

Corporate Sustainability Report
FY23

Our Sustainable Journey

NOVALIS[®]
INNOVATIVE FLOORING

In this Report

Message from the Wu Family	03	Better for the People	39
		Creating a Better Workplace	40
		Our People	41
		Health, Safety & Well-Being	47
		Employee Benefits	50
The Novalis Group	04	Better for the Community	52
Our History	05	Creating a Better Community	53
Novalis Locations	06	Customer Health and Safety	54
Global Production & Distribution	07	Our Contributions	59
Governance Of Sustainable Growth	08	Community Engagements	62
Activities Of The Novalis Group	10		
		Acknowledgements	64
Sustainable Strategy	13		
Progress Towards a Sustainable Future	14	Appendices	66
Evolving Our Materiality Focus	15		
Novalis Sustainability Framework	16	About This Report	76
Better for the Planet	17		
Creating a Better Planet	18		
Global Energy Consumption	19		
Carbon Footprint and Emissions	22		
Water Management	26		
Materials Management	29		
Biodiversity Impact	35		





Dear friends,

As we write this letter, we reflect on the remarkable journey of Novalis and the responsibilities we bear as part of a global community during complex times. Our father, Dr. Z.L. Wu, founded Novalis on values of quality, integrity, and respect for people and the planet.

Today, this principle is more relevant than ever as we navigate a world marked by shifting political landscapes and a growing focus on social and environmental justice. Sustainability, equity, and business responsibility are not abstract concepts for us – they are deeply personal. As a family-owned company, we care about the people behind our products, from the workers in our factories to the families who welcome our flooring into their homes. We also care deeply about the world we leave behind for future generations.

At Novalis, we believe in action over words. We are committed to ensuring our operations are a force for good, investing in sustainable practices, fair treatment for our employees, and maintaining transparency with our stakeholders. In response to global challenges, we've made significant strides in reducing our environmental footprint, using

more sustainable materials, refining our products and processes to lower emissions, and conserving resources. Our operations and partnerships consistently reflect our commitment to fairness and respect for all.

As we move forward, we remain deeply grounded in the values our father instilled in us, while also embracing the need to evolve and adapt. Our journey is one of continuous learning and improvement, guided by the belief that true success is measured not only by our achievements but by the positive impact we have on the world around us.

With heartfelt thanks,

John Wu

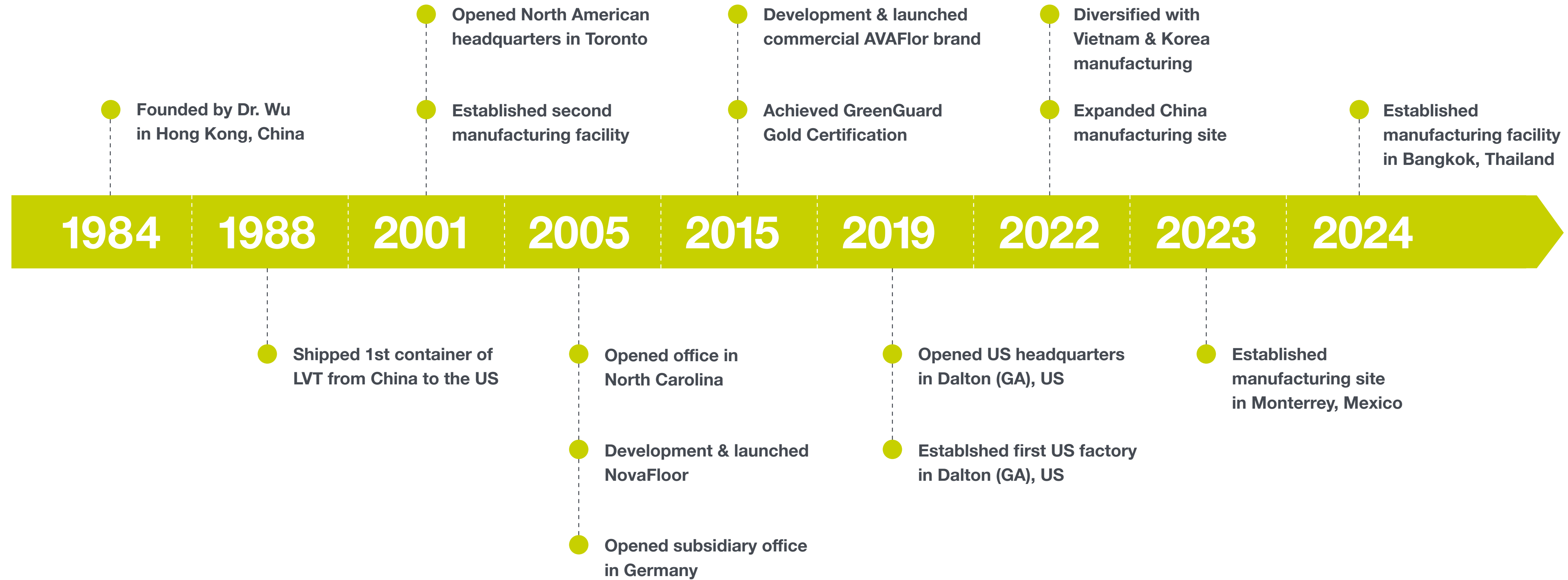
CC Wu



The Novalis Group

“Over 40 years of
industrial leadership”

Our History



Novalis Locations

The political and economical landscape is changing constantly. As a global acting company and one of the leading LVT flooring manufacturers, we need to continuously adapt our activities, diversify our product portfolio and build new, long-lasting partnerships to strengthen our position in the market. This is why we not only decided to increase our capacities in China, but also started expanding into Mexico and Thailand in 2024.

Novalis Production Sites: **7**
 Strategic Production Partner: **1**
 Office Locations: **5**
 International Destinations: **50**

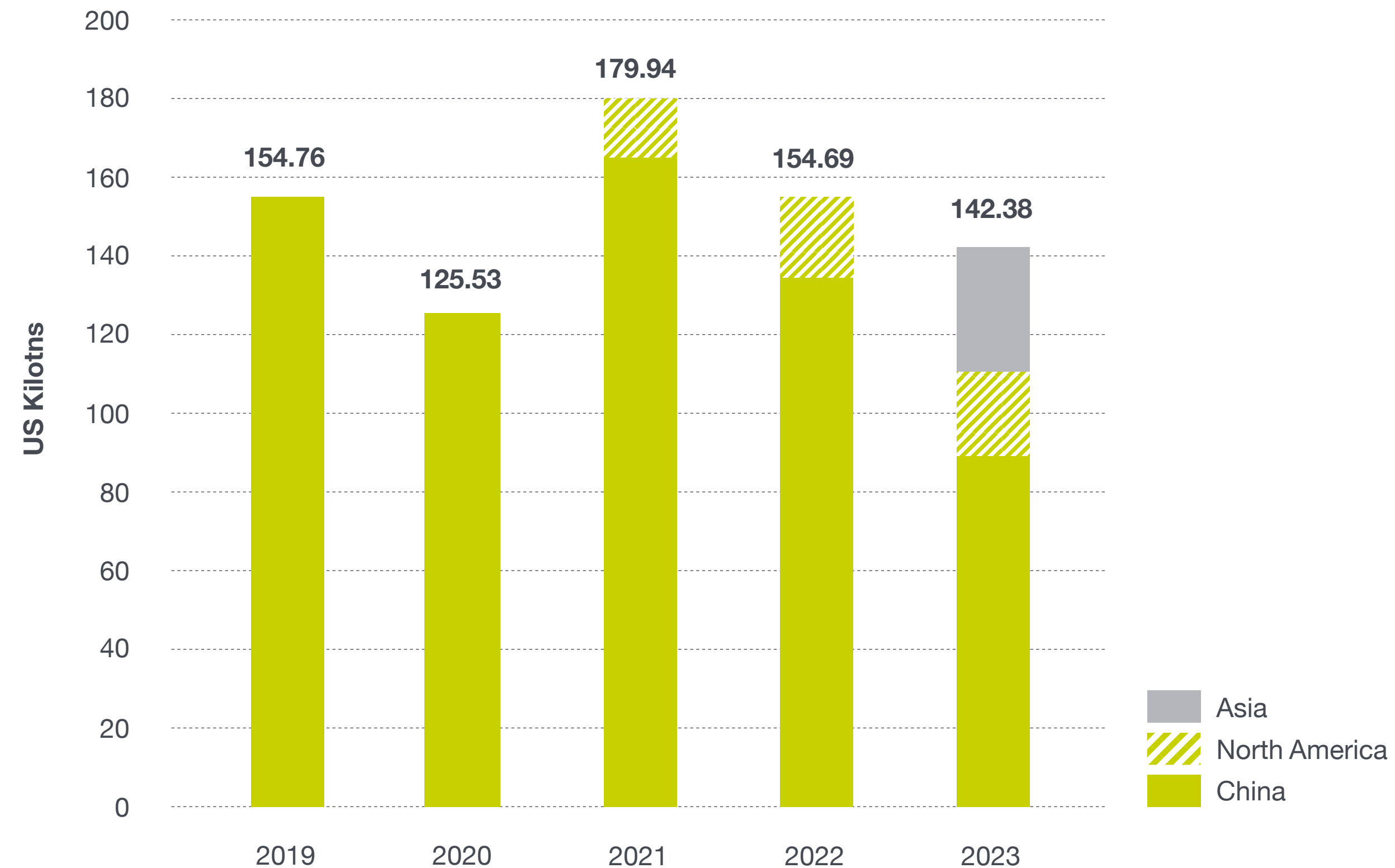


Global Production & Distribution

After two exceptionally strong years in 2021 and 2022, the global economy entered a period of adjustment in 2023, navigating a complex landscape shaped by post-pandemic recovery. While inflation and geopolitical challenges created a cautious business environment, they also accelerated innovation, particularly in renewable energy and localized supply chains.

These shifting dynamics, along with Novalis' ongoing expansion and diversification, naturally impacted our sales and production volumes. Despite these challenges, we maintained our commitment to sustainable growth, producing approximately 103 kilotons of flooring in our own manufacturing facilities in 2023, and positioned ourselves for future resilience and success.

Production Volumes



Governance of Sustainable Growth

At Novalis, the foundation of our success lies in embedding sustainability into everything we do, while consistently delivering high-quality products. Our leadership team, consisting of three chief executives and three regional vice presidents responsible for Asia, North America, and Europe, ensures that sustainability is central to our strategic direction. Together, our global management team, comprising 71 dedicated professionals, fosters a culture of innovation, collaboration, and accountability. The key elements of our management approach are:

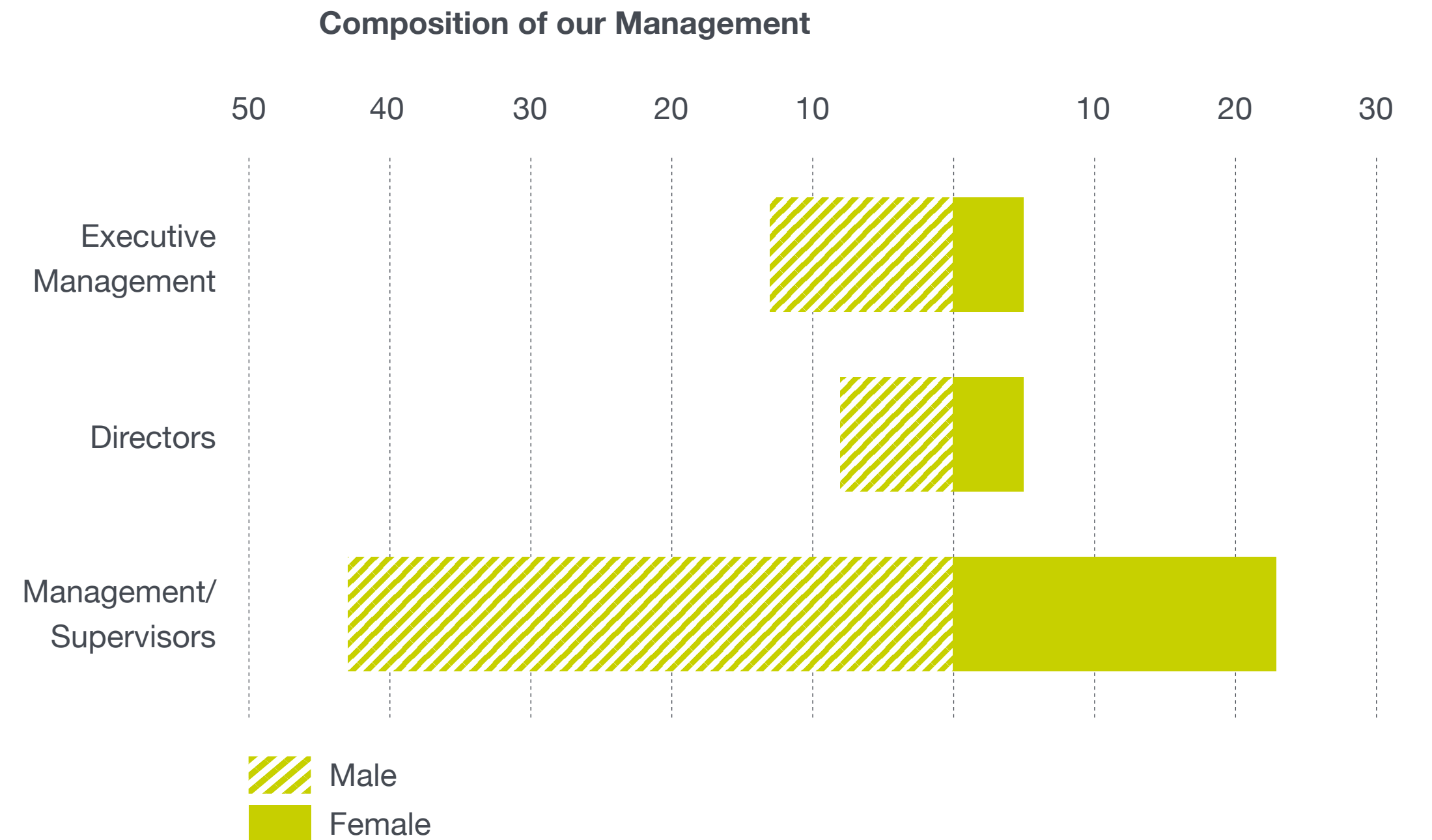
- **Sustainability Integration:** We prioritize sustainability in all business decisions, aligning our operations with environmental, social, and governance (ESG) principles to drive long-term value.

- **Strategic Oversight:** Leadership prioritizes responsible practices to balance growth with resilience in a dynamic global market.

- **Employee and Stakeholder Engagement:** We prioritize open communication and collaboration, empowering employees and stakeholders to achieve shared sustainability goals.

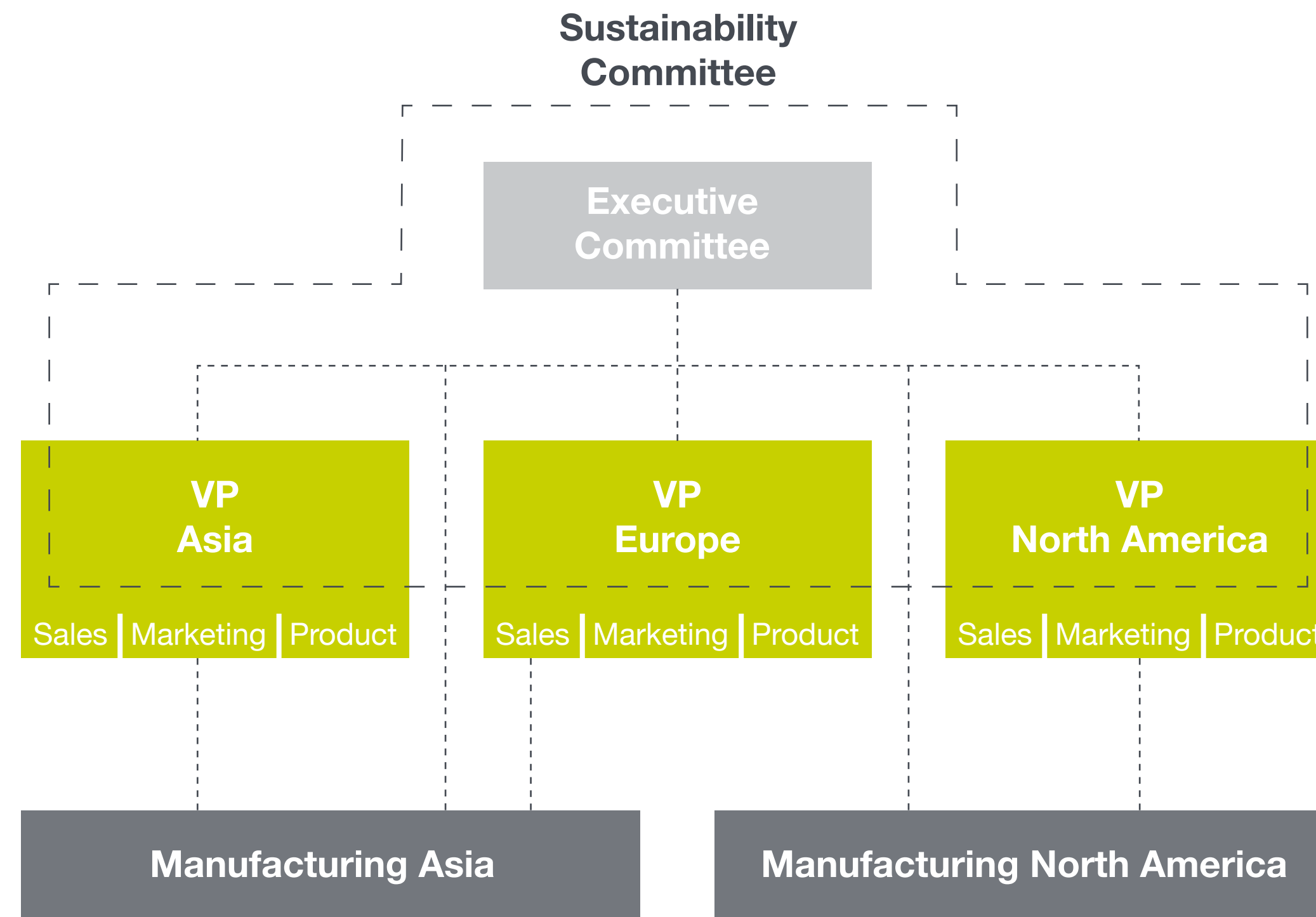
- **Risk Management and Resilience:** Our governance framework emphasizes proactive risk management, helping to mitigate ESG risks and enhance operational resilience.

Through these practices, Novalis remains committed to innovation, continuous improvement, and sustainable leadership, positioning us for future success in a rapidly evolving industry.



Governance of Sustainable Growth

To ensure that sustainability is embedded in every decision-making process, we have established a Sustainability Committee that meets every two weeks. The Committee addresses legislative implications in the countries where we operate and reviews customer demands. It also initiates sustainable projects to enhance environmental and social performance and evaluates the progress of ongoing initiatives. We see the Sustainability Committee as one of our key steering groups. Its role is twofold: to ensure our compliance with current or upcoming regulations, and to create mutual sustainable growth. The composition of the Sustainability Committee reflects our commitment to a comprehensive and inclusive approach. It includes members of the Executive Committee, Vice Presidents from Asia, Europe and North America, as well as Product and Marketing Managers. The Committee is overseen by our Global Sustainability Management.



Activities of the Novalis Group

Upstream

Raw Materials

Packaging

- Fossil Fuels
- Grid Energy
- Water

Novalis

Product Design

Extrusion

Lamination

Reprocessing

- Solar Energy
- Recuperation Process Heat
- Steam

Downstream

Reuse

Recycling

Waste Management

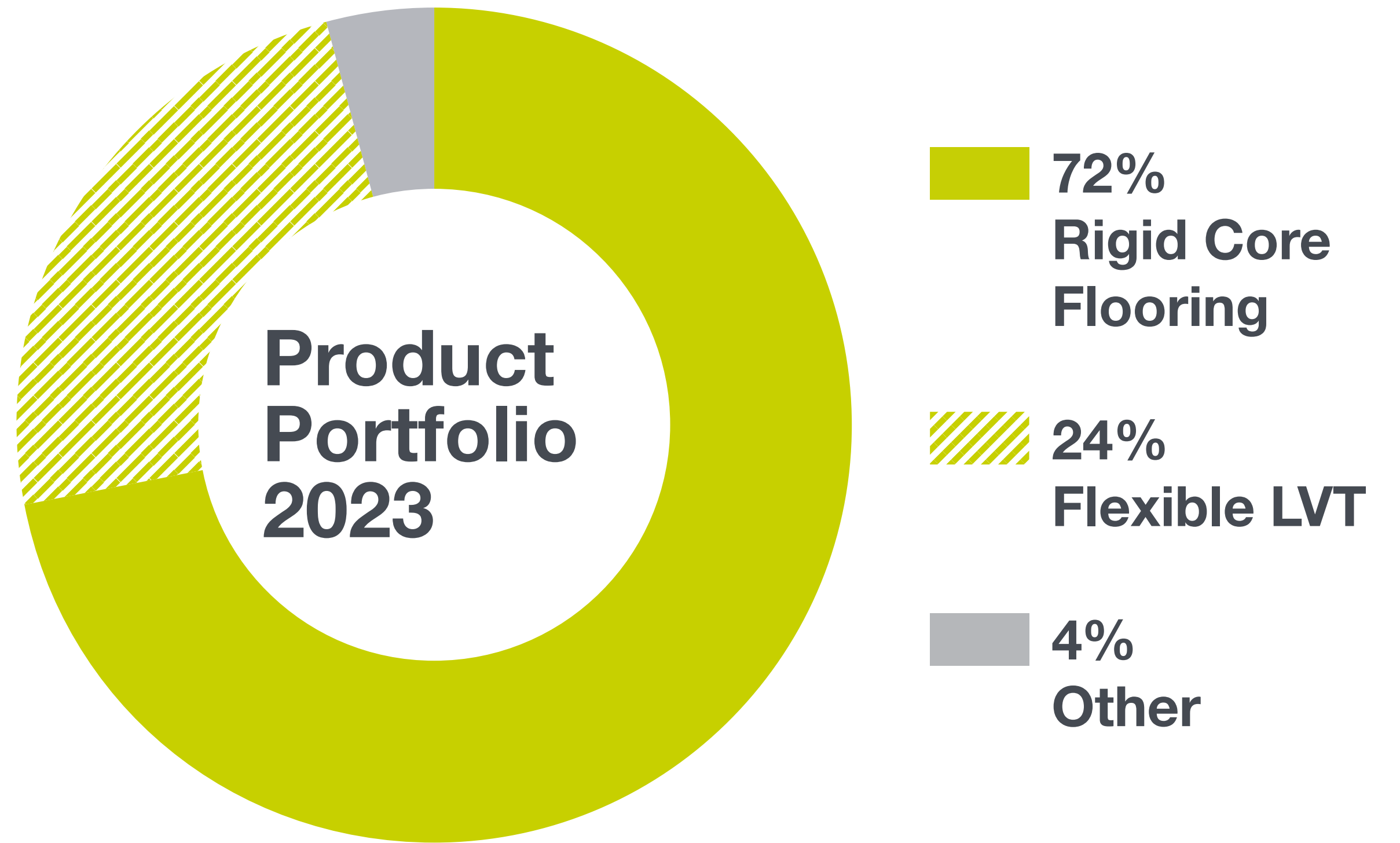
Flooring Solutions

At Novalis Innovative Flooring, we are committed to providing high-quality, sustainable flooring solutions that meet the diverse needs of our global customers. Our product offering spans a broad range of innovative, polymer-based flooring products, designed to combine aesthetic appeal, durability, and environmental responsibility.

