



Karndean
Designflooring

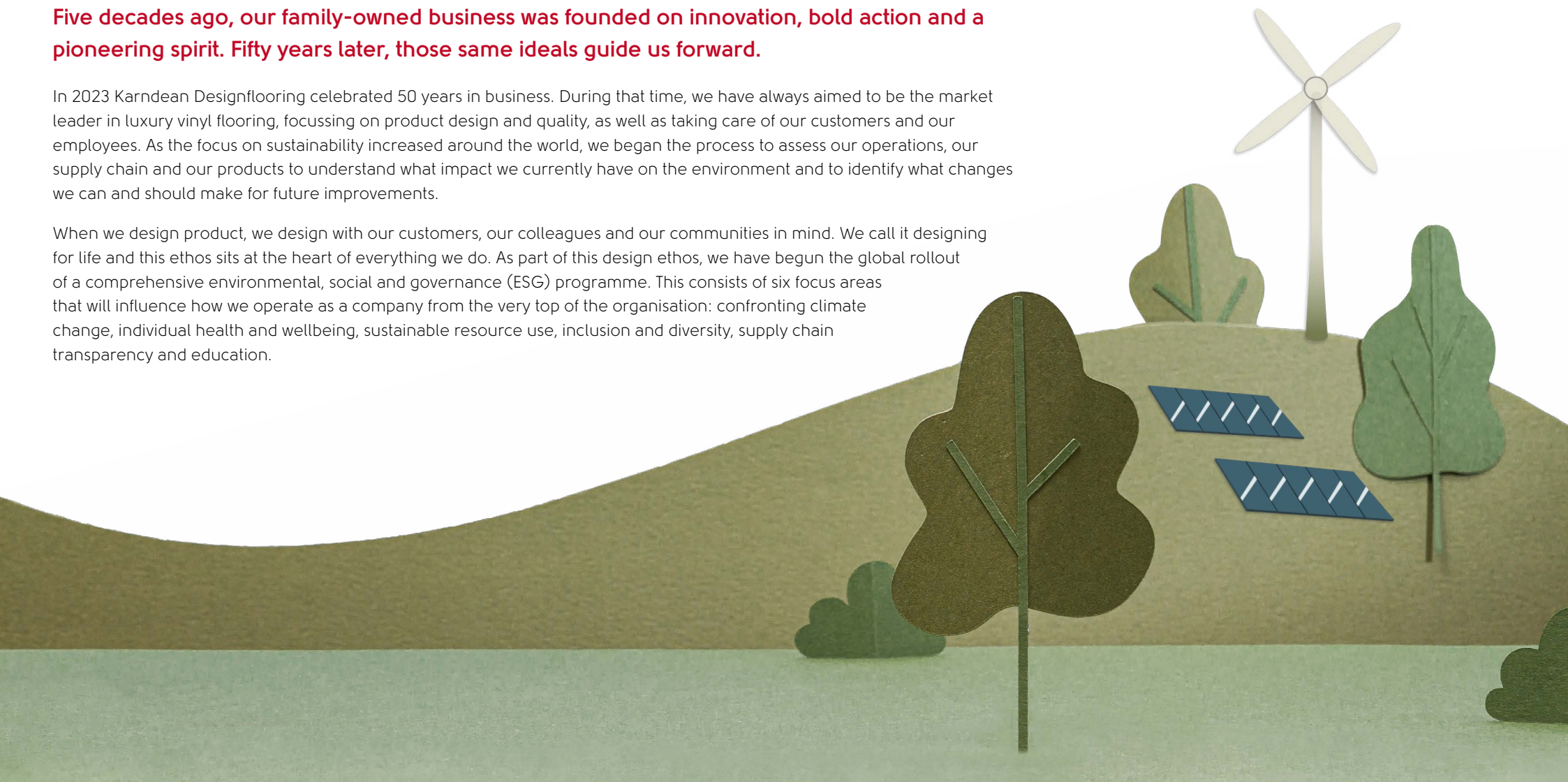
Karndean Evolve™
Sustainability Report 2023

Welcome

Five decades ago, our family-owned business was founded on innovation, bold action and a pioneering spirit. Fifty years later, those same ideals guide us forward.

