

2024



Our Sustainable Journey

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Letter from the Wu Family

Dear partners, friends, and members of the Novalis family,

As siblings leading Novalis, we are proud to continue the legacy of our family business – a legacy built on strong values and a global vision. In 2024, we faced political and economic uncertainties that tested our resilience, but we responded with determination and focus.

One of the highlights of the year was the successful ramp-up of our new factories in Mexico and Thailand. These expansions are vital steps in strengthening our global presence and ensuring our ability to serve customers around the world. The dedication and hard work of our teams in these regions – and across all Novalis operations – have been inspiring.

Despite the challenges, we have remained united as a global family. Every member of Novalis contributes to our collective vision and sustainability goals, and it is their passion and commitment that drive our progress forward.

Together, we will continue to adapt, grow, and create a resilient future for our company and the communities we serve.

Thank you for being part of our journey.

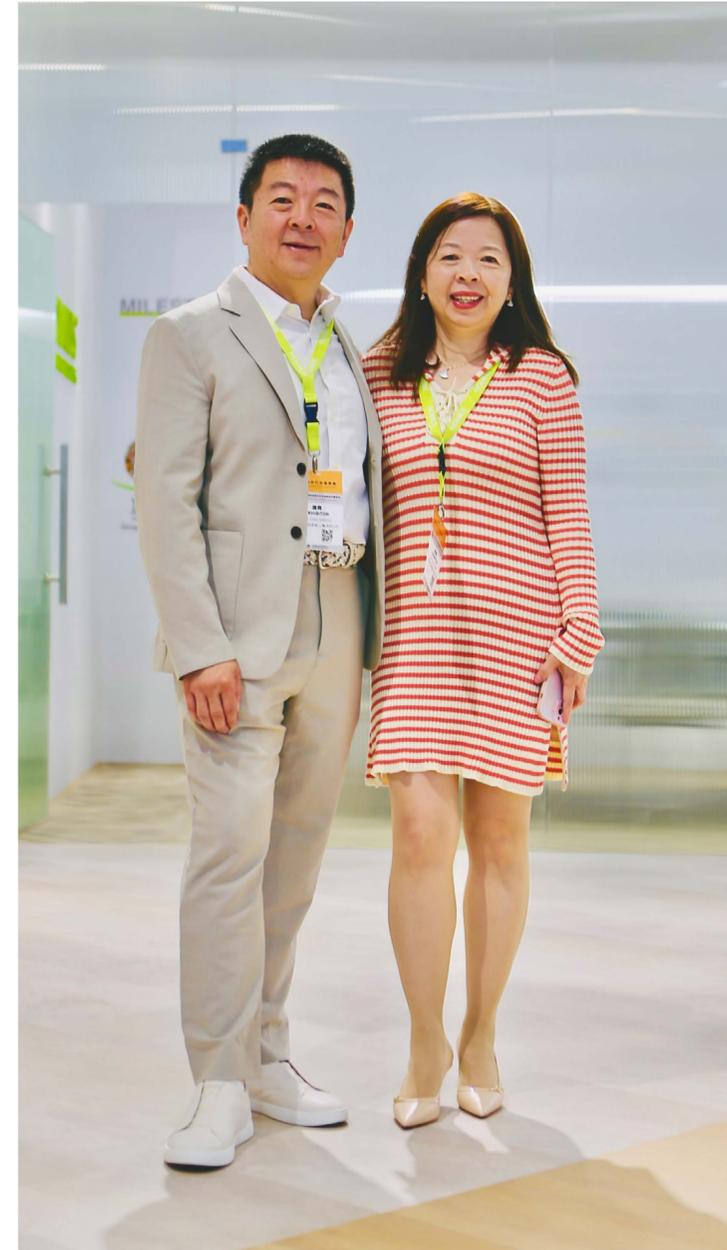
Warm regards,



John Wu, CEO



CC Wu, COO



1

The Novalis **GROUP**

**Over 40 years of
industrial leadership**

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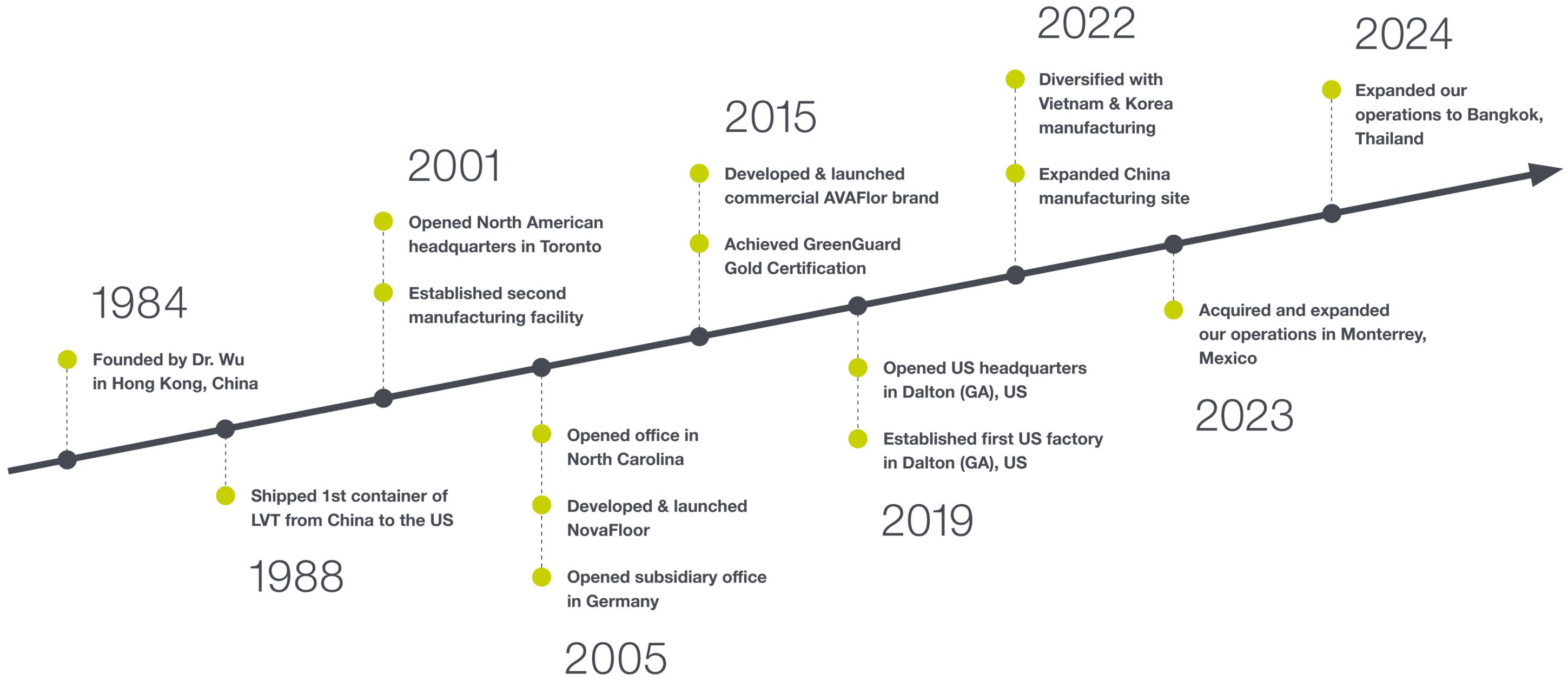


About us

Novalis Innovative Flooring is an industry leader in the designing and manufacturing of sustainable and innovative Luxury Vinyl Tile (LVT). With over 30 years of experience, we continue to develop designs and products that set the global benchmark in LVT quality and performance. A family-owned and operated business, Novalis got its start in the 1980s when it became the first manufacturer to ship luxury vinyl flooring to the United States from China. Thanks to a history filled with revolutionary product innovation, Novalis flooring is now being sold in over 50 countries across six continents in a variety of award-winning commercial spaces and homes. We remain steadfast in our commitment to utilize advanced technologies to deliver exceptional, world-class products to our customers across the globe.



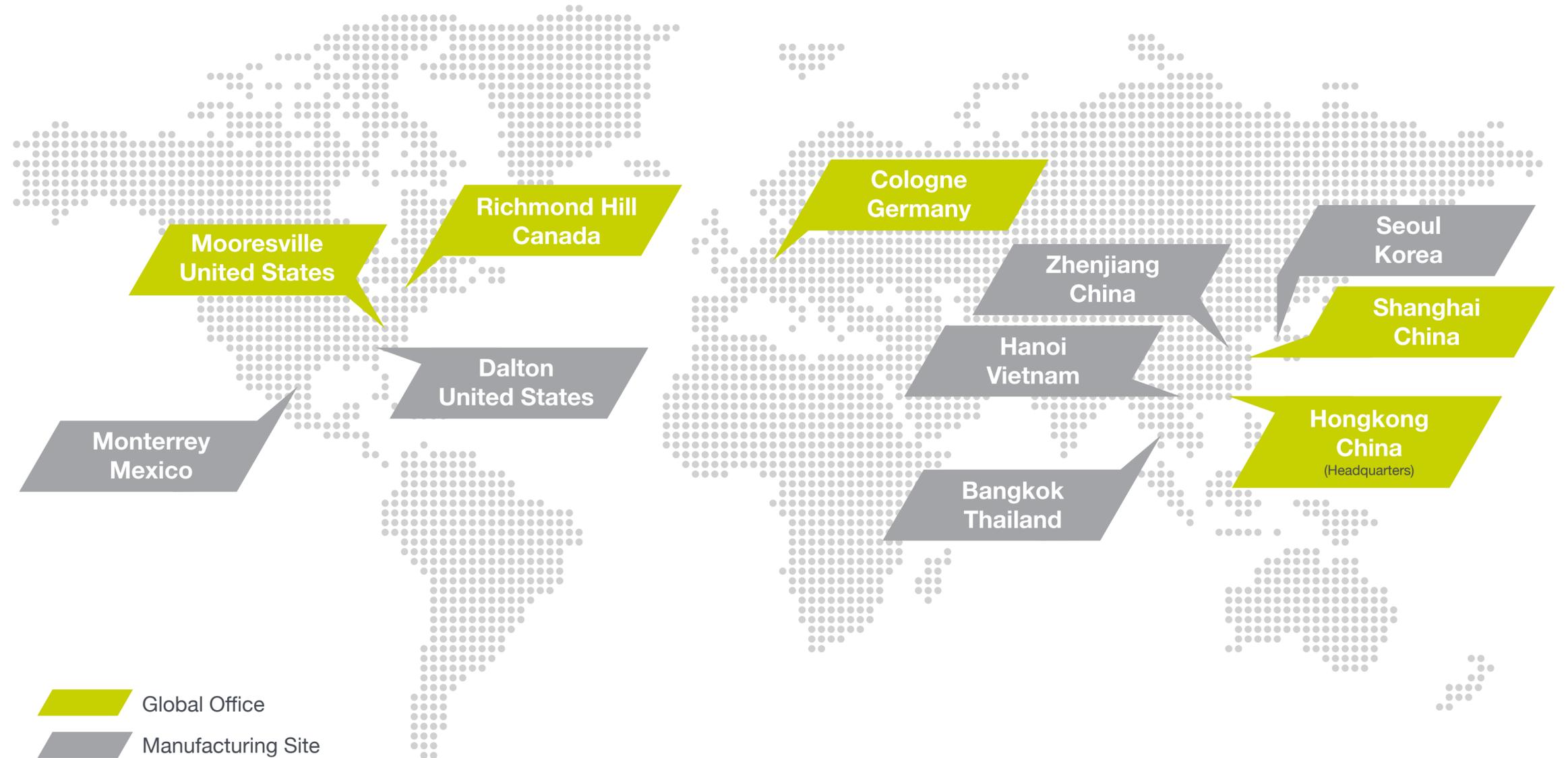
Our History



Novalis Locations

Operating in a complex and fast-changing global landscape, we leverage our scale and expertise to proactively meet customer demand. The successful scaling of our operations in Thailand in 2024 marks a key step in our journey. Building on this achievement, we continue to strengthen our global presence and drive long-term, sustainable growth.

- 
1191
 Employees worldwide
- 
56
 Countries we are active in
- 
12,000
 Annual container shipments
- 
6
 Manufacturing Sites
- 
5
 Offices



Product Offerings

Residential



Leisure & Retail



Education



Hospitality



Corporate



Healthcare



Global Production & Distribution

In 2024, Novalis expanded its global footprint by opening two new factories and partnering with manufacturers in South Korea and Vietnam to meet rising demand. This growth requires us to extend our sustainability strategy to cover all new operations and ensure alignment with our long-term goals.

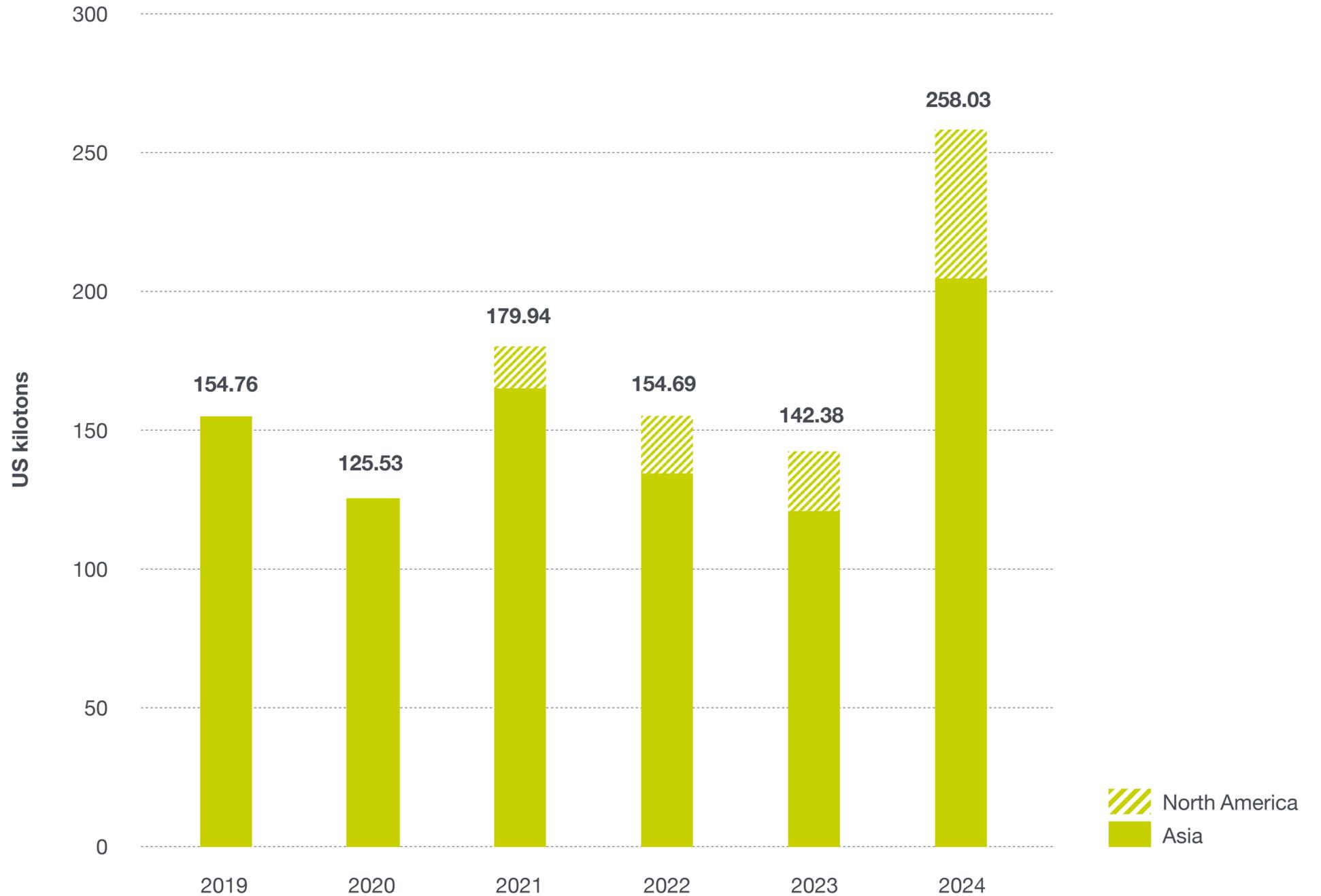
Despite political challenges, a weak construction market, and inflationary pressures, we produced and distributed approximately

258 thousand tons

of finished flooring in 2024 through diversification and strategic partnerships. This demonstrates our resilience and adaptability in uncertain times.

Looking ahead, we remain committed to sustainable growth and continue investing in innovative products and processes to respond flexibly to future demand.

Production Volumes

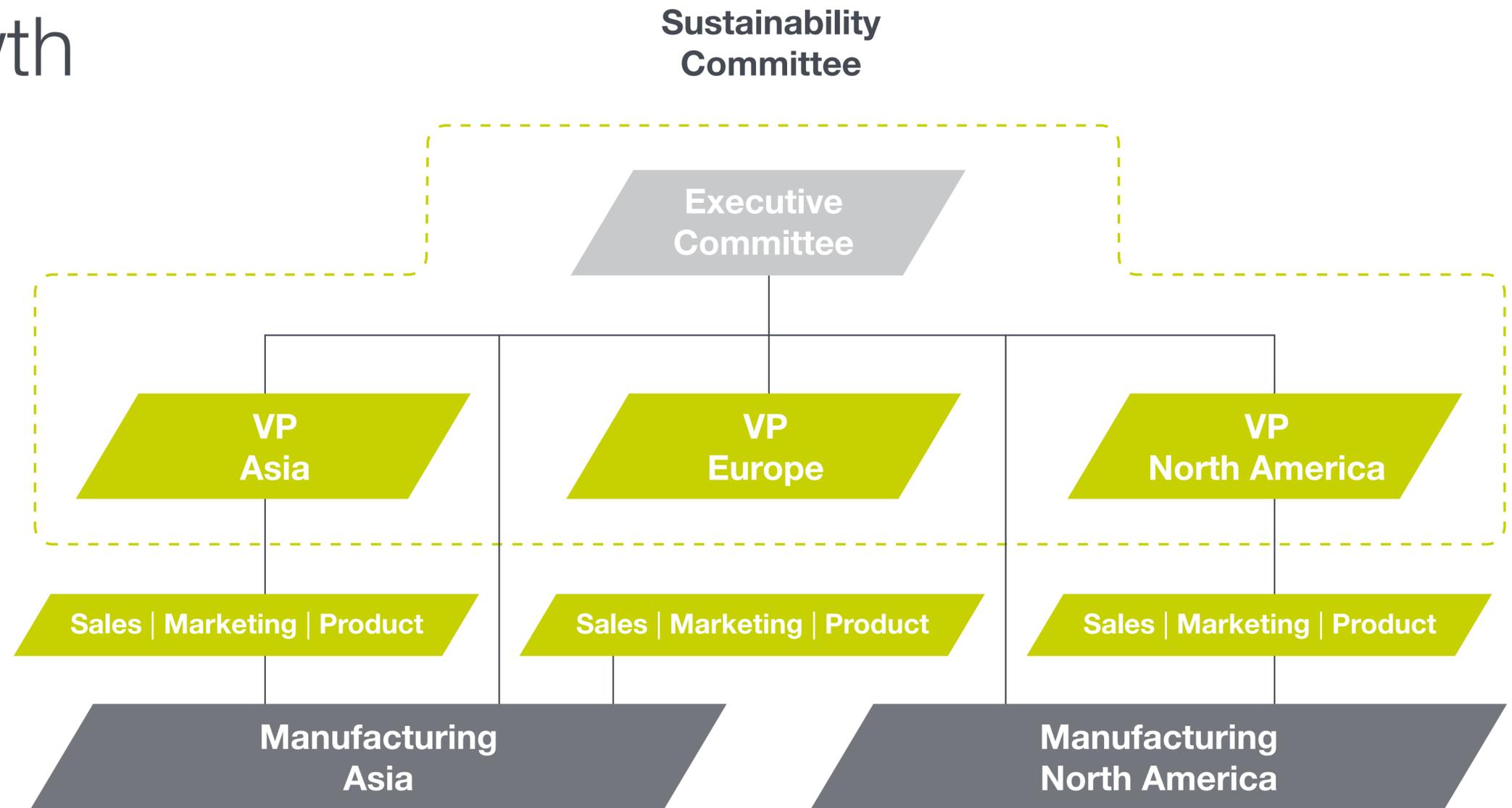


Governance of Sustainable Growth

Our sustainability committee meets every two weeks to discuss sustainable initiatives, local challenges, and evaluate the progress of ongoing initiatives. Online meetings help us track projects across our locations while reducing unnecessary travel and associated emissions.

Each of our locations faces unique environmental and social contexts. The committee helps adapt global sustainability goals to fit local regulations and community needs, enabling clear oversight and measurable targets across our sites.

The committee ensures strategic decision making and the integration of sustainability into all business decisions, instead of treating it as a separate initiative. 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 team.



Governance of Sustainable Growth

At Novalis, sustainability is not a standalone initiative, it is a core driver of how we operate, innovate, and grow. We integrate planet and community into every aspect of our decision-making, ensuring that long-term value creation goes hand in hand with responsibility and transparency.

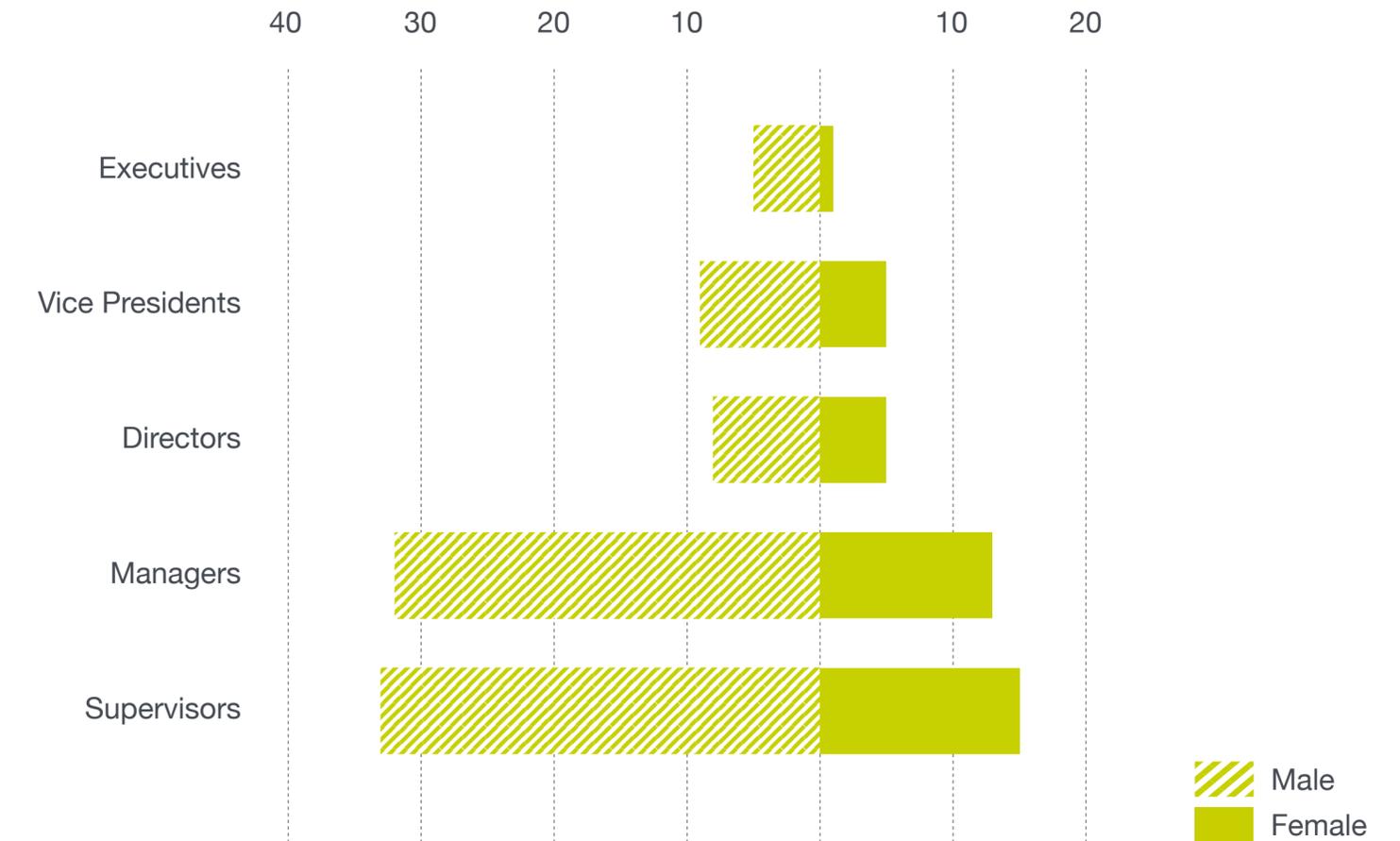
Our success is built on embedding sustainable thinking into our culture, processes, and partnerships, while maintaining the highest standards of product quality and performance. Guided by our leadership team, including three chief executives and three regional vice presidents overseeing Asia, North America, and Europe, sustainability remains at the center of our strategic direction.