By continuously expanding and refining our product offering, we ensure that Novalis remains at the forefront of innovation, delivering flooring solutions that align with both market trends and sustainability goals.

Our Key Product Categories:

- **High Density Core Clic**
- **Luxury Vinyl Tile Dryback**
- **Loose Lay Tiles**
- **Luxury Vinyl Tile Peel & Stick**
- **Custom Solutions**



Flooring Brands

We have developed a variety of designs and products that have set the global benchmark in LVT quality and performance:

The logo for AVA, featuring the letters 'AVA' in a bold, yellow, sans-serif font with a registered trademark symbol (®) to the upper right.

AVA brings unsurpassed quality in its aesthetic design and manufacturing for the commercial market.

The logo for NOVA FLOOR, featuring the word 'NOVA' in a bold, yellow, sans-serif font, followed by 'FLOOR' in a smaller, yellow, sans-serif font with a registered trademark symbol (®) to the upper right.

NovaFloor is the most complete line of luxury vinyl flooring for today's home.

The logo for duradecor, featuring a red circle containing the lowercase letters 'dd' in white, followed by the word 'duradecor' in a red, lowercase, sans-serif font.

DuraDecor is our e-commerce brand, crafted specifically for DIY enthusiasts and trendsetters. It combines style, convenience, and quality, empowering customers to create beautiful spaces with ease.



Novalis Sustainable Strategy

“Sustainability is not just a choice, it’s a responsibility”

Progress Towards a Sustainable Future



Dear Friends and Partners of Novalis,

One year ago, we launched our Sustainable Strategy. As I sit here writing this letter, I find myself reflecting: what have we achieved in the past twelve months? We could let the numbers speak for themselves, but that alone wouldn't tell the whole story.

In the aftermath of the global pandemic, ongoing wars in Eastern Europe and Gaza, combined with rising political tensions, have created prolonged global economic uncertainty. Many well-established companies have downsized or bankrupted, while the cost of living have surged. In the face of this, we see shifting consumer behavior, prioritizing short-term gratification, often at the expense of long-term sustainability goals.

Yet, there are rays of light breaking through the clouds. At the 28th edition of the Conference of the Parties, UN members made a historic commitment to gradually phase out fossil fuels and set a goal to reach net zero emissions by 2050. Meanwhile, advancements in artificial intelli-

gence, exemplified by ChatGPT's rapid adoption, are reshaping industries and providing new tools to tackle the challenges ahead.

And also our Novalis team has shown unprecedented engagement this year. Not only did we expand into new markets, but we also developed innovative and sustainable products. Additionally, we strengthened partnerships with global companies and shared our expertise at major national and international events.

I hope this report inspires others to join us on this journey and to make a positive impact on our planet and our communities.

Thank you for being part of this journey.



Joost Luhmann
Sustainability Manager, Europe

Evolving our Materiality Focus

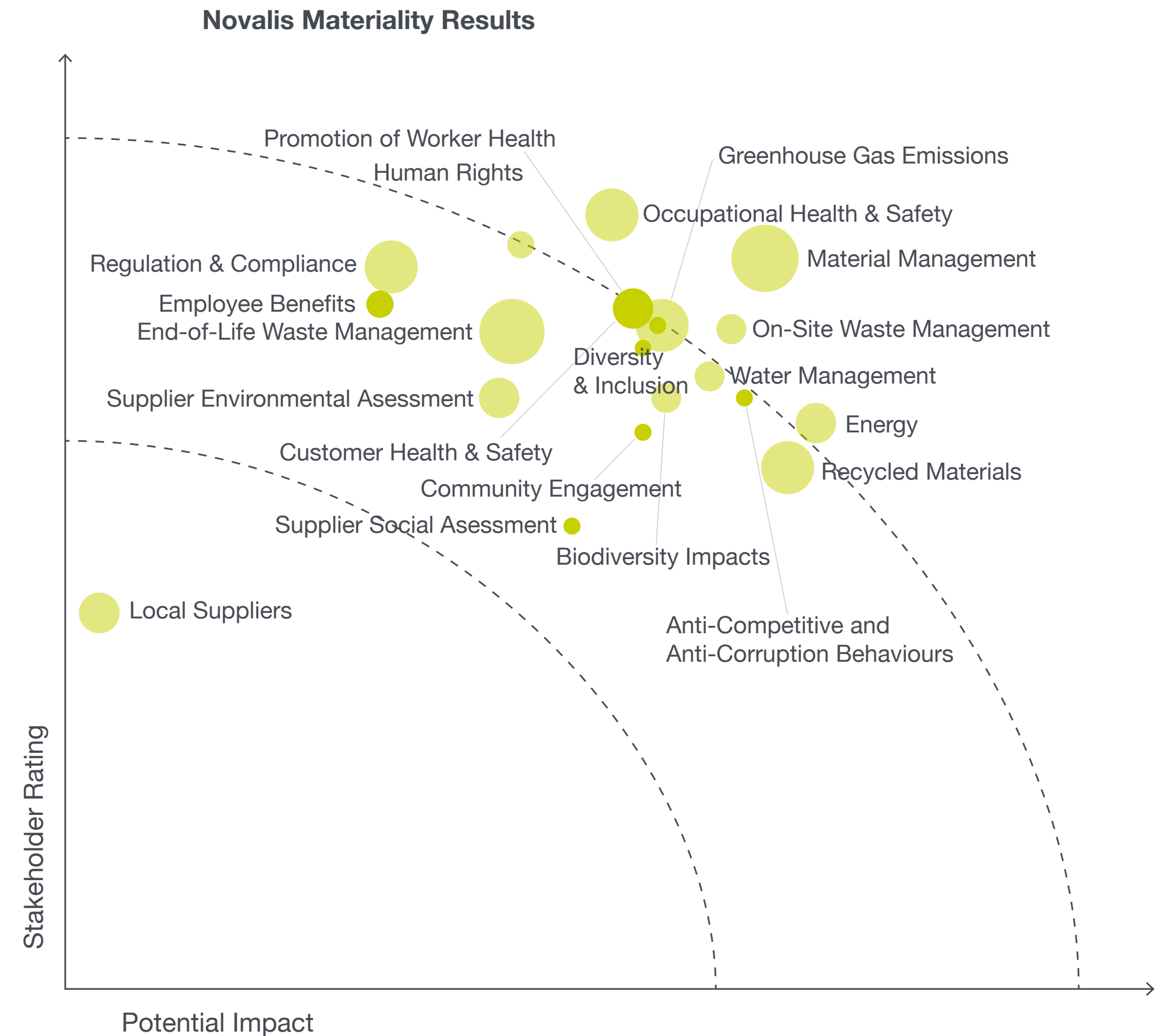
In 2022, Novalis conducted a comprehensive materiality assessment to identify the most crucial environmental, social, and governance (ESG) topics impacting our business and our stakeholders. This assessment provided a robust foundation for our sustainability framework and strategy and also guided our initiatives throughout the year. In 2023, we refined our approach by incorporating additional insights and adjusting certain priorities to reflect emerging trends and stakeholder feedback.

Our Approach: The assessment engaged key stakeholders, including customers, employees, suppliers, and industry experts, through surveys, interviews, and workshops. This process identified material topics based on their significance to both Novalis and external stakeholders. While the core findings remained relevant, we added topics

in 2023 to address evolving challenges, including advances in circular economy practices and carbon-neutral commitments.

The determination process includes the following methods:

1. Stakeholder Mapping
2. Interviewing Stakeholders
3. Stakeholder Surveys
4. Potential Financial Risk Assessment
5. Industry Assessment
6. Geographic Assessment
7. Peer Benchmarking



Novalis Sustainability Framework

Based on the results of the materiality assessment and our core values, Novalis developed and introduced its comprehensive sustainability framework that is built on three core pillars:

● Planet

Together, we're shaping a more sustainable future by creating sustainable products and embracing greener production methods.

● People

We're committed to supporting our employees growth, offering opportunities to learn, thrive, and feel valued every day.

● Community

We actively contribute to social well-being through community initiatives and volunteerism.

Each of these pillars is supported by clear goals and actionable plans designed to integrate sustainability into every facet of our operations, making it a guiding principle for future growth, innovation and mutual prosperity.

Throughout the recent years, we took significant steps to enhance our approach. We focused on refining our reporting processes to improve transparency and accountability. As part of this effort, we reorganized our sustainability governance structure, appointing a Global Sustainability Manager to lead and coordinate initiatives across all regions. Dedicated internal committees were also established to address emerging challenges, implement risk mitigation strategies, and drive progress toward our long-term targets for 2030 and 2040.

By embedding sustainability into our decision-making and operational practices, Novalis continues to lead with purpose and innovate for a better future.





Better for the Planet

“Shaping a more
sustainable future
together”

Creating a Better Planet

1 **Rigorous GHG emission reduction**

- Reduce Scope 1 & 2 emissions by 50% by 2030
- Reduce Scope 3 emissions by 30% by 2030
- Become carbon negative by 2040 (climate pledge)

2 **0% harmful substances used in products**

- Full product declaration
- Conformity with REACH and California Prop 65

3 **Increase recycled and bio-based content**

- 30% recycled and bio-based content by 2030
- 50% recycled and bio-based content by 2040

4 **Waste Diversion**

- Eliminate landfill waste across all facilities by 2030
- 0% to incineration by 2040

5 **Renewable energy sources (where possible)**

- 60% renewable energy by 2030
- 100% renewable energy by 2040

6 **Efficient Manufacturing**

- Reduce energy intensity by 20% by 2030
- Achieve a 30% reduction in energy intensity by 2040

7 **Water as valuable resource**

- Reduce water intensity by 30% by 2030
- Reduce water intensity by 50% by 2040

8 **Close the Loop**

- 50% of products recycled or repurposed by 2040

With the implementation of these goals, we are also contributing to following **UN Sustainable Development Goals:**



Global Energy Consumption and Energy Intensity

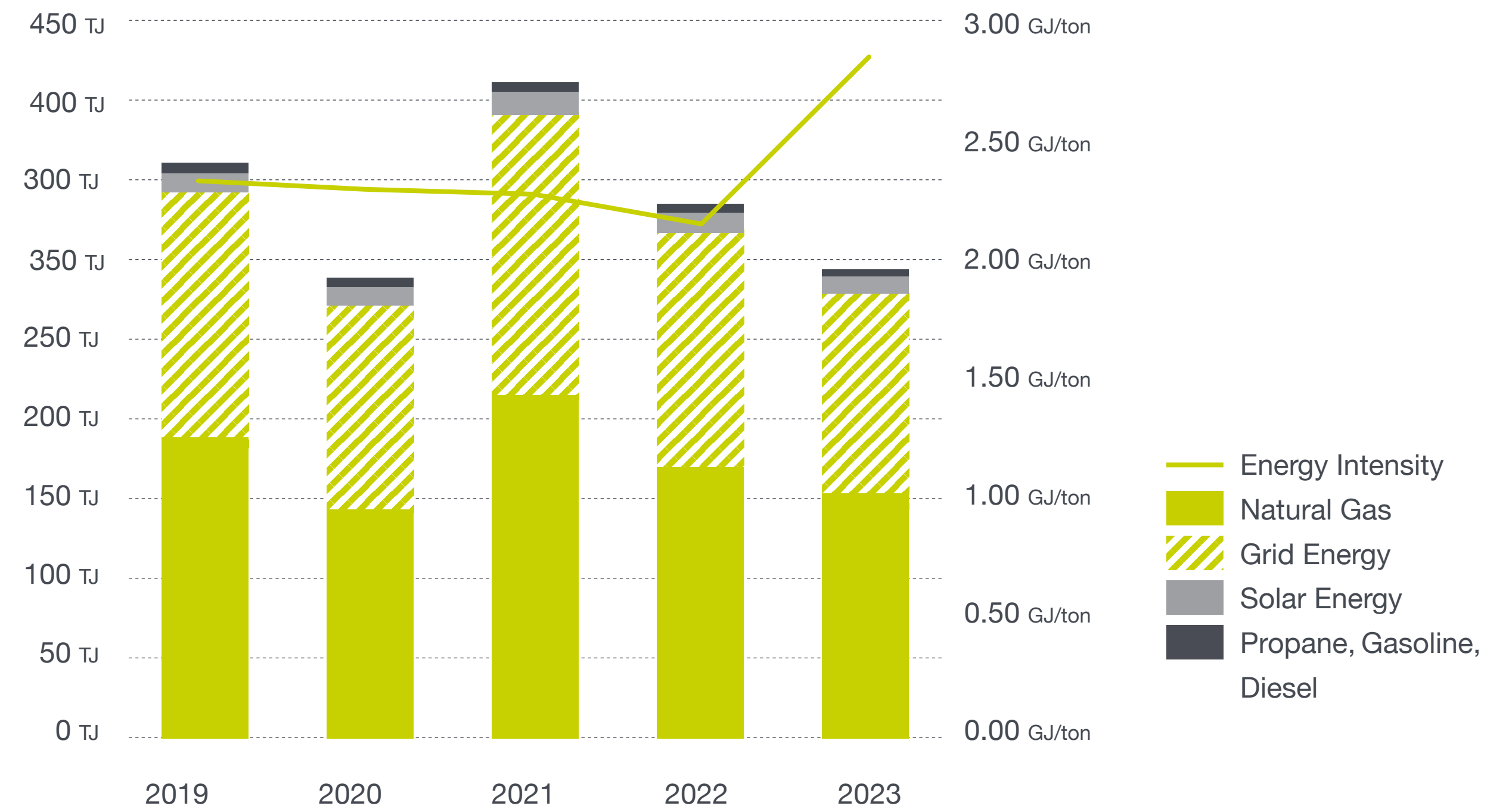
In 2023, Novalis demonstrated significant efforts to manage and optimize energy consumption across its operations. The company’s total energy consumption dropped by 12% from 335 terajoules (TJ) in 2022 to 294 TJ in 2023. Although total energy consumption decreased, energy intensity increased from 2.16 GJ/ton in 2022 to 2.86 GJ/ton in 2023. This change reflects challenges in balancing energy efficiency with production requirements.

At Novalis, we are committed to increasing our renewable energy share, currently at 4.08%. While this has grown slightly over the past four years, local limitations remain. In China, where most of our production takes place, the availability of renewable energy from the grid is still limited. However, we are investing in solar power and exploring ways to boost our renewable share. Despite regional challenges, we are optimistic about achieving our goal of 50% renewable energy by 2030.

Main Energy Sources:

- Natural Gas**
 The primary energy carrier, accounting for about 154 TJ remains essential in powering our operations.
- Grid Energy**
 Grid electricity contributed 123 TJ to the total energy consumption, highlighting reliance on external power sources.
- Solar Energy**
 Solar panels installed on the roof of our factories in China provided a stable supply of approximately 12 TJ.

Global Energy Consumption

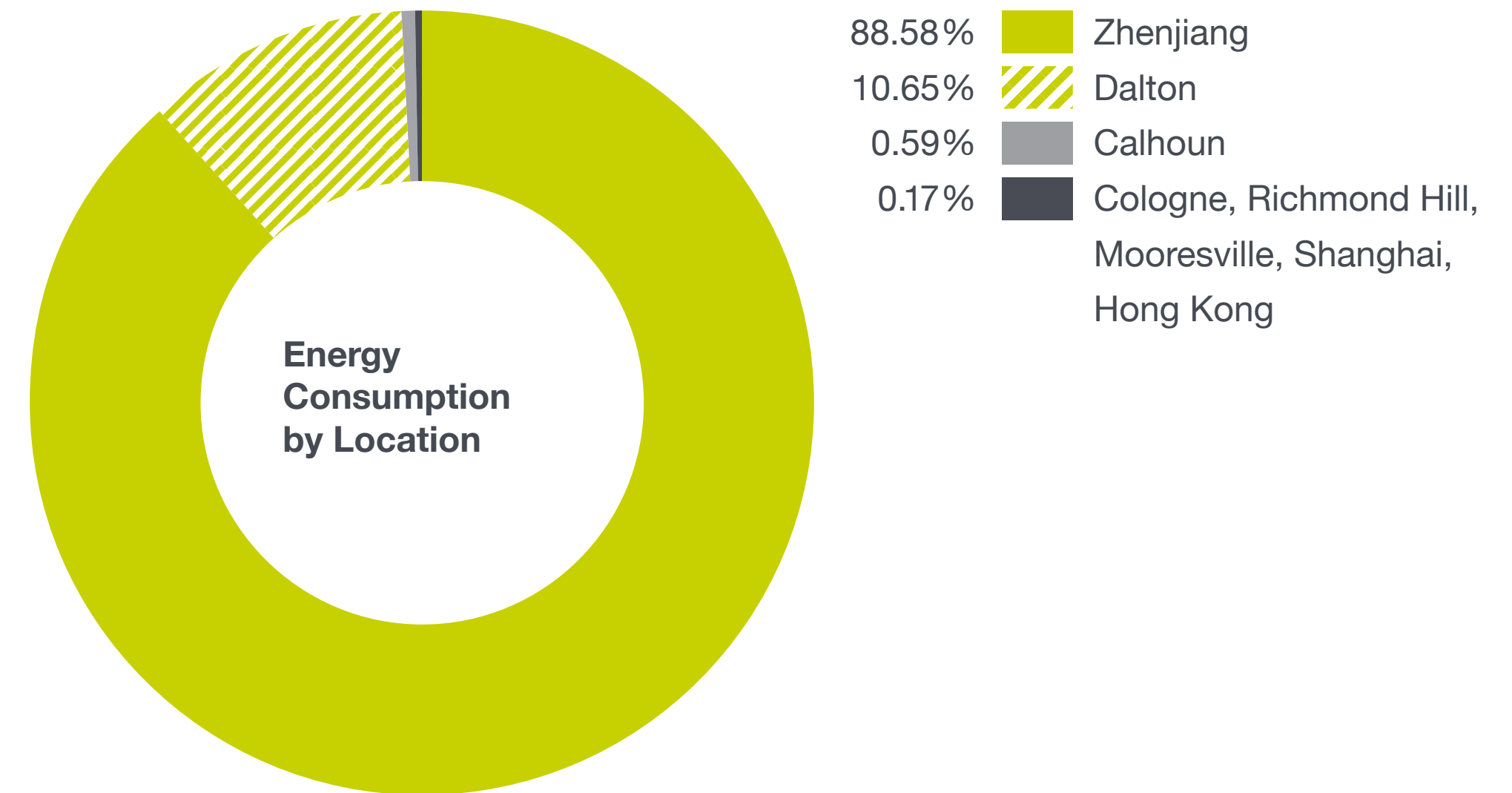


Energy Use Across Global Operations

Each location contributes to the overall energy profile based on our local operations. Novalis’ commitment to energy efficiency is evident in its strategic management of energy resources across global locations. In 2023, our facilities in Asia accounted for about 88.58% of the company’s total energy consumption, aligning with the significant share of production. The factory in North America contributed about 10.65% to energy consumption, with the remaining energy used by our offices in Europe, Shanghai, Hong Kong, Mooresville (US), and Richmond Hill (Canada).

Energy Mix by Location:

- **Asia**
Natural gas plays a central role, powering a majority of our operations, underscoring its importance in driving production.
- **North America**
Energy needs are primarily met by grid electricity, with natural gas used mainly for heating.
- **Europe**
Our European office is powered by 100% renewable electricity, demonstrating the potential of clean energy where infrastructure allows.



Energy Consumption: Summary & Outlook

2023

Even though the energy intensity increased compared to 2022 due to the challenging political and economic situation, we remain confident in our ability to meet our ambitious energy efficiency targets while continuing to lead in sustainable production practices. Our ongoing efforts to optimize operations, leverage renewable energy, and innovate will play a key role in achieving these objectives.

2025

- **Reducing our dependence on fossil fuels**

by discontinuing our steam and hot water boilers in Zhenjiang, China we can reduce our natural gas usage significantly.

- **Increase the share of renewable energy**

The installation of new solar panels at our locations will gradually increase the share of renewable energy.

2030

- **Phase out & replace energy-intensive production equipment**

Investments into more energy-efficient production processes and replacement of out-dated equipment to improve production efficiency.

- **Product development decisions based on energy consumption**

Products that consume less energy in production compared to others will be preferred.

Carbon Footprint and Emissions

As part of our commitment to transparency and alignment with the Global Reporting Initiative (GRI) sustainability reporting standards, Novalis has been measuring its carbon footprint across Scope 1 and Scope 2 emissions since 2019. In 2023, we expanded our reporting to include Scope 3 emissions, further enhancing our understanding of our environmental impact.

Scope



Direct emissions, generated by the combustion of fossil fuels and energy generation in relation to Novalis operations.

Scope



Indirect emissions, generated by energy sources supplied to and used by Novalis, such as electricity and heat.

Scope



All other emissions generated up- and downstream of our value chain. This includes the extraction of raw materials, transportation, installation, maintenance and repair, end of life options, employee business travel commuting.

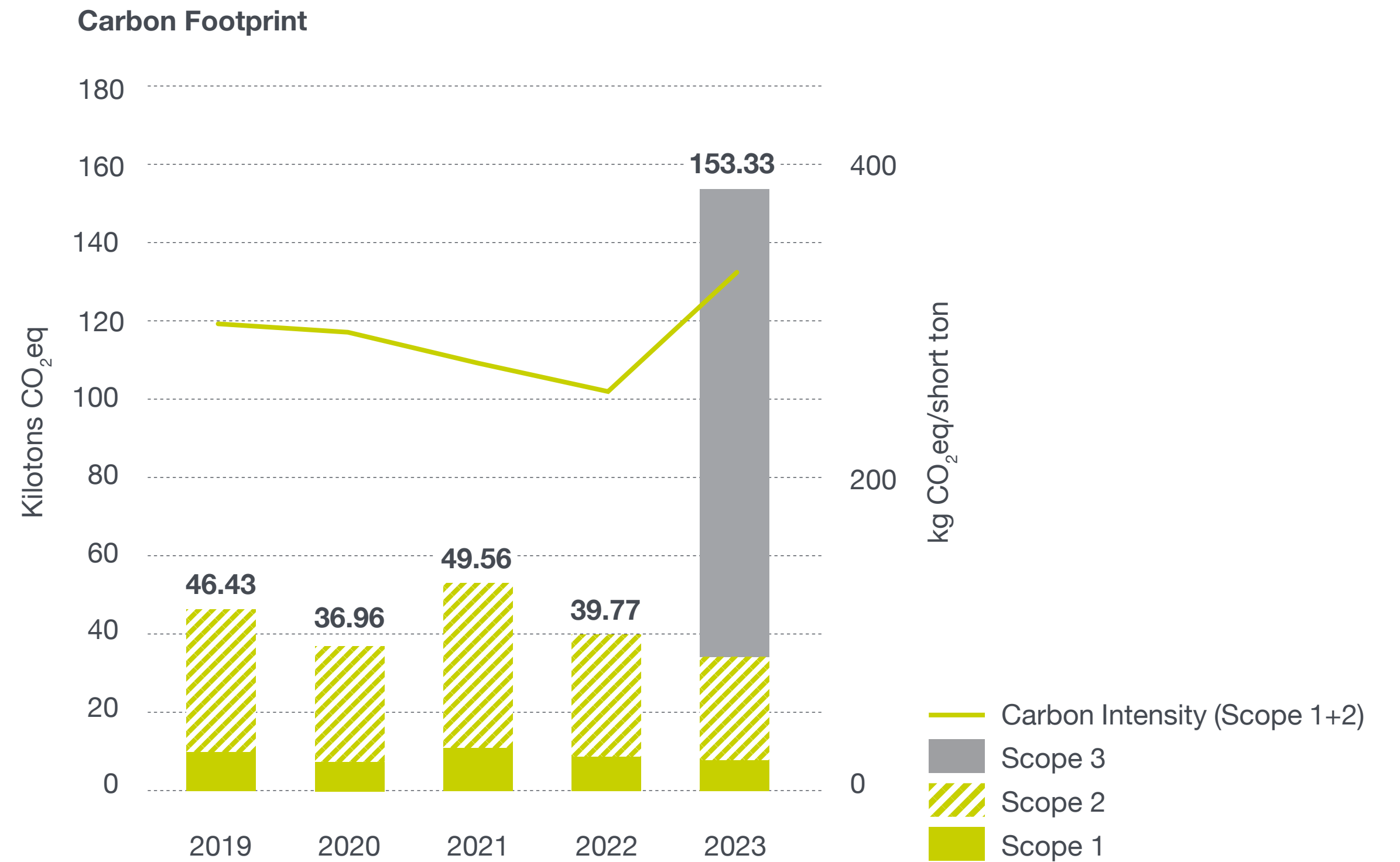
Carbon Footprint and Emissions

In 2023, our Scope 1 emissions decreased by 0.84 kilotons, from 8.96 kilotons CO₂eq in 2022 to 8.12 kilotons CO₂eq. Similarly, our Scope 2 emissions dropped by approximately 4.65 kilotons, from 30.80 kilotons CO₂eq in 2022 to 26.15 kilotons CO₂eq in 2023.

