

Sustainability Report 2022





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A letter from our CEO: Growing Resilience

In 2022, we prepared to transition from a position of understanding and building commitments into activating our sustainability strategy “Regenerate Together through Transparency”. On an international level, our journey was inspired by COP27 and COP 15, which created a pathway from defining the challenges the world faces towards meaningful actions that drive positive change.

Meanwhile, new regulative developments such as the launch of the Corporate Sustainability Reporting Directive and the proposal for a Corporate Due Diligence Directive have stirred up businesses and sparked a profound transformation towards increased collective action across operations and supply chains.

While we believe this transformation is urgently needed, it will challenge our existing operations and some of our targets and assumptions more than ever. It will require us to acknowledge the fragility of existing systems and the power of nature. And we will need to unlearn and learn how to build a future organisation based on openness and adaptation. A company with the capability to stay resilient in changing environments.

As we steer this transformation, at Kvadrat we will continue to inspire not only our clients, but also our employees worldwide, to move together towards a better world that works for everyone.

While we remain humble in face of the global challenges we all face, we can be proud of the successes we achieved in 2022. Notably, we achieved a milestone on our climate agenda with the validation of our near-term target by the Science Based Target initiative. In addition, we have submitted our long-term net zero target and expect full validation during 2023.

Our design teams have worked hard to accelerate the environmental performance of our product solutions, in accordance with our climate targets. During 2022, Really transformed 300 tons of textile waste into high-quality tabletops. And all Kvadrat brands incorporated the Kvadrat Conscious Design Principles into their specific design roadmaps. Outstanding examples of the progress we’ve made include the increased recycled aluminium content in Kvadrat Acoustic panels from 42% to 82% and the increased share of monomaterial designs in our residential curtains collection to 85%.

Besides actively transforming our existing business operations and design activities, we also accelerated our work with innovation in 2022. As part of our commitment to phase out virgin synthetics and drive the development of new materials and future products, we started a visionary collaboration focused on developing a pioneering biopolymer.

Operating our business during times of war, high inflation, challenged supply chains and an energy and climate crisis once again highlighted the importance of the creativity of our employees, the strong industry relationships Kvadrat has built over the years, and our continued ability to reinvent ourselves.

To empower our people with the right skills and level of responsibility, including within sustainability, in 2021 we launched the Kvadrat Change Maker networks - a global training program for designers, colleagues in our sales subsidiaries, our different headquarters functions and for our production partners. Since then, our Change Maker networks have evolved into an active knowledge centre, ensuring fast organizational learning and local responsibility for our diverse sustainability activities. During 2022, we also established a network of 36 Local Sustainability Champions. They are responsible for driving the implementation of our global Sustainable Site Policy and ensuring our sustainability strategy is reflected in our physical spaces. Consequently, it frames the experience of colleagues and clients who visit our showrooms and facilities.

In 2023 we will continue to work towards our vision of becoming a market leader within sustainability. **We will drive the sustainability agenda forward in a mindful and resourceful manner. Achieving the goals on our agenda is a marathon, not a sprint. It requires perseverance and resilience.**

With this report, we express our continued support for the UN Global Compact and communicate our progress on The 10 principles covering human and labour rights, the environment and anti-corruption. We view the 17 UN Sustainable Development Goals as an essential tool to reach common targets. Ultimately, we will continue to enhance our capabilities within conscious design and product development to foster resource efficiency and to reduce environmental impacts; build valuable partnerships; provide great working environments; and finally, foster close collaborations with our manufacturing facilities and suppliers on environmental and social issues.



A handwritten signature in dark ink, appearing to read 'Anders Byriel'.

Anders Byriel,
CEO, Kvadrat A/S

Our 2022 actions and commitments

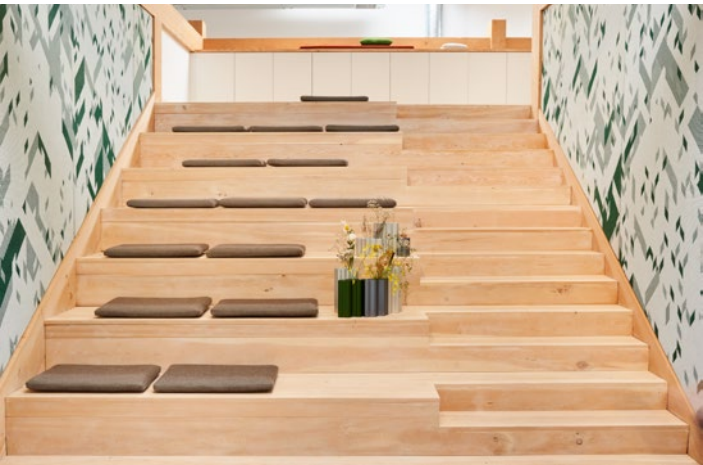
Launch of our decarbonisation roadmap
In 2022, we launched our net zero roadmap, “Reduce, Electrify, Renewable”, defining the activities and investments we need to achieve net zero emissions across scope 1-3 by 2040. In 2023, we will continue the implementation of our energy efficiency projects across all sites and offices and install solar panels at our production site in Australia to become self-sufficient. Furthermore, to become 40% circular driven by 2035, we will go beyond upgrading our production processes by transitioning our material portfolio and piloting circular business models.



Kvadrat invested in Biopolymer development
At Kvadrat, we are committed to phasing out virgin fossil fuel-based synthetic materials. Besides increasing the share of recycled synthetic materials we use, in 2022 we invested into an early-stage biopolymer development of yarn. The consortium exists to test and evaluate the use of a biopolymer which can, over the long-run, replace fossil fuel-based synthetic yarns.



Kvadrat became a validated member of the Science Based Target Initiative
In 2022, Kvadrat’s near-term science-based target (scope 1 + 2) was successfully validated by the Science Based Target initiative (SBTi). We have submitted our long-term net zero target and expect full validation by Q2 2023.



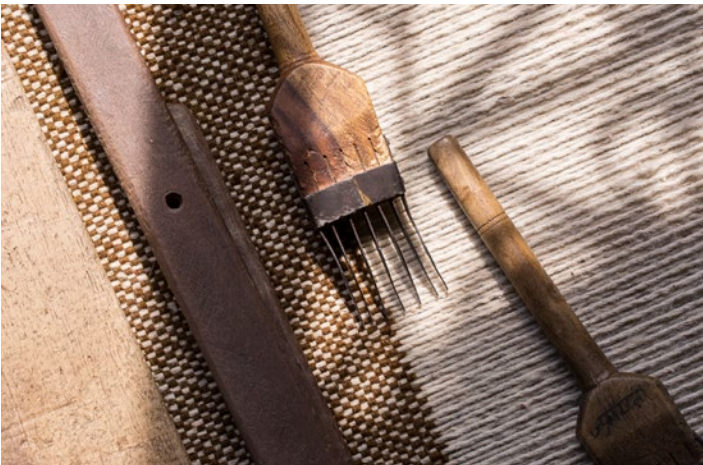
Kvadrat’s Global Sustainable Showroom Policy
During 2022, we developed and launched our Kvadrat Sustainable Showroom policy. The implementation is led by our 36 local Sustainability Champions. The policy aims to bring our sustainability strategy to life in our physical spaces, allowing our colleagues, clients, and friends to experience our everyday focus on the environment and well-being. Kvadrat sites have allocated 73k EUR for planned sustainability initiatives in 2023.

Re-wool and Sabi reduced production waste
During 2022, the sales of our recycled products *Re-wool* (45% recycled wool) and *Sabi* (23% recycled wool) meant 25 tonnes of woollen waste fibres from our production partner Wooltex were recycled and given a second life.



EU Ecolabel expansion
Two of our partners, Kvadrat Weaving and Kvadrat Febrik, have initiated the process for EU Ecolabel certification together with their suppliers. This is an important step for us towards gaining the EU Ecolabel for all our textile products

100% electric company cars
As part of Kvadrat’s net zero transition, we have introduced a new company car policy. From 2023 onwards, Kvadrat employees will transition towards using only electric. The transition will take place in stages, starting with the countries with the most advanced electric vehicle infrastructure.



Living wage assessment for all our Indian rug suppliers
Close collaboration with our suppliers is crucial, and social certification standards support our work towards ensuring fair and safe working conditions. All our Indian weaving partners are SA 8000 certified. In 2022, together with our four Indian rug suppliers, we began a partnership with the Social Accountability International (SAI) organisation to perform a local living wage assessment with our production partners. This is an important milestone on our ambition to ensure fair wages across all production partners.

Our 2022 product and commitments

Kvadrat Really Tabletop proved a 30% lower CO² footprint

In 2022, Kvadrat Really upcycled more than 300 tons of textile waste into new products. Our first Product Environmental Footprint (PEF) assessment shows Kvadrat Really tabletops achieve a 30% tCO₂-eq saving, compared to similar products in the market (MDF tabletops). Furthermore, in 2022 we also redesigned our packaging material for Kvadrat Really samples by turning 2,000 discontinued Kvadrat textile samples into Kvadrat Really sample bags. The bags are produced by an organisation supporting disadvantaged women. In 2023, we will replace 30% of the existing binder we use with a biobased and recycled binder, which will lead to additional CO₂-eq reductions. In 2023, we will replace 30% of the existing binder we use with a biobased and recycled binder and conventional gas with biogas in our production, which will reduce emissions even further from current 18 tCO₂e to 12 tCO₂e pr. m² material.



Kvadrat Shade launched carbon tracking tool for minimising emissions in buildings.

At Kvadrat Shade, we launched the digital Carbon Neutrality Tool in 2022, which calculates the embodied carbon in a roller-blind solution. All Kvadrat Shade metallised solutions minimise the carbon emissions from buildings by reducing the need for heating and cooling the building.



Circular design reduces the embodied carbon in Kvadrat acoustic products

In 2022, Kvadrat Acoustics accelerated its focus on low-embodied carbon product design by increasing the recycled aluminium content from 42% to 82%. This corresponds to a reduction of 31% CO₂-eq coming from an increased use of recycled aluminium (11 kg CO₂-eq). To minimise the usage of virgin materials, we launched our customer textile take back concept in partnership with Kvadrat Really and signed a contract with our mineral wool supplier, ensuring full recycling of our mineral wool production waste. Furthermore, we developed a dismantling and recycling guide for Kvadrat Acoustics, empowering our clients to optimise end of life management.

Sahco increased its recycled and natural upholsteries

Sahco continued its expansion of recycled and renewable materials in 2022 by launching Nympha, containing 75% recycled cotton. In 2023 none of the new SAHCO upholstery launches will contain virgin polyester. Moreover, in 2023, we will continue to focus on reducing blends, expanding our use of natural materials and continuing our exploration of new fibres.



Kvadrat Residential embraced monomaterials

In keeping with our belief that simplicity drives recyclability, 2022 was a year of reaffirming our continuous focus on monomaterials. Today, 85% of our residential curtain collection is monomaterial-based and 37% is made from Regenerative materials. We also continued to optimize our colouring processes, which has led us, in the past, to use undyed fibres and digital printing to reduce the use of water, energy and dye stuff. In 2023, we will explore the possibilities of using new renewable and recycled materials like Jute, Abaca, TENCEL™ Luxe and continue to explore alternative dying with agricultural waste.



Kvadrat Febrik reduced water impact and aimed for EU Ecolabel certifications

Over the course of 2022, we launched *Arda*, which significantly reduces water usage during production, like its predecessor design *Mizmaze*. By substituting conventional washing with a soaking-only process, water usage is reduced by 80 to 95%. Looking forward to 2023, we aim to achieve EU Ecolabel certification for eight Kvadrat Febrik knitted products.

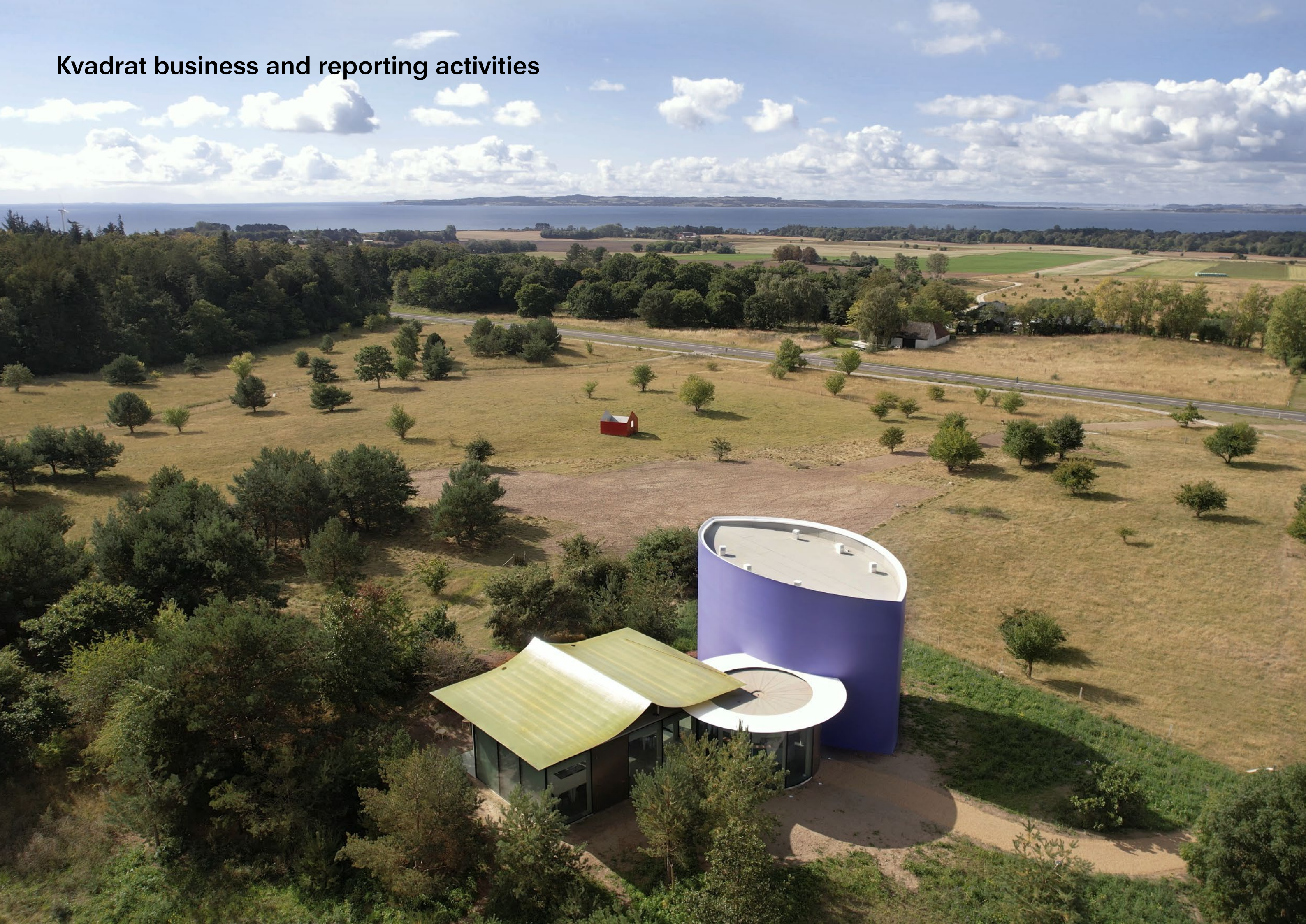


Expanded responsible production and traceability

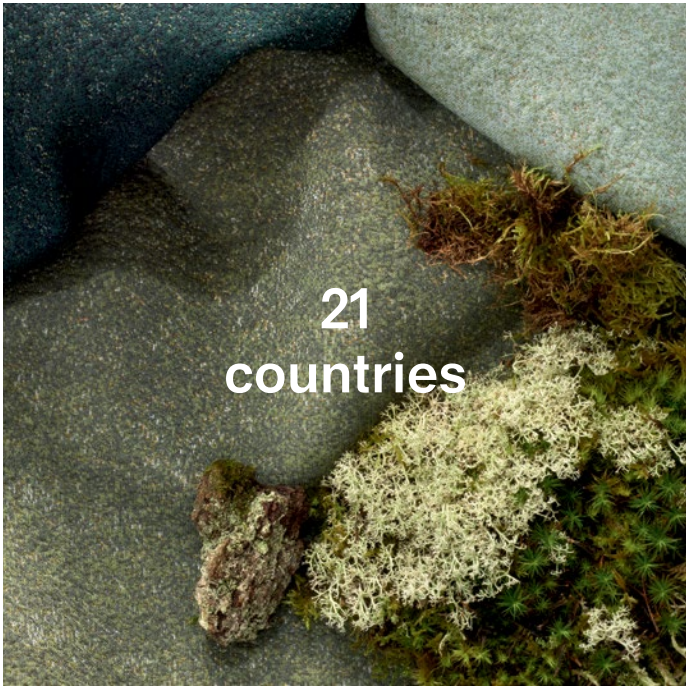
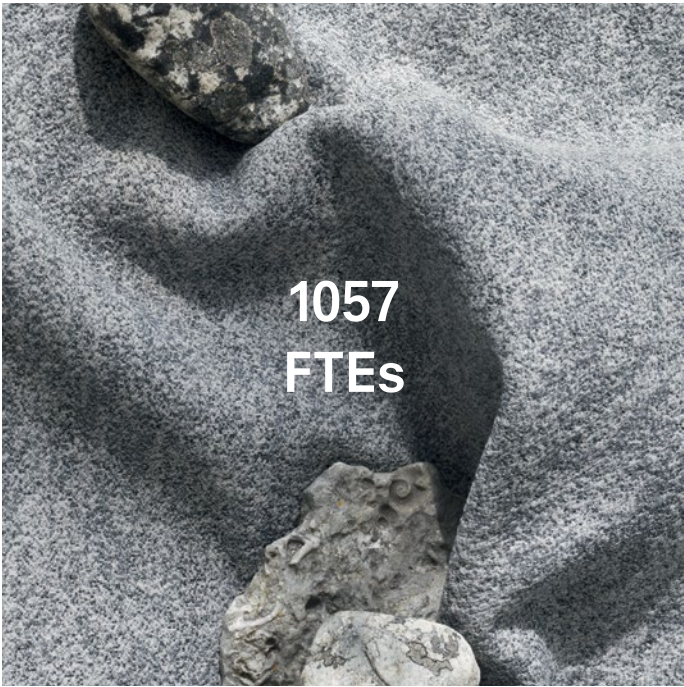
We worked towards increased supply-chain traceability for Magniberg, our bedlinen brand, in 2022. Magniberg's major manufacturing partner in Portugal is already sourcing energy from onsite solar panels. In 2023, we will achieve the OEKO-TEX® STANDARD 100 for several bed linen products.

¹ covering the A1 to C4 life stages in our Environmental Product Declaration (EPD)

Kvadrat business and reporting activities



2022 Kvadrat business at-a-glance



About Kvadrat

Since our foundation in 1968, we have pushed the boundaries of high-quality design textiles. We have pursued this role with passion, empathy, and creativity for over 50 years. Our home in Ebeltoft has been supplied with renewable energy for over ten years. We joined the UN Global Compact in 2013 and have always ensured our textiles are made according to progressive quality, environmental and health impact standards.

From the beginning, respect for the environment has been a defining pillar at Kvadrat. We face global challenges, which require us to evolve constantly so we can embrace the future with hope and positivity.

Regenerate Together through Transparency is our commitment to accelerating positive change and responsible business conduct, while continuing to innovate high-quality textiles.

As we progress on our journey, we aim to regenerate what we use, change the system by working Together, and inspire others through openness, transparency, and trust. Quality, environmental, and social considerations are intrinsic parts of our business strategy. We consider sustainable solutions at every stage of our operations; from the point of design and the sourcing of raw materials through to processing and production, and then on to their eventual use and after-life repurpose. In addition, we are committed to setting new standards, creating new value and exploring regenerative business models - and to using our creativity and innovation to become a market leader in sustainability.



kvadrat

kvadrat shade kvadrat acoustics kvadrat febrik kvadrat really

SAHCO	KVADRAT/RAF SIMONS	MAGNIBERG
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Our business model

We design and sell high-quality textiles and textile-related products for architects and large end-users, industry clients and private consumers to elevate the experience of public spaces, offices, hotels, cars, private homes indoors or out. We work with some of the world’s finest designers and architects who, together with our production partners, enable us to infuse our product portfolio with distinctive creativity and achieve a state of permanent renewal.

We strive to work in close collaboration with our production partners and external suppliers to ensure the best possible quality, and thereby product longevity, which for us is the foundation of sustainability. In doing so, we work with production partners who honour the craftsmanship of textiles. We have partial or full ownership of six production entities in Europe and collaborate with other acknowledged global suppliers. Kvadrat is our main brand offering for upholstery, curtains, rugs, shades, acoustic panels and upcycled textile felts and boards. Beyond this, the three brands SAHCO, Kvadrat/ Raf Simons and Magniberg enrich our assortment with residential curtains, upholstery, home accessories and bed linen.

Our headquarters are located in Ebeltoft, Denmark with a global reach through 40 sales offices and showrooms around the world and six production entities, where we have partial or full ownership.

Responsible production partnerships

Wooltex, UK (46% Kvadrat owned)

Wooltex, the largest production partner of our wool textiles, has driven vertical integration, thereby creating unique production optimisation potential for Kvadrat. Besides operating weaving and finishing in-house, in 2022 Wooltex opened its own spinning facility, which provides great possibilities to reduce the environmental footprint of our products. Furthermore, Wooltex has installed a process cooler, which recovers the heat and cooled water from dyeing and finishing and returns these resources back into production. This has saved 11.000 m3 of hot wastewater, thereby reducing water consumption by 13% compared to 2021. Additionally, Wooltex recycled 79% of all our process water and improved the insulation of steam and condensate pipes in the dyehouse, which resulted in more than 860.000 KhW energy savings per year.



