



**NOVALIS**<sup>®</sup>  
INNOVATIVE FLOORING

# Our Sustainable Journey

Corporate Sustainability Report FY22



# In This Report

---

## Introduction

Message From The CEO 03

## Corporate Profile

Our History 05

Novalis Today 06

Our Decision Makers 09

Our Value Chain 11

Product Offerings 12

## Sustainable Strategy

It's About Our Future 14

What Matters To Us? 15

What If We Don't Act? 16

Floors For The Better! 18

## Better For The Planet

How To Create A Better Planet 20

Our Energy Consumption 21

Our Carbon Footprint 24

Our Water Management 27

Our Materials Management 30

## Better For Our People

How To Create A Better Workplace 36

Our Workforce 37

Our Safety Measures 42

Our Benefits 45

Our Assurance 46

## Better For The Community

How To Create A Better Community 49

Customer Health & Safety 50

Our Contributions 53

Our Engagement 57

## Acknowledgments

To Our Team And Partners 60

## Appendices

Target: Better For The Planet 62

Target: Better For Our People 63

Target: Better For The Community 64

## Global Reporting Initiative

General Disclosures 66

Material Topics 68

## References

Images & Citations 71

## About This Report

# Message From The CEO

## ■ Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



**John Wu**, CEO Novalis Innovative Flooring

Dear Reader,

When the winds of change blow, some build walls while others build windmills." This proverb often comes to mind when reflecting on the history and evolution of Novalis. In 1984, my father, Dr. ZL Wu, established the first Luxury Vinyl Tile (LVT) factory in China. At that time, few companies worldwide were involved in LVT, and only a handful of entrepreneurs recognized the growth potential in this product. Now, 40 years later, LVT stands as one of the most dynamic products in the flooring industry.

Fueled by the inspiration of pioneers like us, the most creative and resourceful companies continually develop new and improved LVT products, unveiling fashionable and inspiring designs every day. Throughout

Novalis's four-decade journey, we've also dedicated ourselves to sustainable practices, exploring ways to utilize our raw materials conscientiously.

Yet, the most crucial development lies ahead for both us and the entire industry: a product that doesn't irretrievably deplete resources and can seamlessly re-enter the manufacturing cycle. This is another reason why the aforementioned proverb resonates so deeply; windmills transform the natural power of the wind into mechanical energy, serving as a commendable model for sustainable action.

Presenting our third sustainability report, which documents the efforts of our entire

company—from our dedicated employees in Asia to our operations in Europe and North America. Our commitment is to continuously reduce our environmental footprint, and we're already making huge strides in that direction. Every step we take towards a more sustainable future further encourages us to increase our efforts. As the CEO of Novalis Innovative Flooring, I urge our employees, vendors, partners, and customers to join us on this sustainability journey. One day, we'll pass on not just our company but also our legacy to future generations.

**John Wu**



# Novalis Corporate Profile

Over 40 years of industrial leadership

# Our History

Introduction

■ **Company Profile**

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



# Novalis Today

Introduction

**Company Profile**

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

Novalis stands as an industry leader in the design and manufacture of sustainable and innovative Luxury Vinyl Tile (LVT). With over 30 years of experience, we persistently pioneer designs and products that set the global benchmark for LVT quality and performance. Throughout this period, our global presence has expanded, boasting sales offices and distribution partners across Africa, the Asia Pacific, Europe, and North America. As a global leader, we are proud to remain rooted in our origins and take pride in being a family-owned and operated company.

**Our Brands**



**Novalis Global Locations**



- Subsidiary Offices
- ▲ Novalis Factory
- ◆ Strategic Partner
- 🏭 Novalis Own Production Sites: 3
- 🏭 Strategic Production Partner: 1
- 🏢 Subsidiary Offices: 5
- 👥 Global Employees: 1,400
- 🚢 Monthly Container Shipments: 1,500
- 📍 International Destinations: 50
- 🌐 Markets: Across 6 Continents

# Novalis Today

Introduction

**Company Profile**

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

Since its inception, Novalis has experienced continuous growth. In addition to our two production facilities in Zhenjiang, China, we expanded with a new production facility in Dalton, GA (US) in 2020, addressing the rising demand for LVT products in the United States.

While our US plant primarily serves the domestic market, our operations in China manufacture products for approximately 50 export markets globally.

In addition to our production facilities, Novalis operates offices in Shanghai and Hong Kong, as well as in Mooresville in the US, Richmond Hill in Canada, and Cologne, Germany.

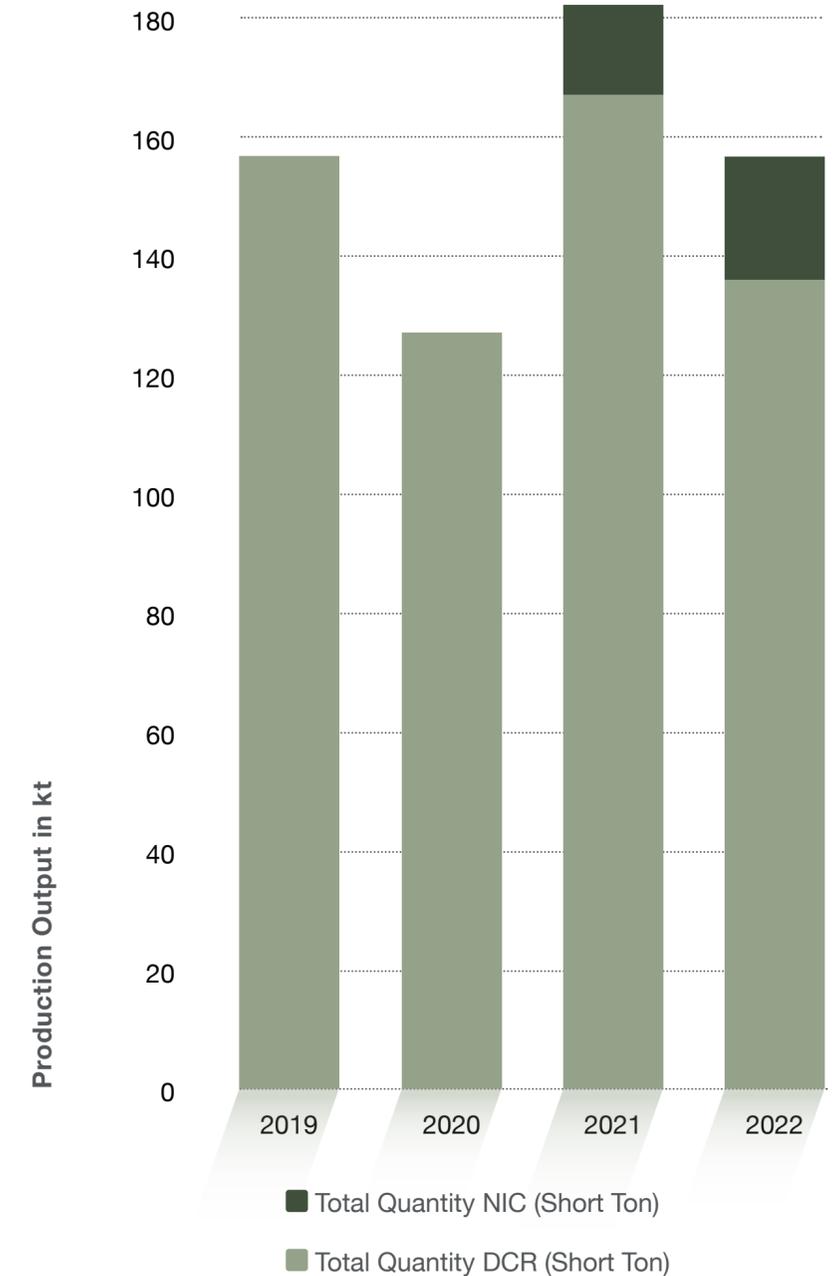
In 2022, the Novalis Group produced around 155 kilotons of flooring in its facilities, with nearly 87% originating

from China. This signifies a global production decrease of approximately 14% compared to 2021, returning to the 2019 level before the onset of the unprecedented COVID-19 pandemic.

For us, 2021 marked an exceptional year due to the renovation boom in Europe and the US, and we anticipated sales stabilization in the following years.

Novalis positions itself as a future-oriented company, striving to minimize environmental impact and make positive contributions to people and the surrounding community through our strategies and policies. By consistently enhancing our product design, providing services to architects, installers, and customers, and investing in sustainable production methods, we believe we are on the right path forward.

Our Production Quantity



# Values Create Value ...

---

Introduction

■ **Company Profile**

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



Since our beginning in 1984, we have put employees and customers at the center of our business. As a pioneer and the first manufacturer of LVT in China, we needed employees who believed in success from the very beginning, who tackled challenges together and solved them with passion and creativity.

We also needed customers who believed in Novalis and had confidence in the products we made. Our joint success depended on how intensively we discussed market requirements and production possibilities in order to successfully place the products we developed on the market.

Despite the noticeable global shifts, little has changed in this basic principle. The world has changed dramatically. The flow of goods, products and manufacturing processes are constantly changing. Markets have also shifted considerably and the flooring we produce is one of the most dynamic flooring categories in the world. But even in this dynamic environment, it is the people who have to initiate and manage the necessary adaptation process.

Values are exemplified, a value is measured. After all these years, we are still convinced that the highest respect for employees and customers creates true corporate value ...

**... right down to the bottom line**

---

# Our Decision Makers

Introduction

**Company Profile**

Sustainable Strategy

Better For The Planet

Better For The People

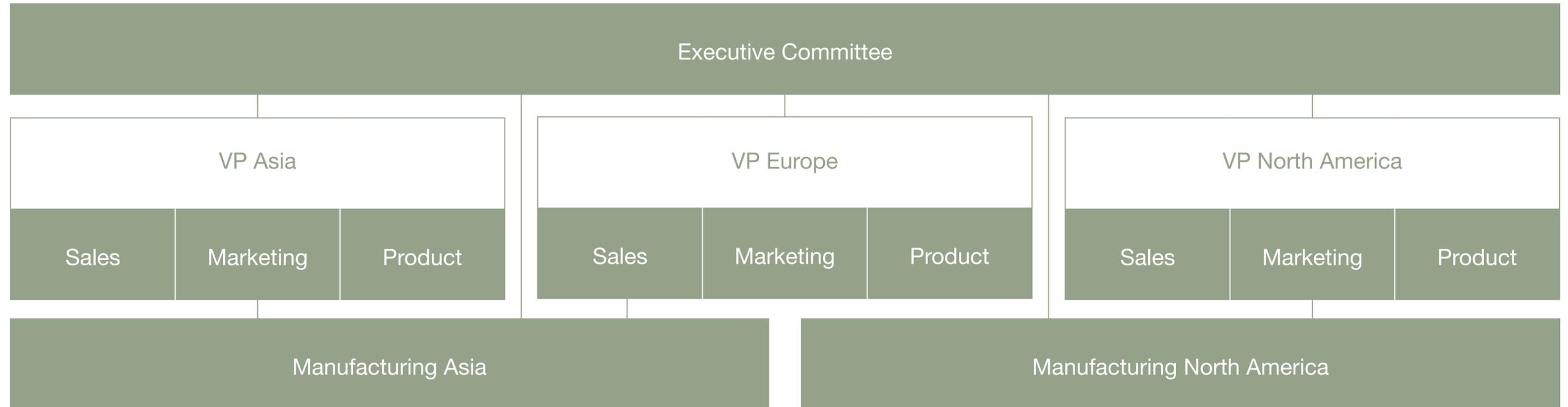
Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



"Think Global – Act Local" has always been a guiding principle of Novalis. Because of that, Novalis has divided its marketing activities into three regions: Asia, Europe & Africa, and North America. Each region has its own responsibilities for sales, marketing, and product management under the direction of a Vice President.

The Executive Committee is where all strategic decisions take place. It consists of the Chief Executive, Chief Operating Officer, and Chief Financial Officer. It defines the main guidelines for product and market development, decides on investments in the company's operations, and monitors activities in each market area. The Vice Presidents for each area report directly to the executive committee.

Novalis owns three manufacturing facilities – two within China and one in North America. Each facility has its own Director of Manufacturing, who also reports directly to the associated Vice President and Executive Committee.

# Our Sustainability Committee

Introduction

**Company Profile**

Sustainable Strategy

Better For The Planet

Better For The People

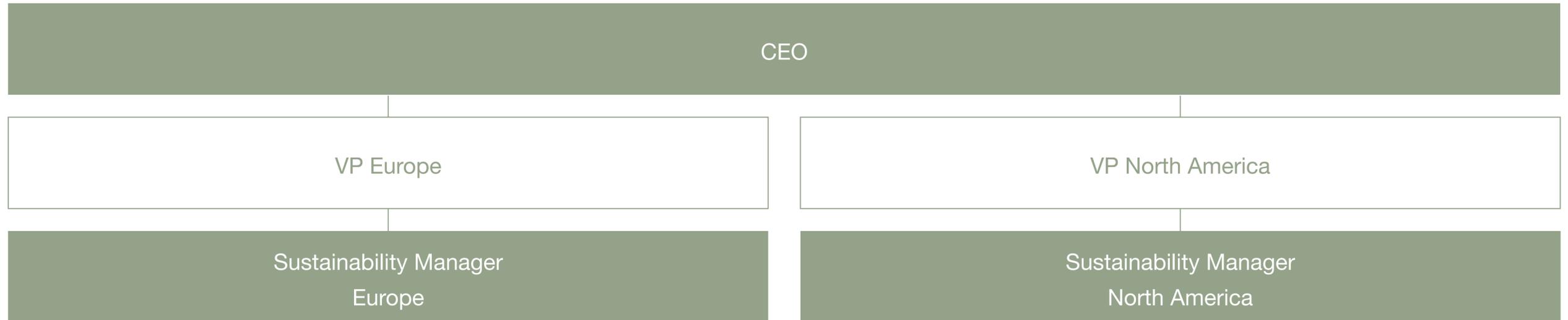
Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



In 2020, Novalis responded to the increasing demand for sustainable products and growing regulatory requirements in North America and Europe by establishing a working group for sustainability. This group evolved into the Sustainability Committee in 2021, comprised of our CEO, Vice Presidents in Europe and North America, and Sustainability Managers. The committee's role extends beyond discussing current sustainability challenges; it serves to pro-

vide the company with a strategic direction for future sustainability developments.

The overlap of demand and regulation between Europe and North America is relatively large; however, specific regional aspects require representation in our decision making. Therefore, both areas are represented by two managers. The European part of the Committee oversees our activi-

ties in Europe and Asia, while the North American part primarily focuses on our US operations.

The Sustainability Committee plays a pivotal role in steering our sustainability initiatives, aligning our activities and operations with these initiatives, and driving sustainable change not only within Novalis but also across the industry as a whole.

# Our Value Chain

Introduction

The chart below provides an overview of Novalis' operational value chain, including the upstream and downstream activities of our partner companies worldwide.

## Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

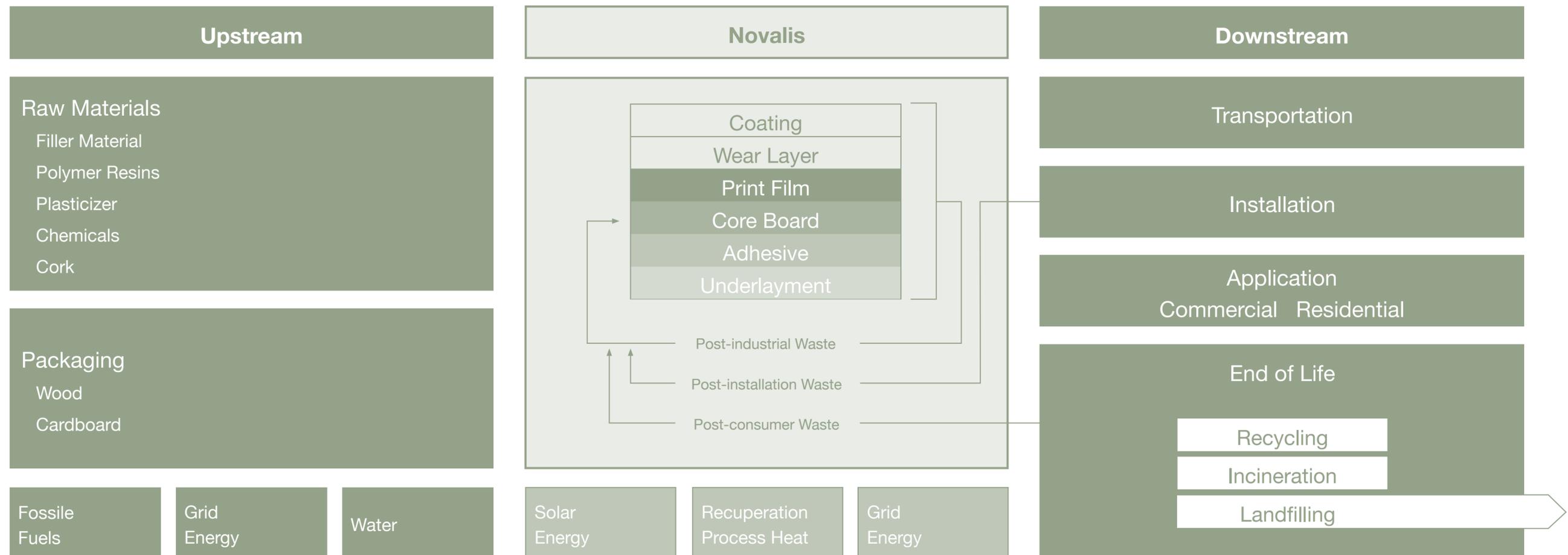
Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



# Product Offerings

Introduction

■ **Company Profile**

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

## Residential

A variety of designs and patterns, easy installation & low-maintenance while ensuring resistance to scratches, dents, and stains for enduring daily wear.



## Hospitality

Exceptionally durable construction, effortless maintenance, enhanced acoustic comfort, and sophisticated designs adaptable to diverse settings.



## Leisure & Retail

Trendy designs in bold formats to elevate visual appeal, extreme durability to withstand high foot traffic & daily wear for retail environments.



## Corporate

Following biophilic design principles to foster well-being and connectivity. Compatible with raised access flooring systems to ensure flexibility and adaptability in modern working spaces.