For Scope 3 emissions, we calculated approximately 119.27 kilotons CO₂eq, primarily driven by the transportation from our suppliers to our factories and the sea transport between our factories and distribution centers worldwide.

In 2023, Novalis faced a decline in production volumes due to a weakened global economy and ongoing political tensions. Despite a consistent flow of orders, smaller order quantities led to reduced machine efficiency, contributing to an increase in Scope 1 & 2 carbon intensity. Emissions per ton of finished goods rose to 333 kg CO₂eq, up from 257 kg CO₂eq in 2022, marking the highest level since we began tracking emissions.

These challenges underscore the complex relationship between production efficiency and carbon emissions. Nevertheless, Novalis remains focused on improving operational efficiency and reducing emissions, reaffirming our commitment to achieving our long-term carbon reduction targets of 50% by 2030 and to achieve net-zero emissions by 2040. As we continue to monitor and expand our emissions reporting, Novalis is committed to reducing its environmental impact and advancing our journey toward a more sustainable future.



Carbon Footprint and Emissions: Scope 3 Emissions

In 2023, Novalis took a significant step forward in understanding its full environmental impact by systematically collecting and analyzing data on Scope 3 emissions. This effort provides a comprehensive view of emissions across our entire value chain, including both upstream and downstream activities. Scope 3 encompasses not only the extraction and production of raw materials used in our vinyl flooring but also the transportation of these materials to our factories, the shipment of finished products to customers, daily commuting, business travel, and waste management.

Our analysis revealed that Scope 3 emissions account for 77% of Novalis' total carbon footprint, amounting to 119.07 kilotons CO₂eq. This exceeds the emissions generated by our direct operations, underscoring the importance of addressing value chain emissions.

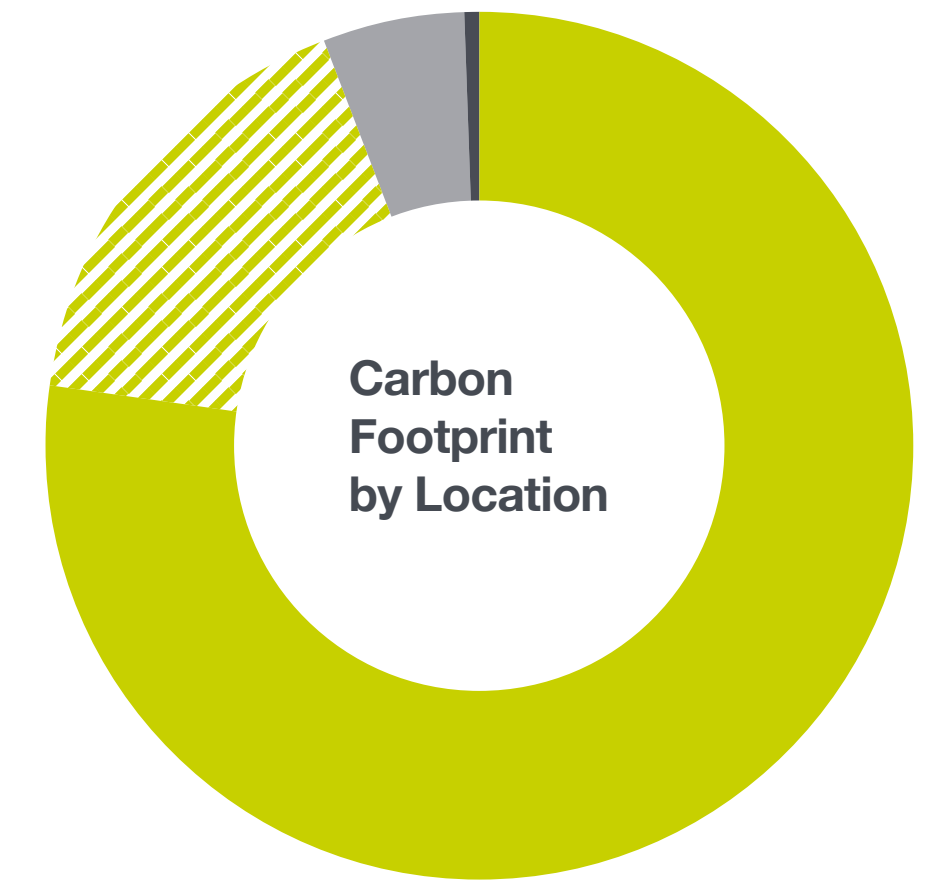
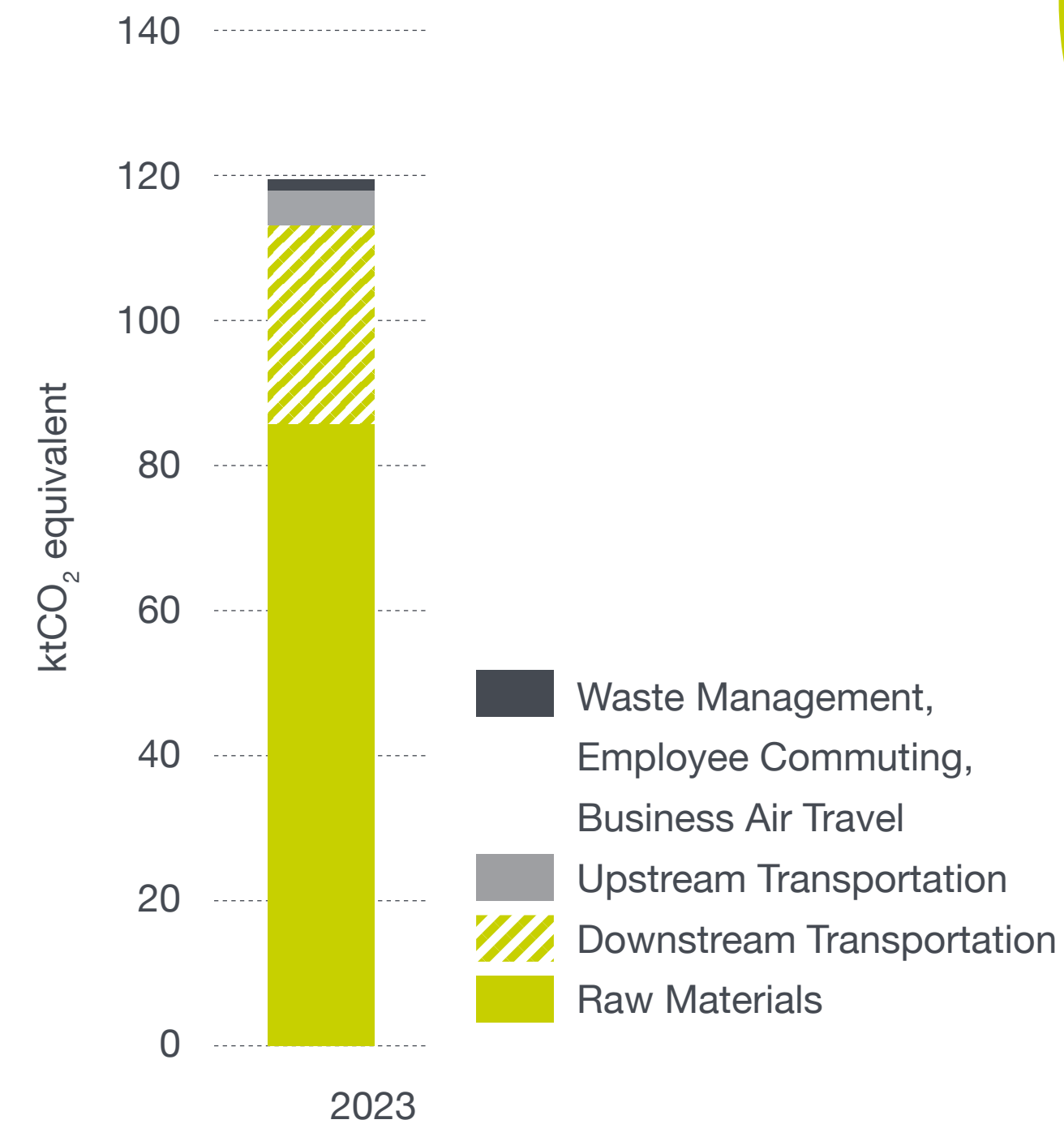
The largest contributors to Scope 3 emissions are:

- **Raw materials extraction and manufacturing: accounting for 85.81 kilotons CO₂eq.**
- **Transportation activities: totaling 31.87 kilotons CO₂eq.**

Given that most of our production takes place at our facilities in Zhenjiang, China, these operations represent the largest share of our emissions, contributing 77.56% of the total.

While data quality remains a challenge in some areas, this initial analysis provides valuable insights and will guide our efforts to reduce emissions across the entire value chain. Novalis is committed to improving data accuracy and enhancing collaboration with suppliers and partners to drive meaningful reductions in Scope 3 emissions.

Scope 3 Emissions



Carbon Footprint & Emissions: Summary & Outlook

2023

Novalis is committed to reducing its carbon footprint by addressing emissions across our operations and value chain. In recent years, we have focused on improving energy efficiency and expanding our emissions reporting to include Scope 3 emissions, offering a more comprehensive understanding of our environmental impact.

Looking ahead, we remain dedicated to achieving our carbon reduction targets of a 50% decrease by 2030 and net-zero emissions by 2040. Through continued operational improvements, collaboration with partners, and innovative solutions, we are confident in our ability to meet these ambitious goals and drive meaningful progress in sustainability.

2025

- **Verification of our Corporate Carbon Footprint**

Seeking verification of our carbon footprint enhances transparency, ensures accuracy, and strengthens stakeholder confidence in our sustainability commitments and reporting.

- **Reduced dependence on fossil fuels**

In order to reduce our Scope 1 emission, we are exploring ways to replace our natural gas burners in China by alternative heating systems or building partnerships with local partners.

- **Increased share of renewable electricity**

We are engaging with energy providers globally to support the transition to cleaner energy sources and reduce our Scope 2 emissions.

2030

- **Restoring nature & building resilient environments**

Working with local organizations globally to plant trees and restore wetlands, creating spaces for recreation, storing carbon, and helping to slow down global warming by offsetting emissions beyond our control.

- **Products as carbon sinks**

Regenerative and recycled materials in our products can actively reduce the emissions generated during the extraction and manufacturing of our raw materials.

- **Short & sustainable transportation**

Localized sourcing and production, along with expanding collaboration with more sustainable transportation companies, will help reduce our Scope 3 emissions in the long term.

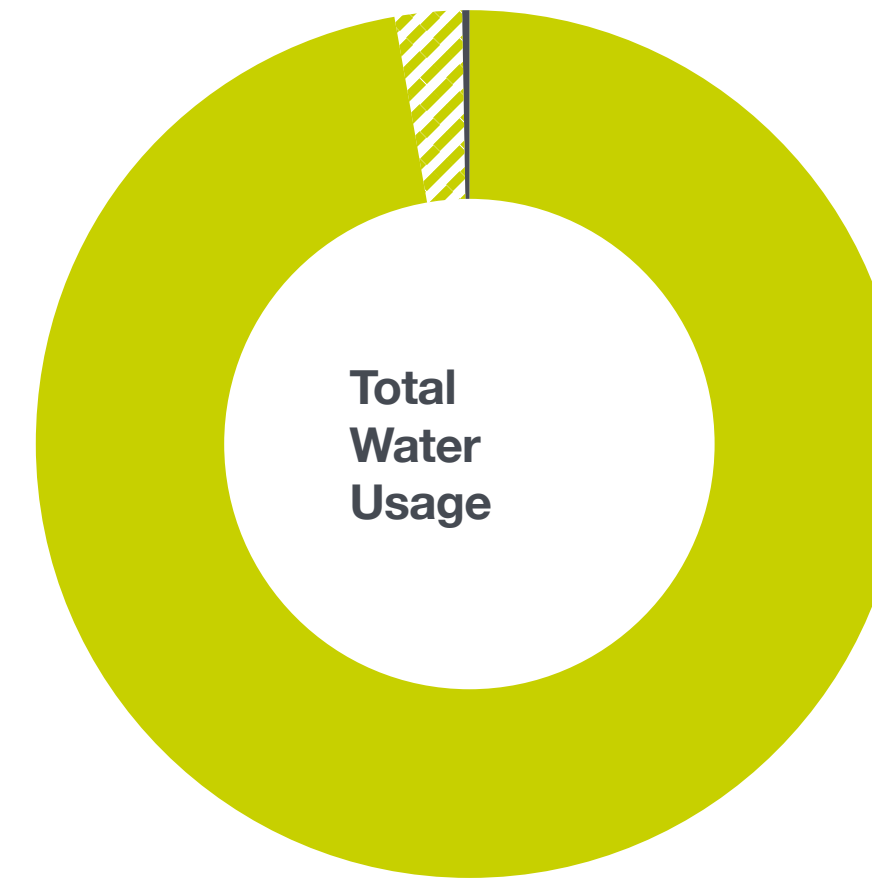
Water Management

In 2023, Novalis made significant advancements in its water management strategy, evolving from simply tracking overall consumption to analyzing water withdrawal and discharge in detail. This deeper understanding enables us to make data-driven decisions that conserve resources and support our broader sustainability goals. As a company committed to reducing our environmental impact, we recognize the critical importance of efficient water usage across all operations.

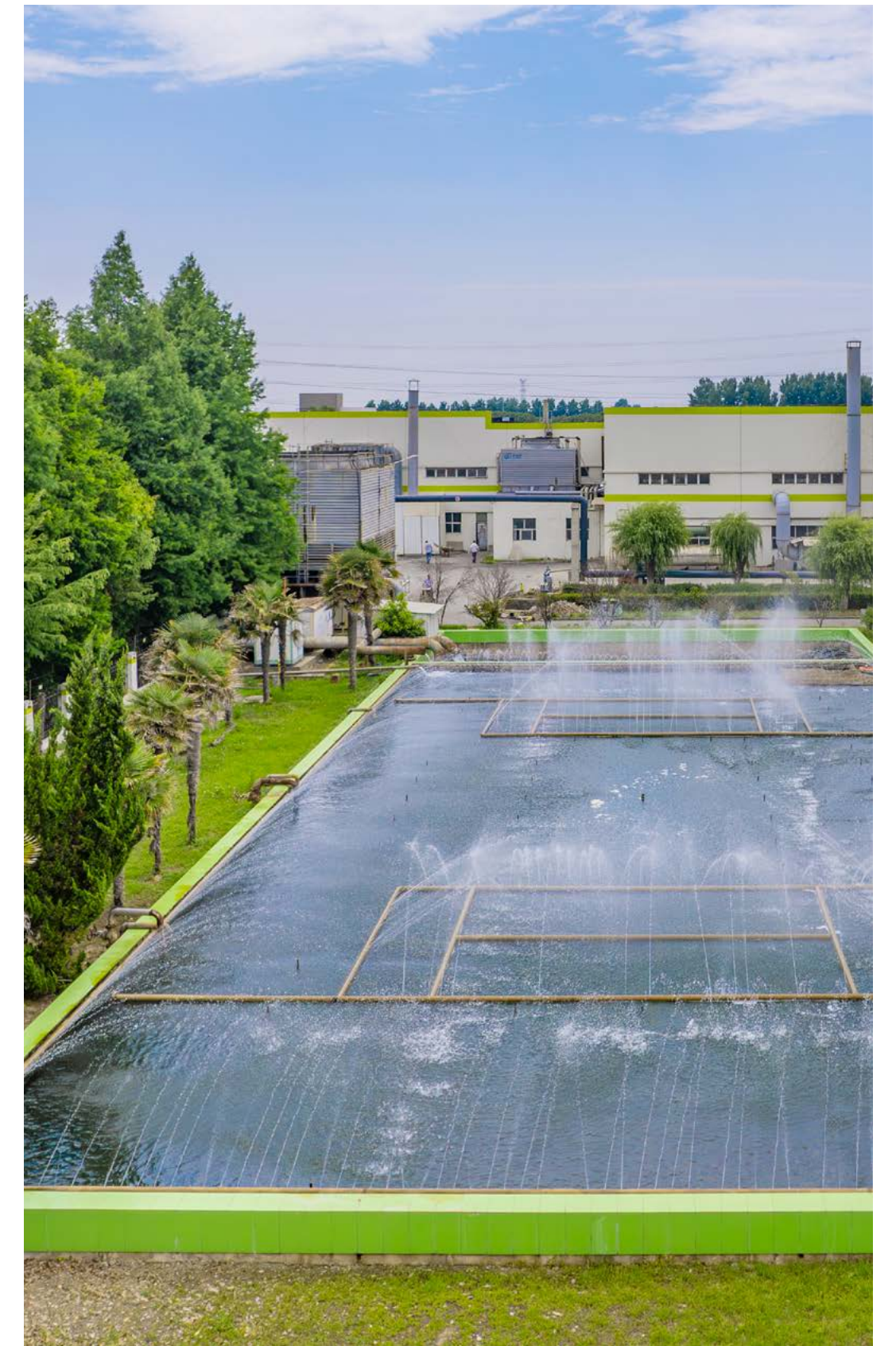
The majority of Novalis’s 2019 water consumption occurs in our China operations, which use approximately 33 million gallons of third-party water annually. This water is primarily utilized to generate steam for hot presses and annealing products. This water circulates in a closed-loop system that minimizes waste. The process begins with water being heated in boilers to produce steam and hot water for production. After use, the water is cooled in a cooling tower and funneled into a large retainer pool via water fountains at the front of the facility. Once cooled, it is reheated and re-used, ensuring maximum efficiency and minimal discharge. In 2023, only 1.91 million liters of water

were discharged, with evaporation accounting for the bulk of water consumption.

In the United States, water use is considerably lower but still managed with care. At our facility in Dalton, Georgia, surface water is the primary source, with total usage amounting to 897,000 gallons in 2023. The warehouse in Calhoun, Georgia, used an additional 50,000 gallons. Across our global offices in Europe, Asia, and North America, water usage was minimal, contributing just 4,792 gallons combined. These figures highlight the efficiency of our operations outside China and reflect our ongoing commitment to responsible water management across all locations.



