

# SUSTAIN ABILITY REPORT

2024

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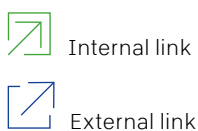
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## CEO STATEMENT

As we reflect on the past year, I am filled with immense pride and optimism for the future of Pfleiderer. The financial year 2024 has been a landmark period in our journey towards sustainability, solidifying our position as the ESG leader in the industry. Our commitment to environmental, social, and governance (ESG) principles has not only garnered us numerous accolades but has also driven significant internal progress, setting new benchmarks for excellence.

In 2024, we achieved remarkable success in various areas. We ascended to Platinum level in our EcoVadis ranking with an overall score increase to 87 out of 100 points, ranking us among the top 1% of all evaluated companies of nearly 130,000. In addition, we ranked first in the Morningstar Sustainalytics among 149 companies in the building materials sector, placing us in the top 2% of over nearly 15,000 globally evaluated companies. Additionally, we proudly received the German Brand of the Century Award 2024, honouring brands considered icons and founders of the German economy.

Our efforts in promoting a circular economy and resource efficiency have been particularly noteworthy. We achieved our 2025 target of 50% post-consumer recycled wood ahead of schedule, reaching 53.5% in 2024. In combination with sawmill residues, the wood raw materials stemming from the circular economy amounted to nearly 80%. In terms of climate protection, we successfully reduced our Scope 1 and 2 greenhouse gas emissions by 41% from 2020 levels, far surpassing our 2025 target. Our combined heat and power plants now cover 100% of our heat and 91.5% of our electricity needs from biomass, demonstrating our dedication to renewable energy. These achievements are reflected in the industry-wide lowest product carbon footprints. With these successes, we are now reviewing our strategy in line with the EU Corporate Sustainability Directive requirements in order to announce 2030 targets and beyond in line with the CSRD timeline. Focus areas are our contributions to a circular and decarbonized economy.

We have also made significant strides in promoting diversity and inclusion, with women comprising 25% of our Supervisory Board. Our commitment to equal opportunity and inclusion is further evidenced by our comprehensive training programs and the signing of the "Charta for Diversity". Furthermore, we have introduced a robust framework for assessing the sustaina-

bility of our suppliers, having reached 80% of our suppliers having signed our Code of Conduct for Suppliers.

These achievements are a testament to the hard work and dedication of the entire Pfleiderer team. Our collective efforts have not only enhanced our sustainability performance but have also strengthened our position as a credible and influential voice in the industry. As we move forward, we remain committed to setting even more ambitious goals, further increasing our resource efficiency, expanding our supply chain transparency, and continuing to lead by example in the realm of sustainability.

Thank you for your continued support and trust in Pfleiderer. Together, we are building a sustainable future.

Enjoy reading the report!

Warm regards,



Dr. Hicham Abel  
CEO, Pfleiderer Group



# ABOUT THIS REPORT

## BASIS OF THE REPORT

This report represents the further evolution of the Pfeleiderer Sustainability Report 2023 and follows the Global Reporting Initiative (GRI) standard. The parent company PCF GmbH manages two operating divisions, one producing premium engineered wood products and laminates, the other industrial resins and specialty products. Since 1 January 2020, PCF GmbH has been part of the tax group headed by Pfeleiderer Group B.V. & Co. KG. See the illustration "Organisational chart: corporate structures" (on page 8) for more details.

For the purposes of this report, the name Pfeleiderer refers to the consolidated group of PCF GmbH. The introduction of standardised ESG-relevant indicators has not yet been completed in a few Pfeleiderer companies. The collection of indicator data for the foreign sales companies, in which 40 people are employed, follows local requirements. This report covers the sustainability indicators of PCF GmbH, including the supporting logistics and wood purchasing units and excluding Silekol and the foreign sales companies.

This report covers the calendar year 1 January to 31 December 2024. The editorial deadline was 13 June 2025.

## REPORT STRUCTURE

The Pfeiderer Sustainability Report 2024 is based on the standard of the Global Reporting Initiative (GRI, see also the following section) and the German CSR Directive Implementation Act (CSR-RUG), as well as the requirements of sustainability ratings and the expectations of our stakeholders. We also strive to align our reporting with the guidelines and disclosure requirements provided by the European Sustainability Reporting Standards (ESRS) wherever possible to ensure consistency with EU regulations and best practices for sustainability reporting. Further information, in particular information with relevance for the area of ESG-based investing (environment, social, governance), can be found online under the "Investor Relations" section of our website and is not included in this report.

Throughout this report, Pfeiderer has noted references to the corresponding GRI standards for the reporting of management systems and specific standard information. Our targets contribute to achieving the UN Sustainable Development Goals (UN SDGs).

As a member of the United Nations Global Compact (UNGC), we also report on how we implement its Ten Principles in corporate practice. Our latest UNGC progress report is available on the UN Global Compact website.

## REPORT AUDIT

The Executive Board of PCF GmbH is responsible for the preparation of the consolidated financial statements. As part of this, the Executive Board bears responsibility for the internal control system with the objective of enabling preparation of consolidated financial statements that, to the best of its knowledge, accurately present the facts. It is also responsible for the disclosure of matters related to operation as a going concern. We do not currently obtain an external audit of the Sustainability Report. We will do so when the CSRD comes into force.