## Education

Prioritize safety, durability, and acoustic performance, supporting a conducive learning environment. Compatible with underfloor technology for swift adaptability.



## Healthcare

Prioritize hygiene, infection control, durability, and slip resistance while maintaining a calming design for a positive patient experience.



# Sustainable Strategy

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

# It's About Our Future

Introduction

Company Profile

■ Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



Dear friends,

throughout the past year we have been very busy with the development and implementation of our new Sustainable Strategy as one of the key elements for our future development. For this, we not only conducted a materiality assessment to gauge the interests of our stakeholders but also created our first sustainability report in accordance with the Global Reporting Initiative standard.

Nevertheless, we need to ask ourselves: aren't these just numbers to compare ourselves with our competitors and to provide reasons for our customer and prospects to choose our products over others? To make sustainable claims that we are performing better in certain areas than other companies? Is this really enough to bring sustainable change?

Almost three years ago, we decided to establish an international Sustainability Committee. Since the beginning, we have been discussing current challenges, we are monitoring the latest legislative developments in our markets, keeping track on changing customer demands and perceptions in different areas around the world and translate this into concrete actions. But for me the question remains: Are we really doing enough? Can't we do more? What happens if we don't act?

Almost every day we are reading news about new temperature records that have been breached [1], floodings of entire areas or draughts around the world. The latest research is also indicating that we have exceeded seven of our eight planetary boundaries [2]. It is redundant to say that we have probably reached some major tipping points of our planet's ecosystems and that we have turned some levers which we might not be able to turn back.

But why are we continuing our lives as usual? Because we think we cannot really influence it? Or is this just the sheer information flood that we are exposed to every day that is making us emotionally blunt?

But I soon realized, catastrophizing and pessimistic thinking would not help us either. At

Novalis, we recognize the need to act now, understanding that we may need to explore different and uncomfortable paths and reconsider our current business model. We cannot and are not willing to wait until governments are determining what to do. We are convinced that we have all the tools to bring about change.

That's why this shouldn't be just another Sustainability Report but an inspiration for others to follow our path. As an international company, we know that we cannot do this alone.

It is time to act now!

A handwritten signature in black ink, appearing to read 'Joost Luhmann', written over a thin horizontal line.

**Joost Luhmann**  
Sustainability Manager, Europe

# What Matters To Us

Introduction

Company Profile

**Sustainable Strategy**

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

At Novalis, we take pride in being a leading manufacturer of vinyl flooring solutions. Our dedication to quality, innovation, and sustainability has always been at the heart of our operations. To reaffirm our commitment to sustainability and responsible business practices, we completed our first comprehensive materiality assessment in 2022 in collaboration with an international consulting company.

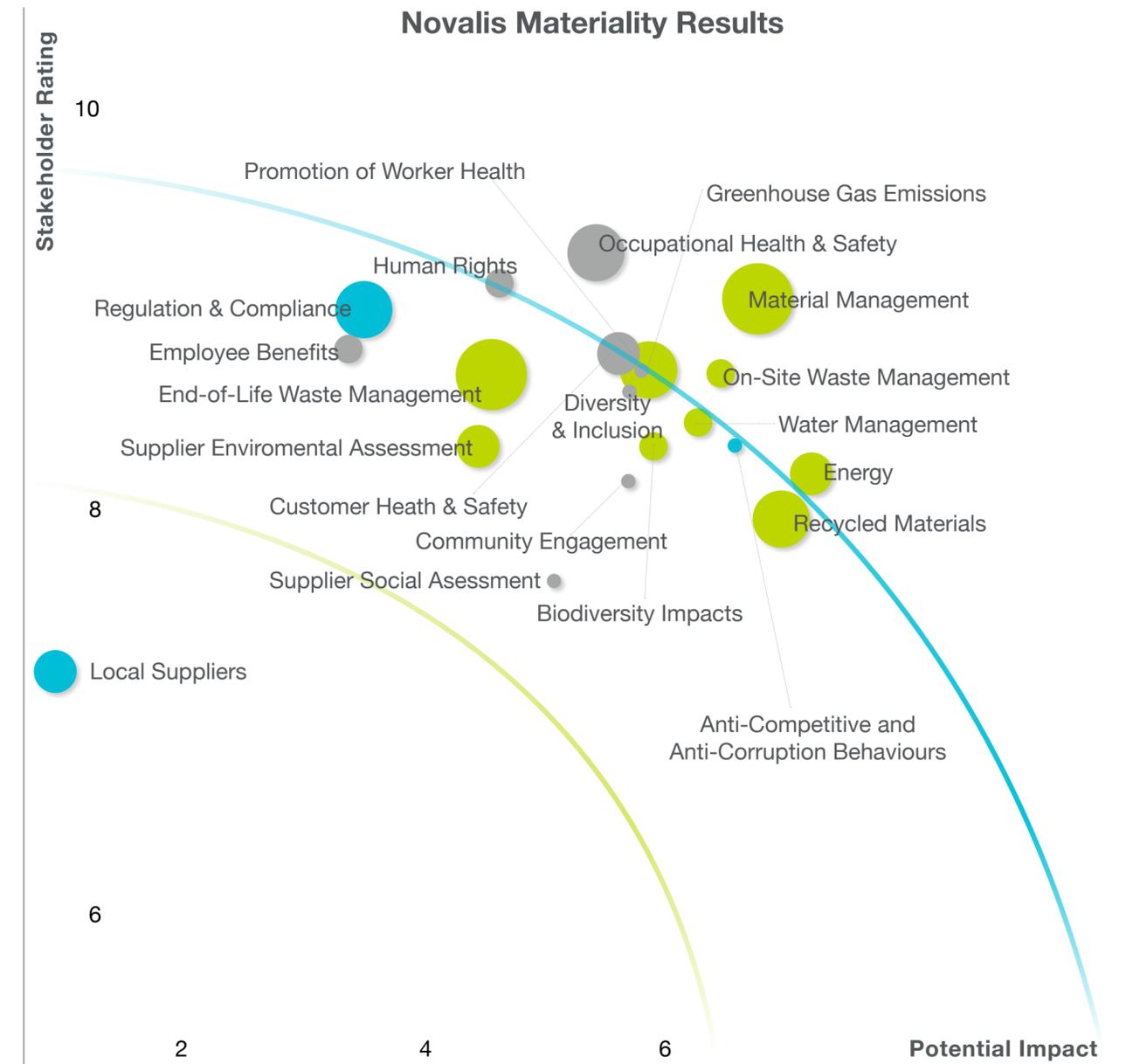
We determined our material topics using the following methods:

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

This materiality assessment was a crucial process that has helped us evaluate and prioritize the environmental, social, and governance (ESG) factors that are most significant to our stakeholders and our business. This assessment is not merely an exercise in compliance; it reflects our sincere commitment to creating vinyl flooring products that are not only beautiful and functional, but environmentally responsible.

We know that our world is rapidly changing – our material assessment is just a snapshot of where we are currently. This is why we decided to develop a sustainable framework for Novalis’ future development: Our **Sustainability Strategy**.

**We need to ask ourselves: what happens if we don't act?**





**What If We Don't Act?**



**We Need To Act!**



# Floors For The Better!

Introduction

Company Profile

■ **Sustainable Strategy**

Better For The Planet

Better For The People

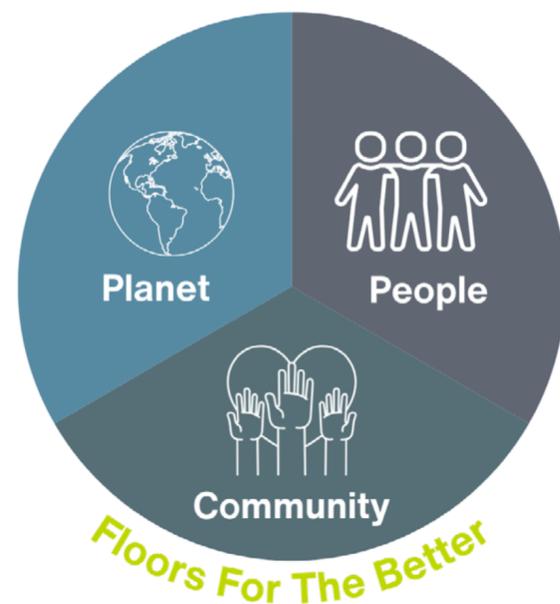
Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



What applies to all of us in life also applies to Novalis: we all want to get better every day. To achieve this, we, like many other companies, have established committees, quality circles, development workshops, and various forums at different management levels.

In the past, the focus was mostly on organizing and optimizing processes, fostering innovation, or technically improving products. At Novalis and in many other companies, a mission statement was formulated for inter-

nal and external communication to provide a meaningful framework for these valuable initiatives.

However, in recent years, this company and market-focused approach has expanded to include other key perspectives. Rightfully, questions are now being asked about corporate actions that have a significant impact on our environment, our company, and the society that surrounds us. These issues have become highly relevant as humanity has exceeded the Earth's planetary boundaries in various areas. In the era of globalized procurement and migration flows, a collective global effort is required to remain within the limits of the planet's carrying capacity.

The Global Reporting Initiative has been in existence for more than 25 years, founded to enable economically responsible business conduct and fair, sustainable growth. The GRI defines the reporting dimensions of environmental, social, and governance aspects. We asked ourselves what we can contribute, how we can improve,

and where we can help make life better. As a result, we identified and named three areas in which we have significant influence:

**Planet**

What products do we want to manufacture and how do we make the transition to environmentally friendly production processes?

**People**

What appreciation and development opportunities can we provide for our employees?

**Community**

What voluntary contributions can we make to improve social coexistence?

These perspectives have a far-reaching influence on the development of our sustainability strategy, our innovation cycles and the coordination of our global activities. Everything we do must help to make life better.



# Better For The Planet

We are dedicated to safeguarding our common home

# How To Create A Better Planet

Introduction

Company Profile

Sustainable Strategy

■ **Better For The Planet**

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



## Rigorous GHG emission reduction

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



## 0% harmful substances used in products

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



## Increase recycled and bio-based content

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



## Waste Diversion

- 0% to landfill in all facilities until 2030
- 0% to incineration by 2040



## Renewable energy sources (where possible)

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



## Efficient Manufacturing

- Reduce energy intensity by 20% until 2030
- Reduce energy intensity by at least 30% until 2040



## Water as valuable resource

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



## Close the Loop

- 50% of products recycled or repurposed by 2040

With the implementation of these goals, we are also contributing to following

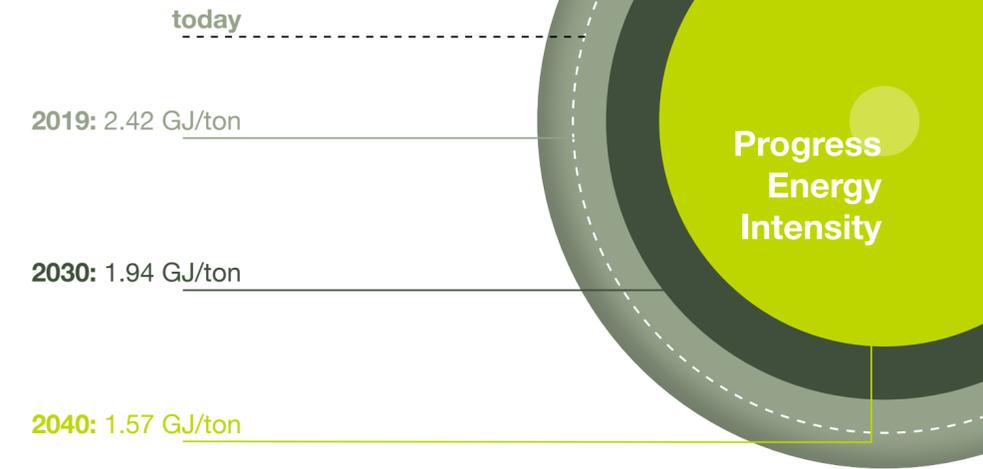
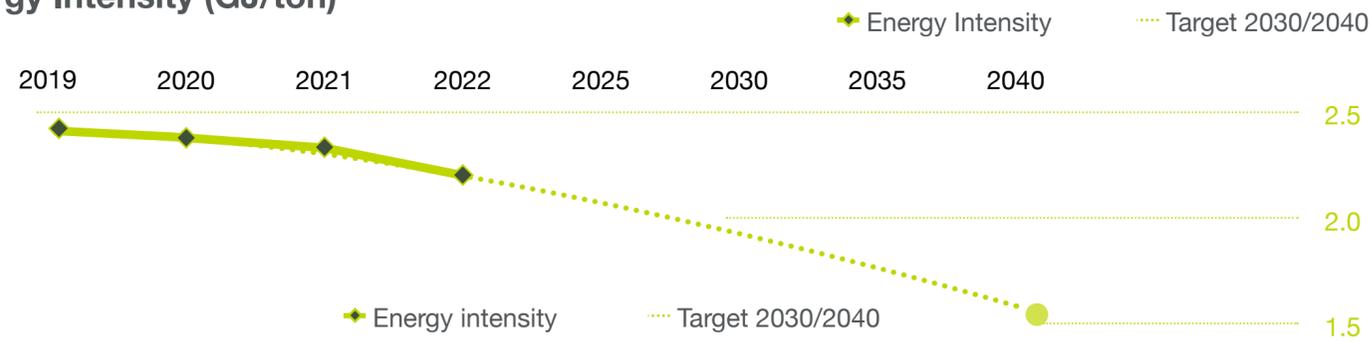
## UN Sustainable Development Goals:



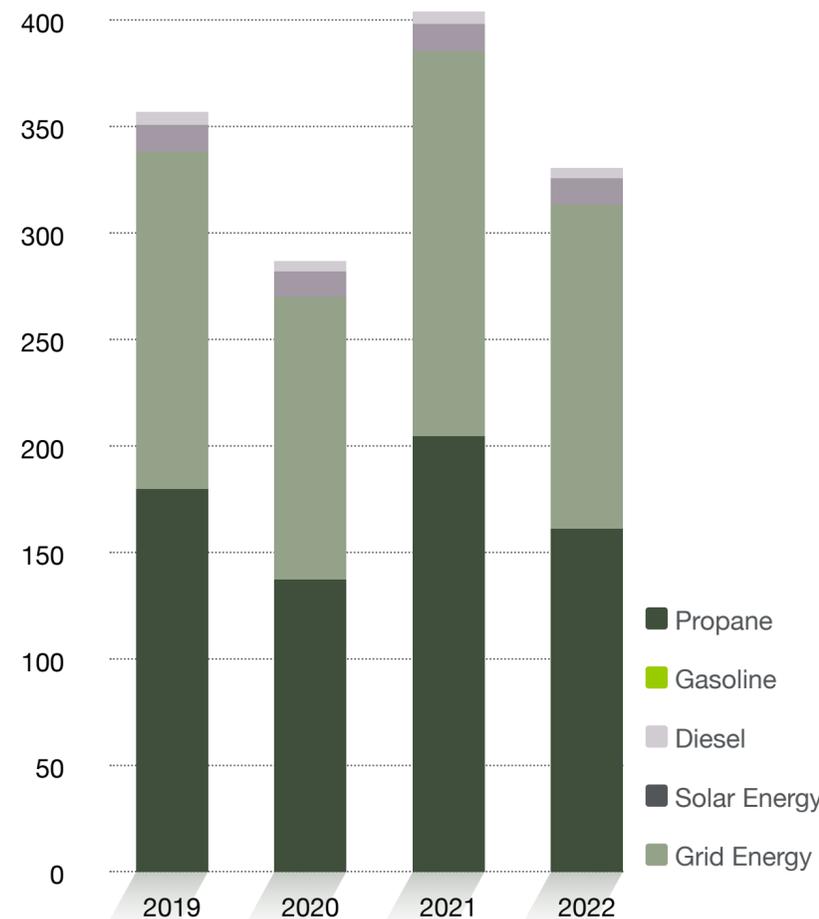


- Introduction
- Company Profile
- Sustainable Strategy
- Better For The Planet**
- Better For The People
- Better For The Community
- Acknowledgements
- Appendices
- Global Reporting Initiative
- References

**Energy Intensity (GJ/ton)**



**Energy Consumption In Terrajoule**



# Our Energy Consumption

In 2021, Novalis experienced an all-time high in global energy consumption, utilizing 425 terajoules (TJ) of energy. This increase was primarily driven by the heightened demand for building products in the US and Europe during the COVID-19 pandemic, along with the launch of our US production facility in Dalton, GA.

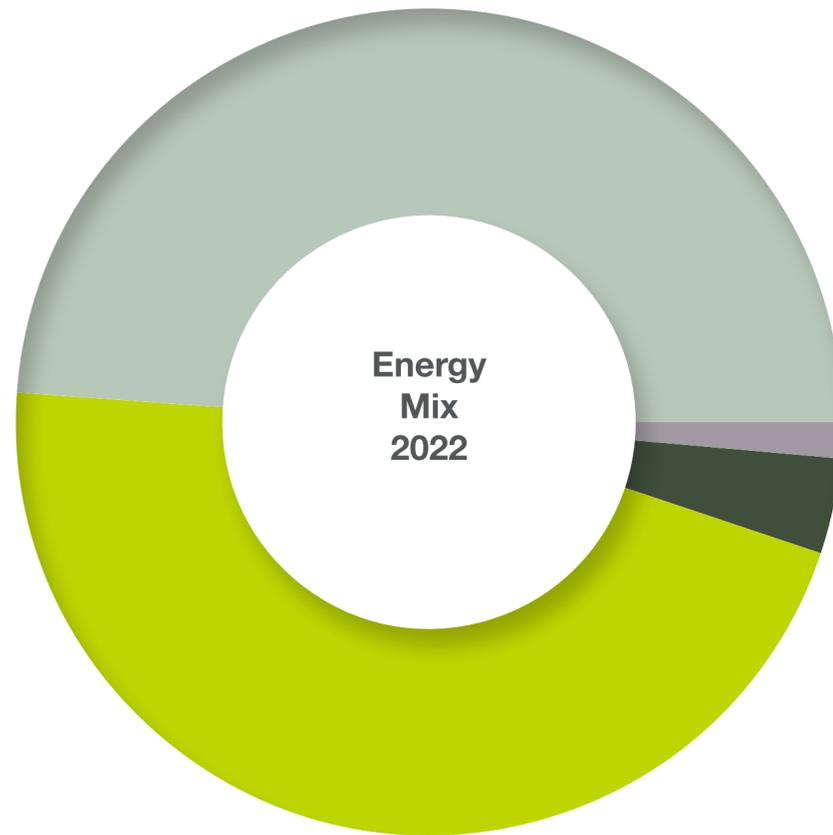
Anticipating an economic slowdown and a decrease in global demand for our products in 2022, we witnessed a corresponding reduction in production output. However, despite a production volume decline of around -14% (-25.25 kilotons), we successfully lowered our global en-

ergy consumption by 18% (-76.75 TJ) in 2022. This indicates an improvement in energy efficiency in our plants and a decrease in energy consumption per production unit, known as energy intensity.