- 97.20% Zhenjiang
- 2.64% Dalton
- 0.16% Calhoun
- Cologne, Richmond Hill, Mooresville, Shanghai, Hong Kong

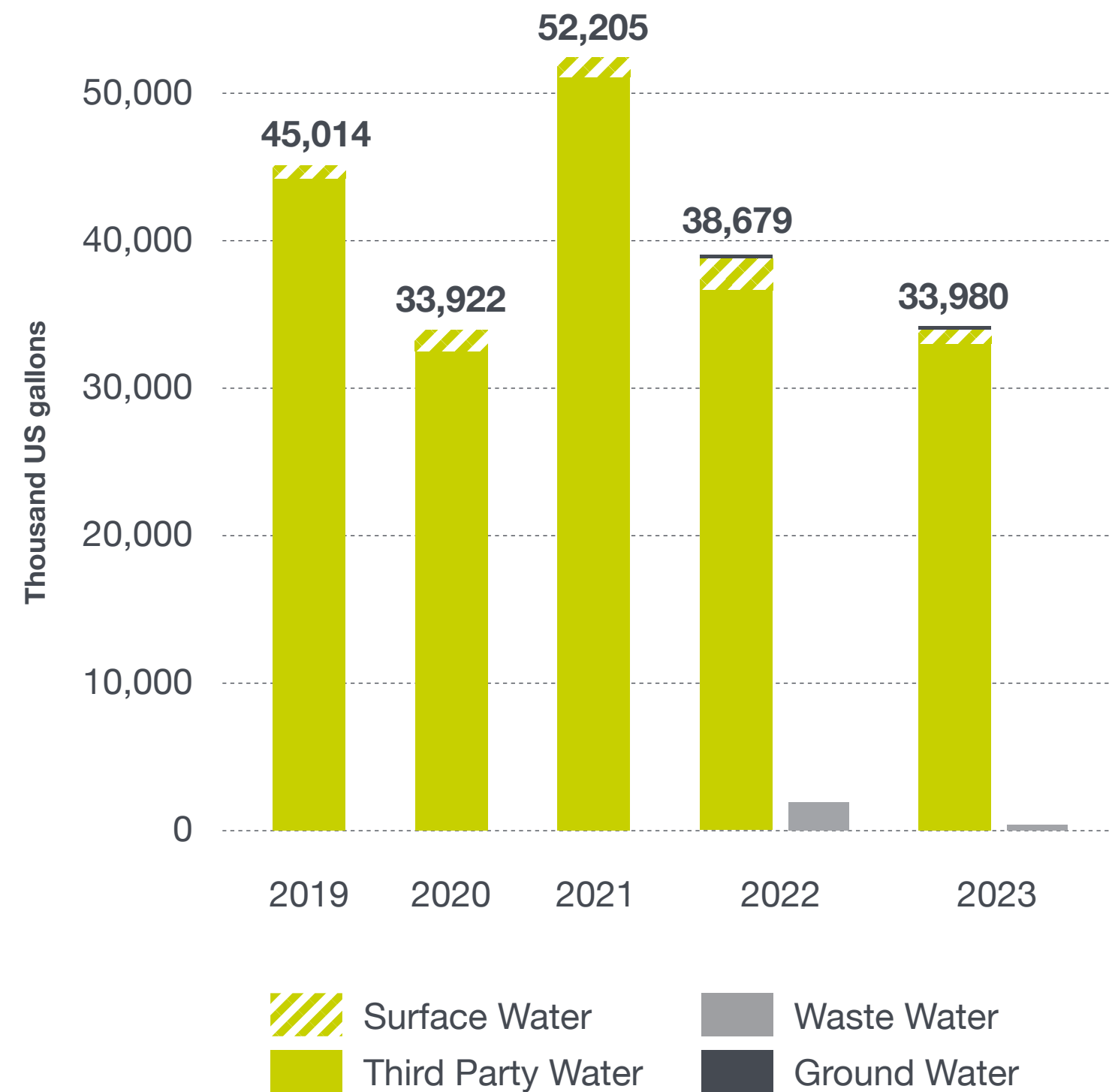


Water Management

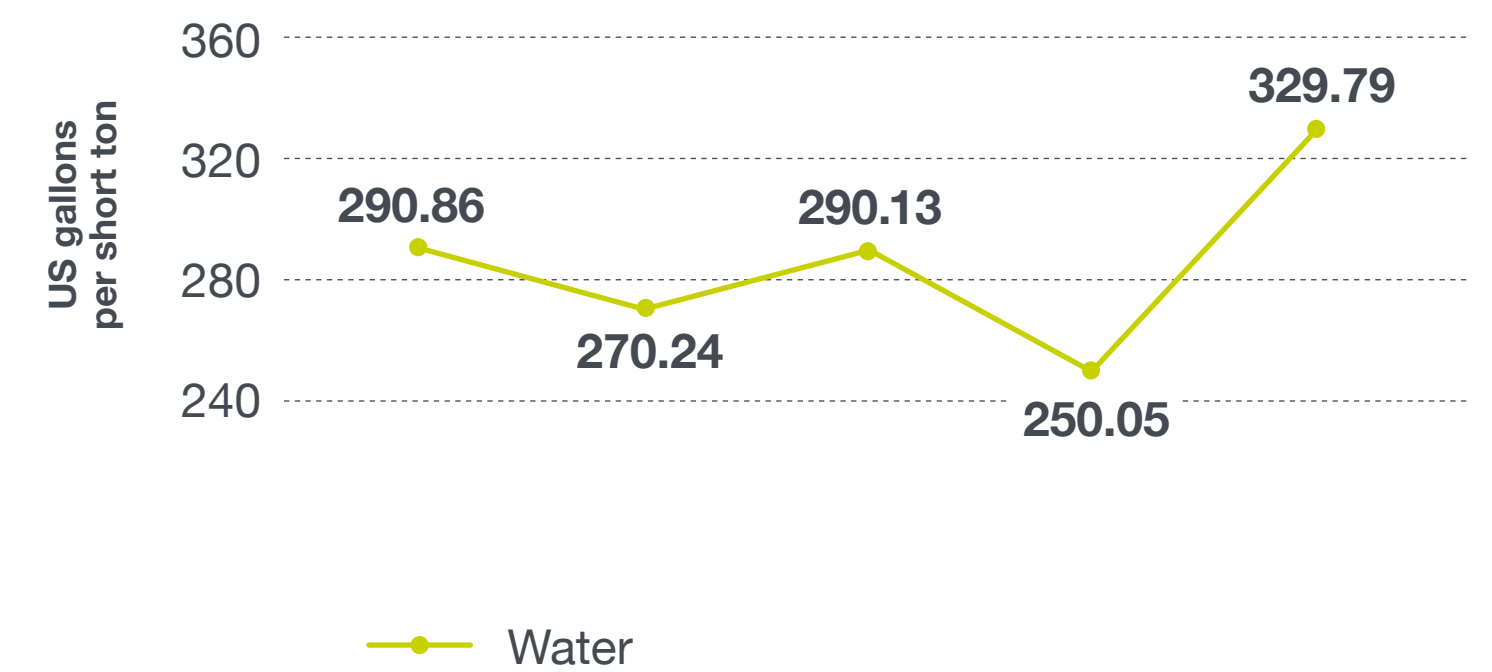
Novalis has made significant progress in reducing overall water consumption. Between 2021 and 2023, total water usage dropped from 52.21 million gallons to 33.98 million gallons, a decline of nearly 35%. This reduction is primarily due to the transition from hot press production to direct lamination, a process that requires less water for annealing and eliminates the need for steam generation. Rainwater collection tanks at our new China facility reduce reliance on external water supplies.

Despite these achievements, water intensity—measured in liters per ton of finished goods - increased in 2023, rising to 330 gallons from 250 gallons in 2022. This temporary setback is largely due to shifts in production volumes and reduced batch sizes, driven by global economic and political challenges. Nonetheless, the transition to more water-efficient production methods and our proactive measures demonstrate that we are on track to meet our water intensity reduction targets.

Novalis Global Water Consumption



Novalis Global Water Intensity



Water Management: Summary & Outlook

2023

Water stewardship remains a central pillar of our sustainability strategy. By managing water resources responsibly and efficiently, Novalis aims to reduce its environmental footprint while supporting the long-term viability of our operations. We are committed to continuous improvement and innovation in water management, ensuring that we meet our sustainability targets and contribute to a more sustainable future.

Our journey towards sustainable water management is supported by ongoing monitoring, data analysis, and collaboration across all levels of the organization. These efforts, combined with our focus on efficiency and conservation, will help us achieve our long-term goals and make a meaningful impact on global water sustainability.

2025

- **Minimizing Evaporation**

Through a further analysis of water losses in our closed-loop system and strategic investments in advanced production equipment, we aim to significantly reduce evaporation, ensuring more efficient water usage.

- **Smart Water Monitoring & Leak Detection**

Install smart meters and sensors to monitor water usage in real-time, identify leaks, and optimize consumption.

2030

- **Investment in Green Infrastructure**

Install permeable paving and landscaping around our facilities to reduce runoff and allow water to naturally recharge groundwater.

- **Rainwater Harvesting Expansion**

Expand rainwater harvesting systems at all facilities, capturing more water for use in non-critical processes.

- **Optimized Water Use Across the Value Chain**

Prioritize sourcing raw materials with lower water footprints and design products that can be easily recycled without impacting ground or surface water quality.

Materials Management

Sustainable materials management is a cornerstone of our commitment to reducing environmental impact and driving innovation. By integrating circular economy principles, optimizing material selection, and enhancing sourcing practices, we strive to develop flooring solutions that are both environmentally responsible and aligned with our long-term sustainability targets.

Designing Circular Products

Novalis has also prioritized the development of products designed for easier reuse and end-of-life recycling. By using a mono-material construction – where each layer of the product is made from the same material – we simplify the recycling process and improve material recovery rates.

At the same time, Novalis expanded its Digital Product Passport (DPP) system to include all product lines, continuing efforts to improve product transparency and support a circular economy. Every plank produced can now be marked with our comprehensive marking system **Q**[®], providing access to essential product information throughout its lifecycle, including at the end of life.

The QR codes link to a centralized database that contains:

- **Product Information** and Technical Data Sheets
- **Material and Ingredient Data** to inform about product composition and compliance
- **Installation and Maintenance Instructions** for proper handling and care to extend the products lifetime
- **Product Certifications** confirming compliance with relevant standards worldwide
- **End-of-Life Guidance** on preparation, return, and recycling.



Materials Management

The DPP platform, developed first in 2019, prepares us for upcoming regulations like the Ecodesign for Sustainable Products Directive and the Construction Product Regulation in Europe. By implementing this system early, Novalis ensures compliance and facilitates smoother product handling at the end of life.

This approach not only enhances traceability but also simplifies recycling and product disposal, supporting Novalis' broader sustainability goals. For our pioneering work in product design and data management, Novalis was also honored with the Verdantix EHS Innovation Excellence Award in 2023, recognizing the company's ongoing commitment to innovation and sustainability. This award underscores Novalis' efforts to enhance product design, transparency, and environmental responsibility through advanced technologies and sustainable practices.



Materials Management

Products with an increased bio-based content

In line with our commitment to sustainable innovation, Novalis has also introduced products with higher bio-based content, which offer a lower carbon footprint compared to conventional materials. It not only reduces the environmental impact of our products but also enhances their acoustic performance, providing added value to customers while contributing to a more sustainable product portfolio. In total, the average bio-based content was 2.51% in 2023.

Development of Non-PVC Alternatives

Poly-Vinyl-Chloride is one of the most widely used plastics with a huge variety of applications which is also fully recyclable without downgrading the quality. Nevertheless, we are recognizing the need for alternatives to PVC due to changing demands and concerns about legacy additives such as plasticizers and stabilizers. This is why Novalis is actively developing non-PVC flooring solutions as many of these additives are or are likely to be restricted under regulations such as REACH and California Proposition 65, prompting us to innovate with safer, more sustainable materials. These non-PVC alternatives will not only address regulatory compliance, but also position Novalis as a leader in offering next-generation, eco-friendly flooring products.

Local Sourcing of Raw Materials

Local sourcing is a critical aspect of our materials management strategy, contributing to reduced transportation emissions and supporting regional economies. In 2023, 75.13% of our raw materials were sourced within a 100-mile radius of our manufacturing facilities, while 81.46% came from within a 500-mile radius. This focus on local procurement enhances supply chain resilience, reduces our carbon footprint, and aligns with our broader sustainability objectives. By working closely with local suppliers, we not only ensure high-quality inputs but also foster collaborative partnerships that drive innovation and sustainability across the value chain.

81.46%

Within 500 miles radius

75.13%

Within 100 miles radius

Waste Management

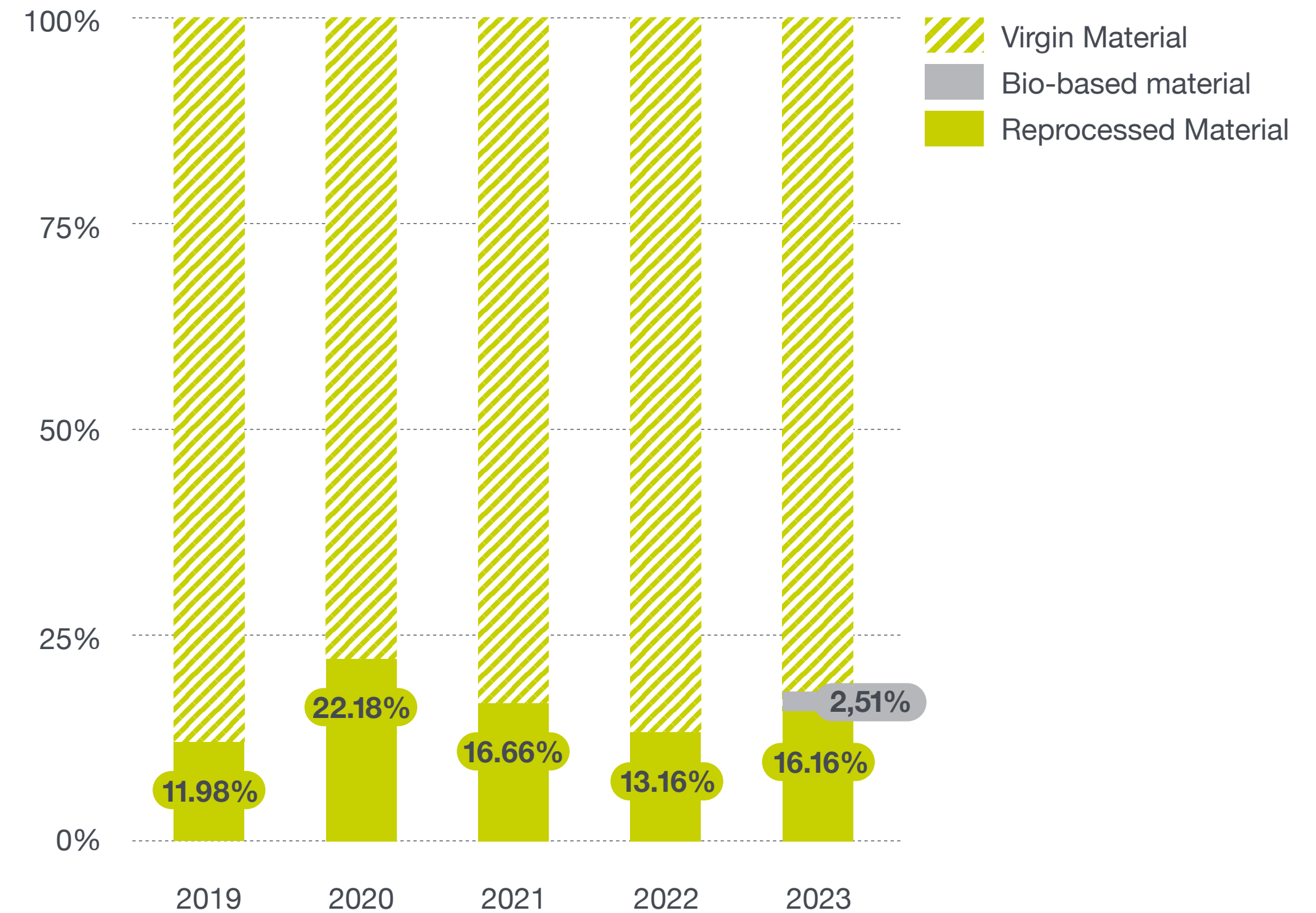
Post-Industrial

A key component of our materials strategy is the internal recycling of Luxury Vinyl Tile (LVT) scrap generated during production. This process is highly dependent on production output and specific processes, allowing us to reintroduce valuable material back into the manufacturing cycle. In 2023, we achieved an internal recycling rate of 16.16% across our facilities in China and the United States. Over the past four years (2019-2022), the percentage of internally reprocessed scrap has ranged between 11.98% and 22.18%, reflecting our ongoing efforts to optimize recycling efficiency and minimize waste.

Post-Installation & Post-Consumer

Novalis operates a comprehensive take-back and recycling program across Europe, North America, and Asia to support circularity and reduce waste. In Europe, where Novalis does not have its own manufacturing sites, the company collaborates with partner companies and recyclers, offering collection and pickup services for installation waste. Novalis is also actively engaged with European associations to develop a continent-wide system for collecting, sorting, reusing, and recycling of used flooring. In Asia and the US, Novalis directly takes back used flooring, processes it by shredding and granulating, and reintegrates the regrind into the production of new flooring products, further closing the material loop.

Recycled & bio-based content



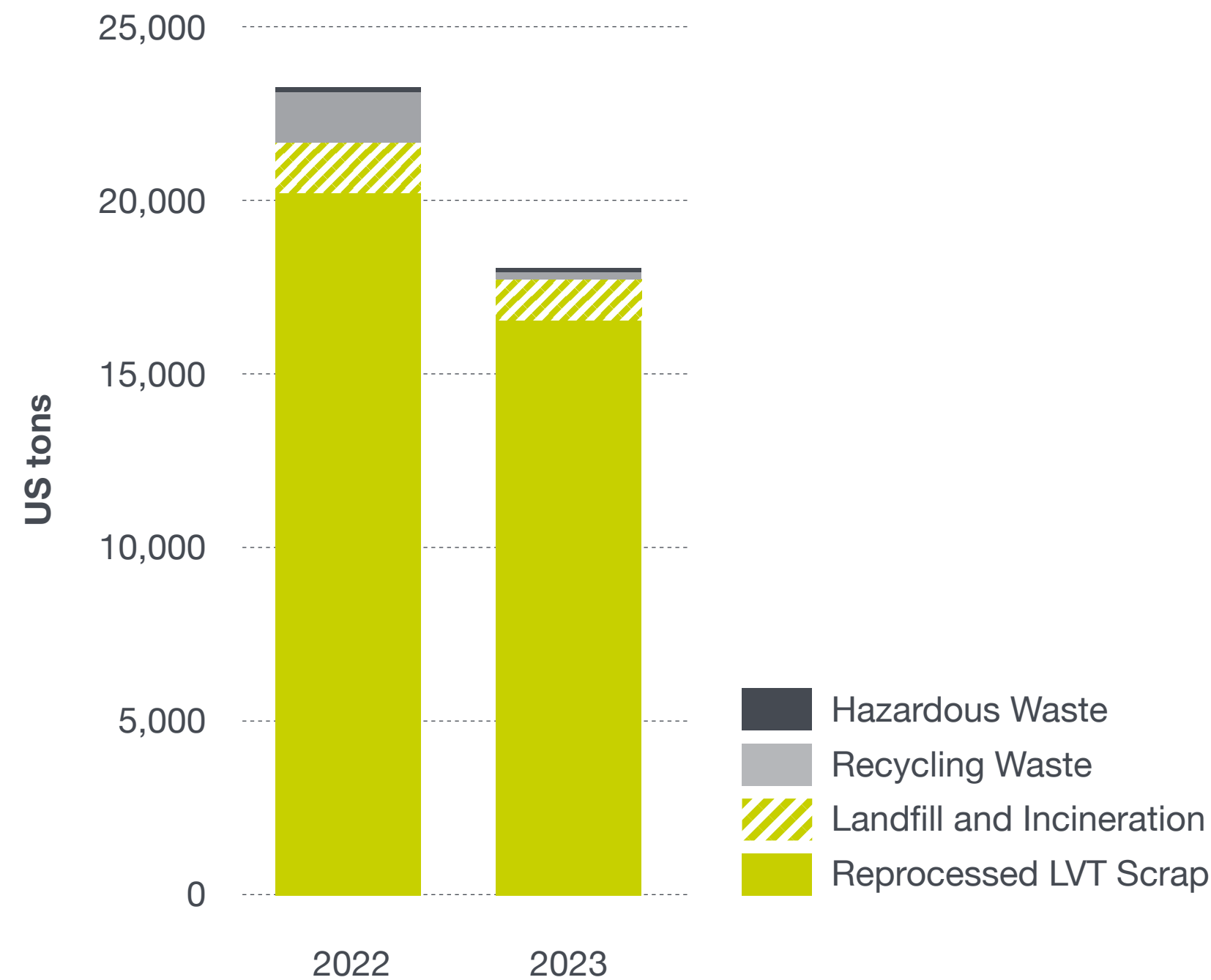
Waste Management

Waste Management

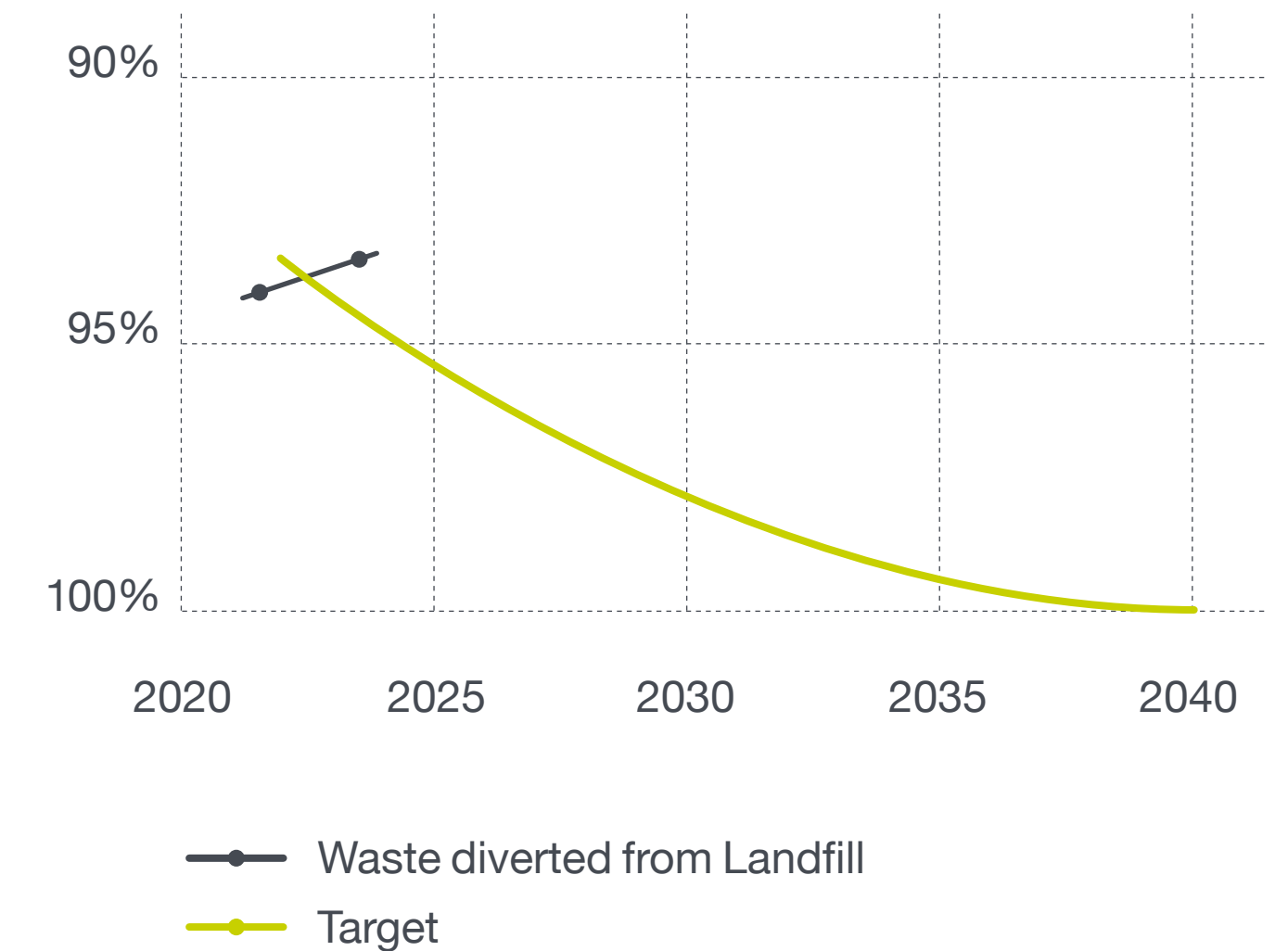
In 2023, Novalis continued to make significant progress in reducing waste sent to landfill and incineration, aligning with our long-term sustainability goals. Landfill waste decreased from 1,422 tons in 2022 to 1,160 tons in 2023. This reduction was driven by the company's efforts to collect and reuse all side trims, defective material, and milling dust generated in our factories. As a result, 93.6% of total waste was diverted from landfill, with 16,646 tons of LVT scrap reprocessed internally.

Additionally, 203 tons of flooring waste were processed externally, while 3 tons of plastic and 27 tons of cardboard were recycled through local waste management partners. These initiatives reflect Novalis' commitment to achieving our target of diverting 98% of waste from landfill by 2030 and reaching 100% diversion from landfill and incineration by 2040.

Waste Generation & Recycling



Waste diverted from Landfill



Materials Management: **Summary & Outlook**

2023

In recent years, we have been conducting thorough waste assessments in our manufacturing facilities and expanded the recycling network in Europe. At the same time, Novalis has been working hard on reducing the environmental footprint of our products by introducing products that are circular by design and linking product information and substance data to each plank. With this we ensure that our products are not treated as waste at their end of life, but as a valuable resource and secondary feedstock for a huge variety of new products. To reach our ambitious goals, we are eager to further improve our products, lower their embodied carbon by increasing the use of regenerative and recycled materials and also develop new products and business models that support a system where nothing is going to waste.

2025

- **Non-PVC Alternatives**

Expanding our offerings to include a range of non-PVC alternative flooring to meet the growing demand and giving our customers more choices to suit their needs.