In 2023 Karndean Designflooring celebrated 50 years in business. During that time, we have always aimed to be the market leader in luxury vinyl flooring, focussing on product design and quality, as well as taking care of our customers and our employees. As the focus on sustainability increased around the world, we began the process to assess our operations, our supply chain and our products to understand what impact we currently have on the environment and to identify what changes we can and should make for future improvements.

When we design product, we design with our customers, our colleagues and our communities in mind. We call it designing for life and this ethos sits at the heart of everything we do. As part of this design ethos, we have begun the global rollout of a comprehensive environmental, social and governance (ESG) programme. This consists of six focus areas that will 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.





“Our sustainability commitment is a key consideration in all major business decisions. We understand that our business has an impact on both the planet and people, and we are committed to ensuring that impact is positive.”

Ed Perrin,
Group CEO

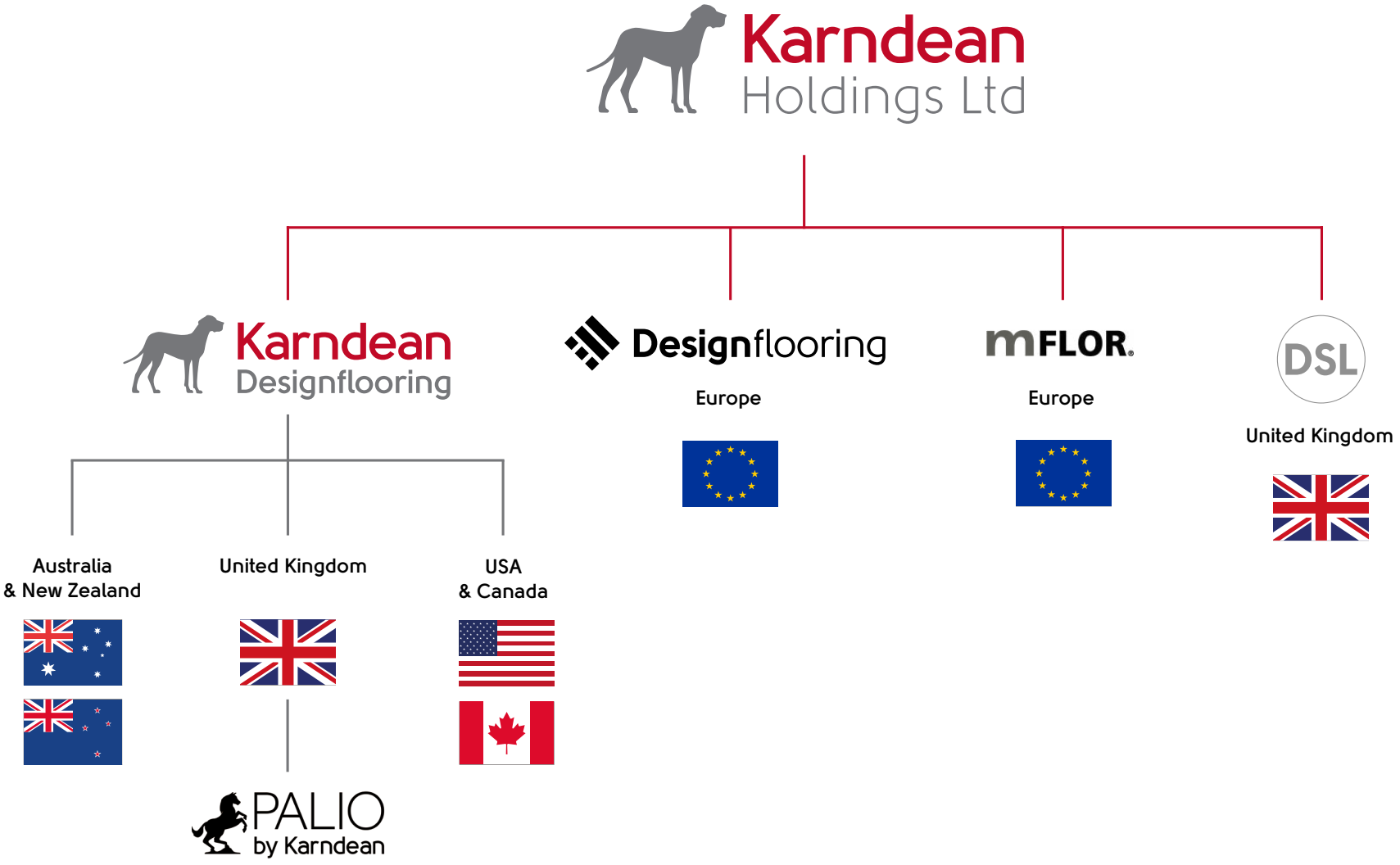


“I’m very proud to be part of a company that has taken such important steps towards being more sustainable, that recognises its responsibility to protect the planet, and is fully committed to leading the way to create meaningful long-term change. I’m excited by what we can achieve as a business as we all work towards a common goal to enact positive change.”

Jamie Shaw,
Global Head of Sustainability



Corporate structure



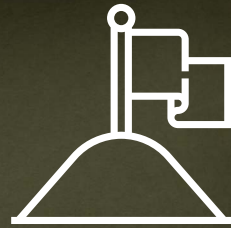
Our core values

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.



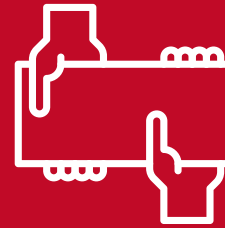
People Matter

Empowered people are at the heart of Karndean. We trust each other and recognise achievement.



Pioneering Spirit

We encourage bravery and creative thinking. It built Karndean and will define our future.



