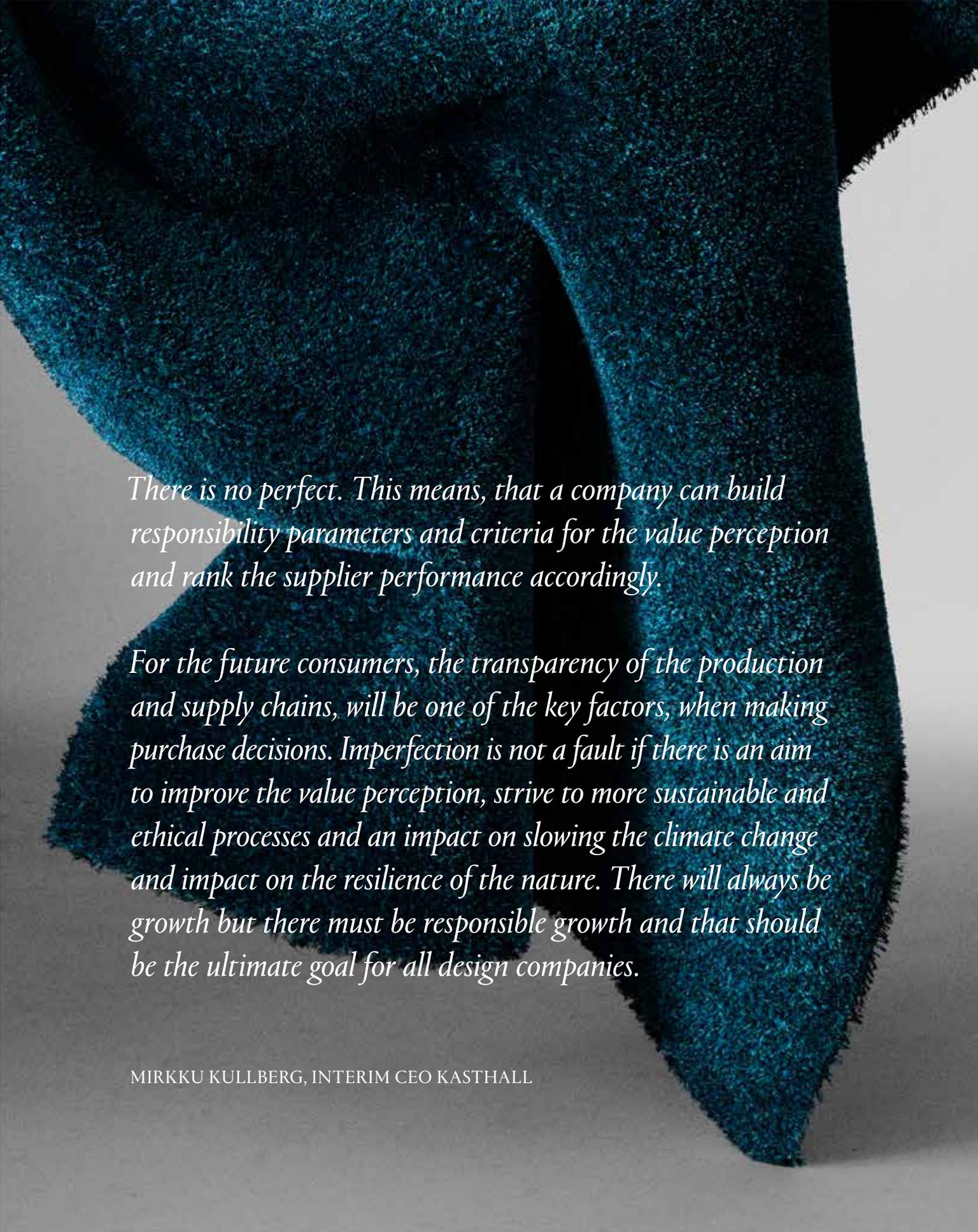




KASTHALL

SUSTAINABILITY AT KASTHALL

OUR VISION, STRATEGY AND PROGRESS
SEPTEMBER 2024



There is no perfect. This means, that a company can build responsibility parameters and criteria for the value perception and rank the supplier performance accordingly.