Supported by a global management team of **120 professionals**, we cultivate a workplace culture rooted in innovation, accountability, and collaboration. Our main focus is to:

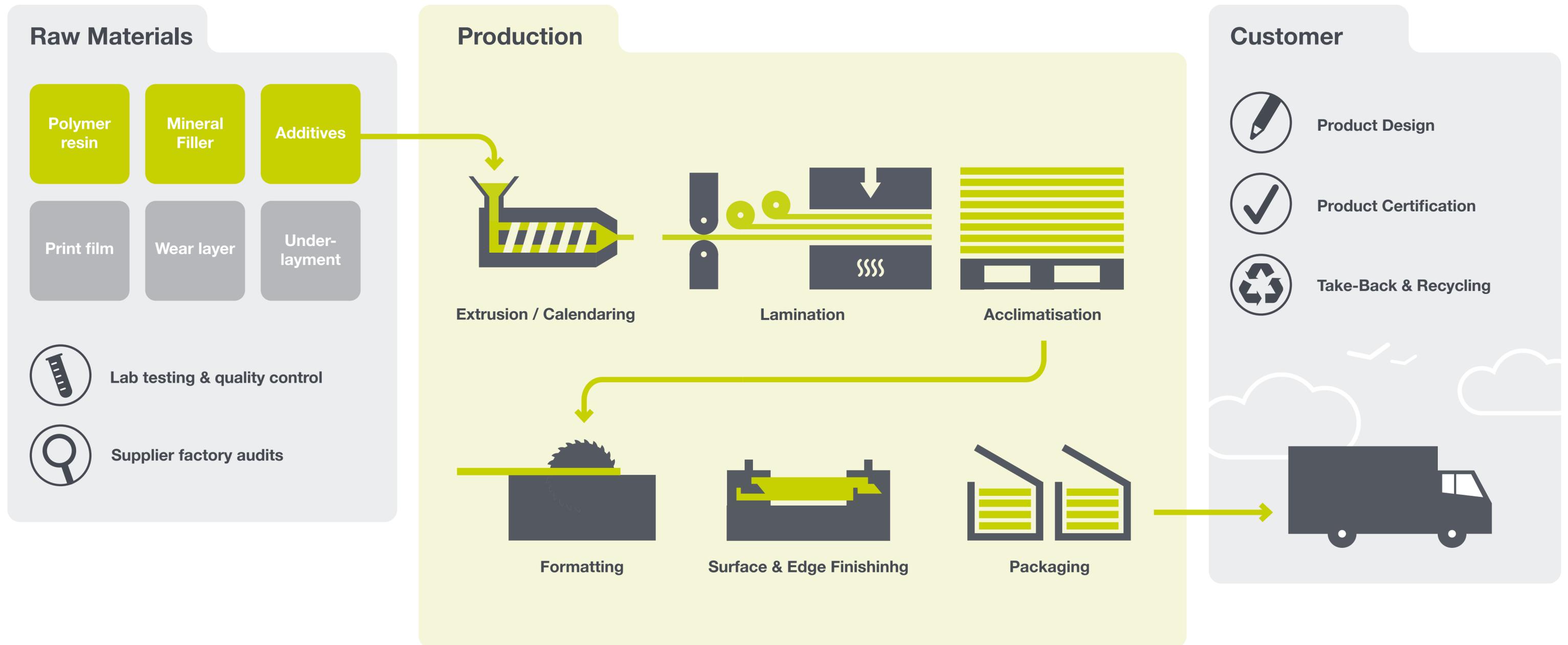
- 1. Ensure ESG principles are integrated into every decision**
- 2. Engage our employees in our sustainability goals**
- 3. Proactively manage and mitigate ESG risks**

This approach enables us to respond effectively to global challenges and opportunities while advancing our Environmental, Social, and Governance (ESG) commitments.

Composition of our Management



Activities of the Novalis Group

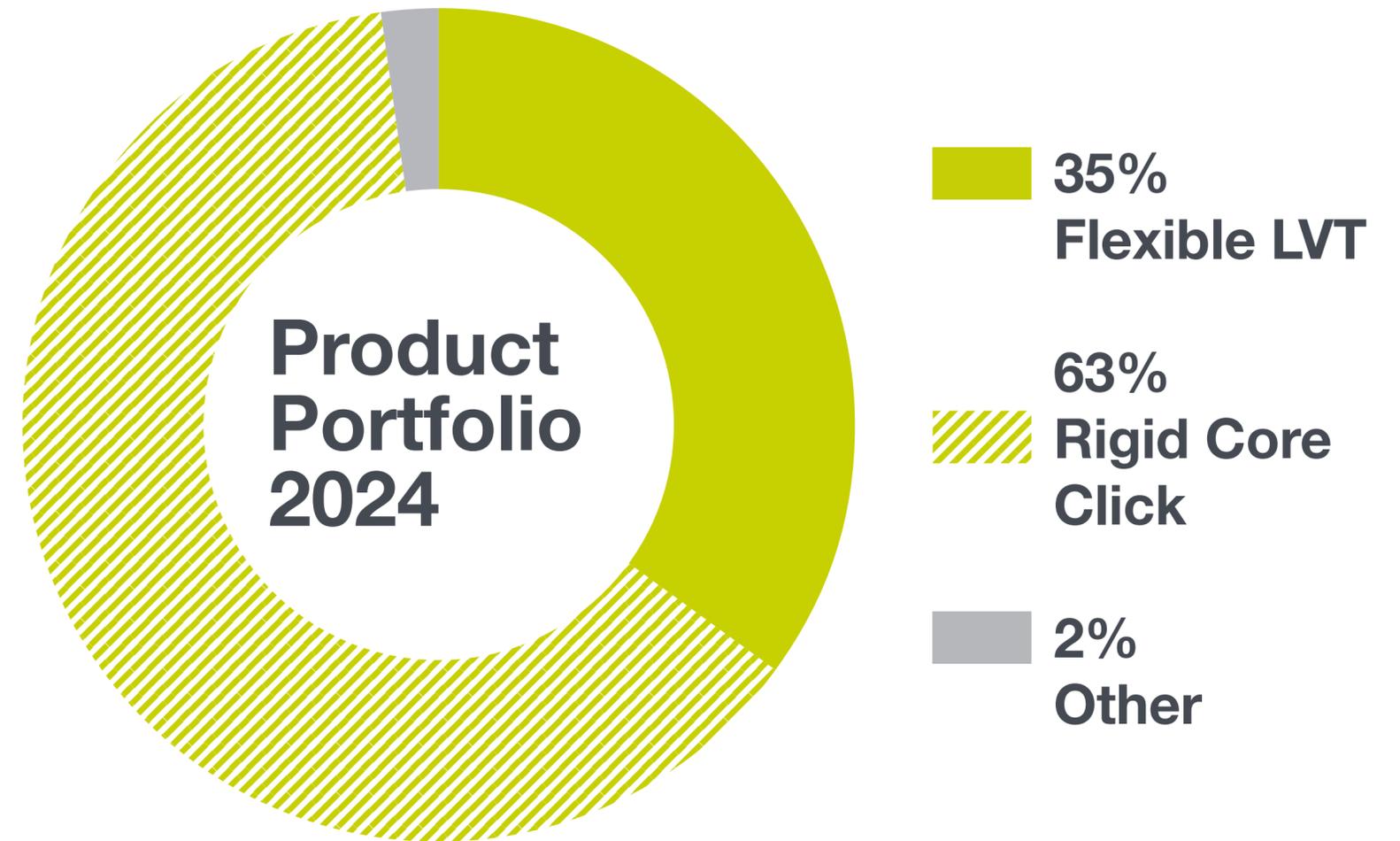


Flooring Solutions

By continuously innovating and refining our product portfolio, we advance our high-quality, sustainable flooring solutions to address evolving customer needs and reinforce our position at the forefront of the flooring industry. Novalis is committed to delivering forward-looking solutions that align with market trends while supporting our sustainability objectives, creating long-term value for customers and the environment.

To meet the diverse requirements of both residential and commercial markets, Novalis offers a balanced mix of flooring products. Rigid Click flooring represents 63% of our portfolio and forms our core business, reflecting strong demand from the Do-It-Yourself (DIY) market. These products are designed to facilitate easy installation, reduce the need for specialized labor, and deliver durable, long-lasting performance.

Flexible Luxury Vinyl Tile (LVT) accounts for 35% of our portfolio and serves as our second key product focus. Flexible LVT includes Luxury Vinyl Tile Dryback, Loose Lay Tiles, and Luxury Vinyl Tile Peel & Stick, which are widely used in both commercial and residential applications due to their design flexibility, durability, and efficient material use. The remaining 2% of our portfolio consists of customized solutions that address niche applications and specialized customer requirements, further enhancing the versatility of our product offering.



Target Markets & Brands

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



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



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



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.



About AVA®

AVA delivers high-performance commercial flooring designed for offices, healthcare, education, and hospitality spaces. Known for durability, modern design, and sustainability leadership, AVA combines innovation with rigorous performance standards to meet the demands of heavy-traffic environments. With a strong focus on environmental responsibility, AVA offers resilient solutions that balance style, functionality, and long-term value for architects, designers, and facility managers.

Features:

- Channel: Architects, Designers, Builders, Developers & Contractors
- Indoor Air Quality Certifications: GREEN-GUARD Gold, FloorScore®
- ASSURE Certified™: Verifies rigid core products are free from heavy metals and ortho-phthalates, with third-party testing for safety and performance
- Transparency Tools: Declare® labels, Health Product Declarations (HPDs)
- Environmental Impact: Environmental Product Declarations (EPDs)
- Digital Product Passports: Provide instant access to verified sustainability data, including material composition, recyclability, and certifications
- High-Traffic Durability: Engineered to deliver style, strength, and sustainability in demanding commercial environments



NOVA FLOOR®

About NovaFloor®

NovaFloor is available exclusively through specialty retailers and independent dealers, offering curated collections of luxury vinyl designed for today's homes. Backed by more than 40 years of vinyl flooring expertise, Novalis brings proven innovation and craftsmanship to the brand. Each collection blends design, durability, and sustainability – helping retail partners provide homeowners with flooring solutions that make an impact.

Features:

- Channel: Specialty retailers, independent dealers, and distributors
- Indoor Air Quality Certifications: GREENGUARD Gold, FloorScore®
- ASSURE Certified™: Verifies rigid core products are free from heavy metals and ortho-phthalates, with third-party testing for safety and performance
- Product Portfolio: Includes peel-and-stick, rigid core, and glue-down applications
- Everyday Performance: 100% waterproof; scratch-, stain-, and dent-resistant; kid- and pet-friendly





About DuraDecor®

DuraDecor brings stylish, DIY-friendly luxury vinyl flooring directly to consumers through leading e-commerce retailers. Designed for modern living, DuraDecor combines fashion-forward looks with waterproof durability at an accessible price point. By making resilient flooring simple to purchase and install, DuraDecor empowers homeowners and renovators to create beautiful, lasting spaces that deliver style, performance, and sustainability.

Features:

- Channel: E-commerce retailers, designed for DIY and Pro customers
- Indoor Air Quality Certifications: GREENGUARD Gold, FloorScore®
- ASSURE Certified™: Verifies rigid core products are free from heavy metals and ortho-phthalates, with third-party testing for safety and performance
- Product Portfolio: Includes peel-and-stick, rigid core, and glue-down applications
- Everyday Performance: 100% waterproof; scratch-, stain-, and dent- resistant; kid- and pet-friendly
- Accessible Style: Combines fashion-forward looks and durability at an affordable price point



2

Floors for the **BETTER**

Sustainability is not just a choice, it's a responsibility

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Progress Towards a Sustainable Future

Dear colleagues and partners,

Sustainability at Novalis is far more than targets and numbers - it is the foundation of how we envision our future and the legacy we want to leave behind.

In 2024, we took significant strides toward our sustainability vision. Our launch of PVC-free flooring marked an important innovation, and alongside that, increasing the recycled content in our products has allowed us to reduce the embodied carbon in our products. Both are key steps in lowering the overall footprint of our flooring. Furthermore, we started collaborating with companies outside our value chain to develop solutions for the treatment and reuse of materials at the end of their useful life.

Our efforts extend beyond products. Practical improvements, such as the replacement of natural gas burners in China with direct heat and steam supplied through a local partner, demonstrate how operational changes can drive sustainability outcomes.

What excites me most is that sustainability is a shared journey. Every member of the Novalis family – across departments, countries, and roles – is contributing daily to these achievements. It is this collective dedication that gives me confidence in our ability to meet and surpass our ambitions.

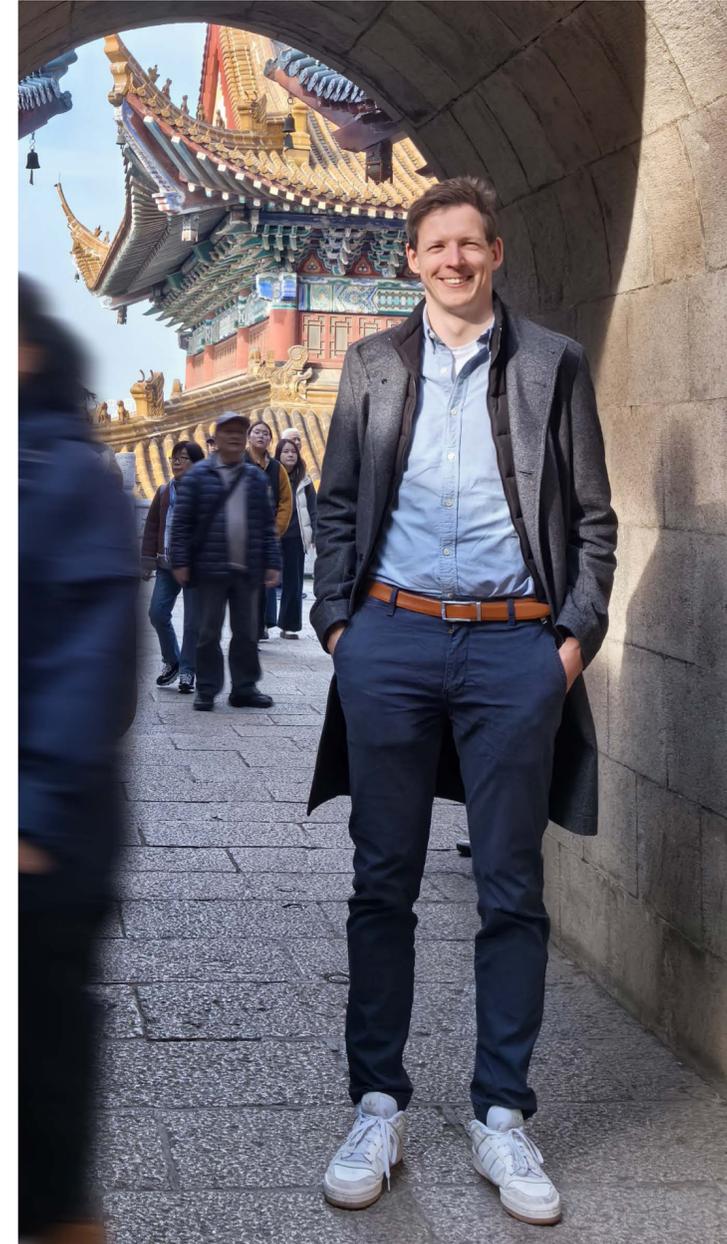
Sustainability is not just a set of metrics for me; it is a commitment that shapes how we innovate, collaborate, and grow as a company. I am proud to work alongside such passionate teams and leadership as we continue on this meaningful path.

Thank you for your partnership and trust.

Warm regards,



Joost Luhmann
Global Sustainability Manager



Path Towards Double Materiality

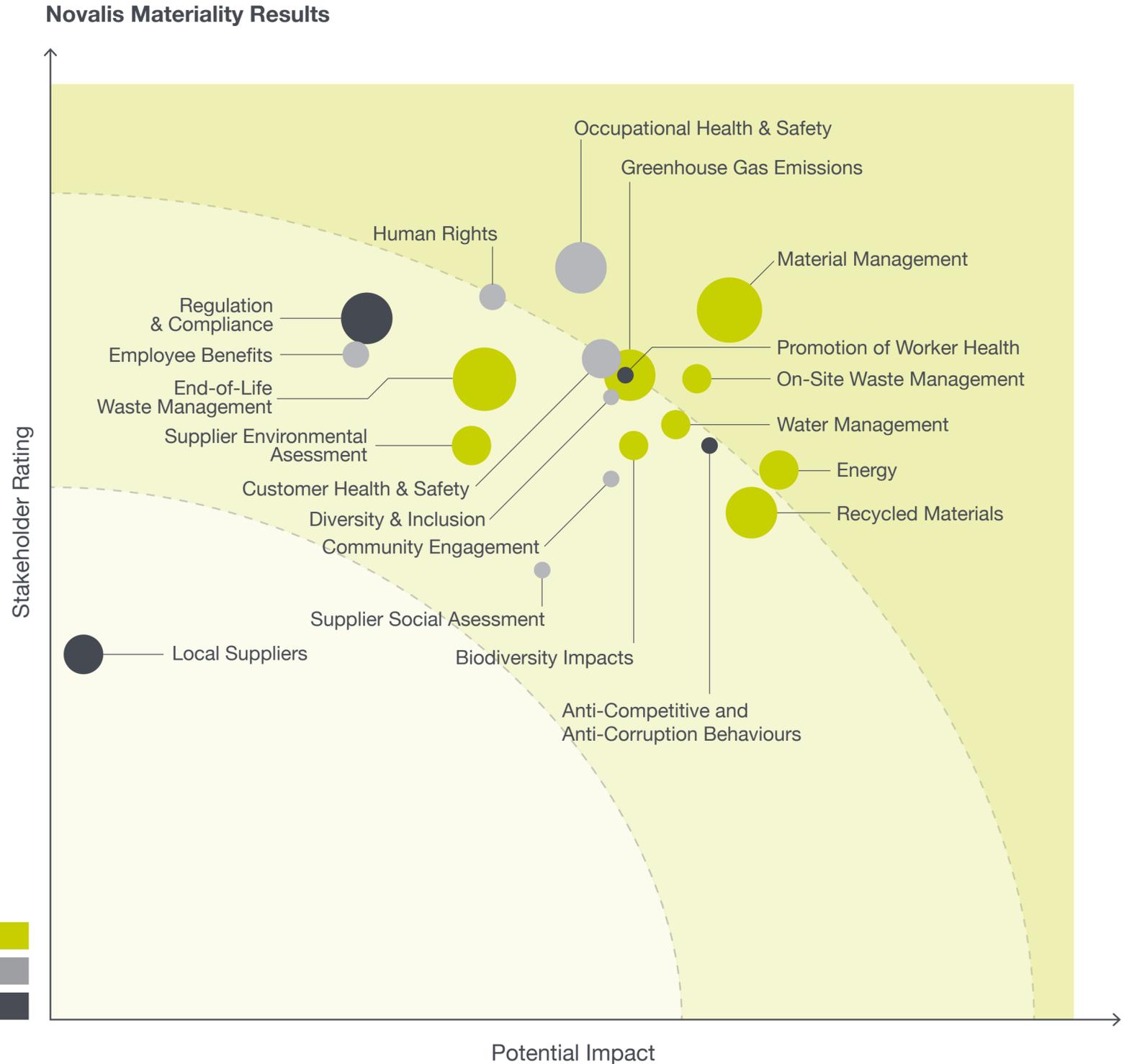
In 2022: We engaged key stakeholder groups including suppliers, customers, employees, and other relevant external stakeholders to evaluate and prioritize environmental, social, and governance (ESG) topics based on their perceived importance. This materiality assessment process included, interviews, surveys, stakeholder mapping, potential financial risk assessment, industry and geographic assessments, and peer benchmarking

Potential impact indicates the extent to which each ESG topic could affect our business performance, operations, and long-term value creation. The stakeholder rating reflects the perceived importance of each ESG topic to the stakeholders. Accordingly, the curved lines on the graph indicate three levels of materiality:

- Low materiality** (inner curve)
- Medium materiality** (middle curve)
- High materiality** (outer curve): Topics with high stakeholder importance and high potential business impact, representing the most critical priorities for Novalis and therefore integrated into our strategic goals.

In 2023: We added further ESG topics and enhanced the assessment by incorporating additional stakeholder feedback.

In 2024: We made sure to align our strategies with the operations of our new facilities in Mexico and Thailand, building on Global Reporting Initiative (GRI) while integrating European Sustainability Reporting Standards (ESRS) topics. This enables us to prioritize the topics that are most relevant to both Novalis and stakeholders across our value chain.



Novalis Sustainability Framework

At Novalis, we continue to strengthen our sustainability initiatives to ensure that our planet, people, and community are considered across all levels of the organization. Building on the work of our sustainability committee, we ensure coordinated efforts across all our offices. This enhanced collaboration improves communication, aligns initiatives, and allows us to address a broader range of Sustainable Development Goals (SDGs), further advancing our ESG strategies.

We are also planning to increase the awareness about sustainability among our workforce, especially in our new facilities in Mexico and Thailand.

By combining sustainability and innovation, we are better positioned to achieve our 2030 targets while creating lasting value for our stakeholders.



Through our continuous efforts towards a circular economy, minimizing our environmental impact and promoting sustainable products, we ensure that we operate responsibly.



We foster teamwork, promote employee engagement, and prioritize the well-being of our workforce because when they thrive, we thrive.



Through collaborative local partnerships, we support initiatives that create lasting social value.

3

Better for the Planet

Everything we do must work within the limits of the planet – there is no alternative

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Creating a Better Planet

	2030	2040		2030	2040
Goal 1 Rigorous GHG emission reduction	<ul style="list-style-type: none"> ● Reduce Scope 1 & 2 emissions by 50% ● Reduce Scope 3 emissions by 30% 	<ul style="list-style-type: none"> ● Become carbon negative (climate pledge) 	Goal 5 Renewable energy sources (where possible)	<ul style="list-style-type: none"> ● 60% renewable energy 	<ul style="list-style-type: none"> ● 100% renewable energy
Goal 2 0% harmful substances used in products	<ul style="list-style-type: none"> ● Full product declaration ● Conformity with REACH and California Prop 65 		Goal 6 Efficient Manufacturing	<ul style="list-style-type: none"> ● Reduce energy intensity by 20% 	<ul style="list-style-type: none"> ● Achieve a 30% reduction in energy intensity
Goal 3 Increase recycled and bio-based content	<ul style="list-style-type: none"> ● 30% recycled and bio-based content 	<ul style="list-style-type: none"> ● 50% recycled and bio-based content 	Goal 7 Water as a valuable resource	<ul style="list-style-type: none"> ● Reduce water intensity by 30% 	<ul style="list-style-type: none"> ● Reduce water intensity by 50%
Goal 4 Waste Diversion	<ul style="list-style-type: none"> ● Eliminate landfill waste across all facilities 	<ul style="list-style-type: none"> ● 0% to incineration 	Goal 8 Close the Loop	<ul style="list-style-type: none"> ● 30% of products recycled or repurposed 	<ul style="list-style-type: none"> ● 50% of products recycled or repurposed

Through the activities we implement for our planet, we contribute to the following United Nations Sustainable Development Goals (SDGs):



Global Energy Consumption and Energy Intensity

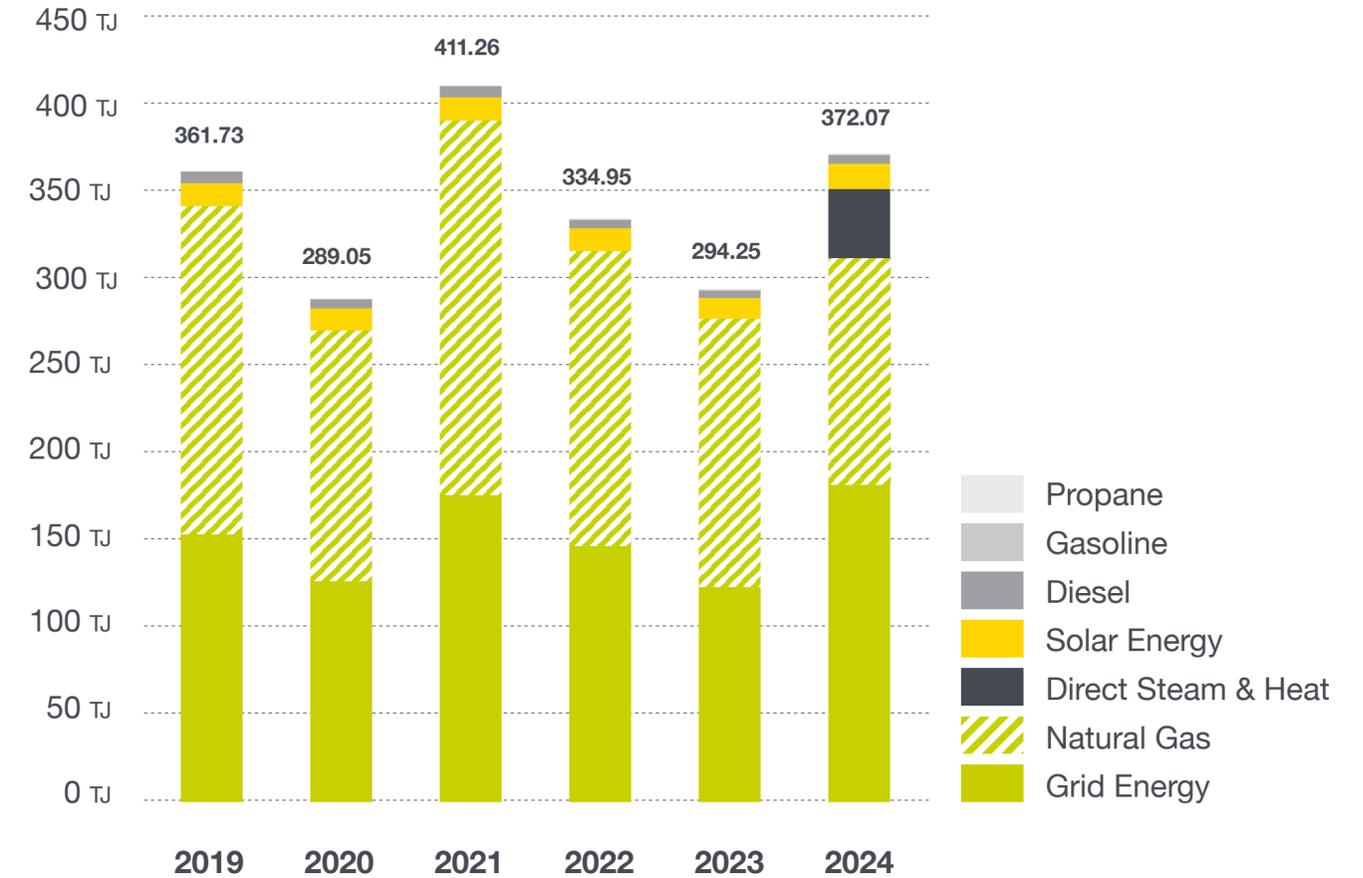
In 2024, the total energy consumption within Novalis increased to 372 terajoules (TJ), representing a 26% rise compared to 2023. This increase can be attributed primarily to the establishment of new manufacturing facilities in Mexico and Thailand, leading to the increase in the total production volume.