- **Recycled Content Certification**

Install smart meters and sensors to monitor water usage in real-time, identify leaks, and optimize consumption.

- **Waste Diversion**

We continue assessing our waste streams and engaging with waste management companies to further reduce the waste, generated by our operations, that is going to landfill or incineration.

2030

- **Collection, Sorting, Reuse & Recycling of Flooring**

Engaging with associations, waste management companies and regulators to find solutions to collect, sort and recycle flooring products in our core markets after they reached their end of life.

- **Post-Consumer Recycled Content**

We collaborate with partners in our manufacturing countries to increase the share of re-incorporated post-consumer waste to replace primary feedstock that also meets our technical requirements.

- **Carbon Neutral Flooring**

Introduction of floorings that have no or even a positive impact on the climate by replacing mineral fillers by regenerative materials and use secondary feedstock instead of virgin materials.

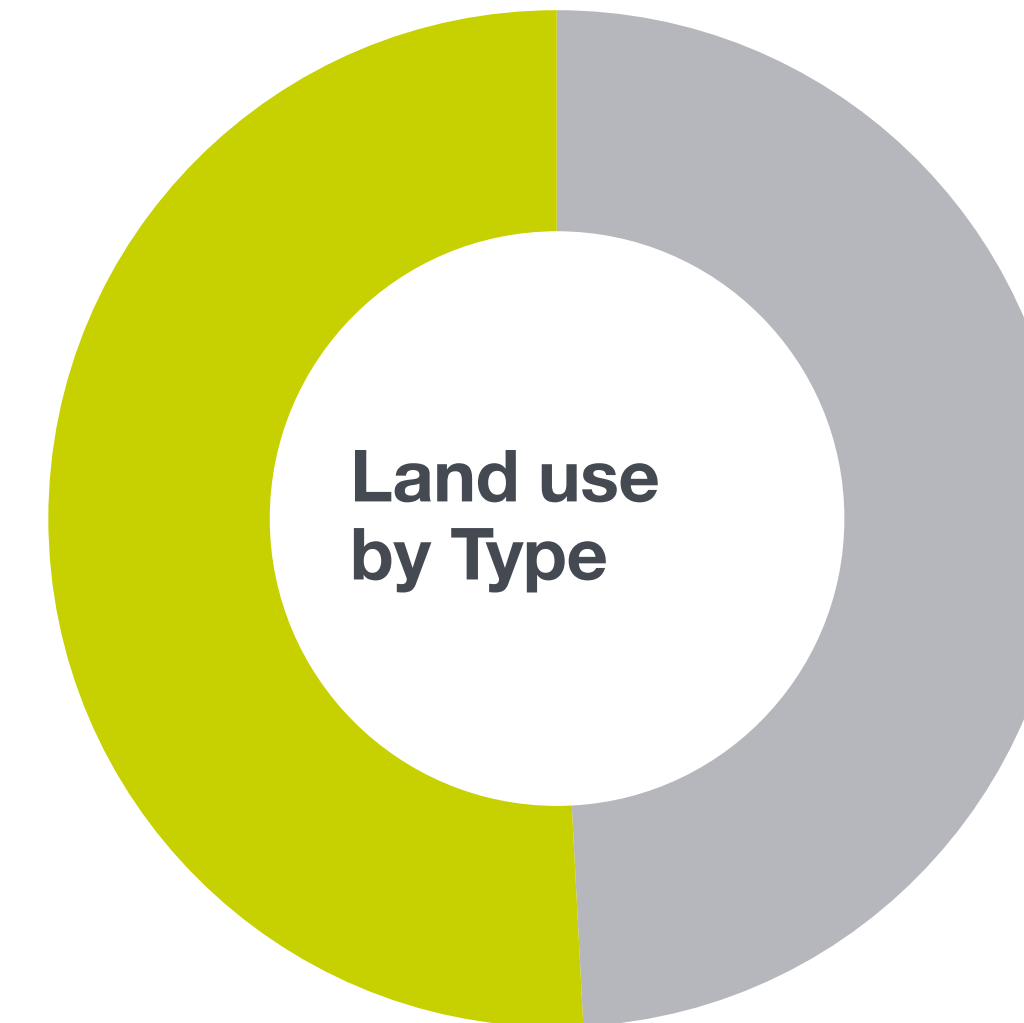
Biodiversity Impact

In 2023, Novalis operated three key facilities: in Zhenjiang, China (covering around 35.92 acres) and Dalton, US (23.53 acres) along with a warehouse in Calhoun, US (8.84 acres) and offices in Shanghai, Hong Kong, Cologne, Mooresville, and Richmond Hill, Canada with a total of 6808 ft². Our environmental management efforts prioritize biodiversity protection and ecosystem health near these facilities.

We adhere to all local and international biodiversity regulations, ensuring that our operations do not negatively impact local ecosystems. In 2023, there were no reported incidents of non-compliance related to biodiversity protection. Across all locations, Novalis is committed to safeguarding biodiversity through the following actions:

- Water Monitoring:** Regular assessments of water quality in near-by ecosystems to detect and address any potential contamination.
- Pollution Prevention:** Strict controls to prevent pollutants from entering groundwater or local habitats, including comprehensive air filtration systems to capture dust and particles.
- OH&S Oversight:** Dedicated teams at each facility ensure compliance with environmental standards and implement measures to reduce emissions and waste.

34.84 acres
Green Spaces

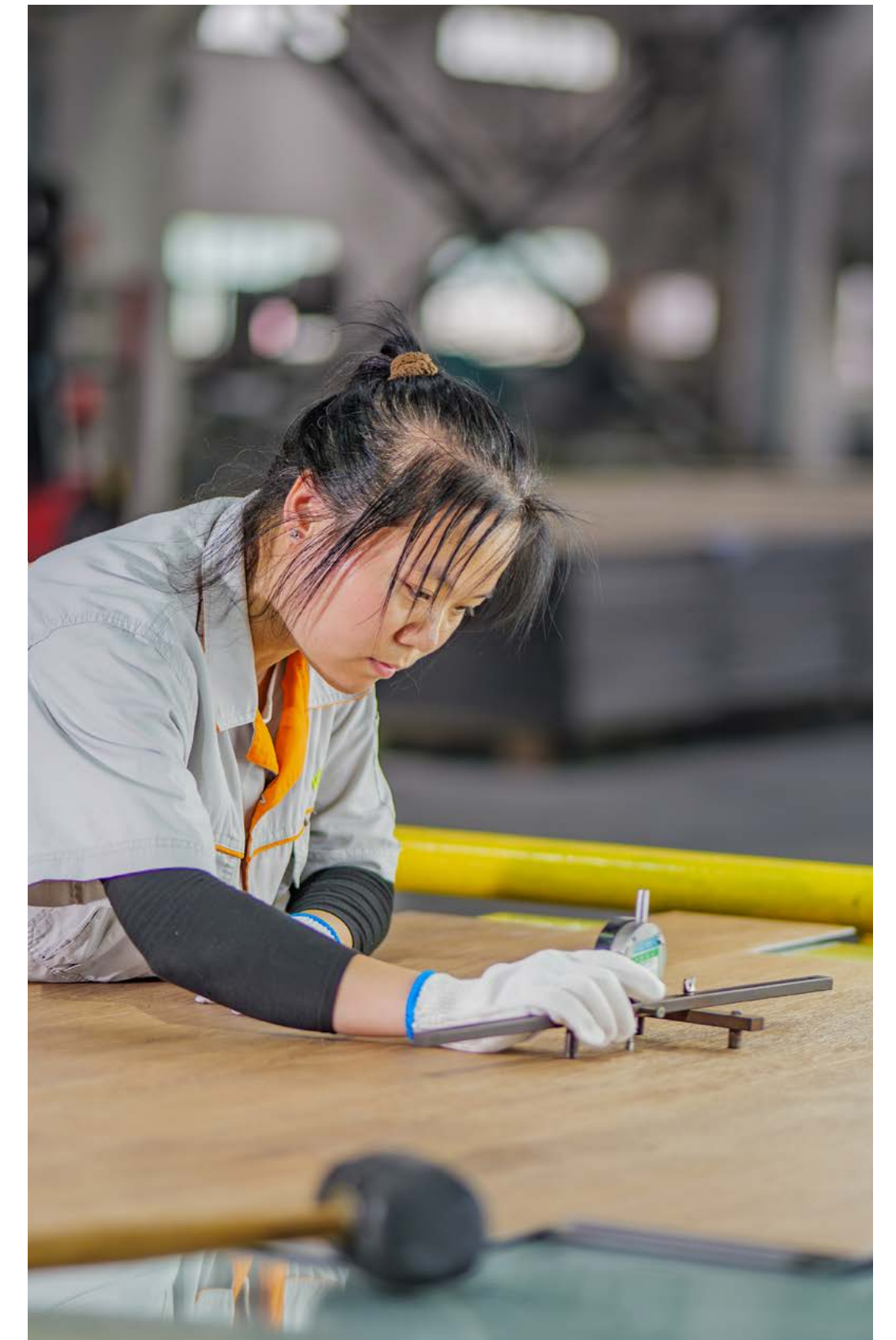


33.66 acres
Industrial Operations & Offices

Biodiversity Impact

Zhenjiang, China

Our Zhenjiang factory and surrounding land is situated near urban and industrial areas but still within proximity to several ecologically significant areas, including Jinshan Hill, Nanshan Scenic Area, and wetlands along the Yangtze River. These locations are vital ecosystems that contribute to regional biodiversity and serve as critical habitats for migratory birds and other wildlife. We conduct regular water assessments of nearby ecosystems to monitor and maintain water quality. Measures are in place to prevent pollutants from entering the ground or nearby waterways, supported by our on-site Occupational Health and Safety (OH&S) team. This team ensures that air emissions from manufacturing processes are filtered to minimize the release of dust and particles into the environment.



Biodiversity Impact

Dalton & Calhoun, United States

The facilities in Dalton, US and Calhoun are located near natural ecosystems, including the Chattahoochee National Forest and local wetlands. As such, we actively monitor potential impacts on local biodiversity. Like in Zhenjiang, we conduct water assessments of nearby areas to prevent runoff-related contamination. Our OH&S manager oversee compliance with environmental regulations, ensuring that air filtration systems are in place to reduce particulate emissions. Additionally, steps are taken to manage waste and stormwater, minimizing the facility's environmental footprint.



Biodiversity Impact: **Summary & Outlook**

2023

At Novalis, we recognize that safeguarding biodiversity is crucial to sustaining healthy ecosystems and supporting the communities in which we operate. We are committed to minimizing our environmental footprint and enhancing biodiversity through responsible operations and active engagement in conservation initiatives.

2025

- **Preserve and Enhance Local Ecosystems**

Conduct site-specific biodiversity assessments annually to monitor local habitats and species and implement native plant gardens and buffer zones to promote the local fauna and flora.

- **Sustainable Water Management**

Continue regular water assessments of nearby ecosystems to ensure sustainable use of water resources and at the same time expand rainwater harvesting and greywater reuse systems to reduce reliance on external water sources.

- **Pollution Control and Habitat Protection**

Upgrade air filtration and dust suppression systems to minimize emissions and airborne particulates and at the same time enhance our waste management practices by prioritizing recycling and avoid harmful impacts on soil and water.

2030

- **Employee and Community Engagement**

Launch biodiversity awareness programs for employees, encouraging participation in local conservation activities.

- **Site-specific Biodiversity Action Plans**

Develop a tailored BAP outlining conservation priorities, species monitoring, and habitat management strategies. At the same time, track biodiversity indicators, such as species richness and habitat quality, at each site and report about it annually.

- **Ecosystem Restoration Projects**

Participate in ecosystem restoration projects such as reforestation and wetland recovery by joining local programs from governments and NGOs.



Better for the People

“Supporting our employees growth, offering opportunities to learn, thrive, and feel valued every day”

Creating a Better Workplace

1 **No child, forced or compulsory labor**

- Zero tolerance policy for child, compulsory or forced labor

2 **Maintain high occupational health & safety standards**

- Routine safety trainings
- Keep the total recordable incident rate below 1.0

3 **Support freedom of association for our workers**

- Giving our workers the opportunity to contribute to the company's development and share concerns

4 **Develop and leverage skills of internal talents**

- Offer regular training opportunities for employees

5 **Pursue an inclusive and diverse workforce**

- Workforce reflects the diversity of the surrounding community
- Regular trainings on inclusive leadership

6 **Equal pay for equal work**

- Fair and equal compensation for employees with the same skill and experience level

With the implementation of these goals, we are also contributing to following **UN Sustainable Development Goals:**



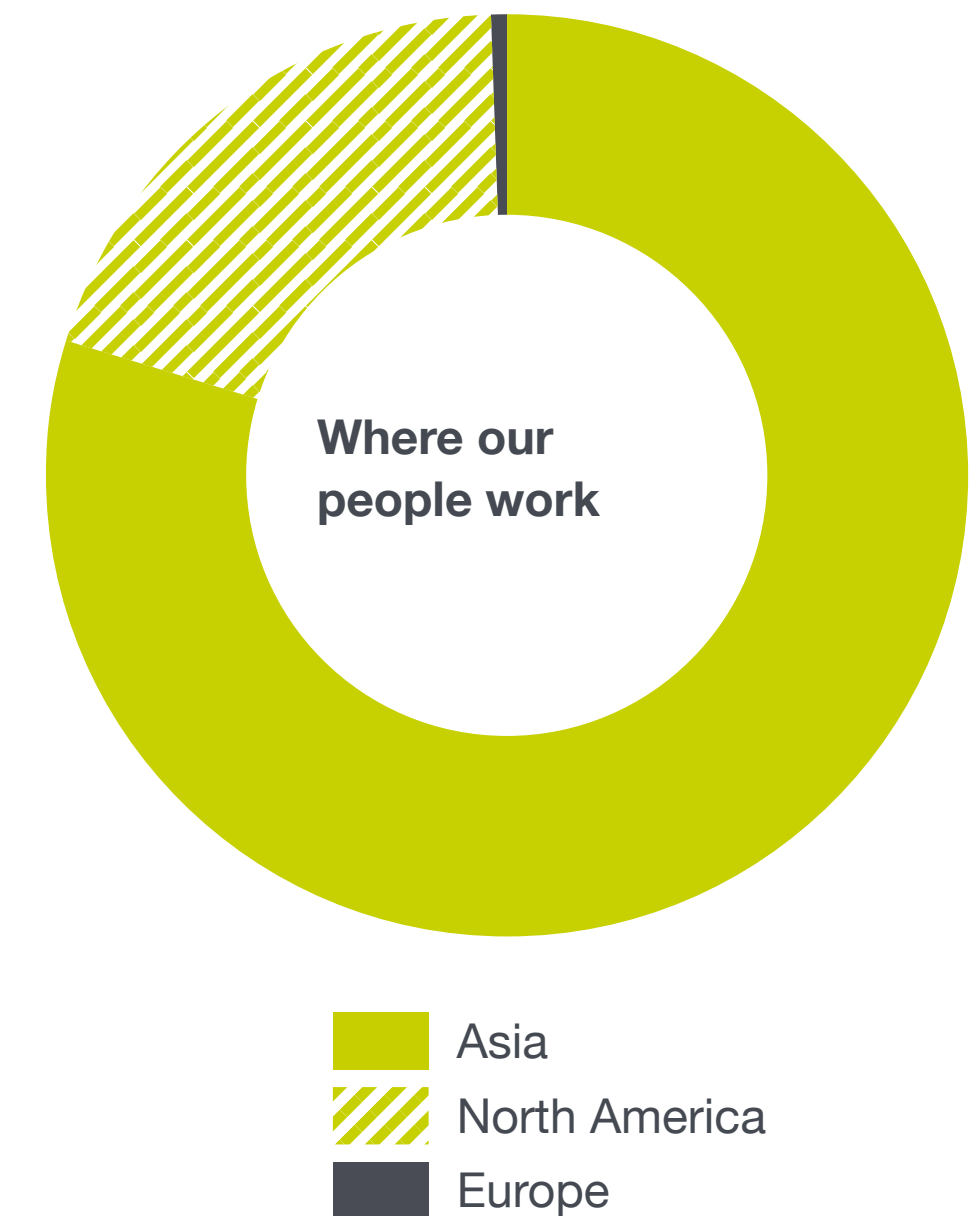
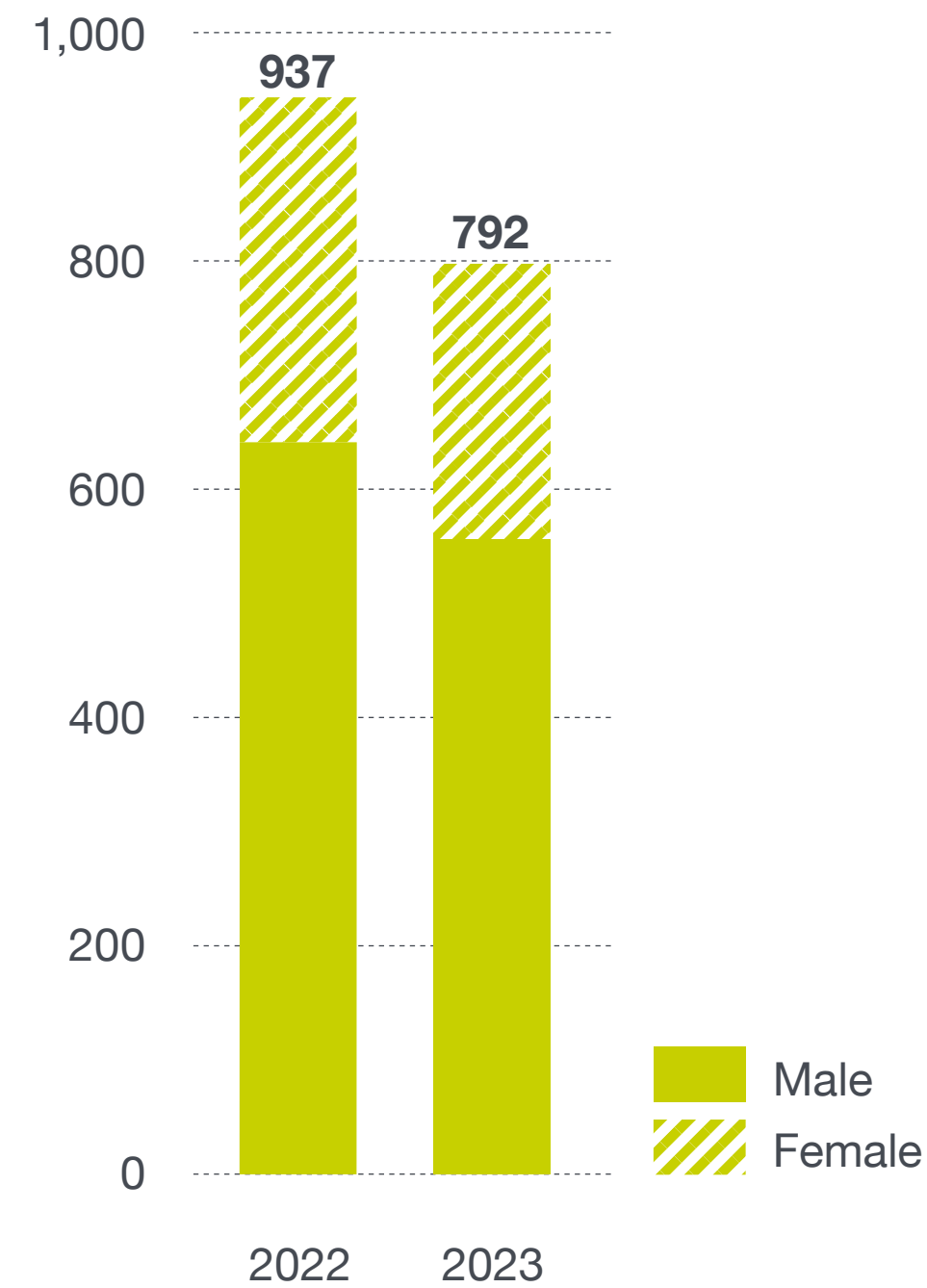
Our People: Empowering and Supporting Our Workforce

At Novalis, our employees are the foundation of our success and are becoming increasingly vital to everything we do. We are dedicated to creating a safe, inclusive, and empowering workplace that encourages both personal and professional growth. Our people management strategy prioritizes health and safety, diversity and inclusion, training and development, fair compensation, and overall employee well-being.

Global Presence

Our global presence, with 633 employees in Asia, reflects the strategic importance of our Zhenjiang facility. Meanwhile, our workforce in North America, with 161 employees continues to grow, supported by investments in local operations. In Europe, our small but dedicated team plays a crucial role in strategic market support and expansion. Despite current challenges, our commitment to employee development, diversity, and inclusion remains unwavering. We look forward to expanding our workforce in line with our long-term strategic goals.

Employees Worldwide



Our People: Empowering and Supporting Our Workforce

Workforce and Gender Representation

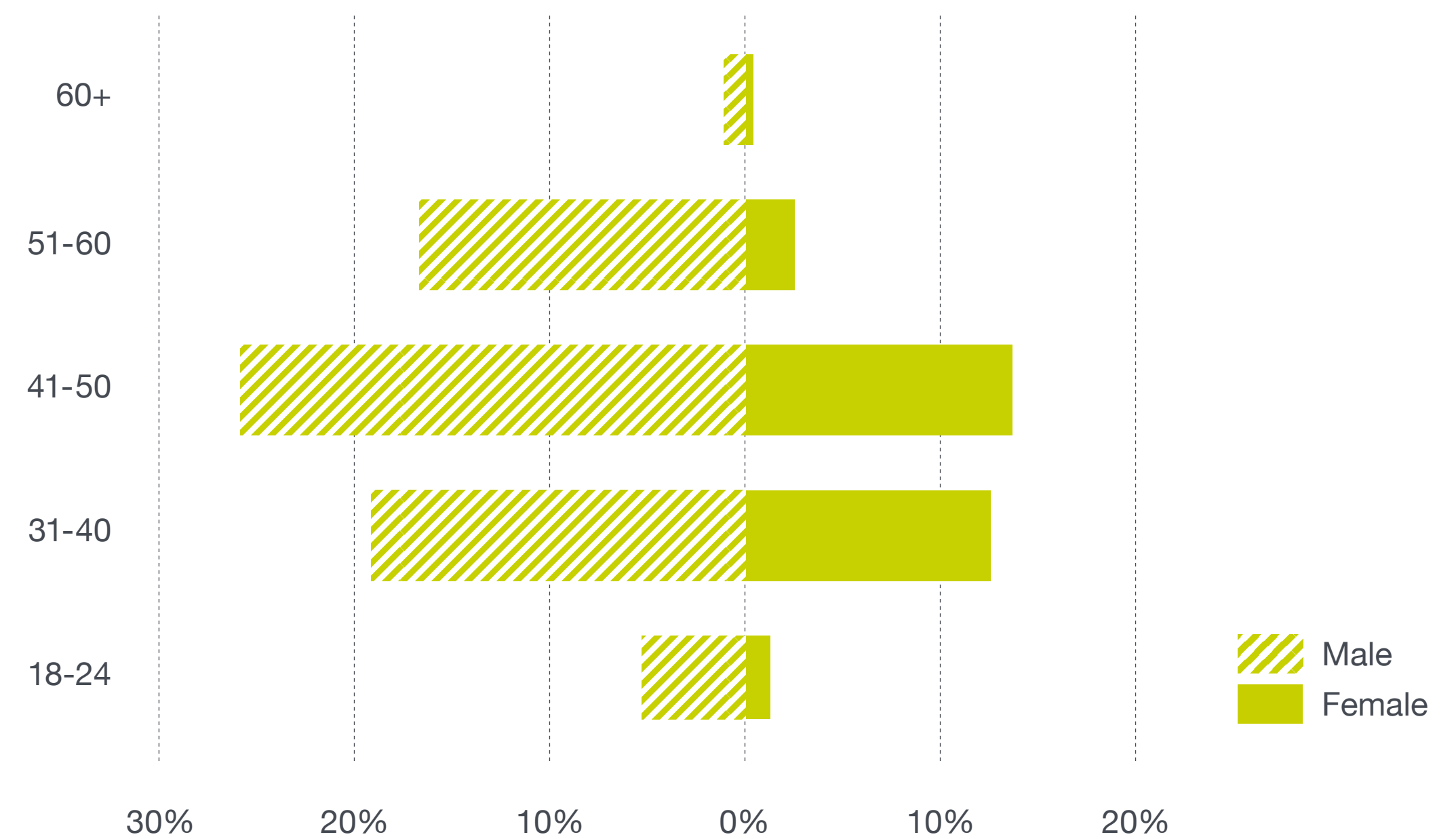
In 2022, Novalis employed 945 people globally, with women comprising 31.98% of the workforce. In 2023, global political and economic challenges reduced our workforce to 793 employees. Of these, women represented 30.40% of the workforce, highlighting the ongoing underrepresentation of women in certain roles, particularly in production, which remains less attractive to many female workers.