For the future consumers, the transparency of the production and supply chains, will be one of the key factors, when making purchase decisions. Imperfection is not a fault if there is an aim to improve the value perception, strive to more sustainable and ethical processes and an impact on slowing the climate change and impact on the resilience of the nature. There will always be growth but there must be responsible growth and that should be the ultimate goal for all design companies.

MIRKKU KULLBERG, INTERIM CEO KASTHALL

THIS IS KASTHALL

MADE IN SWEDEN. DESIGNED FOR THE WORLD SINCE 1889.

Back in 1889, in the small Swedish village of Kinna, Kasthall was born out of a passion for textile craftsmanship and a deep respect for nature. Powered by the river Häggå, which still winds its way past the factory today, Kasthall's innovative production methods helped spearhead 'the textile belt' of Sweden into the future and we have been an integral part of the area's renowned interior design legacy ever since. To this day, all Kasthall rugs are designed and crafted where we were born.

Over the past century, we have grown from a small local workshop into a globally admired design brand, with our rugs gracing elegant offices in Tokyo, palaces in Persia, and luxury yachts around the world. Yet no matter how far we reach, our roots remain firmly planted in Kinna and every rug we produce reflects our commitment to quality, sustainability, and the Scandinavian tradition of timeless luxury.

Sustainability and social responsibility have been woven into Kasthall's identity from the beginning. More than 130 years ago, our support of the local community, including neighboring dye-houses and suppliers, established a foundation of responsibility that continues to guide us today. From the careful selection of raw materials to the precision of our manufacturing process and the safety of the workers in our supply chain, we strive to minimize our impact at every stage.

We want to create luxury rugs that are not only beautiful and durable but also responsibly made, always questioning how our processes can better serve our planet, our community, and our customers.

FOCUS

THE KASTHALL LION: A SYMBOL OF STRENGTH AND LASTING QUALITY

Kasthall's logo reflects a long-standing focus on durability. In the original logo, the lion was lying down, symbolizing the unmatched strength of a Kasthall rug – so durable that even a lion's sharp claws couldn't damage it.

Later the lion was raised to standing, but the message remains the same: a Kasthall rug is made to last for generations.



OUR SUSTAINABILITY STRATEGY

WE CRAFT TIMELESS RUGS THAT EMBODY CARE FOR PEOPLE AND THE ENVIRONMENT

Sustainability is central to Kasthall's identity. We weave it into every aspect of our work – from sourcing materials and manufacturing, to transportation and waste management.