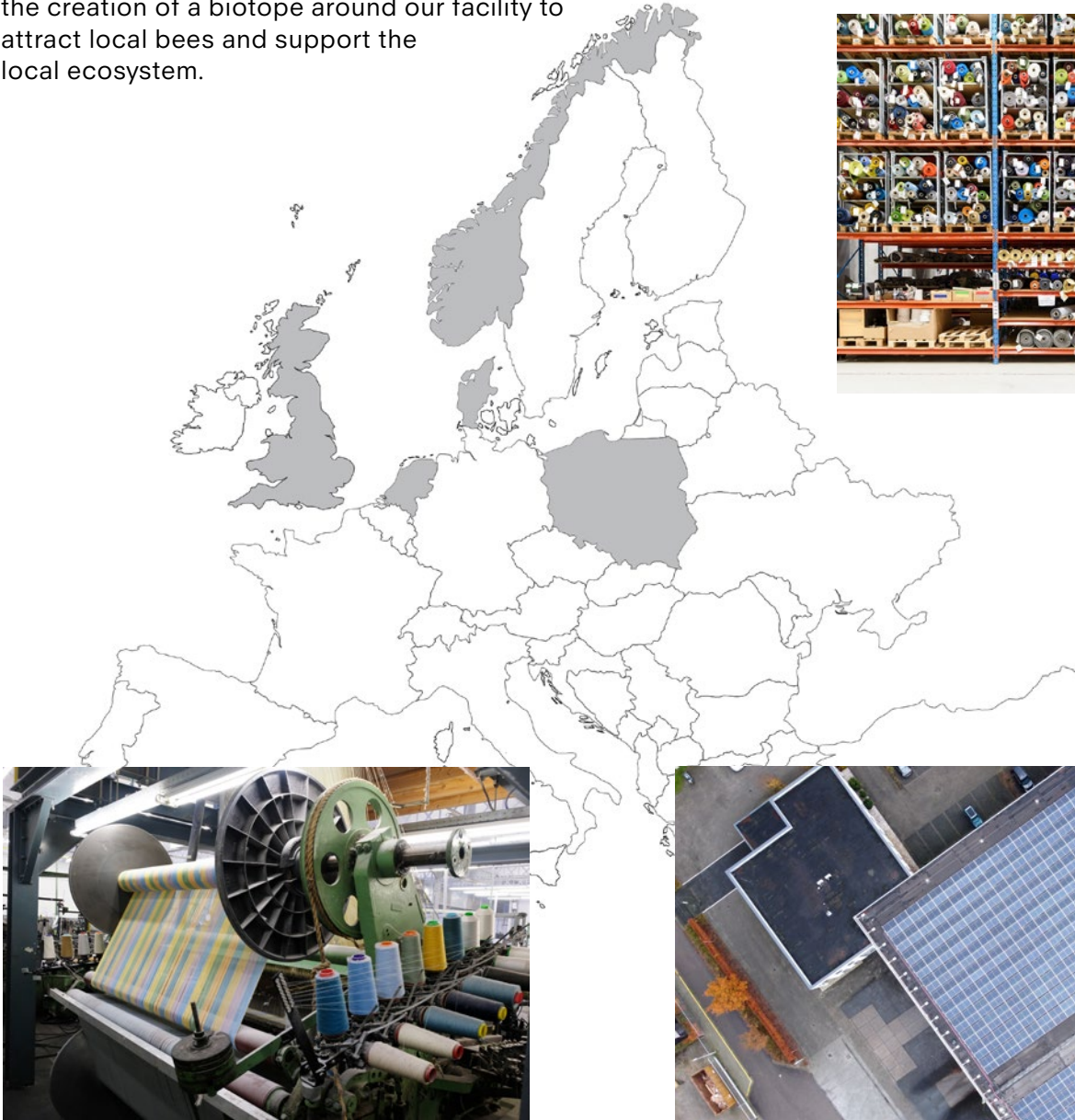
Convert, DK (66,67% Kvadrat owned)

Acquiring the majority share in Convert during 2021 further strengthened the collaboration between our companies. Convert produces our Really tabletops from textile waste. The production process uses no water, no dyes, and no harmful chemicals – ensuring full recyclability at the end of product life. In 2023, Convert will run at full upcycling capacity by adding additional material streams. Beyond textile waste, Convert will recycle 300.000 kg artificial turf - 100.000 kg of hemp fibres for furniture – and 200.000 kg of cellulose fibres for insulation.



Warehouse, CZ (Kvadrat leased)

In 2022, we opened our new Kvadrat warehouse in the Czech Republic, which is 11.000m² in size. The new facility is BREEAM certified, setting the foundation for strong environmental performance. In 2023, we will assess the opportunities to replace existing heating systems with heat pumps and add solar panels to become renewable energy driven. Together with a beekeeper, we are also planning the creation of a biotope around our facility to attract local bees and support the local ecosystem.



Warehouse, DK (100% Kvadrat owned)

Our 7.500m² warehouse in Ebeltoft is our most important transaction point and is responsible for sending and receiving large volumes of our textiles every day. In 2022, we despatched 3.23 million metres of textiles from the warehouse, and introduced a packaging foil with 30% recycled content, which balances performance requirements with our long-term zero-virgin plastic target.



Innvik, NO (30% Kvadrat owned)

Innvik produces our Raf Simons upholsteries and woollen Kvadrat textiles. Innvik is investing 5m EUR in a new dyehouse to reduce water consumption by an expected 20%. The new dyehouse will be finalised in 2023 and will be powered by a local bioenergy plant instead of natural gas. Today 100% of the electricity is already sourced from renewable hydropower. In 2022, Innvik upgraded its air compressing system, improving the energy efficiency of its weaving processes. This initiative resulted in 30% annual electricity savings. In addition, Innvik uses no plastic in the packaging of our products.



Kvadrat Acoustics, PL (100% Kvadrat owned)

Kvadrat Acoustics creates high-performance acoustic panels using, on average, 82.25% recycled aluminium and an acoustic absorbent containing 64% recycled mineral wool. To optimise the utilisation of our production waste, in 2022 we entered into an agreement with our mineral wool supplier to collect our absorbent production waste and reuse it in new products. In 2023, we will optimise our energy consumption by switching to 100% LED lighting, which has the potential to reduce energy consumption for lighting by 80%.



Kvadrat Weaving, NL (99.9% Kvadrat owned)

Kvadrat Weaving produces our high-quality Trevira CS curtains and upholstery textiles. Our synthetic textiles are increasingly produced from recycled polyester materials. In 2022, Kvadrat Weaving initiated the EU Ecolabel certification process for more polyester products and entered a partnership with the mechanical recycler Altex to start recycling production waste into new recycled textile products.

Kvadrat Shade, NL (100% Kvadrat owned)

Kvadrat Shade creates our high-performance metallised roller blinds. Since 2021, the production facility’s roof has been utilised for solar energy production, generating 860 kWh per year. This is equivalent to 73% of Shade’s annual electricity use. In 2023, we will concretise our investment plan to achieve our carbon reduction target for scope 1+2 in 2030.

Our commitment to sustainability reporting

This report outlines policies, performance and objectives for Kvadrat A/S. It addresses the requirements outlined by the Danish Financial Statements Act § 99a & 99b on the reporting of corporate social responsibility (CSR) and covers §99d (Data Ethics) from 2021 onwards. Kvadrat strives for full compliance with the upcoming Corporate Sustainability Reporting Directive (CSRD) and, thereby, the European Sustainability Reporting Standards (ESRS). Where reasonable, we complement the ESRS disclosure requirements with performance measurements of the Global Reporting Initiative (GRI) standards. Kvadrat is a member of the UN Global Compact and submits annually its communication on progress (COP), detailing information about our activities and developments according to the Ten Principles of the UN Global Compact, the 17 UN Sustainable Development Goals (SDGs) as well as the general UN goals and principles.



Our Code of Conduct defines the principles and standards that we support, which incorporate the Ten Principles set out by the UN Global Compact. We expect our business partners to adhere to this Code of Conduct and comply with all national laws and regulations and other applicable standards. To demonstrate our support for the UN Global Compact, we aim to move forward the agenda concerning our performance as it relates to human rights, labour rights, the environment and anti-corruption. We will continue our work in these areas and report on our progress annually.

We have published a Sustainability Report every year since 2013. This latest report covers the 2022 financial year from 1 January 2022 to 31 December 2022 and is published in March 2023.

You can find more information about our sustainability agenda on [our website](#).

Our annual financial report published at [cvr.dk](#) offers more insights about our financial results of 2022.

Scope and bases of preparation of this report

This report represents the consolidated reporting activity for Kvadrat Group, covering our headquarters in Ebeltoft, our 40 global showrooms, our warehouse in Ebeltoft and one external warehouse and our six European production partners. We account for 100% of the impact of all sites where Kvadrat has operational control (majority ownership). For non-controlled sites, impact is accounted based on Kvadrat’s percentage ownership share. Given our materiality assessment, we have included in this 2022 report the most material environmental, social and governance topics. A couple of topics have high potential to be material but have not been covered in this 2022 Sustainability Report. This is due to the newness of these topics, the lack of existing policies and the currently unavailability of performance data. These categories include (ESRS-E2) Pollution and (ESRS-E3) Biodiversity. Going forward, we aim to perform a careful materiality assessment and build the needed policies and short, mid and long-term targets and performance measures.

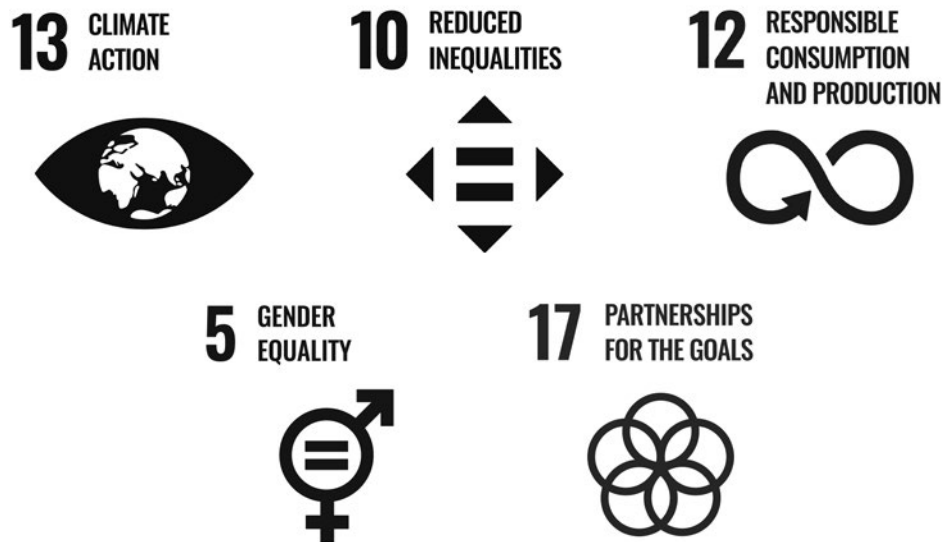
We pursue the highest quality data to enable informed decision-making in all our business activities, including our sustainability agenda. We see great potential in the adaptation of the European CSRD, which will increase data robustness and comparability. We understand that the underlying standards are still evolving and require a high level of organisational adaptation and flexibility. Currently, our Kvadrat data is based on a hybrid method of actual activity data from our operations and extrapolation. Over the years, we will increase the share of primary activity data in material impact areas to secure full transparency and continuous improvement.



Our commitment to the Sustainable Development Goals

Our contribution to the UN 17 SDGs is key in helping us to measure success. The SDGs have been set out to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The achievement of these interlinked ambitions depends on collective action.

We therefore consider the SDGs as a crucial tool for businesses and nations to work together and align on key issues. Ensuring our support for the global agenda, we have identified three SDGs where we see the greatest potential for us to create a positive impact. These are: no. 13 Climate Action, no. 12 Responsible Production and Consumption, no. 10 Reduced Inequalities, no. 5 Gender Equality and no. 17 Partnerships for the Goals. Our strategic sustainability commitments have been formulated in alignment with these SDGs.



Our sustainability strategy
Regenerate Together through Transparency



A materiality assessment reflecting in our six focus areas of our Regenerate Together through Transparency strategy

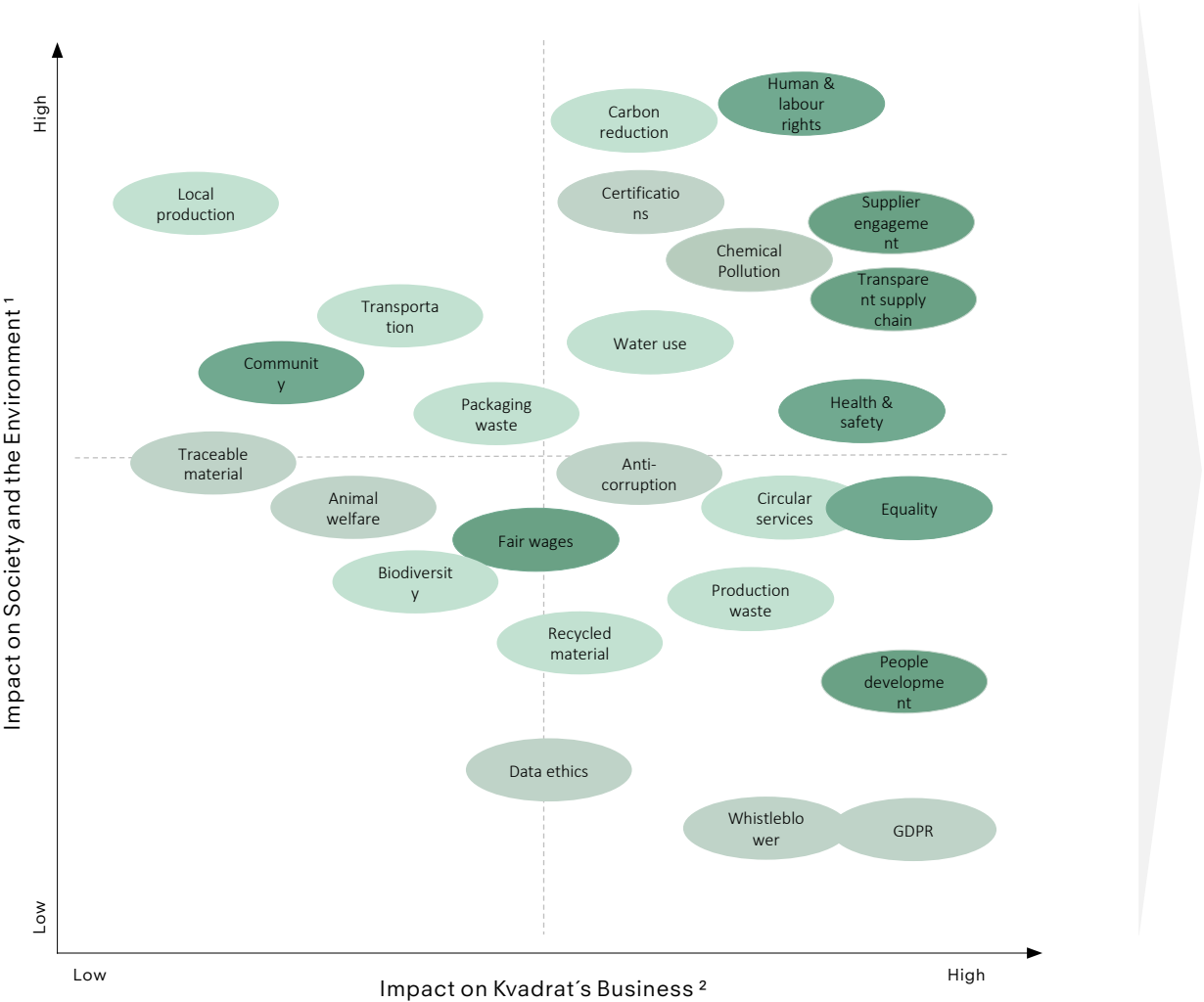
Double Materiality Assessment

In 2022, we introduced the concept of double materiality assessment. This allows us to prioritise sustainability activities based on our impact on the environment and society or /and the financial impact the environment and society can have on our business. EFRAG defines

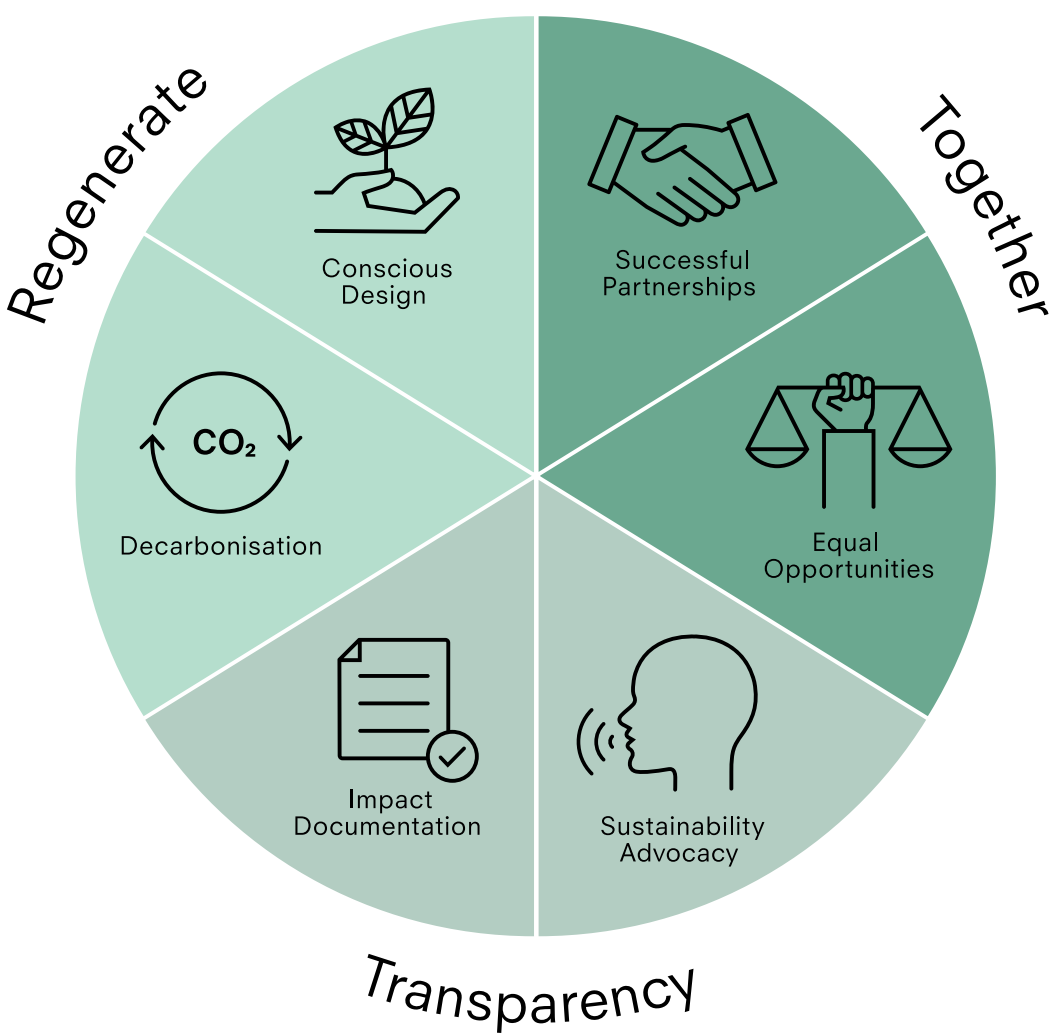
a sustainability topic as material to business “if it is material from the impact perspective or from the financial perspective or from both of these two perspectives (...) in the short, medium, or long-term”. Going forward, we will strengthen the robustness of our materiality assessment, especially with regards to financial materiality. To achieve

this, Kvadrat will strengthen the collaboration between the Sustainability & Strategy department, our financial department and other functions of Kvadrat.

Double materiality assessment based on stakeholder interviews



Our sustainability strategy includes six focus areas



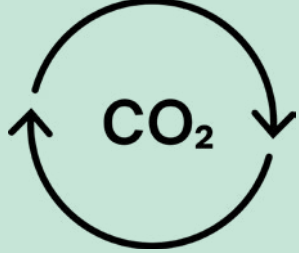
¹ Environmental and Social Materiality: The impact our business has on the planet and society measured based on scale and scope.
² Financial Materiality: The impact of society and the planet on our business financially. Including reputational, operational, and regulatory risks an opportunities.

Sustainability due diligence; strategic targets, policies, risks and actions cf. section 99a in the Danish Financial Statements Act

	Focus Areas & Targets	Material Risks	Policies	2022 Result snd Objectives
Regenerate	<p>Decarbonisation</p> <ul style="list-style-type: none">– Achieve 50% carbon reduction in scope 1-2 by 2026, reaching 100% by 2030 to become net zero in scope 1-3 by 2040 (baseline 2019)– Offer circular services by 2025 which will generate 40% of our revenue by 2035 <p>Conscious Design</p> <ul style="list-style-type: none">– Offer 85 recycled textile products which will generate 30% of our revenue by 2025– Reduce 25% production waste and water use by 2025– Achieve zero virgin plastic and cardboard packaging by 2025	<ul style="list-style-type: none">– GHG impacts tend to increase with company growth and, therefore, must be decoupled, for example, via circular business models.– Impact appears to be strongest upstream, including the choice of our raw materials.– Resource-intensive production processes such as dyeing must be optimised to reduce water consumptions along with waste reduction– Chemical and pollution risks and varying relevant national legislations are evolving, which require proactive management practices.	<ul style="list-style-type: none">– Through our strategic focus areas Decarbonisation and Conscious Design we aim for address environmental and climate issues at Kvadrat group and across our supply chains. Besides being ISO 14001 and ISO 9001 certified, all Kvadrat sites must report at least annually on their environmental impact, including energy and water use, waste generation and carbon emissions. This is done to evaluate risk-related topics, ensure compliance with the environmental standards set out in our Business Partner Code of Conduct; and guarantee progress and continuous improvement– Through our strategic focus area Successful Partnerships we aim to secure the protection of Human Rights across our supply chains. Before we enter a partnership with new suppliers, suppliers must commit to – and sign – our Business Partner Code of Conduct, which contains the elements set out in the ILO convention, the ten principles of the UN Global Compact, the UK Modern Slavery Act, as well as essential international guidelines and law. Our policy for governing this theme include our Business Partner Code of Conduct, and our Whistleblower Scheme.	<p>2022 Results</p> <ul style="list-style-type: none">– We achieved the validation through the SBTi of our short-term carbon target and submitted out long-term target– We developed Kvadrat’s Net Zero Transition Roadmap– We launched Kvadrat’s sustainable site policy and recruited internally 36 Sustainability Champions in charge of the implementation <p>2023 Objectives</p> <ul style="list-style-type: none">– We aim to achieve full validation of our science-based target, ensuring third-party verification of our journey towards net zero emissions by 2040.– Prepare the roll-out of our Net Zero Transition Roadmap across all sites– We will pilot circular business models with selected product solutions <p><i>More on results and objectives Page 15–23</i></p>
Together	<p>Successful Partnerships</p> <ul style="list-style-type: none">– Complete value chain transparency by 2025– Screen tier one suppliers to safeguard fair wages and responsible production by 2025 <p>Equal Opportunities</p> <ul style="list-style-type: none">– 50% women led by 2025– Minimum 8 weeks paid parental leave for all by 2024	<ul style="list-style-type: none">– While the majority of our tier 1 suppliers are located in Europe, suppliers further up the supply chain are often located in higher risk countries. Where there are higher risks of labour and human rights abuse, especially in South Asia, we need to be especially vigilant.– Our expanding product portfolios also add supply chain complexity.– As a growing company facing challenging labour markets, we risk not being able to attract sufficient and diverse talent. We believe that only an organisation that fosters diversity across various dimensions can be competitive in the future.	<ul style="list-style-type: none">– Through our strategic focus area Equal Opportunities we aim to safeguard social conditions and employee working conditions. We are tracking key metrics related to accidents and general employee safety. Our health and safety committee oversees and monitors our performance and recommends improvements. Along with our bi-annual performance and learning conversations, Kvadrat assesses employee satisfaction annually and provides training and development opportunities. Our policy for governing these theme include our Business Partner Code of Conduct, Employee handbook and Whistleblower Scheme.	<p>2022 Results</p> <ul style="list-style-type: none">– We kicked of a living wage assessment of our Indian suppliers with Social Accountability International <p>2023 Objectives</p> <ul style="list-style-type: none">– We will increase the number of suppliers that have signed our Code of Conduct and initiate an official supply chain due diligence project <p><i>More on results and objectives Page 24-26</i></p> <p>2022 Results</p> <ul style="list-style-type: none">– We grew our women share in middle management by 3%, but our women share in senior management dropped by 4%– Starting measuring number of weeks absence per family leave by gender <p>2023 Objectives</p> <ul style="list-style-type: none">– We will kick off the implementation of our global paid parental leave policy for all parents at Kvadrat <p><i>More on results and objectives Page 27-29</i></p>
Transparency	<p>Impact Documentation</p> <ul style="list-style-type: none">– Increase the EU Ecolabel certification across our textile categories by 2025– Implement new chemical policy by 2023 <p>Sustainability Advocacy</p> <ul style="list-style-type: none">– Empower four global Change Maker Networks to actively promote sustainability within Kvadrat and beyond by 2023	<ul style="list-style-type: none">– Obtaining certifications and granulated activity data requires the engagement of the entire supply chain. Often small suppliers face various challenges in living up to standard requirements.– Data quality must be ensured for informed decision making, cyber security must be secured– The fast rise of regulatory requirements constitutes an organisational learning challenge and requires strong policies and governance systems.	<ul style="list-style-type: none">– Through Impact Documentation based on quality data and Sustainability Advocacy we strengthen accountability and foster anti-corruption measures and strong business ethics. Kvadrat Change Maker networks have been introduced to support organisational wide capability development and to grow ownership around the sustainability agenda. To expand the accountability for our compliance projects we created a network of internal compliance partners to work with business processes, IT systems, risk assessments and the closing of gaps to reach a higher level of GDPR compliance Our policy for governing this theme include our Business Partner Code of Conduct, Kvadrat mRSL, Data Ethics Policy, and our Whistleblower Scheme. Certifications such as the EU Ecolabel and Environmental Product Declarations (EPDs) ensure continuous quality standards and impact transparency for our products.	<p>2022 Results</p> <ul style="list-style-type: none">– We developed and launched Kvadrat’s manufacturing Restricted Substance List (mRSL) to safeguarding chemicals compliance at production <p>2023 Objectives</p> <ul style="list-style-type: none">– We will launch the 4th Change Maker Network for production partners– We will launch our first 3rd party verified EPDs for 121 of our textile We– Will revise our chemical testing processes for high-risk product categories.– We will initiate building a full anti-corruption programme throughout the Kvadrat Group and update our Business Partner Code of Conduct.– We will advance our governance system by embedding sustainability KPIs into our business performance scorecards. <p><i>More on results and objectives Page 30-36</i></p>