Novalis actively pursues gender equity by implementing strategies to attract and retain women across all organizational levels. Initiatives include creating flexible work arrangements, offering training for career advancement, and improving workplace conditions to appeal to a broader talent pool.

Age Demographics

In addition to addressing gender diversity, Novalis also pays close attention to age demographics within its workforce. In 2023, a detailed breakdown of age groups revealed that the largest segment of employees, 39.49%, were between the ages of 41 and 50, followed by 31.65% between 31 and 40 years old. Employees under 30 accounted for 8.20%, while those over 50 made up 20.68%. This distribution reflects a well-established workforce with a wealth of experience, complemented by a growing pipeline of younger talent.

Age & Gender



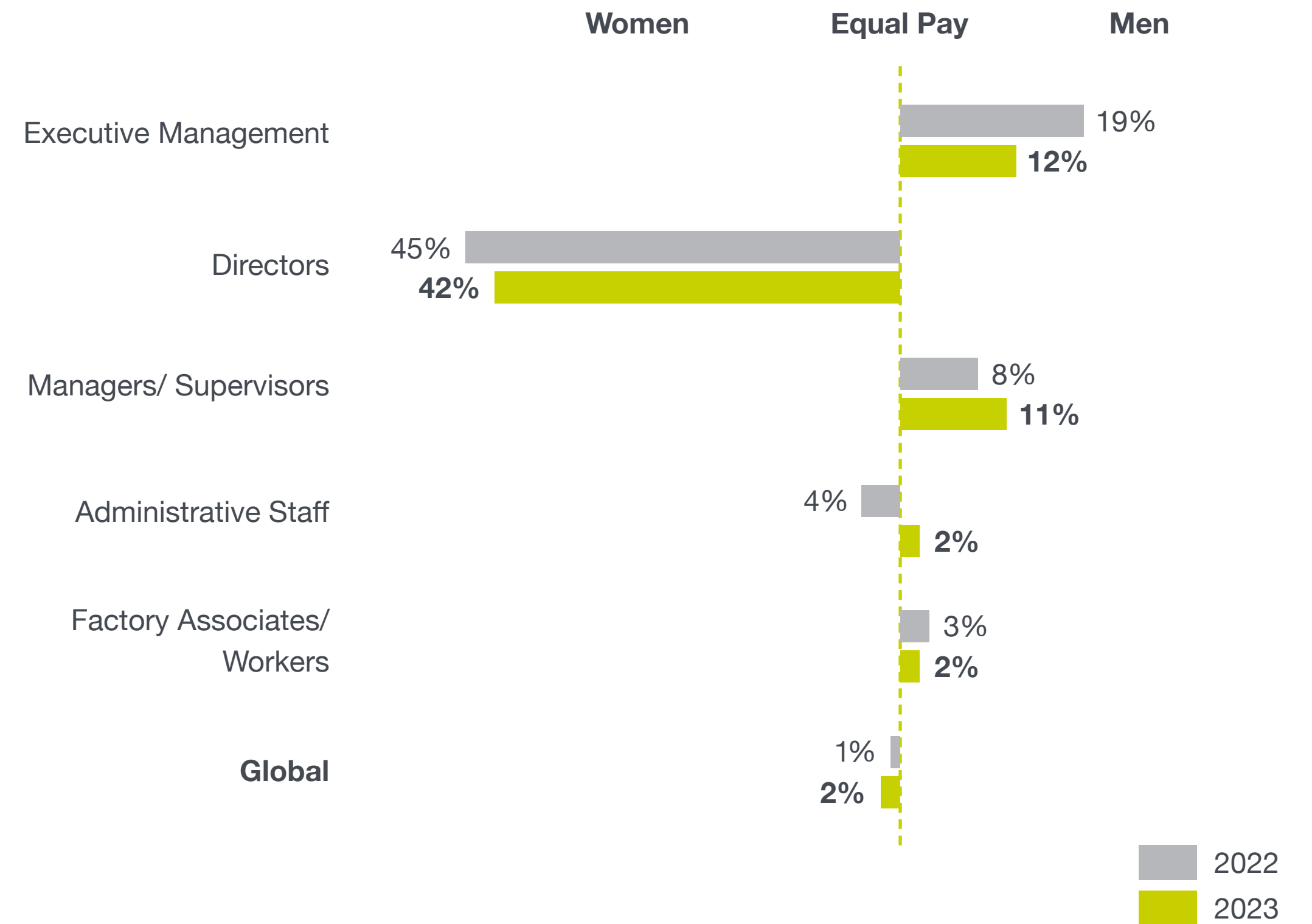
Our People: Empowering and Supporting Our Workforce

Fair and Equal Compensation

At Novalis, we are firmly committed to the principle of equal pay for equal work. All employees, regardless of gender, are compensated equitably based on their skills, qualifications, and experience. Our compensation policies are designed to foster fairness and transparency, ensuring that no disparities exist between employees performing the same roles with equivalent qualifications. In 2023, we took significant steps to analyze the gender pay gap across various levels of our organization, including executive management, directors, management, supervisors, administrative staff and factory workers. This analysis is part of our broader efforts to ensure equity in compensation practices across all roles and regions.

By prioritizing equal pay, Novalis reinforces its dedication to fostering an inclusive and fair workplace, where every employee is valued and rewarded based on their contributions.

Our analysis identified gender pay gaps, which we are addressing through targeted policies and practices.



Our People: Ethical Conduct & Responsibility

At Novalis, we remain steadfast in our commitment to upholding the highest ethical standards across all aspects of our operations. We recognize the profound influence our business practices have on our reputation, the environment, and society. As part of this commitment, we continue to align with the principles of the U.N. Global Compact, internationally recognized standards, applicable laws and regulations, and our own robust policies regarding human rights and ethical conduct.

Anti-Forced Labor and Child Labor

Novalis adheres to strict anti-forced labor and child labor policies across our operations and supply chain. We have implemented rigorous hiring practices and social policies to ensure that:

- **No children are employed in any capacity**
- **No workers are subjected to forced, bonded, or involuntary labor**
- **All employment is freely chosen and conducted under fair conditions**

Freedom of Association and Collective Bargaining

We fully respect and uphold the rights of workers to freely associate and engage in collective bargaining in accordance with international labor laws and local regulations. Employees at all Novalis facilities have the freedom to form or join unions and participate in collective agreements without fear of retaliation. We encourage open communication between employees and management, ensuring a workplace that values dialogue and mutual respect.

Anti-Corruption and Anti-Bribery Policies

At Novalis, we uphold a zero-tolerance approach to corruption and bribery, embedding robust measures into our daily operations to ensure ethical practices. Our Anti-Corruption and Anti-Bribery Policy establishes clear guidelines to prevent misconduct and maintain the integrity of our business relationships.

Our People: Ethical Conduct & Responsibility

Key measures to prevent misconduct:

- **4-Eyes Principle in Purchasing**

To mitigate risks of unethical behavior, all purchasing decisions are reviewed and approved by at least two authorized individuals. This promotes transparency and accountability in procurement processes.

- **Anonymous Reporting Mechanisms**

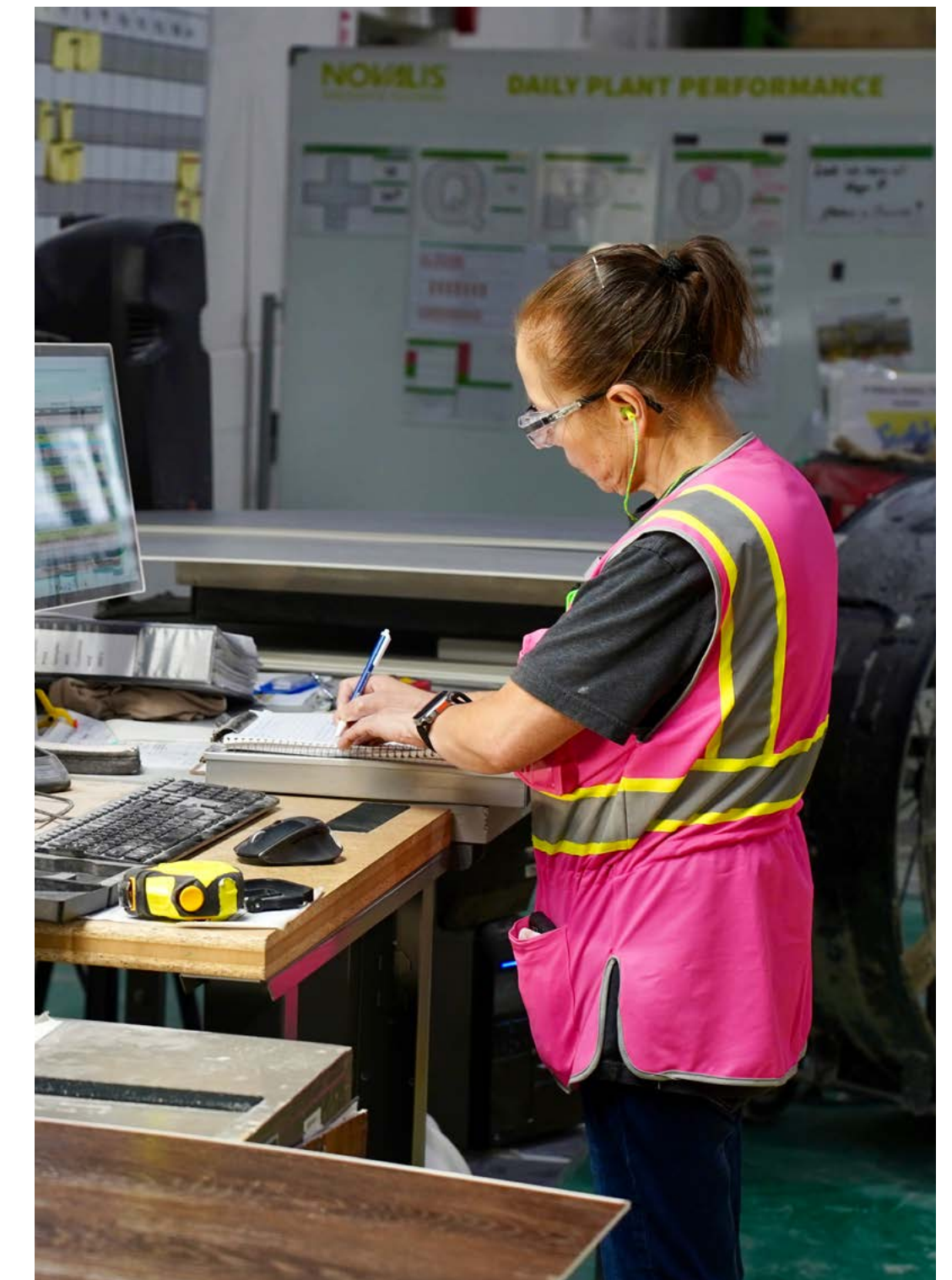
Employees in China and the US have access to secure, anonymous channels for reporting misconduct or unethical practices. These mechanisms ensure employees can voice concerns without fear of retaliation, fostering a culture of trust and integrity.

In addition to these measures, Novalis provides regular training to employees to raise awareness of ethical practices, including recognizing and addressing potential corruption risks. We also conduct rigorous due diligence on suppliers and partners to ensure alignment with our standards, further safeguarding against unethical practices in our supply chain.

By combining preventative measures, transparency in decision-making, and a safe environment for reporting concerns, Novalis reinforces its commitment to conducting business with the highest levels of integrity. These practices are critical in fostering trust with employees, partners, and stakeholders, while ensuring long-term sustainability.

Audits and Monitoring

And to safeguard compliance, Novalis also undergoes annual SEDEX and BSCI audits, including both announced and unannounced assessments. These audits have consistently affirmed our commitment to ethical practices and transparency.



Our People: Summary & Outlook

2023

In 2023, we expanded our training programs to cover freedom of association, collective bargaining, and anti-corruption. We also intensified supplier engagement, ensuring alignment with our Supplier Code of Conduct and offering additional resources to help partners meet our standards. A new whistleblowing mechanism was implemented in the US, enabling employees and suppliers to report concerns anonymously and securely.

At the same time by embedding these policies into our operations and supply chain, Novalis aims to foster a culture of integrity, respect, and accountability, creating long-term value for employees, partners, and communities alike

2025

- **Improved Reporting Mechanisms**

Partner with an independent service provider to manage anonymous reports, enhancing trust and impartiality in the reporting process.

- **Enhanced Training and Awareness Programs**

Expand training sessions to include scenarios and case studies, helping employees better understand corruption risks and how to respond.

2030

- **Recognition Programs**

Establish recognition programs for employees and teams who actively promote ethical practices.

- **Industry Collaboration**

Join initiatives or associations focused on anti-corruption, such as the UN Global Compact Anti-Corruption Working Group, to share best practices and stay updated on global standards.

Health, Safety & Well-Being

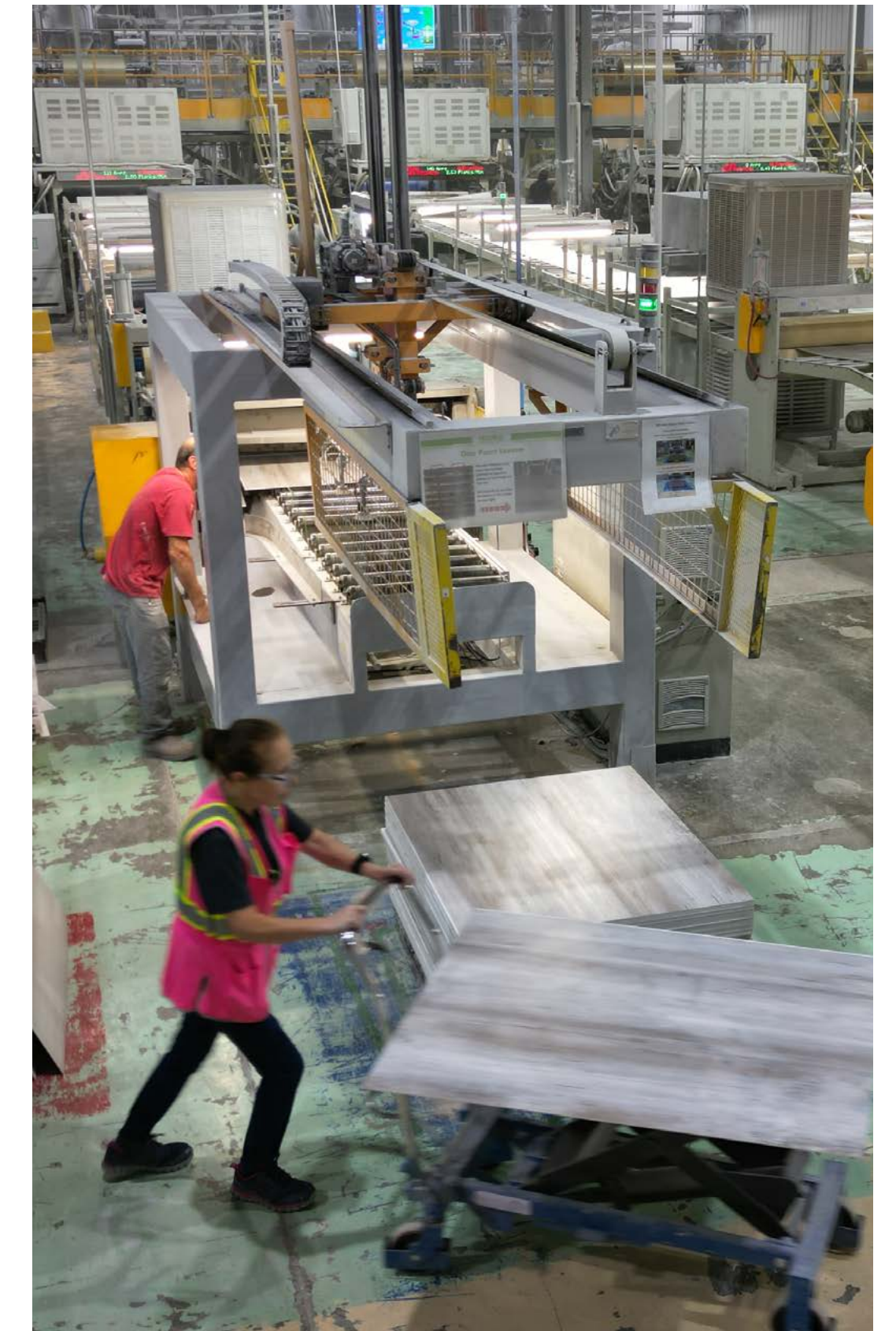
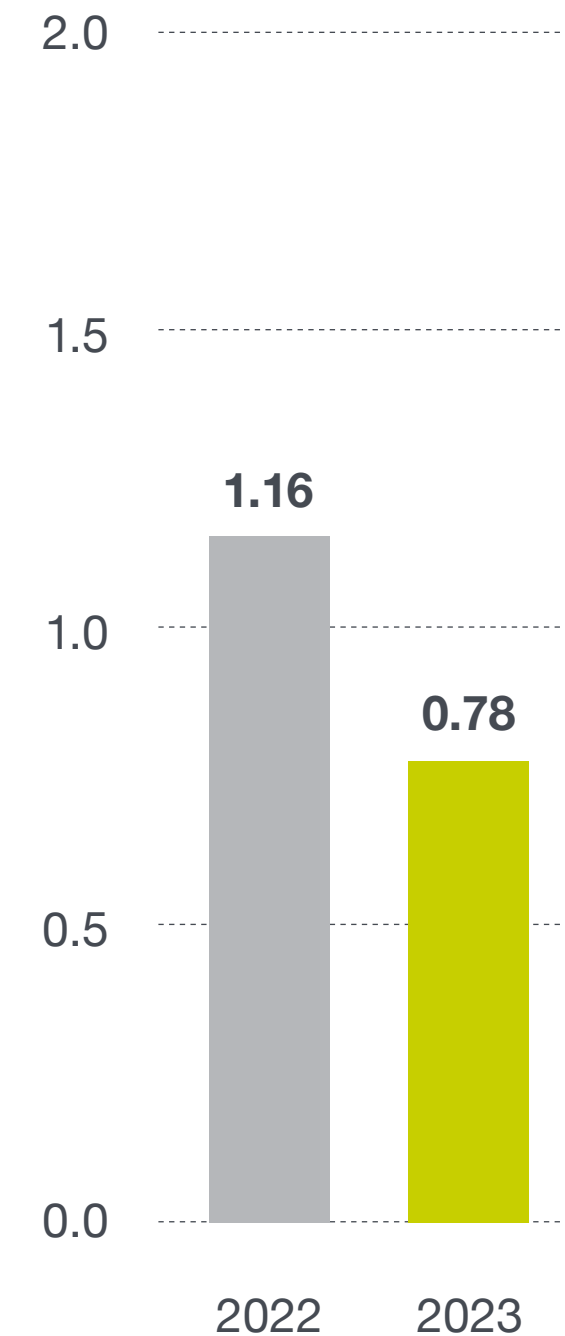
Ensuring the health, safety, and well-being of our employees is a top priority. Our Occupational Health and Safety (OH&S) management system adheres to the highest safety standards and includes risk assessments, hazard identification, and preventive measures. This includes:

- Regular Risk Assessments**
 Our Safety Core Team conducts weekly risk assessments across all sites to identify potential hazards and implementing mitigation strategies. Employees can turn to our responsible EHS manager or the Safety Core Team to raise health and safety concerns.
- Employee Training**
 All employees receive ongoing training. In 2023, 29 training sessions were held, covering the use of Personal Protection Equipment (PPE), the implementation of preventive measures and potential occupational hazards.

- Incident Reporting and Investigation**
 We have a robust incident reporting system that encourages employees to report near-misses and hazards. Each incident is thoroughly investigated to prevent recurrence.
- Good Catch Program**
 We also have a Good Catch program in place, where employees are encouraged to capture and correct safety, health or environmental issues at the time of the finding.
- EHS boards**
 EHS boards are installed at each entrance that are showing key KPI's, One Point Lessons, Safety Alerts, Root Cause Analysis, and a 5 year record of incidents.

In 2023, our Total Recordable Incident Rate (TRIR) was 0.78 down from 1.16 in 2022. This shows our commitment to maintaining a safe working environment. Our long-term goal is to stay below a TRIR of 1 with our ultimate vision to achieve zero workplace incidents.