Despite this rise in total energy consumption, our energy intensity, decreased from 2.86 to 2.61 GJ/Ton in 2024. This indicates a 8.74% improvement in energy efficiency, reflecting our ongoing efforts toward more efficient manufacturing, and the im-

plementation of energy-saving measures across our operations. These actions align with our long-term sustainability goals to achieve a 20% reduction in energy intensity by 2030 and 30% by 2040.

The new solar panels at our facilities in China increased renewable energy consumption by 25.4%, highlighting our efforts to achieve our goal towards 60% renewable energy by 2030. However, the gain was offset by the high energy use from our newly established facilities, resulting in an unchanged overall share of renewables.

Global Energy Consumption



Energy Intensity



Achieved approximately 8.74% decrease in energy intensity across our facilities

Global Energy Consumption and Energy Intensity

Natural Gas

Accounting for approximately 130 TJ, our natural gas usage decreased by 16% compared to 2023. This reduction reflects a decrease in our reliance on natural gas as we continue transitioning toward more sustainable energy sources. Nevertheless, natural gas remains an essential energy source for supporting specific production processes where alternative solutions are still under evaluation.

Direct Steam and Heat

As part of our goal to reduce dependency on fossil fuels and discontinue the steam and hot water boilers at Zhenjiang site in China, we have initiated the transition to direct steam and heating systems in our production processes, achieving approximately 39 TJ in 2024 and further enhancing energy efficiency across our operations.

Grid Energy

Grid electricity, as the primary energy carrier, contributed 182 TJ to our total energy consumption, highlighting our ongoing dependence on external power supplies. We also managed to increase our share of clean energy to 35.48% whereof 9.79% are derived from renewable sources such as hydro-, wind and solar power.

Solar Energy

Solar panels installed on the rooftops of our factories in China generated approximately 15 TJ in 2024.

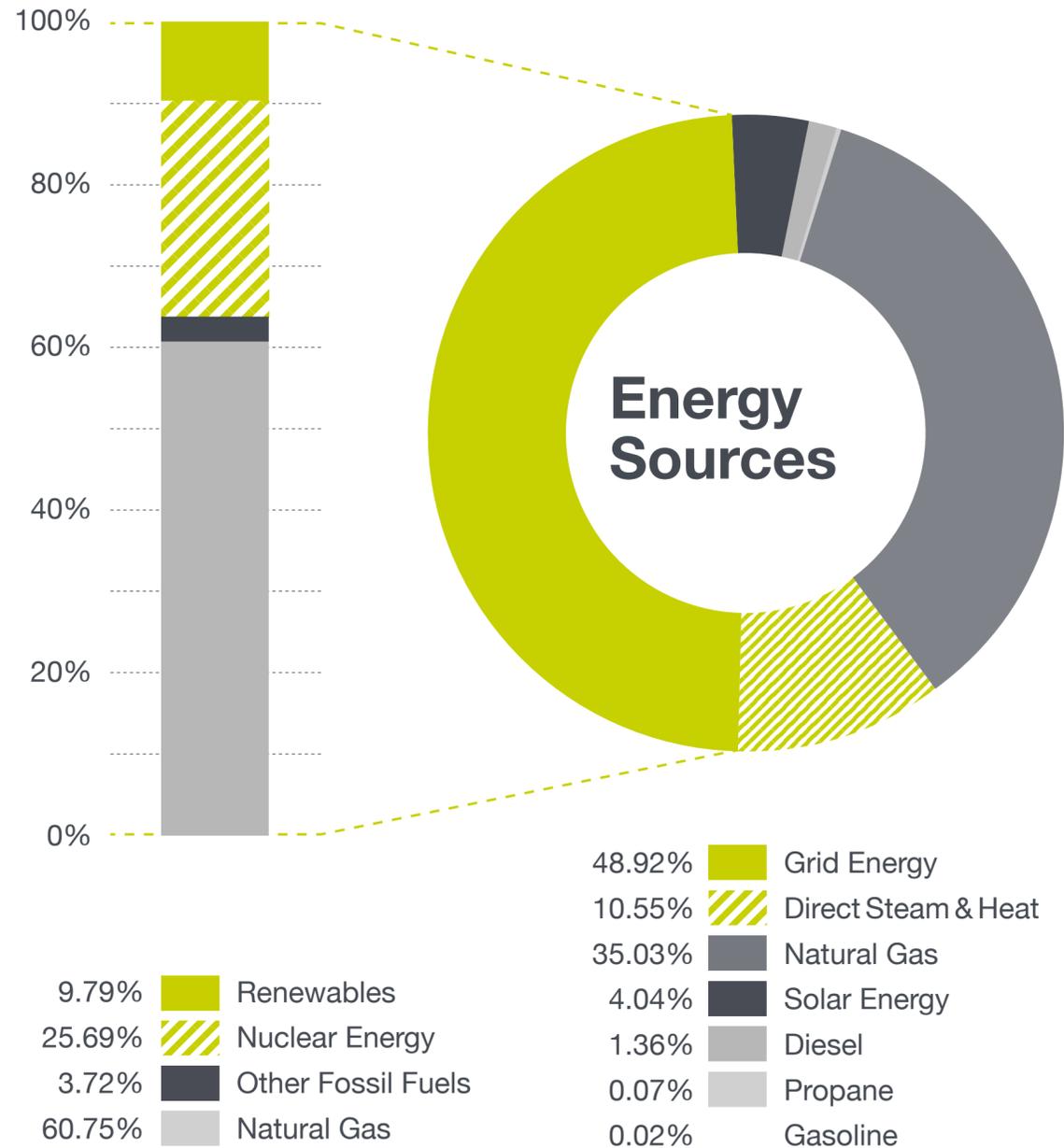
Liquid Fuels

We used approximately 5 TJ diesel and 84 TJ gasoline primarily for business travel.

Clean and Renewable Energy Sources

In 2024, Novalis energy consumption was based on 22.84% clean energy sources and together with our own solar power generation, we were able to increase the renewable energy share to 9.22% globally.

Grid Energy Mix



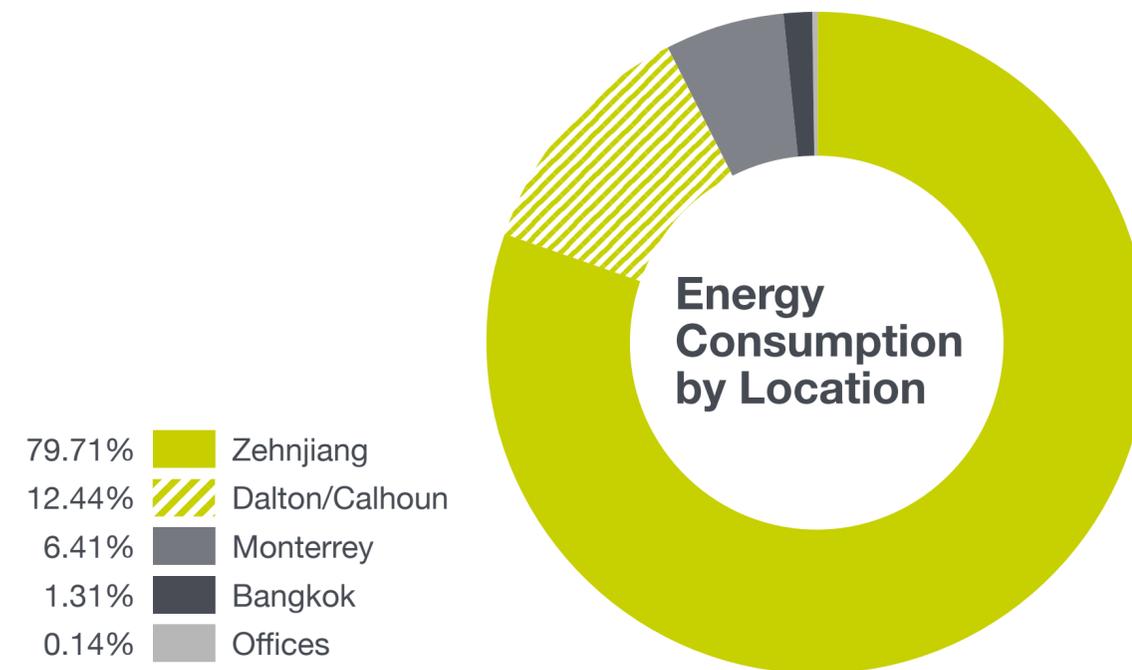
Global Energy Consumption and Energy Intensity

Novalis strategically manages energy resources across its global operations, reflecting our ongoing commitment to energy efficiency. In 2024, our total energy consumption was 372.07 GJ, where our facilities in China accounted for 79.71%, consistent with the region’s significant production output. Operations in the United States contributed around 12.44%, while our two new facilities in Mexico and Thailand contributed 6.41% and 1.31%, respectively, with the remaining 0.14% distributed among our offices in Germany, China, United States, and Canada.

Asia
 Last year, natural gas was the primary energy source for our operations, but we have now fully transitioned to direct steam and heat at our facility in China, supporting our efforts to reduce fossil fuel dependence and associated greenhouse gas emissions. Our energy consumption continues to rely on grid electricity. Meanwhile, we’ve increased our solar energy capacity and installed new solar panels in one of our facilities in China; however, the share of renewable energy in total consumption has remained stable, offset by the increase in total energy consumption. Novalis remains committed to implementing additional measures to further expand renewable energy use in the years ahead.

North America
 In Mexico and the United States, our operations grid electricity remains the main energy source for our production activities. Only around 5% of our energy usage in these facilities is based on natural gas, which is used for heating purposes.

Europe
 Our European office operates on 100% renewable electricity, showcasing the potential of clean energy where supporting infrastructure is available. We also switched all company cars to hybrid cars with a minimum electrical range of 60 miles, which further reduces our dependence on fossil fuels in Europe.



Carbon Footprint and Emissions

As part of our commitment to transparency and alignment with the Global Reporting Initiative (GRI) and the European Sustainability Reporting Standards (ESRS), which are still being finalized, 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.



Carbon Footprint and Emissions

Scope 1 Greenhouse Gas Emissions

In 2024, Novalis reduced its Scope 1 greenhouse gas emissions by 15%, from 8.12 kilotons CO₂e in 2023 to 6.91 kilotons CO₂e. This reduction was primarily driven by a structural change at our China operations, where on-site natural gas combustion was replaced with direct steam and heat supplied by a third-party provider. As a result, direct fuel-related emissions were significantly reduced.

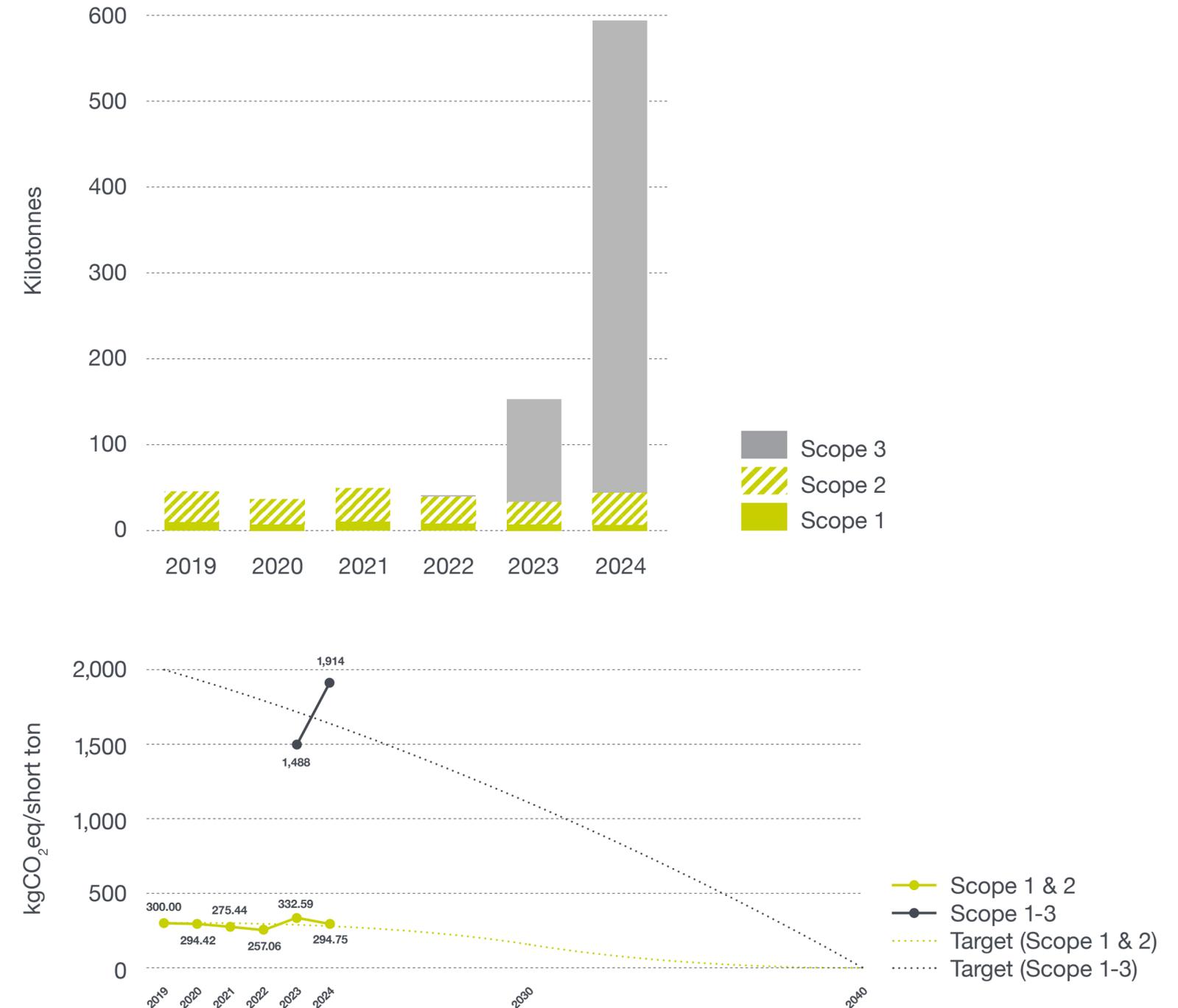
This transition represents an important step in lowering emissions from stationary combustion sources and supports our broader decarbonization pathway. Novalis continues to assess opportunities to further reduce Scope 1 emissions through fuel switching, process optimization, and efficiency improvements across its operations.

Scope 2 Emissions

In contrast to Scope 1, Scope 2 greenhouse gas emissions increased by 31% in 2024, rising from 26.15 kilotons CO₂e in 2023 to 34.30 kilotons CO₂e. The increase was mainly attributable to a high reliance on grid electricity at our manufacturing facilities in Mexico and Thailand, where electricity generation is still largely based on natural gas. Novalis has actively evaluated alternative electricity sourcing options; however, several solutions currently face infrastructure, regulatory, or availability limitations. In addition, rooftop solar installations have not yet been implemented at the new Thailand facility. Despite these constraints, we remain committed to increasing renewable energy use and expanding photovoltaic capacity as part of our long-term decarbonization strategy.

Achieved a 15% reduction in Scope 1 emissions

Carbon Footprint



Carbon Footprint and Emissions

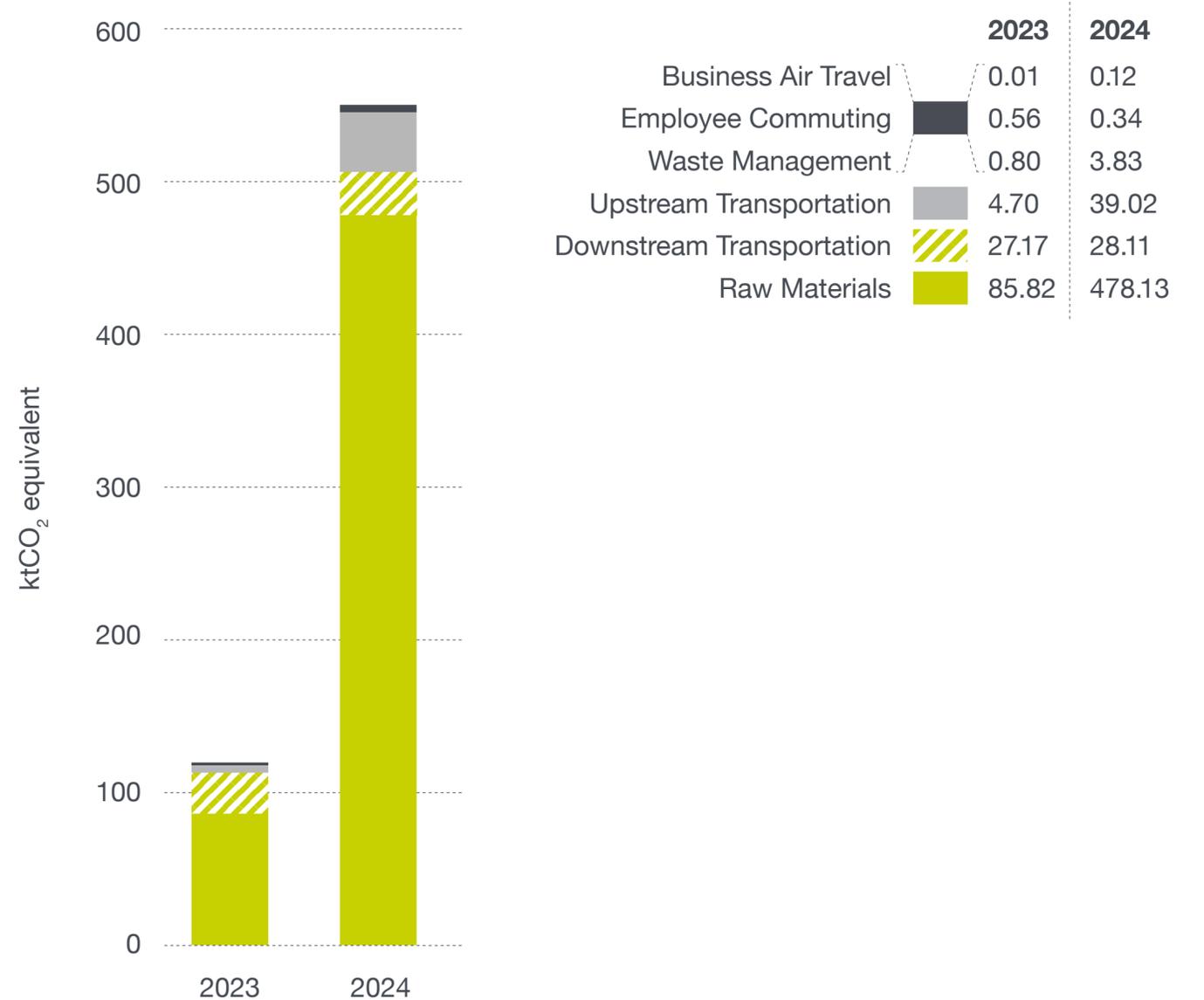
Scope 3 Emissions

In 2024, Novalis’ gross Scope 3 greenhouse gas emissions amounted to 549.54 kt CO₂e, compared to 119.05 kt CO₂e in 2023. The year-on-year increase was primarily driven by an expanded reporting boundary, improvements in data quality and calculation methodology, and higher emissions associated with raw materials and upstream transportation, reflecting increased production volumes and broader supply chain coverage.

Raw materials constituted the largest share of Scope 3 emissions, increasing from 85.82 kt CO₂e in 2023 to 478.13 kt CO₂e in 2024. In 2024, Novalis included for the first time products sourced from manufacturing partners in Korea and Vietnam,

which were not included in the previous reporting year. This expansion of reporting scope, together with the refinement of calculation methodologies and the increased use of location-based emission factors, represents a key driver of the increase in reported raw material emissions.

Upstream transportation emissions increased from 4.70 kt CO₂e in 2023 to 39.02 kt CO₂e in 2024. This increase was driven by improved reporting coverage in the United States and by the direct shipment of significant material volumes from China to support the ramp-up phase of new manufacturing facilities. Downstream transportation emissions increased slightly from 27.17 kt CO₂e to 28.11 kt CO₂e, in line with higher outbound shipment volumes.



Carbon Footprint and Emissions

Other Scope 3 categories showed mixed developments. Employee commuting emissions decreased from 0.56 kt CO₂e to 0.34 kt CO₂e. Commuting emissions are currently reported only for U.S. operations. European operations are not included, as employees primarily commute using company cars, rail transport supplied with 100% renewable electricity, or bicycles, which are not yet reflected in the current Scope 3 calculation approach. Commuting data for China, Mexico, and Thailand is not yet included and will be integrated in future reporting periods.

Business air travel emissions increased from 0.01 kt CO₂e in 2023 to 0.12 kt CO₂e in 2024. In 2024, air travel data was expanded to include North American employees for the first time, whereas previously only European travel activity was reported. Air travel emissions for China, Mexico, and Thailand are not yet included and will be added in future reporting periods. Waste management emissions increased from 0.80 kt CO₂e to 3.83 kt CO₂e, consistent with higher production activity and improved data completeness.

The 2023 Scope 3 emissions inventory was not complete, as Novalis was still in the process of fine-tuning its Scope 3 reporting approach, including improvements to data coverage, calculation methodologies, and the application of location-based emission factors. As a result, 2023 data is not fully comparable with 2024 figures. The increase observed in 2024 therefore reflects methodological improvements, boundary expansions, and changes in underlying business activity.

The Scope 3 inventory covers operations in Europe, the United States, China, Korea, and Vietnam. Emissions related to raw material extraction and production for manufacturing facilities in Mexico and Thailand are not included, as both sites were in the ramp-up phase during the reporting period and production volumes were not representative. These sites are expected to be included in Scope 3 reporting from 2025 onwards.

Given the improved completeness, expanded scope, and methodological robustness of the Scope 3 inventory in 2024, Novalis has defined 2024 as the reference year for the setting and tracking of its sustainability and decarbonization targets.

Carbon Footprint and Emissions

Emission Hotspots

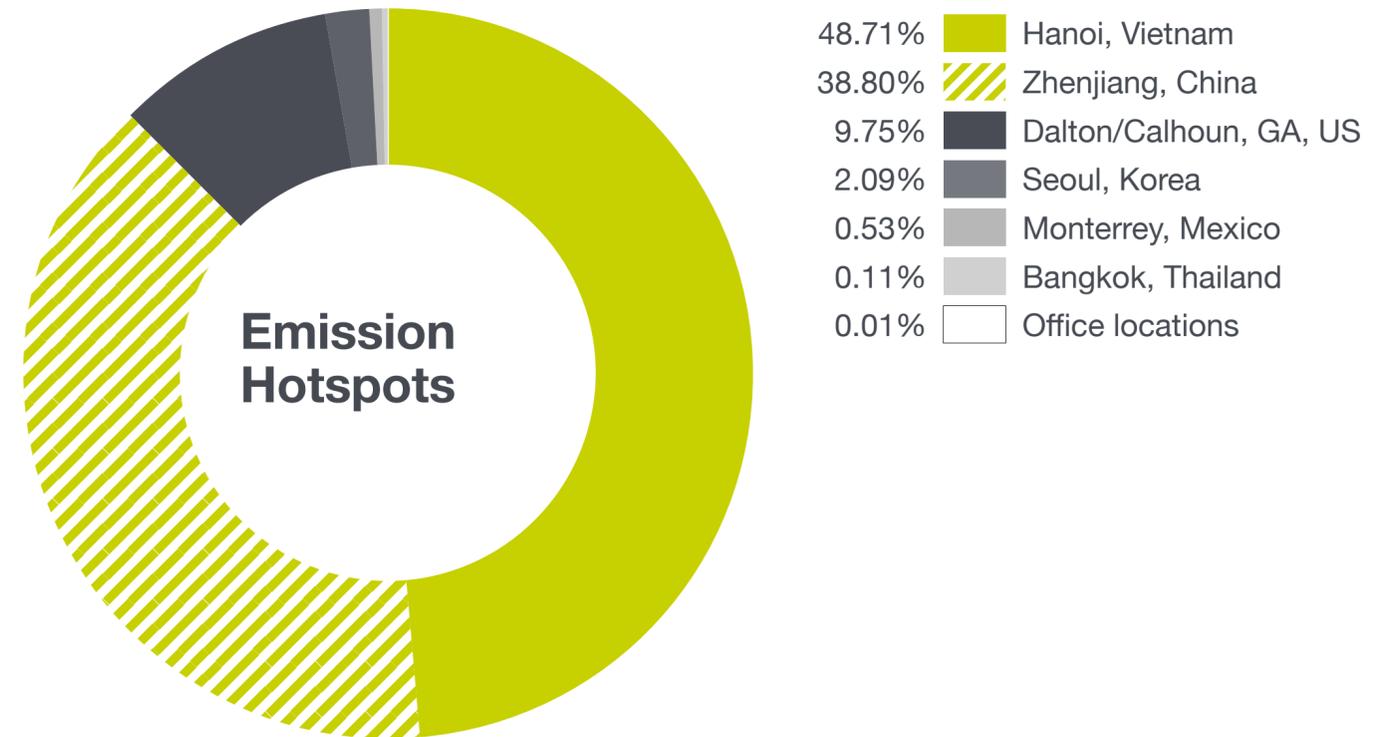
Novalis’ greenhouse gas emissions are concentrated in a limited number of locations, reflecting the geographic distribution of manufacturing and sourcing activities across the value chain.

