis.
- Analyse risks, impacts, and mitigation strategy options for the key transition risks we have identified.
- Start implementation of mitigation solutions.

Health & wellbeing



Our ambition: Deliver products that are safe for people and the environment. Maintain a safe, engaged workforce and strengthen employee development across the whole value chain.

Our targets:

- Maintain zero tolerance issues (e.g. forced labour, child labour) across all audited sites.
- Reduce excessive working hours non-conformances by 30% by end of 2028.
- Maintain 100% orthophthalate-free product range.
- Ensure 100% of products meet leading low VOC standards (e.g. FloorScore or equivalent).
- Maintain zero fatalities and continuous improvement in health and safety reporting across the supply chain and our own operations.
- Provide continuous health and safety training framework across all regions.
- Understand the potential risk from microplastics associated with our activities.

Sustainability is about more than protecting the planet – it's about people, too. As we continue to manufacture products certified to meet the most stringent European and North American indoor air quality standards for volatile organic compounds (VOCs), we are also focused on ensuring fair treatment and safe conditions for our own employees, the supply chain involved in producing the products, installers involved in fitting the flooring, and customers who live day in and day out with the products.

Karndean flooring is manufactured without the intentional use of heavy metals or restricted phthalates. Our products are independently tested and comply with applicable international chemical safety requirements, including REACH restrictions, and international standards such as EN1122, contributing to a safe and healthy indoor environment.

Health & wellbeing



Performance

- We have maintained zero tolerance issues (e.g. forced labour, child labour) in all of our production supplier sites audited using the Sedex framework..
- We have maintained a 100% orthophthalate-free product range.
- We have ensured that 100% of our products meet leading low VOC standards (e.g. FloorScore or equivalent) in each territory.
- We have had no fatalities in 2025.

We will report on these targets in 2026:

- Reduce excessive working hours non-conformances by 30% by end of 2028.
- Maintain zero fatalities and continuous improvement in health and safety reporting across the supply chain and our own operations.

Actions across the business

Australia

- Comprehensive wellbeing program available for all staff including health checks, yoga, mental health, and gut health.
- Wellbeing contribution program offering up to AU\$200 to all staff on the purchase of wellbeing products and services.
- Continued to provide paid wellbeing days to all staff.

UK

- Fruit continues to be provided every day in our operations as a healthy snack option.

USA

- Significant improvements have been made to the air quality in the working environment in our Export facility through the installation of filtration systems in the sample production area.

Supply chain

- Improving standards in production facilities beyond local legal requirements.



Sustainable use of resources



Our ambition: Transition to a circular flooring model with reduced reliance on virgin materials.

Our targets:

- Complete our circular business model innovation project by the end of 2026.
- Launch a product take back scheme in at least one core market by the end of 2027.
- Ensure 100% of new products are recyclable by 2030**.
- Pursue practical recyclability of products through industry initiative participation and sector leadership, lobbying, and provision of recycling or take back schemes.

We recognise the need to move to a more circular economy. The current linear models do not provide benefit from an environmental or social perspective. However, there are significant technical, logistical and practical challenges to moving instantaneously to a circular model. We continue to take steps to move from linear to circular in many facets of what we do.

Our products are layered composite floors, primarily made from polyvinyl chloride (PVC) as the main structural component, calcium carbonate as a mineral filler for stability performance, non-phthalate plasticisers to make the product flexible and easier to install, and a polyurethane layer to provide scratch resistance and enable easy cleaning. These layers help to create a product that has great durability with lifetime performance in excess of 10 years. However, durability and recyclability do not always go hand in hand.

A major project in 2026 will be to consider how we transition to a more circular business model over the next 5 years and beyond. Updates on this activity will be provided in the 2026 sustainability report.

Small steps – we are collecting and recycling unused offcuts during cutting and installation of our floors in Australia, the UK, and the USA. These offcuts account for approximately 4% of total product used. We also extend circular thinking into our day to day operations including those that interface with customers and installers.

Performance

We will report on progress against these targets in our 2026 sustainability report.

** See Annex for further information.

Actions across the business

Global

- Investigated potential opportunities for end of life solutions from our 2024 research project but none have yet provided a workable solution.
- Created a product design guide for end of life that will be used with all of our product suppliers from 2026 onwards.

Australia

- Our Australian business is proud to continue its role in the industry wide Resiloop scheme. The industry collaboration continues to work on extending this activity to include end of life flooring.