Our 2022 energy intensity was 2.2496 gigajoules (GJ) per short ton of finished goods, representing a 4.7% reduction compared to 2021 and a nearly 7.1% reduction compared to 2019—the year we began accounting for our energy consumption. This progress aligns with our goal of reducing energy intensity by at least 20% by 2030, underscoring our commitment to continuous improvement.

# Our Energy Mix

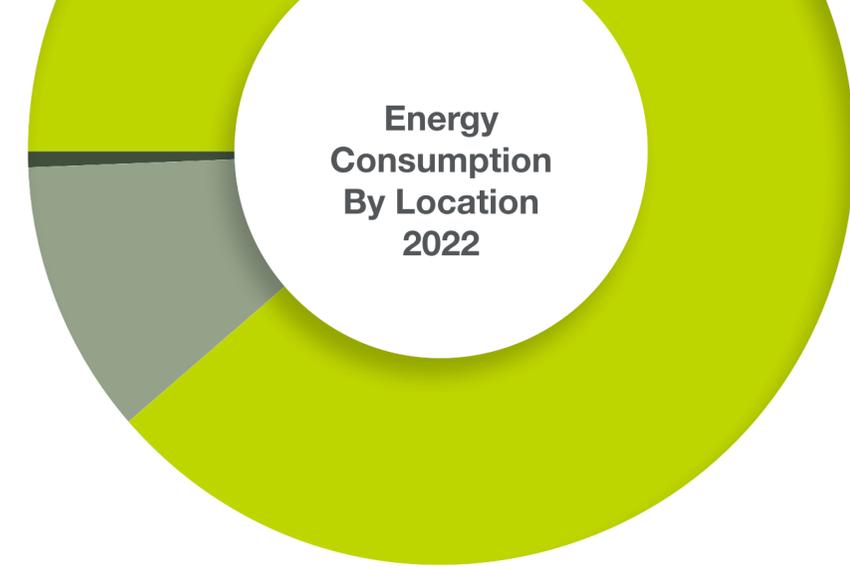
- Introduction
- Company Profile
- Sustainable Strategy
- Better For The Planet**
- Better For The People
- Better For The Community
- Acknowledgements
- Appendices
- Global Reporting Initiative
- References



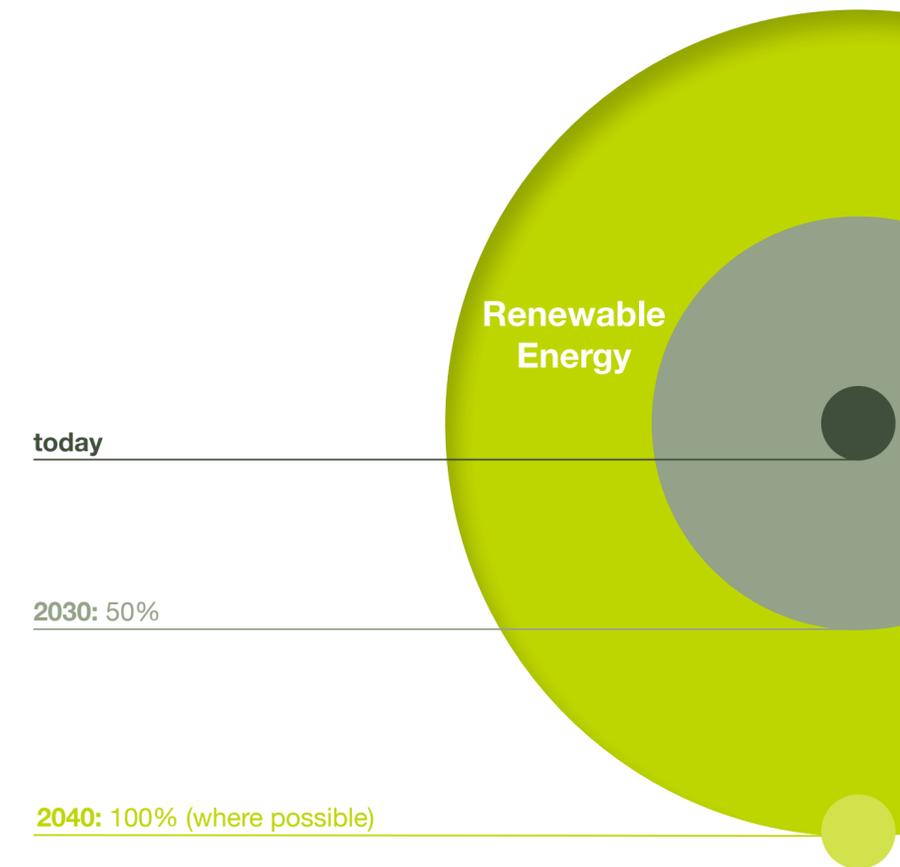
■ Natural Gas	48.9%
■ Grid Energy	46.0%
■ Solar Energy	3.7%
■ Diesel	1.4%

Globally, Novalis sources its energy from various channels. A majority, 48.77% of our energy, is derived from natural gas, followed by 45.93% from grid electricity, and 3.73% from renewable energy produced by our solar panels at the Chinese production facility in Zhenjiang. The second pie chart illustrates that our operations in Zhenjiang account for almost 88.5% of Novalis' total energy consumption.

Given that China's electricity grid relies on coal and oil combustion [3], the CO<sub>2</sub> emissions from our Chinese operations are significantly higher than those in Europe or North America. Additionally, due to our substantial reliance on grid energy in China, our current opportunities for renewable energy sources are limited. We will consistently monitor energy sources in China, exploring less carbon-intensive options should they become available.



■ Zhenjiang	88.7%	■ Richmond Hill	0.05%
■ Dalton	10.7%	■ Mooresville	0.03%
■ Calhoun	0.6%	■ Hong Kong	0.01%
■ Cologne	0.09%	■ Shanghai	0.01%



today

2030: 50%

2040: 100% (where possible)

# Our Energy Consumption: What's Next? >

Introduction

Company Profile

Sustainable Strategy

**Better For The Planet**

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

Since the majority of Novalis' products sold worldwide are produced in China, the energy sources and efficiencies at our Chinese facilities have the most significant impact on our environmental footprint.

Currently, due to the high dependence on the energy grid in China and other economic factors, we are unable to switch entirely to renewables at once. However, as technologies evolve and policies change, we are open to making a gradual shift to renewable energy sources and biofuels when they become available and economically feasible.



Actions we plan to take in the interim:

> **Energy reduction measures at our Zhenjiang factory**

Reduce natural gas consumption in our Zhenjiang facilities

> **Replace fuel-powered vehicles with hybrid or electric vehicles**

Gradually replace existing combustion-based forklifts and company vehicles with electrified ones

Actions we plan to take in the long term:

> **Machine metering**

Better monitor our energy consumption for different product types and machinery in order to improve production efficiency

> **Making the switch to bio-based fuels**

Phase out fossil-based fuels and the use of renewables in our production



# Our Carbon Footprint: Today

Introduction

Company Profile

Sustainable Strategy

## ■ Better For The Planet

Better For The People

Better For The Community

Acknowledgements

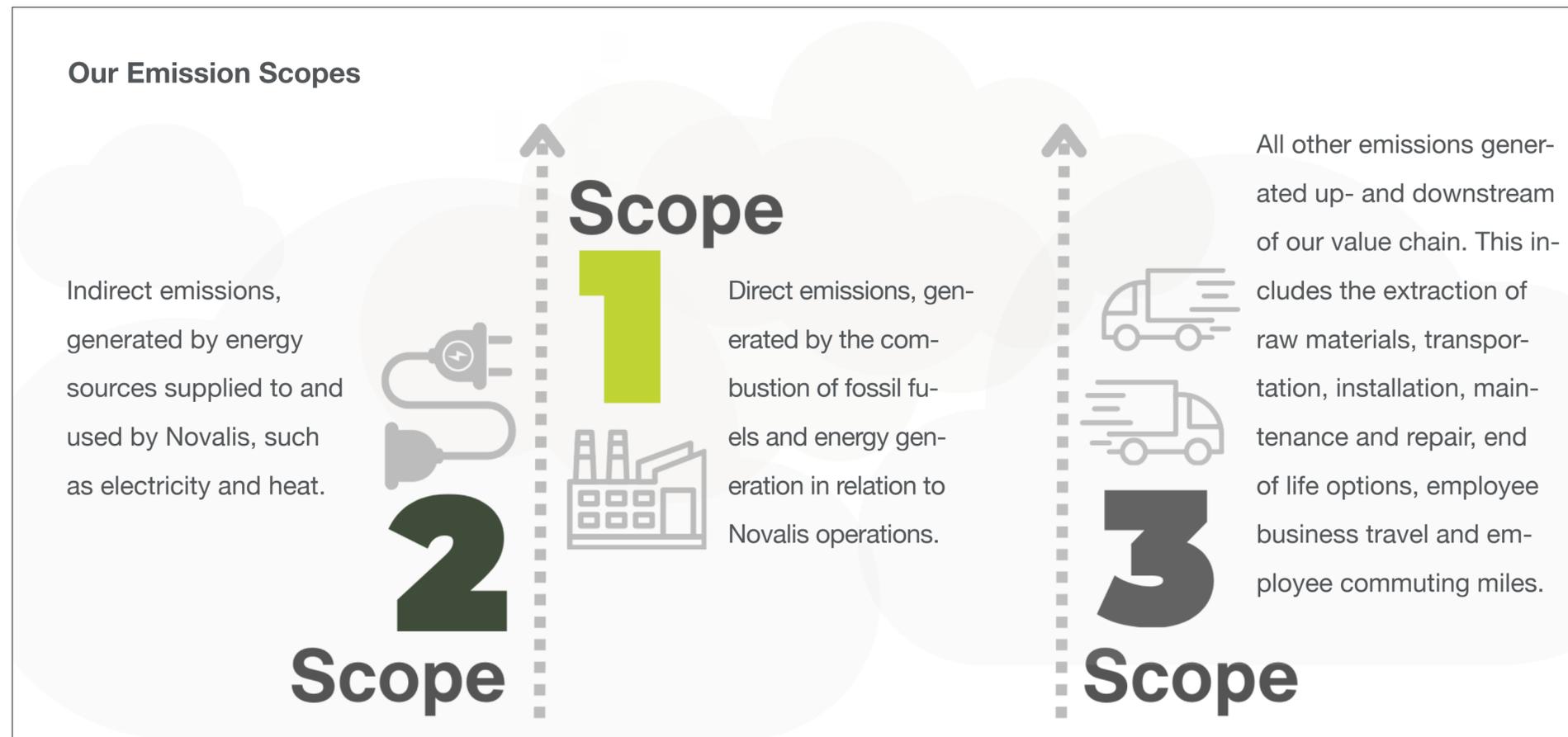
Appendices

Global Reporting Initiative

References

Our energy consumption is directly related to our carbon footprint, which is measured in kilograms of CO<sub>2</sub> equivalent (kgCO<sub>2</sub>e). This footprint is determined by the type and quantity of energy utilized by Novalis and calculated using localized, energy-dependent emission factors, which are updated annually.

Novalis emissions can be divided into three different scopes:



### NOTE

For the current reporting period, we haven't begun gathering Scope 3 emissions data. Therefore, for 2022, we are only reporting our direct and indirect emissions (Scope 1 & 2).

# Our Carbon Footprint: Today

Introduction

Company Profile

Sustainable Strategy

**Better For The Planet**

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

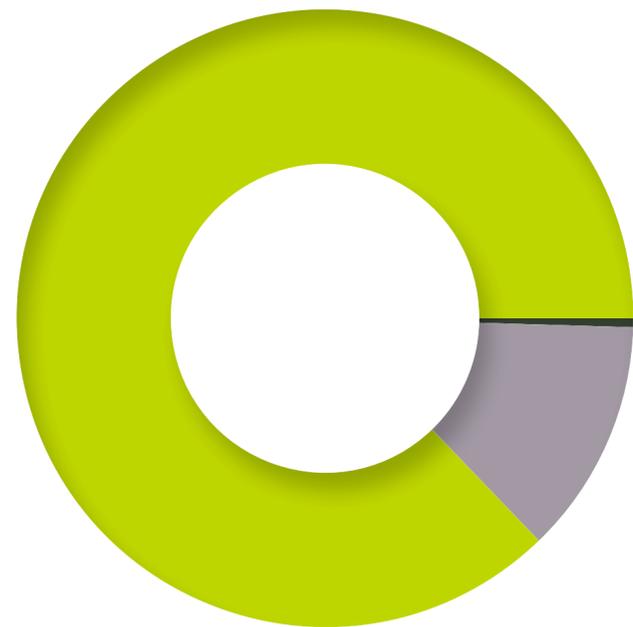
References

As we still heavily rely on fossil fuels for energy in our Novalis global energy mix, and energy consumption is closely linked to carbon emissions, our carbon footprint trend mirrors our energy consumption. In 2022, at 31.19 mtCO<sub>2</sub> equivalent,

we reduced our carbon footprint by over 20% since 2021 and almost 13% since 2019. The carbon intensity of our products also decreased by 12.3 kgCO<sub>2</sub>e (5.7%) in 2022 and 11.7% since 2019.

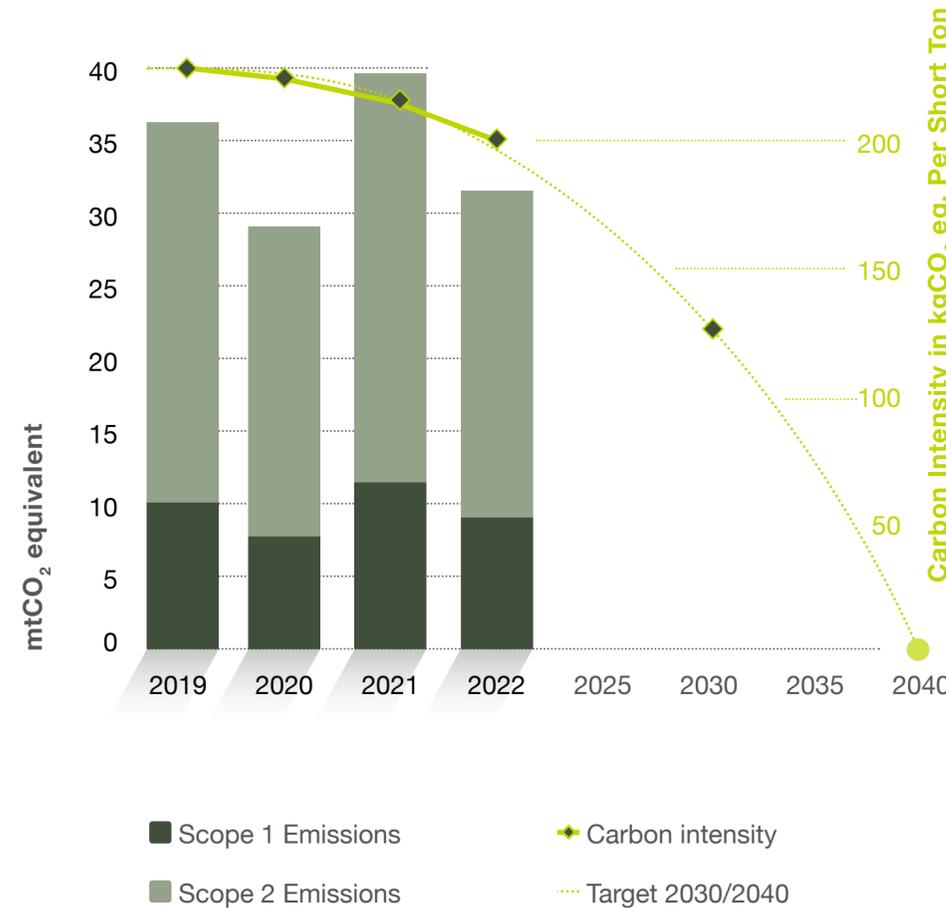
Currently, we are on track to achieve our goal of becoming a carbon-neutral company by 2040. However, we recognize the need to intensify our efforts to reach this ambitious goal.