In 2024, Hanoi, Vietnam represented the largest share of total emissions, accounting for 48.71%. Zhenjiang, China was the second-largest contributor, accounting for 38.80%. Together, these two locations represented 87.51% of Novalis’ total reported emissions.

Manufacturing operations in Dalton, Georgia (United States) accounted for 9.75% of total emissions. All other locations contributed individually less than

three percent. Seoul, Korea accounted for 2.09%, while Monterrey, Mexico (0.53%) and Bangkok, Thailand (0.11%) together represented less than one percent of total emissions. Office locations accounted for a negligible share (0.01%) of the overall footprint.

The concentration of emissions in Hanoi and Zhenjiang reflects the scale and intensity of production and sourcing activities at these locations. This location-based emissions analysis supports the identification of emissions hotspots and informs the prioritization of reduction measures, supplier engagement, and decarbonization initiatives in areas where they are expected to have the greatest impact.

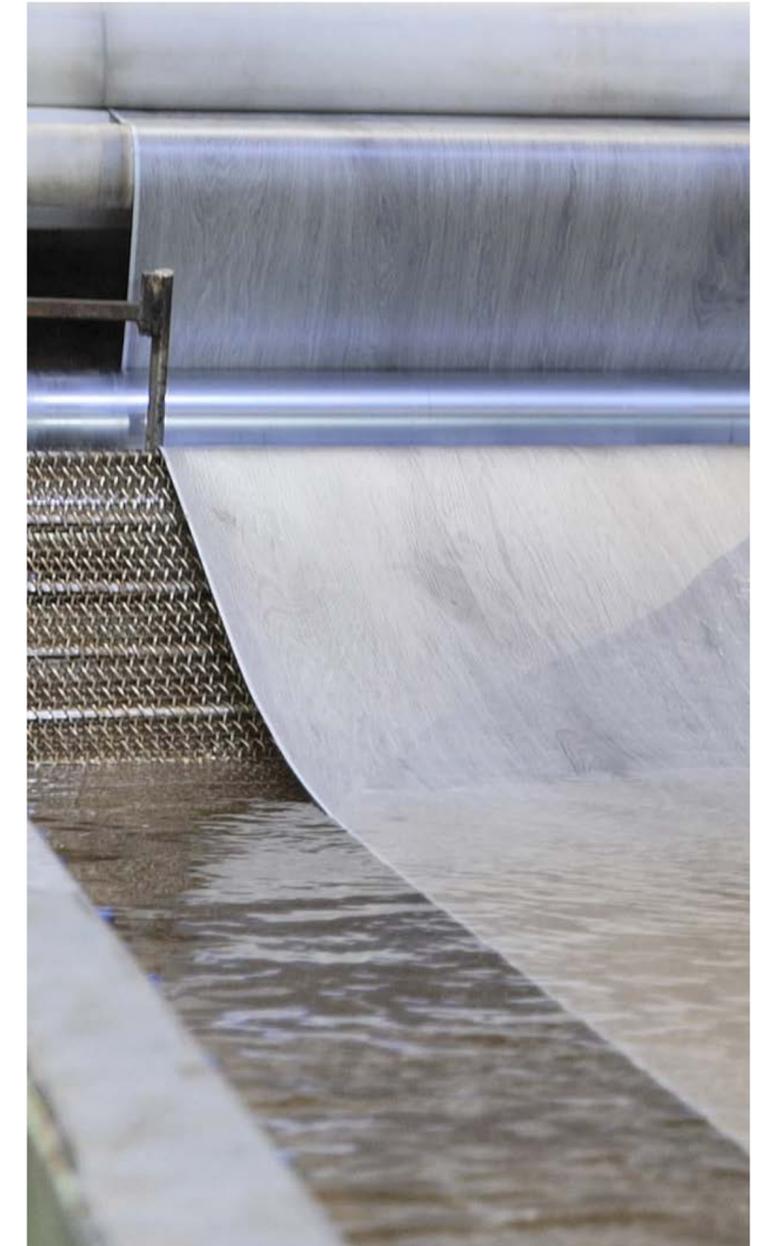
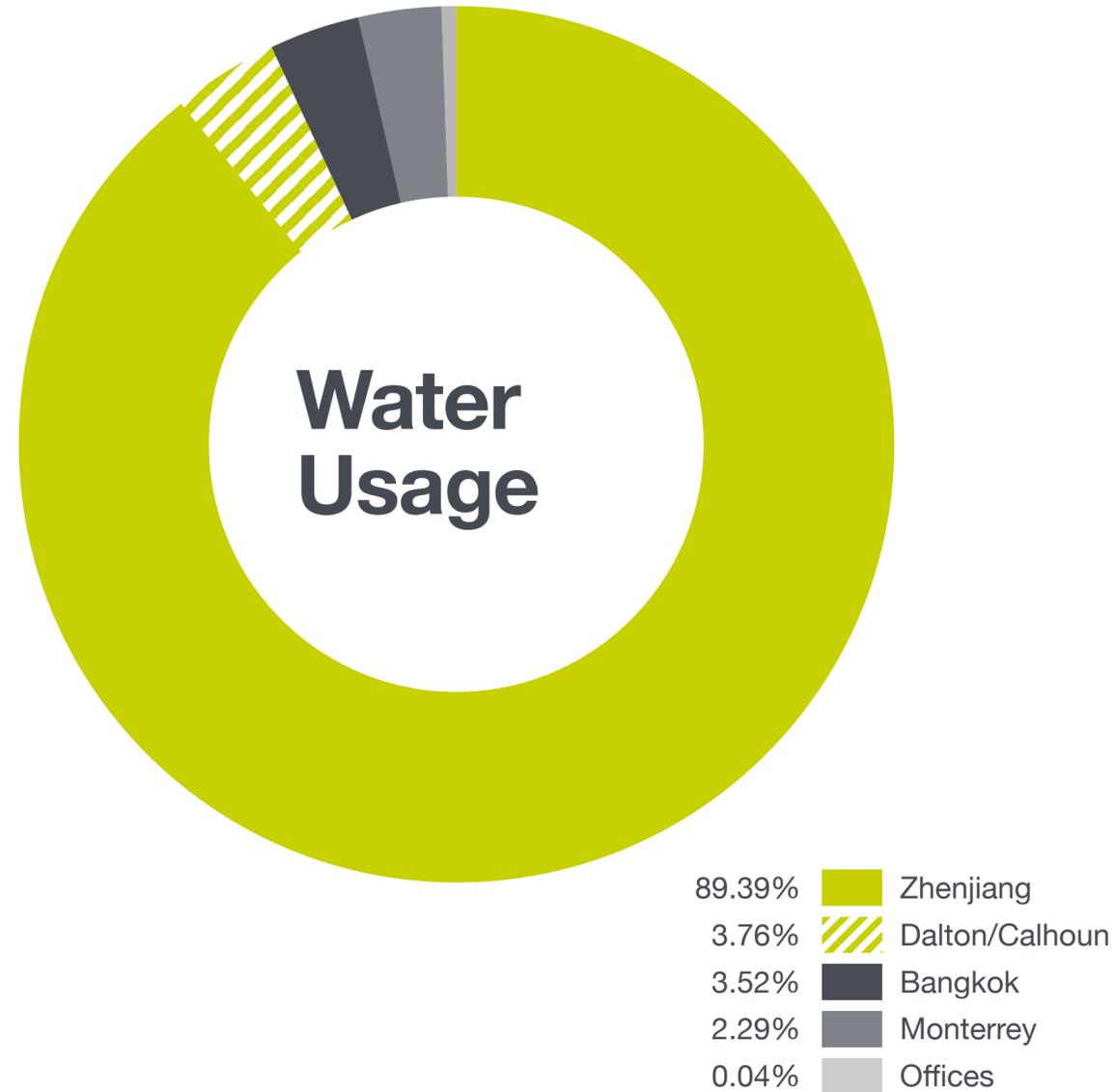


Water Management

At our facilities, water plays a vital role in production, particularly in supporting steam generation for hot press operations and cooling during the product’s annealing process. To promote efficient water management, our facility in China operates an integrated water recycling system, designed to minimize water waste through continuous reuse.

The facility receives direct steam and hot water from a third-party supplier, which is used for our in-house hot press and annealing processes. After use, the steam condenses into hot water and is pumped into our retainer pool. Once cooled down, the cold water is pumped back to the third party supplier.

The third-party company reheats the returned water in its boilers and converts it back into steam, which is then supplied again to our facility. This closed-loop enables the recovery of excess heat that would otherwise be considered energy waste, improving overall energy efficiency.



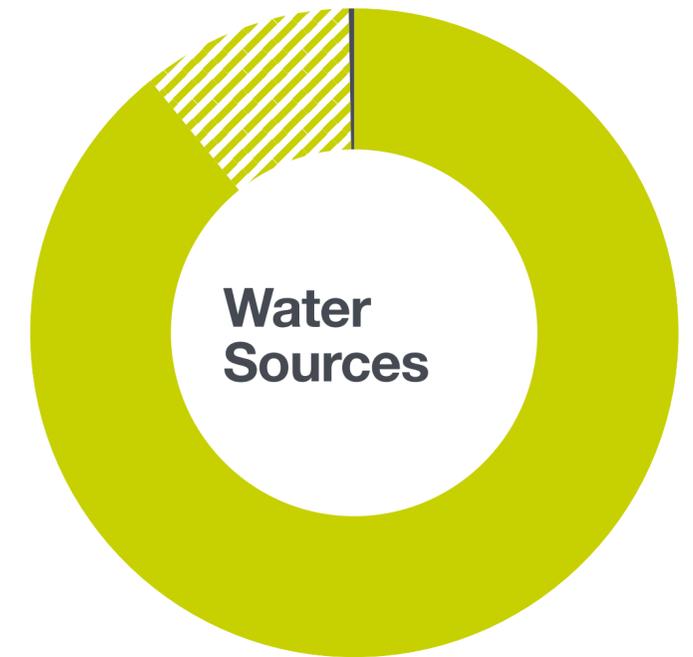
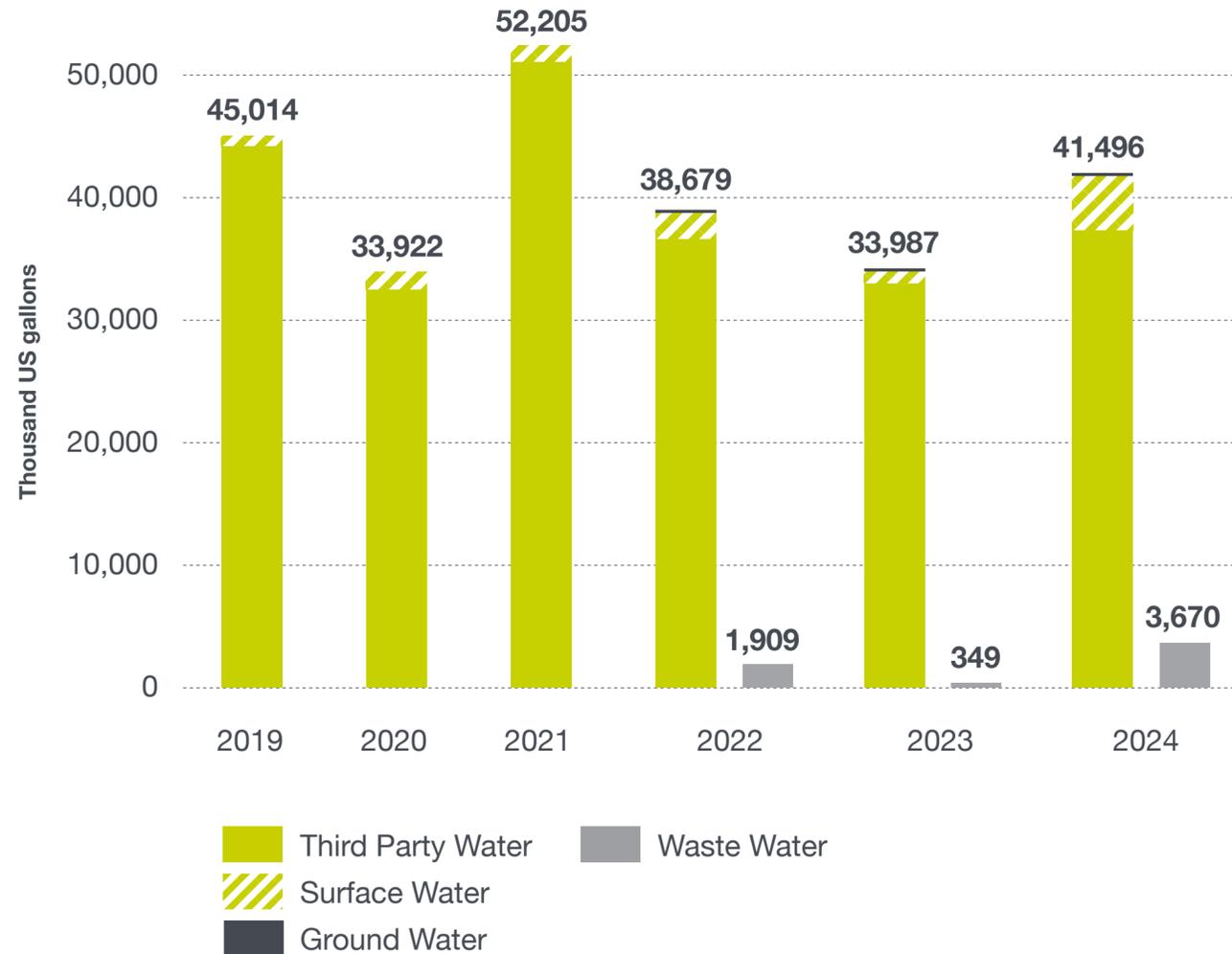
Water Management

The water used in our recycling system from our third parties totaled approximately 37 million gallons, representing an increase of 4 million gallons compared to last year. Additionally, our total water consumption has increased by an approximate of 18.10% which is connected to the additional water demand from our new facility in Thailand, as well as the higher total production volume, reflecting increased operational activity across our facilities.

Water Conservation

In our facilities, we rely mainly on third-party water. Moreover, in Mexico, we don't fully discharge the water because, after ensuring that the water in the cistern is filtered, 50% of it evaporates or soaks into the ground. The remaining 50% is subsequently discharged to the local wastewater system. However, approximately 3.7 million gallons were discharged as waste water across all our facilities, which is higher than the previous year. We are actively exploring solutions to treat and reuse water on-site rather than discharging it. This aligns with our commitment to improving our overall water efficiency.

Novalis Global Water Consumption



89.40% Third Party Water
 10.56% Surface Water
 0.04% Ground Water

Water Management

Despite the increase in water consumption, we were able to reduce our water intensity by about 18.84% compared to 2023 figures. Even though the water intensity did not significantly improve from 2019, our recent investments led to a gradual increase of our water efficiency across all operations. This reduction helps us get closer to our goal to reduce water intensity by 30% by 2030.

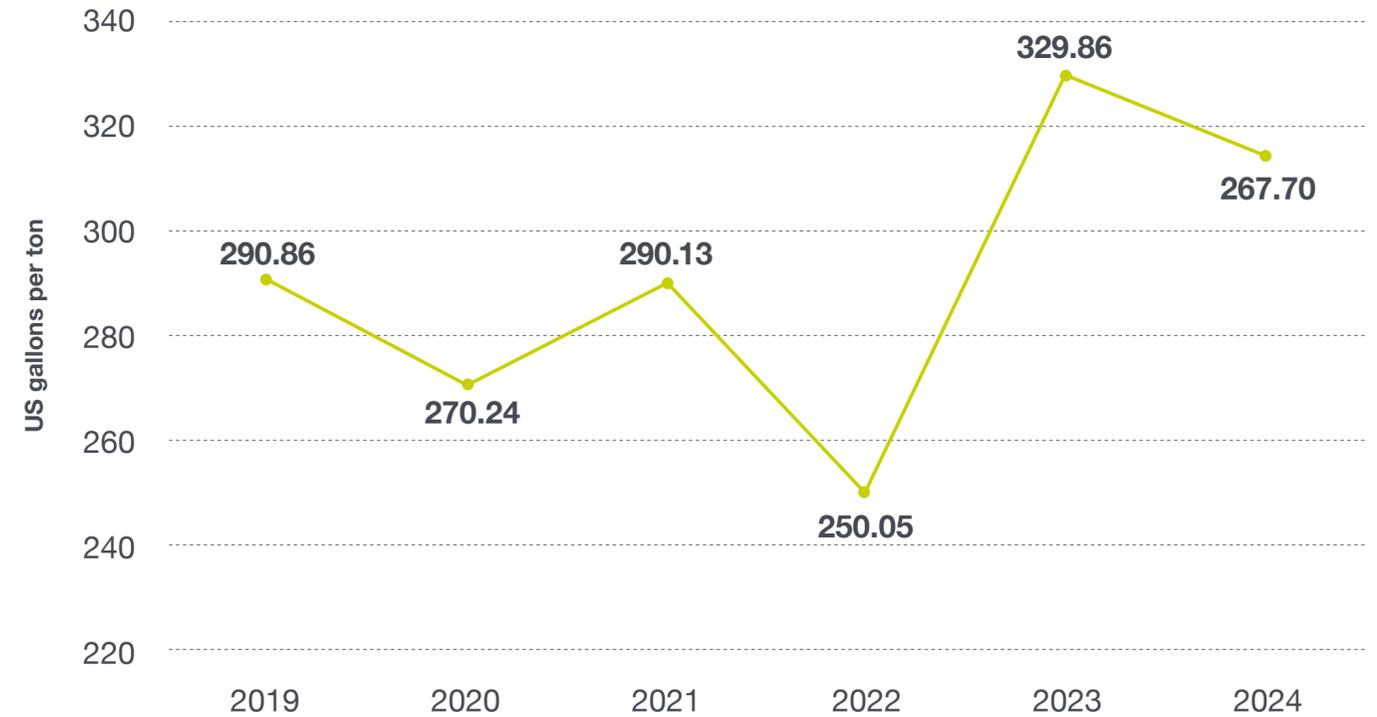
Through optimized process management and advanced water recycling systems, Novalis has been able to use water more efficiently, reinforcing our commitment to responsible resource management and sustainable manufacturing practices.

The reduction is notable given the substantial water requirements of our production processes. However, it is still not close to our water intensity in 2022 due to the economic situation and the inability to produce at our full capacity.

We are aware that the products we manufacture involve water-intensive production stages that may affect water quality. To address this, we are actively working to increase transparency and engagement throughout our supply chain, allowing us to better assess and manage the water-related impacts of the flooring we produce.

Achieved approximately 18.84% decrease in water intensity across our own facilities

Novalis Global Water Intensity



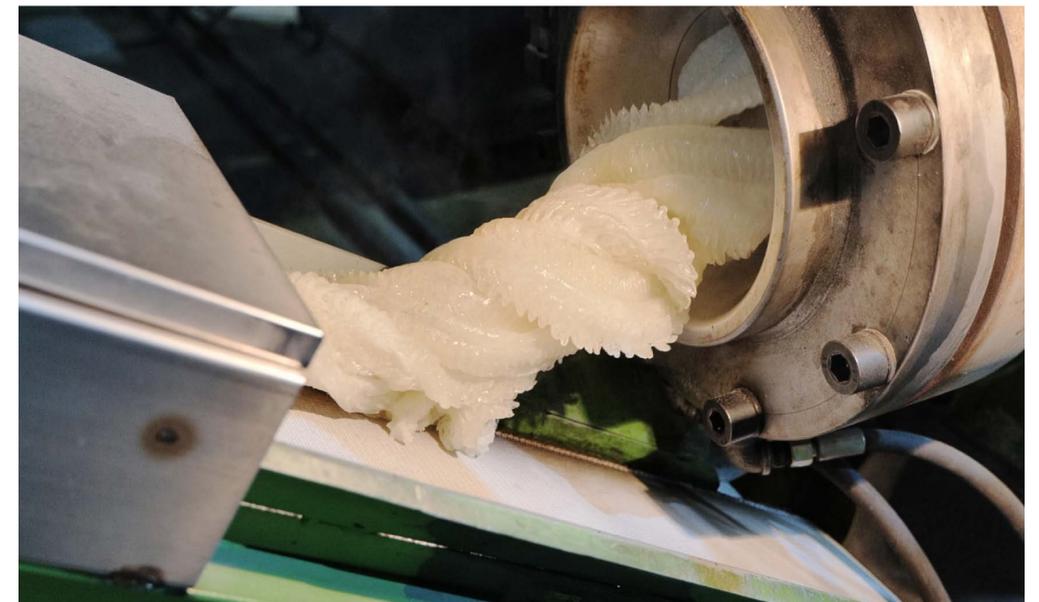
Materials Management

Our holistic approach to effective materials management and support for the circular economy begins with the careful selection of raw materials. We apply a mono-material construction, in which each layer of the product is made of the same material. This design simplifies the recycling process, improves material recovery rates, and enables easier reuse. This approach is further strengthened at the design stage through the integration of our engraved marking system.

During production, we implement internal recycling processes by recovering Luxury Vinyl Tile (LVT) scrap generated in manufacturing. This reduces waste and increases our internal recycling rate, further supporting resource efficiency.

Once the flooring reaches the end of its lifecycle, we operate a comprehensive take-back program. In regions where we do not have manufacturing sites, we collaborate with associations to establish systems for collecting, sorting, reusing, and recycling used flooring. By scanning the Q[®], customers are directed to a detailed Digital Product Passport (DPP) that provides transparent information about the product throughout its entire lifecycle, from raw material sourcing to end-of-life. In this way, our DPP ensures transparency across all stages of our value chain, which aligns with European regulations such as the EcoDesign for Sustainable Product Regulation (ESPR), the Construction Product Regulation (CPR) and the European Supply Chain Act.

The loop is closed when the collected flooring is returned to our facilities, where it is shredded and granulated. The resulting regrind is then reincorporated into new flooring products, further closing the material loop and reinforcing our commitment to circularity.



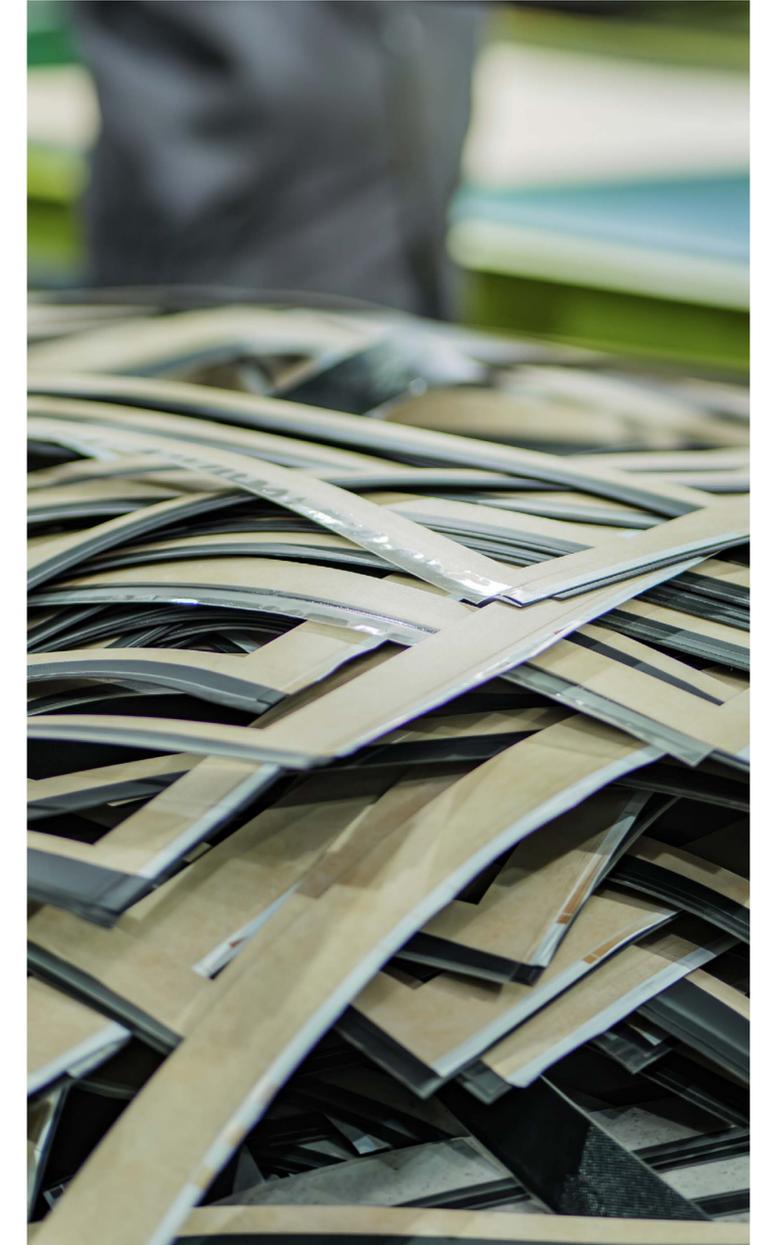
Materials Management

Novalis is actively supporting the transition of the flooring industry from a linear production model towards a circular economy. In alignment with industrial policy, climate objectives, and rising expectations for resource efficiency and material transparency, the company is taking concrete steps across product design, material selection and industry collaboration.