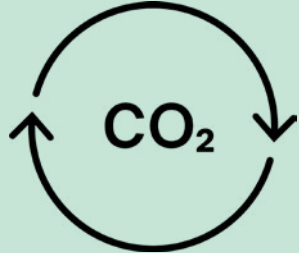
Our 2022 Sustainability Performance at-a-glance

Scope 1-2 carbon up by 12%
(from base year 2019)




2026 Target
50% carbon reduction

Enabling circularity
Launch of Acoustic disassembly guide
fostering repair & replacement



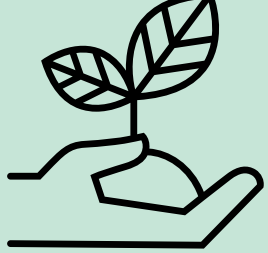
2025 Target
Offering circular services

21 Recycled products
3% of revenue (+1% from 2021)



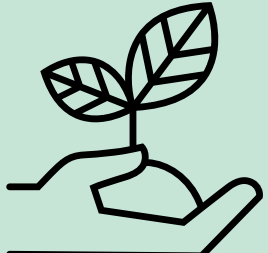
2025 Target
30% revenue from 85 products

+8% Waste
(from 240 kg waste / ton produced
product in 2021)



2025 Target -25%
180 kg waste/ ton produced

+16% Water
(from 33 m3 water / ton textile wet
processed in 2021)



2025 Target -25%
25 m³ / ton textile wet processed

77% Recycled packaging
(+ 6% from 2021)




2025 Target
100% recycled packaging material

Living wage research
in partnership with Social Accountability
International (SAI)




2025 Target
100% supply chain transparency

44% women in middle management
(+ 3% from 2021)



2025 Target
50/50 split across all levels

23% Paternity leaves
at Kvadrat of all family leaves




2024 Target
8 weeks paid leave encourages
equal parental leave split

EU ecolabel for 33 products
(- 3 products from 2021)



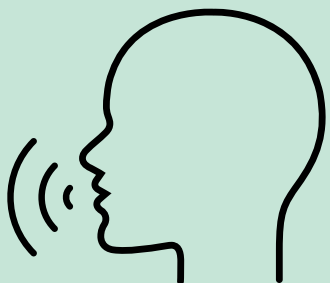
2025 Target
Increase across all textile brands

Chemical policy launch
via Kvadrat mRSL for production partners



2023 Target
Implement new chemical policy

3 Change maker
Networks up running incl. 27 workshops



2023 Target
4 networks up running

Regenerate; focus on product innovation and circularity

Our Conscious Design Principles focus on product and production innovation, and take-back systems for us to reduce carbon emissions and become a circular business.

Our focus areas within Regenerate are Decarbonisation and Conscious Design.

Decarbonisation

Our long-term goal is to reach net zero by 2040. To achieve our target, we will work towards eliminating carbon emissions from all our own operations and across our value chain, including purchased goods and services, upstream and downstream transportation, waste reduction and business travel. We will support this with a move towards circular systems that offer take-back and product lifetime extending services on many of our ranges.

Targets:

- We will achieve 50% carbon reduction in scope 1-2 by 2026, reaching 100% by 2030 to become net zero in scope 1-3 by 2040 (baseline 2019)
- We will offer circular services by 2025 which will generate 40% of our revenue by 2035

Conscious Design

A product's circular potential is determined at the design stage. Building on our continued commitment to the longevity of our products, Kvadrat's Conscious Design Principles will guide the design direction for our brands and our production partners, while reducing our dependence on virgin materials and resources.

Targets:

- We will offer 85 recycled textile products which will generate 30% of our revenue by 2025
- We will reduce production waste and water use by 25% by 2025 (baseline 2021)
- We will ensure that by 2025 none of our packaging contains virgin plastic or cardboard



Decarbonisation – carbon and energy reduction

Target: We will achieve 50% carbon reduction in scope 1-2 by 2026, reaching 100% by 2030 to become net zero in scope 1-3 by 2040 (baseline 2019)

Sustainability performance date for GHG emissions, scope 1–3

Indicator	Unit	Target	2022	2021	Change	2020	Change	2019 (baseline)	Change baseline - current
Total GHG emissions, scope 1-3	t CO2e	net zero by 2040						112.685	-100%
Total GHG emissions, scope 1-3 pr. net turnover	t CO2e / EUR net turnover		0	0		0		0,0005	-100%
Total GHG emissions, scope 1	%							0,0	
Total GHG emissions, scope 2	%							0,0	
Total GHG emissions, scope 3	%							1,0	
Total GHG emissions, scope 1-2 (location based)	t CO2e		3.128	3.236	-3%	3293	-2%	2.962	6%
Total GHG emissions, scope 1-2 (market based)	t CO2e		2.764	2.735	1%	2.630	4%	2.420	14%
Total GHG emissions, scope 1-2 (Market based) excl. District Heating	t CO2e	50% down by 2026¹	2.645	2.615	1%	2.557	2%	2.364	12%
Electricity	t CO2e		877	796	10%	830	-4%	1.008	-13%
District heating	t CO2e		120	120	0%	74	62%	56	114%
Gas	t CO2e		1.076	1.230	-13%	1.168	5%	851	26%
Company cars (scope 2)	t CO2e		10,47	5,66	85%	2	127%	-	
Company cars (scope 1)	t CO2e		681	584	17%	556	5%	504	35%
Total GHG emissions, scope 3	t CO2e	30% down by 2030¹	3.476	n/a	n/a	n/a	n/a	110.267	n/a
Purchased goods and services (textiles & metals)	t CO2e							102.175	
Upstream distribution	t CO2e							4.012	
Business travel	t CO2e		3.476	1.791	94%	3.805	-53%	4.080	-15%

Sustainability performance date for energy consumption, scope 1–2

Indicator	Unit	Target	2022	2021	Change	2020	Change	2019 (baseline)	Change baseline - current
Energy intensity per net turnover	mWh/ EUR net turnover		4,60969E-05	5,57575E-05	-17%	5,749E-05	-3%	4,04439E-05	14%
Total Energy Consumption	mWh		11.570	11.967	-3%	11.204	7%	9.289	25%
Total Energy Consumption (excl. District Heating)	mWh		10.196	10.561	-3%	10.177	4%	8.293	23%
Total Renewable electricity consumption	mWh		2.577	2.252	14%	2.198	0	1.924	34%
Total Renewable electricity consumption	%		60	59	1 p.p.	57	1 p.p.	53	7 p.p.
Total Self generated energy consumption	%		4	1	3 p.p.	0		-	

Progress and key activities in 2022

The warming of oceans, the melting of glaciers and the increase in extreme weather conditions are all effects of global warming caused by humans. We are committed to achieving net zero emissions by 2040 and working towards the goals set out by the Paris Agreement, which include limiting the global temperature rise to 1.5 degrees Celsius.

In 2022, we achieved the official science-based target validation for our short-term target and submitted our long-term net zero target for validation. We expect to complete full validation in mid-2023. Our scope 1 and 2 baseline emissions (market-based) equal 2.364 tCO2-eq* and are attributed to our company fleet, energy consumption at majority-owned Kvadrat sites and the associated emissions from generating this energy. We kicked off the development of our net zero roadmap “Reduce, Electrify Renewable”, which will be rolled out across all Kvadrat sites, allowing us to move from commitment to action. The roadmap will also define how we work with external suppliers on achieving carbon reductions.

Our scope 3 emissions comprise ca. 97,95% of total Kvadrat emissions and are thereby the largest source of emissions (117.983 tCO2e). These emissions are attributed to our product and material footprint, our business travel and upstream transportation. Beyond smart and green energy consumption, we tackle scope 3 emissions through our conscious design principles including the transition towards circular business development.

We are committed to decarbonising our controlled operations and our value chain by reducing our emissions to zero rather than resorting to offsetting for carbon compensation. In accordance with the Science Based Target initiative’s (SBTi) net zero standard, we will at most compensate a 10% emission residual with certified carbon offsetting

options. Short term, we aim to reduce scope 1 and 2 emissions by 50% until 2026, in line with 2019 baseline emissions. This equals a reduction of 1.182 tCO2e.

Between 2021 and 2022 our total scope 1-2 CO2 emissions increased by 1%, while total energy consumption decreased with -3%. The decrease in energy consumption is primarily driven by a drop in natural gas (-12%) and district heating (-2%) consumption, while electricity consumption increased (+12%). The increase in our CO² emissions during 2022 is therefore mainly caused by an increasing company fleet that is still mainly represented by petrol and diesel fuelled cars.

Looking at our CO² target performance between 2019-2022 we saw an increase by 12% in our total scope 1-2 CO² emissions and 23% growth in absolute energy consumption. Our energy consumption and emission growth during 2019-2022 is primarily driven by organic company growth, especially of our production site Convert A/S. Some of the consumption increase, however, can also be explained with increasing data completeness and accuracy. Our share of renewable energy consumption increased to 60%. This is a 1 percentage points (p.p.) increase compared to 2021. Guarantees of origins (green certificates) currently make up the largest share of our renewable energy. We derive 4.2% of renewable energy from self-generated solar energy. Whereby the self-generated share is relatively small we increased this share compared to last year by 3 p.p.

In 2023, we plan to achieve full Science Base Target validation. Meanwhile, we will complete the more granulated scope 3 emission accounting for the years 2019, 2020 and 2021 and roll-out our Net Zero Transition Roadmap “Reduce, Electrify, Renewable” across our showrooms, production partners and global warehouses. In the years to come this will include, for example, gaining ownership of the onsite

solar cells at our production site Kvadrat Shade in the Netherlands and thereby increasing our share of self-generated renewable energy. We will also realise various heat recovery opportunities, with a potential to reducing Kvadrat Shade’s natural gas consumption substantially.

Accounting Policy

Our decarbonisation strategy follows the Greenhouse Gas Protocol’s emission accounting standards and the Science Based Targets initiative (SBTi) target-setting system.

Scope 1-2 includes all entities where Kvadrat has operational control, which is defined as companies where Kvadrat has financial majority (> 50%). Our target within Scope 1-2 covers 97.7% of the emissions generated therein.

Scope 3 emissions are associated with Kvadrat’s value chain and include various entities where Kvadrat is a minority shareholder (50% or less) or has no ownership. For effective action, our scope 3 reduction target is directed to three prioritized scope 3 emission sourced, which represent 93.8% of our total scope 3 emissions. We will prioritise our carbon reduction engagement with specific stakeholders based on a stakeholder’s individual emission contribution to our overall operations. Our scope 3 transport related emissions are accounting for full Well to Wheel life-cycle (WtW) emissions. Going forward we will prepare for EU Taxonomy alignment including disclosure of our green revenues, green CapEx and OpEx shares. For a more granulated performance data break-down overview please see page 41.



Decarbonisation – circular business

Target: We will offer circular services by 2025 which will generate 40% of our revenue by 2035

Progress and key activities in 2022

Kvadrat’s commitment to longevity is fundamental and shapes our approach to design and quality. We aim to create products that age gracefully because they are timeless in design and robust in performance. This ambition has not changed over the years and has increased in importance. In the European Commission’s Circular Economy Action Plan, the textile industry, along with the built environment, and packaging sector are identified as priority sectors due to their high potential for a circular transformation.

Without realising it, we put the prerequisites for a circular business model in place many years ago. Building on these foundations, we can now turn towards key product solutions and identify the right services that will lead us to 40% circular business by 2035 and allow us to meet our reduction targets for carbon emissions, waste, and water.

On this journey, we will balance each business opportunity with its environmental benefit potentials. It does require rethinking the business acumen, our selling points, and how we measure success. A guiding principle in the circular economy hierarchy is rethinking of processes to encourage avoidance of material extraction and, reducing and reusing resources by recycling and other waste recovering methods. We aim to keep products in circulation for as long as possible through product longevity, repair, reuse or reselling services before giving the material a second life through recycling solutions. Thereby we can close the loop of the material journey. At Kvadrat, circular business is defined as an activity that includes take back or onsite repair of materials or products and the ability to monetise the returned resources and added services.

Already, Kvadrat offers services that extend the product’s lifetime. For our rugs, we offer a washing and recolouring service. For our Kvadrat Shade roller blinds, we currently perform repair services either onsite with clients or at our production facility in the Netherlands. We offer textile reupholstery on Kvadrat Acoustics panels. These services have been introduced in response to an increasing call for office refurbishment combined with a growing demand for more sustainable interior solutions. Really is the first of our brands to offer circular services. At the end of life of a Really product, it can be returned to us, and the client is reimbursed for the returned material per kg. The Really team will ensure that the old product is shredded and repurposed into a new product.

In 2023, we will concretise the scope of Kvadrat’s future circular business direction. This will include an environmental assessment, a business case development, and a pilot rolled out in Europe. We will investigate the opportunities for Kvadrat finished products such as Kvadrat Rugs, Kvadrat Acoustics panels and Kvadrat Shade roller blinds to be integrated into service driven business models. We will drive these developments guided by the goal of making products that play an integral part in future buildings and remain in those buildings throughout their lifetimes. These initiatives will be supported through Kvadrat maintenance and refurbishment offerings and end-of-life solutions via Really textile upcycling. Besides, these innovative developments, we will expand and standardise pre-existing circular initiatives.

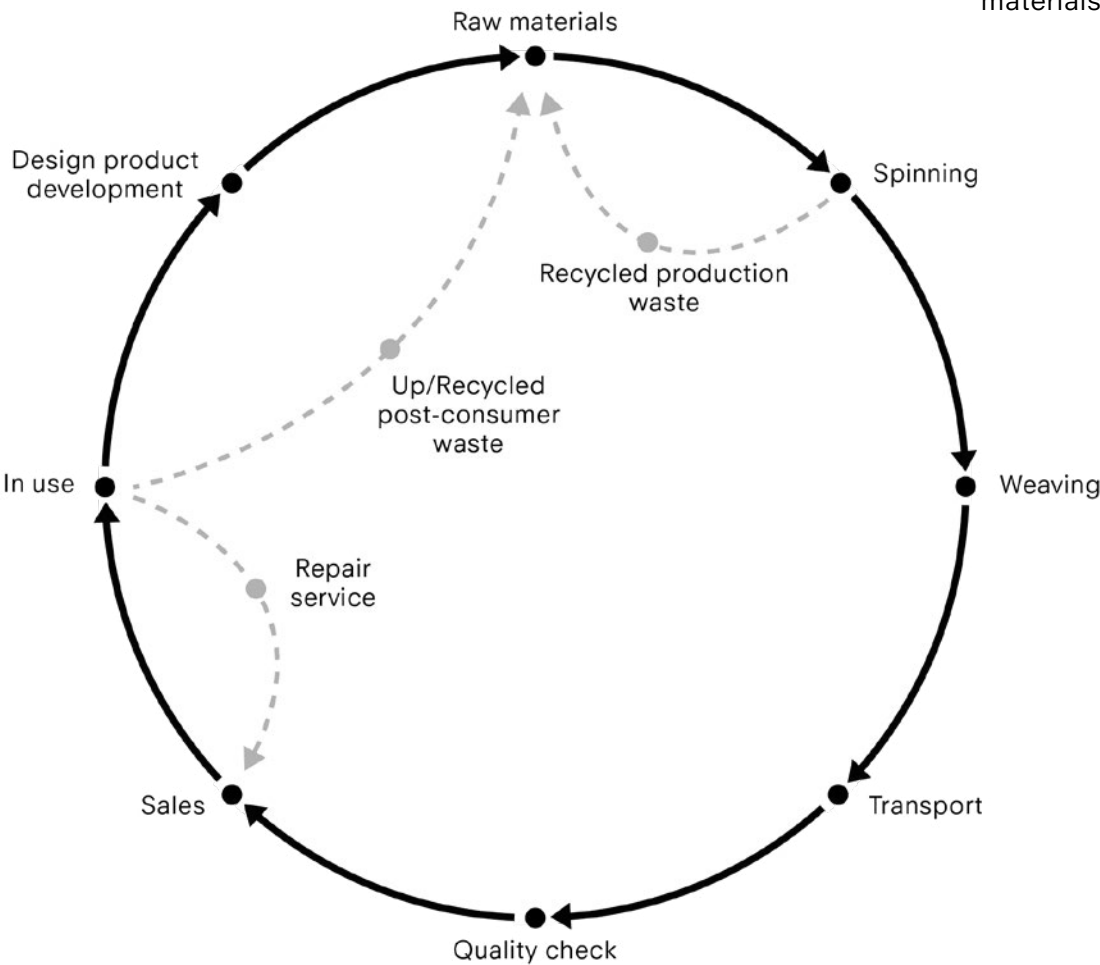
For example, the take back offering for end-of-life textiles on our Kvadrat Acoustic products will be standardised in collaboration with Really. This will mean the frames can be kept in the building, and the textile can be changed whenever necessary.

Furthermore, we aim to set up an accounting system for our existing and forthcoming service models, in order to measure the contribution of services to our total revenue. This addition to our accounting system will be essential to tracking performance towards our targets.

Accounting Policy

A circular service in Kvadrat is defined as an activity where the product or material is taken back for life extension, and Kvadrat derives an economic value in return. The circular route for a product can be (1) Refurbishment, which can include services such as repair, washing, recolouring or component replacement; (2) Reuse, which includes relocation of the product (for example to a new office site), reselling and leasing of products; And (3) Recycling /upcycling of Kvadrat materials into new Kvadrat products

Kvadrat’s business model



Conscious design – our design principles

Target: We will offer 85 recycled textile products which will generate 30% of our revenue by 2025

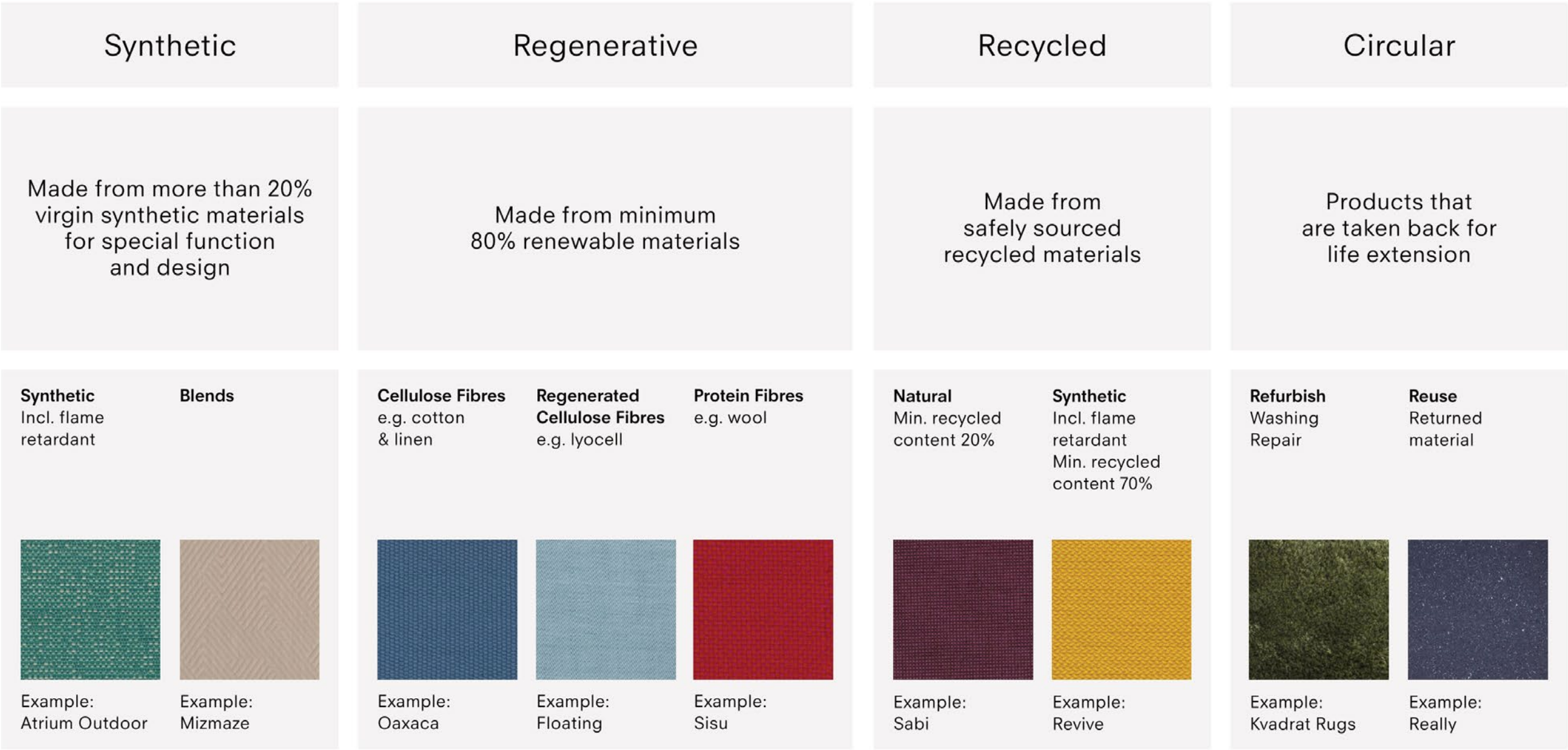
From the outset, we have embraced the power of design, which is estimated to define over 80% of all environmental impacts of a product¹. The early development phase is a key leverage point for us. Building on our continued commitment to the longevity of our products, our shift to Conscious Design Principles will guide Kvadrat’s design direction. It will foster a deeper understanding of the impact

and distinguishing characteristics of the materials we use and the design choices we make.