Total Recordable Incident Rate

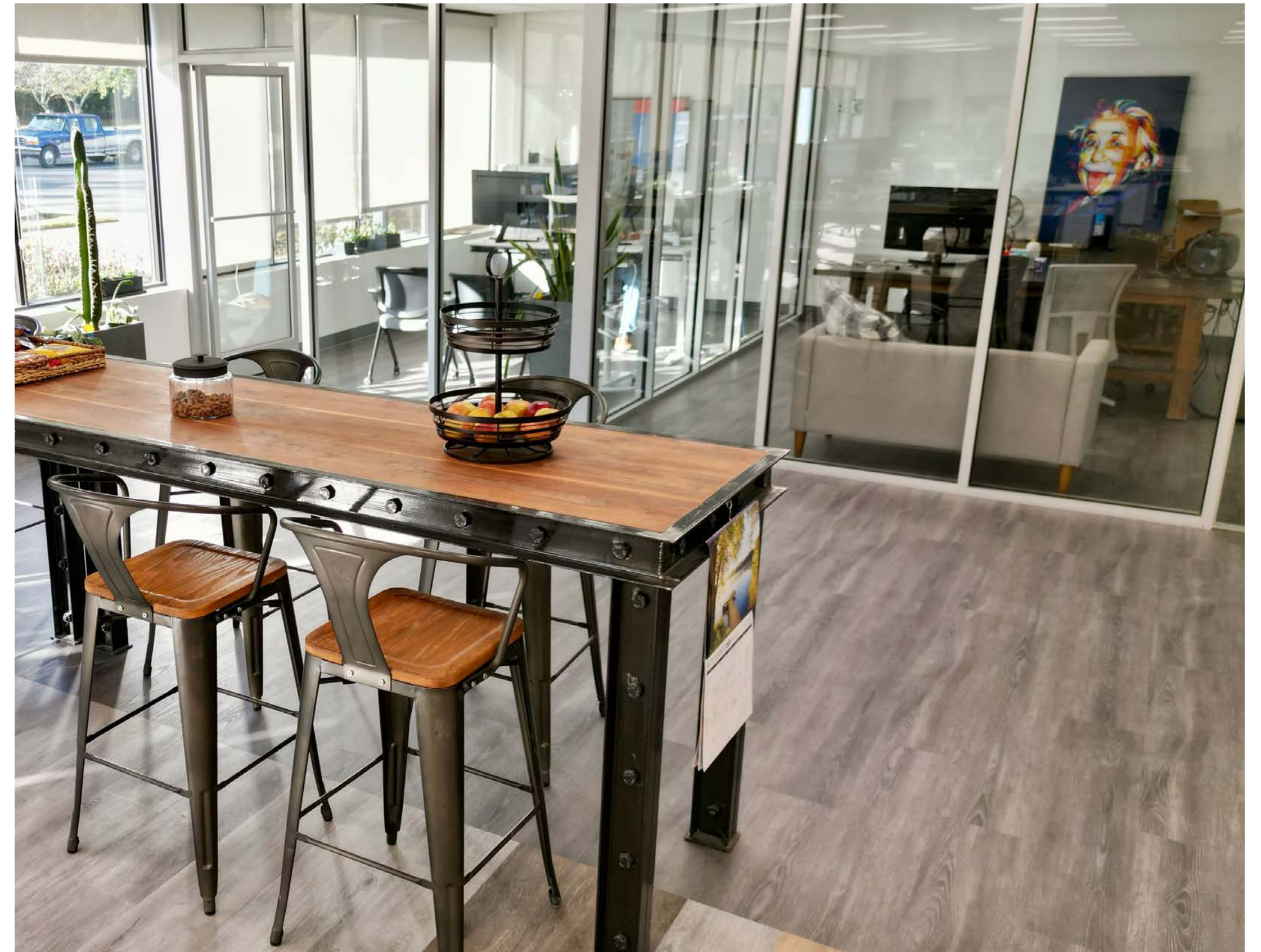
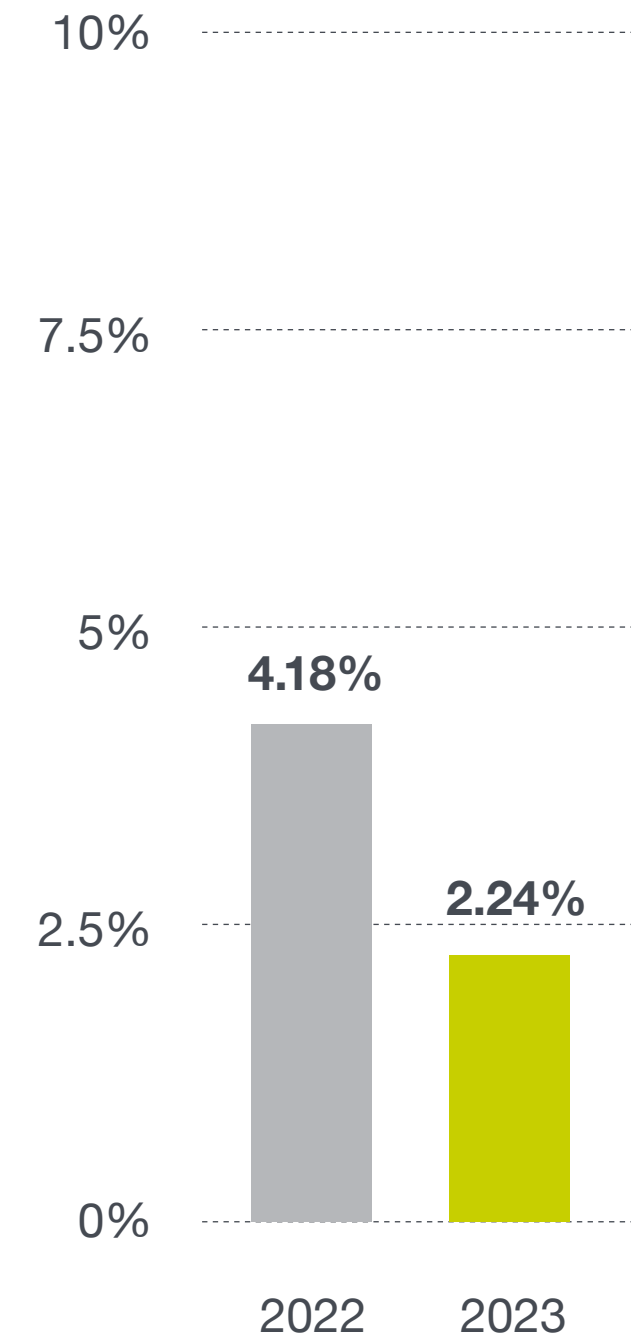


Health, Safety & Well-Being

Another important indicator for the mental and physical health and the well-being of our employees is the absenteeism rate. In 2023, the Novalis Group had a global absenteeism rate of 2.24%, down from 4.18% in the previous year. This is a major improvement and confirms also the satisfaction of our employees with their work and the quality of leadership and management. At the same time, we are offering flexible working arrangements where feasible to reduce stress-related absences and also support employees with personal challenges that might affect their attendance.

The recorded absences include a variety of leave types, such as sick leave, maternity leave, marriage leave, bereavement leave, work-related incidents, and unexcused no-shows. This approach to tracking absenteeism allows us to continuously monitor and address factors that influence employee well-being, ensuring that our workforce remains healthy, motivated, and productive.

Absenteeism Rate



Health, Safety & Well-Being: Summary & Outlook

2023

Ensuring the health, safety, and well-being of our employees is a cornerstone of our operations. Our comprehensive Occupational Health and Safety (OH&S) management system includes regular risk assessments, targeted employee training and programs to address and mitigate workplace hazards. We monitor key indicators such as safety incidents and absenteeism to assess and improve the satisfaction and well-being of our people.

Looking ahead, we aim to further enhance workplace safety and health through the integration of advanced monitoring systems, expansion of flexible working arrangements where possible, and continued investments in employee support programs as we grow globally.

2025

- **Promoting Employee Engagement and Communication**

Conduct regular surveys to understand employee needs and areas for improvement.

- **Focus on New Facilities**

For newly established facilities in 2024 and 2025, embed advanced safety systems and training modules from the start & Ensure seamless integration of absenteeism and TRIR tracking systems into the unified global framework.

2030

- **Expanding Access to Health Resources**

Collaborate with healthcare providers to offer regular health check-ups and preventive care services.

- **Strengthening Occupational Health & Safety Programs**

Enhance training programs tailored to each facility, focusing on workplace safety, hazard awareness, and incident prevention.

Employee Benefits: **Regional Highlights**

At Novalis, we believe that our employees' well-being is the foundation of our success. That's why we've developed comprehensive and regionally tailored benefits programs designed to enhance their quality of life, safeguard their financial security, and foster longterm personal and professional growth.

Asia

In China, our benefits focus on financial security and daily well-being. Employees are protected against sudden income loss due to illness, workplace accidents, or life events such as marriage, maternity, and bereavement. Overtime bonuses ensure fair compensation, with increased rates for night shifts, work in high temperatures, and during national holidays. We are also offering freshly prepared hot meals twice a day at our on-site canteen for all employees to increase their personal comfort at work.

Europe

European employees receive comprehensive public health, accident, unemployment, and retirement insurance. In addition, Novalis also offers voluntary contributions to private pension plans or life insurance. Flexible working options include the ability to work at least 20% remotely, with full reimbursement for public transportation costs. Furthermore, all managers have corporate vehicles available for work-related travel and also for private use. Novalis supports employees' professional development through training opportunities and provides up to 15 additional vacation days per year for employees who become parents, regardless of gender.

North America

In the United States, employees have access to extensive medical coverage, including health, vision, and dental insurance. A 401(k) retirement plan supports long-term financial planning, while short- and long-term disability options offer income protection during unexpected circumstances. Additional coverage options, such as critical illness, accident insurance, and hospital indemnity, are available. Employees can also access the Employee Assistance Program for mental health services, financial advice, and other personal or professional support.

Employee Benefits: Summary & Outlook

2023

Developing and enhancing employee benefits requires aligning with both local regulations and global best practices. Novalis is committed to refine its benefits programs based on employee feedback and emerging needs. Future initiatives include expanded mental health resources and benefits tailored to diverse employment arrangements.

2025

- **Employee Benefits Programs in Thailand and Mexico**

For our new factories in Mexico and Thailand, we will follow a thoughtful approach to include cultural, economic, and social factors in our regional benefits while maintaining consistency with Novalis' global standards.

- **Sustainable Ideas Program**

Novalis is looking into the introduction of an employee benefits program that rewards employees for sharing ideas and creating concepts that will help Novalis achieving its sustainability targets.

2030

- **Greener Commute**

Incentivising our employees to organize car-pooling or use public transport and bikes for daily commute.

- **Enhanced Benefit Programs**

We will conduct surveys to develop and pilot enhanced benefits programs and adjust them based on employee feedback and outcomes.



Better for the Community

“Contributing to social well-being through community engagement and volunteerism”

Creating a Better Community

1 **100% safe and healthy products**

- Apply cradle-to-cradle principles to all
- No use of harmful substances according to REACH, California Prop 65 and LBC Chemical Red List

2 **Establish long-term local partnerships**

- With our suppliers, partners and recyclers throughout the entire value chain

3 **Source materials responsibly**

- Sourcing of raw materials close to our facilities
- No child or forced labor in our value chain

4 **Increased community engagement**

- Donations and contributions to the community
- Charitable actions

5 **Meaningful education**

- Speaking at international events to share our knowledge and solutions

With the implementation of these goals, we are also contributing to following **UN Sustainable Development Goals:**

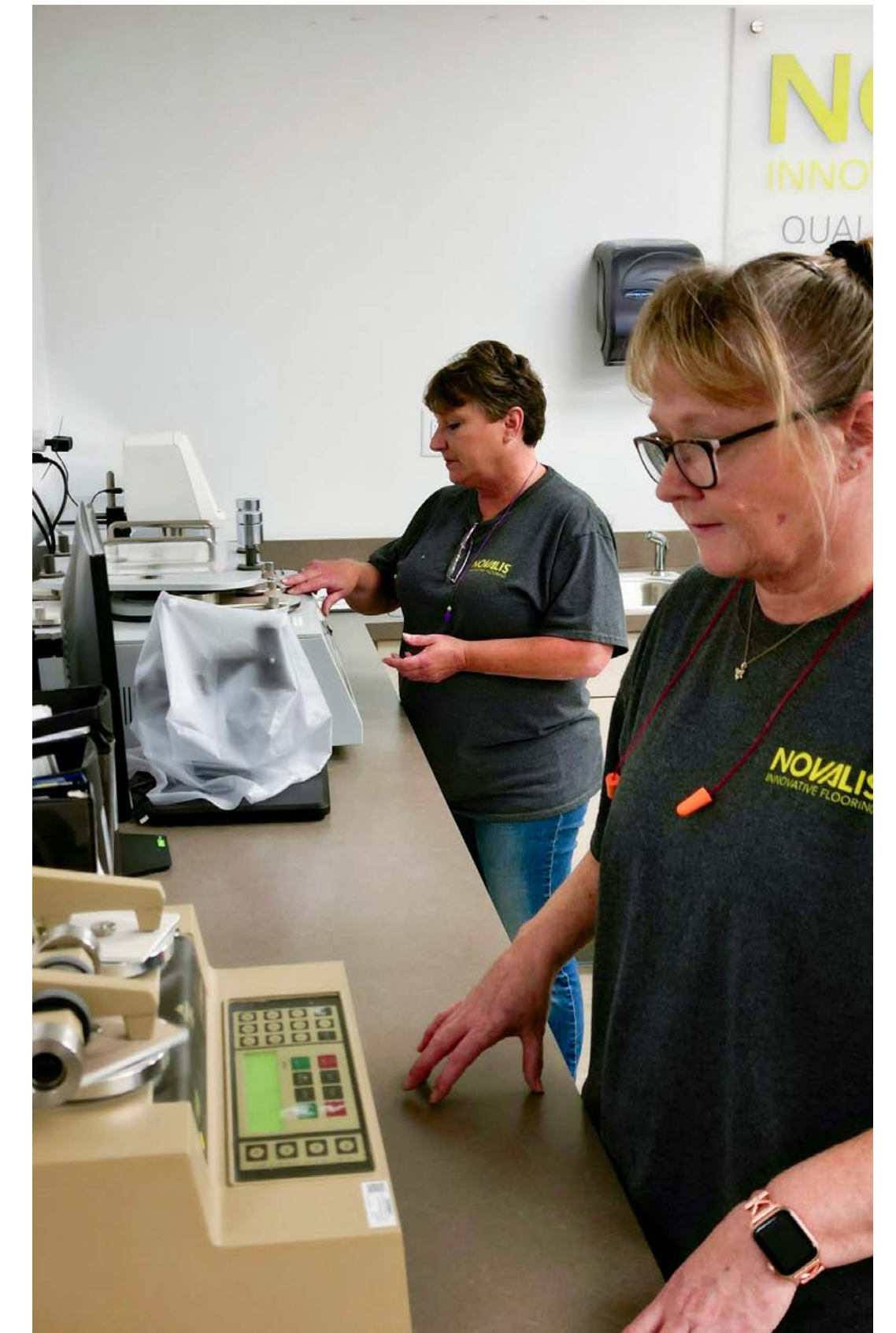
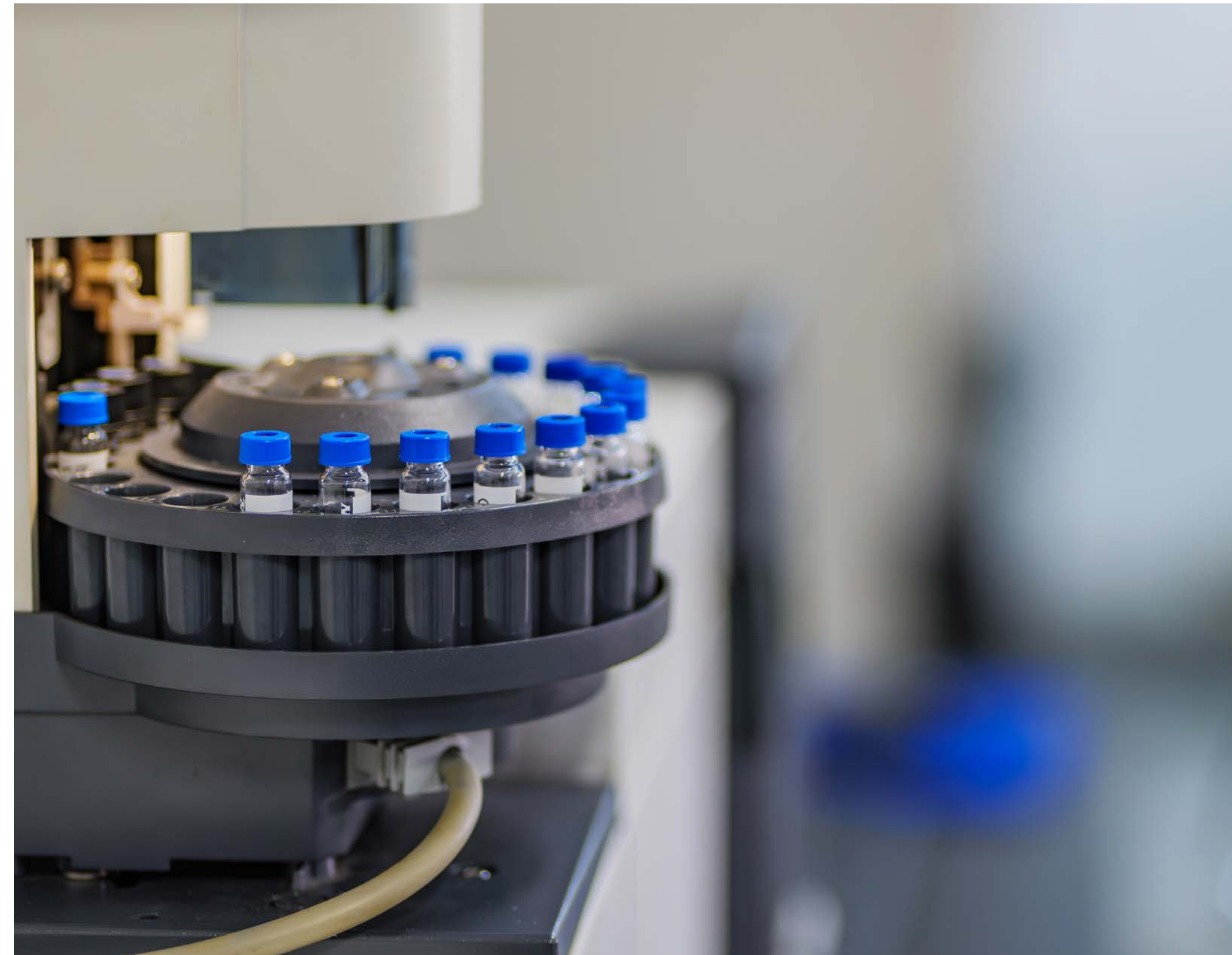


Customer Health and Safety

Raw Material Testing

Ensuring the health and safety of our customers is fundamental to our commitment to product stewardship and sustainability. We pride ourselves on delivering products that are not only of the highest quality, but are also safe for use in any environment. This commitment is underpinned by rigorous internal protocols, independent third party certifications and adhering to the highest international standards.

To ensure that all products meet our stringent safety criteria, Novalis carries out extensive internal testing in our state-of-the-art laboratories. We rigorously test all raw materials and finished products to verify the absence of substances of concern, in compliance with REACH and California Proposition 65. Samples are retained for ongoing quality control to ensure consistency and compliance.



Customer Health and Safety

Quality Assurance and Quality Control

In addition to the product standards, we have implemented an internal quality assurance program that often exceeds regulatory requirements. These internal benchmarks are designed to provide additional assurance of product safety and responsibility. Our quality control team performs regular installation tests on production lines to ensure product excellence. These tests measure the dimensional stability and squareness of the flooring elements, assess the visual quality and also the odour of the products. For click products, the click profile is also measured and compared electronically, and the locking strength is tested. The results of these tests are recorded in a Certificate of Analysis for each production batch and shared proactively with our customers. This ensures that our products meet the applicable standards.



Third-Party Verification

Novalis products also undergo external verification to ensure compliance with global health, safety, and environmental standards. Each year, we successfully complete over 30 independent audits, which validate the safety of our products and manufacturing processes. These external evaluations serve to supplement our internal efforts, offering transparent, third-party confirmation of our commitment to safety.

We are proud to hold a number of industry-leading certifications that reflect our dedication to health and environmental stewardship.

- **VOC Emissions Certifications**

All Novalis products comply with or exceed the most rigorous global indoor air quality standards. This encompasses certifications such as UL GREENGUARD Gold and SCS Global FloorScore, in addition to Europe-specific certifications like TÜV Proficert and Eurofins Indoor Air Comfort Gold. These certifications guarantee that our products contribute to healthier indoor environments by minimising harmful emissions.

- **Material Transparency:**

In order to promote transparency and trust, Novalis provides ILFI Declare Labels and Health Product Declarations (HPDs) and our own Digital Product Passports for all products. These disclosures include comprehensive ingredient lists, complete with CAS numbers, as well as assessments of potential harm.

- **Environmental Product Declarations (EPDs)**

The majority of products manufactured in our Chinese facilities are accompanied by a product-specific EPD, which provides detailed insights into their environmental impact, including carbon footprint, freshwater use and acidification potential.



Commitment to Continuous Improvement

To uphold our commitment to safety and sustainability, Novalis adheres to internationally recognized standards such as ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 45001 (Occupational Health and Safety), and ISO 50001 (Energy Management). These standards form the foundation of our operations, ensuring consistency, safety, and efficiency across all processes. By achieving these certifications, our products support sustainable building practices and healthier living spaces.

With this we are also contributing to:



Customer Health and Safety: Summary & Outlook

2023

At Novalis, we adopt a comprehensive approach, from raw material selection to finished product testing, in order to guarantee the safety of our customers. Our commitment is further reinforced by rigorous external audits and certifications, as well as our proactive approach to exceeding standard requirements. These efforts not only demonstrate our commitment to health and safety but also align with our broader sustainability goals, creating value for customers and the environment alike.

2025

- **Innovation in Materials**

We are continuously investing in research and development of safer, bio-based, or recycled materials that eliminate hazardous substances entirely.

- **Continuous Certification Upgrades**

For newly developed products, we aim for certifications that set new benchmarks for product safety and environmental standards such as Cradle to Cradle, Blue Angel and Nordic Swan.

- **Digital Product Passports**

All Novalis products will be equipped with a QR code on the backside that links to a data-base that contains product-related information, such as ingredients data down to 100ppm, product certifications, environmental data and instructions how to install, reuse or recycle our products properly.

2030

- **Product-specific Environmental Product Declarations**

All our products will come with product-specific and localized Environmental Product Declarations that will give our customers insights on the environmental impact of our products.

- **Advanced Predictive Analytics**

As technologies evolve, we will implement AI and machine learning to predict and identify potential risks in our raw materials and production processes before they escalate. At the same time, we can use AI to analyze global health trends to anticipate future customer safety requirements.

Our Contributions

In 2023, Novalis reinforced its commitment to community engagement through active participation in charitable events and donations across all regions where we operate. We believe in giving back to the communities that support us, fostering positive change, and promoting shared prosperity. Below are some of the key initiatives we proudly supported:

- **Lowe's Swing for Charity Event**

Novalis participated in this event to raise funds for the Sleep in Heavenly Peace project, showcasing our dedication to local development and support. With this our team joined efforts to provide beds and bedding to children in need, ensuring that every child has a comfortable place to sleep.

- **Reach Out Worldwide**

Novalis continued its involvement with this network, contributing to disaster relief efforts and providing essential support to communities in crisis.

- **Annual Christmas Giving**

Our annual tradition of packing boxes filled with goodies, crafts, and self-care items for residents at a local senior living facility in Dalton (GA), US.

- **H-Boat World Championship**

As an ongoing sponsor, Novalis supported this prestigious sailing event, promoting sportsmanship and community engagement.