To address the current underutilization of existing recycling capacities, caused by limited collection and sorting systems, insufficient material standardization, and increasingly complex product compositions, Novalis is focusing on the following strategic priorities:

- **Strengthening collection, sorting, and recycling systems:** In collaboration with industry associations, Novalis is contributing to the development of a comprehensive, Europe-wide system for the collection, sorting, reuse, and recycling of post-consumer flooring material. In parallel, the company works with technology experts to advance innovative recycling solutions, including optical, infrared, and tracer-based sorting systems, which offer promising potential to improve material separation and recycling efficiency.
- **Increasing bio-based content:** Novalis has already made significant progress in integrating bio-based raw materials into its product portfolio, reducing reliance on fossil-based resources and lowering the overall carbon footprint of its flooring solutions.
- **Increasing the percentage of recycled content:** The company is systematically expanding the use of post-consumer and post-industrial recycled materials in its products, thereby supporting market demand for recycled content and helping to close material loops.
- **Developing non-PVC products:** We are investing in the development of non-PVC flooring products to broaden circular design options and respond to customer expectations.

Through these actions, Novalis aims to increase post-consumer recycling rates, improve material circularity, and actively contribute to the long-term sustainability and resilience of the flooring industry.



Alternative Materials

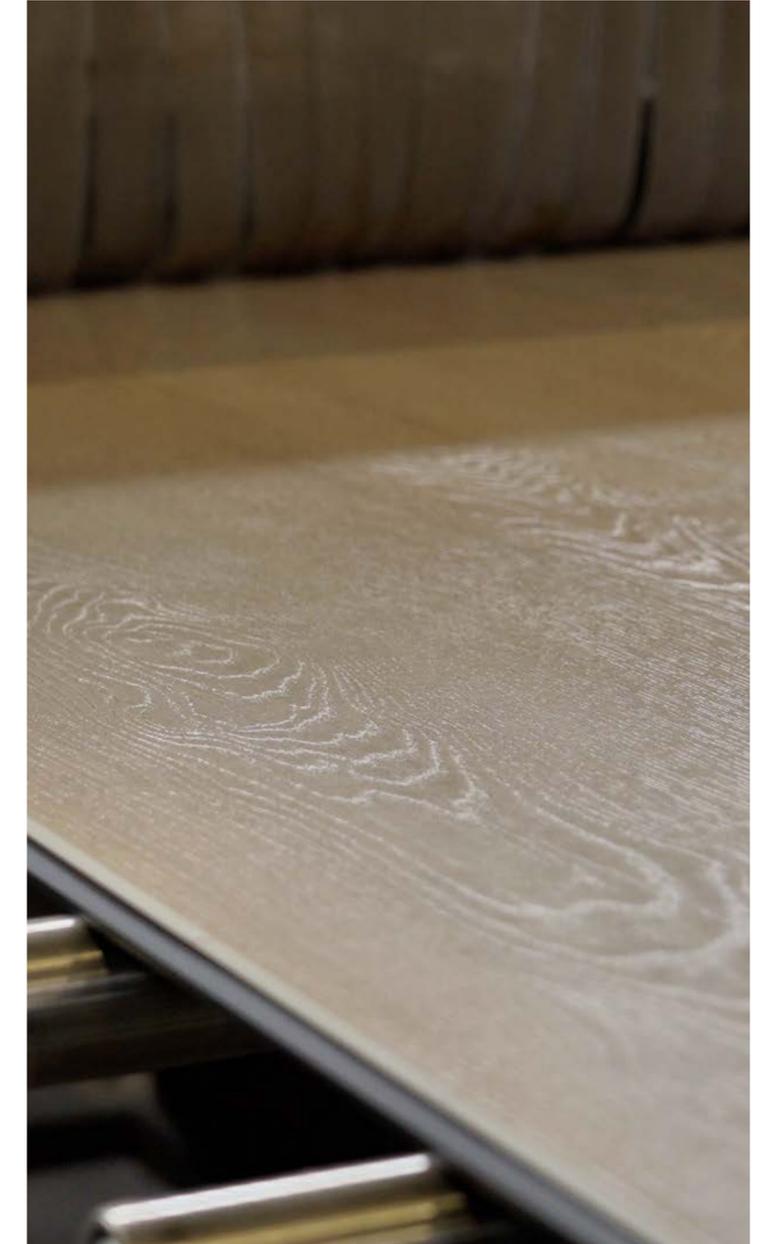
Novalis is actively developing non-PVC flooring solutions, including Polypropylene (PP), in response to evolving market demands and growing concerns over legacy additives such as plasticizers and stabilizers. The company acts proactively, focusing on projects where non-PVC materials are required, and is currently testing these solutions to ensure they meet the highest standards of performance, durability, and safety.

Although polyvinyl chloride (PVC) continues to be valued for its technical advantages and recyclability over other materials, there is a growing need for alternatives that comply with emerging regulations, including REACH and TSCA, California Prop. 65 and voluntary standards such as International Living Future Institute (ILFI) Red List. Non-PVC flooring is designed to ensure regulatory compliance, minimize environmental impact, and maintain high-performance standards.

By designing floorings that are both high-performing and recyclable, materials recovered through our take-back programs can be reintegrated into the production of new flooring, closing the material loop and reducing waste. This integrated approach ensures that innovation in product development goes hand-in-hand with responsible resource management.

Accordingly, Novalis has selected polypropylene as a suitable alternative material based on its resistance to moisture, durability, heat resistance, and sustainability-related characteristics, including efficient processing and mechanical recyclability. In addition, its chemical composition enables lower emissions that support our commitment related to indoor air quality and product safety requirements.

The average bio-based content in Novalis products decreased as many customers switched from cork to foamed PVC backing due to improved recyclability. The 1.98% bio-based content mainly comes from a soybean oil-based material used as a plasticizer in the wear layer of our products. We are continuously screening the market for alternative bio-based materials to increase the overall share.

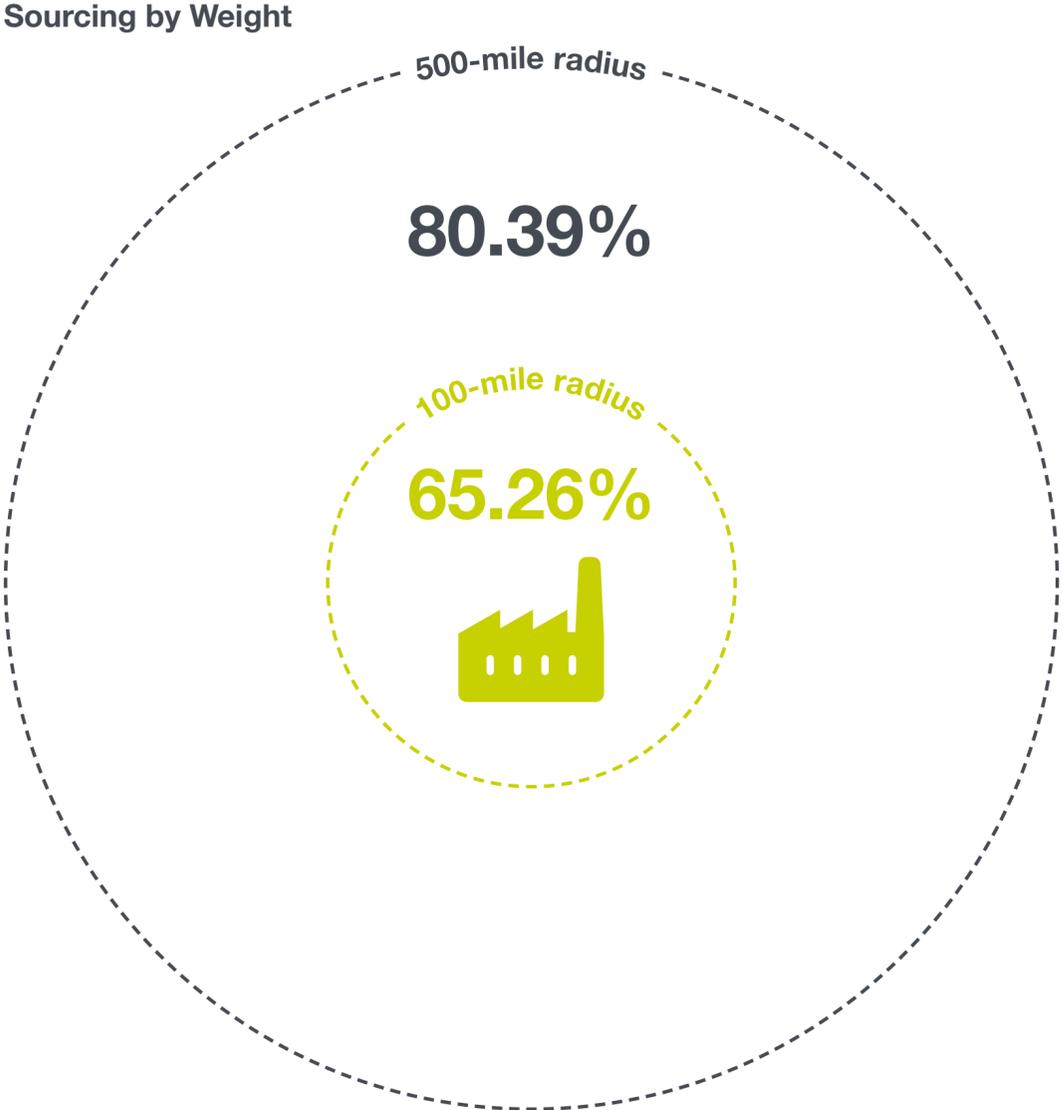


Local Sourcing of Raw Materials

In 2024, Novalis sourced a significant share of our raw materials from suppliers located close to its manufacturing facilities. By weight, 80.39% of materials were sourced within a 500-mile radius, and 65.26% within a 100-mile radius of our factories.

In comparison, 2023 local sourcing levels reached 81.46% within a 500-mile radius and 75.13% within a 100-mile radius. Year-over-year variations reflect changes in supplier availability, material mix, and operational ramp-ups.

Local sourcing data for Mexico and Thailand are excluded from the 2023 and 2024 assessment. During the initial setup phase of these facilities, a substantial share of materials was sourced from Asia, while overall production volumes remained limited. From 2025 onwards, once operations are stabilized, these sites will be included in the local sourcing assessment to ensure comprehensive global coverage.



Waste Management

Post-Installation

A core element of Novalis' materials strategy is the internal recycling of production scrap generated during the manufacturing of Luxury Vinyl Tile (LVT). This closed-loop approach enables the reintegration of high-quality material back into the production cycle, minimizing waste and reducing the need for virgin raw materials. The volume of recycled material varies depending on production levels, but it consistently contributes to improving resource efficiency and supporting our goal of closing the loop. Across our regions, we focus on sustainable materials because this is closely linked to Novalis' circular economy. Despite the decrease in bio-based content compared to 2023, the recycled content has increased by 6.48%, demonstrating our continuous efforts across our regions to prioritize sustainable materials.

● Europe

In Europe, where Novalis does not operate its own manufacturing sites, we collaborate with partner recyclers and service providers to collect and process installation waste. We are also actively engaged with European industry associations to develop a continent-wide system for the collection, sorting, reuse, and recycling of used flooring, promoting circularity across the region.

Additionally, we have partnered with Ekotrend, one of the leading PVC manufacturers in Europe, to produce granulates with a share of plasticizer combined with various shares of recycled material.

● Asia

At our facilities in Asia, Novalis directly takes back used flooring, which is then shredded and granulated. The resulting material is integrated into the production process, allowing valuable resources to be reused and further closing the material loop.

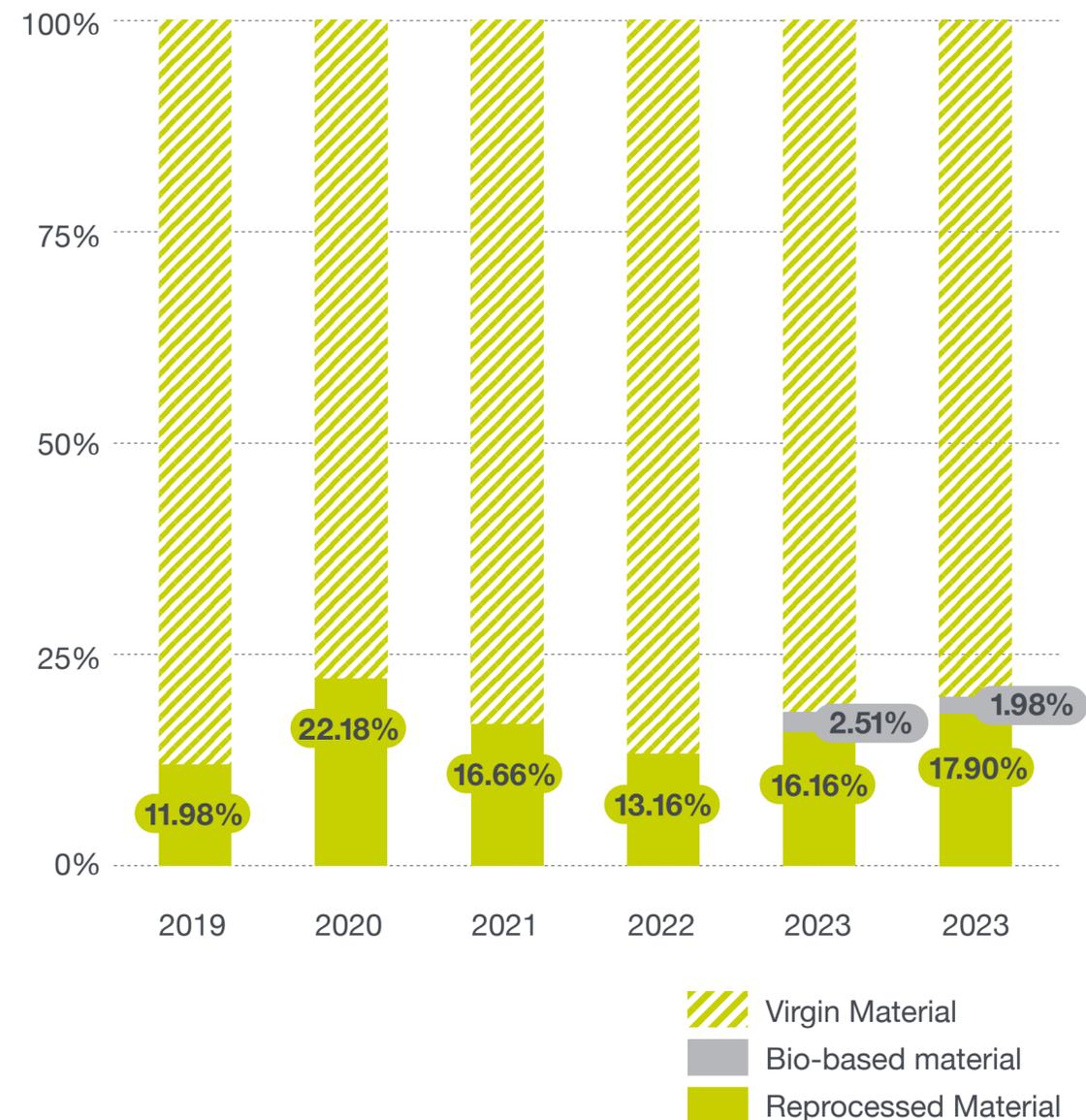
● North America

Similarly, in the United States, Novalis manages take-back programs for used flooring. Collected materials are processed on-site through shredding and granulation, and the regrind is reincorporated into new flooring products, supporting a circular approach and reducing waste.

Post-Consumer

Substantial steps have been taken to efficiently sort and recycle post-consumer waste and we are actively contributing to conservation initiatives and project groups within Europe and the U.S. fostering collaboration aimed at promoting responsible resource management across all stages of production.

Recycled & bio-based content



Waste Management

Novalis monitors waste generation and waste management outcomes across its operations to support resource efficiency, circularity, and transparency in waste handling practices. Waste data for 2024 covers hazardous and non-hazardous waste streams, including waste diverted from landfill through recycling, reprocessing, and other recovery routes.

Waste generation and treatment outcomes

In 2024, Novalis reported a total waste generation of 30,334 tonnes. The largest reported waste stream was reprocessed LVT scrap, amounting to 27,743 tonnes, reflecting internal reprocessing activities. Hazardous waste amounted to 131 tons and represented a small proportion of total waste generated.

Waste sent to recycling increased compared to 2023, driven by higher reported volumes of reprocessed production scrap and recyclable material streams. In parallel, waste sent to landfill or incineration totaled 1,803 tons in 2024, corresponding to 5.94% of total waste generated. As a result, 94.06% of total waste was diverted from landfill during the reporting year.

Waste diverted from landfill in 2024 included:

- **Reprocessed LVT scrap**
- **Recycled paper and cardboard**
- **Recycled wood and pallets**
- **Recycled plastics**
- **Recycled metals**
- **External product recycling**

Data boundary and methodology

Waste data availability varies by location due to differences in local waste management practices and access to primary data. At the Zhenjiang, China manufacturing site, measured data is available for hazardous waste only. Non-hazardous and recycling waste streams are managed by a local waste management provider that does not provide site-specific waste quantities.

To ensure completeness of reporting, Novalis applied an estimation methodology for non-hazardous waste for its office locations based on an internal factor of 0.15 tons of non-hazardous waste per employee. This methodological update resulted in higher reported non-hazardous waste volumes and affected both recycling and landfill figures, limiting direct comparability with prior-year data.

Diverted an additional 455 tons recycling waste from landfill compared to 2023.

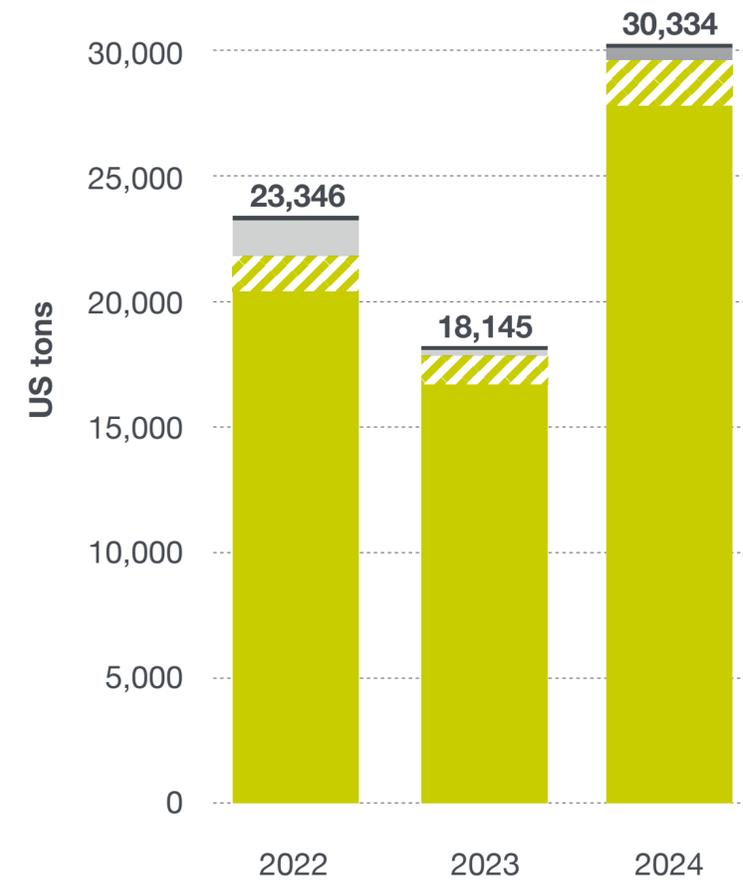
Waste Management

Continuous improvement

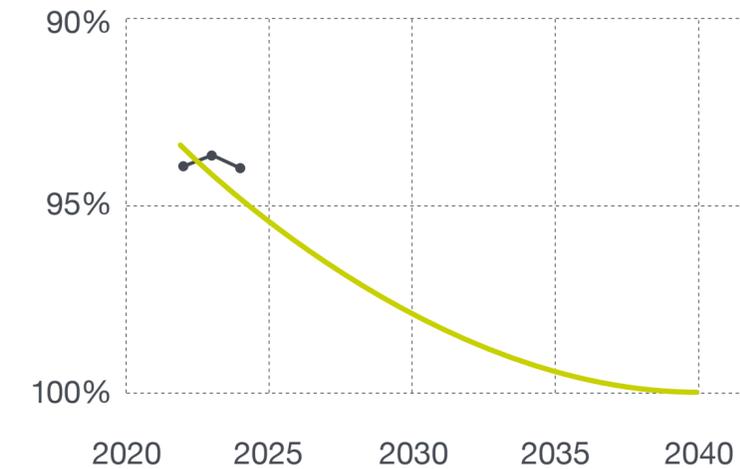
Novalis is committed to further improving waste data accuracy and site-level transparency. In 2025, waste reporting at the Zhenjiang site will be enhanced by using bin and container volume/capacity data by waste stream, combined with collection frequency, to derive more precise waste quantities for non-hazardous and recyclable waste.

The continued refinement of waste data collection and calculation methodologies supports improved comparability over time and enables Novalis to better track progress toward waste reduction and increased diversion from landfill.

Waste Generation & Recycling



Waste diverted from Landfill



Biodiversity Impact

Novalis currently operates 5 key manufacturing facilities across multiple regions. These include facilities in Zhenjiang, China (approximately 35.92 acres), Dalton, United States (23.53 acres), Mexico (10.46 acres), and its newest facility in Thailand (13.26 acres). The remaining 0.27 acres are assigned to our offices in Shanghai, Hong Kong, Cologne, Toronto and Mooresville, NC. In late 2024, Novalis closed its warehouse in Calhoun, United States,

and is now partnering with third party logistic companies.

To ensure that the surroundings of our facilities are not negatively affected by our operations, we are committed to implementing the following practices, with all measures audited annually by external organizations.

1

Air Filtration Systems

Emission testings designed to effectively capture dust and particles, thereby preventing environmental contamination and protecting soil, groundwater, and surrounding ecosystems.

2

Water Filtration Systems

Systematic water quality assessments are performed in nearby creeks to proactively identify whether there is any potential contamination and to implement timely measures when necessary.

3

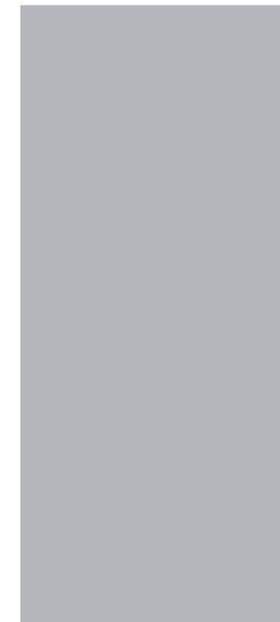
Occupational Health and Safety (OH&S) system

Teams in each facility dedicated to ensuring adherence to the highest safety standards and preventive measures.



57.04
acres

Industrial Operations
& Offices



34.84
acres

Green Spaces



Biodiversity Impact: Zhenjiang, China

Our Chinese manufacturing sites are located at Guang Yuan Road, Dantu Industrial Park, 212000 Zhenjiang, Jiangsu Province, China, near the Yangtze River basin. This is a critical ecological corridor supporting wetlands and migratory bird species. The surrounding area includes agricultural land and semi-natural habitats.

Key Impacts

Key risks include potential disruption of wetland ecosystems, increased water consumption impacting local hydrology, and emissions that may affect air and soil quality.

Mitigation Actions

Given this context, particular attention is given to minimizing environmental impacts and safeguarding nearby natural resources through air and water filtration systems and our global OH&S policies and management systems. Novalis has adopted advanced water recycling technologies and plans to collaborate with local authorities to support wetland restoration projects.