Our existing and new products are divided into four categories illustrated in the diagram above. ‘Synthetic’ is the class of products made of more than 20% virgin synthetic materials, which are characterised by their functional and design potential. The ‘Regenerative’ class defines products made from a minimum of 80% renewable materials, which are either grown naturally or

responsibly man-made. ‘Recycled’ classifies products made from responsibly recycled material sourced from both post-industrial and post-consumer waste. ‘Circular’ refers to products that are looped back for life extension. We will continue to build upon our Conscious Design Principles and substantiate these with more guidance on the responsible sourcing, material choices and processing for each of the four categories.

Kvadrat’s Conscious Design Principles
New product categories and labelling system



Conscious design – material inflow

Target: We will use no virgin packaging material by 2025

Sustainable performance data for total raw material purchased ¹

Indicator	Unit	Target	2022	2021	Change
Total raw materials purchased	tons		3.900	3.739	4%
Recycled or Reused materials	%		26	20	5 p.p.
Regenerative (virgin) materials	%		36	42	-6 p.p.
Synthetic (virgin) materials	%		38	38	1 p.p.

¹entities covered are six production partners incl. Wooltex (UK), Innvik (NO), Kvadrat Weaving (NL), Kvadrat Shade (NL), Kvadrat Soft Cells Sp. Z.o.o. (PL), Convert A/S (DK) and for reporting on packaging purchases we also include our Kvadrat warehouses; Ebeltoft (DK), Kladno (CR). Exclcluded from this reporting period 2022 are Kvadrat Shade Assembly in Spain and Australia and will be included from 2023 onwards.

Sustainable performance data for textile materials purchased

Indicator	Unit	Target	2022	2021	Change
Total fiber & textiles purchased	tons		2.416	2.510	-4%
Recycled fiber & textiles	%		9	5	4 p.p.
Regenerative (virgin) fiber & textiles	%		58	60	-2 p.p.
Synthetic (virgin) fiber & textiles	%		33	34	-2 p.p.

Progress and key activities in 2022

For us, creating transparency on the inflow of materials into production – the procurement of raw materials and products - means working strategically with our Conscious Design Principles and thereby tackling our scope 3 emissions. The ultimate goal is to reduce our total inflow of materials pr. EUR earned and shift towards more renewable and recycled materials. Every material comes with its own properties, possibilities and limitations. So, at Kvadrat, fit for purpose is a given.

Our materials are classified into (1) Regenerative, (2) Recycled and (3) Synthetic (virgin) materials. Examples of materials we use are textiles and fibres, metals, mineral wool, and packaging-related materials. In 2022, more than one-fourth of Kvadrat’s total purchased materials were recycled. Between 2021 to 2022 we saw an increase of Recycled materials purchased by 5 percentage points (p.p.), a decrease in our purchase of Regenerative materials by 6 p.p., and an increase of purchase of Synthetic (virgin) materials by 1 p.p. We welcome this development towards higher shares of recycled materials purchased. It has a positive impact on achieving our carbon target and adds to our resilience by decreasing our dependency on non-renewable resources.

Taking a closer look at our textile inflow performance in 2022, we observe a similar purchase development as seen within the overall material inflow described above. Recycled textile purchase increased by 4 p.p., whereby Regenerative and Synthetic textile purchases both decreased by 2 p.p.. This development aligns with our ambition to increase our use of recycled fibres in order to reach our target of 85 recycled textiles products, which generate 30% of our revenue by 2025. Besides increasing our share of recycled materials, we also investigate new materials. In 2022, Kvadrat joined a consortium working on the

development of a biopolymer for textile applications. The consortium aims to drive innovation and pave the way for the long-term replacement of fossil fuel-based synesthetic materials.

We also prioritise packaging material too. It not only protects our products during transportation to clients; it also communicates our values. So, in 2021, we set out to align our packaging material across the Kvadrat group and phase out virgin packaging material by 2025, encouraging more recycled – but also alternative – packaging options. By 2022, 77% of our packaging contained recycled material, which is an increase by 6 p.p. from 2021.

Given the opening of our new warehouse in Kladno and related initial inefficiencies during 2022, our packaging efficiency decreased from 0,16 tons packaging per ton products shipped in 2021 to 0,19 tons in 2022. However, our packaging efficiency per EUR net revenue improved by 14%. We aim to further reduce these ratios through reduced packaging per product shipped and increased reuse of packaging materials. At the warehouse at our Ebeltoft headquarters, we source plastic wrap with 30% recycled content and minimise packaging pr. product through active supplier engagement.

In 2023, we will continue seeking safe recycled material streams for our product input materials and packaging. And we’ll continue to stay close to new recycling technologies and investing in research partnerships. Meanwhile, we will continue sharpening our design principles, expanding our mono collections, and conducting research into recyclability to ensure that our future textiles can be recycled.

Sustainable performance data for packaging purchased

Indicator	Unit	Target	2022	2021	Change
Total packaging material purchased	tons		656	532	23%
Recycled packaging materials	%	zero virgin packaging by 2025	77	70	6 p.p.
Regenerative (virgin) packaging materials	%	100%	3	13	-10 p.p.
Synthetic (virgin) packaging materials	%	0%	20	17	4 p.p.

Packaging efficiency I	t. packaging / t. products produced	0,19	0,16	23%
Packaging efficiency li	t. products produced / net revenue	0,00001	0,00002	-14%

Accounting Policy

By measuring our material inflow, we focus on the most material aspect of our business. This includes three material categories (a) raw materials going into our products, (b) packaging materials purchased to ship our products, and (c) production-related materials. The materials reported here are used to produce the majority of our products (representing 57% of Kvadrat’s total net revenue in 2022) and include data from our six production partners, where Kvadrat has part or full ownerships. These are Wooltex, Innvik, Kvadrat Weaving, Kvadrat Acoustics, Kvadrat Shade and Convert. Additionally, we track packaging purchased at our two warehouses in Denmark and the Check Republic. Excluded from the material inflow accounting scope are our Kvadrat Shade assembly line in Australia and our leased warehouses in the UK and in the USA, and external suppliers where Kvadrat has no ownership. For a more granulated performance data breakdown overview please see page 42.

Conscious design – material outflow

Target: We will offer 85 recycled textile products which will generate 30% of our revenue by 2025

Sustainable performance data for products sold ¹

Indicator	Unit	Target	2022	2022	Change
Total Products sold	tons		3.451	2.943	17%
Recycled products	%		15	7	9 p.p.
Regenerative (virgin) products	%		34	41	-7 p.p.
Synthetic (virgin) products	%		50	52	-2 p.p.
Circular services	%		0	0	0 p.p.
Products designed for circular after-life	%		79	77	1 p.p.

¹ sold products covers produced by our six production partners incl. Wooltex (UK), Innvik (NO), Kvadrat Weaving (NL), Kvadrat Shade (NL), Kvadrat Soft Cells Sp. Z.o.o. (PL), Convert A/S (DK). Kvadrat Shade Assembly in Spain and Australia are not included in the reporting period 2022 and will be included from 2023 onwards.

Progress and key activities in 2022

We measure our sustainability performance based on what we source and what we bring to the market. Our ultimate goal is to design safe, timeless products from renewable or recycled materials that are recyclable and long lasting. To track our performance towards this, we measure the volumes we bring to market by categorising them into (a) Recycled (b) Regenerative (c) Synthetic (virgin), (d) products that monetise circular services and (e) the share of our products that are already designed for a circular after-life.

At the end of 2022, 15% of the total products (by weight) we brought to market were Recycled products, 34% were Regenerative and 50% were classified as Synthetic. While we offer a client take back model for our Really products, we have not categorized any of those business transactions as circular during 2022. We do not currently have the financial accounting system in place to account for these services separately. However, an initial screening of our product portfolio identified that 79% of our total products are designed for circular after-life. This is an important precondition for us to develop of circular services for our product solutions.

Zooming into our textile product segment, we see a positive development. At the end of 2022, Kvadrat offered 21 recycled products representing ca. 3% of Kvadrat’s total textile revenue. Compared to 2021, we increased our recycled product portfolio by five products and revenue from those products by one p.p. Regenerative textiles grew from 54% in 2021 to 56% in 2022, and Synthetic fell from 44% in 2021 to 42% in 2022. From a design perspective, our target of 85 recycled products, generating 30% of our revenue by 2025, is highly ambitious. A key part of achieving this goal involves re-engineering some of our key products and replacing virgin material with recycled alternatives. Introducing recycled content or increasing the share of recycled

content in a product comes with several challenges, as well as great opportunities from an environmental perspective, such as reducing our dependency on virgin materials.

One challenge when working with recycled textiles is the shortened fibre length after the mechanical recycling process. This can have several implications for the strength and durability of the fibre, and the subsequent spun yarn. In 2022, we continued our experimentation with our key partners to assess opportunities for introducing more recycled content. Those trials have provided valuable insights, which we can use to support our brands and designers in making better choices.

A second major risk that comes with recycled content is that of chemical contamination. This risk is mainly associated with post-consumer recycled fibres that are mechanically recycled. The majority of recycled natural fibres face this risk. For our recycled woollen products *Sabi* and *Re-Wool*, we have chosen to source leftover ‘waste’ material from our own production sites to help create these products until safe post-consumer sources can be verified. To reduce chemical risk at production level, in 2022 we launched our Kvadrat manufacturing restricted substance list (mRSL). We are currently in the process of revisiting our testing processes to match our new material demands.

In 2023, we will continue designing products that last that can enter a circular afterlife. For selected product solutions, such as our Rugs, we will extend our circular services via pilot projects before scaling them globally. Within textiles, we will strengthen our innovation partnerships for the development of recycled textiles from textile waste and for the development of new innovative materials. Meanwhile, to ensure that our future textiles can be recycled, we will continue expanding our mono collections and our research within recyclability.

Sustainable performance data for textile products sold ¹

Indicator	Unit	Target	2022	2021	Change
Total recycled textile products	number	85 products by 2025 ¹	21	16	31%
% of revenue from recycled textile products	%	30% of revenue by 2025	3	2	1 p.p.
Kvadrat incl curtains, upholstery, rugs	number		18	14	29%
SAHCO	number		3	2	50%
Kvadrat Raf Simons	number		0	0	0
Kvadrat Febrik	number		0	0	0
Innvik Kvadrat Shade	number		0	0	0
Total textile products	number		713	618	15%
Recycled	number		3	3	0 p.p.
Regenerative	number		56	54	2 p.p.
Synthetic	number		42	44	-2 p.p.
Circular	number		0	0	0

¹ Overview does only include textile products from both our own production partners and external suppliers. It does not not cover finished products such as those from Really, Kvadrat Acoustics, Kvadrat Shade or Accessories

Accounting Policy

The classification of our sold textiles into Recycled, Regenerative, Synthetic (virgin) and Circular products follows the product group definitions of our Conscious Design Principles (page 18). For example, for a product to be classified as a recycled textile product .it must meet one of the following conditions: (1) The product must contain a min. 20% recycled natural fibres or a (2) min of 70% recycled synthetic fibres.

Products covered under the outflow reporting disclosure are those produced by our major six production partners where Kvadrat has part or full ownerships. These are Wooltex, Innvik, Kvadrat Weaving, Kvadrat Acoustics, Kvadrat Shade and Convert representing 57% of Kvadrat’s total revenue in 2022. The following product categories are excluded from our total Outflow reporting disclosure (but captured under the textile only Outflow disclosure): Sahco, Residential curtains, Kvadrat Rugs, Custom made products, and all accessories including also Magniberg bed linen. For a more granulated performance data breakdown overview please see page 34.

Conscious design – total production and packaging waste

Target: We will reduce production waste by 25% by 2025 (baseline 2021)

Sustainable performance data for waste reduction ¹

Indicator	Unit	Target	2022	2021 (baseline)	Change
Total products produced incl. textile and non-textiles	tons		3,451	3,218	7%
Total Production waste	tons		907	784	16%
Waste recirculated (closed loop)	%		2	1	2 p.p.
Waste recirculated (open loop)	%		51	51	-1 p.p.
Waste intensity pr. produced ton product	t. waste / t.prod. ²	2025: 25% down from 2021	0,26	0,24	8%
Total fiber & textile waste	tons		380	271	26%
Toal metal waste	tons		26	28	-5%
Total mineral wool waste	tons		4	6	-36%
Cardboard waste	tons		184	176	5%
Plastic waste	tons		47	30	58%
Wood waste	tons		96	93	3%
Other packaging material waste	tons		1	40	-98%
Non-packaging waste, which is seperately accounted for	tons		177	129	-56%
Hazardous & radioactive waste (e.g., oils, chemicals etc.)	tons		12	17	165%

¹entities covered are six production partners incl. Wooltex (UK), Innvik (NO), Kvadrat Weaving (NL), Kvadrat Shade (NL), Kvadrat Soft Cells Sp. Z o.o. (PL), Convert A/S (DK) and for reporting on packaging purchases we also include our Kvadrat warehouses; Ebeltoft (DK), Kladno (CR). Excludded from this reporting period 2022 are Kvadrat Shade Assembly in Spain and Australia and will be included from 2023 onwards.

Progress and key activities in 2022

For us at Kvadrat, waste reduction is of paramount importance both environmentally and in economic terms. The resources and materials that are incinerated or landfilled are lost to future use, accelerating global resource depletion. The United Nations has acknowledged the importance of waste reduction and called for action with the targets under SDG goal 12.

Our devotion to quality and durable design has always ensured that our products last and are cared for, which contributes to lower rates of resource extraction, use and waste creation. Another key focus area for us is our commitment to reducing production waste across our textiles and other production materials such as metal, mineral wool, hazardous waste and packaging waste. In 2022, 2% of our total waste was recycled via a closed loop and 51% via an open loop, leaving the remaining 47% for landfill and incineration. We aim to increase the share of closed-loop recycling via the internal reuse of our waste across our product solutions. Our brand Really provides one successful example of closed-loop reuse of waste by upcycling cut-offs from our production and textile waste from our clients into new tabletop products. Our textiles Re-wool and Sabi, which are partly created from our production waste at our spinnery in the UK, offer a further example.

Our overall target is to reduce 25% of our production waste per tons of products produced. We track total production and packaging waste, placing a heightened focus on our textile waste, which represents the largest share of our overall waste. Our total waste intensity increased by 8% from 0,24 tons waste per produced tone products in 2021 to 0,26 tons waste in 2022. Our target is to reduce our waste intensity by 25% by 2025. This means waste production per ton produced product should be at 0,18. It is important to note that our 25% waste reduction target is related to our total production waste, not only textile waste.

In 2023, we will optimise our product waste accounting process. This will create more data accuracy by collecting weight information for all components of our non-textile products. Furthermore, we will increase awareness around hazardous waste to improve accounting in this category. We will also identify potential areas for waste reduction through an optimised planning process to avoid raw material waste and continue to seek closed loop recycling opportunities.

Accounting Policy

The sites covered under our production waste reporting disclosure are our six production partner sites where Kvadrat has part or full ownership, plus two Kvadrat warehouses. For all sites where Kvadrat has majority ownership we account for full waste generation, whereas for those where we have minority ownership, we only account for waste associated with our produced products. Currently, data from eight sites are collected: Denmark warehouse, Czech Republic warehouse, Wooltex (46%), Innvik (30%), Kvadrat Weaving & ASA B.V. (99.9%), Kvadrat Shade, NL (100%), Kvadrat Acoustics, PL (100%) and Convert (66.66%). Excluded from our 2022 reporting period is our Kvadrat Shade assembly site in Australia (100%) and textile waste from our warehouses in Denmark and the Kvadrat leased warehouses in the Check Republic, UK and USA. In 2023, we will expand our total waste assessment these sites.

Total waste generated during a reporting period is defined as the sum of the amounts of all mineral, non-mineral and/or hazardous waste treated by any waste technology. This excludes the amount that is treated either on- or off-site through closed-loop recycling, re-use or remanufacturing processes, i.e. “waste materials returned to the processes of the reporting entity.”(UNCTAD,ISAR, B.2.1.). With the adoption of this accounting policy, Kvadrat can achieve waste reduction through the prevention of waste, or through closed-loop recycling and reuse of waste for our own operations only.

In keeping with the principles of the circular economy, we strongly advocate for waste prevention over closed-loop reuse and recycling. This prioritisation is necessary to ensure we maximise our positive environmental and economic impact and align our ambitions with the SGD target 12.5, which aims for substantial waste reduction by 2030. For a more granulated performance data breakdown overview please see page 44 .



Conscious design – textile waste reduction

Target: We will reduce production waste by 25% by 2025 (baseline 2021)

Sustainable performance data for fibre waste process ¹

Indicator	Unit	Target	2022	2021 (baseline)	Change
Total fibre raw material purchased	tons		2.416	2.364	2%
Total fibre products produced	tons		2.251	1.817	24%
Fibre waste intensity pr. produced t. woven & non-woven textile	fibre waste / t. produced ²		0,17	0,15	13%
Total fibre waste	tons		380	271	26%
Process Waste	tons		269	220	22%
1. Early process waste: warping / shredding etc.	tons		58	46	26%
2. Mid-process waste; in weaving / construction	tons		104	80	30 %
3. Late-process waste; grey inspection to final /cutting / assembly	tons		107	95	13%
Stock waste ³	tons		78	51	-5%
1. Raw material stock waste	tons		56	n/a	
2. Meter stock waste	tons		22	51	-73%
Total fibre waste management	tons		380	271	26%
Fiber & textile waste landfilled (sold to 3rd party)	tons		26	39	-33%
Fiber & textile waste incinerated (sold to 3rd party)	tons		213	110	51%
Fiber & textile waste reused / recycled (sold /donated to 3rd party)	tons		121	117	4%
Fiber & textile waste re-used /sold for internal use (Kvadrat)	tons		21	0	
Fiber & textile watsse recirculated (closed loop)	tons		0	5	-100%

¹entities covered are six production partners incl. Wooltex (UK), Innvik (NO), Kvadrat Weaving (NL), Kvadrat Shade (NL), Kvadrat Soft Cells Sp. Z.o.o. (PL), Convert A/S (DK) and for reporting on packaging purchases we also include our Kvadrat warehouses; Ebeltoft (DK), Kladno (CR). Exclcluded from this reporting period 2022 are Kvadrat Shade Assembly in Spain and Australia and will be included from 2023 onwards. ² fibre waste intensity per raw material purchased = total fibre waste per tonne raw material purchased ³stock that has been sent to waste management during an reporting incl. from production sites or warehouse

Progress and key activities in 2022

The wider textile industry is responsible for 92 million tonnes of waste annually¹ and is expected to grow drastically over the coming decade. The accumulation of textile waste in landfills has a significant impact on the environment and human health when not managed responsibly. At Kvadrat, we have high ambitions to reduce textile waste where possible and develop reuse and recycle capabilities to close the loop.

With the launch of our product Re-wool in 2019 (containing 45% recycled wool), we demonstrated creativity in working with waste streams from our own production. In 2022, we recycled 25 tons of woollen waste through the sales of Re-wool and our sister product *Sabi* (23% recycled wool). Where possible, we take the leftover fibres from small cones after warping and splicing them together to make bigger cones, which can be reused instead of sending them to recycling. Our production partner, Innvik is part of a national network in Norway, where they explore the potential of recycling of production waste for new textile production.

To prevent the creation of waste, while also understanding our potential for reuse and recycling, we collaborated with our textile production partners to optimise all stages of production. This included (1) early warping (2) weaving, (3) textile finishing and inspection and (4) stock waste sub-divided into (4.1) raw material and (4.2) finished textile stock. Classifying textile waste into these four processes helps us to

prioritise major waste driving processes. In 2022, our textile waste intensity per tons of produced products was 170kg, which is a 13% increase in waste intensity compared to 2021 (150kg). The reason for this increase in waste intensity was the introduction of several clean-up activities at our partner site, Convert. In alignment with our total waste reduction target, we aim for a 25% reduction in textile waste intensity. This means we aim to reach 110 kg tons textile waste per produced textile ton by 2025.

In 2023, we will identify potential areas for textile waste reduction through an optimised planning process focused on avoiding raw material waste and seeking closed loop recycling opportunities. Looking beyond our production units, in 2023 we will expand our textile waste assessment to cover our two warehouses in Denmark and our leased warehouses in the Czech Republic, the UK and USA.

Accounting Policy

We account for our textile production waste across all our partner sites, including those where we have minority ownership. For all the sites where Kvadrat has majority ownership we account for full waste generation, whereas for those where we have minority ownership, we only account for waste associated with our products. Currently, data from six sites are collected: Wooltex (46%), Innvik (30%), Kvadrat Weaving (99.9%), Kvadrat Shade (100%), Kvadrat Acoustics, PL (100%) and Convert (66.66%). Future accounting will also include our roller

blind assembly sites in Australia, and our Kvadrat-owned and leased warehouses.

For our textile waste the same accounting principles apply as for our total waste, see previous page “waste from production and packaging”.



¹ <https://ellenmacarthurfoundation.org/a-new-textiles-economy/>

Conscious design – water reduction

Target: We will reduce water use by 25% by 2025 (baseline 2021)

Sustainable performance data for water reduction ¹

Indicator	Unit	Target	2022	2021 (baseline)	Change	2020	Change	2019
Water withdrawal intensity	m3 /EUR net turnover		0,0004	0,0004	-6%	0,0004	-6%	0,0006
Water consumption intensity	m3 /EUR net turnover		0,0001	0,0001	-6%	0,0001	-14%	0,0002
Water discharge intensity	m3 /EUR net turnover		0,0003	0,0003	-6%	0,0003	-3%	0,0004
Water withdrawal per ton products produced	m3 / t.prod. ²		28	31	-9%	39	-21%	44
Water withdrawal per ton textile wet processed	m3 / t.wet proc. ³	25% reduction by 2025	38	33	16%	30	11%	31
Approx. water reused / recycled	%		60	n/a	n/a	0	n/a	0

¹entities covered are six production partners incl. Wooltex (UK), Innvik (NO), Kvadrat Weaving (NL), Kvadrat Shade (NL), Kvadrat Soft Cells Sp. Z.o.o. (PL), Convert A/S (DK).

Not included in the reporting period 2022 are Kvadrat Shade Assembly in Spain and Australia and ill be included from 2023 onwards.

² Cubic metres of water used per unit of textile produced (in tones) = Total m3 water withdrawn / Total tones textiles produced

³ Cubic metres of water used per unit of textile processed (in tonnes) = Total m3 water withdrawn / Total Tonnes textiles processed



Progress and key activities in 2022

Water is essential to the progress of human societies and is recognised by the United Nations as a human right. It is essential for a healthy environment and a thriving economy and has always driven the essential processes of the textile industry. We strive to preserve this key resource, and we have implemented measures to reduce our water consumption for some time.