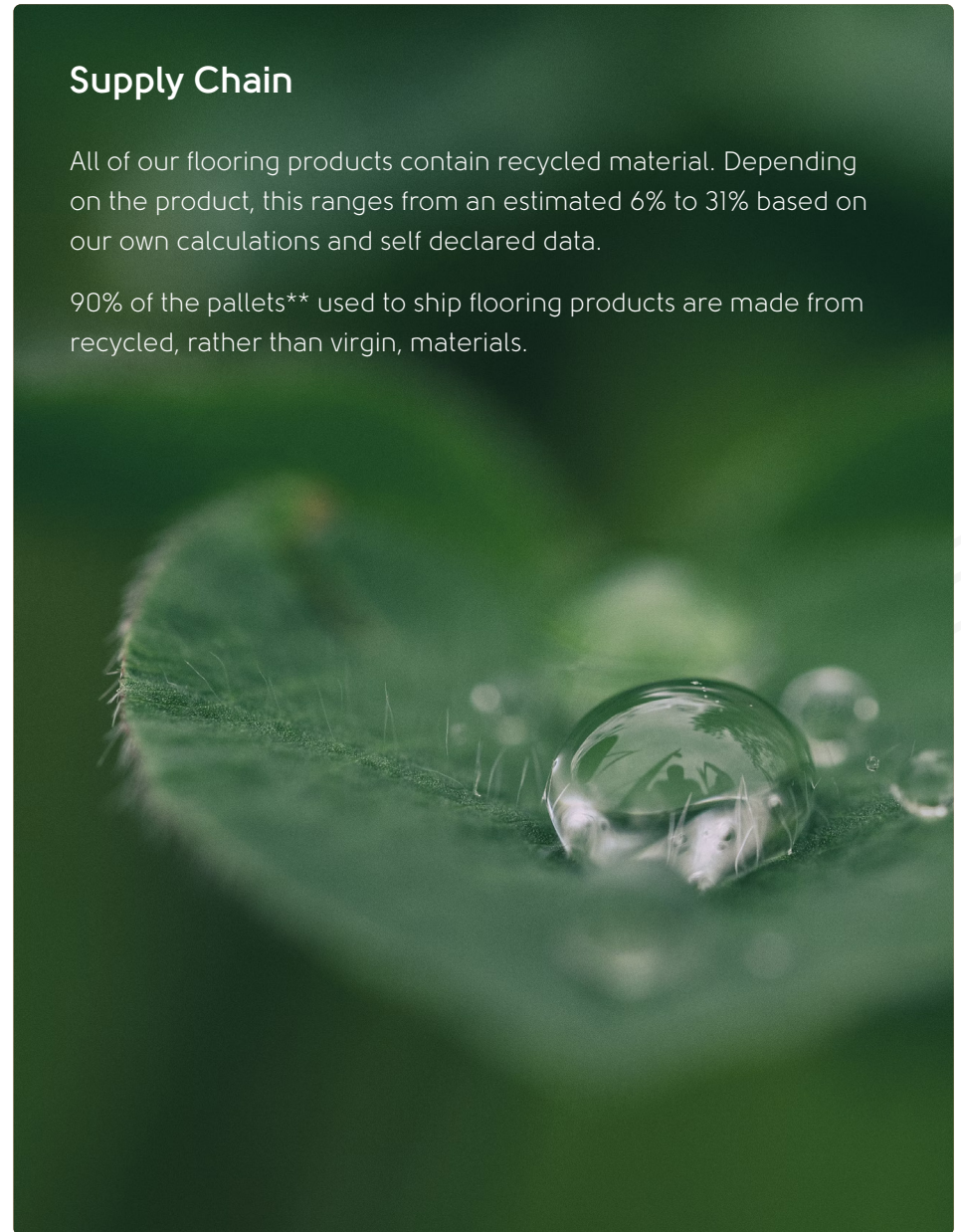
UK**

- The UK continues to operate a zero waste to landfill operation.
- An amount of waste offcuts recycled was 334 tonnes in 2025. A 11.3% increase from 2024.
- 41,496 samples returned in 2025. A 57.8% increase from 2024.
- The team have launched a new Point of Sale unit. The design is more modular so elements can be easily replaced and updated rather than having to replace the whole unit. Made predominantly from metal it can be more easily recycled at end of life.

Supply Chain

All of our flooring products contain recycled material. Depending on the product, this ranges from an estimated 6% to 31% based on our own calculations and self declared data.