Biodiversity Impact: Dalton, United States

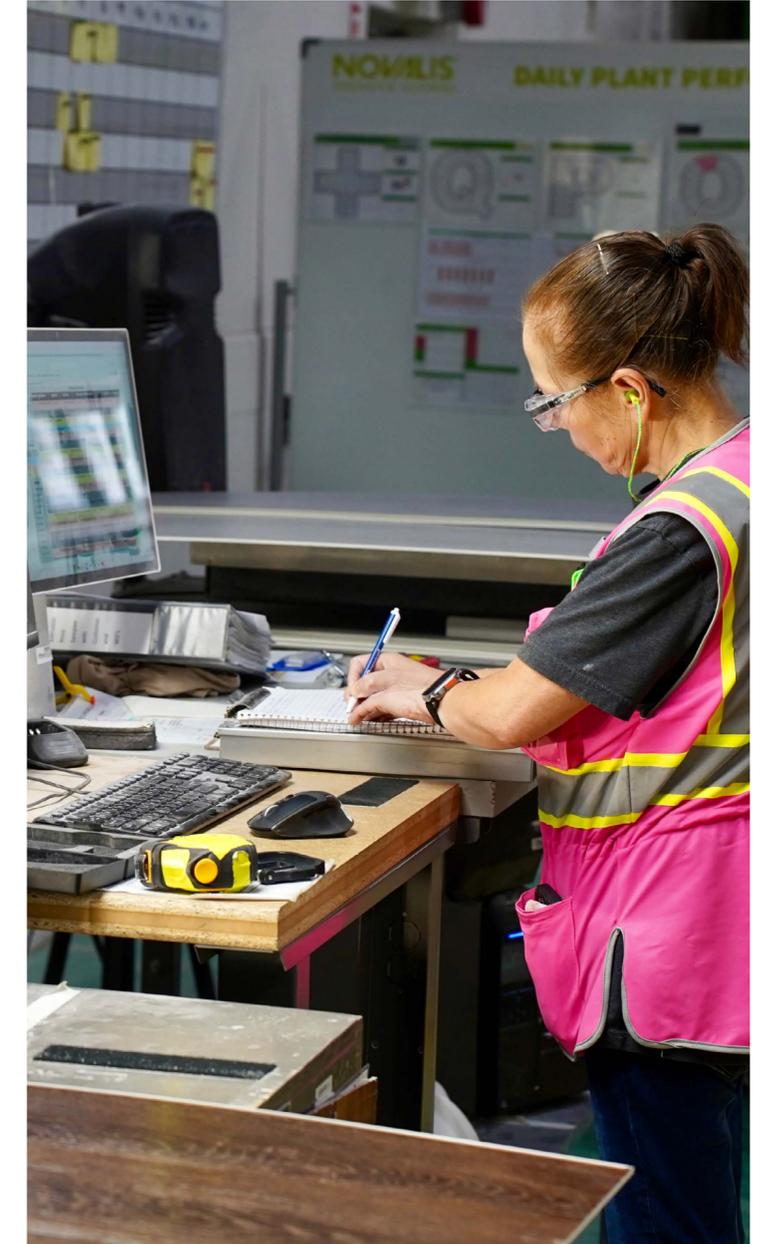
The US site is located at 200 Munekata Dr SE, Dalton, GA 30721, United States, in Whitfield County, Georgia. This area is characterized by mixed hardwood forests and riparian ecosystems, supporting diverse flora and fauna, including species associated with the Appalachian foothills. The factory is situated near urban and semi-rural landscapes.

Key Impacts

Potential impacts include habitat disturbance due to land use, stormwater runoff affecting local waterways, and emissions that could influence air quality and vegetation health.

Mitigation Actions

Consequently, the same environmental management procedures applied across our other facilities are implemented at this site, including continuous air and water quality monitoring to prevent airborne and waterborne pollution. In addition, our OH&S systems protect employees and the surrounding community while ensuring compliance with regulatory and environmental standards.



Biodiversity Impact: Mexico

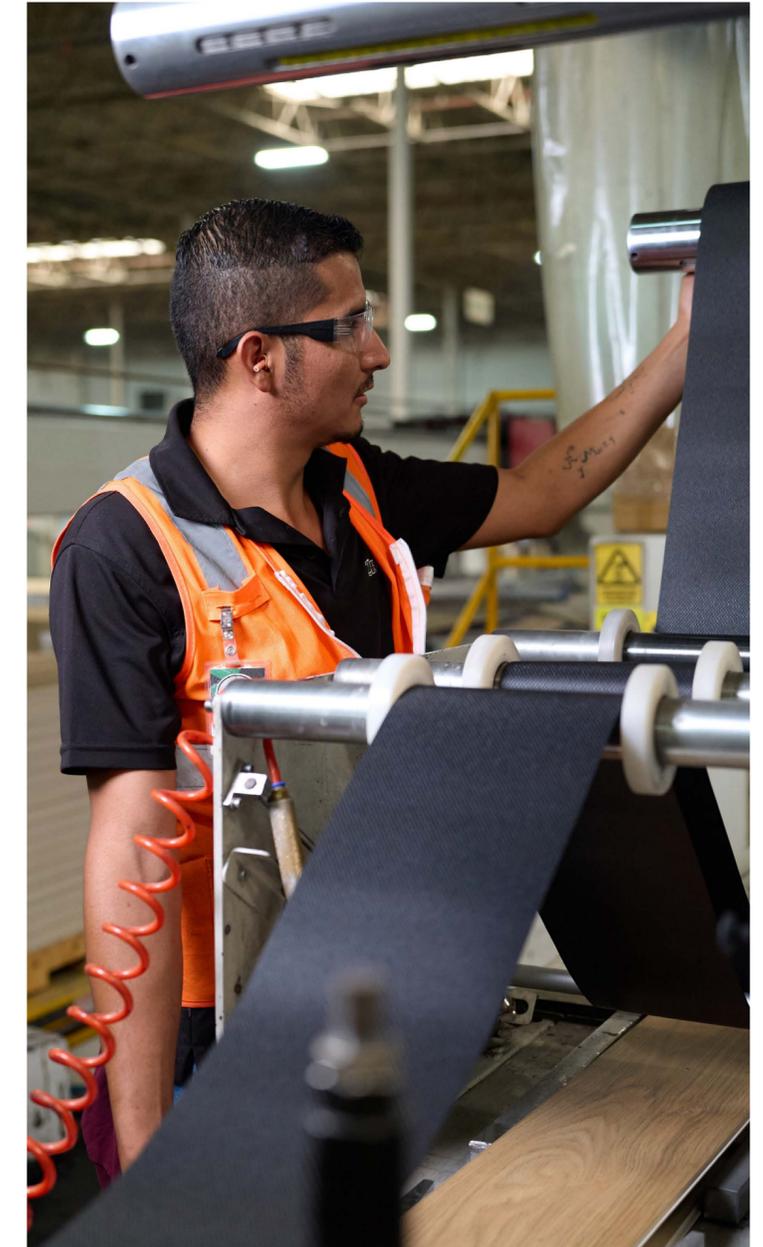
The Novalis Mexico site is situated close to the Sierra de Arteaga Protected Area, which is home to temperate forests and endemic species, including the black bear and maroon-fronted parrot. The factory is located in Ramos Arizpe, Coahuila State, Mexico.

Key Impacts

Key risks identified include habitat alteration, increased water demand and the potential introduction of invasive species.

Mitigation Actions

The company has installed on-site wastewater treatment systems so that about 50% of its wastewater can be discharged naturally without affecting the environment. Furthermore, the company is investigating mitigation actions including reforestation of degraded areas with native pine species to avoid soil erosion and to collaborate with local organizations to develop and improve wildlife corridors.



Biodiversity Impact: Thailand

Our newly built facility in Thailand is located near Khao Laem Ya–Mu Ko Samet National Park, an area of high ecological value with coral reefs, mangroves, and diverse marine species. The factory is situated in Phatthana District, Rayong Province.

Key Impacts

Potential impacts include habitat fragmentation, emissions and water discharge risks. These could affect local ecosystems and species if not properly managed.

Mitigation Actions

To mitigate those risks, we set up buffer zones with native plants around the factory, installed dust filters to prevent pollution, and established on-site wastewater treatment. We're also seeking ways to support local mangrove restoration projects.



Creating a Better Planet

	2030	Status		2030	Status
Goal 1 Rigorous GHG emission reduction	<ul style="list-style-type: none"> Reduce Scope 1 emissions by 50% Reduce Scope 2 emissions by 50% Reduce Scope 3 emissions by 30% 	<ul style="list-style-type: none"> On track In progress In progress 	Goal 4 Waste Diversion	<ul style="list-style-type: none"> Eliminate landfill waste across all facilities 	<ul style="list-style-type: none"> Achieved and maintained
Goal 2 0% harmful substances used in products	<ul style="list-style-type: none"> Full product declaration Conformity with REACH and California Prop 65 	<ul style="list-style-type: none"> Achieved and maintained Achieved and maintained 	Goal 5 Renewable energy sources (where possible)	<ul style="list-style-type: none"> 60% renewable energy 	<ul style="list-style-type: none"> In progress
Goal 3 Increase recycled and bio-based content	<ul style="list-style-type: none"> 30% recycled and bio-based content 	<ul style="list-style-type: none"> On track 	Goal 6 Efficient Manufacturing	<ul style="list-style-type: none"> Reduce energy intensity by 20% 	<ul style="list-style-type: none"> In progress
			Goal 7 Water as valuable resource	<ul style="list-style-type: none"> Reduce water intensity by 30% 	<ul style="list-style-type: none"> On track
			Goal 8 Close the Loop	<ul style="list-style-type: none"> 30% of products recycled or repurposed 	<ul style="list-style-type: none"> In progress

4

Better for the **PEOPLE**

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

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Health, Safety & Well-Being	55
Employee Training	57
Employee Benefits	58
Creating a Better Future for Our People	59



Creating a Better Workplace

	2030	2040		2030	2040
Goal 1 No child, forced or compulsory labor	<ul style="list-style-type: none"> Zero tolerance policy for child, compulsory or forced labor Zero cases of child, forced, or compulsory labor across our supply chain 	<ul style="list-style-type: none"> Zero tolerance policy for child, compulsory or forced labor Zero cases of child, forced, or compulsory labor across our supply chain 	Goal 5 Pursue an inclusive and diverse workforce	<ul style="list-style-type: none"> Workforce reflects the diversity of the surrounding community Regular trainings on inclusive leadership 0% gender pay gap for employees with equivalent skills and experience 	<ul style="list-style-type: none"> Workforce reflects the diversity of the surrounding community Regular trainings on inclusive leadership 0% gender pay gap for employees with equivalent skills and experience
Goal 2 Maintain high occupational health & safety standards	<ul style="list-style-type: none"> 100% of employees receive annual safety trainings Keep the total recordable incident rate below 1.0 	<ul style="list-style-type: none"> 100% of employees receive annual safety trainings Keep the total recordable incident rate below 1.0 	Goal 6 Equal pay for equal work	<ul style="list-style-type: none"> Fair and equal compensation for employees with the same skill and experience level 	<ul style="list-style-type: none"> Fair and equal compensation for employees with the same skill and experience level
Goal 3 Support freedom of association for our workers	<ul style="list-style-type: none"> Giving our workers the opportunity to contribute to the company's development and share concerns 	<ul style="list-style-type: none"> Giving our workers the opportunity to contribute to the company's development and share concerns 	Goal 7 Wellbeing of our Employees	<ul style="list-style-type: none"> Keep abstenteeism rate below 5% 	<ul style="list-style-type: none"> Keep abstenteeism rate below 5%
Goal 4 Develop and leverage skills of internal talents	<ul style="list-style-type: none"> Offer regular training opportunities for employees 	<ul style="list-style-type: none"> Offer regular training opportunities for employees 			

Through the activities we implement for our people, we contribute to the following United Nations Sustainable Development Goals (SDGs):



Our People: Empowering and Supporting Our Workforce

At Novalis, employees are at the heart of our operations. When they feel valued, respected, and supported, they are empowered to contribute meaningfully to our success. We promote a workplace culture driven by inclusion, diversity, well-being, health and safety, where employees are encouraged to openly share their ideas, concerns, and perspectives without fear.

We are committed to meeting the needs of our workforce through continuous training and development opportunities that support both career progression and personal growth. This commitment is reinforced by fair and competitive compensation, targeted workshops, and initiatives designed to enhance skills, engagement, and long-term professional development.

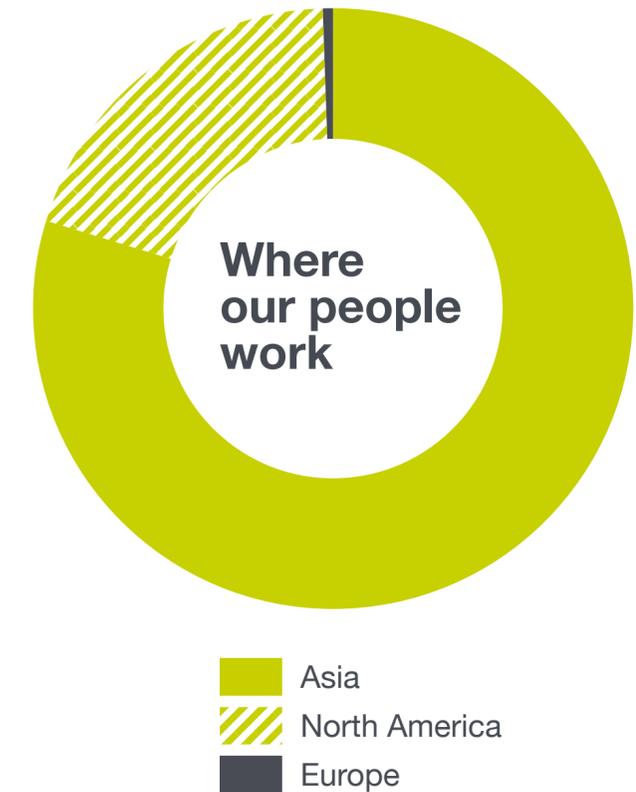
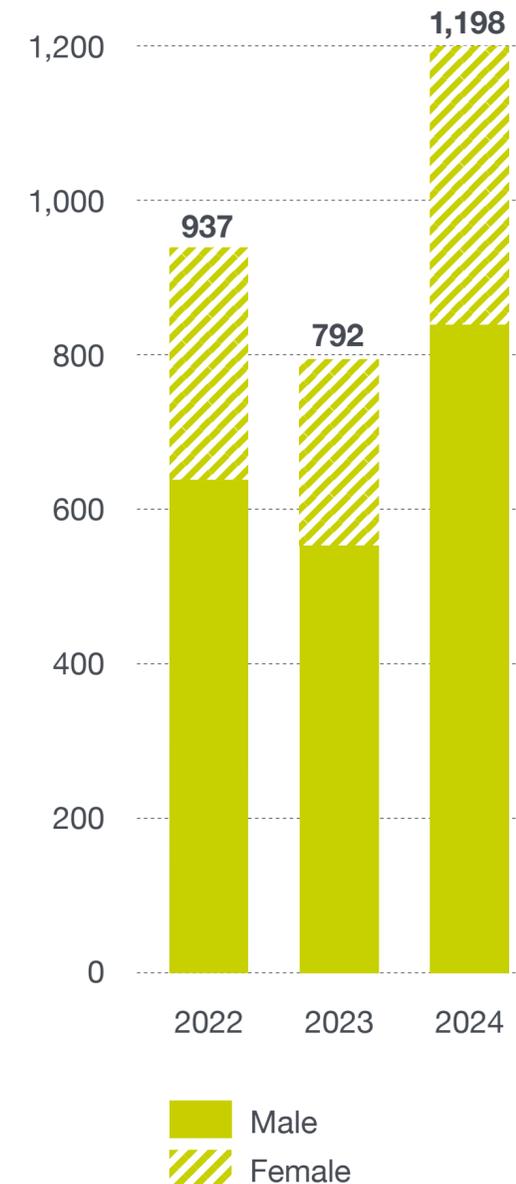
Global Presence

Through the operational expansion in Mexico and Thailand, the total number of employees across all regions increased to 1,198. Of these, 149 workers were hired on a temporary basis to support the ramp-up of our new factory in Thailand, including 38 female workers and 111 male workers. The remaining 1,049 employees are permanent staff, and all the workers are covered by collective bargaining agreements.

In terms of regional distribution, Asia continues to employ the largest share of our workforce, with 836 employees. North America follows with 357 employees, while Europe is supported by a small but highly effective team of 5 employees, responsible for supporting our European customer base.

Successfully expanded our workforce by hiring 404 new employees

Employees Worldwide



Our People: Empowering and Supporting Our Workforce

Workforce and Gender Representation

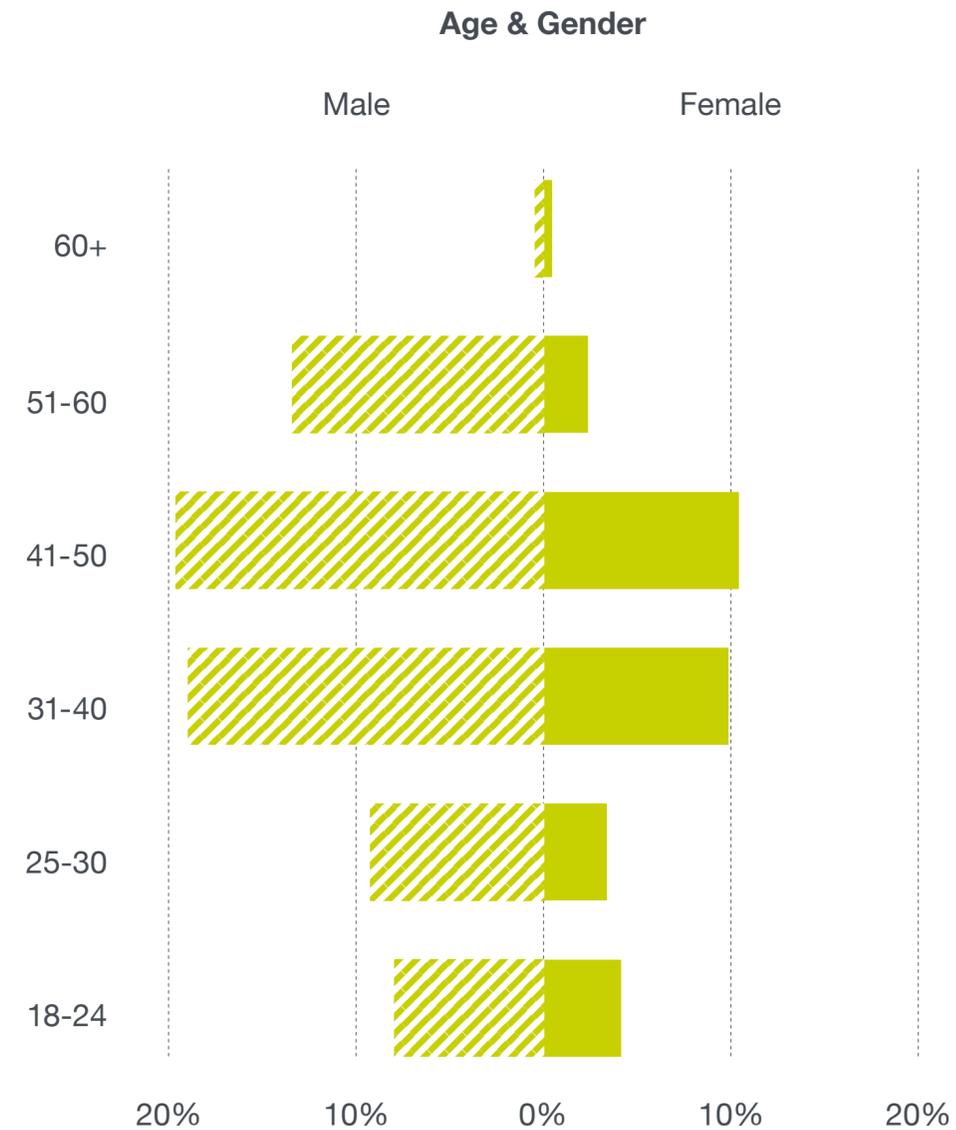
We have significantly increased our workforce compared to 2022 and 2023. In 2024, the number of male employees increased by nearly 53%, from 553 to 842, while the number of female employees increased by 48%, from 241 to 356. Although our total workforce has grown due to expansion in Mexico and Thailand, the proportion of female employees remains stable compared to 2023, as production roles continue to attract fewer female applicants.

This trend continues despite the implementation of our gender equity strategies, which include flexible work arrangements, career development programs, and ongoing initiatives to enhance the workplace environment. These efforts demonstrate our commitment to retaining and supporting women across all functions and locations.

Age Demographics

Novalis considers age demographics in addition to gender diversity as part of its broader commitment to workforce inclusion. In 2024, our data showed that the largest segment of employees, accounting for 29.97% of the total workforce, was aged 41-50. This was followed by employees aged 31-40, who represented 28.71%, while employees under 30 years of age accounted for 24.7%. Employees over 50 years old represented 16.61% of the workforce.

This diverse age distribution reflects a balanced workforce that combines experience and institutional knowledge with the development and encouragement of young talent, supporting long-term organizational sustainability.



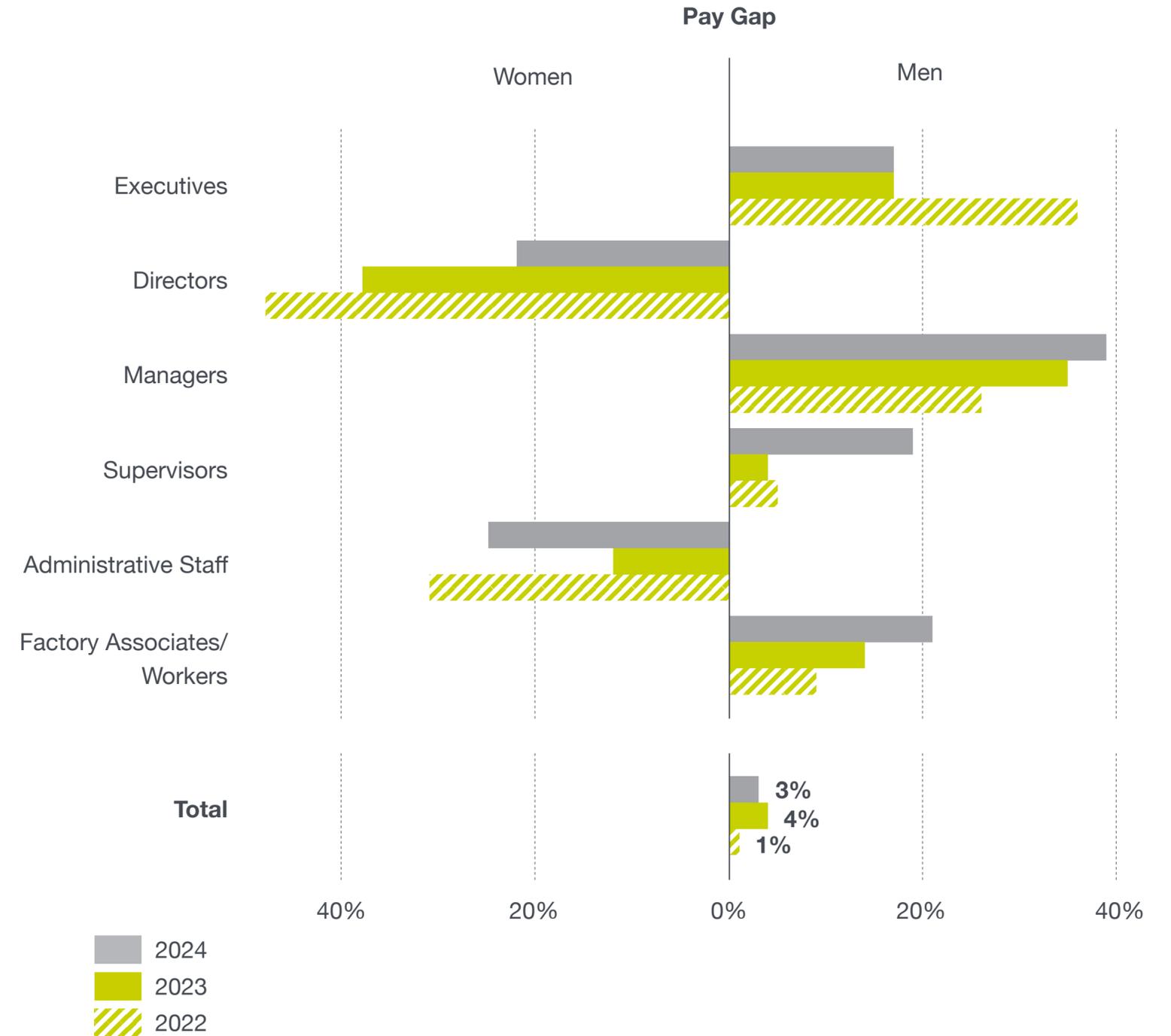
Our People: Empowering and Supporting Our Workforce

Fair and Equal Compensation

We continuously work to ensure that our compensation practices remain fair, competitive, and responsive to economic conditions, enabling our employees to maintain financial stability and feel valued for their contributions. Our approach is guided by the principle of equal pay for equal work, based on skills and experience regardless of gender. Our wage practices have been independently audited by third parties, including through SMETA audits, confirming that our pay exceeds the legal minimum wage, is based on employees' skills and experience, and aligns with living wage standards. As part of this review, the auditors assessed workers' total annual pay and compared it with a credible living wage benchmark to calculate the living wage gap, reinforcing Novalis' commitment to transparency and fair compensation.

Our compensation policies ensure that employees performing the same role with comparable skills, qualifications, and experience are compensated equitably. This structured approach supports Novalis' ongoing efforts to minimize pay gaps and promote fairness across the organization.