Machinery, process and design innovations are critical leverage points in reducing our water impact. For example, by using a new heat exchanger at our production partner Wooltex, we reduced energy consumption and water consumption by an additional 13% during 2022, compared to 2021. A selection of our products is already dry processed, avoiding water use at a key stage of production. Mizmaze and Arda, textiles we launched during 2021-22, represent another example of a water-saving innovation by applying a soaking-only finish instead of washing, we reduce 80-95% of water consumption in the process, compared to conventional methods.

During 2022, we built upon our water performance measurements from the previous year. Our total water withdrawal was 98.232 m3. From that 25.782 m3 water was consumed (not returned to water bodies). We measure our water efficiency at those entities that perform wet processing. Between 2021 and 2022 our water consumption used per ton material wet processed increased from 33 to 38 m3. This means our water efficiency dropped by 16%. In 2022, we achieved a 60% water recycling ratio, which is a positive result and will support our water efficiency. Our target is to reduce 25% of our water usage pr. textile ton

wet processed by 2025, based on our 2021 baseline. This means our ultimate goal is to reduce our water usage to 25 m3 water pr. textile ton wet processed.

The recent decrease in our water efficiency can be explained by a drop in textile volume being wet processed and, thereby, lower economies of scale. Our production partner Wooltex has moved one of its three wet processes (steaming) to its new spinnery facility and has therefore not included those meters undergoing the steaming process in our 2022 disclosure. Moving forward, we will reintroduce data from the steaming process again, which is expected to have a positive impact on our water efficiency performance.

In 2023, we will work towards our water reduction target. This means reducing absolute water withdrawal, improving water efficiencies and rethinking our processes and product designs. Beyond this, we will seek opportunities to recycle even larger volumes of water. Our production partner Innvik (NO) will finalise the construction of a new dye house, which is expected to reduce water consumption by 20% through recycling water in the dyeing process.

Accounting Policy

We account for our water impact across all Kvadrat sites, including partners where we have minority ownership. For all sites where Kvadrat has majority ownership, we account for full water consumption, whereas for those sites where we have minority ownership, we only account for the water consumption associated with our products. Total water withdrawal is calculated as the sum of all water withdrawals

including Kvadrat productions. For refined insight, we break down our water consumption by source (groundwater, surface, rainwater and third-party water supply such as municipality water). Total water consumption is the difference between our withdrawal and the water discharged /returned to water systems (GRI 303-3-b).

Water intensity is measured as the ratio of m3 water withdrawal pr. EUR net revenue. This metrics includes water consumption from our six production partners.

Water efficiency provides us with a normalised measure of water use that can illustrate our efficiency of water use over time (CDP 1.3). It also acts as a point of reference for our water reduction target. Our efficiency is reported as a ratio of water withdrawal at our entities with wet processing divided by the tons of textiles wet processed by these sites per year. Currently, those sites include Wooltex (UK), Innvik (NO), and Kvadrat Shade; high-performance roller blinds production (NL).

To address the global water risk, we report on water consumption in regions with high or extremely high water stress. As defined by the World Resources Institute’s ‘Aqueduct Water Risk Atlas’, water stress measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. The ratio of total annual water withdrawal to total available annual renewable water supply is high at 40-80% or extremely high at >80%². Kvadrat currently withdraws no water from stressed areas. For a more granulated performance data breakdown overview, please see page 45.

² World Resource Institute. (2021). Aqueduct water risk framework. Retrieved from: World Resource Institute website

Together; focus on successful partnership and equal opportunities

Our close collaborations with stakeholders and partners will be the driver for inclusive system change and foster a culture of diversity and equality

Our focus areas within Together are Successful Partnerships and Equal Opportunities.

Successful Partnerships

We will continue to work with partners who are striving for inclusive change. Kvadrat is committed to ensuring all our collaborators are aligned with our commitments, such as the UN Global Compact's Ten Principles on human and labour rights, environment and anti-corruption. Transparency around labour practices and the provenance of our raw materials will support the development of circular systems.

Targets:

- We will work towards complete value chain transparency by 2025
- We will screen tier one suppliers to safeguard fair wages and responsible production by 2025

Equal Opportunities

Our success relies on the unique strengths, experiences and interests of our team. We want to ensure that we create an environment at Kvadrat where diversity is cherished and can flourish. Our diversity quotas and the elimination of structural biases will promote long-term cultural change and ensure we don't take diversity and equality for granted.

Targets:

- We will be 50% women led by 2025
- We will offer a minimum of eight weeks paid parental leave for all parents by 2024



Successful partnerships – value chain transparency

Target: We will work towards complete value chain transparency by 2025

Progress and key activities in 2022

Value chain transparency is not only a key prerequisite for managing ethical and environmental risks and implementing rigorous due diligence processes in compliance with the approaching EU Corporate Sustainability Due Diligence Directive; it also enables us to shape a circular future for our products. We aim to achieve these aforementioned objectives at each step, up and down the value chain. We see four opportunities coming from transparency and traceability: (1) digital product identities; (2) material authentication; (3) supplier risk management; and (4) customer communication and corporate disclosure.

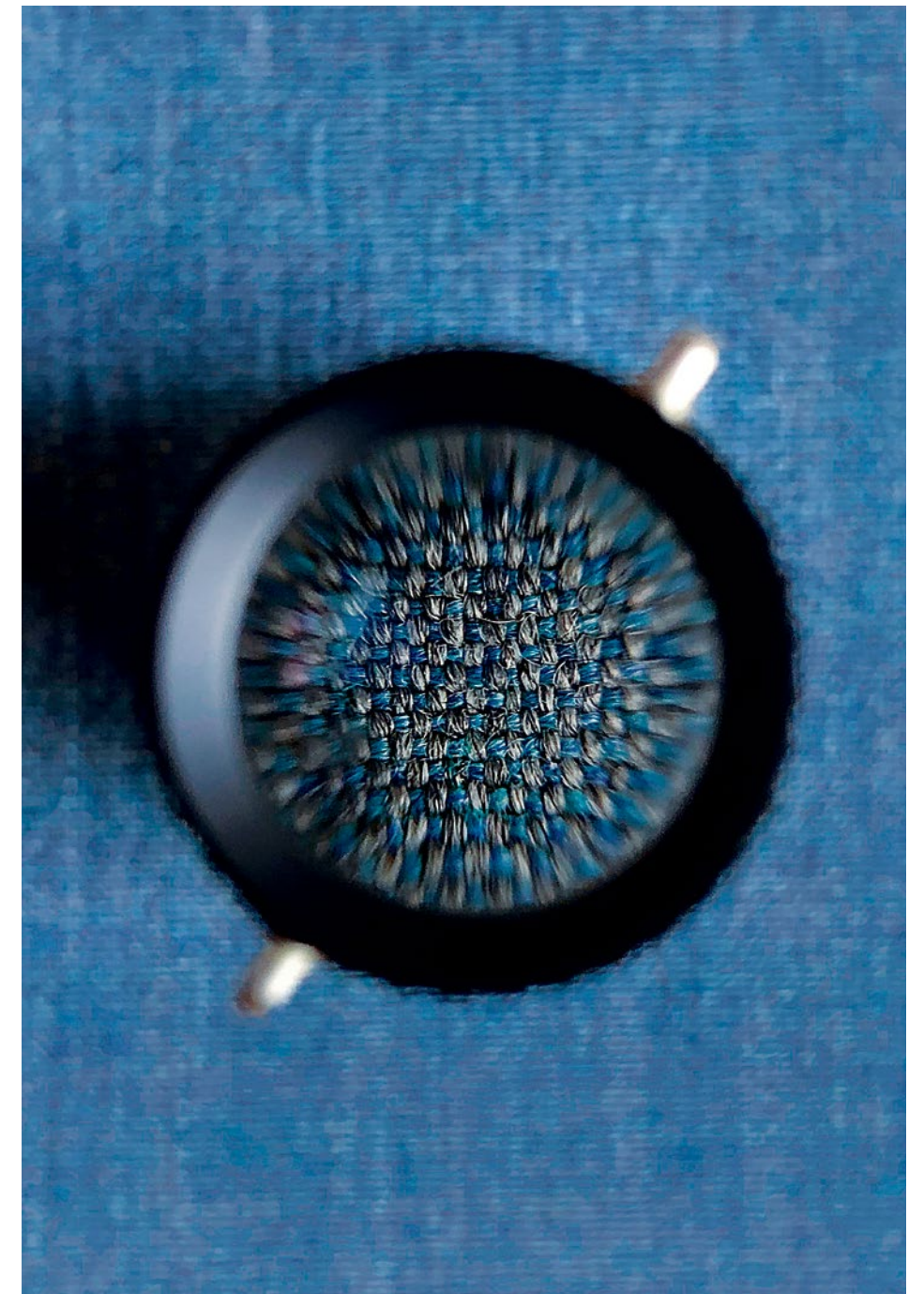
- 1) A digital product identity or product passport stores detailed information about a product's contents while recording who has bought it. It is an essential prerequisite for the take-back of a product for reuse or recycling. Clearly, a take-back programme comes with many logistical and environmental challenges, and we want to be prepared for this important opportunity.
- 2) The need for authentication increases with the increasing demand for more sustainable fibres such as recycled or organic materials. It is in our interests to verify the sustainable choices we make. After all, it is in our interests to verify the sustainable choices we make.
- 3) Mapping our supply chain means knowing our suppliers and sub-suppliers. Over time this will allow us to go beyond tier 1 and work closer together to secure fair and safe working conditions for all.
- 4) Traceability of our materials and the collection of digital product information can also open opportunities for new forms of client interaction and communication. It will enable us to communicate the impact of our products more broadly and inform customers about potential maintenance or circular services that will prolong the life of our products.

In 2022, reducing supplier complexity continued to be a strong focus area for our sourcing and development teams. For example, reducing the number of our suppliers and updating supplier sourcing and compliance documentation were two key activities. Both these initiatives are crucial and will support and inform a new system going forward.

In 2023, we will increase the number of suppliers that have signed our Code of Conduct and investigate the possibility of initiating a supply chain due diligence project, with procurement as lead. Phase one of this project will be the mapping of 100% of Kvadrat's tier 1 suppliers and a process set up for routinized documentation collection, sample audit and local responsibility anchoring. The project will span our procurement, legal, quality and sustainability and strategy departments to determine a rigorous supplier traceability setup. This initial project phase will set the fundament for following the mapping of our tier 2-x suppliers over the years. Group-wide distribution of roles and responsibilities will ensure long-lasting impact and development.

Accounting Policy

Kvadrat's tier 1 suppliers are defined as all suppliers that perform direct financial trade with Kvadrat Group or our production partner sites Innvik and Wooltex. In 2022, Kvadrat had 106 tier 1 suppliers of raw materials and products (tier 1 suppliers to Kvadrat production sites have been excluded from the reporting period 2022 and will be included from 2023 onwards). Currently, 12 of our total tier 1 suppliers are shared suppliers between several of our brands.



Successful partnerships – fair wages and responsible production

Target: We will screen tier one suppliers to safeguard fair wages and responsible production by 2025

Sustainable performance data value chain transparency ¹

Indicator	Unit	2022	2021	Change
Supplier Risk Assessment				
% of suppliers signed Code of Conduct (tier 1 ²)	%	60	63	-3 p.p.
% of non-EU suppliers (tier 1)	%	26	27	-1 p.p.
% of non-EU suppliers undergoing social audit (tier 1)	%	4	15	-11 p.p.
Total number of tier 1 suppliers	Number suppliers	106	96	10%
Number of suppliers signed Code of Conduct (tier 1)	Number suppliers	64	60	7%
Number of non-EU suppliers (tier 1)	Number suppliers	28	26	8%
Number of non-EU suppliers undergoing social audit (tier 1)	Number suppliers	4	4	0%

¹ Data for 2021 includes Kvadrat A/S and all Kvadrat brands. Starting 2023 following sites will also need to report on their tier 1 suppliers; Kvadrat Soft Cells Sp. Z.o.o. (PL), Convert A/S (DK), Kvadrat Shade (NL). ²Kvadrat’s tier 1 suppliers are defined as suppliers that perform direct financial trade with Kvadrat Group. For this initial assessment only suppliers of raw materials and products have been mapped.

Progress and key activities in 2022

Since a sustainable and ethical approach to manufacturing is very important our stakeholders and us, we seek close collaboration with our partners to ensure we can work collectively on safeguarding environmentally responsible production and safe and fair working conditions across our supply chain. Besides supporting established international social certification standards, we aim for a transparent dialogue to help understand challenges and to provide the best support along the way.

Before we enter a partnership with new suppliers, they must sign our Code of Conduct, which contains the elements set out in the ILO convention, the ten principles of the UN Global Compact, the UK Modern Slavery Act, as well as essential international guidelines and law. These include our support of zero tolerance for forced and child labour, non-discrimination, freedom of association, workplace health and safety, fair employment and work conditions, anti-corruption, animal welfare and a responsible environmental approach. Once we have entered a collaboration with a supplier, we expect them to meet the concrete demands we put forward in our Code of Conduct.

To ensure we work unceasingly towards common goals, we must closely follow the performance of our suppliers and production entities. We require our suppliers to regularly document their performance and follow up with selected suppliers through questionnaires. We aim to foster higher levels of shared target-setting and action plans for the coming year. Visits at production sites are crucial to strengthening our relationships and ensuring we understand local complexities and their related challenges. Furthermore, we invite suppliers to participate in workshops to discuss and explore opportunities to reduce our environmental impact and enhance sustainability and quality.

The majority of our suppliers (74% of total tier 1) are located within the European Union. For our handwoven and hand-knotted rugs we work with four key suppliers in India, who are all SA 8000 certified. This audit scheme is an important tool in working towards higher social accountability. SA800 addresses, among other things, compensation, occupational health and safety, and freedom of association at our supplier sites. Together with Social Accountability International, the founding body of the SA 8000 certification, Kvadrat initiated a local living wage assessment with our four Indian rug suppliers. This project will continue throughout 2023 and allow us a unique opportunity to increase transparency and build trust with our partners.

Beyond our groundwork with partners, we also pursue industry collaborations for knowledge exchange and network creation. In 2021, Kvadrat joined a task force to support the development of a human rights due diligence guide for the Danish fashion and textile sector. The project was initiated by the Danish Institute for Human Rights and supported by the Federation of Danish Fashion and Textile.

In 2023, we will establish a more detailed supply chain transparency policy and action plan, including the planning for an audit process on labour and working conditions. All brands must be onboarded to Kvadrat’s Code of Conduct and a supplier screening and risk assessment tool. We must develop and implement processes for supplier target-setting, follow-up, and corrective action planning.

Accounting Policy

Kvadrat’s tier 1 suppliers are defined as all suppliers that perform direct financial trade with Kvadrat Group or our production partner sites Innvik and Wooltex. In 2022, Kvadrat had 106 tier 1 suppliers of raw materials and products (tier 1 suppliers to Kvadrat production sites have been excluded from the reporting period 2022 and will be included from 2023 onwards). Currently, 12 of our total tier 1 suppliers are shared suppliers between several of our brands.



Equal opportunities – gender equality

Target: We will be 50% women led by 2025

Sustainability performance data for gender equality ¹

Indicator	Unit	Target	2022	2021	Change	2020	Change	2019
Characteristics of employee workforce								
FTEs	number		1.058	988	7%	982	1%	981
Total Headcount	number		1.116	1.048	n/a	n/a	n/a	n/a
Women employees (headcount)	number		604	586	n/a	n/a	n/a	n/a
Men employees (headcount)	number		512	462	n/a	n/a	n/a	n/a
Gender equality based on Headcount								
Women employees	%	maintain 40/60 women or men	54	59	-5 p.p.	59	0 p.p.	55
Underrepresented gender in high potential programme	%	50% by 2025	50	42	8 p.p.	44	-3 p.p.	42
Underrepresented gender in management ²	%	50% by 2025	44	41	3 p.p.	46	-5 p.p.	43
Underrepresented gender in senior management ³	%	50% by 2025	38	44	-7 p.p.	44	0 p.p.	38
Underrepresented gender in Kvadrat Holding Board	%	40/60% by 2026	14	14	0 p.p.	n/a	n/a	n/a
Underrepresented gender in Kvadrat A/S Board	%	40/60% by 2026	33	20	13 p.p.	n/a	n/a	n/a
Seniority & Age Diversity based on Headcount								
Seniority entire group	years		8	9	13%	8	13%	8
Seniority managers ⁴	years		12	12	-4%	13	-4%	13
Employees under 30 years old	%		20	16	4 p.p.	n/a	n/a	n/a
Employees 30-50 years old	%		53	54	-1 p.p.	n/a	n/a	n/a
Employees over 50 years old	%		27	27	0 p.p.	n/a	n/a	n/a

¹ data represents all entities with majority ownership incl. Kvadrat A/S (incl. HQ, Kvadrat rugs and residential curtains design teams) and warehouses, global showrooms, our controlled production sites Kvadrat Weaving, Kvadrat Shade (NL, AUS, SP), ASA (NL), Kvadrat Soft Cells Sp. Z.o.o., Convert and our brands incl. SAHCO, Raf Simons, Kvadrat Shade (DK), Kvadrat Acoustics (DK), Kvadrat Febrik, Really and Magniberg. Wooltex and Innvik are owned less than 50% and therefore not included. ² incl. managers with leader role incl. country directors, VPs, managers, Head of, Partner directors. ³ Kvadrat’s Executive Management of Directors. ⁴ incl. management and senior management

Progress and key activities in 2022

Seeking and engaging talent with no preconceptions about gender, sexual orientation, ethnicity, age, religion, or other characteristics is not only an ethical imperative – it’s also critical for inclusive economic and societal development. Diversity has multiple dimensions, and we will work towards addressing as many of these as possible while pursuing our goal for higher levels of inclusion and equality.

Given the universal relevance of gender discrimination, focusing on gender equity is an opportunity for us to target inequality across other marginalised groups. As part of our sustainability strategy, we have defined concrete gender targets. By 2025 we want to ensure that all our management (including middle and senior management) is equally represented by men and women. Within our two boards and our total number of employees, we follow the recommendations of the Danish Business Authority to pursue a 40/60% distribution of either men or women. This 10% allowance ensures higher levels of flexibility in response to the labour market. We working towards our women leadership target by (a) reducing gender biases in the hiring process of new employees and by (b) limiting structural biases that hinder equal career progression such as the unequal absence attributed to parental leave (see p. 29)

Looking at our 2022 results, we see an especially positive development within our Kvadrat A/S Board, which has welcomed one more woman, improving the gender distribution from 20% (2021) to 33%. The short-term goal for 2023 is to maintain this balance and to increase the share to reach the recommended 40/60% gender distribution by 2026.

The holding board comprises the group of owners and will change according to the gender(s) of the next generation of owners. Since no changes in the owner family took place in 2022, the number of women on our Kvadrat A/S Holding board remained at 14%. As for our Kvadrat A/S board, we aim to at least maintain the current balance during 2023 and to reach the recommended 40/60% gender distribution by 2026.

Within our senior management team, the representation of women decreased from 44% to 38% women between 2021 and 2022. Our goal is to reach a 50/50 distribution by 2025. Within middle management, we saw an increase of 3 p.p. women leaders between 2021 (41%) to 2022 (44%), bringing us closer to our 50/50 target.

In 2023, we will continue working toward equal gender representation through structural improvements. Two important activities supporting this goal will be initiating the implementation of global paid parental leave and equal pay assessments. Furthermore, we hope to define more detailed short, medium and long-term targets for our diversity, equity and inclusion agenda and to continue engaging employees in an open dialogue.

Accounting Policy

Noticeable changes have been implemented in our accounting policy on diversity and inclusion. From 2021 onwards, diversity statistics have been reported for the wider Kvadrat Group, including all entities where Kvadrat has more than 50% ownership. This change in our accounting policy does not impact diversity accounting within our two boards of directors and senior management, but it does on all other organisational levels. Our statistics are based on total headcount (including part- and full-time employees). For a more granulated performance data breakdown overview please see page 46.



Equal opportunities – family related leave

Target: We will offer a minimum of eight weeks paid parental leave for all parents by 2024

Sustainability performance data for work-life balance ¹

Indicator	Unit	Target	2022	2021	Change
Total headcount entitled for family related leave	%		97	n/a	
Men	%	50/50 split between genders	472	n/a	
Women	%	50/50 split between genders	546	n/a	
Total family related leaves	number of leaves		71	35	103%
Maternity leave	%	on par with paternity leave at 2030	41	66	-25 p.p.
Paternity leave	%	on par with maternity leave at 2030	23	34	-11 p.p.
Parental leave	%	on par with maternity leave at 2030	32	0	32 p.p.
Carers' leave	%	on par with maternity leave at 2030	4	0	4 p.p.
Number of weeks child related leave	number of weeks		957	n/a	
weeks taken by men	Number of weeks per paternity leave	eight weeks	9	n/a	
weeks taken by women	Number of weeks per maternity leave	eight weeks	28	n/a	
Return to work rate	Return pr. leave		n/a	n/a	
Return rate men	Return pr. leave		n/a	n/a	
Return rate women	Return pr. leave		n/a	n/a	

¹ data represents all entities with majority ownership incl. Kvadrat A/S (incl. HQ, Kvadrat rugs and residential curtains design teams) and warehouses, global showrooms, our controlled production sites Kvadrat Weaving, Kvadrat Shade (NL, AUS, SP), ASA (NL), Kvadrat Soft Cells Sp. Z.o.o., Convert and our brands incl. SAHCO, Raf Simons, Kvadrat Shade (DK), Kvadrat Acoustics (DK), Kvadrat Febrik, Really and Magniberg. Wooltex and Innvik are owned less than 50% and therefore not included.

Progress and key activities in 2022

Beyond defining gender distribution targets, we acknowledge the importance of addressing structural and cultural biases to foster a diverse and inclusive working environment. Revising gender numbers without understanding and monitoring underlying drivers of inequality has little potential for driving long-term inclusion and equality. For example, a key driver for inequity at the workplace is the unbalanced distribution of parental leave time between men and women. On average, this leads to reduced salary and pension levels for women.

Gender ideologies that support the equal division of work and family life between men and women, including the equal sharing of parental leave, are strongly embedded in the Nordic countries. However, this does not reflect the global reality. In 2021, we conducted a high-level assessment of national laws on parental leave. We saw the need for a harmonised policy guaranteeing a minimum amount of paid parental leave time and regulations that do not discriminate between women and men, which offer equal incentives to spend leave time with newborn children.

During 2022, we expanded our 2021 first-time parental leave assessment on a group level to also include other family-related leave periods. From a total of 71 family-related leave periods, only 23% were paternity leaves. In contrast, 41% were maternity leaves and 32% were classified as parental leave (shared between parents). To also understand the length of absence within an individual family leave

period, we tracked how many weeks men and women took on average per leave. Men took on average 9 weeks per leave whereby women had an absence of 28 weeks per leave. This indicates that the leave taken by men remains mainly within frameworks of local legal minimum leave provisions. This confirms the positive impact potential that our new parental leave policy will have on achieving a more equal leave distribution. We aim to achieve a more balanced division of parental leave between men and women.

In 2023, we will continue assessing various local preconditions for rolling out a global minimum paid parental leave together with our colleagues across the world. This process will include a legal and cost assessment and a draft rollout plan designed to meet our strategic target of offering a minimum of eight weeks' leave to all parents by 2024.