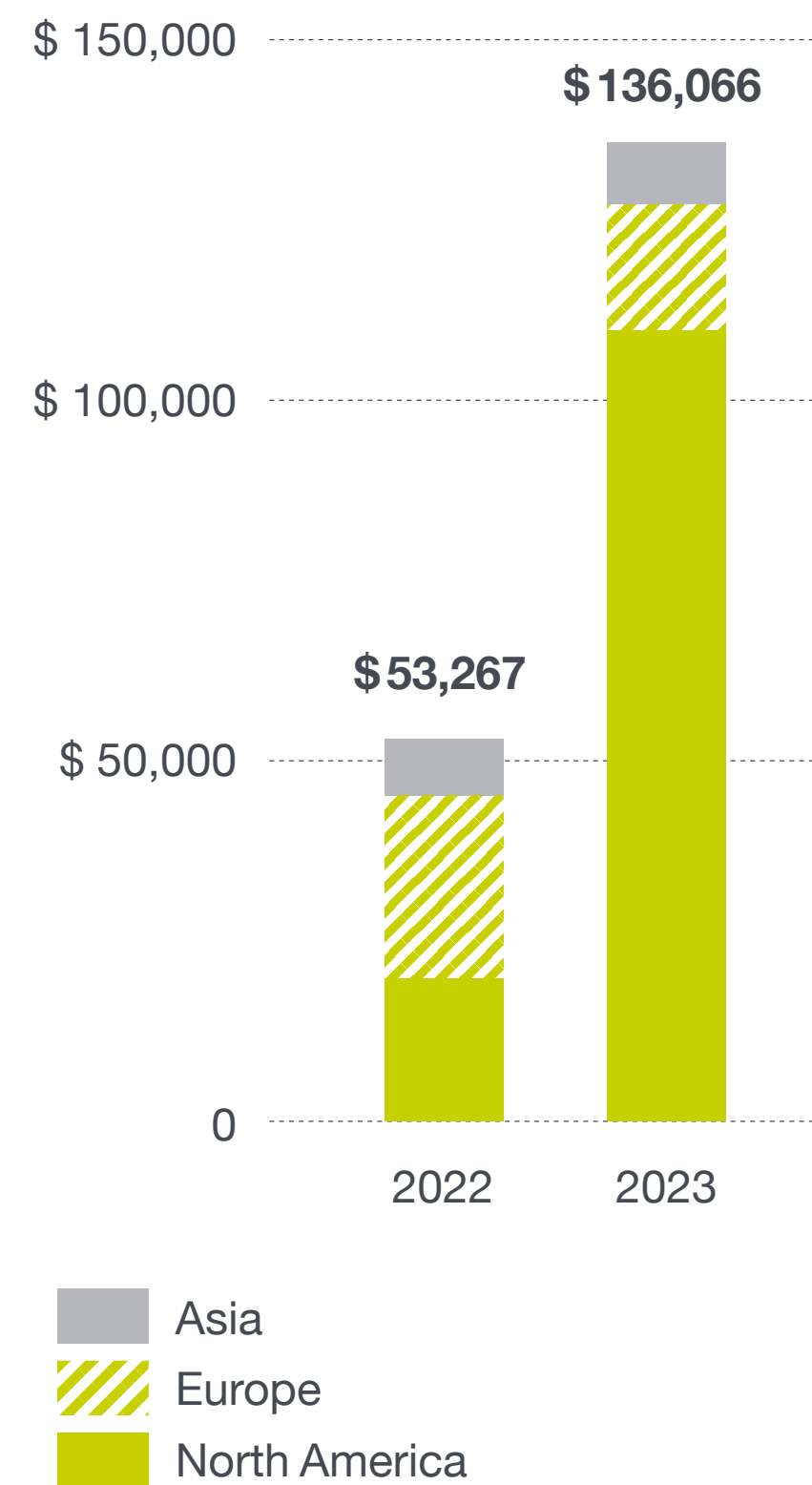


Our Contributions

In 2023, Novalis augmented its financial support for community initiatives, thereby underscoring our ongoing commitment to generating a positive social impact. Our total financial contributions more than doubled, rising from \$ 53,267 in 2022 to \$136,066 in 2023. This augmentation reflects our dedication to fortifying partnerships and addressing the diverse needs of the communities in which we operate.

Notable contributions included support for customer-driven initiatives, such as Lowe’s Swing for Charity event, which raised funds for local organizations. These targeted donations reinforce our collaborative approach, aligning our resources with the goals of our partners to create meaningful and lasting impact. By increasing financial support and focusing on both broad community programs and customer-specific causes, Novalis continues to integrate social responsibility into its core values and business strategy.

Charitable Donations



Our contributions: Summary & Outlook

2023

At Novalis, our vision for community engagement is rooted in the belief that meaningful change comes from collaboration, innovation, and a commitment to improving the lives of the people around us. Building on our achievements in 2023, we aim to deepen our impact through initiatives that align with our sustainability goals and reflect our responsibility as a global leader in LVT flooring.

2025

- **Environmental Stewardship Programs**

We are committed to improving the environments where we operate. Moving forward, we will explore opportunities to partner with local governments and NGOs to support tree-planting projects, clean-up drives, and the creation of green spaces. These efforts will enhance biodiversity and improve the quality of life in our surrounding communities.

- **Supporting Social Projects around our New Manufacturing Sites**

For our new manufacturing facilities in Mexico and Thailand, we are exploring ways to support the local communities around our facilities to create mutual value.

2030

- **Community Recycling Program**

Establish drop-off points for post-consumer flooring materials in major cities where we operate manufacturing facilities. These materials will be processed into new products, supporting our circular economy goals.

- **Sustainable Housing Projects**

Partner with organizations to provide affordable, energy-efficient housing. Novalis's expertise in flooring contributes to building sustainable, durable homes that align with the principles of circularity.

Community Engagement & Partnerships

At Novalis, we place great emphasis on collaboration with industry stakeholders, regulatory bodies and research institutions as a core element of our sustainability strategy. We believe that collective action is the only way to achieve a circular economy for safe, healthy, and environmentally friendly products.

As a leading global LVT flooring manufacturer, Novalis is committed to leading by example in terms of transparency and responsibility. In 2023, we reaffirmed our dedication to driving innovation and sharing advancements with our industry partners in order to create a better world for all.

Our active participation in key industry organisations, including the Resilient Floor Covering Institute (RFCI), the Modular Multilayer Flooring Association (MMFA), the North American Resilient Floor Covering Institute (RFCI), the Health Product Declaration Collaborative (HPDc), and the European Standardization Committee (CEN) reflects our commitment to driving innovation and sharing advancements with our industry partners. Through these platforms, we work to advance sustainable

initiatives, including the development of take-back, sorting and recycling systems for post-consumer and post- installation waste, the establishment of uniform recycling standards, and the promotion of transparency across the supply chain.

Furthermore, we continue to support the development of a Digital Product Passport (DPP) for floorings, which will provide detailed product and ingredient information throughout its entire lifecycle. At Novalis, our vision extends beyond our own operations. We disseminate innovations and collaborate with industry partners to facilitate systemic change, driving the adoption of sustainable practices and creating solutions that benefit both people and the planet.



Community Engagement & Partnerships: Summary & Outlook

2023

As one of the leading LVT manufacturers, we understood that building strong partnerships, engaging in industry associations and reporting transparently about our progress and our set-backs is key to drive innovation and making them the norm for the industry. We also see us in a leading role when it comes to sustainable and circular LVT flooring. This is why we have intensified our engagement in 2023 worldwide to establish systems for the take-back, sorting and recycling of used flooring and present our solutions at international events for Digital Product Passports and circular product design.

2025

- **European Pilot for Circular Flooring**

Taking the leading role in European associations and initiatives to develop a concept for an industry-wide collection, sorting and recycling system for flooring by sharing our experiences in sustainable product design, Digital Product Passports and product recycling.

- **Global Expansion of Take-Back Programs**

Expand and roll out region-specific take-back schemes for used flooring in North America, Europe, and Asia, tailored to local regulations and infrastructure capabilities.

2030

- **Community Engagement Programs**

Launch annual sustainability workshops in partnership with local organizations to educate communities about recycling, responsible consumption, and circular design principles.

- **Enhancing Community Well-being**

Partner with local and international NGOs to implement community development programs focused on health, education, and economic empowerment. For instance, we aim to collaborate on initiatives providing access to essential healthcare services in underserved areas.

Acknowledgements

Acknowledgements

As we present the 2023 Novalis Sustainability Report, we would like to take this opportunity to express our sincerest gratitude to all our colleagues whose hard work and dedication have been instrumental in shaping this milestone. This report serves as a testament to the collective effort, collaboration, and innovation demonstrated at all levels of our organisation.

The data collection, compilation, and analysis that underpin this report were made possible thanks to the expertise of numerous individuals and teams. Each dataset is the result of research, detailed documentation, and a commitment to accuracy. This reflects our dedication to transparency and accountability. Your contributions ensure that our sustainability journey is based on reliable, actionable insights.

Since the introduction of our sustainability framework in 2022, we have not only set out ambitious goals, but have also taken concrete steps to achieve them. We are pleased to report that a number of measures and initiatives are already in progress, with the objective of achieving our tar-

gets for 2030 and 2040. These advances are a direct result of the dedication and innovative thinking of our employees around the globe. From the implementation of new systems and technologies to the establishment of mutually beneficial partnerships, your contributions are paving the way for a more sustainable future for Novalis and our communities.

As we reflect on the year's accomplishments, we are encouraged by the collective commitment of our employees to transform plans into actions and challenges into opportunities. Your contributions drive our success and exemplify the Novalis spirit of sustainability.

To all colleagues who have contributed to this project, we extend our gratitude. We will continue to challenge the status quo, innovate and create a sustainable legacy for future generations.

Thank you for your commitment to driving our progress.

The Novalis Sustainability Team



Appendices

Appendices | Targets And Results:

Better For The Planet

	KPI	Reference year	2023	Goal 2030	Goal 2040
Scope 1 Emission	ktCO ₂ eq	9.95 ktCO ₂ eq	8.96 mtCO ₂ eq	Reduce scope 1 emissions by 50%	Zero Scope 1 Emissions
Scope 2 Emission	ktCO ₂ eq	36.48 ktCO ₂ eq	26.15 ktCO ₂ eq	Reduce scope 2 emissions by 50%	Zero Scope 2 Emissions
Scope 3 Emission	ktCO ₂ eq	119.07 ktCO ₂ eq (2023)	119.07 ktCO ₂ eq	Reduce scope 3 emissions by 30%	Zero Scope 3 Emissions
Carbon Footprint of Products	kgCO ₂ eq/ US ton finished goods	232 kgCO ₂ eq (Scope 1+2) 1,488 kgCO ₂ eq (Scope 1-3)	333 kgCO ₂ eq (Scope 1+2) 1,488 kgCO ₂ eq (Scope 1-3)	Reduce carbon footprint of products by 30% (Scope 1-3)	All products to have a carbon footprint of 0 kgCO ₂ eq
Renewable energy	Renewable Energy in %	3.61% (13,066 GJ)	On-Site Solar: 3.73% (12,981 GJ)	Use of 60% renewable energy worldwide	100% renewable energy (where possible)
Energy intensity	Gigajoule/US ton finished goods	2.33 GJ	2.86 GJ	20% less energy consumption	30% less energy consumption
Water intensity	Gallons/US ton finished goods	290.86 Gallons/Fresh Water Usage: 0.6 x 10 ⁻⁷ Gallons/m ²	250.40 Gallons/short ton	30% less water/short ton finished product	50% less water/US ton finished good
Waste-to-landfill intensity	Waste-to-landfill ratio	6.09%	6.39%	max. 2% waste to landfill or incineration	0% waste to landfill
Waste Generation	Amount of arising waste in tons	1,569 US tons	1,267 US tons	30% reduction of waste from our operations	50% reduction of waste from our operations
Recycled & bio-based content	Average percentage by weight finished goods	Post-industrial: 11.98% Post-installation: 0% Post-consumer: 0% Bio-based: no data	Post-industrial: 16.16% Post-installation: 0% Post-consumer: 0% Bio-based: 2.59%	30% recycled and bio-based content	50% recycled and bio-based content
Recycling and Reuse	% reused, repurposed or recycled products	1.75%	1.75% (1,798 US tons)	All of our products are designed according to cradle-to-cradle principles	50% of products are reused, recycled or repurposed

Appendices | Targets And Results:

Better For The People

	KPI	Reference Year	2023	Goal 2030	Goal 2040
Total reportable incident rate	Number of injuries x 200,000) / Employee hours worked	1.16	0.78	TRIR <1	TRIR <1
Staff training	China: 29 hours per employee	China: 29 hours per employee	China: 29 hours per employee	To be determined in 2023	To be determined in 2023
Absenteeism rate	Hours of employees absent/ total hours worked	4.18%	2.24%	Absentism rate <5%	Absentism rate <3%
Staff turnover	Turnover of average employees/ year	No data	Start collecting data in 2024	Staff Turnover <10%	Staff Turnover <10%
Child & Forced Labour	No forced and child labor in our value chain	Zero tolerance policy for child or forced labor	Conducted a Social Assessment in our own operations in Zhenjiang	No child or forced labor along the entire value chain, from extraction of raw materials to end-of-life	
Commute	Carbon footprint for commute	No data	571.906 kgCo ₂ eq (2023)	Reduction by 20%	
Diversity	Our workforce is mirrors the diversity of the surrounding community	> Our People	> Our People	Representative diverse workforce	
Customer Health & Safety	Percentage of products without substances of concern	No products contain chemicals of concern acc. to REACH and California Prop. 65	No products contain chemicals of concern acc. to REACH and California Prop. 65	No products contain chemicals of concern acc. to REACH and California Prop. 65	No products contain chemicals of concern acc. to REACH and California Prop. 65 and ILF Red List
Digital Product Passports	Percentage of own products equipped with DPPs	No DPPs developed yet	80% of AVA branded products are equipped with a DPP	100% of our products are equipped with a Digital Product Passport	

Appendices | Targets And Results:

Better For The Community

	KPI	Reference Year	2023	Goal 2030	Goal 2040
Charity	Charitable actions per year	7 events	10 events	To be determined	To be determined
Charitable Donations	Donations of NVS and its associates per year	\$53,267	\$136,066	To be determined	To be determined
Volunteering	Annual voluntary working hours of our employees	No data	No data	To be determined	To be determined
Education	Meaningful education. And collaboration to create shared value	> Community Engagement & Partnerships	> Community Engagement & Partnerships	To be determined	To be determined

Appendices

Legal Entities Novalis Group

Legal Name	Trading Name	Nature of ownership	Legal Form	Street	Zip Code	City	State	Country	Facility Type
Novalis US LLC	Novalis Innovative Flooring	Privately owned	Sole proprietorship	200 Munekata Dr SE Dalton	30721	Dalton	Georgia	United States	Factory
Novalis Global Flooring GmbH	Novalis Innovative Flooring	Privately owned	Partnership	Spichernstrasse 73	50672	Cologne	North Rhine-Westphalia	Germany	Office
Decoria Materials (Jiangsu) Co., Ltd.	Novalis Innovative Flooring	Privately owned	Incorporated entity	GuangYuan Road, Dantu Industrial Park	212000	Zhenjiang	JiangSu Province	P.R. China	Factory
Novalis Internalional Ltd.	Novalis Innovative Flooring	Privately owned	Sole proprietorship	Unit F, 10/F., CNT Tower, 338 Hennessy Road, Wanchai District		Hong Kong	Hong Kong	P.R. China	Office
Novalis Internalional Ltd.	Novalis Innovative Flooring	Privately owned	Sole proprietorship	Unit 2103, 21/F Lippo Plaza 222, Huaihai Zhong Road	200021	Shanghai	Shanghai	P.R. China	Office
Novalis Internalional Ltd.	Novalis Innovative Flooring	Privately owned	Sole proprietorship	55 West Beaver Creek Road, Unit 29	L4B 1K5	Richmond Hill	Ontario	Canada	Office
Novalis US LLC	Novalis Innovative Flooring	Privately owned	Sole proprietorship	103 Enterprise Drive	30701	Calhoun	Georgia	United States	Warehouse
Novalis US LLC	Novalis Innovative Flooring	Privately owned	Sole proprietorship	37 Overhill Drive, Suite 102	28117	Mooresville	North Carolina	United States	Office/Warehouse

Appendices | Global Reporting Initiative:

General Disclosures

Disclosure Number	Disclosure Title	Response
GRI 1-2	Organizational Details	Novalis International Ltd.
GRI 2-2	Entities included in the organization's sustainability reporting	> Legal Entities Novalis Group
GRI 3-2	Reporting period, frequency and contact	> About the Report
GRI 4-2	Restatements of information	> About the Report
GRI 5-2	External assurance	No external assurance in 2023
GRI 6-2	Activities, value chain and other business relationships	ISIC 2220 – Manufacture of plastics products > Activities of the Novalis Group
GRI 7-2	Employees	> Our People
GRI 8-2	Workers who are not employees	> Our People
GRI 9-2	Governance structure and composition	> Governance of Sustainable Growth
GRI 10-2	Nomination and selection of the highest governance body	Novalis is a family-owned and -led business. There is no nomination & selection procedure in place.
GRI 11-2	Chair of the highest governance body	Chair of highest governance body: John Wu (CEO) and CC Wu (COO)
GRI 12-2	Role of the highest governance body in overseeing the management of impacts	> Governance of Sustainable Growth
GRI 13-2	Delegation of responsibility for managing impacts	> Governance of Sustainable Growth
GRI 14-2	Role of the highest governance body in sustainability reporting	> Governance of Sustainable Growth
GRI 15-2	Conflicts of interest	Conflicts of interests are mitigated through steering committees with empowerment of decisionmaking
GRI 16-2	Communication of critical concerns	Employees are able to report critical concerns anonymously without any personal disadvantages.

Appendices | Global Reporting Initiative:

General Disclosures

Disclosure Number	Disclosure Title	Response
GRI 17-2	Collective knowledge of the highest governance body	➤ Governance of Sustainable Growth
GRI 18-2	Evaluation of the performance of the highest governance body	➤ Governance of Sustainable Growth
GRI 19-2	Remuneration policies	➤ Our People
GRI 20-2	Process to determine remuneration	
GRI 21-2	Annual total compensation ratio	➤ Our People
GRI 22-2	Statement on sustainable development	➤ Introduction ➤ Progress Towards a Sustainable Future
GRI 23-2	Policy commitments	Novalis has a couple of different policies in place that, among other things, covers the rights and remuneration of our employees, the offered benefits, our occupational health and safety procedures, etc.. Furthermore, we implemented a supplier Code of Conduct to also ensure ethical and responsible business conduct in our value chain.
GRI 24-2	Embedding policy commitments	Policies are developed by the management board and are being implemented by the responsible department. In addition, our workers receive regular training to raise awareness about these policies and also implement them in their daily work.
GRI 25-2	Processes to remediate negative impacts	➤ Our People
GRI 26-2	Mechanisms for seeking advice and raising concerns	➤ Our People
GRI 27-2	Compliance with laws and regulations	In 2023 there were no incidents of noncompliance with local laws and regulations at our locations
GRI 28-2	Membership associations	➤ Community Engagement & Partnerships
GRI 29-2	Approach to stakeholder engagement	➤ Community Engagement & Partnerships
GRI 30-2	Collective bargaining agreements	➤ Our People

Global Reporting Initiative:

Material Topics

Disclosure Number	Disclosure Title	Response
GRI 1-3	Process to determine material topics	> Evolving our Materiality Focus
GRI 2-3	List of material topics	> Evolving our Materiality Focus
GRI 3-3	Management of material topics	> Evolving our Materiality Focus
SASB CG-BF250-a.2	Products meeting volatile organic compound (VOC) emissions and content standards	> Third Party Verification
SASB CG-BF410-a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	> Materials Management
GRI 2-306	Management of significant waste-related impacts	> Waste Management
GRI 1-403	Occupational health and safety management system	> Health, Safety & Well-Being
GRI 2-403	Hazard identification, risk assessment, and incident investigation	> Health, Safety & Well-Being
GRI 3-403	Occupational health services	> Health, Safety & Well-Being
GRI 4-403	Worker participation, consultation, and communication on occupational health and safety	> Health, Safety & Well-Being
GRI 5-403	Worker training on occupational health and safety	> Health, Safety & Well-Being
GRI 8-403	Workers covered by an occupational health and safety management system	> Health, Safety & Well-Being
GRI 9-403	Work-related injuries	> Health, Safety & Well-Being
GRI 1-407	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	> Our people
GRI 1-408	Operations and suppliers at significant risk for incidents of child labor	> Our people
GRI 1-409	Operations and suppliers at significant risk for incidents of forced or compulsory labor	> Our people

Global Reporting Initiative:

Material Topics

Disclosure Number	Disclosure Title	Response
GRI 1-302	Energy consumption within the organization	➤ Global Energy Consumption
SASB CG-BF130-a.1	Energy consumption within the organization	➤ Global Energy Consumption
GRI 3-302	Energy intensity	➤ Global Energy Consumption
GRI 4-302	Reduction of energy consumption	➤ Global Energy Consumption
GRI 1-305	Direct (Scope 1) GHG emissions	➤ Carbon Footprint & Emissions
GRI 2-305	Energy indirect (Scope 2) GHG emissions	➤ Carbon Footprint & Emissions
GRI 3-305	Gross other indirect (Scope 3) emissions	➤ Carbon Footprint & Emissions
GRI 4-305	GHG emissions intensity	➤ Carbon Footprint & Emissions
GRI 5-305	Reduction of GHG emissions	➤ Carbon Footprint & Emissions
GRI 6-403	Promotion of worker health	➤ Health, Safety & Well-Being ➤ Employee Benefits
GRI 2-416	Incidents of non-compliance concerning the health and safety impacts of products and services	➤ Customer Health and Safety
GRI 2-205	Communication and training about anti-corruption policies and procedures	➤ Our People
GRI 2-301	Recycled input materials used	➤ Waste Management
GRI 3-301	Reclaimed products and their packaging materials	➤ Waste Management
SASB CG-BF410-a.2	Reclaimed products and their packaging materials	➤ Waste Management

Global Reporting Initiative:

Material Topics

Disclosure Number	Disclosure Title	Response
GRI 1-303	Interactions with water as a shared resource	> Water Management
GRI 2-303	Management of water discharge-related impacts	> Water Management
GRI 3-303	Water withdrawal	> Water Management
GRI 5-303	Water consumption	> Water Management
GRI 1-405	Diversity of governance bodies and employees	> Our People > Governance of Sustainable Growth
GRI 2-405	Ratio of basic salary and remuneration of women to men	> Our People
GRI 1-304	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	> Biodiversity Impact
GRI 2-304	Significant impacts of activities, products, and services on biodiversity	> Biodiversity Impact
GRI 1-413	Operations with local community engagement, impact assessments, and development programs	> Community Engagement & Partnerships
GRI 4-306	Waste diverted from disposal	> Waste Management
GRI 5-306	Waste directed to disposal	> Waste Management
GRI 1-307	Non-compliance with environmental laws and regulations	In 2023, there were no incidents of non-compliance with environmental or social laws
GRI 1-419	Non-compliance with social laws and regulations	
GRI 1-308	New suppliers that were screened using environmental criteria	All our suppliers are comprehensively evaluated and screened on the basis of our Supplier Code of Conduct.
GRI 1-414	New suppliers that were screened using social criteria	
GRI 2-401	Benefits provided to full-time employees that are not provided to temporary or part-time employees	> Employee Benefits

About This Report

Publication Date:

January 20, 2025

Reporting Period:

January 1st – December 31, 2023

Included Entities:

All entities that are owned or controlled by Novalis

Restatements of Information

Emission factors for grid energy in China had to be changed which resulted in higher Scope 2 emissions than originally anticipated. Furthermore, conversion errors in carbon footprint reporting were detected and corrected retroactively. Conversion errors in consumption and production units were detected and corrected.

External Assurance

No third-party verification of data in this report

Financial Data Disclaimer

No requirement for financial reporting

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