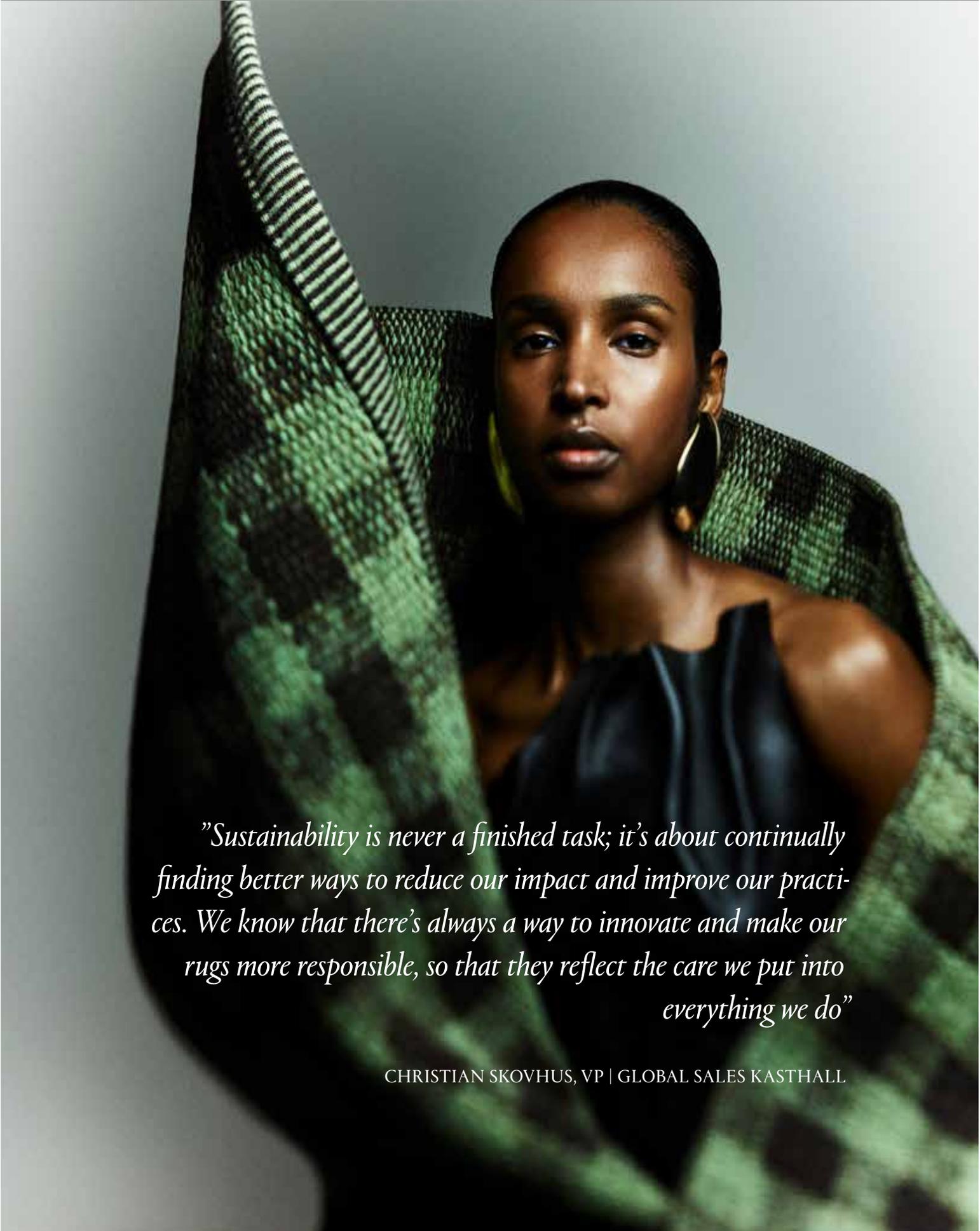
For us, sustainability means making the right choices. What might seem costly in the short term often proves wise over the long run – an investment in a more sustainable future for our clients and the world we all share. Each design and production challenge is approached with innovation in mind, always looking for ways to improve and integrate sustainable practices.

We use only the finest materials, prepared to order for each rug. Taking a bespoke approach allows us to ensure every piece is made with care, avoiding excess and minimizing waste. By making rugs that last generations, we reduce the need for replacements and preserve natural resources.

Our sustainability strategy is based on six key priorities, with clear targets and actions that drive continuous improvement. As proud as we are of our progress, we know there's always more to do – and we're looking forward to exploring new ways to make it even better.

OUR SUSTAINABILITY PRIORITIES

DURABLE LUXURY We create timeless and long-lasting luxury rugs made with Swedish craftsmanship.	CONSCIOUS CONSUMPTION We contribute to conscious consumption through documented sustainability credentials.	PRESERVING NATURAL RESOURCES We preserve natural resources by sourcing more sustainable material and minimizing waste, water consumption, and chemical use.
CLIMATE PROTECTION We contribute to climate protection with ambitious emission reduction targets and defined initiatives.	CARING FOR PEOPLE We respect human rights and are attractive employers for our own employees and for the workers in our supply chain, promoting healthy and safe working conditions and inclusive workplaces.	GOOD GOVERNANCE We conduct systematic due diligence of our impacts on the planet and people and manage them through policies, initiatives, targets, and clear governance.



”Sustainability is never a finished task; it’s about continually finding better ways to reduce our impact and improve our practices. We know that there’s always a way to innovate and make our rugs more responsible, so that they reflect the care we put into everything we do”

CHRISTIAN SKOVHUS, VP | GLOBAL SALES KASTHALL

DURABLE LUXURY AND CONSCIOUS CONSUMPTION

CRAFTED TO LAST, CHERISHED FOR GENERATIONS

Our commitment to sustainability starts with the durability of our products. With timeless designs and the finest natural fibers distinguished by their density and length, every Kasthall rug is a quality piece made to be cherished, repaired, passed on to the next generation, or resold.