Accounting Policy

Noticeable changes have been implemented in our accounting policy on diversity and inclusion. From 2021 onwards, diversity statistics have been reported for the wider Kvadrat Group, including all entities where Kvadrat has more than 50% ownership. This change in our accounting policy does not impact diversity accounting within our boards of directors and senior management, but it does on all other organisational levels. Our statistics are based on total headcount (including part- and full-time employees). For a more granulated performance data breakdown overview please see page 47.



Equal opportunities – safety and satisfaction

Sustainability performance data for health and wellbeing ¹

Indicator	Unit	Target	2022	2021	Change	2020	Change	2019
Health & Safety								
Headcounts covered by companies health & safety system	%	100%	100	100	-100%	100	0%	100
Total sickness absence (non-work caused)	Absence in work hours	max. 3%	2,6	2,4	9%	2,6	-8%	2,5
Short-term sickness rate ²	Absence pr. employee worktime	max. 3%	1,8	1,2	48%	0,9	32%	1,6
Long-term sickness rate	Absence pr. employee worktime	max. 3%	0,8	1,2	-31%	1,7	-0,3	1,0
Total work related ill health	no. ill health cases		8	n/a		n/a	n/a	n/a
Fatalities /Death from work-related ill health	no. deaths		0	n/a	n/a	n/a	n/a	n/a
Days absence due to work related ill health	no. days		847	n/a	n/a	n/a	n/a	n/a
Total work related injuries	no. injuries	zero cases by 2025	15	13	15%	1	1200%	2
Lost time injury frequency rate (LTIFR) ³	injuries pr. 500 headcount pr. year	(TBD)	7,0	6,4	9%	n/a	n/a	n/a
Employee satisfaction ⁴								
Employee satisfaction & motivation	Index 0-100	min. 77 by 2022	72	74	-3%	76	-3%	77
Employee loyalty	Index 0-100	min. 84 by 2022	79	82	-2%	84	-2%	84
Learning & development	Index 0-100	min. 77 by 2022	n/a	76	1%	75	1%	76
Diversity and inclusion perception	Index 0-100	min. 77 by 2022	n/a	76	n/a	n/a	n/a	n/a
Substantiated whistle-blower cases	Number cases	zero cases by 2025	0	0	n/a	n/a	n/a	n/a

¹ data represents all entities with majority ownership incl. Kvadrat A/S (incl. HQ, Kvadrat rugs and residential curtains design teams) and warehouses, global showrooms, our controlled production sites Kvadrat Weaving, Kvadrat Shade (NL, AUS, SP), ASA (NL), Kvadrat Soft Cells Sp. Z.o.o., Convert A/S and our brands incl. SAHCO, Raf Simons, Kvadrat Shade (DK), Kvadrat Acoustics (DK), Kvadrat Febrik, Really and Magniberg. Wooltex and Innvik are owned less than 50% and therefore not included. ² Short-term sickness leave is defined as a leave shorter than 30 days ³ results show number of injuries per 500 full-time workers over a one-year timeframe. ⁴ Employee satisfaction data reflects all entities owned more than 50%

Progress and key activities in 2022

Ensuring a safe working environment where the health and wellbeing of our people is safeguarded is a key performance measurement for us. Our health and safety committee oversees and monitors our performance, recommends improvements and ensures effective communication and implementation of safety procedures.

For 2022, we recorded 15 work-related injury cases. This is the same number of cases reported in 2021. Out of the 15 cases, we registered seven high-consequence injuries. This are three more high-consequence injuries compared to 2021. Each case is followed up on and prevention measures are implemented immediately. We have an overall objective of zero injuries. In 2021, we started reporting our Injury cases as a frequency rate, to reflect changes more accurately in company size and employee numbers. For 2022 our lost-time injury frequency rate was 7.0 per 500 full-time workers over a one-year timeframe. This is a decrease of 0.6 from the previous year (6.4).

Mental health is a key focus area in Kvadrat and another essential consideration when it comes to the wellbeing of our team. During 2022, we recorded eight work related ill-health cases, resulting in 847 days of absence. One of our focus areas is stress prevention. Besides educating managers, we have established a team of ‘no-stress ambassadors’ to make it easier for colleagues to prevent stress or work with early-stage symptoms. We have integrated mobility and healthy food into our daily office culture to support a more balanced lifestyle. At Kvadrat HQ, we offer a free health check up every other year, access to outdoor exercise, yoga, massage treatments and free gym facilities. We serve our people mainly organic food.

Our overall sickness rate increased by 9% from 2021 (2.4) to 2022 (2.6), which we mainly attribute to the increase of reporting entities during 2022. Unlike in 2021, in 2022 we observed no even split between long- and short-term sicknesses. Instead, we saw a higher number of short-

term sicknesses in comparison to long-term sicknesses. This positive development of a lower long-term sickness rate might be the result of a normalising health and lifestyle situation after the outbreak of COVID-19.

We monitor the wellbeing of our employees through our annual employee satisfaction survey. Through direct feedback from colleagues on a wider group level, key issues are identified and used to guide further improvements. Employee satisfaction and motivation has been decreasing over the past four years, dropping to 72 in 2022 from 74 in the previous year. We take this decreasing satisfaction very seriously. Understanding the underlaying factors is key for us. Besides seeing those results as a reflection of a global trend of decreasing employee satisfaction, we identified leadership and clear communication as key driving factors. Additionally, our current new business acquisitions and the introduction of our new data system have created additional challenges for colleagues across our organisation. Loyalty from our employees has further decreased from 82 in 2021 to 79 in 2022. During 2022, no data was collected on the categories Learning and Development, Diversity and Inclusion.

Kvadrat’s global expansion and our ambition to lead the sustainability agenda are key business success factors. However, we are aware of the additional challenges and changes these journeys bring to our employees. To support our team with this transformation we offer a development program and individual training.

In 2023, we will keep an even stronger focus on growing our strong teams one company culture, strengthening our leadership to perform purposefully in in a fast-moving environment, fostering equal development opportunities for all, and doubling down on our efforts to support the wellbeing of our colleagues. Improving quality of life and satisfaction also brings the added benefit of increasing long-term retention. In practice, this means that we will measure the pulse of the

organisation frequently and in detail. Our findings will enable us to work on continuous improvements.

Accounting Policy

Since 2021, we have measured health & safety performance across all sites where Kvadrat has a majority ownership. Our employee satisfaction data covers all sites where Kvadrat has majority ownership. Our statistics are based on total employees (incl. part- and full-time employees). For a more granulated performance data breakdown overview please see page 48.



Transparency; work with stakeholders and partners to drive inclusive system change

Our ambition to leverage quality data will enable us to meet the highest international standards and actively share knowledge within our networks to foster trust and impact

Our focus areas within Transparency are Impact Documentation and Sustainability Advocacy

Impact Documentation

We will communicate our impact by publishing quality data. We will work proactively with regulations, aligning our products and practices with the highest international standards and certifications.

Targets

- We will increase the EU Ecolabel certification across our textile categories by 2025
- We will implement our new chemical policy by 2023

Sustainability Advocacy

Sustainability must underpin everything we do. To enable this, we will establish knowledge sharing and governance structures that equip our employees, suppliers and customers with the understanding to contribute to the change.

Targets

- We will empower four global Kvadrat Change Maker Networks by 2023 to actively promote sustainability within and beyond Kvadrat



Impact documentation – product certification

We aim to demonstrate the environmental credentials of our products and operations through six major documentations¹



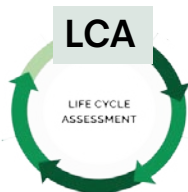
The EU Ecolabel is an independent ecolabel established by the European Commission that promotes environmental excellence. Through third-party verification, the label guarantees quality and ensures that the production process from fibre to final textile safeguards environmental standards. The EU Ecolabel makes it easy for procurers and consumers to make sustainable choices. It ensures (1) Limited use of substances harmful to health and environment, (2) reduction of water and air pollution, (3) colour resistance and light exposure to maintain long-lasting design
<https://www.ecolabel.dk/en>



Most harmful chemical exposures occur through the air we breathe in our homes, schools, and offices. The **GREENGUARD®** certification ensures products do not exceed limits for dangerous substance emissions (VOCs) and thereby contribute to a healthier indoor climate. All certified products undergo a review of the manufacturing process and routine testing. The GREENGUARD® certification supports established green building rating systems, such as LEED, BREEAM and BIFA.
<https://www.ul.com/resources/ul-greenguard-certification-program>



Health Product Declarations (HPD) provide transparent disclosure concerning potentially hazardous substances in products. HPDs offer disclosure of potential chemicals of concern in a product by comparing its composition with those hazardous substances listed by GreenScreen for Safer Chemicals. HPDs can support programmes such as the International Living Future Institute, Cradle to Cradle Product Innovation Institute, Clean Production Action, BIFMA, LEED, WELL and many others.



Life cycle assessment (LCA) is the backbone of every EPD. Working with LCAs means that major environmental impacts from different product life stages have been assessed and disclosed. This means the impact of resource extraction, the transport, processing, and the release of emissions to air, water and soil are quantified and disclosed. This enables LCA users to arrive at a conclusion as to which life stage might have the greatest impact and where action should be prioritised.



Environmental Product Declarations (EPD) are key to driving more sustainable design. An EPD offers a simplified result overview derived from a more comprehensive Life Cycle Assessment. When creating an EPD for a product, very specific product rules (PCRs) must be followed. Those rules allow later for meaningful comparison between similar products.



In 1992, Kvadrat received the ISO 9001 certificate for quality management. In 1997, the **ISO 14001 certificate** was added, which focuses on the environmental management of all processes in our company. These ISO standards certify established quality and environmental management systems, ensuring that we meet customer requirements while continuously optimising our processes to their benefit within effective environmental management frameworks.
<https://www.iso.org/home.html>

Through our six major documentations we support established green building rating systems



¹ Not all Kvadrat products are certified with the listed documentations. Refer to the next page for a statistical overview of our certified products

Impact documentation – product certification

Target: We will increase the EU Ecolabel certification across our textile categories by 2025

Sustainable performance data for certifications

Indicator	Unit	2022	2021	Change	2020
EU Ecolabel					
Total EU Ecolabelled textile products ¹	Number of products	33	36	-8%	36
EU Ecolabelled textile products of total	%	5	5	0 p.p.	N/A
EU Ecolabelled regenerative textile products	%	6	10	-4 p.p.	N/A
EU Ecolabelled synthetic textile products	%	1	2	-1 p.p.	N/A
EU Ecolabelled recycled textile products	%	5	6	-2 p.p.	N/A
Other Certifications					
LCA screening performed on products	number of products	178	219	-19%	136
EPD third party verified products ²	number of products	14	14	0%	14
Greenguard Gold certified products	number of products	315	310	2%	N/A
HPD on products	number of products	250	244	2%	N/A

¹ excl. costum made products and special colors
² incl. 11 EPDs from kvadrat shade and 3 EPDs from kavdrat acoustic

Progress and key activities in 2022

In our pursuit of complete value chain transparency, we consider certifications and labels as important enablers. The growing need for authentication and validation requires us to support this development to distinguish meaningful impact and thereby encourage faster sustainable change in the industry. We strongly support the EU Ecolabel as the official label of the EU Commission and, where needed, we complement this label with further documentations on social or health dimensions not covered by the EU Ecolabel.

In 2022, we had 33 textile products awarded with the EU Ecolabel. In absolute terms we have not achieved an increase in EU Ecolabel certified textiles between 2020 and 2021 owing to phased-out products with the EU Ecolabel. For 2023, we plan to focus on our synthetic collection production partners so we can expand EU Ecolabel certification within that category.

We have 315 products that are Greenguard Gold certified, covering 100% of our products for the contract market. Additionally, we can provide a Health Product Declaration for 250 of those products.

Currently, 14 of our products have a third-party verified EPD for part of our Kvadrat Shade and Kvadrat Acoustic collections.

For our textiles, we are performing life-cycle screening assessments following the principles of ISO 14040 standard series for LCA.

During 2023, we will launch 10 third-party verified EPDs for 121 of our best-selling textile products. This will encourage our clients to make more informed purchase decisions. For our design and production partners, this will set the baseline for future product developments and guide us to continuously improve work with our conscious design and production.

Accounting Policy

We account for our textile product currently in the market, excluding custom made products and products with special colours. We apply this strict accounting methodology to avoid double counting of very similar products. In this way, we can represent a more accurate picture of our actual certified portfolio. The definitions of Synthetic, Regenerative and Recycled portfolio groups are covered in more depth on page 18 under our Conscious Design Principles.



Impact documentation – chemical policy

Target: We will implement our new chemical policy by 2023

Progress and key activities in 2022

Chemical safety is more relevant than ever, with new circular opportunities made available through different recycling technologies. We are working hard to be ahead of the game. In 2022, we launched the Kvadrat Manufacturing Restricted Substance List, mRSL, which we developed together with UL Solutions, a leading global testing and certification service provider.

The List encompasses substances that are restricted by legislation, such as REACH, ZDHC and SVHC and other standards in our relevant markets. It includes industry best practice and guidelines such as EU Ecolabel, Möbelfakta and Red List. During 2022, we secured a solid onboarding of our most relevant suppliers, brands, and key departments via various training sessions¹.

The List will be updated annually and thus become a crucial tool in safeguarding future compliance and supporting our stakeholders in following our progressive standards for substance management. Additionally, an internal testing procedure has been developed during 2022 to ensure active monitoring and robust implementation of our restricted substance list.

As a minimum requirement, our suppliers and productions partners are expected to meet our substance requirements below:

- Comply with REACH (EU / UK) regulations and the list of substances of very high concern (SVHC).
- All dyes live up to EU Ecolabel restrictions, including no use of the 28 restricted Azo-dyes and no use of carcinogenic dyes.

- Follow the requirements of the California Proposition 65 List and disclose in case of any substance presence
- No use of halogen-based flame retardants (including brominated and chlorinated)
- No use of chlorine agents for bleaching of yarns, fabrics, knitted panels or end products with the exception of man-made cellulose fibres.
- No use of PVC (polyvinyl chloride) ²
- No use of PFAS (all perfluorinated compounds including PFOA and PFOS)
- No moth proofing (for woollen products)

The substances listed above do not support our sustainability agenda and are often applied unnecessarily. If the natural properties of a textile’s raw material meet the requirements and expectations for the intended purpose, we do not recommend further treatments. All our polyester curtains and upholstery textiles are inherently flame-retardant (Trevira CS) and many of our woollen products live up to market performance standards due to the fibre properties of wool (e.g., natural flame-resistance). This makes additional flame-retardant treatments obsolete.

In 2023, at Kvadrat, we will support the rising regulative restrictions concerning PFAS chemicals. We will put additional resources into evaluating these substances and a plan for how we can phase them out completely.



¹ We will seek to implement Kvadrat’s requirements for substances across those collaborations and production partners where it is relevant and where it creates value to our stakeholders. As we keep growing and developing new products, this will be a continuous process of integration and improvement.

² PVC is still present in a selection of roller blinds produced by Kvadrat High Performance Textiles, not sold under Kvadrat Shade. As Kvadrat Group, we are continuously seeking better solutions and a 100% phasing out of PVC.

³ Only if a client specifically requires a halogen based flame-retardant finish or stain repellent treatment on the textile Kvadrat is offering to facilitate after-treatment processes. We always advise about the environmental and health risks of treatments and that treatments should not be used if they are not subject to regulatory requirements (e.g., due to Fire & Building safety rules). Currently, exceptions must be made to our blackout curtains since a combination of both non-PFC and non-halogen FR solutions are not yet available on the market. Kvadrat engages in research projects together with our suppliers to phase out these chemicals and identify better alternatives. Starting 2024, Kvadrat will no longer offer to facilitate PFAS containing after-treatments at a client’s request.

Impact documentation – business ethics

Whistleblower Policy

At Kvadrat, we wish to have an open corporate culture where everyone can stand up freely and report any reasonable suspicion or knowledge of irregularities or illegalities in relation to our activities, employees, management, and suppliers. In alignment with the EU Whistleblower Directive, Legal & Compliance implemented a Whistleblower channel in 2021, which in 2022 became open to all entities in Kvadrat Group (where Kvadrat has majority ownership).

The purpose of the Whistleblower channel:

- To offer employees the chance to express themselves if they have reasonable suspicion or knowledge of wrongdoing at Kvadrat without fear of negative consequences
- To protect persons who report to the Whistleblower channel in good faith
- To increase the likelihood that irregularities or illegalities will be detected as soon as possible

During 2023, we will, as part of an overall compliance follow-up, continue to onboard our organisation and remind colleagues of the Whistleblower guidelines and processes.

Anti-corruption

Working against corruption is integrated into our CSR policy as well as our Business Partner Code of Conduct. In 2018, we revised our Code of Conduct to integrate essential points from the UK Bribery Act and Danish law against corruption, along with human and labour rights principles and environmental and animal welfare requirements. This Code of Conduct was extended to suppliers in 2019. We have also introduced a section on anti-corruption in our new terms and conditions which states that both Kvadrat and third parties must always comply with applicable anti-corruption regulations. Risk assessment will be our tool to evaluate the areas of greatest concern so that we can put our best efforts into these areas and, together with our stakeholders, handle any issues that arise systematically to avoid any instances of corruption entering the supply chain. In 2022, no breaches of our Code of Conduct or cases of corruption were reported directly or through our Whistleblower channel.

During 2023, we will initiate building a full anti-corruption programme throughout the Kvadrat Group and update our Business Partner Code of Conduct.

General Data Protection Regulation (GDPR)

Kvadrat has some elements of a privacy compliance programme in place to meet requirements for the processing of personal data throughout the organisation. In 2020, we set up a new compliance function internally and hired a Legal Counsel to safeguard it while we are growing. In this way, internal policies and guidelines are followed, employees are educated, and we continue to develop our compliance programme. A global company wide GDPR training programme was rolled out for all Kvadrat employees in 2021.

During 2022, we empowered our compliance partners to work with business processes, IT systems, risk assessments and the closing of gaps to reach a higher level of GDPR compliance.

During 2023, we will continue this process and strengthen the organisation with governance and audits.

Kvadrat Data Ethics policy

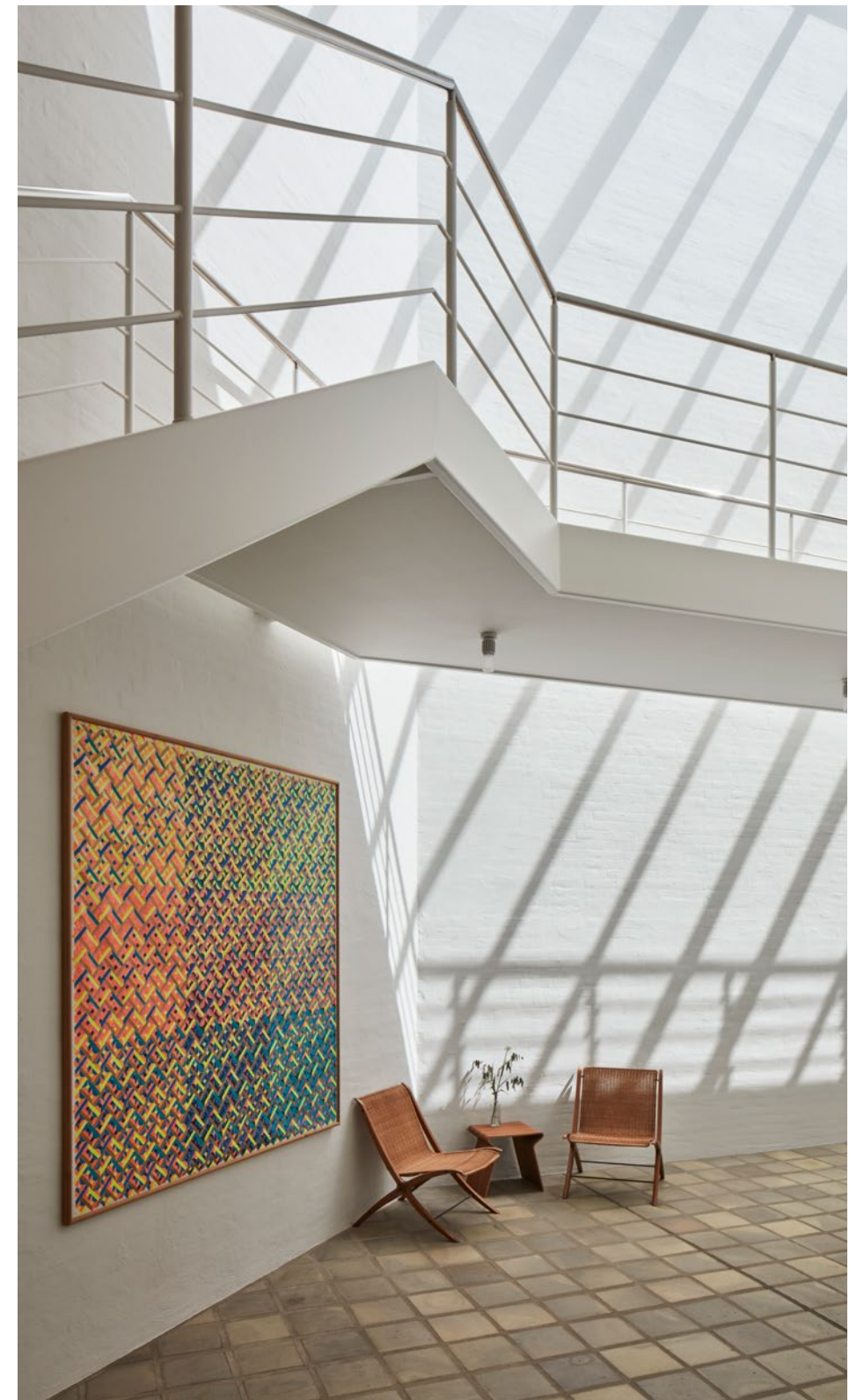
We introduced our data ethics policy in 2021. It sets a moral framework for collecting, processing, and protecting personal and non-personal data at Kvadrat. It goes beyond GDPR / privacy. Working with data ethics helps us to ensure that we process data with fairness, responsibility, and respect for human rights. Our Data Ethics policy builds upon four principles: Transparency, Integrity, Privacy, and Inclusion. Our policy is about protecting people and defining a balance between the vast possibilities of the digital world and the ethical framework in which Kvadrat can navigate. The policy provides transparency around Kvadrat's ethical views, compliance, and governance towards the collected and processed data, which we are responsible for.

In 2023, we will follow up on this new policy, onboard key departments, and ensure awareness and continuous implementation of the policy.

Animal welfare policy

Good quality wool and animal welfare are closely linked to each other and our corporate values and responsible approach to business. For instance, Kvadrat opposes the use of wool from sheep that have been subjected to mulesing. Furthermore, our business partners must follow our Code of Conduct, manage all significant potential and actual adverse impacts on animal welfare and comply with all applicable animal welfare legislation. They must ensure also that the Five Freedoms of animal welfare are provided:

- (1) Freedom from hunger or thirst by ready access to fresh water and a diet to maintain full health and vigour.
- (2) Freedom from discomfort by providing an appropriate environment, including shelter and a comfortable resting area.
- (3) Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment.
- (4) Freedom to express (most) normal behaviour by providing sufficient space, proper facilities, and company of the animal's own kind.
- (5) Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering.