90% of the pallets** used to ship flooring products are made from recycled, rather than virgin, materials.



** See Annex for further information.

Inclusion & diversity



Our ambition: Build and maintain a balanced and representative workforce. Create an inclusive, diverse and equitable workplace where all employees feel valued, respected and able to perform at their best, reflecting the diversity of the markets and communities Karndean Designflooring serves.

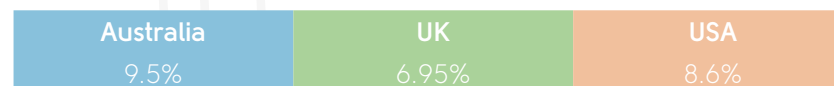
Our targets:

- Each business within the Karndean Group to report on gender pay gap even if not required to do so by law by the end of 2027 and address any significant gaps identified based on each report.
- Ensure transparent and equitable recruitment, promotion and pay processes across all regions by 2027.
- Establish, monitor and report key diversity metrics across all regions annually by 2027.
- Each production facility partner to have community outreach programmes** in action by the end of 2030.
- We are committed to making our workplace fair, welcoming, and diverse through continuous engagement and education. Like many businesses, we are not as rich in diversity as we could be and therefore can't be as inclusive as we would want to be. We have recognised the need to embrace diversity and inclusion across the organisation and positive change is happening.
- At Karndean Designflooring we celebrate our individuality and want everyone to feel included and so Equity, Diversity and Inclusion (EDI) is something that we continue to embed throughout every aspect of our culture. It isn't about numbers, percentages, and numerical targets.

Performance

The mean gender pay gap in 2025 for the three businesses already reporting:

We will report on the other targets in 2026.



** See Annex for further information.

Actions in Regional businesses

Australia

- We have completed the installation of an access lift in our Melbourne facility to provide better access for all to the whole building.

UK

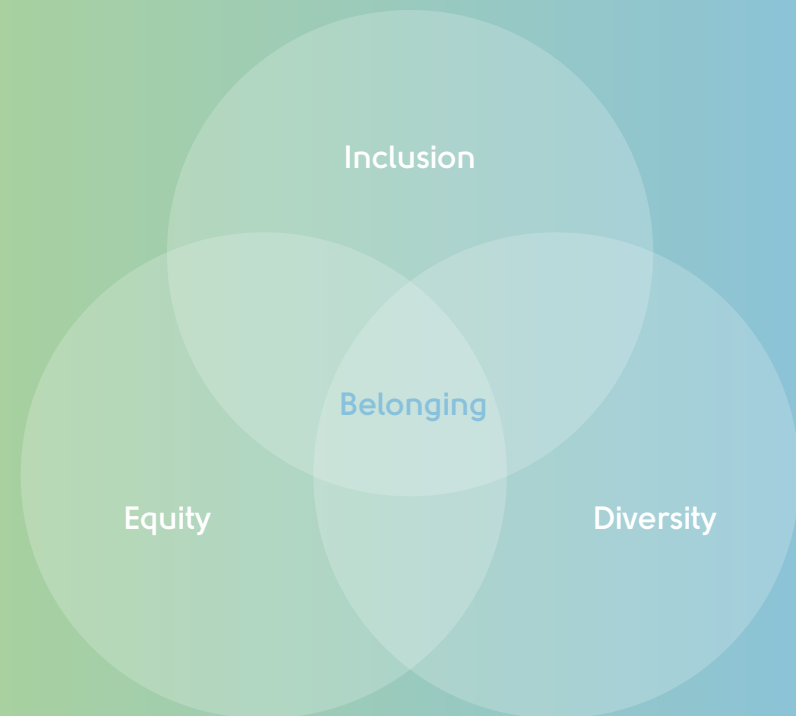
- We have launched a new Applicant Tracking System (ATS) to provide a more inclusive recruitment process and enable us to more clearly focus our search for new employees through better worded and targeted job board postings.
- A new pay policy was launched in January 2025 to enable equitable pay and provide clearer career paths across the organisation.

USA

- A new equity, diversity and inclusion group has been established across US operations.

In 2025 we extended the engagement and education sessions that we held in 2024 for the Karndean Board to all of the managing directors across the business.

Our 3 biggest business now report on Gender Pay Gap.



Supply chain transparency



Our ambition: Strengthen oversight and consistency across global manufacturing partners.