Carbon Footprint By Location 2022



■ Zhenjiang	87.06%	■ Richmond Hill	0.02%
■ Dalton	12.32%	■ Hong Kong	0.02%
■ Calhoun	0.46%	■ Mooreville	0.02%
■ Cologne	0.07%	■ Shanghai	0.02%

Our Carbon Footprint

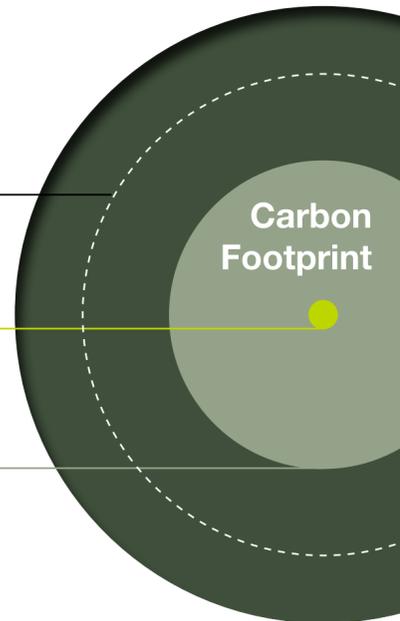


today

2040: 0 kgCO<sub>2</sub> eq/ton

2030: 116 kgCO<sub>2</sub> eq/ton

2019: 232 kgCO<sub>2</sub> eq/ton



# Our Carbon Footprint: What's Next? >

Introduction

Company Profile

Sustainable Strategy

## ■ Better For The Planet

Better For The People

Better For The Community

Acknowledgements

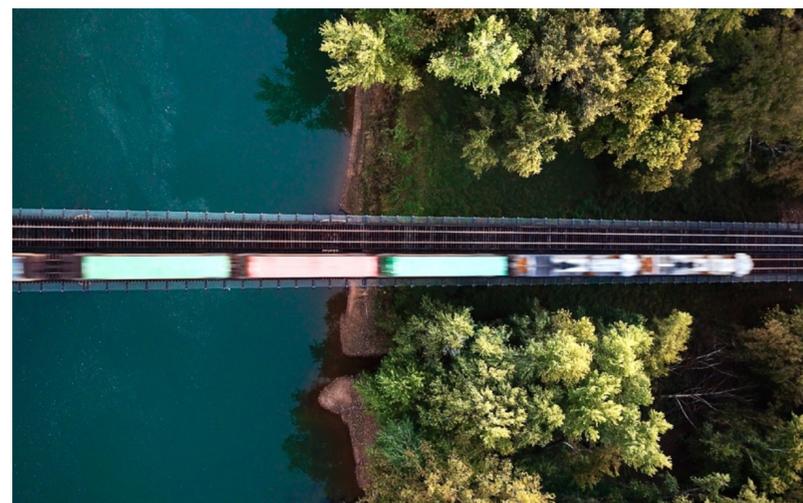
Appendices

Global Reporting Initiative

References

As previously mentioned, carbon emissions and energy consumption are closely related to each other. This is why our planned initiatives are contribute to two of our sustainability goals: reducing our energy intensity by 30% by 2040 and achieving carbon neutrality by 2040.

However, acknowledging that every human being generates emissions, we know that there will always be emissions generated by our operations that need to be balanced. Hence, there are some additional actions we can take to significantly reduce our Scope 1, Scope 2 and Scope 3 emissions.



The actions we plan to take in the interim:

- > **Begin tracking and calculating Scope 3 emissions**  
By analyzing our value chain and developing reporting systems that also consider our indirect emissions, we aim to implement carbon reduction measures
- > **Increase renewable energy capacity in China**  
With the installation of additional PV solar panels on site in Zhenjiang, we aim to increase our share of renewable energy
- > **Afforestation and Reforestation**  
Continue and intensify our efforts to plant trees to offset our carbon emissions

In the long term, we are working on:

- > **Developing products as carbon sinks**  
Capturing CO<sub>2</sub> and making new, durable products out of it
- > **Switching from fossil-fuel based to renewable energy**  
We aim to switch to renewable and more sustainable sources from the grid wherever possible
- > **Revive dried swamps and marshes**  
Collaborate with organizations to revitalize swamps and marshes, which are among the largest natural carbon sinks



# Our Water Management: Today

Introduction

Company Profile

Sustainable Strategy

**Better For The Planet**

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



At Novalis, we regard water as one of the most valuable resources, recognizing that nearly every lifeform on our planet depends on clean and safe water sources to survive. Without it, life would be simply impossible. Therefore, we consistently strive to reduce our water consumption.

To achieve this, we have implemented closed-loop water cooling systems in our US and China production facilities. In China, we go a step further by recovering process heat and using it to heat our offices, production spaces, and warehouses. Although water is not an ingredient in our finished product, it plays a crucial role in ensuring the quality and dimensional stability of the product.

In our annealing process, the product undergoes an approximately 80°C hot water bath followed by cold water until it cools down to room temperature. For the first step,

the water is heated with a natural gas water heater, and the annealing bath is covered by solid metal lids to prevent energy losses through evaporation.

Next, the product is conveyed into cold water to reduce the core temperature to room temperature. Once the water becomes too hot for use in the annealing process, it undergoes a two-stage cooling process. First, the hot water is pumped from the factory into a cooling tower, where the temperature is reduced from 45°C to approximately 30°C.

Once cooled, the water flows through a fountain into an open water retention basin. The water in this retention basin is pumped back into the water heating system as needed, and freshwater from local utilities is only added to maintain the basin's level.

# Our Water Management: Today

Introduction

Company Profile

Sustainable Strategy

## Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

At 38.7 billion gallons, Novalis' global water consumption in 2022 was approximately 26% lower than in 2021.

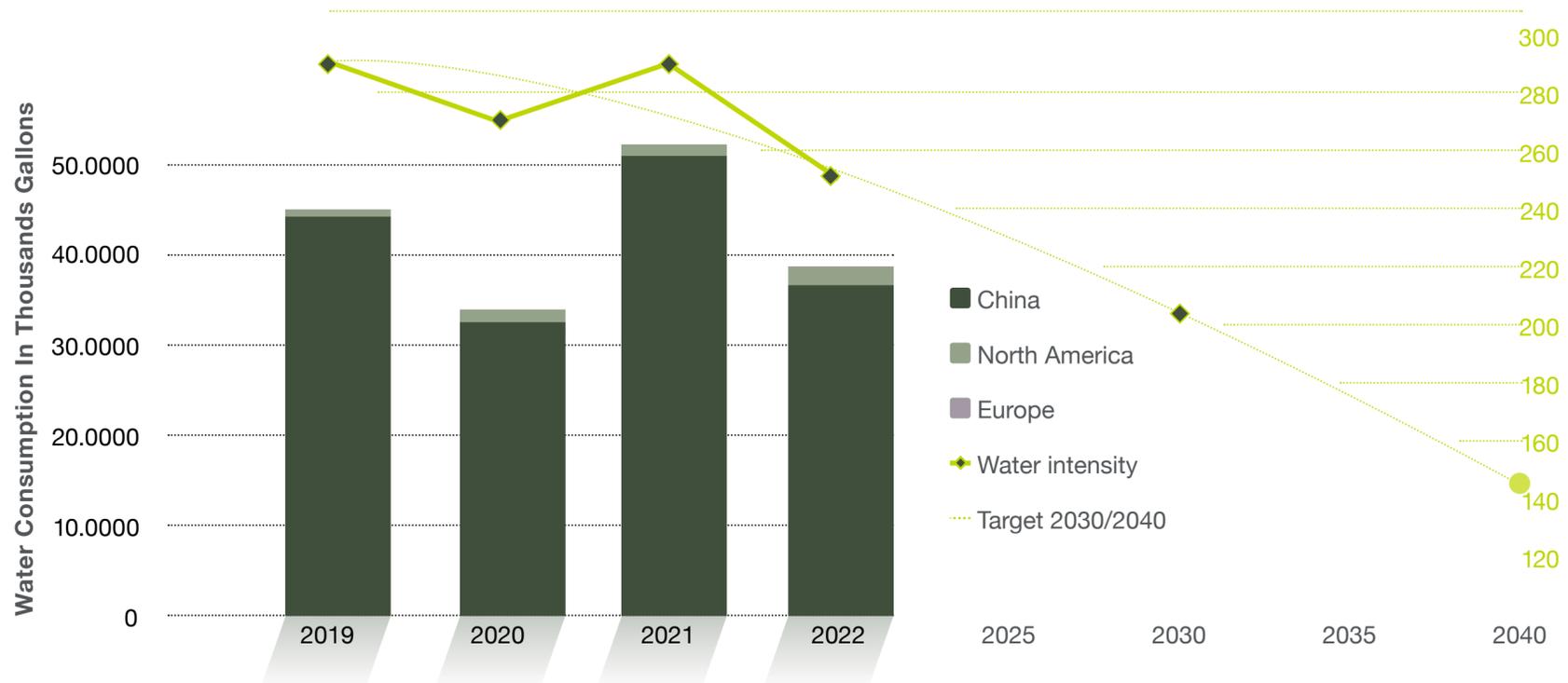
Similarly, as shown in the chart, the water intensity per short ton of finished goods decreased by nearly 40 gallons or 12% compared to 2021, which is more than 10%

lower than in 2019. Most of our water consumption is in China, representing approximately 95.6% of our global water usage in 2022.

Here, too, the decline is likely due to a lower production volume, resulting in less water needed to cool the prod-

ucts. This also implies that less water evaporates within the production process, although there may be natural fluctuations in water usage due to atmospheric conditions and evaporation from the retention basin.

Our Water Consumption



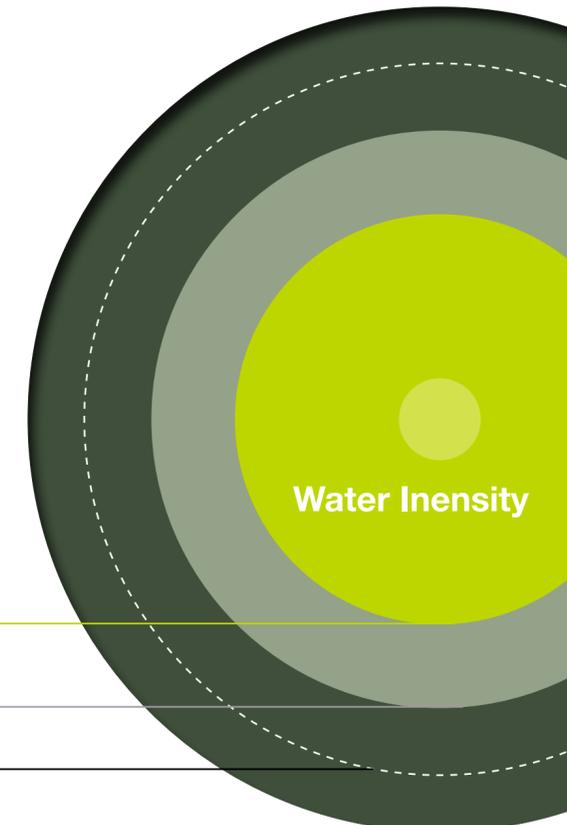
Our Water Intensity

2040: 145 gal/ton

2030: 204 gal/ton

today

2019: 291 gal/ton



# Our Water Management: What's Next? >

Introduction

Company Profile

Sustainable Strategy

**Better For The Planet**

Better For The People

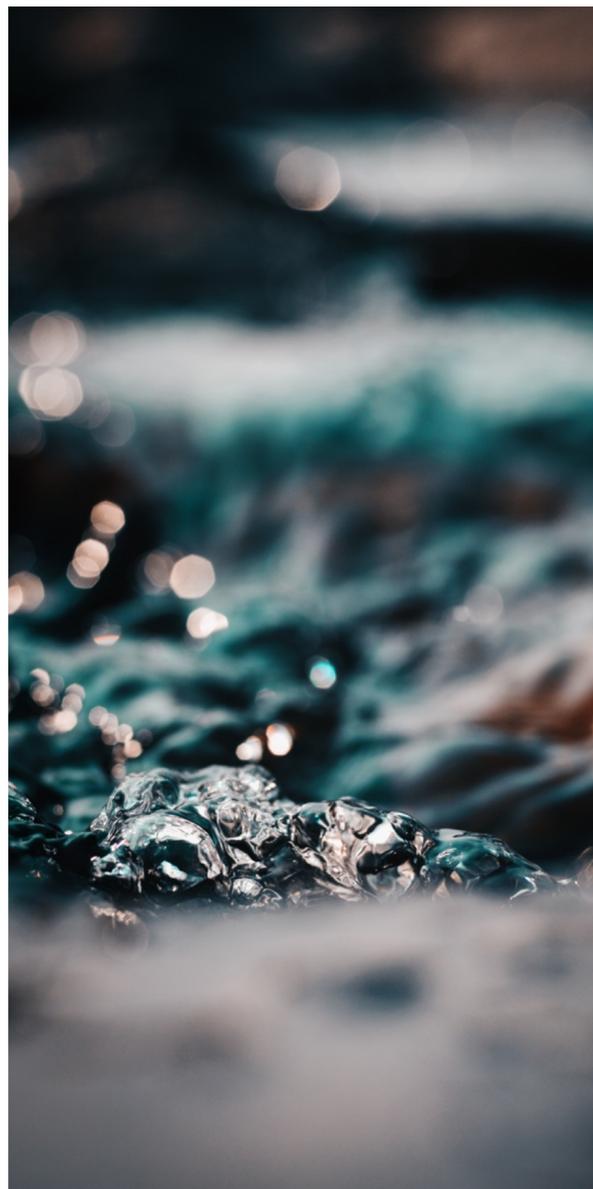
Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



Water is a precious resource upon which every life form on our planet depends. However, due to the climate crisis, we have seen more droughts and extreme weather events around the world in recent years, and people's access to clean and safe drinking water is declining. In 2022, almost 703 people around the world will be without a basic water supply [4].

With this in mind, we recognize the need to use our limited water resources responsibly. To contribute to this effort, we aim to halve our water intensity by 2040 by implementing water-saving measures in our manufacturing facilities and providing regular training to our employees to reduce their personal water consumption.

Actions we plan to take in the interim:

> **Analyzing our fresh and waste-water streams and losses**

Through evaporation in the annealing process and reasons for waste water discharge

> **Identify sources of production water**

And potentially switch to other non-drinking water sources where possible, so as not to compete with limited drinking water

Actions we plan to take in the long term:

> **Start measuring water consumption up- and downstream our value chain**

To identify where we have the highest savings potential & eventually switch to less water-intensive materials

> **Investment in less water-intensive technologies**

Reduce water evaporation by cooling our products with cool air rather than cold water



# Our Materials Management: Today

Introduction

Company Profile

Sustainable Strategy

## ■ Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

To reduce our reliance on virgin resources, decrease the strain on our ecosystems, minimize the extraction of raw materials and divert waste from landfill, we are eager to increase the amount of recycled and bio-based content in our products. For recycled content, we distinguish between three waste categories: pre-consumer, post-installation and post-consumer.

### Post-industrial waste

In our facilities, we already reprocess internal production scrap, created from the punching, cutting and/or profiling processes. The ground scrap can be re-incorporated into the production of a new flooring.

Additionally, in the US, we leverage a robust recycling network to down-cycle flexible LVT material that is defective or damaged during shipping. This material is incorporated into other types of vinyl products. In 2022, we diverted 2.8 million pounds of flexible LVT products from landfills through down-cycling. Our US manufacturing facility can also take back rigid core flooring products that are defec-

tive or damaged during transit and re-incorporate them into new flooring. We plan to refine this process in the coming years to divert more rigid core flooring from landfills.

### Post-installation waste

In Europe, we've established a take-back program called Novalis Take Bag. Approximately 3-6% of our products are often considered post-installation waste that will never be used, although the material is usually uncontaminated and can be recycled easily without any further treatment. In our Take Bag program, installation cuts and trimmed pieces are collected in big bags and returned by the installer to distribution locations. These bags are then picked up and recycled by recycling companies. Subsequently, the vinyl granules can be used as a raw material within European vinyl production facilities.

### Post-consumer waste

Because the majority of our production occurs within China and the majority of our products are sold elsewhere,



opportunities for using post-consumer waste in our products are limited. Additionally, our vinyl products contain

a high amount of calcium carbonate (a filler), further limiting its usage in China. This is why vinyl is often considered low-grade PVC by Chinese recyclers.

To address this, we must create a closed-loop recycling system for vinyl flooring in our industry.

At our plants in the US and China, we already have the technical capability to take back and recycle post-consumer material. However, due to high transportation costs for small quantities and the extensive analysis required to ensure that the material does not contain any



# Our Materials Management: Today

Introduction

Company Profile

Sustainable Strategy

**Better For The Planet**

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

« legacy substances such as cadmium or lead stabilizers or banned plasticizers such as DEHP, it is often not economically viable to recycle end-of-life materials.

As we expand our production capabilities in North America, we are exploring ways to incorporate post-consumer vinyl products into our production process. In the coming years, we hope to pilot a post-consumer takeback program in the US.



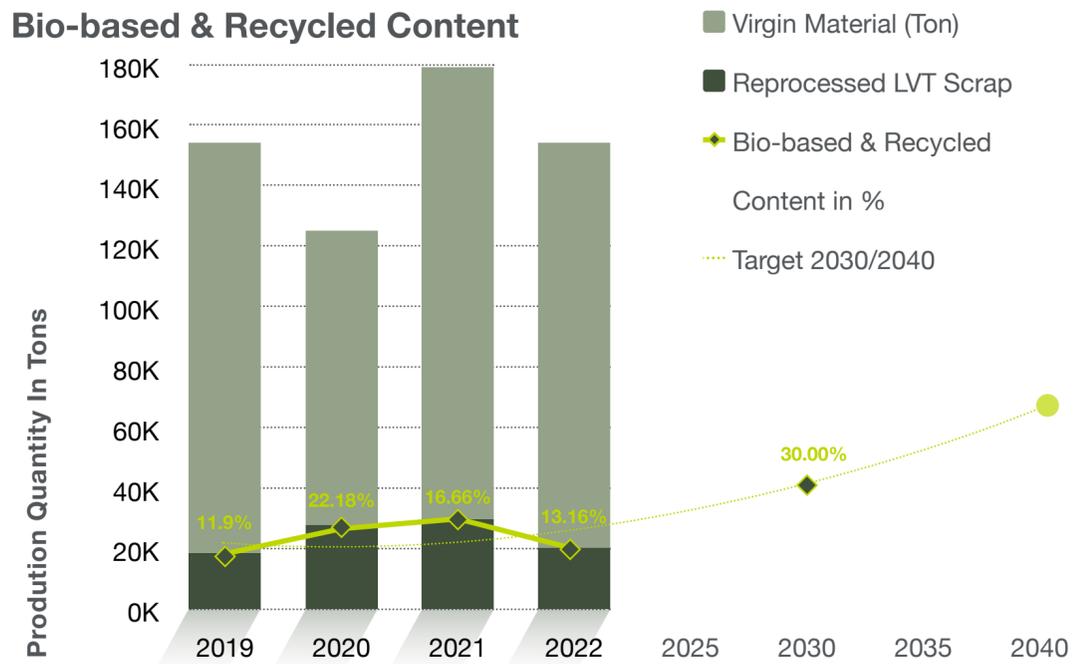
**Bio-based content**

Another way to design more sustainable products is to incorporate bio-based materials, such as cork or chemicals made from rapidly renewable raw materials. This strategy also reduces our carbon footprint.