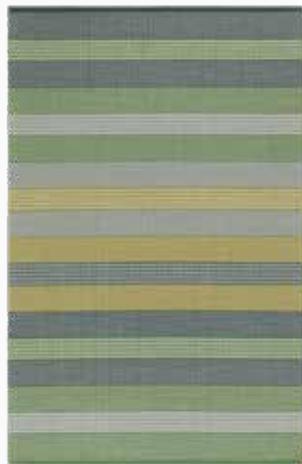
The durability and longevity of a rug is determined by four key factors:

- TIMELESS DESIGN
- HIGH QUALITY
- PROPER CARE
- SECOND-LIFE

FOCUS

KASTHALL RUGS THROUGH THE YEARS

Examples of current bestsellers and the year their designs were created.



Häggå from 1940's



Goose Eye from 1940's



Tekla from 2007

TIMELESS DESIGN

The numerous design awards and best-selling rugs based on designs that are decades old, testify to the timeless appeal of Kasthall products. These rugs are created to last for generations and are sought after in auctions and second-hand platforms, proving their value over time.

HIGH QUALITY

A high-quality rug requires a careful selection of raw material with long and dense fibers, as well as refined weaving and tufting techniques. The result is a rug that maintains its shape and color over time and does not peel, despite the tear and wear of both private and public spaces. Our unique **10-year warranty** is a testament to the fact that Kasthall rugs more than live up to these high standards.

FOCUS

HOW TO MAKE A RUG THAT LASTS FOR GENERATIONS

Decades of craftsmanship have taught us how to create rugs that stand the test of time. We use a generous amount of high-quality yarn, which is why our rugs can be heavy.

Our weaving and tufting techniques have been continuously refined to ensure maintained form and to resist breakage. A thin synthetic base glued to the back further preserves the shape. We believe in exceptional craftsmanship and personal responsibility. Every rug is signed by the craftsman who made it, ensuring a culture of pride, precision and no mistakes.



PROPER CARE

When a Kasthall rug leaves our factory in Kinna, regular vacuum cleaning becomes the most important factor in preserving its beauty and longevity. The inherent properties of a wool rug make it naturally stain repelling but should cleaning be needed, we recommend the use of a professional, local carpet cleaner. Our simple care guides give clear instructions on the dos and don'ts of rug maintenance .

SECOND LIFE

We wish to contribute to a world that consumes less and values quality products more, and we want to make it easier for our customers to increase the lifetime of Kasthall rugs. We will therefore strengthen our consumer communication on the impact of our products and provide guidance on what to do with a Kasthall rug if they no longer wish to keep it themselves. In our main market Sweden, Kasthall rugs are sought after items on auctions and second-hand interior platforms.

FOCUS

RECYCLING IS NOT AN OPTION

It is our firm belief that a Kasthall rug does not have an end-of-life. They are designed to be repaired, passed on, resold, or auctioned. Unlike products that lose their value and can be recycled to save important resources, Kasthall rugs retain their worth over time. To support our customers in this circular approach, we will increase our information on resale opportunities.

For commercial wall-to-wall carpets, recycling may sometimes be the preferred option. Our customer service offers individual solutions to meet these needs.



TARGETS

Core targets for durable luxury and conscious consumption:

EPD (ENVIRONMENTAL PRODUCT DECLARATIONS) BY 2025 FOR OUR BEST-SELLING RUGS

INCREASE COMMUNICATION ABOUT OUR SUSTAINABILITY EFFORTS AND PROGRESS ON OUR TARGETS

RECOMMEND RECYCLING SOLUTIONS FOR W2W CARPETS

ACHIEVEMENTS

Achievements on durable luxury and conscious consumption:

100% OF AREA RUGS MADE IN OUR OWN FACTORY IN KINNA, SWEDEN

BEST-SELLERS BASED ON TIMELESS DESIGNS MADE IN 1940S

ALL RUGS WITH DOCUMENTED CREDENTIALS TO SUPPORT GREEN BUILDING STANDARDS LIKE LEED AND BREEAM

DIGITAL AND PRINTED CARE AND CLEANING GUIDANCE FOR LONGLASTING RUGS

10-YEAR WARRENTY

100% RUGS LIVING UP TO RECOGNISED VOC PROGRAMS



PRESERVING NATURAL RESOURCES

WE CRAFT WITH CARE, PRESERVING RESOURCES FOR A SUSTAINABLE FUTURE

When we make rugs, it is our responsibility to preserve natural resources. No rug in the world should come at the cost of polluting nature or diminishing biodiversity. We do this through conscious:

- FIBER SELECTION
- WASTE REDUCTION
- USE OF WATER AND CHEMICALS

FIBER SELECTION

Our natural raw materials —linen and wool— are produced under conditions that protect nature. Our French linen is farmed according to Masters of Linen™ and European Flax™ standards, with minimal pesticide use and no irrigation. 95% of our wool is sourced from New Zealand with a long standing tradition of wool farming and respect for animal health.



LONG AND DENSE NATURAL FIBERS THAT LAST

Our rugs are made from the natural and renewable fibers wool and linen. These materials have been used in luxurious fabrics and rugs for centuries, due to their lavish feel and durability, and for their ability to create a comfortable interior climate.

LINEN:

100% of our linen comes from France and is certified according to Masters of Linen™ and European Flax™. This ensures that the fibers are produced through farming that is respectful of the environment, without irrigation or GMO.

It also means that the fibers are separated from the core and skin of the flax plant using traditional dew retting, in contrast to water or chemical retting used in other regions of the world. And that the fiber extraction is 100% mechanical and with zero waste.

WOOL:

95% of our wool comes from New Zealand, known for the highest quality wool farming, with long, strong fibers that do not break – ensuring the durability of our rugs.

The wool farming in New Zealand has a long tradition of respect for animal rights and is increasingly implementing modern techniques of farming to reduce environmental impact.

As a further step towards reducing our impact, we would like to be able to source our wool closer to home, something that is not possible today due to quality issues. We are therefore supporting various projects aimed at rebuilding the Swedish wool industry.

All our linen and wool yarn are sourced from trusted suppliers in France, Italy and Germany who we have worked with for decades and who can meet our very strict specifications.



WASTE REDUCTION

In a world where an overuse of materials creates too much waste, the Kasthall business model is designed to minimize it.

Since we produce only to order and through a meticulous 9-step quality control process, our rugs almost never become waste. This shows in our reclamation rate of 0.5%, including products damaged in transport. The few rugs that do come back to us or that never leave the factory due to quality issues, are sold in our factory store to further mitigate waste.

In our factory, we systematically reduce waste by: using residual yarn for special rugs and by recycling warp.

FOCUS

TRANSFORMING SURPLUS INTO SUSTAINABLE LUXURY

Every time we make a rug, we are left with a few surplus yarn spools meant to cover any potential quality issues. To further reduce our use of natural resources and minimize waste, we created the award-winning rugs Harvest and Flourish, turning what would otherwise be production waste into sustainable luxury.

The Flourish rugs can be seen in COS stores worldwide, helping them in their ambition to preserve natural resources while decorating their stores with rugs that stand the tear and wear of thousands of customers.



USE OF WATER AND CHEMICALS

Our factory in Kinna does not use water or chemicals and we do not bleach any of our yarn, but the yarn dyeing process that brings our colors to life does require their use. All the yarns we use arrive in Kinna with an OEKO-Tex 100 certification documenting no traces above regulated chemical substances. Our yarns are then dyed by two specialized dye-houses located just 5 km down the road – neighbors we have worked with for over 50 years.

While Kinna has ample water, our dye-houses use a minimum in their processes.

As for chemicals, the dye-houses use only chemicals that live up to the strict EU chemical legislation REACH. And no untreated wastewater pollutes the environment. We test our rugs for chemical emissions, including VOCs, to ensure they meet the highest standards. Using better chemicals in our dyeing processes is an ongoing and constant ambition.

Despite our best efforts, all production has an environmental impact and in 2024, we decided to measure it properly. Together with external life cycle analysis engineers, we are now assessing the exact environmental footprint of our best-selling rugs and preparing Environmental Product Declarations (EPDs). We expect to have these results ready by early 2025.

FOCUS

WHAT IS AN ENVIRONMENTAL PRODUCT DECLARATION (EPD)?