Deliver the Promise

We behave with integrity and commit to our customers, our goals and the team. We each play a part in our shared success.



Positive Energy

Our business is fuelled by dynamism, drive and an enthusiastic “can do” attitude.

The story so far

Significant improvement in sustainable performance is not achieved overnight and we're taking a long-term view of improving our performance. Although we're still at the beginning of this transformation, we have already taken action during 2022 and 2023. To date we have:

Global

- Created and filled a position of global head of sustainability.
- Defined and established the 6-pillar framework for our sustainability focus under Karndean Evolve™.
- Implemented a robust governance structure starting at Board level.
- Established independently verified product specific, regional Environmental Product Declarations for our whole portfolio and we continue to invest in this process for new products.
- Calculated our annual global greenhouse gas emissions footprint and established internal quarterly reporting of the data.

Regional Businesses

- Appointed sustainability leads in our regional businesses.
- Started our internal sustainability education programme for all employees.
- Launched a collection scheme to recycle waste offcuts through our retailer network (UK).
- Moved members of our sales teams into lower emission vehicles.
- Supported and provided input to industry led activities on end-of-life recycling initiatives.

Supply Chain

- Engaged with all our product suppliers on their sustainability performance.
- Independently audited all product suppliers on their social performance.

2024

Having established a more robust, defined and target driven focus on environmental, social and governance topics, 2024 sees us closely monitor factory sustainability performance, take action to reduce our emissions in line with our science based targets, and engage and educate our teams on diversity and inclusion.