This is why all our products use a plasticizer based on soybean oil, and some products feature cork as an alternative

underlayment. In 2022, our average recycled and bio-based content was 13.16%. The majority of the recycled content comes from production scrap reprocessed in our US and Chinese production facilities. The decline from 2021 was likely caused by normal fluctuations related to process and product type adjustments. »

**Bio-based & Recycled Content**



# Our Materials Management: Today

---

Introduction

Company Profile

Sustainable Strategy

■ **Better For The Planet**

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



## « **Design for Circularity**

One major drawback of using cork as an underlayment is that when the product reaches its end of life and is being recycled, the recyclates have a limited area of application. Many PVC converters and even LVT flooring manufacturers cannot reprocess the material again since they are often incapable of incorporating cork plastic composites into their products.

This often leads to rejections from recyclers and flooring manufacturers and eventually, the material ends up on landfills or in incineration. To address this, we started developing mono-polymer products entirely made out of one type of plastic, from the wear layer over the print film, the

core board and the integrated sound insulation. If this is not possible, we are trying to make the layers of the product debondable by using different kind of adhesives. or that consist of debondable layers. And we will also apply the same methodology for all other products we are going to develop in the future.

With this approach we ensure that our products are not only fully recyclable, but the recyclates also have a higher value for other manufacturers, as the material contains a higher proportion polymers, plasticizers and additives compared to commonly used product constructions with iXPE, Cork or XPS underlayment.

# Our Waste Management: Today

Introduction

Company Profile

Sustainable Strategy

**Better For The Planet**

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

As part of our ongoing efforts to decrease the environmental impact of our operations, we started with the collection of waste data from our Chinese and US productions in 2022.

## China

At our Chinese production facility, waste is collected separately in open containers. However, as all non-hazardous waste is considered domestic waste by the local waste management company, we are unable to provide precise information on the composition of our Chinese production waste in 2022. However, hazardous waste is collected separately and is also collected separately, which is why we can report more precise figures for this year.

## North America

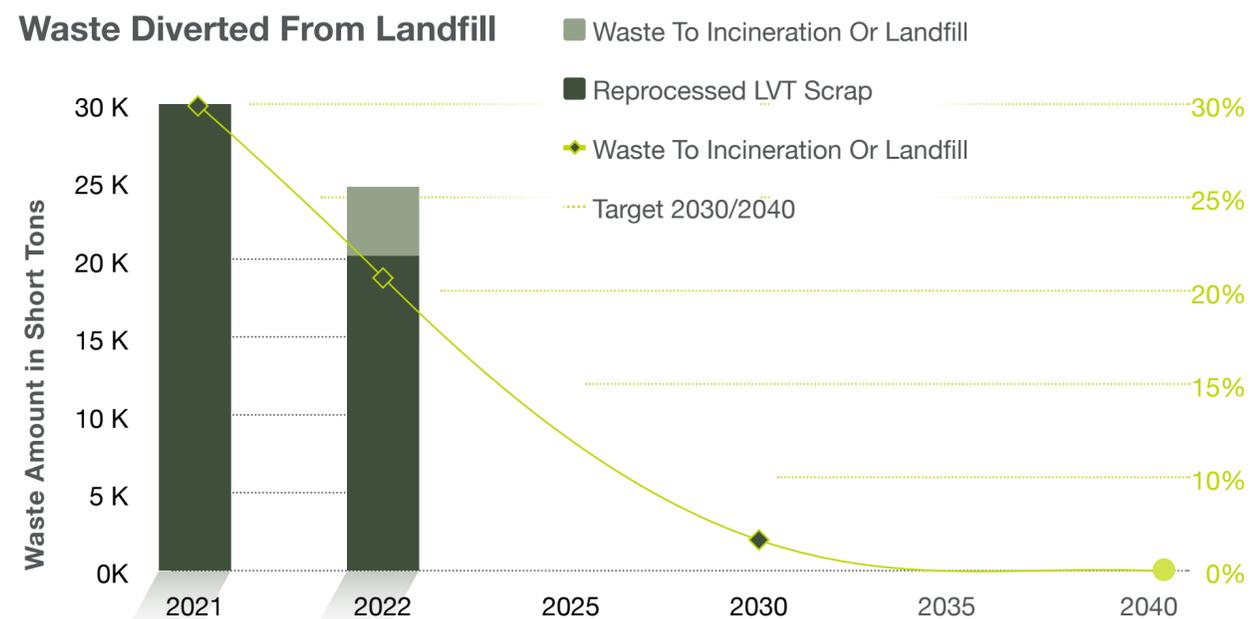
At our US Plant, waste is beginning to be segregated by type, in order to divert as much from landfill as possible. The amount of residual waste, recycling and hazardous waste was recorded and analyzed for 2022.

Globally, due to the reprocessing of our internal LVT scrap and the separate collection of waste, our ratio of waste that is going to landfill or incineration in 2022 was at around 6.7%, excluding the domestic waste from our Chinese operations.

With implementation of waste assessment and waste diversion projects in both the US and China, we are aiming to reduce our waste-to-landfill ratio to 2% by 2030 and completely phase out waste going to landfill by 2040.

2030: 2%

## Waste Diverted From Landfill



## Waste Characterization 2022



2040: 0%

# Our Materials Management: What's Next? >

Introduction

Company Profile

Sustainable Strategy

**Better For The Planet**

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

We know that proper materials management is one of the most important elements of a circular economy. Additionally, materials management can decrease the environmental impact of our products and their by-products.

This can be done by increasing the bio-based and recycled content in our products, while also switching to mono-material constructions. This is why we are eager to design products that are more sustainable and fully recyclable.

Our US manufacturing plant has hired a consulting firm to perform a waste characterization and diversion assessment in early 2023. Not only will this assessment specifically identify our waste streams, but it will also identify potential diversion sources and vendors for each stream. At the conclusion of this assessment, we hope to reuse and recycle as much of our waste as possible, in an effort to divert at least 75% of our waste from landfill by the end of 2023

Actions we are planning to take in the interim

- > **Divert all our production waste from landfill**  
By conducting waste assessments and waste diversion projects in the US and China to reduce waste that is going to landfill
- > **Incorporate pre-consumer and post-installation recycled content**  
By collaborating with industry partners and waste management companies in China and the US

Actions we are planning to take in the long term:

- > **Increasing our post-consumer recycled content**  
By building partnerships with recyclers and other industries in China and the US
- > **Set up re-use and take-back systems**  
For products that have reached their end of life in our main markets
- > **No waste to landfill or incineration**  
By closing the loop and designing products and packaging that are fully recyclable





# Better For The People

We are committed to forster well-being & create lasting positive impact

# How To Create A Better Workplace

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

**Better For The People**

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



**No child, forced or compulsory labor**

- Zero tolerance policy for child, compulsory or forced labor



**Maintain high occupational health & safety standards**

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



**Support freedom of association for our workers**

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



**Develop and leverage skills of internal talents**

- Offer regular training opportunities for employees



**Pursue an inclusive and diverse workforce**

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

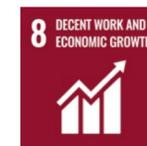


**Equal pay for equal work**

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

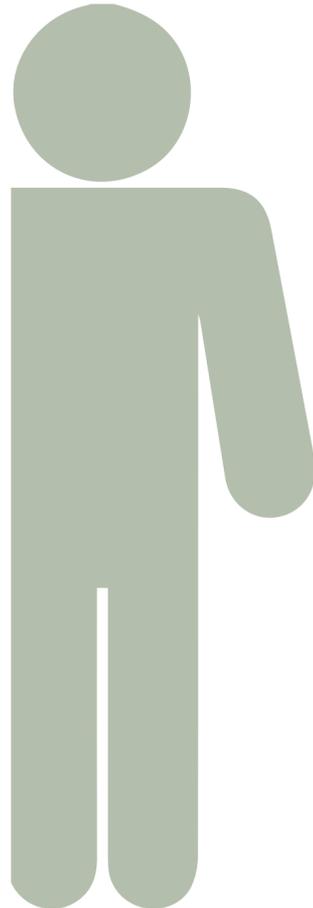
With the implementation of these goals, we are also contributing to following

**UN Sustainable Development Goals:**



# Our Workforce: Today

- Introduction
- Company Profile
- Sustainable Strategy
- Better For The Planet
- Better For The People**
- Better For The Community
- Acknowledgements
- Appendices
- Global Reporting Initiative
- References



Within our sustainability goals, we are steadfast in our dedication to fostering a diverse and inclusive workforce that authentically mirrors the communities in each respective location. We believe that a rich tapestry of backgrounds, experiences, and perspectives not only enhances our organizational culture, but also fuels innovation and growth.

### Diversity of our workforce

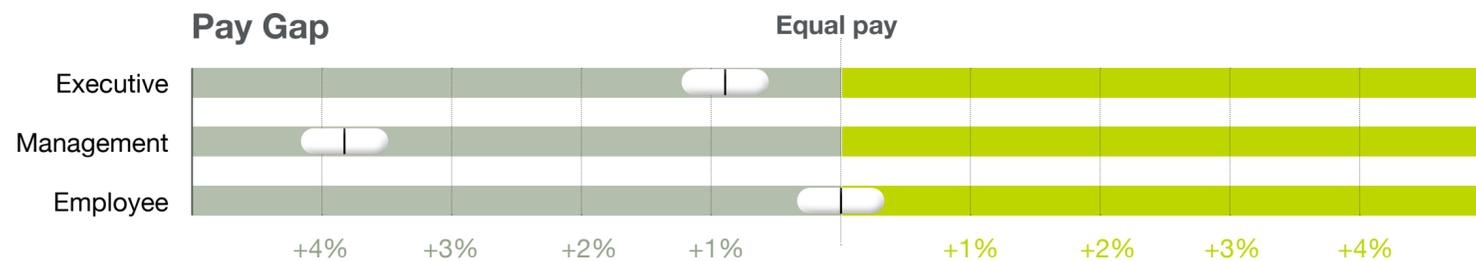
Our commitment to diversity and inclusion is both a moral imperative and a strategic advantage, as it enriches our company’s dynamic and promotes an environment of equality and mutual respect. In 2022, Novalis employed 945 people globally. At 32%, women represented less than half of our workforce. This is likely due to the large number of production-related positions in our facilities, which are less desirable to women.

We also identified that most of our employees are between 30-50 years old, representing 72% of all employees.

### Equal pay for equal work

To ensure equity across all levels and roles within our organization, Novalis is actively engaged in eliminating the pay gap between men and women. We acknowledge the importance of fair compensation and are diligently working towards parity.

In 2022, we analyzed the difference in compensation for our executive, management and employee level in China, which is shown in the table.



# Our Workforce: Today

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

■ **Better For The People**

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

We are committed to upholding the highest ethical standards in all aspects of our business. We recognize the importance of responsible corporate practices and the impact they have on our reputation, the environment, and society as a whole. To accomplish this, we adhere to the basic principles of the U.N. Global Compact, international acknowledged standards, applicable laws and regulations, and our own policies regarding human rights and ethical conduct in all our facilities.

**Anti-forced, complimentary and child-labor policies**  
In our eyes, employing children or using forced, bonded or involuntary labor is an unethical practice. That's why we have specific hiring practices and social policies in place that ensure we do not employ children or employ workers against their will.

Furthermore, Novalis does not knowingly procure materials from companies or locations where child, forced or compulsory labor is acceptable or suspected. »



# Our Workforce: Today

---

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

■ **Better For The People**

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

« We adhere to all applicable laws and regulations in the countries and regions where we operate, and expect the same of our suppliers, subcontractors, and partners. We are dedicated to working exclusively with companies that share our values and uphold similar standards to prevent unethical labor practices.

## **Freedom of Association and Collective Bargaining**

At Novalis, we believe that everyone's rights and freedoms should be honored and respected. We wholeheartedly support freedom of association and collective bargaining for all of our employees across all of our operations. All employees are free to associate, form or join associations or unions of their choice, and engage in collective bargaining without fear of repercussion.

We are committed to fostering an environment where open dialogue, mutual respect, and the empowerment of our workforce are not only encouraged, but deeply embedded within our company culture.

This commitment extends to ensuring that our employees have the liberty to collectively voice their concerns, negotiate their terms of employment, and participate in decisions that affect their well-being and work environment. It is our firm belief that a culture of respect for these essential rights not only benefits our employees, but also enriches the fabric of our company.

## **Anti-Corruption and Anti-Bribery**

Novalis does not participate in any form of bribery, corruption, or any other related unethical business practices. We comply with national and international anti-corruption laws and regulations, such as the US Foreign Corrupt Practices Act (FCPA).

We have established mechanisms that allow our employees to report unethical behavior in all our operations, such as our mandatory 4-eyes principle in our purchasing department.



# Our Workforce: What's Next? >

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

**Better For The People**

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

In our unwavering commitment to fostering a diverse and inclusive workplace, we firmly believe that transparency, continual analysis, and proactive strategies are the cornerstones of progress. Our dedication extends beyond mere rhetoric—equal pay for equal work is not just an aspirational goal; it is a tangible reality that we actively pursue and uphold within our organization.

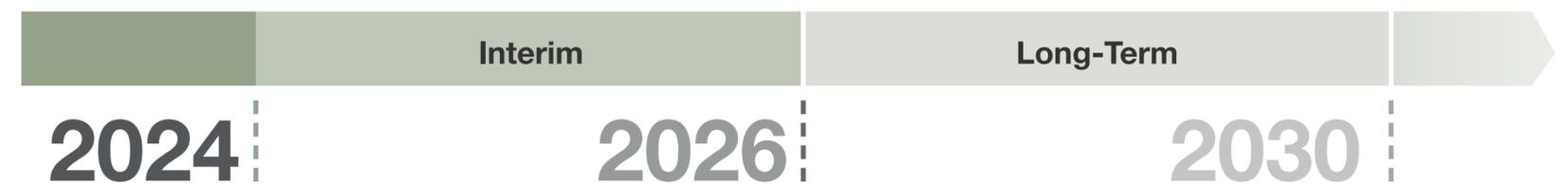
As we look towards the future, we are excited about the prospect of implementing improved and granular reporting mechanisms. This enhanced approach will enable us to more accurately capture the diversity of our workforce. These insights will help us further refine and strengthen our diversity and inclusion initiatives, while identifying areas for improvement. We hope to implement targeted policies that will enhance the overall working conditions for every member of our team.

The actions we plan to take in the interim:

- ▶ **Set up of whistleblower mechanisms**  
Give employees the opportunity to report concerns and unethical behavior anonymously
- ▶ **Improved reporting on employee diversity**  
Collect more detailed information about our employees so that we can better understand our workforce
- ▶ **Distinguish between different types of workers**  
To analyze and continuously improve the working conditions for our workers in their respective area

The actions we plan to take in the long term:

- ▶ **Provide training on inclusive leadership**  
Develop training materials and provide regular training for our management team on diversity and inclusion.



# Our Safety Measures: Today

---

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

■ **Better For The People**

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

As a company committed to nurturing a familial atmosphere, the well-being of our employees, vendors, guests, and visitors takes precedence. Safety is critical to our operations, so we consistently provide comprehensive training to our staff. This includes essential safety practices, emergency preparedness, first-aid, and fire safety. Conducting frequent internal audits and actively engaging in external audits are integral parts of our commitment to ensuring the protection of our employees and aligning our facilities with local regulations, industry standards, and the expectations of our workforce.

## Asia

To implement and continuously improve the safety in our CN production facilities, our operational health and safety managers regularly conduct safety training on potential occupational hazards, hazardous factors in the

production process, preventive methods and the use of Personal Protection Equipment (PPE). Employees are free to report potential health and safety hazards and concerns to the Occupational Health & Safety (OH&S) Management Group.

## North America

Our US facilities use a Safety Management System to ensure the safety of employees, contractors and visitors. Through our Good Catch program, all employees are encouraged to capture and correct any environmental, health and safety (EHS) discrepancies as soon as they are found. Discrepancies added to an action item list that is reviewed weekly and monthly, ensuring issues are properly addressed and forwarded to the appropriate department managers. Risk and PPE assessments are completed annually and reviewed by the Safety Core Team.

Our employees know they have a voice when it comes to safety – they can approach the EHS Manager, Safety Core Team members and management with any EHS concerns. In fact, employee input has been instrumental in identifying and correcting several issues. All incidents, accidents, near misses and employee concerns are evaluated using Root Cause Analysis (RCA) and subsequently addressed using 5Y techniques to abate problems in the future.