Our targets:

- Achieve 100% supplier coverage on Sedex for tier 1 manufacturers by the end of 2024. Target achieved.**
- Ensure 100% of key suppliers audited (e.g. SMETA or equivalent) on a rolling 2 year cycle by the end of 2026.
- Each Karndean sales territory to sign the Anti Greenwash Charter by the end of 2026.

Our factory supply chain includes operations in China, South Korea, Taiwan and Vietnam. We are committed to ensuring that what we do and how we do it is as transparent as possible. This allows us to:

- Manage and mitigate risk including excessive working hours, unsafe working conditions, poor environmental practices, weak management controls.
- Monitor and improve supplier performance and standards, especially on health and safety.
- Ensure human rights are upheld.
- Use a globally recognised standard and credible way to assess supplier performance and create a consistent standard across different countries and manufacturing sites.

As part of this commitment we utilise the Sedex system. We are an A member of Sedex and each of the product factories that we work with is a B member of Sedex. We have previously audited our product suppliers in 2023 and 2024 using the 4 pillar audit framework provided by Sedex. We have committed to auditing the suppliers every 2 years using the Sedex framework.

The audit results form an important part of the annual sustainability performance assessment of our product suppliers.

** See Annex for further information.



Environment

We have continued to invest in the Environmental Product Declaration (EPD) process across our product portfolio. Our first EPDs were established back in 2019 and all the products within the Karndean and Designflooring businesses are covered by product-specific, region-specific documentation. This is to allow designers, specifiers, and end users to see the environmental impact of the products across their entire lifetime before they choose which product they will purchase. In 2025, we continued the renewal process for our EPD portfolio.

Our EPDs can be accessed via www.karndeancommercial.com:

	Current EPD Published	Renewed EPD Next Due for Publication
 Gluedown	2021	2026
 Loose lay	2021	2026
 Rigid core	2024	2029

All factories supplying products are certified to ISO 14001, the international standard for environmental management.

Performance

The table below shows the total number and average findings across our 7 production facilities using the 4 pillar Sedex audit framework:

	2023	2024	2026
Total number of findings	88	40	Next audits due
Average number of findings per facility	12.6	5.7	

From the latest 2024 audits, 6 findings out of 40 remain open as these require a return visit from an auditor to be closed out. These audits, using the same 4 pillar Sedex audit framework, will take place in 2026. The other 34 findings have been confirmed as successfully resolved by the auditors.

We are proud signatories of the Anti Greenwash Charter**.

In 2025, our Australian business became the first in any industry to sign the charter, joining our UK and US businesses who have already signed.

Having each business sign up to the charter helps to demonstrate our commitment to transparency in any claims that we make and ensuring that our communications go through a robust process prior to publication.



** See Annex for further information.

Education



Our ambition: Empower employees, customers and industry partners with the knowledge and skills needed to support sustainable choices, improve product understanding, and drive positive impact across the built environment.

Our targets:

- Deliver a core climate change education programme to all employees by the end of 2024.
- Develop simple, accessible sustainability content for customers (e.g. website information, datasheets) by the end of 2025.
- Provide equity, diversity and inclusion education sessions for the Karndean Holdings Board and all Senior Executives across the Group by the end of 2025.
- Support and educate customers in understanding low-carbon and responsible material choices
- New starters joining the company continue to benefit from completing our first dedicated Karndean Evolve™ sustainability training course on climate change. More than 90% of our employees have now completed this course.**

Performance

- 90+% of existing employees have completed the climate change education programme and the programme is embedded in new starter processes.
- Customer-facing websites have been updated with new sustainability content and sustainability datasheets support each product.
- All of our senior executives have participated in equity, diversity and inclusion sessions to help them understand their roles and responsibilities for creating and continuing an inclusive culture.

** See Annex for further information.

Actions across the business

Australia

- 14 members of the team involved in procurement completed the online Modern Slavery training provided by the University of Technology Sydney.
- We have continued to provide panel expertise on the Embodied Carbon Masterclasses with the Green Building Council of Australia (GBCA).

UK

- We extended our Equity, Diversity and Inclusion training to all employees and provided our people managers with a bespoke course on how to manage more inclusively.

USA

- Our Karndean Evolve™ sustainability training is now embedded into the new starter process and our online training portal provides a range of sustainability training for all employees.

Supply chain

- Provided training to specific team members to enable them to go beyond audit protocols, identify potential risks and monitor sustainability performance in product suppliers when on site.

2026 and beyond

Despite our activities to integrate sustainability into everything that we do through Karndean Evolve™, making progress in all areas all of the time is challenging.