Sustainability advocacy – Change Maker Networks

Target: Empower four global Change Maker Networks to actively promote sustainability within Kvadrat and beyond by 2022

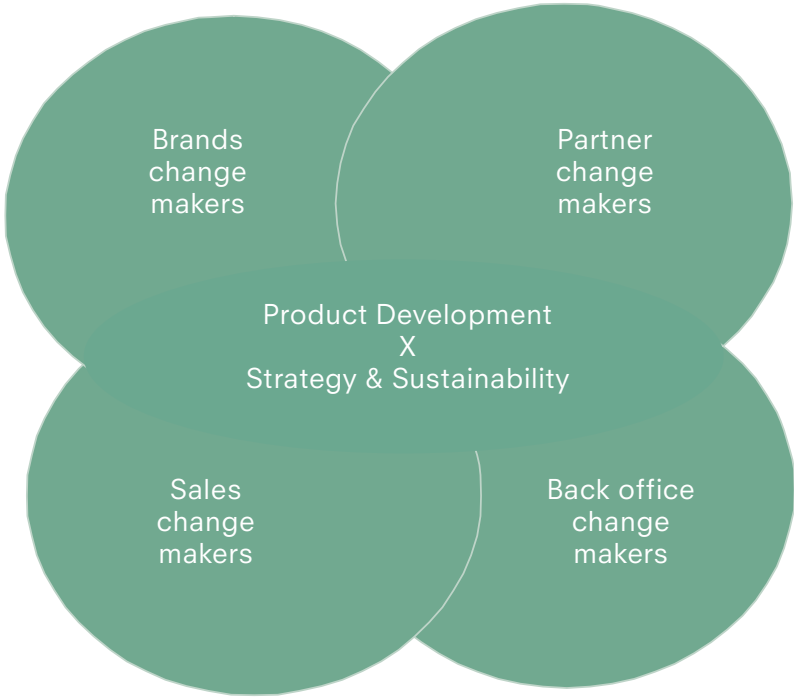
Sustainability performance data for organisational training

Indicator	Unit	2022	2021	Change
Kvadrat Change Maker Network trainings				
Total trainings	number of sessions	27	8	238%
Kvadrat Brands	number of sessions	3	4	-25%
Kvadrat Sales	number of sessions	12	3	300%
Kvadrat Backoffices	number of sessions	12	1	1100%
Kvadrat Partners	number of sessions	-	-	N/A

Progress and key activities in 2022

Change towards a more sustainable future cannot be achieved through the efforts of one department or one country but through collective global action. We believe this will only be possible through empowerment and ownership. Therefore, as part of our Sustainability Strategy, we have introduced the Kvadrat Change Maker Networks concept. During 2021, we established three networks: one within our brands for our design teams; another for our global sales organisations; and a third for our colleagues based at our headquarters, including the various back offices. In 2022, we expanded our sustainability networks. With the launch of our Kvadrat Sustainable Site Policy, we internally recruited an additional 36 Local Sustainability Champions from across our global showrooms and offices. They carry the sustainability agenda into the experience of Kvadrat’s physical spaces. Throughout the implementation they will engage with our local colleagues and clients to effect this change. During 2019-

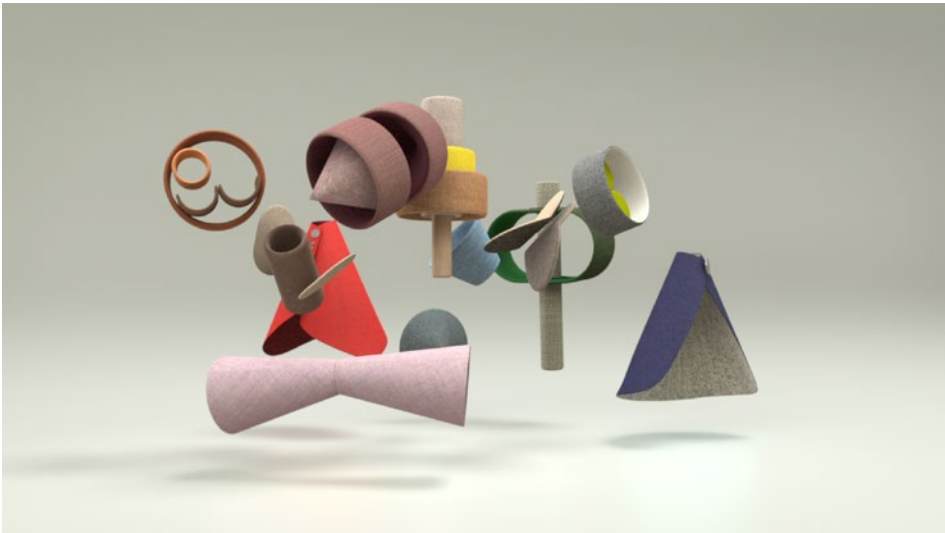
Kvadrat’s Change Maker Networks



The selected Change Makers from each network are trained across numerous sustainability modules. Through active knowledge exchange, they will instil new market, production or material-related knowledge into the Strategy & Sustainability team. Through this regular exchange, we can ensure that challenges are identified early, potential solutions are collectively assessed and our shared knowledge capital increases at pace. Beyond our company borders, we aim to become sustainability advocates for our clients and partners, supporting them in their own ambitious sustainability agendas and, together, building better and more regenerative futures.

Currently, our three Change Maker Networks work as follows. Within our designer network we have 10 selected members; within sales we have 14 members; and for our HQ network 12 colleagues have been chosen. During 2022, we undertook 27 sustainability training sessions across these networks.

In 2023, the Change Maker Networks workshops will continue on a monthly basis. Within our sales and headquarters networks the set-up of the sessions will be restructured. Each Change Maker will be responsible for defining the focus and topics discussed at every workshop session. In this way, we will ensure the content of the workshops is best aligned with the development needs of the particular Change Makers. Beyond the existing three networks, in 2023, we will also rollout our fourth Change Maker network for warehouses and production partners. This will allow us to foster dialogue and collective sustainability engagement among our key production partners. For all Change Maker networks, we will continue to evaluate and explore their impact and any further development opportunities.



Sustainability advocacy – governance model

Sustainability performance data for governance ¹

Statement on the underrepresented gender according to 99 b of the Danish Financial Statement Act (Årsregnskabsloven)

Indicator	Unit	Target	2022	2021	Change
Total members Kvadrat Holding Board	number		7	7	0
Members women	number		1	1	0%
Members men	number		6	6	0%
The underrepresented gender	%	40/60 women or men by 2026	14	14	0 p.p.
Total members Kvadrat A/S Board	number		6	5	0
Members women	number		2	1	100%
Members men	number		4	4	0%
The underrepresented gender	%	40/60 women or men by 2026	33	20	13 p.p.
Executive members	%		33	40	-7 p.p.
Independent members (non-executive)	%		67	60	7 p.p.
From minority or vulnerable groups	%		0	0	0 p.p.
Members under 30 years	%		0	0	0 p.p.
Members 30-50 years old	%		17	20	-3 p.p.
Members over 50 years old	%		83	80	3 p.p.

Kvadrat sustainability governance structure

We believe strong sustainability governance should flow vertically throughout our organisation. And that success is defined by combining diverse minds and complementary competencies. We must be equipped to act upon our strategic targets to create the impact we want.

Kvadrat has two Boards of directors. Within the Kvadrat A/S Board, the representation of women is 33%. There is an equal share of executive representatives, of which 67% are independent members. Furthermore, members aged between 30-50 years old make up 17%. The share of women on the Kvadrat Holding Board is currently 14% women.

Progress and key activities in 2022

Our two boards, Kvadrat Holding A/S and Kvadrat A/S Board, safeguarded the alignment and synergy between our sustainability vision and our overall business focus and performance. Kvadrat’s Senior Management has the leading role in delivering success on our sustainability targets. In 2022, Senior Management was presented with the status of all sustainability-related KPIs and prioritised actions accordingly. Our Kvadrat Strategy and Sustainability Team is responsible for setting our strategic direction in alignment with external market forces and internal capabilities. This includes the continuous monitoring and evaluation of cost and impact performance and implementing necessary infrastructures for effective knowledge sharing.

In 2023, we will reinforce our governance structure. This will include regular follow-up meetings with Senior Management on our existing KPIs and eventual adjustment of KPIs. The status and performance of the selected KPIs will be shared with Kvadrat’s board of directors to foster engagement and ownership. Furthermore, the Strategy & Sustainability Team will seek alignment with Senior Management on concrete action plans for each strategic target. We will continue to onboard the wider organisation through a mix of digital learning material and Change Maker training sessions to ensure the long-term integration of the strategy. Key sustainability targets must be anchored in each business area’s annual Balanced Scorecard and each employee’s Personal Development Conversation (PLC).



UN Global Compact Index

UN Global Compact Principle			Activity	Page
Principle 1 Principle 2	Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights; and	Reporting on CSR	10
			Sustainability strategy	12-13
			Compliance and risk assessment	12-13
		Make sure that they are not complicit in human rights abuses	Human and labour rights	26 + 34
Principle 3 Principle 4 Principle 5 Principle 6	Labour Rights	Businesses should support and respect the protection of internationally proclaimed human rights; and	Reporting on CSR	10
			Sustainability strategy	12-13
			Employee policy	27-29
		Make sure that they are not complicit in human rights abuses	Health & Safety	28-29
		Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining;	Diversity	27
			Compliance and risk assessment	12-13
		the elimination of all forms of forced and compulsory labour;	Human and labour rights	26-34
Principle 7 Principle 8 Principle 9	Environment	Businesses should support a precautionary approach to environmental challenges;	Reporting on CSR	10
			Sustainability strategy	12-13
		Undertake initiatives to promote greater environmental responsibility; and	Environment	15-23
		Encourage the development and diffusion of environmentally friendly technologies		
Principle 10	Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery	Reporting on CSR	10
			Sustainability strategy	12-13
			Anti-corruption and competition law	34

Kvadrat Sustainability KPI Summary



Kvadrat Sustainability KPI Summary

REGENERATE	Indicator GHG and Energy Performance					
	Indicator GHG and Energy Performance	Unit	Target	2022	2021	Change
	Total GHG emissions, scope 1-3	t CO2e	net zero by 2040			
	Total GHG emissions, scope 1-2 (Market based) excl. District Heating	t CO2e	50% down by 2026¹	2.645	2.615	1%
	Total Energy Consumption	mWh		11.570	11.967	-3%
	Total Renewable electricity consumption	%		1	1	1 p.p.
	Indicator Material Inflow Performance					
	Indicator Material Inflow Performance	Unit	Target			
	Total raw materials purchased	tons		3.900	3.739	4%
	Total Recycled or Reused materials purchased	%		26	20	5 p.p.
TOGETHER	Total Regenerative materials purchased	%		36	42	-6 p.p.
	Total Virgin man-made materials purchased	%		38	38	1 p.p.
	Indicator Material Outflow Performance					
	Indicator Material Outflow Performance	Unit	Target			
	Total Products sold	tons		3.451	2.943	17%
	Products designed for circular after-life	%		79	77	1 p.p.
	Indicator Waste Performance					
	Indicator Waste Performance	Unit	Target			
	Total Production waste	tons		907	784	11%
	Textile waste intensity pr. produced t. product	t. waste / t.prod.²	2025: 25% down from 2021	0,26	0,24	8%
TRANSPARENCY	Waste recirculated (open loop)	%		2	1	2 p.p.
	Waste recirculated (closed loop)	%		51	51	-1 p.p.
	Indicator Water Performance					
	Indicator Water Performance	Unit	Target			
	Water with drawal intensity	m3 /EUR net turnover		0,0004	0,0004	-6%
	Water withdrawal per ton textile wet processed	m3 / t.wet proc.³	25% reduction by 2025	38	33	16%
	Indicator Gender Diversity Performance					
	Indicator Gender Diversity Performance	Unit	Target	2022	2021	Change
	Characteristics of employee workforce					
	FTEs	number		1058	988	-100%
REGENERATE	Total Headcount	number		1116	1048	N/A
	Gender equality based on Headcount					
	Underrepresented gender in management²	%	50% by 2025	44	41	3 p.p.
	Underrepresented gender in senior management³	%	50% by 2025	38	44	-7 p.p.
	Indicator Health & Satisfaction Performance					
	Indicator Health & Satisfaction Performance	Unit	Target			
	Health & Safety					
	Total headcounts covered by companies health & safety system	%	100%	2022	100	-100%
	Total sickness absence (non-work caused)	Absence in work hours	max. 3%	0,0	0	0%
	Total work related ill health	no. ill health cases		1,775571754	n/a	#VALUE!
TOGETHER	Lost time injury frequency rate (LTIFR)⁴	injuries pr. 500 FTEs pr. year	(TBD)	15,0	6,4	134%
	Indicator Work-Life Balance Performance					
	Indicator Work-Life Balance Performance	Unit	Target			
	Number of weeks child related leave	number of weeks		957	n/a	n/a
	weeks taken by men	Number of weeks per paternity leave	eight weeks	9	n/a	n/a
	weeks taken by women	Number of weeks per maternity leave	eight weeks	26	n/a	n/a
	Indicator Board of directors composition					
	Indicator Board of directors composition	Unit	Target	2022	2021	Change
	Total members Kvadrat Holding Board	number		7	7	0%
	The underrepresented gender	%	40/60 women or men by 2026	14	14	0 p.p.
TRANSPARENCY	Total members Kvadrat A/S Board	number		6	5	20%
	The underrepresented gender	%	40/60 women or men by 2026	33	20	13 p.p.
	Executive members	%		33	40	-7 p.p.
	Independent members (non-executive)	%		67	60	7 p.p.
	From minority or vulnerable groups	%		0	0	0 p.p.
	Members under 30 years	%		0	0	0 p.p.
	Members 30-50 years old	%		17	20	-3 p.p.
	Members over 50 years old	%		83	80	3 p.p.

Kvadrat Sustainability Appendix



Energy and GHG Performance

Sustainability performance data for GHG emissions, scope 1-3

Indicator	Unit	Target	2022	2021	Change	2020	Change	2019 (baseline)	Target Change
Total GHG emissions, scope 1-3	t CO2e	Net zero by 2040						112.686	-100%
Total GHG emissions, scope 1-3 pr. net turnover	t CO2e / EUR net turnover		0	0		0		0,0005	-100%
Total GHG emissions, scope 1 (marked based)	%							1,2%	
Total GHG emissions, scope 2 (marked based)	%							0,9%	
Total GHG emissions, scope 3 (marked based)	%							98%	
Total GHG emissions, scope 1-2 (Location based)	t CO2e		3.128	3.236	-3%	3.293	-2%	2.962	6%
Total GHG emissions, scope 1	t CO2e		1.757	1.813	-3%	1.724	5%	1.355	30%
Total GHG emissions, scope 2	t CO2e		1.371	1.423	-4%	1.569	-9%	1.607	-15%
Electricity (scope 2)	t CO2e		1.126	1.177	-4%	1.390	-15%	1.439	-22%
District heating (scope 2)	t CO2e		235	240	-2%	177	36%	168	40%
Gas (scope 1)	t CO2e		1.076	1.230	-13%	1.168	5%	851	26%
Company cars (scope 2)	t CO2e		10	6	85%	2	127%	-	
Company cars (scope 1)	t CO2e		681	584	17%	556	5%	504	35%
Total GHG emissions, scope 1-2 (Market based)	t CO2e		2.764	2.735	1%	2.630	4%	2.420	14%
Total GHG emissions, scope 1-2 (Market based) excl. District Heating	t CO2e	100% down by 2030¹	2.645	2.615	1%	2.557	2%	2.364	12%
Total GHG emissions, scope 1	t CO2e		1.757	1.813	-3%	1.724	5%	1.355	30%
Total GHG emissions, scope 2	t CO2e		1.008	922	9%	906	2%	1.064	-5%
Electricity (scope 2)	t CO2e		877	796	10%	830	-4%	1.008	-13%
District heating (scope 2)	t CO2e		120	120	0%	74	62%	56	114%
Gas (scope 1)	t CO2e		1.076	1.230	-13%	1.168	5%	851	26%
Company cars (scope 2)	t CO2e		10	6	85%	2	127%	-	
Company cars (scope 1)	t CO2e		681	584	17%	556	5%	504	35%
% of scope 1-2 GHG emissions under Emissions Trading System	not covered under the ETS		n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total carbon tax costs for scope 1-2 emissions	EUR		n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total GHG emissions, scope 3	t CO2e	30% down by 2030¹	3.476	n/a	n/a	n/a	n/a	110.267	n/a
Purchased goods and services (textiles & metals)	t CO2e							102.175	
Upstream distribution	t CO2e							4.012	
Business travel	t CO2e		3.476	1.791	94%	3.805	-53%	4.080	-15%
Total GHG emissions Scope1-3 removed in own value chain	%		n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total GHG emissions Scope1-3 removed by offsetting / removal	%		n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total GHG emissions avoided (by existence of certain product)	%		n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sustainability performance data for energy consumption, scope 1-2

Indicator	Unit	Target	2022	2021	Change	2020	Change	2019 (baseline)	Change
Energy intensity per net turnover	mWh/ EUR net turnover		4,60969E-05	5,57575E-05	-17%	0	-3%	4,04439E-05	14%
Total Energy Consumption	mWh		11.570	11.967	-3%	11.204	7%	9.289	25%
Total Energy Consumption (excl. District Heating)	mWh		10.196	10.561	-3%	10.177	4%	8.293	23%
Electricity	mWh		4.304	3.849	12%	3.824	1%	3.662	5%
District heating	mWh		1.374	1.406	-2%	1.027	37%	954	44%
Gas	mWh		5.893	6.712	-12%	6.352	6%	4.631	27%
Total Renewable electricity consumption	mWh		2577	2252	14%	2.198	2%	1.924	34%
Total Renewable electricity consumption	%		1	1	1 p.p.	1	1 p.p.	1	7 p.p.
Green Certificates (Guarantees of Origins)	mWh		2.474	2.236	11%	2.198	2%	1.924	29%
Solar	mWh		-	-		-		-	
Wind	mWh		1.618	1.525	6%	1.577	-3%	1.536	5%
Hydro	mWh		-	-		-		-	
Solar/Wind	mWh		60	66		-		-	
Wind/Hydro	mWh		796	644	23%	620	4%	388	105%
Self generated solar energy	mWh		103	16	529%	-		-	
Self generated Wind energy	mWh		-	-		-		-	
Self generated Hydro power	mWh		-	-		-		-	
Total Self generated energy consumption	%		0,0	0,0	3 p.p.	0		0%	

Material Inflow Performance

Sustainable performance data for total raw material purchased

Indicator	Unit	Target	2022	2021	Change	2020	2019
Total raw materials purchased	tons		3.900	3.739	4%	2.594	3.451
Recycled or Reused materials	%	50% by 2030	26%	20%	5 p.p.	4%	2%
Regenerative materials	%	50% by 2030	36%	42%	-6 p.p.	44%	56%
Synthetic (virgin) products	%	0% by 2030	38%	38%	1 p.p.	43%	35%
Total fiber & textiles purchased	tons		2.416	2.510	-4%	2.087	2.944
Recycled fiber & textiles	%		9%	5%	4 p.p.	5%	2%
Regenerative fiber & textiles	%		58%	60%	-2 p.p.	55%	66%
Synthetic (virgin) fiber & textiles	%		33%	34%	-2 p.p.	40%	32%
Total regenerative fibers & textiles purchased	tons		1398	1511	-7%	1142	1942
Wool fibers & textiles	tons		1.382	1.486	-7%	1.128	1.911
Cotton fibers & textiles	tons		3	2	88%	2	2
Viscose fibers & textiles	tons		10	9	7%	9	12
Other regenerative fibers & textiles (specify under comments)	tons		3	14	-79%	3	16
Total recycled regenerative fibers & textiles purchased	tons		175	96	82%	89	52
Recycled Wool fibers & textiles	tons		25	18	36%	11	7
Recycled Cotton fibers & textiles	tons		150	78	92%	78	45
Recycled Viscose fibers & textiles	tons		0	0		0	0
Recycled Other regenerative fibers & textiles (specify under comments)	tons		0	0		0	0
Total synthetic fibers & textiles purchased	tons		791	864	-8%	840	949
Polyester FR fibers & textiles	tons		383	480	-20%	430	517
Polyester non-FR fibers & textiles	tons		38	20	93%	9	17
Nylon fibers & textiles	tons		124	131	-5%	97	156
Other syhthetic fibers & textiles (specify under comments)	tons		245	233	5%	304	259
Total recycled synthetic fibers & textiles purchased	tons		53	39	36%	16	1
Recycled Polyester FR fibers & textiles	tons		0	0		0	0
Recycled Polyester non-FR fibers & textiles	tons		53	39	36%	16	0
Recycled Nylon fibers & textiles	tons		0	0		0	0
Recycled Other syhthetic fibers & textiles (specify under comments)	tons		0	0	59%	0	1
Total metals pruchased	tons		557	505	10%	368	437
Virgin Aluminium	tons		268	239	12%	123	185
Reccyled Aluminium	tons		254	237	7%	227	235
Virgin Steel	tons		26	24	11%	13	16
Recycled Steel	tons		7	4	97%	4	0
Virgin Zinc	tons		1	2	-41%	0	0
Recycled Zinc	tons		0	0		0	0
Total mineral wool waste purchased	tons		141	137	3%	88	29
Virgin mineral wool	tons		137	137	0%	88	29
Recycled mineral wool	tons		4	0		0	0
Total plastic purchased (non-packaging)	tons		125	50	151%	51	41
Plastic virgin	tons		125	50	151%	51	41
Recycled Plastic	tons		0	0		0	0
Other product related material pruchased (non-packaging)	tons		5	5	0%	-1	1
Hazardous or radioactive materials	tons		5	0		0	0
Recycled Other materials	tons		0	5	-100%	1	1

Sustainable performance data for packaging purchased ¹

Indicator	Unit	Target	2022	2021	Change
Total packaging material purchased	tons		656	532	23%
Recycled packaging materials	%	zero virgin packaging mat. by 2025	77%	70%	6 p.p.
Regenrative packaging materials	%	100%	3%	13%	-10 p.p.
Synthetic (virgin) packaging materials	%	0%	20%	17%	4 p.p.
Packaging efficiency I	t. packaging / t. products produced		0,19	0,15	23%
Packaging efficiency li	t. products produced / net revenue		0,00001	0,00002	-14%
Cardboard (tubes) purchased	tons		452	412	0
Virgin cardboard purchased	tons	Packaging with >1% virgin content	20	68	-1
Recycled cardboard purchased	tons	Packaging with min 100% recycled content	433	344	0
Plastic packaging purchased	tons		118	89	0
Virgin plastic purchased	tons	Packaging with >70% virgin content	89	73	0,2
Recycled plastic purchased	tons	Packaging with min 30% recycled content to reach 50% by 2030	29	16	0,8
Bio-plastic purchased	tons		0	0	
Other (please specify in comment field)	tons		0	0	
Here accouting for tape, cables	tons		85	31	2
Virgin other packaging purchased	tons		44	16	1,7
Recycled other packaging purchased	tons		42	15	1,8

¹entities covered are six production partners incl. Woolltex (UK), Innvik (NO), Kvadrat Weaving (NL), Kvadrat Shade (NL), Kvadrat Soft Cells Sp. Z.o.o. (PL), Convert A/S (DK) and for reporting on packaging purchases we also include our Kvadrat warehouses; Ebeltoft (DK), Kladno (CR). Excluded from this reporting period 2022 are Kvadrat Shade Assembly in Spain and Australia and will be included from 2023 onwards.