The exact environmental impact of a product and production process can be measured scientifically by life cycle analysis engineers. They measure the exact use of energy, raw materials, chemicals and water, and the resulting impact on soil, pollution and emissions through each step of the value chain. The EDP follows a recognized scientific method, conducted by experts and validated by a third-party verifier.



*RECYCLED WOOL: A BREAKTHROUGH
IN SUSTAINABLE RUG MAKING
- COMING IN 2025*

To further reduce our use of natural resources our goal has long been to use recycled wool and linen in our rugs, but quality issues with short fibers in recycled materials has made this challenging. After years of hard work, we have overcome these issues and are proud to announce the launch of our first rug collection made from recycled wool in spring 2025 – Fasad, designed by David Chipperfield.

**HOW THE WOOL IS RECYCLED WITH
RETAINED QUALITY:**

- The wool is carefully extracted from discarded mattresses that would otherwise become waste.
- The wool’s primary properties are restored, transforming it back into high-quality material.
- The recycled wool fibers are spun into new, durable yarns, ready to be woven into rugs designed to last for generations.

Thanks to the natural keratin structure of wool and its tough, water-repellent membrane, these fibers remain strong and resilient, even after being recycled.

This entirely European recycling process reduces the need for new resources and a big step forward in our journey toward sustainability, setting a new benchmark for the textile industry.

The wool yarn is spun from 25% recycled fibres and 75% virgin fibres to ensure the high Kasthall quality requirements.



TARGETS

Core targets for preserving natural resources:

DEVELOP CIRCULAR DESIGN PRINCIPLES

LAUNCH 1-2 NEW SUSTAINABLE PRODUCTS OR PRODUCTION PROCESSES PER YEAR

100% OF SUPPLIERS REPORTING EXTENSIVELY ON THEIR ENVIRONMENTAL PRACTICES

CONTINUOUSLY INTRODUCE BETTER CHEMICALS IN DYEING PROCESSES

100% OF RUGS TRACEABLE TO RAW MATERIALS

ACHIEVEMENTS

Achievements on preserving natural resources:

95% OF WOOL FROM NEW ZEALAND

100% MASTERS OF LINEN™ AND EUROPEAN FLAX™ CERTIFIED LINEN

INNOVATIVE RUGS MADE WITH RECYCLED WOOL AND LEFTOVER YARNS.

100% OF RUGS TRACEABLE TO YARN PRODUCER

RETURN RATE OF 0.5%



Photo: Scandinavian and Pär Olofsson

CLIMATE PROTECTION

CUTTING EMISSIONS WITH MEASURABLE TARGETS AND DETAILED ACTIONS

The world faces a climate crisis that demands action from governments, companies, and citizens alike. At Kasthall, we support the goals of the Paris Agreement and align with the latest climate science.

In 2023, we measured our emissions for the first time, and in 2024, we set a science-based target to reduce them. We expect this target to be validated by the Science Based Targets initiative by the end of the year.

SCOPE 1 AND 2 EMISSIONS

With total emissions of 780 tCO_{2e}, our impact is relatively small for a company of our size. The emissions from our own operations amount to just 38 tCO_{2e}, generated by our company cars, the electricity and heating used in our offices and flagship stores, our warehouse, and the knitting and tufting processes in our Kinna factory. Emissions are low because we have optimized our machines to reduce energy consumption and have switched to renewable and low-emission electricity sources.

But we want to do better: we aim to reduce our Scope 1 and Scope 2 emissions by 50% by 2030 and will strive to reach zero emissions.

SCOPE 3 EMISSIONS

The majority of our emissions, 85%, occur outside our own operations, stemming from the production of wool and linen, spinning and dyeing of yarn, and transportation of materials.

We aim to reduce these Scope 3 emissions by 52% relative to net sales by 2030.

We plan to achieve this by sourcing fibers with lower emissions and working with our suppliers to encourage the implementation of renewable energy and energy-efficient production methods.