We have made great strides in areas such as supply chain transparency with the use of the Sedex framework. And our 3 main territories have embraced transparency in our marketing activities by signing up to the Anti Greenwash Charter.

We have seen reductions in our energy consumption and associated Scope 2 emissions in facilities in Australia and the UK following structured implementation of new low consumption technologies and enhanced monitoring equipment.

And we have made great progress in transitioning vehicle fleets in Australia and the UK to help reduce emissions in fuel use. But we need to keep focused on managing and reducing our Scope 1 and 2 emissions.

We must continue to evolve.

Key priorities for 2026

Focus Area	Activities
Confront climate change	Encourage use of Low Carbon Innovation fund. Introduce low carbon solutions to processes and products to reduce GHG emissions. Continue to review our climate risk analysis and start to identify longer term plans to mitigate the highest identified risks. Complete the installation of the solar panel project at our Knoxfield facility in Melbourne. Progress the solar panel project for our facility in Export, Pennsylvania. Identify and implement solutions to reduce emissions from sales team activities.
Health and wellbeing	Drive improvements in supply chain partners' performance.
Sustainable use of resources	Complete circular business model innovation project. Implement design guide for end of life. Establish sample take back scheme.
Supply chain transparency	Complete next round of supply chain audits using the Sedex framework.

Memberships & accreditations

An important part of any sustainability programme is third party verification. We are proud to work with the following bodies and partners to ensure all our sustainability initiatives are transparent, verified and accountable.



Annex

Additional information to support various claims and statements made in the 2025 report.

Page 8: “Integrate ESG KPIs into leadership objectives by the end of 2027.”

We are committed to integrating ESG KPIs into leadership objectives by the end of 2027. Currently, ESG KPIs are included in objectives for 20% of our Senior Executives (including Supply Chain Director and Group Sustainability Director). Our plan to reach full integration for all relevant roles includes documented KPIs agreed by the end of June 2027 and embedded in their annual objectives by the end of 2027.

Page 11: “A low carbon business that aligns with Science Based Target initiative pathways.”

Our goal is to become a low-carbon business aligned with science-based pathways. Our SBTi-approved near-term target is to reduce absolute Scope 1 and 2 emissions by 42% by 2030 from a 2022 base year. To deliver this, we are taking the following steps: investing in an on site solar scheme for our facility in Australia, replacing company fleet vehicles with low emission alternatives, investing in a rooftop solar scheme for our facility in Pennsylvania, and implementing behind the meter technology to help identify opportunities to reduce our energy consumption in our facilities. Our Scope 1 and 2 emissions performance is stated in the emissions data table on page 12 of the report.

“Karndean commits that 62% of suppliers by emissions covering purchased goods and services and upstream transportation and distribution will set science-based targets by 2028”

We are committed to ensuring 62% of suppliers by emissions, covering purchased goods and services and upstream transportation and distribution, set science based targets by 2028. Our current position is that logistics partners covering approximately 11% of total emissions have set SBTi-approved targets, and product suppliers covering approximately 65% are gathering data. Our plan to reach 62% coverage includes a status review in 2026 with each partner facility, a progress review with each facility in the first half of 2027, and a request for a documented action plan and or SBTi submission by the end of 2027.

Page 12: Our emissions data inventory for 2023 has been audited and verified in accordance with ISO 14064-3:2019 by SGS. You can view the Greenhouse Gas Verification statement [here](#).

Page 13: “Our logistics partners for the UK, Europe and Australian businesses have set targets through the SBTi. Our logistics partner for the North American market has set science aligned targets. These cover approximately 11% of our total emissions.”

Our logistics partners for the UK and Europe (both use DSV) and Australia (Kuehne + Nagel) have set SBTi-approved targets. Our North American logistics partner (CH Robinson) has set science-aligned targets to reduce their Scope 1 and Scope 2 emissions by 40% by the end of 2025 compared to a 2018 baseline. Together these partners account for approximately 11% of our total emissions, calculated using the Greenhouse Gas Protocol and based on 2022 data.