Material Outflow Performance

Sustainable performance data for products sold ¹

Indicator	Unit	Target	2022	2021
Total Products sold	tons		3.451	2.943
Recycled products	%		15%	7%
Regenerative (virgin) products	%		34%	41%
Synthetic (vigin) products	%		50%	52%
Circular services	%		0%	0%
Products designed for circular after-life	%		79%	77%
Indicator	Unit		2022	2021
Total woven Textile Products sold	tons		1.879	1.698
Recycled / reused fiber & textile	tons		70	0
Regenerative fiber & textiles	tons		1.189	1.220
Virgin Synthetic products	tons		620	478
Circular services	tons		0	0
% of your products designed for circular after life	%		62%	61%
Total Kvadrat Acoustic finished products sold (excl. textiles)	tons		924	853
Recycled / reused materials & products	tons		82	76
Regenerative materials & products	tons		0	0
Virgin Synthetic products	tons		842	777
Circular services	tons		0	0
% of your products designed for circular after life	%		100%	100%
Total Kvadrat Shade products sold (excl. textiles)	tons		183	234
Recycled / reused materials & products	tons		0	0
Regenerative materials & products	tons		0	0
Virgin Synthetic products	tons		183	234
Circular services	tons		0	0
Products containing substances of concern	tons		0	0
% of your products designed for circular after life	%		100%	100%
Total Convert products sold	tons		465	158
Recycled / reused materials & products	tons		372	119
Regenerative materials & products	tons		0	0
Virgin Synthetic products	tons		93	39
Circular services	tons		0	0
% of your products designed for circular after life	%		100%	100%

¹ sold products covers produced by our six production partners incl. Wooltex (UK), Innvik (NO), Kvadrat Weaving (NL), Kvadrat Shade (NL), Kvadrat Soft Cells Sp. Z.o.o. (PL), Convert A/S (DK). Kvadrat Shade Assembly in Spain and Australia are not included in the reporting period 2022 and will be included from 2023 onwards.

Sustainable performance data for conscious design principles ¹

Recycled Material Classification	Unit	Target	2022	2021
Total no. recycled textile products	number	85 products by 2025 ¹	21	16
% of revenue from recycled textile products	%	30% of revenue by 2025	3	2
Kvadrat incl curtains, upholstery, rugs	number		18	14
SAHCO	number		3	2
Kvadrat Raf Simons	number			0
Kvadrat Febrik	number			0
Innvik Kvadrat Shade	number			0
Total textile products 2021			713	618
Synthetic	number		296	271
Regenerative	number		396	331
Recycled	number		21	16
Circular	number			0
Synthetic	%		42	44
Regenerative	%		56	54
Recycled	%		3	3
Circular	%		0	0

¹ Overview does only include textile products from both our own production partners and external suppliers. It does not not cover finished products such as those from Really, Kvadrat Acoustics, Kvadrat Shade or Accessories

Production and Packaging Waste Performance

Sustainable performance data for waste reduction ¹

Indicator	Unit	Target	2022	2021 (baseline)	Change	2020	Change	2019
Total products produced incl. textile and non-textiles	tons		3.451	3.218	7%	2.211	26%	3.124
Total Production waste	tons		907	784	16%	295	165%	280
Waste reuse, recycled and remanufactured in closed loop	%		2%	1%	2 p.p.	1%	0 p.p.	0%
Waste reused, recycled in open loop	%	100% material recycled	51%	53%	-3 p.p.	28%	25 p.p.	37%
Textile waste intensity pr. produced t. woven & non-woven textile	t. textile waste / t. woven textile p. ²		0,17	0,15	13%	0,07	107%	0,06
Total waste intensity pr. produced t. product	t. waste / t.prod. ²	reduce ² 25% by 2025	0,26	0,24	8%	0,13	82%	0,09

Indicator	Unit	Target	2022	2021 (baseline)	Change	2020	Change	2019
Total fiber & textile waste	tons		380	271	40%	120	54%	133
Fiber & textile waste landfilled (sold to 3rd party)	tons		26	39	-33%	43	12%	46
Fiber & textile waste incinerated (sold to 3rd party)	tons		213	110	94%	10	37%	9
Fiber & textile waste reused / recycled (sold /donated to 3rd party)	tons		121	117	4%	66	80%	78
Fiber & textile waste re-used /sold for internal use (Kvadrat)	tons		21	0		0		0
Material goes through a recycling process to be integrated into production again /clo	tons		0	5	-100%	2	200%	0
Total metal waste	tons		26	28	-5%	17	65%	26
Metal waste reused / recycled (3rd party)	tons		26	28	-5%	17	65%	26
Metal waste reused / recycled for internal use (Kvadrat)	tons		0	0		0	0%	0
Total mineral wool waste	tons		4	6	-36%	4	56%	6
Mineral wool waste recycled (sold to 3rd party)	tons		4	0		0	0%	0
Mineral wool waste landfilled or incinerated	tons		0	6	-100%	4	56%	6
Mineral wool waste recycled for internal use (Kvadrat)	tons		0	0		0	0%	0
Cardboard (tubes) waste	tons		184	176	5%			
Cardboard waste recycling (third party)	tons		184	176	5%	n/a	n/a	n/a
Cardboard waste incineration (third party)	tons		0	0		n/a	n/a	n/a
Plastic waste	tons		47	30	58%			
Plastic waste recycling (third party)	tons		38	22	74%	n/a	n/a	n/a
Plastic waste incineration (third party)	tons		10	8	21%	n/a	n/a	n/a
Wood waste	tons		96	93	3%			
Wood waste recycling /reuse (third party)	tons		96	78	22%	n/a	n/a	n/a
Wood waste incineration (third party)	tons		0	15	-100%	n/a	n/a	n/a
Other packaging material waste	tons		1	40	-97%			
Other waste recycling (third party) - specify in comments	tons		1	0		n/a	n/a	n/a
Other waste incineration (third party) - specify in comments	tons		0	40	-100%	n/a	n/a	n/a
Non-packaging waste, which is seperately accounted for	tons		177	129	-56%	141	-56%	103
Hazardous & radioactive waste (e.g., oils, chemicals etc.)	tons		12	17	165%	15	165%	12

Sustainable performance data for fibre waste process¹

Indicator	Unit	Target	2022	2021 (baseline)	Change	2020	Change	2019
Total fibre raw material purchased	tons		2.416	2.364	2%	1.946	21%	2.877
Total fibre products produced	tons		2.251	1.817	24%	1.670	18%	2.323
Fibre waste intensity pr. produced textile	t. waste / t. produced ²	reduce 25% by 2025	0,17	0,15	13%	0,07	31%	0,06
Total fibre waste	tones		380	271	40%	121	54%	134
Process Waste	tons		269	220	22%	112	97%	126
1. Early process waste: warping / shredding etc.	tons		58	46	26%	15	213%	22
2. Mid-process waste; in weaving / construction	tons		104	80	30%	41	93%	51
3. Late-process waste; grey inspection to final /cu	tons		107	95	13%	56	69%	53
Stock waste ²	tons		78	51	52%	8	76%	8
1. Raw material stock waste	tons		56	0				
2. Meter stock waste	tons		22	51	-57%	8	28%	8

¹entities covered are six production partners incl. Wooltex (UK), Innvik (NO), Kvadrat Weaving (NL), Kvadrat Shade (NL), Kvadrat Soft Cells Sp. Z.o.o. (PL), Convert A/S (DK) and for reporting on packaging purchases we also include our Kvadrat warehouses; Ebeltoft (DK), Kladno (CR). Excludded from this reporting period 2022 are Kvadrat Shade Assembly in Spain and Australia and will be included from 2023 onwards. ²fibre waste intensity per raw material purchased = total fibre waste per tonne raw material purchased, ³stock that has been sent to waste manaaement durina an reportina incl. from production sites or warehouse.

Water Performance

Sustainable performance data for water reduction¹

Indicator	Unit	Target	2022	2021 (baseline)	Change	2020	Change	2019
Water withdrawal intensity (not incl. showrooms)	m3 /EUR net turnover		0,0004	0,0004	-6%	0,0004	-71%	0,0006
Water consumption intensity	m3 /EUR net turnover		0,0001	0,0001	-6%	0,0001	-53%	0,0002
Water discharge intensity	m3 /EUR net turnover		0,0003	0,0003	-6%	0,0003	-36%	0,0004
Water withdrawal per ton product produced	m3 / t.prod. ²		28	31	-9%	39	-18%	44
Water withdrawal per ton textile wet processed	m3 / t.wet proc. ³	25% reduction by 2025	38	33	16%	30	11%	31
Approx. water reused / recycled	%		60	N/A	N/A	0	#DIV/0!	0

Indicator	Unit	Target						
Total textiles wet processed	tons		2.505	2.649	-5%	n/a	n/a	n/a
Total water withdrawal	m3		98.232	89.403	10%	86.583	3%	135.921
Groundwater	m3		74.575	76.583	-3%	72.133	3%	93.076
Surface water; rivers, lakes etc.	m3		14.875	10.428	43%	9.896	3%	12.195
Rainwater	m3		0	-		-	3%	-
3rd Party sourced (waste water from other org., municipality etc.)	m3		8.782	2.392	267%	4.554	3%	30.650
Water discharge	m3		72.450	66.027	10%	62.008	6%	95.746
Groundwater	m3		0	n/a	n/a	n/a	n/a	n/a
Surface water; rivers, lakes etc.	m3		14.875	n/a	n/a	n/a	n/a	n/a
3rd Party (water send to municipality other entities etc.)	m3		57.575	n/a	n/a	n/a	n/a	n/a
Water consumption	m3		25.782	23.376	-5%	24.575	-5%	40.175
Water consumed in regions with low to medium water stress ³ <40%	m3		47.527	n/a	n/a	n/a	n/a	n/a
Water consumed in regions with high water stress ³ 40-80%	m3		0	n/a	n/a	n/a	n/a	n/a
Water consumed in regions with high water stress ³ 40-80%	%		0	n/a	n/a	n/a	n/a	n/a
Water use	m3		156.793	n/a	n/a	n/a	n/a	n/a
Approx. water water stored	m3		0	n/a	n/a	n/a	n/a	n/a

¹entities covered are six production partners incl. Wooltex (UK), Innvik (NO), Kvadrat Weaving (NL), Kvadrat Shade (NL), Kvadrat Soft Cells Sp. Z.o.o. (PL), Convert A/S (DK). Not included in the reporting period 2022 are Kvadrat Shade Assembly in Spain and Australia. Those sites will be included from 2023 onwards.

² Cubic metres of water used per unit of textile produced (in tones) = Total m3 water withdrawn / Total tones textiles produced

³ Cubic metres of water used per unit of textile processed (in tonnes) = Total m3 water withdrawn / Total Tonnes textiles processed

<https://www.wri.org/applications/aqueduct/country-rankings/>

Gender Equality Performance

Sustainability performance data for gender equality¹

Statement on the underrepresented gender in accordance with the section 99 b of the Danish Financial Statement Act (Årsregnskabsloven)

Indicator	Unit	Target	2022	2021	2020	Change	2019
Characteristics of employee workforce							
Total Headcount	number		1116	1048	n/a	n/a	n/a
Women employees (headcount)	number		604	586	-		-
Men employees (headcount)	number		512	462	-		-
FTEs	number		1058	988	982	1%	981
Denmark	number		267	n/a	n/a	n/a	n/a
DACH	number		162	n/a	n/a	n/a	n/a
Netherlands	number		185	n/a	n/a	n/a	n/a
Poland	number		67	n/a	n/a	n/a	n/a
United Kingdom	number		60	n/a	n/a	n/a	n/a
Rest of EU	number		133	n/a	n/a	n/a	n/a
North America	number		51	n/a	n/a	n/a	n/a
Asia	number		55	n/a	n/a	n/a	n/a
Rest of the World	number		82	n/a	n/a	n/a	n/a
Characteristics of non-employee workforce							
Total Headcount	number		53	n/a	n/a	n/a	n/a
Agents	number		39	n/a	n/a	n/a	n/a
Distributers	number		14	n/a	n/a	n/a	n/a
Gender equality based on Headcount							
Women employees	%	maintain 40/60 women or men	54	59	59	-5 p.p.	55
Underrepresented gender in high potential programme	%	50% by 2025	50	42	44	8 p.p.	42
Underrepresented gender in management ²	%	50% by 2025	44	41	46	3 p.p.	43
Underrepresented gender in senior management ³	%	50% by 2025	38	44	44	-7 p.p.	38
Underrepresented gender in Kvadrat Holding Board	%	40/60% by 2026	14	14	0%	0 p.p.	n/a
Underrepresented gender in Kvadrat A/S Board	%	40/60% by 2026	33	20	67%	13 p.p.	n/a
Seniority & Age Diversity based on Headcount							
Seniority entire group	years		8,34	9	8	13%	8
Seniority managers ⁴	years		12	12	13	-4%	13
Employees under 30 years	%		20	16	4 p.p.	n/a	n/a
Employees 30-50 years old	%		53	54	-1 p.p.	n/a	n/a
Employees over 50 years old	%		27	27	0 p.p.	n/a	n/a

¹ data represents all entities with majority ownership incl. Kvadrat A/S (incl. HQ, Kvadrat rugs and residential curtains design teams) and warehouses, global showrooms, our controlled production sites Kvadrat Weaving, Kvadrat Shade (NL, AUS, SP), ASA (NL), Kvadrat Soft Cells Sp. Z.o.o., Convert and our brands incl. SAHCO, Raf Simons, Kvadrat Shade (DK), Kvadrat Acoustics (DK), Kvadrat Febrik, Really and Magniberg. Wooltex and Innvik are owned less than 50% and therefore not included. ² incl. managers with leader role incl. country directors, VPs, managers, Head of, Partner directors. ³ Kvadrat’s Executive Management of Directors. ⁴ incl. management and senior management

Work-life Balance Performance

Sustainability performance data for work-life balance¹

Indicator	Unit	Target	2022	2021
Employees (headcount) entitled for family related leave				
Total headcount entitled for family related leave	number		1078	
Total headcount entitled for family related leave	%		97	
Men	number		472	
Men	%	50/50 split between genders	92	
Women	number		546	
Women	%	50/50 split between genders	90	
Family related leave taken				
Total number of family related leaves	number of leaves		71	35
Maternity leave	number of leaves		29	
Maternity leave	%	on par with paternity leave at 2030	41	66
Paternity leave	number of leaves		16	
Paternity leave	%	on par with maternity leave at 2030	23	34
Parental leave	number of leaves		23	
Parental leave	%	on par with maternity leave at 2030	32	0
Carers´ leave	number of leaves		3	
Carers´ leave	%	on par with maternity leave at 2030	4	0
Number of weeks child related leave	number of weeks		957	
weeks taken by men	number of weeks		145	
weeks taken by men	Number of weeks per paternity leave	eight weeks	9	
weeks taken by women	number of weeks		812	
weeks taken by women	Number of weeks per maternity leave	eight weeks	28	
Return to work rate	Return pr. leave		93	
Return rate men	Return pr. Leave %		100	
Return rate women	Return pr. Leave %		86	

¹ data represents all entities with majority ownership incl. Kvadrat A/S (incl. HQ, Kvadrat rugs and residential curtains design teams) and warehouses, all showrooms, our controlled production sites Gaudium, ASA, Verosol (NL, AUS, SP), Kvadrat Acoustics (PL), Convert and our brands incl. SAHCO, Raf Simons, Kvadrat Shade (DK), Kvadrat Acoustics (DK), Kvadrat Febrik, Kvadrat Really. Magniberg, Wooltex and Innvik are owned 50% and therefore not included.

Health & Well-being Performance

Sustainability performance data for health and wellbeing¹

Indicator	Unit	Target	2022	2021	Change	2020	2019
Health & Safety							
Total headcounts covered by companies health & safety system	%	100%	100	100	0%	100	100
Total sickness absence (non-work caused)	Absence in work hours	max. 3%	2,6	2,4	9%	2,6	2,5
Short-term sickness absence ²	Absence in work hours		38.124				
Short-term sickness rate ²	Absence pr. employee worktime	max. 3%	1,8	1,2	48%	0,9	1,6
Long-term sickness absence ²	Absence in work hours		17.851				
Long-term sickness rate	Absence pr. employee worktime	max. 3%	0,8	1,2	-31%	1,7	1,0
Total work related ill health	no. ill health cases		8	n/a	n/a	n/a	n/a
Fatalaties /Death from work-related ill health	no. death		-	n/a	n/a	n/a	n/a
Days absence due to work related ill health	no. days		847	n/a	n/a	n/a	n/a
Total work related injuries	no. injuries	zero cases by 2025	15	13	1200%	1	2
Work injury cases with minor consequences /first aid at site	no. injuries	zero cases by 2025	8	9	n/a	n/a	n/a
Work injury cases with high consequences /doctor & hospital aid	no. injuries	zero cases by 2025	7	4	n/a	n/a	n/a
Injuries frequency	injuries pr. hour worked		0	N/A	n/a	n/a	n/a
Lost time injury frequency rate (LTIFR) ³	injuries pr. headcount FTEs pr. year	(TBD)	7	6,4	n/a	n/a	n/a
Employee satisfaction ⁴							
Employee satisfaction & motivation	Index 0-100	min. 77 by 2022	72	74	-3%	76	77
Employee loyalty	Index 0-100	min. 84 by 2022	79	82	-2%	84	84
Learning & development	Index 0-100	min. 77 by 2022	n/a	76	1%	75	76
Diversity and inclusion perception	Index 0-100	min. 77 by 2022	n/a	76	n/a	n/a	n/a
Substantiated whistle-blower cases	Number cases	zero cases by 2025	0	0	n/a	n/a	n/a

¹ data represents all entities with majority ownership incl. Kvadrat A/S (incl. HQ, Kvadrat rugs and residential curtains design teams) and warehouses, global showrooms, our controlled production sites Kvadrat Weaving, Kvadrat Shade (NL, AUS, SP), ASA (NL), Kvadrat Soft Cells Sp. Z.o.o., Convert and our brands incl. SAHCO, Raf Simons, Kvadrat Shade (DK), Kvadrat Acoustics (DK), Kvadrat Febrik, Really and Magniberg. Wooltex and Innvik are owned less than 50% and therefore not included. ² incl. managers with leader role incl. country directors, VPs, managers, Head of, Partner directors. ³ Kvadrat’s Executive Management of Directors. ⁴ incl. management and senior management

Appendix; Kvadrat Sustainability Reporting Scope



Reporting Entities 2022

List of Reporting Sites 2022

Market	Company	Ownership	Environmental Data reported	People Data reported	Data Reported in 2023
Production companies					
Netherlands	Kvadrat Weaving	99,9%	Energy, GHG, Material Inflow, Material Outflow, Waste, Water	Gender equality, Health and Satisfaction, Family related leave	n/a
Netherlands	Kvadrat High Performance Textiles	100%	Energy, GHG, Material Inflow, Material Outflow, Waste, Water	Gender equality, Health and Satisfaction, Family related leave	n/a
Netherlands	Kvadrat Textile Assembly	100%	Energy, GHG, Material Inflow, Material Outflow, Waste, Water	Gender equality, Health and Satisfaction, Family related leave	n/a
Poland	Kvadrat Soft Cells Sp. Z.o.o.,	100%	Energy, GHG, Material Inflow, Material Outflow, Waste, Water	Gender equality, Health and Satisfaction, Family related leave	n/a
Denmark	Convert A/S	66,67%	Energy, GHG, Material Inflow, Material Outflow, Waste, Water	Gender equality, Health and Satisfaction, Family related leave	n/a
Australia	Verosol Australia Pty Ltd.	80%	Energy, GHG	Gender equality, Health and Satisfaction, Family related leave	Material Inflow, Material Outflow, Waste, Water
Spain	Verosol Iberica SAU	100%	Energy, GHG	Gender equality, Health and Satisfaction, Family related leave	Material Inflow, Material Outflow, Waste, Water
United Kongdom	Wooltex	46%	Energy, GHG, Material Inflow, Material Outflow, Waste, Water		n/a
Norway	Innvik	30%	Energy, GHG, Material Inflow, Material Outflow, Waste, Water		n/a
Warehouses					
Denmark	Kvadrat Warehouse Ebeltoft /HQ	100%	Energy, GHG, Material Inflow, Waste	Gender equality, Health and Satisfaction, Family related leave	Textile waste
Czech Republic	Kvadrat Czech Republic, Warehouse	0%	Energy, GHG, Material Inflow, Waste	Gender equality, Health and Satisfaction, Family related leave	Textile waste
United Kongdom	Fabric System Ltd.	0%	Energy, GHG,	Gender equality, Health and Satisfaction	Material Inflow, Material Outflow, Waste, Water, Family related leave
Development Companies					
Denmark	Kvadrat Acoustics A/S	100%	Energy, GHG, Material Inflow, Material Outflow, Waste	Gender equality, Health and Satisfaction	Water, Family related leave
Germany	Kinnasand GmbH	100%	Energy, GHG	Gender equality, Health and Satisfaction, Family related leave	To be excluded, due to closing of this site
Denmark	Kvadrat Really	95%	Energy, GHG	Gender equality, Health and Satisfaction, Family related leave	n/a
Germany	Sahco GmbH	100%	Energy, GHG	Gender equality, Health and Satisfaction, Family related leave	n/a
Netherlands	Febrik B.V.	51,67%	Energy, GHG	Gender equality, Health and Satisfaction, Family related leave	n/a
Sweden	Magnibger Design AB	60%	Energy, GHG	Gender equality, Health and Satisfaction, Family related leave	n/a
Showrooms					
Global	Kvadrat 40 Showrooms	100%	Energy, GHG	Gender equality, Health and Satisfaction, Family related leave	n/a

List if non-Reporting Sites 2022 (out of scope)

Market	Company	Ownership	Purpose	Operation start	Size	Contact
Warehouses						
North America	Applied Textiles	0%	Kvadrat Uph / consignment stock	2020	2787	Hannah Schroeter Forbes, hschroeter@applied-textiles.com
Europe	Trioline, Poland	0%	Kvadrat Uph / consignment stock	2015	60	Anna Krupa, anna.krupa@trioline.pl
Asia	Trioline, China	0%	Kvadrat Uph / consignment stock	2015	66	Eva Rong, eva.rong@trioline.
Europe	LTP, DK	0%	Kvadrat Uph / consignment stock	2016	27	Justinas Katkus, purchase.furniture@ltpgroup.com
Europe	PEJ Erhvervsudlejning Aps, DK	0%	Event / remaining stock	2022	n/a	PEJ Erhvervsudlejning ApS Kristofferervejen 2 8400 Ebeltoft Cvr.nr. 36498676
Production companies						
Saudi Arabia	Mohammed Habbas Industry	0%	Assembly Kvadrat Acoustics	2017	600	
Canada	Price Indutries	0%	Assembly Kvadrat Acoustics	2023	600	
Showrooms						
Australia	Kvadrat Maharam Pty.	50%	Showrooms; Melbourne and Sydney			