Last year, we reviewed compensation across all organizational levels, including executive management, directors, managers, supervisors, administrative staff, and factory workers. While gender-based pay gaps were identified in certain areas, particularly within supervisor roles, the primary pay gap is largely due to the recent acquisition of the Novalis Mexico plant, where existing employee contracts resulted in pay gaps that differ from those in our other facilities.



Our People: Ethical Conduct & Responsibility

We remain committed to adhering to the principles of the United Nations Global Compact, complying with the US Foreign Corrupt Practices Act (FCPA), and following our own robust policies on human rights and ethical conduct.

Human Rights

Novalis is committed to respecting internationally recognized human rights. This commitment is implemented through:

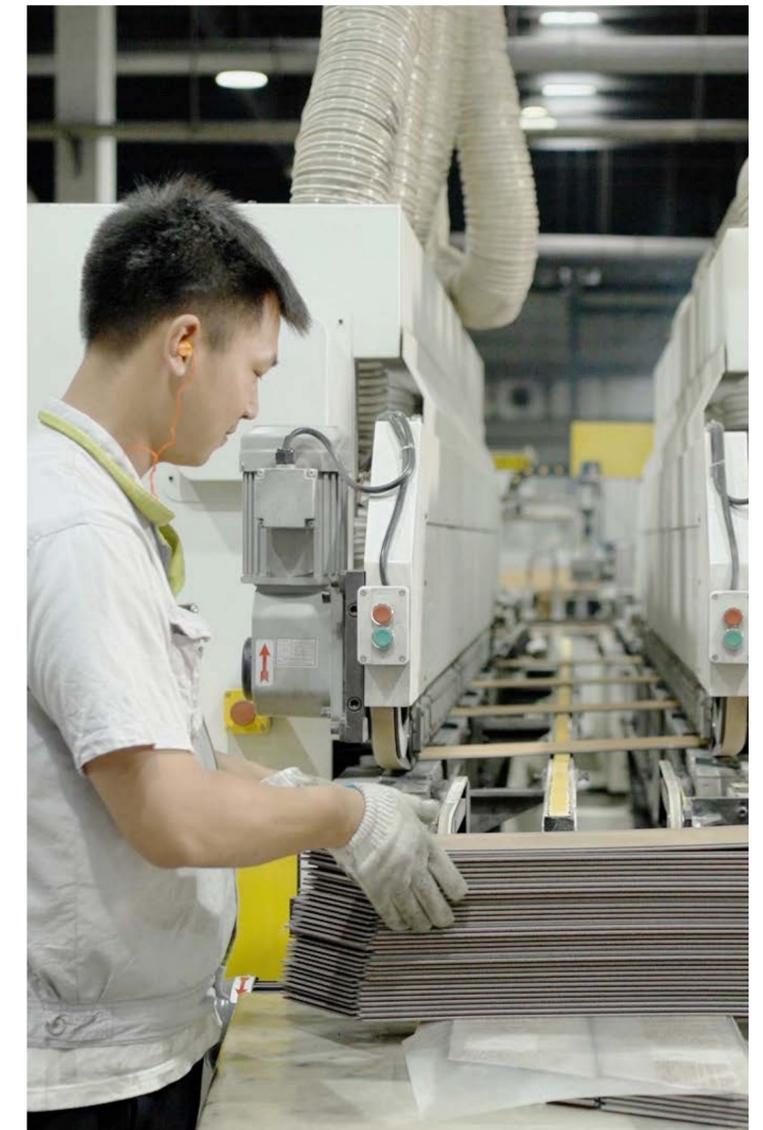
- **Labor policies** communicated to employees and integrated into internal procedures
- **Human rights due diligence**, including compliance checks with internationally recognized standards
- **Verification of employee age** during hiring to prevent child labor
- **Monitoring of working hours** and employment conditions to prevent forced or compulsory labor
- **Responsible labor practices** supported by clear employment contracts, fair working conditions, equal opportunity policies, and reporting mechanisms that allow employees to raise concerns confidentially.

Anti-Bribery Policies

Novalis maintains a strict **zero-tolerance policy** on bribery and corruption across all facilities. Formal anti-bribery policies are communicated to all our employees and business partners.

Employee Engagement and Collective Bargaining

Novalis respects the right of employees to freedom of association and collective bargaining, in accordance with international labor standards and applicable local regulations. Open internal communication and regular dialogue between employees and management are actively promoted to address concerns, resolve issues, and encourage participation in workplace decision-making. As a result, employees have access to effective communication channels across all facilities, which may reduce the perceived need for formal union representation, while fully preserving employees' right to organize if they choose.



Our People: Ethical Conduct & Responsibility

Novalis undergoes annual reviews by independent organizations such as Sedex/SMETA and BSCI. These organizations check how the company treats its employees, whether working conditions are safe, and whether business practices are fair and ethical. Some of these reviews are scheduled in advance, while others happen unannounced, to make sure standards are followed at all times. These audits help confirm that Novalis operates responsibly and continuously improves its practices.

Ethical Conduct Awareness and Training

To reinforce a culture of integrity, Novalis invests in continuous ethics training, ensuring employees are aware of expected conduct and prepared to address situations that may pose ethical or compliance concerns.

Four-Eyes Principle in Purchasing

To reduce the risk of unethical conduct, Novalis applies a dual-review process in its purchasing activities, requiring approval from at least two authorized personnel before decisions are finalized. This mechanism strengthens oversight and supports transparent decision-making.

Supplier Code of Conduct and Responsible Sourcing

Novalis requires all suppliers and business partners to follow our **Supplier Code of Conduct**, which sets clear expectations for responsible and ethical business behavior. It explains what suppliers must do and avoid in several key areas:

- **Business ethics:** Acting honestly, avoiding bribery and corruption, managing conflicts of interest, protecting confidential information, and competing fairly.
- **Labor standards:** Treating workers fairly, preventing child labor and forced labor, prohibiting

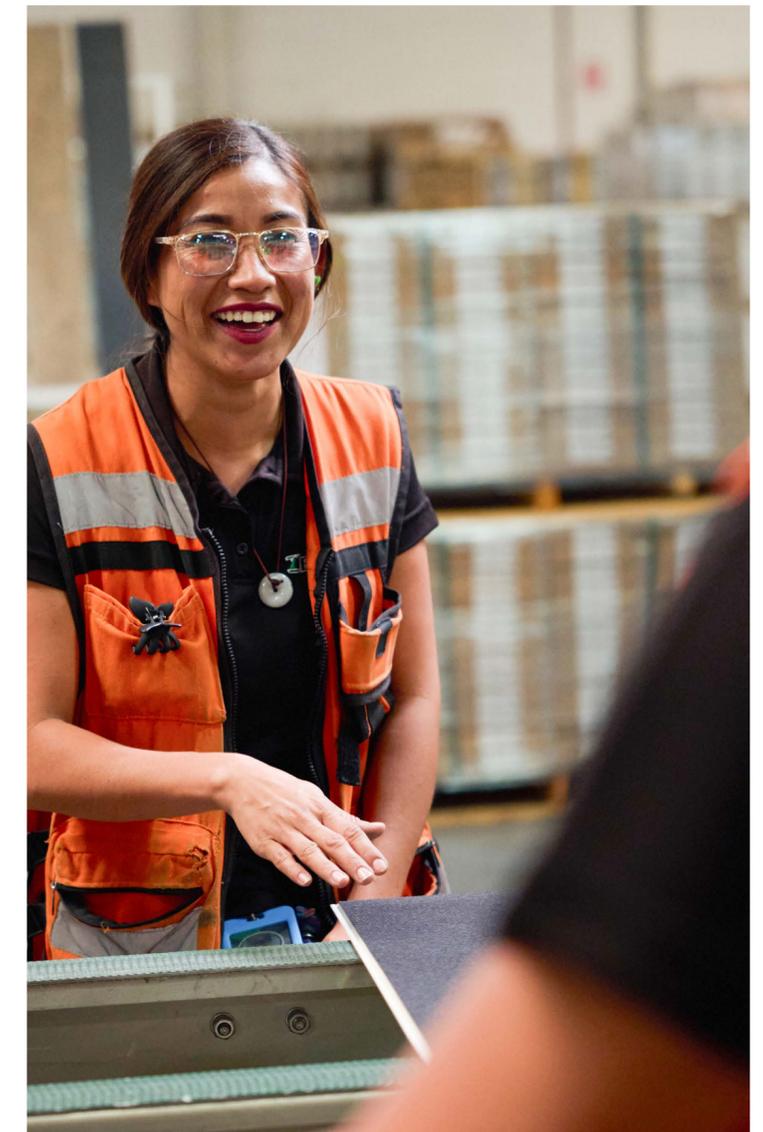
harassment and discrimination, respecting working hours and wages, and allowing freedom of association.

- **Health, Safety, Environment & Quality:** Ensuring safe workplaces, following environmental regulations, maintaining product and process safety, and meeting quality standards.

By agreeing to this code, suppliers commit to operating responsibly, ethically, and sustainably, helping Novalis maintain a trusted and responsible supply chain.

Anonymous Reporting

Novalis has established secure and confidential reporting mechanisms in China, and the US that allow employees to raise concerns related to ethical conduct, compliance, or workplace practices. These mechanisms are supported by non-retaliation principles to ensure that concerns are handled responsibly and fairly. By providing safe channels for reporting, Novalis reinforces a culture of transparency across its operations.



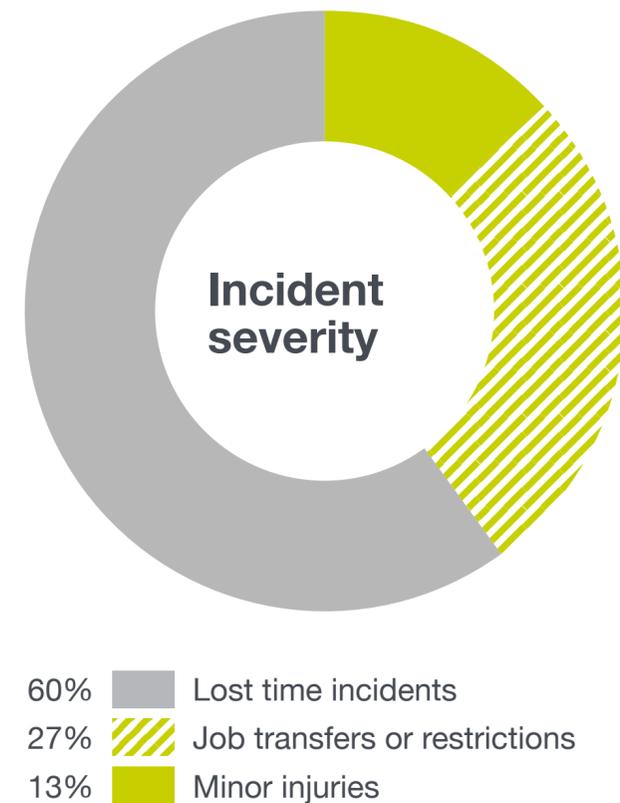
Health, Safety & Well-Being

Across our facilities in Asia, and North America, we prioritize the health, safety, and well-being of all employees through a robust OH&S management system. We ensure a safe workplace through:

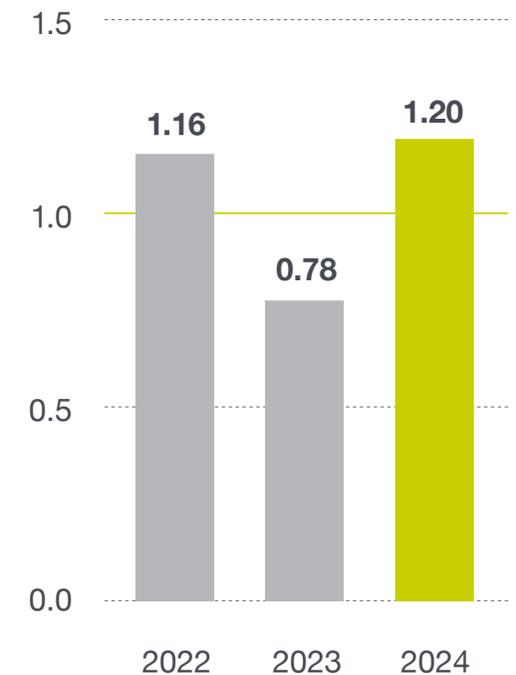
- Safety Performance Awareness**
 Novalis displays EHS (Environmental, Health, and Safety) boards at the entrance of each facility increase employee awareness of safety performance and best practices. The boards show key safety metrics, lessons learned from incidents, safety alerts, and a five-year record of past incidents, helping employees stay aware of potential hazards and understand how to work safely.
- Weekly Risk Assessments**
 Novalis takes a systematic approach to risk management, conducting weekly risk assessments at all facilities to identify potential hazards related to machinery, chemicals, and operational processes. Identified risks are addressed promptly, and preventive measures are implemented to reduce the likelihood of accidents and maintain a safe working environment. Employees are encouraged to raise health and safety concerns with their dedicated EHS Manager or the Safety Core Team, ensuring that all issues are handled responsibly.

- Structured Training Programs**
 Employee safety is reinforced through mandatory occupational health and safety training for all staff, including contractors. Hands-on sessions teach the proper use of personal protective equipment (PPE) and safe handling of materials. Specialized courses also prepare employees for emergency response, first aid, and fire safety procedures, equipping the workforce with practical knowledge to prevent and respond to incidents effectively.
- Incident Reporting and Investigation**
 Through the “Good Catch” program, employees can report hazards or unsafe behaviors. All incidents are investigated promptly, and feedback from employees is incorporated into continuous improvement plans to strengthen workplace safety. In 2024, the incident rate increased to 1.20, slightly above our target of 1. All incidents, however, were carefully monitored and categorized to ensure proper follow-up and prevention measures. A total of 15 incidents were reported worldwide. Of these, 9 resulted in lost work time, amounting to a total of 311 days across all affected employees. Four incidents led to job transfers or work restrictions, while 2 were classified as minor injuries. Importantly, no fatalities

occurred, underscoring the company’s ongoing commitment to maintaining a safe working environment. Despite this, we remain committed to stay below a TRIR of 1 with our ultimate vision to achieve zero workplace incidents.



Total Recordable Incident Rate

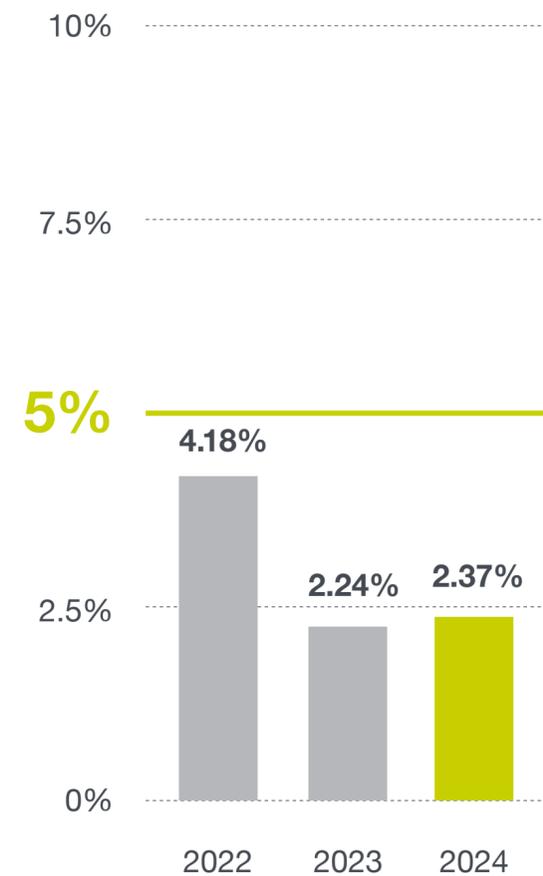


Health, Safety & Well-Being

The absenteeism rate, a key measure of health, safety, and wellbeing, has been steadily improving since 2022. Although the rate increased slightly in 2024 from 2.24% to 2.37%, it remains exceptionally low and well below our target of 5%, demonstrating our outstanding performance in promoting employee wellbeing. Building on the significant reduction between 2022 and 2023, this sustained low absenteeism highlights our commitment to creating a safer, healthier, and more supportive work environment. Our flexible working arrangements recognize the personal commitments of our employees. By supporting their work-life balance, these measures enhance satisfaction and contribute to lower absenteeism.

We also track the reasons behind employee absences, including un-excused leave, sick leave, marriage leave, maternity leave, bereavement leave, or work-related incidents. Monitoring these reasons helps us identify any unusual patterns and take appropriate action to maintain a positive working environment where employees feel supported and valued.

Absenteeism Rate



Employee Training

Each of our employees is required to complete trainings on policy orientation, as well as operational and chemical safety. In China, factory workers are obliged to attend 29 training sessions per year with some courses conducted multiple times annually to reinforce knowledge and maintain high standards of safety, security, and operational efficiency.

Key training initiatives

- **Safety and emergency preparedness**
Safety production knowledge, fire emergency drills, special equipment emergency drills, and safe operation procedures were conducted regularly throughout the year, underscoring the company's ongoing commitment to maintaining a safe working environment.
- **Occupational health and compliance**
Training on the use of occupational health and labour insurance products, chemical safety, and food hygiene and safety was offered to promote employee health and regulatory compliance.

- **Security and digital awareness**
Employees received security and anti-terrorism training, as well as computer and information security training to safeguard company assets and data.
- **Operational and traffic safety**
Special operation safety, safe driving, and equipment-specific safety training ensured adherence to best practices in production and transportation.

In the US, factory workers and administrative staff are also taking part in 5 training sessions on OH&S and policies per year. In total, Novalis delivered over 13,000 training hours worldwide. This training program reflects Novalis' commitment to creating a safe, knowledgeable, and resilient workforce, which is a key pillar of our sustainability and corporate responsibility efforts.



Employee Benefits: Regional Highlights

At Novalis, employee benefits are designed with regional considerations in mind, ensuring the alignment with local needs and circumstances. This localized approach allows us to address varying challenges across our global workforce while promoting employee safety and wellbeing.

Asia

In China, our benefits programs prioritize financial stability and everyday wellbeing. Employees are covered against income loss resulting from illness, workplace injuries, or significant life events such as marriage, maternity, and bereavement. Compensation practices include overtime premiums, with enhanced pay for night shifts, work in high-temperature environments, and national holidays. To support comfort and convenience at work, all employees have access to two freshly prepared hot meals per shift at our on-site canteen.

Europe

Employees in Europe benefit from insurance, including health, accident, unemployment, and retirement coverage. These are complemented by voluntary contributions to private pension plans or life insurance. Flexible working arrangements enable employees to work remotely for at least 20% of their time, alongside full reimbursement of public transportation costs. Managers are provided with company vehicles for both business and personal use. In addition, Novalis supports professional development through training programs and offers up to 15 additional days of parental leave annually, available to all new parents regardless of gender.

North America

In the United States, we provide comprehensive healthcare benefits, including medical, vision, and dental coverage. Employees are supported in long-term financial planning through a 401(k) retirement plan, while short- and long-term disability coverage offers income protection in the event of unforeseen circumstances. Optional benefits include critical illness, accident, and hospital indemnity insurance. Employees also have access to an Employee Assistance Program, which provides mental health resources, financial counseling, and support for personal or professional challenges.

Creating a Better Future for Our People

	2030	Status		2030	Status
Goal 1 No child, forced or compulsory labor	<ul style="list-style-type: none"> Zero tolerance policy for child, compulsory or forced labor 	 Achieved and maintained	Goal 4 Develop and leverage skills of internal talents	<ul style="list-style-type: none"> Offer regular training opportunities for employees 	 Achieved and maintained
Goal 2 Maintain high occupational health & safety standards	<ul style="list-style-type: none"> Routine safety trainings Keep the total recordable incident rate below 1.0 	 Achieved and maintained  On track	Goal 5 Pursue an inclusive and diverse workforce	<ul style="list-style-type: none"> Workforce reflects the diversity of the surrounding community Regular trainings on inclusive leadership 	 Achieved and maintained  Achieved and maintained
Goal 3 Support freedom of association for our workers	<ul style="list-style-type: none"> Giving our workers the opportunity to contribute to the company's development and share concerns 	 Achieved and maintained	Goal 6 Equal pay for equal work	<ul style="list-style-type: none"> Fair and equal compensation for employees with the same skill and experience level 	 On track
			Goal 7 Wellbeing of our Employees	<ul style="list-style-type: none"> Keep absenteeism rate below 5% 	 Achieved and maintained

5

Better for the **COMMUNITY**

Contributing to social well-being through community engagement and volunteerism

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Creating a Better Community

	2030	2040		2030	2040
Goal 1 100% safe and healthy products	<ul style="list-style-type: none"> ● Apply cradle-to-cradle principles to all our products ● No use of harmful substances according to REACH and California Prop 65 	<ul style="list-style-type: none"> ● Apply cradle-to-cradle principles to all our products ● No use of harmful substances according to REACH and California Prop 65 	Goal 4 Increased community engagement	<ul style="list-style-type: none"> ● All contributions are aligned with our material sustainability priorities and reviewed for impact 	<ul style="list-style-type: none"> ● Our contributions deliver lasting positive impact for communities and the environment through long-term partnerships
Goal 2 Establish long-term local partnerships	<ul style="list-style-type: none"> ● Establishing Take-back Programs in Europe, the US and Asia 	<ul style="list-style-type: none"> ● 100% of Novalis customers have access to take-back, recycling & reuse programs 	Goal 5 Meaningful education	<ul style="list-style-type: none"> ● Sharing our knowledge and experience on sustainability at at least 10 national or international events to educate and promote sustainable practices 	<ul style="list-style-type: none"> ● We actively contribute to building sustainability knowledge and capabilities across our industry and communities
Goal 3 Source materials responsibly	<ul style="list-style-type: none"> ● 90% of our raw materials sourced in 500 miles around our facilities 	<ul style="list-style-type: none"> ● 95% of our products are sourced in 500 miles around the facilities ● 60% of raw materials are sourced in a 100 mile radius around our facilities 			

Through the activities we implement for our community, we contribute to the following United Nations Sustainable Development Goals (SDGs):



Customer Health and Safety

Raw Material Testing

In compliance with the highest international standards and our internal protocols, we ensure our flooring products deliver exceptional quality and safe performance. Safeguarding customer health and safety is central to our operations and sustainability strategy, supported by independent third-party certifications. We thoroughly test all raw materials and finished products in our laboratories to verify the absence of harmful or restricted substances, in line with REACH regulations and California Proposition 65.



Customer Health and Safety

Quality Assurance and Quality Control

Our internal Quality Control team focuses on inspecting and testing our finished products to ensure they meet the highest standards before they reach our customers. This includes regular production-line and installation tests, as well as checks for dimensional stability, squareness, visual appearance, odour, and overall performance. For click flooring, the click profile is electronically measured and locking strength tested. Results are recorded in a Certificate of Analysis for each batch and shared with customers, providing transparent proof of compliance with regulatory and internal standards.

The Quality Assurance program, in contrast, focuses on the processes and systems that prevent defects from occurring in the first place. We establish strict procedures for material selection, production, and handling, ensuring consistency, safety, and regulatory compliance. By monitoring and improving these processes continuously, we ensure that high quality is built into every product, rather than relying solely on inspections after production. This preventive approach reinforces our commitment to customer health and safety.

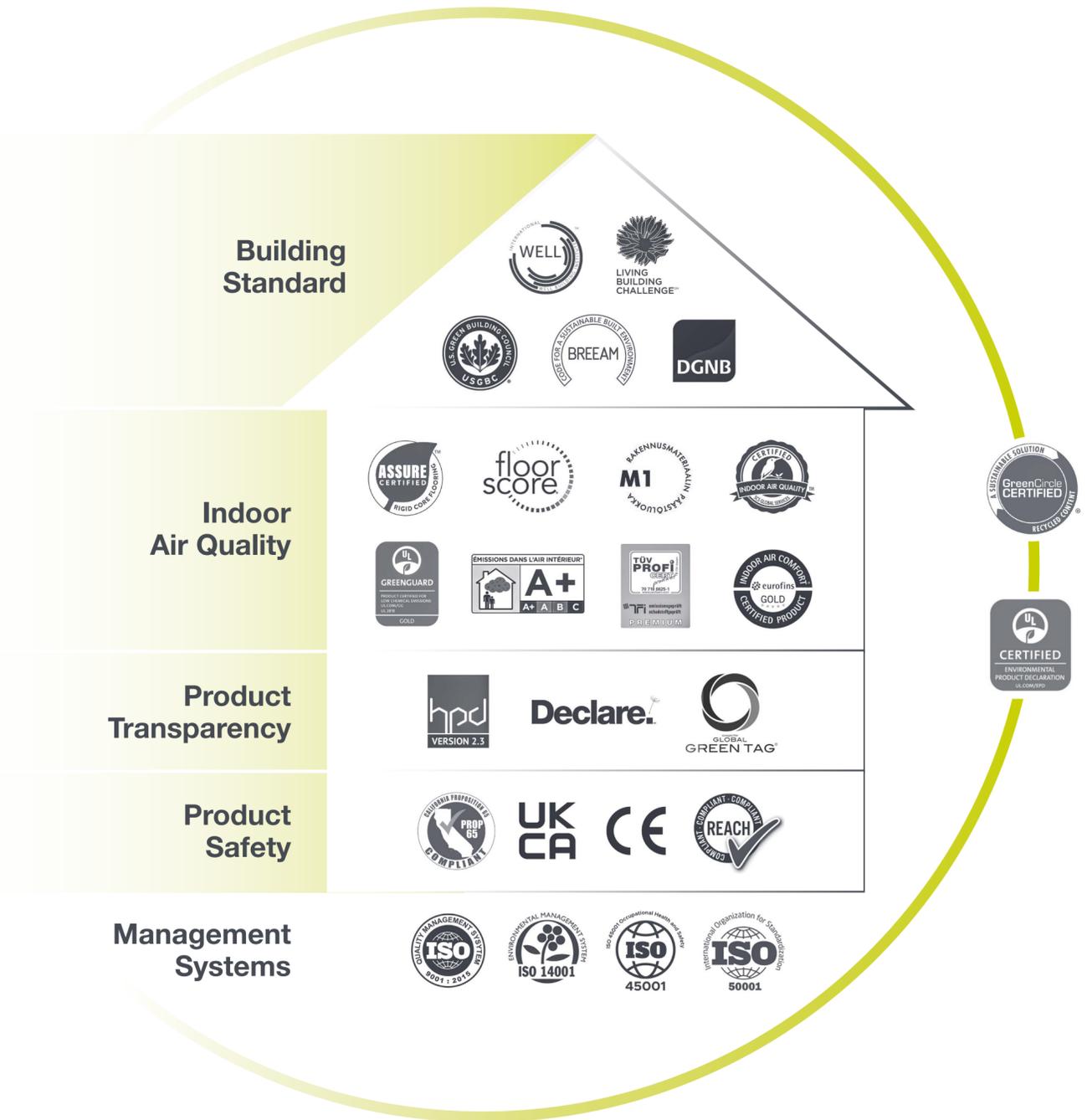


Third-Party Verification

Novalis products are rigorously verified by independent third parties to ensure full compliance with global health, safety, and environmental standards. Each year, we undergo more than 30 external audits, which confirm the safety, reliability, and sustainability of our products and manufacturing processes. These evaluations complement our internal quality and safety programs, providing transparent, independent assurance of our commitment to customer and environmental well-being.