DSV: [Environment | DSV](#)

Kuehne + Nagel: [Sustainability at Kuehne+Nagel | Kuehne+Nagel United Kingdom](#)

SBTi Target Dashboard shows both companies as having validated targets: [Target dashboard - Science Based Targets Initiative](#)

C H Robinson: [Environmental, Social, and Governance \(ESG\) | C.H. Robinson](#)

Page 14: The solar scheme planned for our Pennsylvania facility has received internal approval, based on the scheme provider’s site assessment in 2025 prior to build. We are working to obtain the necessary permits and start detailed engineering activity in 2026. The scheme is designed to generate in excess of 600,000 kilowatt hours per year, essentially matching 100% of total electricity usage per year on site based on historic consumption.

Annex

Additional information to support various claims and statements made in the 2025 report.

Page 19: We are transitioning to a circular flooring model with reduced reliance on virgin materials. In 2026 we will launch a dedicated circular business model project, with milestones including implementing a product design guide for end of life by the end of 2026, launching a product take back scheme by the end of 2027 and ensuring that new products are designed for recyclability by 2030. We will report progress annually against these milestones in our sustainability report.

“Ensure 100% of new products are recyclable by 2030.”

We are committed to ensuring 100% of new products are recyclable by 2030. We define recyclability as a product that is capable of being diverted from waste through available collection and processing systems and returned to use as raw materials or products as defined by ISO 14021.

Currently, unused offcuts can be collected and recycled (e.g. Resiloop scheme in Australia) but this does not happen at large scale in all territories and no consistent schemes exist for floors at the end of their life. Our plan includes implementing a design guide for end of life flooring with our partner facilities by the end of 2026, reviewing their proposed roadmaps in response to the design guide through 2027, embedding recyclability as a requirement in our new product development process by the end of 2026, and investing resources in product development, testing, industry wide initiatives on recycling and third party research where relevant from 2026 onwards, with progress first reported in 2026.

Page 20: “An amount of waste offcuts recycled was 334 tonnes in 2025. A 11.3% increase from 2024.”

In 2025, we recycled 334 tonnes of waste offcuts, an increase of 11.3% from 2024. This figure is taken from our waste contractor records for calendar year 2025 and has been verified during the ISO 14001 audit in 2025.

“41,496 samples returned in 2025. A 57.8% increase from 2024.”

In 2025, 41,496 samples were returned, an increase of 57.8% from 2024. This figure is drawn from our own internal records covering the calendar year of 2025.

“90% of the pallets used to ship flooring products are made from recycled, rather than virgin, materials.”

In 2025, 90% of the pallets used to ship our flooring products were made from recycled rather than virgin materials. The figure is based on supplier confirmation for the preceding 12 months for the materials used.

Page 21: “Each production facility partner to have community outreach programmes in action by the end of 2030.”

We are committed to ensuring each production facility partner has a community outreach programme in place by the end of 2030. Currently, one of our seven facility partners has an active programme providing biomass material as fertiliser to local farmers. Our plan to reach full coverage includes annual performance reviews with each facility and providing guidance and suggestions through our annual reviews and supporting documentation, with progress reported annually.

Annex

Additional information to support various claims and statements made in the 2025 report.

Page 23: “We have achieved 100% supplier coverage on Sedex for tier 1 manufacturers by the end of 2024. Target achieved.”

We achieved 100% Sedex coverage for tier 1 manufacturers by the end of 2024. This is confirmed by a Sedex issued report summarising the completed audits carried out by Eurofins and shown in the table below. The 4 pillar SMETA (Sedex) audit covers Labour Standards, Health & Safety, Environment, and Business Ethics.

Type of Facility	Country	Type of Audit	Auditor	Date of Audit
Factory 1	China	Semi announced SMETA 4 Pillar	Eurofins China	04/03/2024
Factory 2	China	Semi announced SMETA 4 Pillar	Eurofins China	11/03/2024
Factory 3	Taiwan	Semi announced SMETA 4 Pillar	Eurofins China	11/03/2024
Factory 4	China	Semi announced SMETA 4 Pillar	Eurofins China	14/03/2024
Factory 5	China	Semi announced SMETA 4 Pillar	Eurofins China	18/04/2024
Factory 6	Vietnam	Semi announced SMETA 4 Pillar	Eurofins Southeast Asia	16/05/2024
Factory 7	Republic of Korea	Semi announced SMETA 4 Pillar	Eurofins China	22/05/2024

Page 25: We are proud signatories of the Anti-Greenwash Charter. You can view our signatory profile at [Our Signatories](#) | The Anti-Greenwash Charter with further information on why this is important to us found [here](#).

Page 26: “More than 90% of our employees have now completed this course.”

More than 90% of our 600 employees have now completed this course, based on our internal learning management system records as of the end of 2025.



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