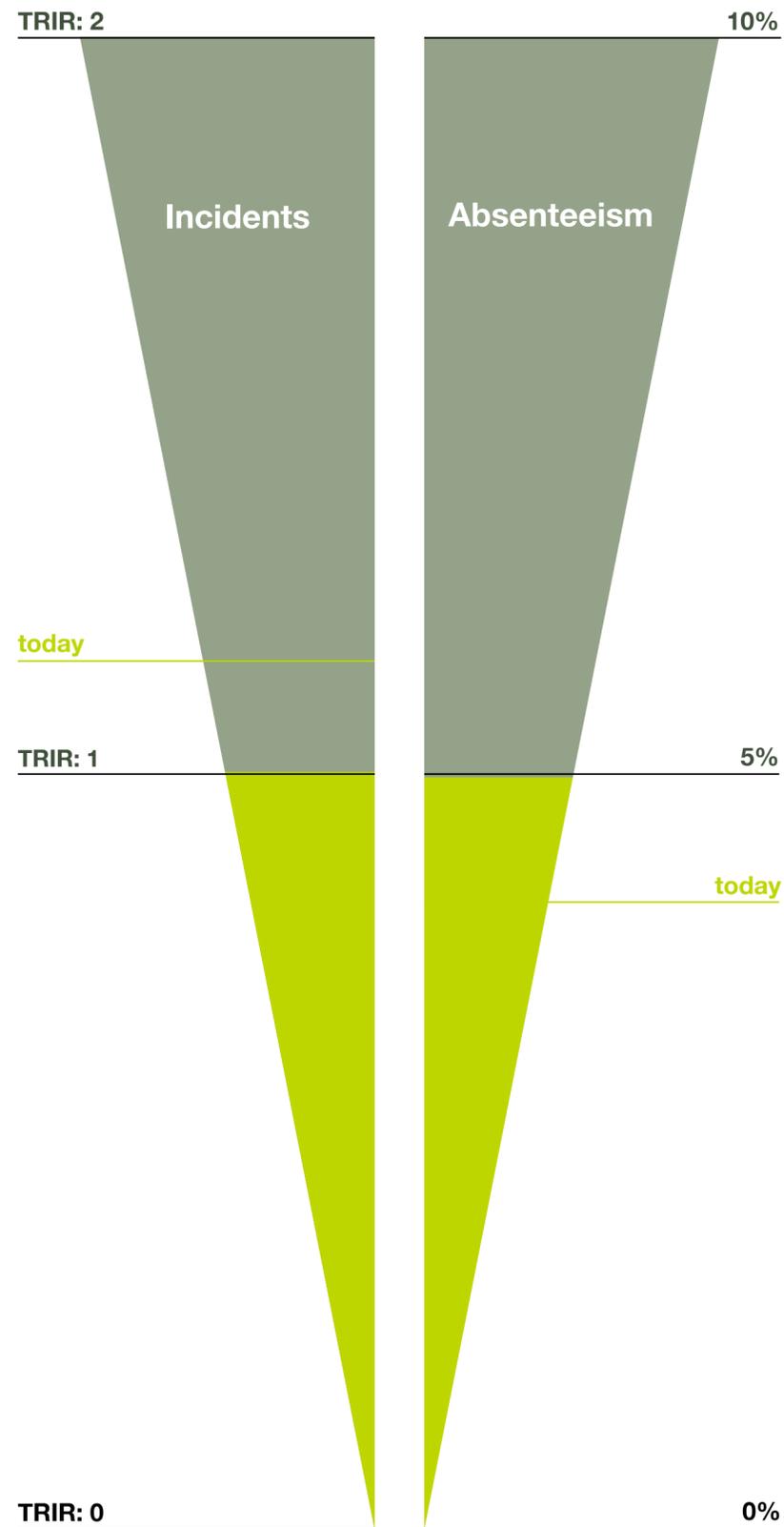
We prominently display our Key Performance Indicators (KPIs), One Point Lessons, Safety Alerts, RCAs and 5Y completions at our employee entrance to ensure employee awareness. We conduct monthly safety and compliance trainings for all production employees and circulate weekly 5-minute safety talks to each department supervisor to share at their pre-shift meetings. Furthermore, we ensure we have employees that are CPR certified and trained First Responders on every shift. »

- Introduction
- Company Profile
- Sustainable Strategy
- Better For The Planet
- Better For The People**
- Better For The Community
- Acknowledgements
- Appendices
- Global Reporting Initiative
- References

« **Total Recordable Incident rate (TRIR)**

As part of continual safety improvements, we actively encourage employees to report all accidents and incidents for investigation. We use a Heinrich Pyramid to show incidents, accidents and near misses on our EHS board. We also thoroughly track first aid injuries, lost time accidents (LTA's) and Non-lost time accidents, which we use to calculate our Total Recordable Incident Rate (TRIR).

A Total Recordable Incident Rate (TRIR) is metric created by the US Occupational Safety and Health Administration (OSHA) to track health and safety trends. TRIR is calculated by multiplying the annual number of recordable OSHA incidents by 200,000, then dividing the result by the total numbers of hours worked by all employees over the course of a year. In 2022, we decreased our global total recordable incident rate to **1.157**, as there were only 11 recordable first aid injuries in our factories and one health care incident. With our continual improvement and training efforts, we are aiming to keep the TRIR below a value of 1 as we are strive for zero work-related incidents in our factories.



**Absenteeism rate**

Employee absenteeism rates are an important indicator of the mental and physical health of our employees. Absenteeism can also indicate the quality and employee satisfaction with management, leadership, their work and their work environment. For this reason, we aim to keep our absenteeism rate below 5%. Absences include lost time due to illness, work-related injuries, maternity leave, marriage, bereavement, or unjustified absences and is calculated by dividing the annual number of absences by the number of workdays in a year and multiplying the result by 100. In 2022, our absenteeism rate was **4.17%**, which is within the limits we have set.

# Our Safety Measures: What's Next? >

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

**Better For The People**

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

By monitoring our absence rates and total number of recordable incidents over time, we hope to identify periods or areas where absenteeism and incidents are highest and gain insights for targeted interventions or improvement plans.

As we face climate crises, public health events and rising tensions around the world, our work environment is changing faster than ever. As a result, we must constantly adapt to shifting conditions in order to ensure the health and safety of our employees. We also must ensure our working conditions and approach adapts with the times. We plan to implement several mechanisms to accomplish this over the coming years.



Our actions we plan to take in the interim:

- > **Report on the intensity of work-related injuries**  
Develop reporting schemes to be able to analyze the severity of injuries in certain areas
- > **Set up of an Occupational Health & Safety working group**  
To be able to quickly react on work incidents, applying counter measures and adapt training materials
- > **Establish monthly safety talks**  
Of our factory workers to share concerns and talk about experiences they made outside the company
- > **Setup employee safety boards**  
To raise awareness of health and safety in all our facilities

Our actions we plan to take in the long term

- > **Development of an Employee Well-Being program**  
To support the physical and mental well-being of our employees and offer individual training programs



# Our Benefits: Today

---

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

■ **Better For The People**

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

Our comprehensive employee benefits packages are meticulously designed to prioritize the well-being and financial security of our team members.

## Asia

In China, all our employees are protected against sudden loss of income due to illness, accidents at work, marriage, maternity and bereavement leave. Moreover, employees receive overtime bonuses (1.5 times the standard wage) as well as bonuses for night shifts and work in high temperatures (2.0 times the standard wage) or during national holidays (3.0 times the standard wage). In addition, our factory workers in Zhenjiang are offered up to two hot meals a day in our own canteen.

Depending on the length of service, our employees also receive financial rewards and up to 15 additional vacation days per year.

## Europe

All employees in Europe are fully covered by health insurance and casualty insurance. We also contribute to a regular retirement plan, unemployment insurance and nursing care insurance. In addition, Novalis pays a voluntary subsidy for private pension plans and/ or life insurance. We encourage parents, both men and women, to embrace their parental responsibility, which includes up to 15 childcare days.

A home office agreement for 20% of the working hours is in place – staff members are fully reimbursed for commuting costs by public transportation systems. A corporate car is also available for private usage and offered to all managers who are travelling frequently to destinations not covered by public transportation. Novalis Europe encourages and supports the efforts of its employees to participate in advanced training courses.

## North America

In the US, our comprehensive health insurance coverage ensures that employees have access to quality medical care, promoting their overall health and wellness. The inclusion of a 401K retirement plan offers a valuable long-term financial planning tool, fostering financial stability in the future. Short and long-term disability options provide a safety net in unforeseen circumstances, assuring financial support during challenging times. Our vision and dental insurance plans contribute to holistic healthcare coverage, addressing both preventive and specialized needs. The benefits package extends to life and accidental death coverage, offering both basic and voluntary options for employees to tailor their coverage to their unique needs. Additionally, voluntary offerings such as critical illness & accident insurance, and hospital indemnity provide additional layers of financial protection. With our Employee Assistance Program, we go beyond traditional benefits, offering support for personal and professional challenges, reinforcing our commitment to the holistic well-being of our valued team.

# Our Benefits: What's Next? >

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

**Better For The People**

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

We know that a well-structured employee benefits package can lead to a more satisfied, engaged, and loyal workforce that is ultimately contributing to the success and sustainability of our company.

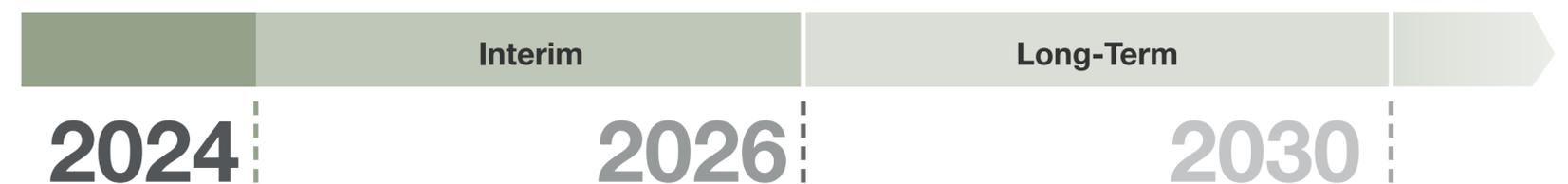
In most countries, there is a high demand for skilled workers. To attract and retain talent, as well as increase the overall morale and satisfaction of our workforce, we must do more than simply create a safe and healthy workplace. To compete, we must also provide comprehensive employee benefits packages that enable personal and professional development, provide financial security, reduce stress and improve the overall well-being of our employees.

The actions we plan to take in the interim:

- > **Professional Development**  
Encourage continuing education and personal growth by offering training programs and mentoring opportunities
- > **Implementation of drinking water dispensers**  
And providing reusable and dish-washer safe water bottles for our employees
- > **Development of a sustainable ideas management program**  
To reward employees for sharing ideas that boost our progress towards our sustainability goals

In the long term, we are working on:

- > **Improving our employee commute**  
By providing tools to organize and incentivize the use of car-pooling, public transport or using bicycles for daily commute



# Our Assurance: Today

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

## ■ Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References



In addition to training our employees, developing internal policies and providing benefits, we also regularly participate in social audits to demonstrate our commitment to operating ethically and responsibly.

In total, our factories undergo 27 independent external audits each year. One of the most recognized and comprehensive social audits we participated in was a SMETA audit, conducted in October 2020.

**SMETA** stands for **Sedex Members Ethical Trade Audit**, and is a widely recognized and standardized ethical audit methodology used to assess social and ethical performance in supply chains. Sedex (Supplier Ethical Data Exchange) is a membership organization that provides a

platform for companies to share and monitor ethical and responsible business practices within their supply chains.

Key features of the SMETA audit include:

### 1. Labor Standards

This aspect evaluates compliance with local and international labor laws, including working hours, wages, child labor, forced labor, and freedom of association.

### 2. Health and Safety

The audit evaluates workplace conditions to ensure the safety and well-being of workers, including an assessment of facilities, equipment, emergency procedures and training.

### 3. Environmental Impact

This element examines a company's environmental practices, such as waste management, resource use, emissions, and compliance with relevant environmental regulations.

### 4. Business Ethics

The Audit also examines the company's commitment to

ethical business practices, including anti-bribery and corruption measures, and the implementation of policies that promote fair and ethical behavior.

### 5. Management Systems

This element assesses the effectiveness of our management systems, including policies, procedures and records related to ethical trade and social responsibility.

In addition to the SMETA audit, we also conduct an annual audit according to the BSCI (Business Social Compliance Initiative) Code of Conduct, which provides a framework for companies to assess and monitor their social compliance and promote ethical and responsible business practices.

The BSCI Code of Conduct outlines the principles and standards that companies are expected to adhere to, in order to ensure fair and ethical treatment of workers throughout their supply chains. The BSCI Code covers various aspects of social responsibility, including labor rights, occupational health and safety, environmental protection, and business ethics.

# Our Assurance: What's Next? >

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

**Better For The People**

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

Social responsibility doesn't end at the factory gates. Upstream and downstream, there are many partner companies, suppliers, software providers and machine manufacturers in our value chain. Since we use these products, materials and services to produce and distribute our products worldwide, we must also take responsibility for the actions of our suppliers and ensure they are adhering to the same standards that we are. This is why we are developing our own Supplier Code of Conduct, which will be our main framework to assess our suppliers in the area of business ethics and standards, labor standards as well as health, safety, environment & product quality.

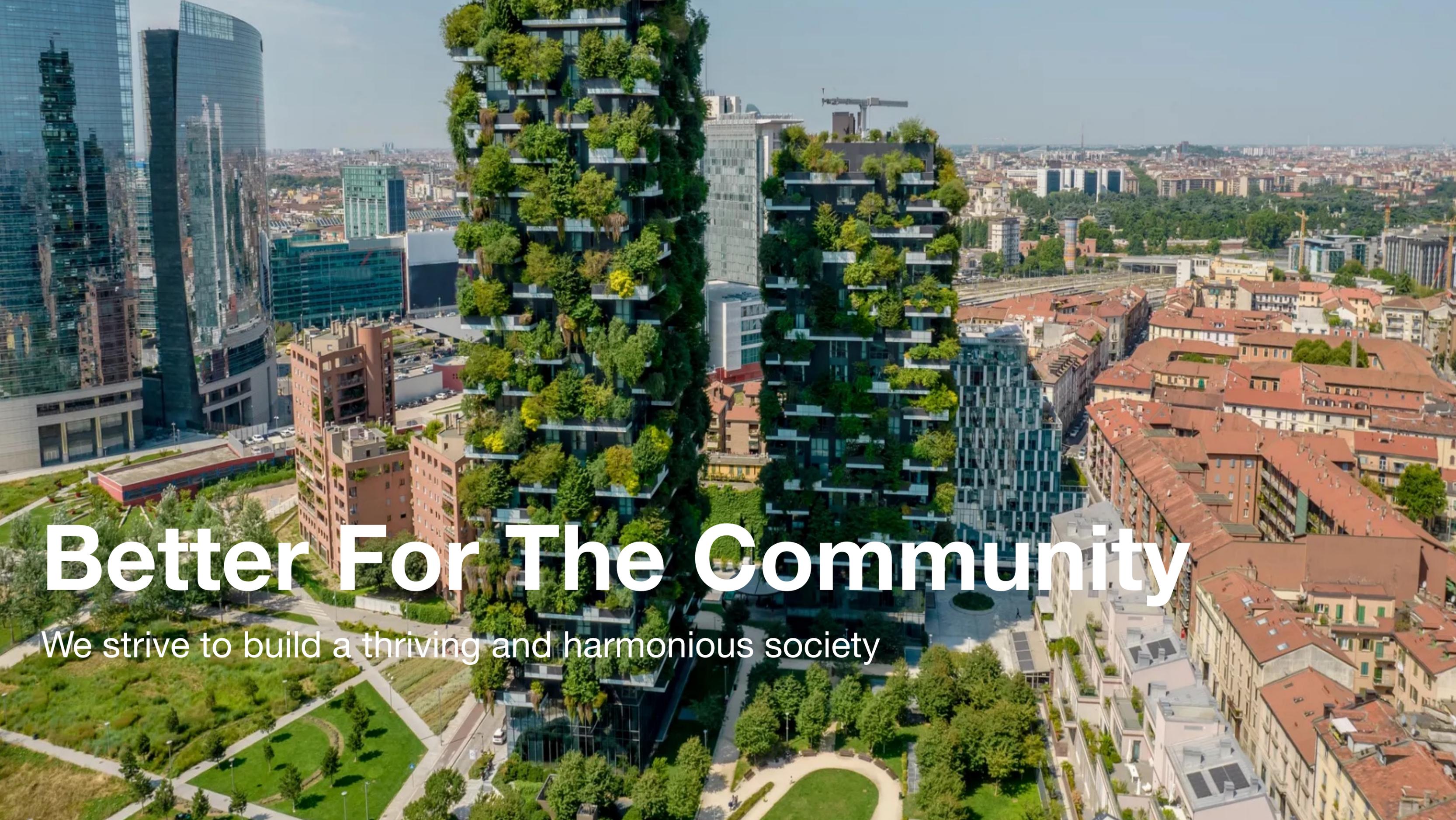
The actions we plan to take in the interim:

- ▶ **Introduction of the Novalis Supplier Code of Conduct**  
With the implementation of our supplier Code of Conduct, we extend our commitment to ethical and responsible business conduct to our suppliers
- ▶ **Development of supplier assessment schemes**  
To assess the social and environmental performance and responsibility of our suppliers
- ▶ **Renewal of SMETA audit in 2024**  
To renew our commitment to ethical and responsible business conduct

In the long term, we are working on:

- ▶ **Development of a supplier compliance exchange platform**  
To exchange information about social and environmental impact of our suppliers and partners, and give our customers transparent information about compliance with internal and international standards and regulations





# Better For The Community

We strive to build a thriving and harmonious society

# How To Create A Better Community

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

**Better For The Community**

Acknowledgements

Appendices

Global Reporting Initiative

References



## 100% safe and healthy products

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



## Establish long-term local partnerships

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



## Source materials responsibly

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



## Increased community engagement

- › Donations and contributions to the community
- › Charitable actions

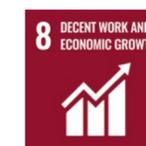


## Meaningful education

- › Speaking at international events to share our knowledge and solutions

With the implementation of these goals, we are also contributing to following

### UN Sustainable Development Goals:



# Our Customers: Today

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

**Better For The Community**

Acknowledgements

Appendices

Global Reporting Initiative

References

## Safe Products

Novalis prides itself on achieving a wide variety of third-party product certifications, which independently confirm our commitment to product safety, quality assurance, transparency and environmental responsibility.

Novalis products are constantly tested for over 200 different hazardous chemicals and chemical groups. Our products have been independently verified to qualify for the most stringent VOC emissions certifications and Indoor air requirements worldwide and will not negatively impact the health of our customers. UL GREENGUARD Gold and SCS Global FloorScore are two of the most prominent VOC Emissions certifications, which we offer for all of our products. In Europe, we also have the TÜV Proficert and Eu-rofins Indoor Air Comfort Gold certifications, which cover most of the country-specific certifications for indoor air quality and product safety.



Furthermore, we are proud to offer product-specific and localized Environmental Product Declarations (EPDs) for the majority of our products manufactured in our Chinese facilities. These EPDs provide information on the environmental performance and impact of our products, including carbon footprint, freshwater use or acidification potential, to name a few.

In addition, we provide ILFI Declare Labels and Health Product Declarations (HPDs) for all of our products with a full disclosure of all ingredients, including CAS numbers and their potential for harm.

All products from our China facilities are being produced according to the highest international standards, such as ISO 9001, ISO 14001 and ISO 45001.