TARGETS

Core targets for climate protection:

VALIDATED SCIENCE-BASED TARGET FOR EMISSION REDUCTION BY 2025

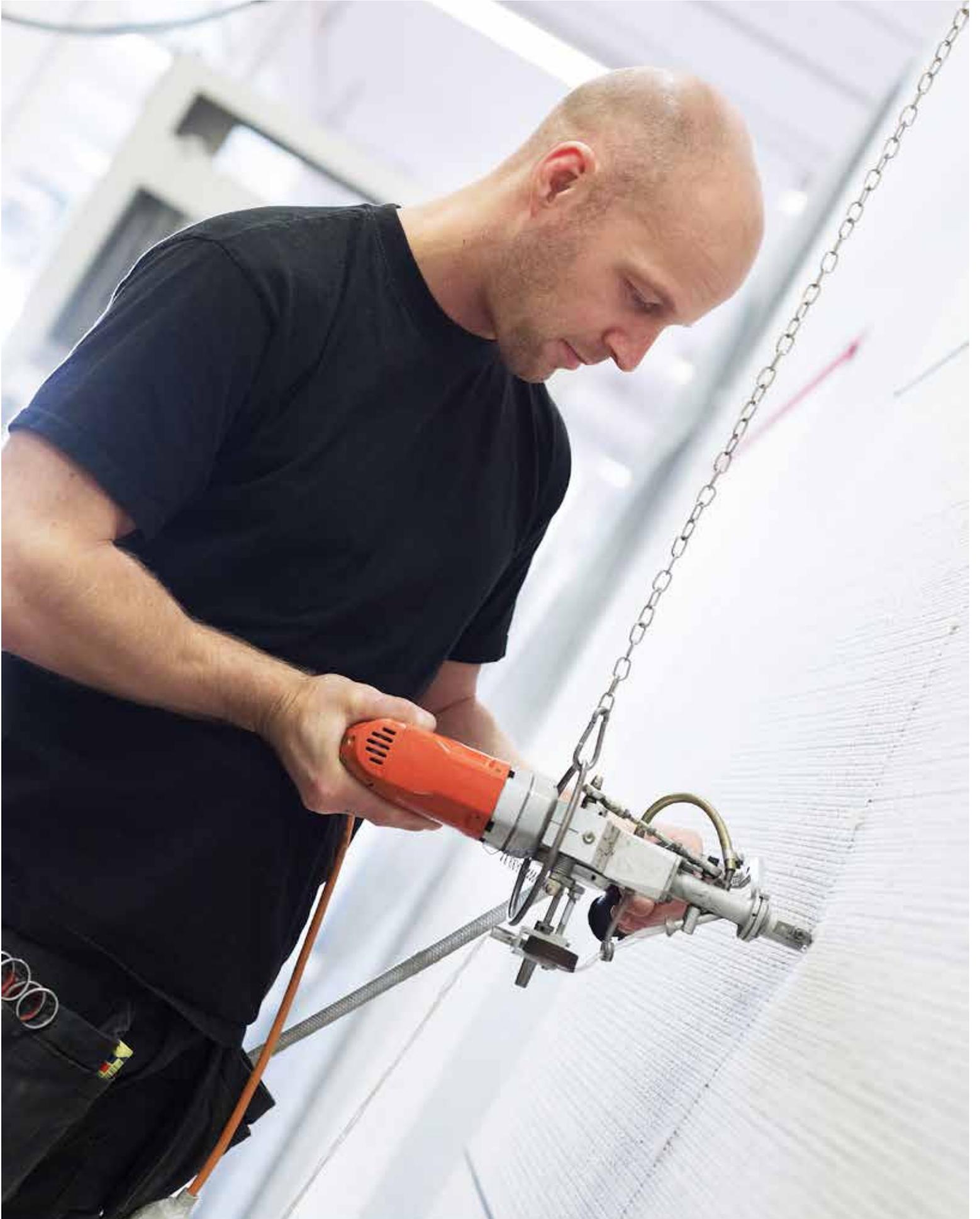
REDUCE OUR EMISSIONS ACCORDING TO OUR SCIENCE-BASED TARGET BY 2030

ACHIEVEMENTS

Achievements on climate protection:

MEASURING OUR EMISSIONS IN SCOPE 1, 2 AND 3

100% OF ELECTRICITY FROM RENEWABLE OR LOW-CARBON ENERGY SOURCES



CARING FOR PEOPLE

OUR LEGACY IS BUILT ON CARING FOR OUR PEOPLE AND FOSTERING A RESPONSIBLE WORKPLACE

Every Kasthall rug begins with a designer's vision. Every fiber starts with a farmer tending to sheep or a linen field, and every rug made involves a skilled craftsman operating a weaving or tufting machine. There is no questioning that our employees, the workers in our supply chain, and the communities we engage with are our most valuable assets.