Our key focus areas



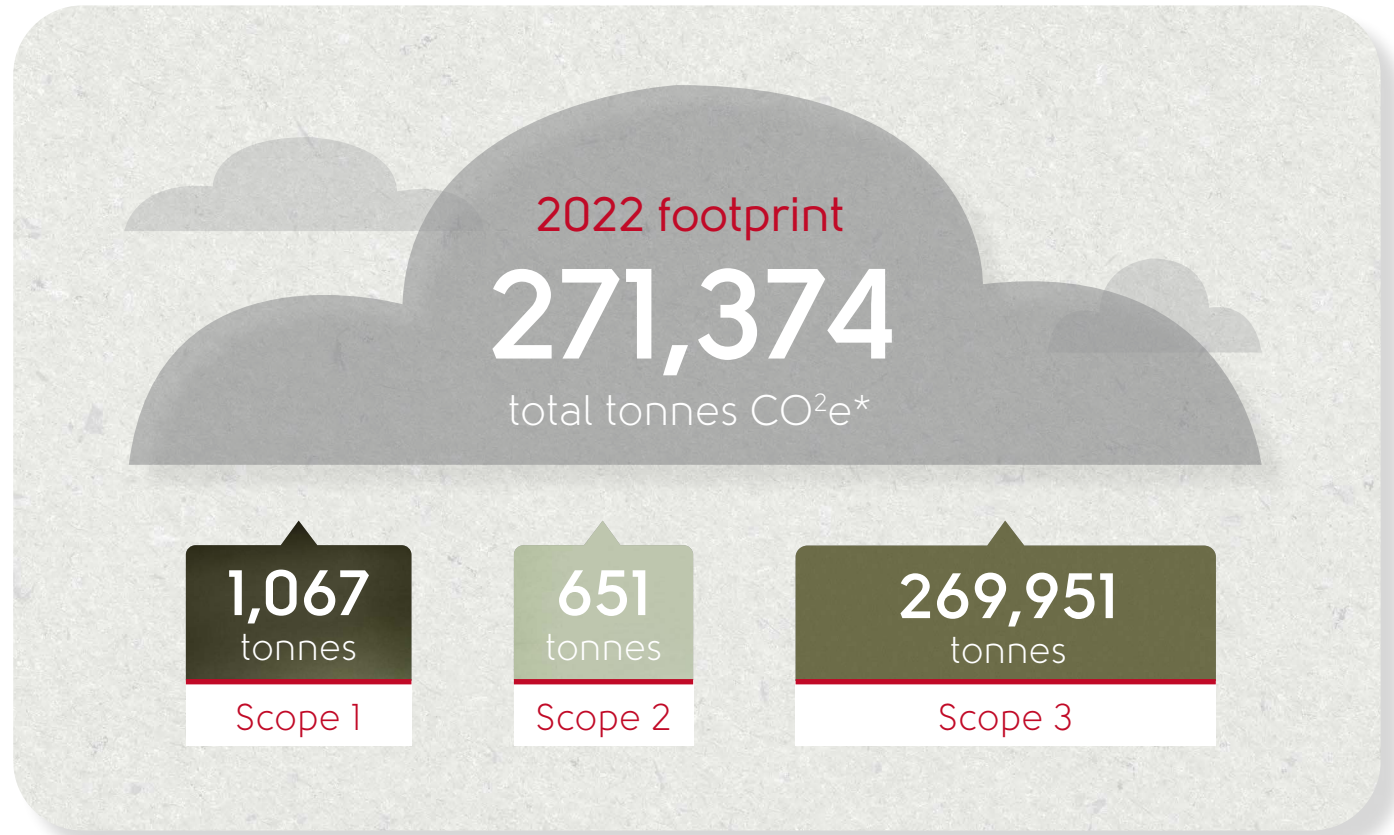


Key focus area 1:

Confront climate change

We have established the ability to calculate and report our greenhouse gas emissions across scopes 1, 2, and 3 as defined by the Greenhouse Gas Protocol.

This footprint has been externally verified and will be used as the baseline year for setting our targets and monitoring our performance against.



*carbon dioxide equivalent (CO₂e)

Karndean has committed to setting near term company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). These are yet to be approved. We have also responded to the SBTi's urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign.

We are publicly committed to setting emission reduction targets through the Science Based Targets initiative.

Regional Businesses

Australia

Site investigations have begun for renewable power installation at our Melbourne located distribution centre.

LED lighting has been installed in our Australian Distribution Centre.

UK

All Karndean buildings are now fitted with solar panels. In 2023 we added extra renewable power generation capacity to the showroom and training academy buildings. This adds to the existing panels on the distribution centre which have been generating power since November 2021.

The UK business is now generating approximately 150,000 kilowatt hours of additional renewable power per year saving more than 30 tonnes of carbon.