With these certifications, our products are also contributing to the Green Building Standards such as:

- WELL
- LEED
- BREEAM
- Living Building Challenge (ILF)
- DGNB (German Green Building Council)

# Our Customers: Today

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

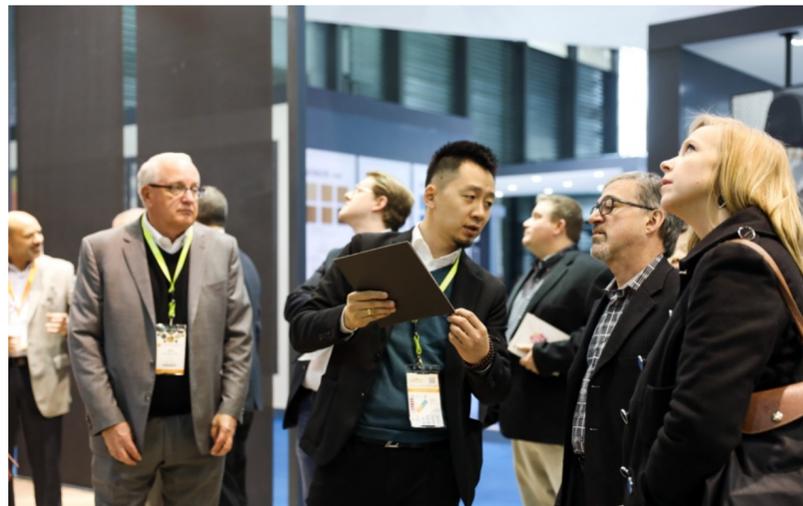
**Better For The Community**

Acknowledgements

Appendices

Global Reporting Initiative

References



## Digital Product Passport

When it comes customer health and safety, it is also crucial to have reliable and transparent information about the product and its environmental impacts available throughout its entire lifecycle.

We believe that one of the most important tools to establish a circular economy for our flooring products is our Digital Product Passport. Every piece of flooring that is produced in our Chinese production facilities can be marked with a QR-code on the back, which is readable with a normal smartphone or tablet camera.



The Digital Product Passport not only contains important product, environmental and end-of-life information, but also a full ingredients list down to 100ppm by weight. Our software solution, developed with 3E Exchange, automatically checks our products against nearly 120 different chemical restriction lists, including the European Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) list or California's Proposition 65. The software also notifies us in advance if a chemical used in our products is added to any of these in order to react properly and find alternatives.

Additionally, the product passport contains up-to-date product certificates, installation instructions, maintenance information and warranties, all of which is publicly accessible by anyone.

By physically imprinting our products with a QR code, we ensure that this important information is never lost and travels with the product throughout its entire lifecycle. Our product passport solution already exceeds the known requirements of the upcoming European Union (EU) Ecodesign for Sustainable Products Regulation (ES-PR), which will make Digital Product Passports a regulatory requirement by mid 2024.

Furthermore, we are leading a working group on the development of a common Digital Product Passport within the European Modular Multi-Layer Flooring Association (MMFA), which will enable us to create an industry-wide recycling system.

# Our Customers: What's Next? >

- Introduction
- Company Profile
- Sustainable Strategy
- Better For The Planet
- Better For The People
- Better For The Community**
- Acknowledgements
- Appendices
- Global Reporting Initiative
- References

Science teaches us that a theory is only valid if nobody can refute it. When the REACH regulation entered into force in 2007, there were only 15 chemicals on the restriction list. Today, the list includes over 230 chemicals, known as substances of very high concern (SVHC). What's more, the European Union is considering an additional 1,400 potentially harmful chemicals for assessment by the European Chemical Agency (ECHA). As science suggests, what we know and report now is just a snapshot of our current reality, based on our available knowledge and experience. We anticipate that product standards and the perception of customers will change over time. This is why we need automated transparency tools to continually improve our products and ensure they contribute to the health and safety of our customers, our installers and our community.

The actions we plan to take in the interim:

- > **EPDs for all of our own products**  
Performing Life Cycle Assessments (LCAs) on all of our own products is a key element to designing products that are safe to use, long lasting, and have a low environmental impact
- > **All our own products are equipped with a DPP**  
Starting in 2024, all China-made AVA products will be equipped with a QR-Code on the backside
- > **Introduction of an ingredients disclosure policy**  
For all our material suppliers to have reliable, first-hand information about the origin and impact of our ingredients

In the long term, we are working on:

- > **Apply for ISO certifications in all our production facilities**  
To uphold the highest standards in product health and safety
- > **Digital Product Passports as the key element to establish a circular economy**  
By equipping every product with a QR-code that links to a Digital Product Passport, we can ensure that crucial product information is never lost



# Our Contributions: Today

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

**Better For The Community**

Acknowledgements

Appendices

Global Reporting Initiative

References

While making our products and production processes more sustainable is important to our holistic approach to sustainability, it is also crucial that the working and living environment of our employees, their families and society is equitable, fair and just. Novalis has been committed to charitable projects all over the world, including projects that promote culture, support self-help organizations, preserve nature and provide disaster relief. Many of these initiatives are motivated by our employees, their families and our local communities. All these wonderful projects help to make all our lives better, and our personal connections to these projects helps us to monitor the effect of our projects. The following are some highlights of our contributions in 2022.



## Novalis Cares Day

In 2019, Novalis took part in a meaningful initiative known as Novalis Cares Day, where we extended our support to the less privileged by donating flooring to an orphan house and a primary school in rural China. This act of kindness was driven by our commitment to making a positive impact on communities in need. The donation aimed not only to provide a more comfortable and hygienic environment for the children, but also to contribute to their overall well-being. Novalis Cares Day exemplified our belief in the transformative power of small actions, reflecting the core values that define our company's commitment to social responsibility and making a difference in the lives of those less fortunate.



## H-Boat Sponsorship

During the world Championship in Warnemünde, Novalis supported a wild card Junior team by covering travel expenses and accommodations. These juniors would otherwise never have the chance to experience this high-level competition at such a young age. Sailing is a parable for life: you can't work against nature – you can only achieve your goals with the help of the wind. Without the help of an engine, you must constantly adjust your course to reach the finish line. Novalis supports sailing because it is a competition under ideal conditions: equal resources, equal conditions, team spirit – the best should win.



# Our Contributions: Today

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

**Better For The Community**

Acknowledgements

Appendices

Global Reporting Initiative

References



## « Help for flooded Ahrtal region

In the Summer of 2021, a picturesque German valley near the Ahr river was hit by severe flooding after 24 hours of heavy rain. The water level was about nine meter above the normal water level.

After the initial clean up, the Novalis team helped build an inter-industrial initiative to donate all kind of floors. Novalis provided two full containers of flooring to the devastated area, which enabled people to return to their homes and some semblance of normalcy in 2022. The rebuilding is not finished yet, but Novalis will continue to support the Ahrtal region in their recovery.



## Baumpate Program Jordan

In 2022, Novalis joined the Baumpate (Tree Sponsor) sustainability program initiated by our German partner Jordan. So far, we have donated thousands of diverse species of trees, including Oak, Beech, Douglas Fir, Sycamore, and Coastal Fir.

The goal is to revitalize forests in Central Europe that have been shrinking, due climate change driven natural disasters and insect infestation. Additionally, replenishing trees will help retain the biodiversity of the forest in Germany's Northern Hesse region.



## Annual Quniton Memorial Christmas Giving

Each year, Novalis employees in the US showcase their community spirit by gifting Christmas presents to residents at Quinton Memorial Health and Rehabilitation in Dalton, GA. This institution specializes in providing care for patients dealing with complex health issues, including tailored services like post-surgical care and rehabilitation. This heartfelt initiative underscores Novalis' dedication to bringing joy and making a positive impact on the lives of individuals navigating health challenges during the holiday season. »

# Our Contributions: Today

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

**Better For The Community**

Acknowledgements

Appendices

Global Reporting Initiative

References



## « Reach Out Worldwide

At Novalis, our commitment to social engagement is exemplified through our partnership with Reach Out World Wide (ROWW). ROWW, founded by the late Paul Walker, is a nonprofit organization that swiftly responds to natural disasters and crises, providing on-the-ground assistance to affected communities. Novalis is proud to be one of the active members in this organization. We have donated flooring and assisted with installation on various occasions. This collaboration exemplifies our collective effort to provide a helping hand to communities facing challenges worldwide.



## Charity Golf Tournaments

Novalis also donated to, and participated in, several golf charity tournaments across the US in 2022. For example, we contributed to the Floor Covering Industry Foundation's Alan Greenberg Charity Golf Tournament at Barnsley Gardens in Adairsville, GA. This year's tournament raised \$130,000 to provide financial support to those who are or have been affiliated with the floor covering industry and are experiencing a catastrophic illnesses, severe disabilities, or other life-altering hardships.



## Swing for Charity

Novalis, a proud sponsor of the “Swing for Charity” event, stands firmly committed to social responsibility and community well-being. In collaboration with Lowe’s and Sleep in Heavenly Peace (SHP), this annual initiative strives to build and deliver more than 7,500 bunk beds to children and families facing need. Beyond addressing childhood bedlessness, this collaboration exemplifies Novalis’ dedication to making a meaningful impact and fostering positive change in the lives of those in underserved communities.

# Our Contributions: What's Next? >

- Introduction
- Company Profile
- Sustainable Strategy
- Better For The Planet
- Better For The People
- Better For The Community**
- Acknowledgements
- Appendices
- Global Reporting Initiative
- References

As we look ahead, we recognize that the power to shape a better tomorrow lies in our commitment to creating positive societal impact through strategic philanthropy.

Novalis' future contributions will be strategically aligned with key areas where we believe we can drive significant positive change. Whether it's education, environmental sustainability, community development, or healthcare, we're committed to addressing the pressing needs of our communities.

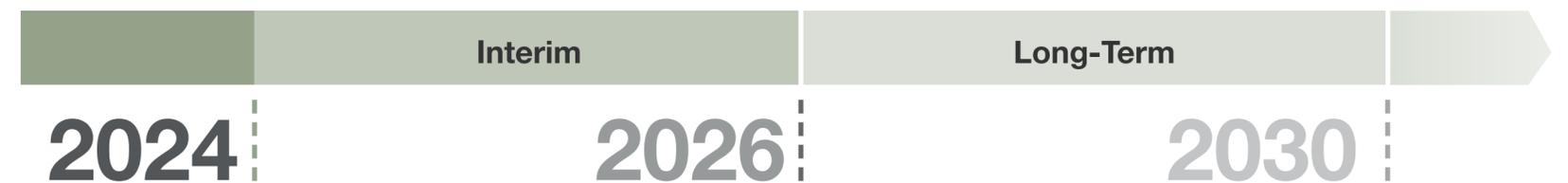
We aspire to leave an indelible mark on society, shaping a tomorrow that is brighter, more inclusive, and filled with opportunities for all. Together, we are not just building a successful company; we are contributing to a better world.

The actions we plan to take in the interim:

- > **Revive Novalis Child Care Day**  
Due to COVID, we had to pause our Novalis Child Care Day in China. However, in 2024, we are planning to relaunch the event to provide meaningful support to children in need
- > **Continued Sponsorship of H-Boat Championship**  
We also want to support young external talents to gain experiences, achieve their goals and leverage their skills
- > **Expand Employee Volunteerism**  
In their respective community to make positive contributions in the areas they live

In the long term, we are working on:

- > **Development of an impact map**  
To gauge the environmental and social impact of our company and make meaningful contributions in areas where we are active and drive positive change



# Our Engagement: Today

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

## ■ Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

Safe and environmentally friendly products require a regulatory environment that sets ambitious but feasible targets. These goals must take into account local, national and international regulations and technically feasible solutions. In this context, it makes sense for manufacturers, suppliers and research institutes to work together to create an environment for appealing, technically safe and environmentally friendly products. Whether it's on the board or within working groups, Novalis employees have been actively involved in both the European

Modular Multilayer Flooring Association (MMFA) and the North American Resilient Floor Covering Institute (RFCI). Through these associations, we are working with other industry advocates to develop take-back and recycling systems for post-consumer and post-installation waste in Europe and North America. We hope the industry can establish uniform high product standards for recycling, in order to enable manufacturers to use products made by other manufacturers as raw materials in production.

Another focus is the development of a Digital Product Passport (DPP) to provide architects, installers, consumers and, eventually, industrial recyclers with all the necessary product and ingredient information. Ideally, the data from DPPs can be transferred into Building Information Modeling (BIM) systems and are available for the lifetime of the building. Novalis will continue to work to ensure product transparency on the broadest possible level.



# Our Engagement: What's Next? >

- Introduction
- Company Profile
- Sustainable Strategy
- Better For The Planet
- Better For The People
- Better For The Community**
- Acknowledgements
- Appendices
- Global Reporting Initiative
- References

Through our engagement and participation in industry-wide associations and presentations at national and international events, we are aiming to share our knowledge with like-minded people around the globe to create shared value and boost our transition to a more sustainable world for everyone.

The actions we plan to take in the interim:

- > **Develop take-back programs for pre-consumer waste**  
Installation waste that usually ends up on landfill or in incineration can be used again almost eternally. By partnering up with recyclers and customers, we aspire to divert this waste from landfill
- > **Developing the Standard for DPPs**  
By defining harmonized standards for the content of Digital Product Passports for floor covering products by engaging in standardization organizations and associations
- > **Redesign our pallets with our customers**  
Replace our one-way plywood pallets by alternative pallets that are reusable by our customers and recyclable

In the long term, we are working on:

- > **Develop an Industry-Wide Recycling Program**  
With our engagement in associations and close collaboration with industry partners, we strive to create a true circular economy for our products, including Digital Product Passports and the development of take-back and recycling schemes
- > **Continue to Provide Educational Resources**  
Speaking at international events to educate industry partners, customers, architects and flooring installers about our experiences and share our knowledge to make our world a little better every day





# Acknowledgements

We are deeply grateful for collaborative efforts and dedication

# Acknowledgements: To Our Team & Partners

---

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

■ **Acknowledgements**

Appendices

Global Reporting Initiative

References

We extend our deepest gratitude and appreciation to the remarkable team and invaluable partners who have played an instrumental role in the creation of this sustainability report. Their dedication, unwavering commitment, and collaborative efforts have been pivotal in crafting a comprehensive and insightful document that reflects our collective pursuit of a sustainable future. From the tireless work in data collection and analysis to the innovative ideas and strategic input, each individual and partner organization has brought unique expertise and passion to the table, enriching the depth and quality of this report. Together, we have taken significant strides in our sustainability journey, and it is with immense gratitude that we acknowledge and celebrate the invaluable contributions of our team and partners.



# References



# Appendices | Targets And Results: Better For The Planet

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

**Appendices**

Global Reporting Initiative

References

Category	KPI	2019 results	2022 results	Goal 2030	Goal 2040
<b>Scope 1 Emission</b>	mtCO <sub>2</sub> eq.	9.95 mtCO <sub>2</sub> eq.	8.96 mtCO <sub>2</sub> eq.	Reduce scope 1 emissions by 50%	NVS to become carbon negative by 2040
<b>Scope 2 Emission</b>	mtCO <sub>2</sub> eq.	25.88 mtCO <sub>2</sub> eq.	22.22 mtCO <sub>2</sub> eq.	Reduce scope 2 emissions by 50%	
<b>Scope 3 Emission</b>	mtCO <sub>2</sub> eq.	Did not account scope 3 emissions in 2023	Start collecting data in 2024	Reduce scope 3 emissions by 30%	
<b>Carbon Footprint of Products</b>	kgCO <sub>2</sub> eq/ ton finished goods	231.52 kgCO <sub>2</sub> eq/ton (Scope 1+2)	201.63 kgCO <sub>2</sub> eq/ton (Scope 1+2)	Reduce carbon footprint of products by 30% (Scope 1-3)	All products to become carbon negative by 2040
<b>Renewable energy</b>	Renewable Energy in %	On-site solar: 3.49% (13,066 GJ)	On-Site Solar: 3.73% (12,981 GJ)	Use of 60% renewable energy worldwide	100% renewable energy (where possible)
<b>Energy intensity</b>	Gigajoule/ton finished goods	2.42 GJ/ ton	2.25 GJ/ton	20% less energy consumption	30% less energy consumption
<b>Water intensity</b>	Gallons/ ton finished goods	290.86 Gallons/ton	250.40 Gallons/short ton	30% less water/ ton	50% less water/ ton
<b>Waste-to-landfill intensity</b>	Waste-to-landfill ratio	No data	DCR: 6.72% to landfill or incineration NIC: started to collect data	max. 2% waste to landfill or incineration	0% waste to landfill
<b>Absolute waste production</b>	Amount of arising waste in tons	No data	Started waste assessment and waste diversion project in our US facility	30% reduction of absolute waste from our operations	50% reduction of absolute waste from our operations
<b>Recycled &amp; bio-based content</b>	Average percentage of recycled & bio-based content in products	Content: Post-industrial: 11.98%: Post-installation: 0% Post-consumer: 0% Bio-based: no data	Content: Post-industrial: 13.16%: Post-installation: 0% Post-consumer: 0% Bio-based: no data	30% recycled and bio-based content	> 50% recycled and bio-based content
<b>Recycling and Reuse</b>	% reused, repurposed or recycled products	No data	» Materials Management page	All of our products are designed according to cradle-to-cradle principles	50% of products are reused, recycled or repurposed

# Appendices | Targets And Results: Better For The People

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

■ **Appendices**

Global Reporting Initiative

References

Category	KPI	2019 results	2022 results	Goal 2030	Goal 2040
<b>Total reportable incident rate</b>	Number of injuries x 200,000 / Employee hours worked	No data	TRIR 1.15	TRIR <1	TRIR <1
<b>Staff training</b>	Average hours of training per employee	No data	Start collecting data in 2024	To be determined in 2023	To be determined in 2023
<b>Absenteeism rate</b>	Hours of employees absent/ total hours worked	No data	China: 4.58% US: no data EU: no data	Absentism rate <5%	Absentism rate <3%
<b>Staff turnover</b>	Turnover of average employees/ year	No data	Start collecting data in 2024	Staff Turnover <10%	Staff Turnover <10%
<b>Child &amp; Forced Labour</b>	No forced and child labor in our value chain	Zero tolerance policy for child or forced labor	Conducted a Social Assessment in our own operations in Zhenjiang	No child or forced labor along the entire value chain, from extraction of raw materials to end-of-life	
<b>Commute</b>	Carbon footprint for commute	No data	Developed data collection scheme, start collecting data in 2024	Reduction by 20%	
<b>Diversity</b>	Our workforce is mirrors the diversity of the surrounding community	No data	» Our Workforce	Representative diverse workforce	
<b>Customer Health &amp; Safety</b>	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
<b>Digital Product Passports</b>	Percentage of own products equipped with DPPs	No DPPs developed yet	80% of AVA branded products are equipped with a DPP	100% of our products are equipped with a Digital Product Passport	