- Management Systems:** Internationally recognized management systems support our commitment to quality, safety, and sustainability. ISO 9001 ensures consistent product quality, ISO 14001 and ISO 50001 reduce environmental impact and improve energy efficiency, while ISO 45001 promotes safe working conditions across our operations.
- Product Safety:** All products comply with UKCA requirements for the UK market and are CE marked for compliance with European safety, health, and environmental regulations. They also adhere strictly to REACH standards and California Proposition 65, ensuring no harmful substances exceed permitted limits.

- Product Transparency:** Novalis products carry DECLARE labels and Health Product Declarations (HPDs), ensuring full material disclosure. Transparency is further reinforced by Global GreenTag certification and our Digital Product Passport (DPP), documenting product information throughout their entire life cycle.
- Indoor Air Quality:** Our products meet and exceed the most rigorous global indoor air quality standards. Independent certifications such as ASSURE and FloorScore confirm low volatile organic compound (VOC) emissions. Compliance with Der Blaue Engel demonstrates adherence to Germany's strict indoor air quality requirements, while the French A+ VOC Emissions Label verifies the lowest emission classification. Additional certifications, including GREENGUARD Gold and TÜV Profi, confirm suitability for sensitive indoor environments such as schools and healthcare facilities. Indoor Air Comfort Gold (Eurofins) further validates compliance with the most demanding European VOC emission standards. Together, these certifications demonstrate our commitment to superior indoor air quality.



Commitment to Continuous Improvement

With these globally recognized certifications, our products actively support sustainable construction practices, enabling our customers to achieve higher sustainability ratings while meeting regulatory, environmental, and social responsibility goals. Together, they contribute to leading **international green building standards**, including:

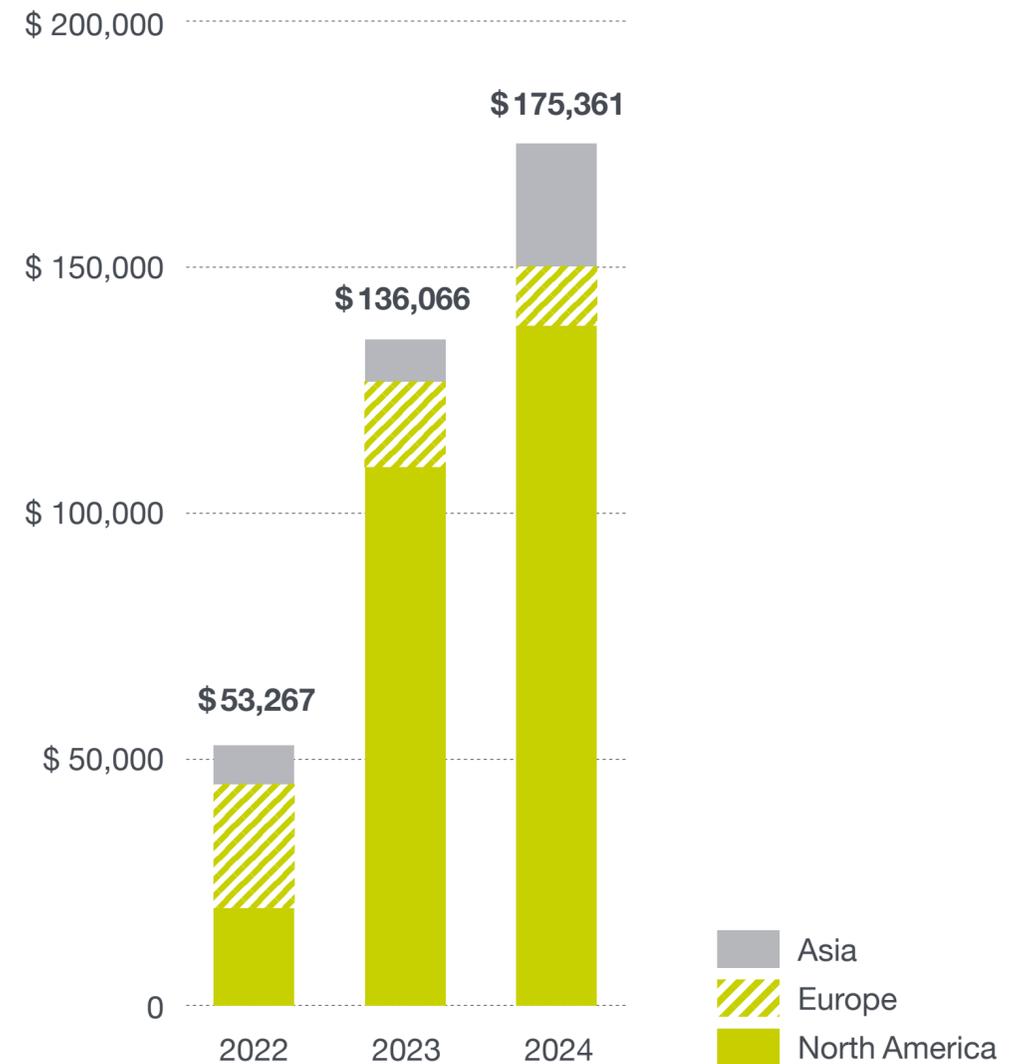


Our Contributions

Our total financial contributions have been steadily increasing since 2022, and in 2024, donations grew by approximately 29%, reaching \$175,361, which reflects our commitment to making a meaningful impact and addressing the needs of the communities where we operate. Our contribution to support our communities in 2024 included:

- The Home Depot Foundation Event San Antonio, TX**
 Our employees joined to volunteer in Haven for Hope in San Antonio to mulch, paint, lay grass, build furniture, and more. Haven for Hope is a nonprofit organization addressing homelessness, providing shelter, services, and support to help individuals and families achieve stability.
- Rotary Club Hong Kong**
 We are committed to supporting communities in China through material and monetary donations, often facilitated through Rotary Club Hong Kong initiatives. These include cultural projects, charity runs and sporting events, public welfare activities, support for vulnerable groups such as the elderly and people with disabilities, emergency and safety programs, and rural revitalization efforts.
- H-BOAT Sailing World Championship**
 As part of our commitment to community engagement, we are an ongoing sponsor of the H-BOAT Sailing World Championship, a prestigious sailing event that upholds pure competition driven by the essentials of nature, seamanship, and attention to detail. The championship reflects the core values of Novalis.

Charitable Donations



Our Contributions

- **California Wildfires Disaster Relief**

We provided monetary donations and essential materials to support wildfire disaster relief efforts in California, assisting communities affected by the devastating 2024 fires. Our contributions helped families who lost their homes as they experienced one of the most destructive wildfire seasons in recent history, supporting their immediate needs and long-term recovery efforts.

- **Lowe's and Sleep in Heavenly Peace 24-Hour Bed Build**

Our employees gathered at the Charlotte Convention Center in Charlotte, North Carolina, for a 24-hour bed-building event in support of the nonprofit organization Sleep in Heavenly Peace. During the event, more than 5,000 bunk beds were constructed and distributed to children in need across the United States, making a meaningful impact on families and communities nationwide.

By combining donations, volunteer efforts, and strategic partnerships, Novalis strives to give back to the communities that support us.



2024 donations increased by 29%, reaching \$175,361

Community Engagement & Partnerships

At Novalis, collaboration with industry partners, regulatory bodies, and research institutions remains central to our sustainability strategy. We recognize that only through collective action can we advance a circular economy and deliver safe, healthy, and environmentally responsible products. In 2024, we continued to strengthen these partnerships, sharing innovations and best practices to drive positive impact and contribute to a more sustainable future.

We actively participate in various committees, councils, and associations, including the World Floor Covering Association; the Modular Multilayer Flooring Association (MMFA), where our Global Sustainability Manager, Joost Lumann, was appointed Convenor of the MMFA EU Policy Committee; the Resilient Floor Covering Institute (RFCI); the North American Association of Flooring Covering Distribution (NAFCD); the Vinyl Sustainability Council; the Singapore Green Building Council; the German Sustainable Building Council (DGNB); ASTM International; the European Standardization Committee

(CEN); and the Health Product Declaration Collaborative (HPDc). These engagements reflect our commitment to driving innovation and sharing insights with industry partners to advance sustainable initiatives, including the development of take-back programs, 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.

In addition, we showcased our Digital Product Passport solution at the 3E Engage event and the VinylPlus DPP event, highlighting our commitment to transparency, sustainability, and innovation in the flooring industry. We also participated in Domotex 2024, the world's leading trade fair for carpeting and flooring, to remain at the forefront of product and material innovation, explore emerging technological developments, and engage with key industry stakeholders.

Associations



Green Building Councils



Standardization Committee



Education



Creating a Better Community

	2030	Status		2030	Status
Goal 1 100% safe and healthy products	<ul style="list-style-type: none"> ● Apply cradle-to-cradle principles to all ● No use of harmful substances according to REACH and California Prop 65 	<ul style="list-style-type: none">  In progress  Achieved and maintained 	Goal 4 Increased community engagement	<ul style="list-style-type: none"> ● All contributions are aligned with our material sustainability priorities and reviewed for impact 	<ul style="list-style-type: none">  On track
Goal 2 Establish long-term local partnerships	<ul style="list-style-type: none"> ● Establishing Take-back Programs in Europe, the US and Asia 	<ul style="list-style-type: none">  In progress 	Goal 5 Meaningful education	<ul style="list-style-type: none"> ● Sharing our knowledge and experience on sustainability at at least 10 national or international events to educate and promote sustainable practices 	<ul style="list-style-type: none">  On track
Goal 3 Source materials responsibly	<ul style="list-style-type: none"> ● 90% of our raw materials sourced in 500 miles around our facilities 	<ul style="list-style-type: none">  On track 			

Acknowledgements

Acknowledgements

In 2024, Novalis continued to build on its sustainability journey, driven by the dedication, expertise, and collaboration of our employees and the support of the communities where we operate. Our global growth included the successful expansion in Thailand, a milestone made possible through the commitment and innovation of our teams. Alongside this expansion, we are actively working on implementing our sustainability initiatives in the new facility, ensuring that sustainability and innovation remain at the heart of our business. From integrating new technologies and systems to fostering strategic partnerships, our collective efforts are turning ambitious goals into tangible results. The data and

insights that underpin this report reflect our careful documentation and a shared commitment to transparency and accountability. As we look ahead, we are inspired by the contributions of every employee and partner who helps translate plans into action, challenges into opportunities, and innovation into lasting impact.

Together, we are advancing Novalis' vision of a sustainable future for our organization, our communities, and generations to come.

Thank you for believing in us.
Novalis Sustainability Team



Appendices

Better For The Planet

	KPI	Reference year	2024	Goal 2030	Goal 2040
Scope 1 Emission	ktCO ₂ eq	9.95 ktCO ₂ eq	6.97 ktCO ₂ eq	Reduce scope 1 emissions by 50%	Zero Scope 1 Emissions
Scope 2 Emission	ktCO ₂ eq	36.48 ktCO ₂ eq	37.73 ktCO ₂ eq	Reduce scope 2 emissions by 50%	Zero Scope 2 Emissions
Scope 3 Emission	ktCO ₂ eq	549.54 ktCO ₂ eq (2024)	549.54 ktCO ₂ eq	Reduce scope 3 emissions by 30%	Zero Scope 3 Emissions
Carbon Footprint of Products	kgCO ₂ eq/ US ton finished goods	Scope 1-2: 300 kgCO ₂ eq/ton (2019) Scope 1-3: 3,833 kgCO ₂ eq/ton (2024)	Scope 1-2: 294.75 kgCO ₂ eq/ton Scope 1-3: 3.833 kgCO ₂ eq/ton	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% (2019)	On-Site Solar: 4.04% Total Renewable Energy Share: 9,23%	Use of 60% renewable energy worldwide	100% renewable energy (where possible)
Energy intensity	Gigajoule/US ton finished goods	2.33 GJ (2019)	2.61 GJ	20% less energy consumption	30% less energy consumption
Water intensity	Gallons/US ton finished goods	290.86 Gallons/ ton (2019) Fresh water: 28,40 Gal/ton (2024)	267.70 Gal/ton Fresh water: 28.40 Gal/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% (2019)	5.94%	max. 2% waste to landfill or incineration	0% waste to landfill
Waste Generation	Amount of arising waste in tons	1,569 tons (2022)	1,803 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% (2019) Post-installation: 0% Post-consumer: 0% Bio-based: 2.51% (2023)	Post-industrial: 17.90% Post-installation: 0% Post-consumer: 0% Bio-based: 1.98%	30% recycled and bio-based content	50% recycled and bio-based content
Recycling and Reuse	% reused, repurposed or recycled products	no data	no data	All of our products are designed according to cradle-to-cradle principles	50% of products are reused, recycled or repurposed

Better For The People

	KPI	Reference Year	2024	Goal 2030	Goal 2040
Total reportable incident rate	Number of injuries x 200,000) / Employee hours worked	1.16 (2022)	1.20 Lost time incidents: 9 (60%)	TRIR <1	TRIR <1
Staff training	China: 29 hours per employee	China: 29 hours per employee (2024)	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% (2022)	2.37%	Absentism rate <5%	Absentism rate <3%
Staff turnover	Turnover of average employees/ year	No data	data expected for 2025	Staff Turnover <10%	Staff Turnover <10%
Child & Forced Labour	No forced and child labor in our value chain	Zero reported incidents along our value chain	Zero reported incidents along our value chain	No child or forced labor along the entire value chain, from extraction of raw materials to end-of-life	
Commute	Carbon footprint for commute	559.86 tCO ₂ e (2023) 1.83 million commuting miles	341.52 tCO ₂ eq 1.11 million commuting miles	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	80% of all AVA products have a DPP (2022)	38.96% of all Novalis manufactured products can be equipped with DPP	100% of our products are equipped with a Digital Product Passport	

Better For The Community

	KPI	Reference Year	2024	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 (2022)	\$175,361	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

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	Shengyuan 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	137 Overhill Drive, Suite 102	28117	Mooreville	North Carolina	United States	Office/ Warehouse
Winmore Eco Materials Co., Ltd	Novalis Innovative Flooring	Privately owned	Joint Venture	368 Moo.8 Mapkha Nikhom	21180	Phatthana District	Rayong	Thailand	Factory
Zenith Plastics Int'l Limited	Novalis Innovative Flooring	Privately owned	Joint Venture	Carretera Saltillo-Monclova, No. 6991		Ramos Arizpe	Coahuila	Mexico	Factory

General Disclosures

Disclosure Number	Disclosure Title	ESRS Disclosure	Response
GRI 1-2	Organizational Details	ESRS 2 – BP	Novalis International Ltd.
GRI 2-2	Entities included in the organization’s sustainability reporting	ESRS 2 – BP	> Legal Entities Novalis Group
GRI 3-2	Reporting period, frequency and contact	ESRS 2 – BP	> About the Report
GRI 4-2	Restatements of information	ESRS 2 – BP	> About the Report
GRI 5-2	External assurance	ESRS 2 – BP	No external assurance in 2024
GRI 6-2	Activities, value chain and other business relationships	ESRS 2 – SBM	ISIC 2220 – Manufacture of plastics products > Activities of the Novalis Group
GRI 7-2	Employees	ESRS 2 – SBM	> Our People
GRI 8-2	Workers who are not employees	ESRS 2 – SBM	> Our People
GRI 9-2	Governance structure and composition	ESRS 2 – GOV	> Governance of Sustainable Growth
GRI 10-2	Nomination and selection of the highest governance body	ESRS 2 – GOV	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	ESRS 2 – GOV	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	ESRS 2 – GOV	> Governance of Sustainable Growth
GRI 13-2	Delegation of responsibility for managing impacts	ESRS 2 – GOV	> Governance of Sustainable Growth
GRI 14-2	Role of the highest governance body in sustainability reporting	ESRS 2 – GOV	> Governance of Sustainable Growth
GRI 15-2	Conflicts of interest	ESRS 2 – GOV	Conflicts of interests are mitigated through steering committees with empowerment of decision making
GRI 16-2	Communication of critical concerns	ESRS 2 – GOV	Employees are able to report critical concerns anonymously without any personal disadvantages.

General Disclosures

Disclosure Number	Disclosure Title	ESRS Disclosure	Response
GRI 17-2	Collective knowledge of the highest governance body	ESRS 2 – GOV	> Governance of Sustainable Growth
GRI 18-2	Evaluation of the performance of the highest governance body	ESRS 2 – GOV	> Governance of Sustainable Growth
GRI 19-2	Remuneration policies	ESRS 2 – GOV	> Our People
GRI 20-2	Process to determine remuneration	ESRS 2 – GOV	> Governance of Sustainable Growth
GRI 21-2	Annual total compensation ratio	ESRS 2 – GOV	> Our People
GRI 22-2	Statement on sustainable development	ESRS – 2 BP	> Introduction > Progress Towards a Sustainable Future
GRI 23-2	Policy commitments	ESRS 2 – IRO	Novalis has several policies in place that, among other things, cover employee rights and remuneration, offered benefits, and occupational health and safety procedures. Furthermore, we have implemented a Supplier Code of Conduct to help ensure ethical and responsible business practices throughout our value chain.
GRI 24-2	Embedding policy commitments	ESRS 2 – IRO	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	ESRS 2 – IRO	> Our People
GRI 26-2	Mechanisms for seeking advice and raising concerns	ESRS 2 – GOV	> Our People
GRI 27-2	Compliance with laws and regulations	ESRS 2 – GOV	In 2023 there were no incidents of noncompliance with local laws and regulations at our locations
GRI 28-2	Membership associations	ESRS 2 – GOV	> Community Engagement & Partnerships
GRI 29-2	Approach to stakeholder engagement	ESRS 2 – GOV	> Community Engagement & Partnerships
GRI 30-2	Collective bargaining agreements	ESRS 2 – SBM	> Our People

Material Topics

Disclosure Number	Disclosure Title	ESRS Disclosure	Response
GRI 1-3	Process to determine material topics	ESRS 2 – General Disclosures	› Evolving our Materiality Focus
GRI 2-3	List of material topics	ESRS 2 – General Disclosures	› Evolving our Materiality Focus
GRI 3-3	Management of material topics	ESRS 2 – General Disclosures	› Evolving our Materiality Focus
SASB CG-BF250-a.2	Products meeting volatile organic compound (VOC) emissions and content standards	ESRS E2 - Pollution	› Third Party Verification
SASB CG-BF410-a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	ESRS E5 – Resource Use & Circular Economy/ ESRS E2 – Pollution	› Materials Management
GRI 2-306	Management of significant waste-related impacts	ESRS E5 – Resource Use & Circular Economy	› Waste Management
GRI 1-403	Occupational health and safety management system	ESRS S1 – Own Workforce	› Health, Safety & Well-Being
GRI 2-403	Hazard identification, risk assessment, and incident investigation	ESRS S1 – Own Workforce	› Health, Safety & Well-Being
GRI 3-403	Occupational health services	ESRS S1 - Own Workforce	› Health, Safety & Well-Being
GRI 4-403	Worker participation, consultation, and communication on occupational health and safety	ESRS S1 – Own Workforce	› Health, Safety & Well-Being
GRI 5-403	Worker training on occupational health and safety	ESRS S1 – Own Workforce	› Health, Safety & Well-Being
GRI 8-403	Workers covered by an occupational health and safety management system	ESRS S1 – Own Workforce	› Health, Safety & Well-Being
GRI 9-403	Work-related injuries	ESRS S1 – Own Workforce	› 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	ESRS S1 – Own Workforce/ ESRS S2 – Workers in the Value Chain	› Our People
GRI 1-408	Operations and suppliers at significant risk for incidents of child labor	ESRS S2 – Workers in the Value Chain	› Our People
GRI 1-409	Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESRS S2 – Workers in the Value Chain	› Our People

Material Topics

Disclosure Number	Disclosure Title	ESRS Disclosure	Response
GRI 1-302	Energy consumption within the organization	ESRS E1 – Climate Change	› Global Energy Consumption
SASB CG-BF130-a.1	Energy consumption within the organization	ESRS E1 – Climate Change	› Global Energy Consumption
GRI 3-302	Energy intensity	ESRS E1 – Climate Change	› Global Energy Consumption
GRI 4-302	Reduction of energy consumption	ESRS E1 – Climate Change	› Global Energy Consumption
GRI 1-305	Direct (Scope 1) GHG emissions	ESRS E1 – Climate Change	› Carbon Footprint & Emissions
GRI 2-305	Energy indirect (Scope 2) GHG emissions	ESRS E1 – Climate Change	› Carbon Footprint & Emissions
GRI 3-305	Gross other indirect (Scope 3) emissions	ESRS E1 – Climate Change	› Carbon Footprint & Emissions
GRI 4-305	GHG emissions intensity	ESRS E1 – Climate Change	› Carbon Footprint & Emissions
GRI 5-305	Reduction of GHG emissions	ESRS E1 – Climate Change	› Carbon Footprint & Emissions
GRI 6-403	Promotion of worker health	ESRS S1 – Own Workforce	› Health, Safety & Well-Being › Employee Benefits
GRI 2-416	Incidents of non-compliance concerning the health and safety impacts of products and services	ESRS S4 – Consumer & End-users	› Customer Health and Safety
GRI 2-205	Communication and training about anti-corruption policies and procedures	ESRS G1 – Business Conduct	› Our People
GRI 2-301	Recycled input materials used	ESRS E5 – Resource Use & Circular Economy	› Waste Management
GRI 3-301	Reclaimed products and their packaging materials	ESRS E5 – Resource Use & Circular Economy	› Waste Management
SASB CG-BF410-a.2	Reclaimed products and their packaging materials	ESRS E5 – Resource Use & Circular Economy	› Waste Management

Material Topics

Disclosure Number	Disclosure Title	ESRS Disclosure	Response
GRI 1-303	Interactions with water as a shared resource	ESRS E3 – Water & Marine Resources	➤ Water Management
GRI 2-303	Management of water discharge-related impacts	ESRS E3 – Water & Marine Resources	➤ Water Management
GRI 3-303	Water withdrawal	ESRS E3 – Water & Marine Resources	➤ Water Management
GRI 5-303	Water consumption	ESRS E3 – Water & Marine Resources	➤ Water Management
GRI 1-405	Diversity of governance bodies and employees	ESRS S1 – Own Workforce/ ESRS G1 – Business Conduct	➤ Our People ➤ Governance of Sustainable Growth
GRI 2-405	Ratio of basic salary and remuneration of women to men	ESRS S1 – Own Workforce	➤ 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	ESRS E4 – Biodiversity & Ecosystems	➤ Biodiversity Impact
GRI 2-304	Significant impacts of activities, products, and services on biodiversity	ESRS E4 – Biodiversity & Ecosystems	➤ Biodiversity Impact
GRI 1-413	Operations with local community engagement, impact assessments, and development programs	ESRS S3 – Affected Communities	➤ Community Engagement & Partnerships
GRI 4-306	Waste diverted from disposal	ESRS E5 – Resource Use & Circular Economy	➤ Waste Management
GRI 5-306	Waste directed to disposal	ESRS E5 – Resource Use & Circular Economy	➤ Waste Management
GRI 1-307	Non-compliance with environmental laws and regulations	ESRS G1 – Business Conduct	
GRI 1-419	Non-compliance with social laws and regulations	ESRS G1 – Business Conduct	
GRI 1-308	New suppliers that were screened using environmental criteria	ESRS S2 - Workers in the Value Chain/ ESRS G1 - Business Conduct	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	ESRS S2 - Workers in the Value Chain/ ESRS G1 - Business Conduct	
GRI 2-401	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESRS S1 - Own Workforce	➤ Employee Benefits

About This Report

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Financial Data Disclaimer

No requirement for financial reporting

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