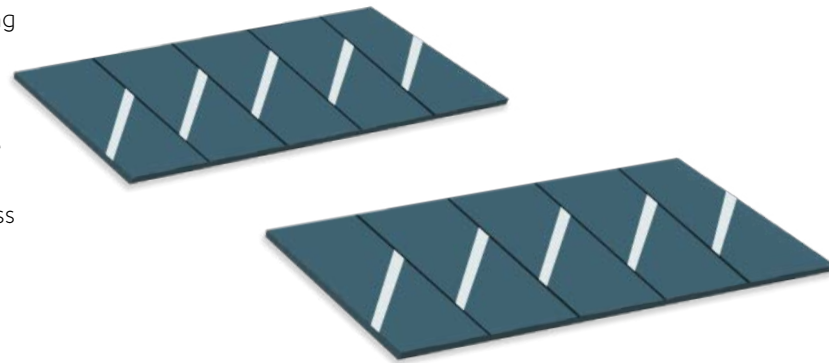
LED lighting has been installed in all three buildings, along with sensor controls in the warehouse contributing to total electricity consumption reductions of over 40% across the site.

USA

To reduce energy consumption in our operations in Export, Pennsylvania, we have installed daylight harvesting as well as LED lighting in the buildings. Daylight harvesting reduces the need for artificial lighting.

Supply Chain

Our partner factories are generating increasing levels of renewable power on site through solar panel installations and the use of biomass to generate steam used in the production process.





Key focus area 2: Health & wellbeing

Sustainability is about more than protecting the planet – it's about people, too. As we continue manufacturing safe products that can be trusted in homes and commercial spaces, 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.

Our products are free from heavy metals and unsafe phthalates, as well as Eurofins Indoor Air Comfort (Gold) and FloorScore® certified for post-installation indoor air quality, with third-party testing rating them A+ for volatile organic compounds. Our adhesives are either water-based or solvent-free with very low VOC emissions.

Regional Businesses

Australia

Through 2023, the team has delivered a Mental Health and Wellbeing Programme. Mental Health First Aiders have been trained and appointed for access by all staff. Employees have continued to access the two paid Wellbeing Days that are available to them as permanent staff.

UK

The UK has provided on site yoga classes for the team, free fruit is provided every day as a healthy snack option, and mental health first aiders have been appointed and trained.

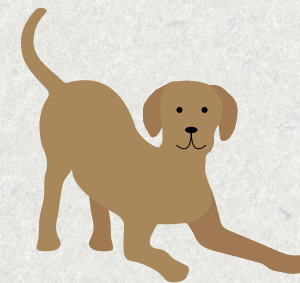
USA

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

In Asia, we have now audited all our factories on their social performance through an independent third party. The audit covers health and safety in the workplace, checks and challenges the number of hours that workers are doing, and provides a set of actions and recommendations for each factory to act on. We then follow up on those items as part of the factory's sustainability performance review.



DSL, our UK-based supply chain team hold regular classes to help body and mind, provide fruit and healthy snacks in the office, ensure team members are trained in mental health first aid, and support therapy dog visits to their Evesham office.



Key focus area 3:

Sustainable use of resources

We recognise the need to move to a more circular economy. The current linear models do not provide sufficient benefit from an environmental or social perspective.

However, there are significant technical, logistical, and practical challenges to moving instantaneously to a circular model. We are taking steps to move from linear to circular in many facets of what we do. These include:

Regional Businesses

Australia

Our Australian business continues to lead development of the Resiloop scheme. The aim of the scheme is to research and design an industry wide resilient flooring product stewardship scheme through the Australian Resilient Flooring Association (ARFA).