# Appendices | Targets And Results: Better For Our Community

- Introduction
- Company Profile
- Sustainable Strategy
- Better For The Planet
- Better For The People
- Better For The Community
- Acknowledgements
- Appendices**
- Global Reporting Initiative
- References

Category	KPI	2019 results	2022 results	Goal 2030	Goal 2040
<b>Charity</b>	Charitable actions per year	No data	US: 5 events Europe: 2 events Asia: no events Total: 7 events	To be determined in 2023	To be determined in 2023
<b>Charitable Donations</b>	Donations of NVS and its associates per year	No data	US: \$20,000 Europe: \$25,294.62 Asia: no data Total: \$45,294.62	To be determined in 2023	To be determined in 2023
<b>Volunteering</b>	Annual voluntary working hours of our employees	No data	No data	To be determined in 2023	To be determined in 2023
<b>Education</b>	Meaningful education. And collaboration to create shared value	» Our Engagement	» Our Engagement	To be determined in 2023	To be determined in 2023

# Appendices | Legal Entities Novalis Group

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

## ■ Appendices

Global Reporting Initiative

References

Legal Name	Trading Name	Nature of ownership	Legal Form	Street	Zip Code	City	State	Country	Facility Type
Novalis US LLC	Novalis Innovative Flooring	Privately owned	Sole proprietorship	200 Munekata Dr SE Dalton	30721	Dalton	Georgia	United States	Factory
Novalis Global Flooring GmbH	Novalis Innovative Flooring	Privately owned	Partnership	Spichernstrasse 73	50672	Cologne	North Rhine-Westphalia	Germany	Office
Decoria Materials (Jiangsu) Co., Ltd.	Novalis Innovative Flooring	Privately owned	Incorporated entity	GuangYuan Road, Dantu Industrial Park	212000	Zhenjiang	JiangSu Province	P.R. China	Factory
Novalis International 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 International 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 International Ltd.	Novalis Innovative Flooring	Privately owned	Sole proprietorship	55 West Beaver Creek Road, Unit 29	L4B 1K5	Richmond Hill	Ontario	Canada	Office
Novalis US LLC	Novalis Innovative Flooring	Privately owned	Sole proprietorship	103 Enterprise Dr	30701	Calhoun	Georgia	United States	Warehouse

# Appendices | Global Reporting Initiative: General Disclosures

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

**Appendices**

Global Reporting Initiative

References

Disclosure Number	Disclosure Title	Response
GRI 1-2	Organizational Details	Novalis International Ltd.
GRI 2-2	Entities included in the organization's sustainability reporting	» Legal Entities Novalis Group
GRI 3-2	Reporting period, frequency and contact	» About the Report
GRI 4-2	Restatements of information	
GRI 5-2	External assurance	No external assurance in 2022
GRI 6-2	Activities, value chain and other business relationships	ISIC 2220 – Manufacture of plastics products » Our Value Chain
GRI 7-2	Employees	» Our Workforce
GRI 8-2	Workers who are not employees	
GRI 9-2	Governance structure and composition	» Our Management
GRI 10-2	Nomination and selection of the highest governance body	No procedure in place
GRI 11-2	Chair of the highest governance body	
GRI 12-2	Role of the highest governance body in overseeing the management of impacts	Chair of highest governance body: John Wu (CEO) and CC Wu (COO), conflicts of interests are mitigated though steering committees with empowerment of decisionmaking
GRI 13-2	Delegation of responsibility for managing impacts	
GRI 14-2	Role of the highest governance body in sustainability reporting	Weekly exchange of information in » Sustainability Committee
GRI 15-2	Conflicts of interest	no procedure in place
GRI 16-2	Communication of critical concerns	Employees are able to report critical concerns without any personal disadvantages. Furthermore, we are working on an anonymous reporting system for our employees and stakeholders
GRI 17-2	Collective knowledge of the highest governance body	Sustainability Committee? Weekly exchange of information
GRI 18-2	Evaluation of the performance of the highest governance body	No procedure in place
GRI 19-2	Remuneration policies	» Our Workforce
GRI 20-2	Process to determine remuneration	No procedure in place
GRI 21-2	Annual total compensation ratio	» Our Workforce

# Appendices | Global Reporting Initiative: General Disclosures

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

## ■ Appendices

Global Reporting Initiative

References

Disclosure Number	Disclosure Title	Response
GRI 22-2	Statement on sustainable development	<ul style="list-style-type: none"> <li>» A letter from the CEO</li> <li>» Our Sustainable Strategy</li> </ul>
GRI 23-2	Policy commitments	Novalis has a couple of different policies in place that, among other things, covers the rights and remuneration of our employees, the offered benefits, our occupational health and safety procedures, etc.. Furthermore, we implemented a supplier Code of Conduct as well as an ingredients disclosure policy to also ensure ethical and responsible business conduct in our value chain
GRI 24-2	Embedding policy commitments	Policies are developed by the management board and are being implemented by the responsible department. In addition, our workers receive regular training to raise awareness about these policies and also implement them in their daily work
GRI 25-2	Processes to remediate negative impacts	Stakeholders can raise concerns about potential or actual negative impacts on them anonymously via <a href="mailto:sustainability@novalis-intl.com">sustainability@novalis-intl.com</a>
GRI 26-2	Mechanisms for seeking advice and raising concerns	With our about 30 different external audits per year, we proof that we are compliant to the applicable human rights and labor standards as well as safety and quality standards.
GRI 27-2	Compliance with laws and regulations	In 2022 there were no incidents of noncompliance with local laws and regulations at our locations
GRI 28-2	Membership associations	
GRI 29-2	Approach to stakeholder engagement	» Our Engagement
GRI 30-2	Collective bargaining agreements	» Our Workforce

# Global Reporting Initiative: Material Topics

- Introduction
- Company Profile
- Sustainable Strategy
- Better For The Planet
- Better For The People
- Better For The Community
- Acknowledgements
- Appendices
- Global Reporting Initiative**
- References

Disclosure Number	Disclosure Title	Response
GRI 1-3	Process to determine material topics	
GRI 2-3	List of material topics	» What Matters To Us?
GRI 3-3	Management of material topics	
SASB CG-BF250-a.2	Products meeting volatile organic compound (VOC) emissions and content standards	» Our Customers
SASB CG-BF410-a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	» Materials Management
GRI 2-306	Management of significant waste-related impacts	» Our Waste Management
GRI 1-403	Occupational health and safety management system	
GRI 2-403	Hazard identification, risk assessment, and incident investigation	
GRI 3-403	Occupational health services	
GRI 4-403	Worker participation, consultation, and communication on occupational health and safety	» Our Workforce
GRI 5-403	Worker training on occupational health and safety	
GRI 8-403	Workers covered by an occupational health and safety management system	
GRI 9-403	Work-related injuries	
GRI 1-407	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 1-408	Operations and suppliers at significant risk for incidents of child labor	» Our Assurance
GRI 1-409	Operations and suppliers at significant risk for incidents of forced or compulsory labor	» Our Assurance
GRI 1-302	Energy consumption within the organization	
SASB CG-BF130-a.1		» Our Energy Usage
GRI 3-302	Energy intensity	
GRI 4-302	Reduction of energy consumption	
GRI 1-305	Direct (Scope 1) GHG emissions	» Our Emissions

# Global Reporting Initiative: Material Topics

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

**Global Reporting Initiative**

References

Disclosure Number	Disclosure Title	Response
GRI 2-305	Energy indirect (Scope 2) GHG emissions	» Our Emissions
GRI 3-305	Gross other indirect (Scope 3) emissions	
GRI 4-305	GHG emissions intensity	
GRI 5-305	Reduction of GHG emissions	» Our Benefits
GRI 6-403	Promotion of worker health	
GRI 2-416	Incidents of non-compliance concerning the health and safety impacts of products and services	» Our Customers
SASB CG-BF250-a.1		» Materials Management
GRI 2-205	Communication and training about anti-corruption policies and procedures	» Our Assurance
GRI 2-301	Recycled input materials used	» Our Waste management
GRI 3-301	Reclaimed products and their packaging materials	» Materials Management
SASB CG-BF410-a.2		
GRI 1-303	Interactions with water as a shared resource	» Our Water Management
GRI 2-303	Management of water discharge-related impacts	
GRI 3-303	Water withdrawal	No data for 2022
GRI 5-303	Water consumption	» Our Water Management
GRI 1-405	Diversity of governance bodies and employees	» Our Decision Makers
GRI 2-405	Ratio of basic salary and remuneration of women to men	» Our Workforce
GRI 1-304	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not included in 2022
GRI 2-304	Significant impacts of activities, products, and services on biodiversity	Not included in 2022

# Global Reporting Initiative: Material Topics

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

**Global Reporting Initiative**

References

Disclosure Number	Disclosure Title	Response
GRI 1-413	Operations with local community engagement, impact assessments, and development programs	» Our Engagement
GRI 4-306	Waste diverted from disposal	» Our Waste management
GRI 5-306	Waste directed to disposal	
GRI 1-307	Non-compliance with environmental laws and regulations	In 2022, there were no incidents of non-compliance with environmental or social laws in our own operations
GRI 1-419	Non-compliance with social laws and regulations	
GRI 1-308	New suppliers that were screened using environmental criteria	All our suppliers are comprehensively evaluated and screened on the basis of our Supplier Code of Conduct. New suppliers are assessed accordingly
GRI 1-414	New suppliers that were screened using social criteria	
GRI 2-401	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Manuals

# References: Images & Citations

## IMAGES

### PAGE

- [1] Novalis. H-boat International, German Championship. Müggelsee, Berlin. 2023
- [2] Novalis. H-Boat International, German Championship. Müggelsee, Berlin. 2023
- [3] Novalis. Portrait of Novalis CEO John Wu. Shanghai. 2023
- [4] Novalis. Factory worker of quality control. Zhenjiang, China. 2022
- [8] Novalis. Novalis H-Boat during Lake Garda Regatta. 2021
- [12] Novalis. Residential project from a Dutch customer. 2021. Netherlands.
- [12] Novalis. Asia-Pacific's first-ever WELL Certified project – GTB Shanghai. finished in 2019.
- [12] Novalis. A hotel project from a Dutch customer. 2022. Netherlands.
- [12] Novalis. A primary school project. Shanghai, China. 2023
- [12] Novalis. A hotel lobby project by a South African customer. Cape Town. 2022
- [12] Novalis. A clinic design concept. Cologne. 202
- [13] Kalashnikova, A. Wind turbine surrounded by grass. 2018. Available online: <https://unsplash.com/photos/wind-turbine-surrounded-by-grass-WYGhTLym344>
- [14] Novalis. A portrait of Joost Luhmann, Novalis Sustainability Manager Europe. Kortrijk, Belgium 2023
- [16] Marion. Desert drought. 2018. Available online: <https://pixabay.com/photos/desert-drought-dehydrated-arid-279862/>
- [16] Stocksnap. Silhouette of a woman in the field at sunset Available online: <https://pixabay.com/photos/nature-horizon-plant-sky-cloud-2597056/>
- [16] Skreidzeleu, A. Favelas in the city if Rio de Janeiro. Available online: [https://www.canva.com/photos/MAEGn4\\_EPWI/](https://www.canva.com/photos/MAEGn4_EPWI/)
- [17] Lutz, W. Tree with mountain background. 2015. Available online: <https://unsplash.com/photos/tree-with-mountain-background-DnxzJlBoKlo>
- [17] Tobi. Woman carrying brown leather bag on grass field. Available online: <https://www.canva.com/photos/MADGyBfDUdU/>
- [17] Venclova, A. Aerial view of Vertical forest (Bosco Verticale) building in Milan. 2021. Available Online: <https://www.shutterstock.com/image-photo/milan-italy-07-26-2021-aerial-2050475666>

### PAGE

- [19] Lutz, W. Tree with mountain background. 2015. Available online: <https://unsplash.com/photos/tree-with-mountain-background-DnxzJlBoKlo>
- [23] Burival, Z. Blue solar panel. board. 2018. Available online: <https://unsplash.com/photos/blue-solar-panel-boards-V4ZYJZJ3W4M>
- [26] Suratia, S. A train traveling over a bridge next to a forest. USA. 2021. Available online: <https://unsplash.com/photos/a-train-traveling-over-a-bridge-next-to-a-forest-pzswjpvCkKw4>
- [27] Novalis. Basin with water fountain at our Zhenjiang factory, Zhenjiang, China. 2019
- [29] Banik, V. Zeitraffer des Wassers. 2018. Available Online: <https://unsplash.com/de/fotos/zeitraffer-des-wassers-JdMihDkP-vc>
- [30] Novalis. Photo of Huib van Gulik (CEO, vinylrecycling.com) and Joost Luhmann (Sustainability Manager, Novalis). Lelystad, Netherlands. 2023
- [31] Novalis. Factory recycling collecting station. Zhenjiang, China. 2022
- [32] Novalis. Mono-polymer flooring with PVC Padding. Cologne, Germany. 2023
- [35] Tobi. Woman carrying brown leather bag on grass field. Available online: <https://www.canva.com/photos/MADGyBfDUdU/>
- [38] Novalis. International employees gathered at Novalis Bau exhibition booth. Munich, Germany 2023
- [39] Krakenimages, Arms holding. Available online: <https://eurogeosurveys.org/impact/goals/>
- [43] Sincerely Media, IPI at Dataharvest. Mechelen, Belgium. 2022 Available online: <https://ipi.media/events/ipi-at-dataharvest-2022/>
- [46] CDC. Person holding clear glass bottle. 2020. Available online: <https://unsplash.com/photos/person-holding-clear-glass-bottle-wCo9UwZEa18>
- [48] Venclova, A. Aerial view of Vertical forest (Bosco Verticale) building in Milan. 2021. Available Online: <https://www.shutterstock.com/image-photo/milan-italy-07-26-2021-aerial-2050475666>
- [51] Novalis. Conversation at Domotex exhibition booth. Shanghai China. 2019
- [51] Novalis. Digital Product Passport QR code on different substrates (IXPE – top left, Cork – top left, Regular LVT – underneath). Cologne, Germany. 2023
- [53] Novalis. Charity event Novalis Cares Day. Guizhou. China. 2019
- [53] Own Image, Novalis H-boat Internationale Deutsche Meisterschaft der H-Boote 2022, Lake Starnberg

### PAGE

- [54] RP-Online. Flooded Ahrtal region. 2022. Available online: <https://rp-online.de/info/consent/>
- [54] Bayerwaldforst-GbR. Der Wald wächst: Aufforstung mit BayerWaldForst. Available online: <https://www.bayerwaldforst.de/pflanzung-und-aufforstung>
- [54] Novalis. Christmas Presents for Quinton Memorial Health and Rehabilitation center. Dalton. 2022
- [55] Novalis. Novalis volunteering for Reach Out World Wide. 2022.
- [55] Novalis. Alan Greenberg Charity Golf Tournament by the Floor Covering Industry Foundation (FCIF). 2022
- [55] Photo by: Laurel Waller. Lowe's Swing for Charity events. Scottsdale. 2023. Available online: <https://www.yourvalley.net/stories/lowes-sleep-in-heavenly-peace-to-build-500-beds-in-scottsdale,455490>
- [59] Andrey Popov, Diverse people stacking hand together. Available online: <https://www.canva.com/photos/MADmehZhYZY/>
- [60] Graham, S., Person holding pencil near laptop. 2016. Available online: <https://unsplash.com/photos/person-holding-pencil-near-laptop-computer-5fNmWej4tAA>
- [61] Schwarz, C. Open Data Information Service. Available online: <https://citylab-berlin.org/en/blog/tag/open-data/>
- [73] Novalis. H-Boat International German Championship. Müggelsee, Berlin. 2023

## CITATIONS

### NO.

- [1] Copernicus. "October 2023 – Exceptional temperature anomalies; 2023 virtually certain to be warmest year on record". Copernicus, 2023. Available online: <https://climate.copernicus.eu/copernicus-october-2023-exceptional-temperature-anomalies-2023-virtually-certain-be-warmest-year>
- [2] Richardson, K.; Steffen, W.; Lucht, W.; et al. Earth beyond six of nine planetary boundaries in Science Advances, volume 9, issue 37, 2013. Available online: DOI: 10.1126/sciadv.adh2458
- [3] International Energy Agency. World Energy Balances 2022. Available online: <https://www.iea.org/countries/china>
- [4] Viva con Agua. Overview. Available online: <https://www.vivaconagua.org/en/overview/lis> and AVA during a regatta on Melcesine, Italy

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

References

# About This Report

---

Introduction

Company Profile

Sustainable Strategy

Better For The Planet

Better For The People

Better For The Community

Acknowledgements

Appendices

Global Reporting Initiative

■ **References**

**Publication Date:** December 8th, 2023

**Reporting Period:** January 1st – December 31, 2022

**Included Entities:** » all entities that are owned or controlled by Novalis

## Restatements of Information

This is our first sustainability report based on the in the materiality assessment identified topics. The report is in accordance with Global Reporting Initiative (GRI) standard for sustainability reporting. In 2022, we collected more detailed data on resource and energy consumption in different areas, recalculated our emissions by using localized and up-to-date emission factors. Conversion errors in consumption and production units were detected and corrected

## External Assurance

no third-party verification of data in this report

## Financial Data Disclaimer

No requirement for financial reporting

## Publication Team

John Wu (Novalis CEO)

Carl Ruland (Novalis VP Sales)

Joost Luhmann (Sustainability Manager, Europe)

Stephan Wissner (pixelstaub.de | Design & Charts)

## Contact Details

Email: [sustainability@novalis-intl.com](mailto:sustainability@novalis-intl.com)

Website: [www.novalisinnovativeflooring.com](http://www.novalisinnovativeflooring.com)

## Headquarters:

### Asia

Novalis International Ltd.

Unit F, 23/F, CNT Tower

338 Hennessy Road, Hong Kong

P.R. China

### Europe

Novalis Global Flooring GmbH

Spichernstraße 73

50679 Cologne

Germany

### North America

Novalis US LLC

200 Munekata Drive

Dalton, GA 30721

United States



**NOVALIS**<sup>®</sup>  
INNOVATIVE FLOORING

# Our Sustainable Journey

Corporate Sustainability Report FY22

Novalis Innovative Flooring  
[sustainability@novalis-intl.com](mailto:sustainability@novalis-intl.com)