We began in 1889 with just a handful of employees. Today, we are a team of 94 full-time and part-time colleagues.

The average employee stays with us for around 18 years.

The team keeps growing with new talent and 10% of our workforce is under 30 years old. 57% are women and 43% men, and in our management team it is 50/50%.

We proudly foster a caring culture and always have. We know the families of our employees. We understand their unique circumstances and embrace inclusivity for everyone.

The work in our factory and warehouse is physically demanding, and we prioritize health and safety with careful processes and training. Thanks to these efforts, we had zero accidents in 2023.

Our care extends to the workers of our suppliers, many of whom we have known through years of cooperation. We have chosen to partner only with suppliers based in low-risk European countries, focusing on select, long-standing relationships. While our suppliers are familiar with our Supplier Code of Conduct, we will increasingly ask them to document their social practices.

FOCUS

MADE IN SWEDEN: CRAFTING RUGS WITH INTEGRITY AND HIGH STANDARDS

We have proudly produced our rugs in Sweden since 1889.

Choosing to manufacture in Sweden is more than a nod to our heritage; it is a conscious commitment to uphold some of the highest standards in the world for worker rights.

Swedish labour standards include:

- **Leave Policies:** Swedish laws provide 5 weeks of vacation annually and employees are entitled to paid leave when their children are sick, reflecting a respect for life outside of work.

- **Parental Leave:** Sweden offers some of the most generous parental leave policies globally, with 480 days evenly split between both parents.
- **Safe Working Conditions:** Sweden has rigorous health and safety regulations that protect workers from workplace hazards.
- **Fair Wages and Benefits:** Swedish labor laws guarantee fair wages and comprehensive benefits, including pensions and healthcare.

TARGETS

Core targets for caring for people:

NO ACCIDENTS IN OWN OPERATIONS

UPDATE KASTHALL SUPPLIER CODE OF CONDUCT

**100% OF SUPPLIERS REPORTING EXTENSIVELY
ON THEIR SOCIAL PRACTICES**

**INTRODUCE KASTHALL EMPLOYEE
SATISFACTION SURVEY**

ACHIEVEMENTS

Achievements on caring for people:

NO ACCIDENTS IN OWN OPERATIONS IN 2023

50% WOMEN AND 50% MEN IN MANAGEMENT

100% OF SUPPLIERS BASED IN LOW-RISK COUNTRIES

100% OF EMPLOYEES WITH ANNUAL

APPRAISAL REVIEW



Photo: Scandinavian and Pär Olofsson

GOOD GOVERNANCE

WEAVING TRANSPARENCY AND ACCOUNTABILITY INTO EVERYTHING WE DO

Good governance is essential to sustainability. This means identifying where we impact the environment and people, and systematically working to reduce negative effects while enhancing positive ones through policies, targets and initiatives.

Our sustainability strategy outlines our priorities, targets and action plans. We conduct regular due diligence across our value chain, continuously evaluating our impact. Going forward, we are working on making our policies and practices even more transparent to the public.

ACHIEVEMENTS	TARGETS
<p>Core targets for good governance:</p> <ul style="list-style-type: none"> PUBLIC POLICIES PUBLIC DUE DILIGENCE PRACTICES EMPLOYEES TRAINED IN SUSTAINABILITY TOPICS 	<p>Achievements on good governance:</p> <ul style="list-style-type: none"> DEFINED SUSTAINABILITY STRATEGY WITH TARGETS, METRICS AND ACTION PLANS



KASTHALL

MADE IN SWEDEN. DESIGNED FOR THE WORLD SINCE 1889.

Since 1889, Kasthall has created unique and contemporary woven and hand-tufted rugs for floors all over the world. Our Design Studio collaborates with the world's best designers to develop exquisite quality rugs, all produced with the finest materials at our factory in Kinna, Sweden. We are active in 30 countries, with Flagship stores in Stockholm, Malmö, Milan and New York.

Visit kasthall.com for more information.