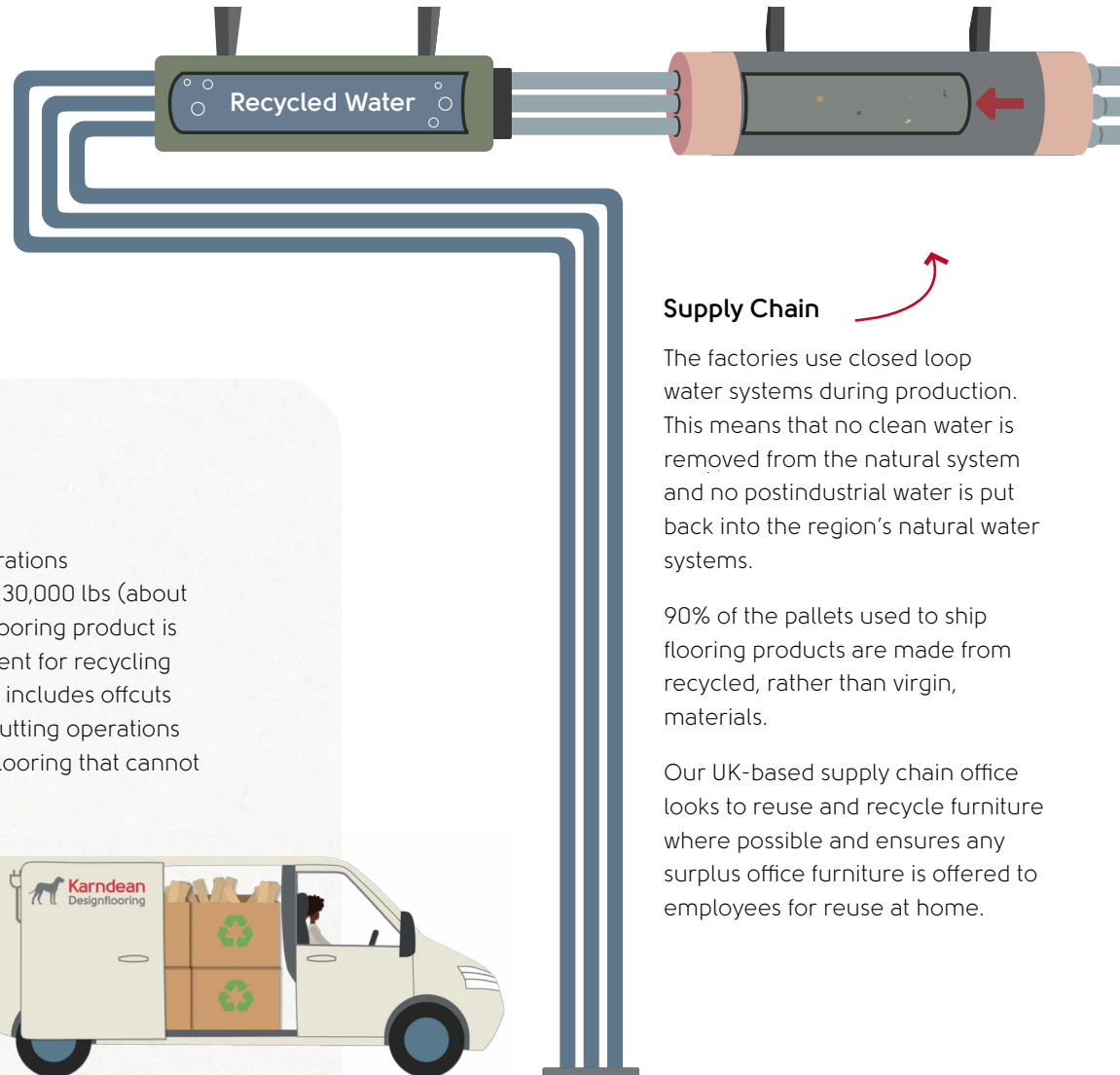
And in our Melbourne operations we have now installed different bins in all of our amenities areas to separate recyclable materials from non-recyclable waste prior to disposal.

UK

In our UK operations we send up to 300 tonnes of unused product offcuts for recycling every year. The material is reused for distinct items of street furniture.

USA

In our USA operations approximately 130,000 lbs (about 59 tonnes) of flooring product is collected and sent for recycling every year. This includes offcuts from our own cutting operations and damaged flooring that cannot be used.



Supply Chain

The factories use closed loop water systems during production. This means that no clean water is removed from the natural system and no postindustrial water is put back into the region's natural water systems.

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

Our UK-based supply chain office looks to reuse and recycle furniture where possible and ensures any surplus office furniture is offered to employees for reuse at home.



Key focus area 4:

Inclusion & diversity

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 we celebrate our individuality and want everyone to feel included and so Equity, Diversity, and Inclusion (EDI) is something we are embedding throughout every aspect of our culture.

Regional Businesses

Australia

Modern slavery training has been provided to the senior leadership team in our Australian business.

UK

The business has recently joined the Armed Forces Covenant, partnered with social inclusion recruitment charity People Plus, and launched paid volunteering days.

The business appointed its first female managing director in October 2023.

An Equity, Diversity and Inclusion group has been started to drive awareness and change at all levels in business and gender pay gap reporting is fully established.

Modern slavery training has been provided to the senior leadership team in our UK business.





Key focus area 5:

Supply chain transparency

We are committed to ensuring that what we do and how we do it is as transparent as possible. And with a growing factory supply chain that includes operations in China, Vietnam, Taiwan, and South Korea we want to ensure that our performance across that supply chain is independently checked and verified.

Environment

We have continued to invest in the Environmental Product Declaration (EPD) process. Our first EPDs were established back in 2019 and all our products 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.

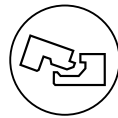
These EPDs exist for:



Gluedown



Loose lay

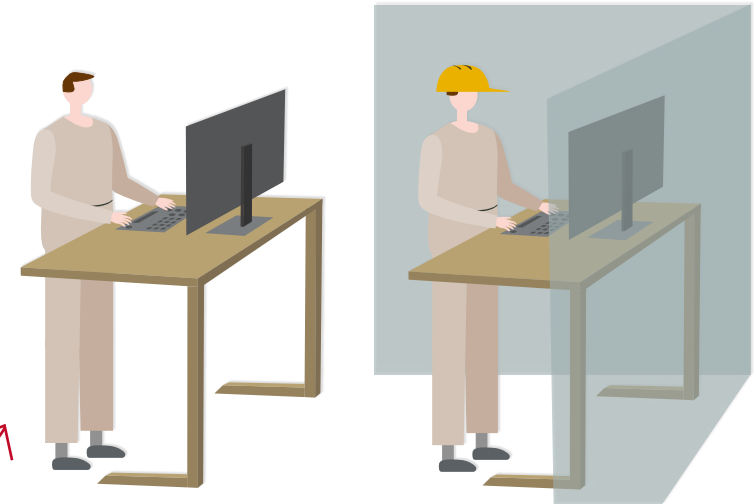


Rigid core
(EPC & SPC)

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

Social

We have audited all of the factories we use on their social performance. This was done through an independent organisation who checked items such as health and safety conditions on site, health and wellbeing practices implemented by the factories, and workers' hours and corresponding pay.



Governance

- Each business within the group now has a sustainability lead to implement our strategy, engage with our teams, and improve our sustainability performance.
- Sustainability and diversity are standing agenda items at board level and risk committee meetings.
- Product suppliers are now provided with clear expectations of sustainability requirements, targets, and improvements with performance monitored annually.
- We audit our product suppliers on their sustainability performance.
- We are committed to producing an annual report on our sustainability performance.



Key focus area 6: Education

We believe that one of the best ways to create a more sustainable future for all is through engagement and education. That is why education is one of our six focus areas within Karndean Evolve™. As we learn and progress on our own sustainability programme we are keen to share that insight with our own employees, our suppliers, our customers, and anyone who can potentially benefit from our insight.

In Q4 2023 we launched our first dedicated Karndean Evolve™ sustainability training to all employees in all territories. This detailed course looks at climate change and explains the reasons behind human impact on the climate and what we need to do differently to drive our emissions down, both as a business and as individuals.

Our aim is for at least 80% of our employees to have successfully completed the course by the end of Q1 2024.

As well as a focus on climate change, we have provided training to senior members of the business on modern slavery. Executives in our UK, Australian, and Global teams have so far completed the online training course 'Responding to the Modern Slavery Act' through the Supply Chain Sustainability School.

Regional Businesses

Australia

In Australia, we have supported the Green Building Council with their embodied carbon masterclasses providing insight into where in a product's lifecycle emissions are created and how to reduce them.

UK

Externally, we have also started engaging with more stakeholders in the built environment, hosting a series of sessions in London, Manchester and Glasgow to educate designers, architects, and specifiers on Environmental Product Declarations.



Memberships & accreditations

An important part of any ESG 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.





Karndean Australia
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