## EDITORIAL NOTES

The use of the term "CO<sub>2</sub> emissions" in this report includes the consideration and calculation of other climate-damaging greenhouse gases such as methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) (CO<sub>2</sub> equivalents). Unless otherwise stated, all CO<sub>2</sub> emissions in this report are expressed in CO<sub>2</sub> equivalents.

When the terms "recycled wood" and "waste wood" are used in this report, they are synonyms for "post-consumer recycled wood" as defined on p. 35, i.e. recycled wood from our recycling suppliers as well as internal waste and returns.

# STRATEGY

# THIS IS US

## PFLEIDERER AT A GLANCE

Pfleiderer is a leading manufacturer of high-quality engineered wood products, laminates and resin-based adhesive systems. The Engineered Wood Products division produces high-quality engineered wood and laminates, which are used in the rapidly growing market for high-class kitchens and furniture as well as in timber

construction in Western Europe. In addition, Pfleiderer's Silekol division is a leading manufacturer of special and industrial resins. These are used in Pfleiderer's own products but are also used by customers in the panel production, packaging, construction and building materials industries.



**5** plants in germany



### Engineered Wood Products:

- furniture & interior design
- building products
- floor



**2,029** employees

Approx. **825€** MIO.  
turnover with 79% from  
sustainable products with one  
or more ecolabel as proof.



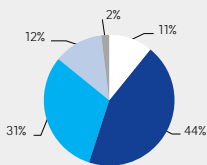
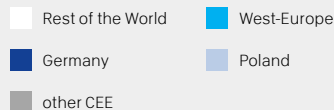
**9.9%** EBITDA-margin



**Silekol:**  
Leading specialty and  
industrial resin manufacturer.



**82€** MIO. adjusted EBITDA



**Top awards for our  
sustainability performance.**

The management incentive  
programme includes **ESG** criteria.



**87%** of our energy was  
generated from biomass in 2024.



**79%** of our wood  
mix consists of post-consumer recycled  
wood and sawmill residues.



The materiality analysis was  
carried out in accordance with  
the requirements of the **CSRD**.



**90%** of our employees have  
collective labour agreements.



**64%** of the fresh wood  
purchased was FSC or PEFC certified.



## ORGANISATIONAL CHART: CORPORATE STRUCTURES



Scope for the present report: PCF GmbH and subsidiaries excluding foreign distribution companies and Silekol

# CORPORATE STRUCTURE AND BUSINESS MODEL

Headquartered in Neumarkt, Germany, Pfeiderer is a leading manufacturer of high-quality wood-based materials, laminates and resin-based adhesive systems. Under the parent company PCF GmbH, operations are structured into two business divisions: Engineered Wood Products and Silekol. Within Engineered Wood Products, the panel production business is structured under the legal entity Pfeiderer Deutschland GmbH. The Silekol division is a leading manufacturer of industrial and special-purpose resins. We use these resins in our own products, but they are also used by our third-party customers in the panel production, packaging, construction and building materials industries, predominantly in eastern Europe. Silekol is the third-largest resin manufacturer in central and eastern Europe and employed 150 people as of 31 December 2024.

Pfeiderer Deutschland GmbH has five production sites, where it produces high-quality wood-based materials and laminates (the Engineered Wood Products [EWP] division) that are used in the production of kitchens,

| Number of employees by subsidiary | 2024 headcount |
|-----------------------------------|----------------|
| PCF GmbH                          | 19             |
| Pfeiderer Deutschland GmbH        | 360            |
| Pfeiderer Arnsberg GmbH           | 348            |
| Pfeiderer Baruth GmbH             | 128            |
| Pfeiderer Gütersloh GmbH          | 323            |
| Pfeiderer Neumarkt GmbH           | 408            |
| Pfeiderer Leutkirch GmbH          | 384            |
| Heller Holz GmbH                  | 5              |
| JURA-Spedition GmbH               | 54             |
| <b>TOTAL</b>                      | <b>2,029</b>   |

furniture, interior fittings and timber construction. With products such as coated and uncoated particleboards and fibreboards, HPL elements, MDF boards, worktops and decorative elements. EWP mainly supplies the

markets in western Europe. In the reporting year, this division generated approximately 82% of Pfeiderer's consolidated net sales.

In addition to our headquarter in Neumarkt, we operate further locations in Arnsberg, Baruth, Gütersloh and Leutkirch. Pfeiderer Deutschland GmbH is also represented by several sales companies abroad: Pfeiderer France S.A.S., Pfeiderer Benelux B.V., Pfeiderer Suisse AG, Pfeiderer UK Ltd, Pfeiderer Austria GmbH, Pfeiderer Middle East FZCO, and Pfeiderer Poland SP. Z O.O. We have representative offices in Italy, the Czech Republic and Sweden. We bundle the Duropal and Thermopal product ranges under the Pfeiderer umbrella brand. Heller Holz GmbH and JURA-Spedition are additional subsidiaries that provide support in the area of wood procurement and logistics.

Pfeiderer generates no revenue from coal, oil, gas, controversial weapons or tobacco. Revenue from operations aligned with the EU taxonomy of sustainable activities has not yet been assessed with respect to fossil gas but will be in line with the EU Taxonomy under the so-called Omnibus regulation.

# GOVERNANCE AND ORGANISATION FOR SUSTAINABILITY

## CORPORATE GOVERNANCE: RESPONSIBILITIES AND STRUCTURES

As of the end of financial year 2024, Pfeiderer's Executive Board was composed as follows: Dr Frank Herrmann (CEO/COO), Andy Hollyhead (CFO), Stefan Zinn (CCO), and Jonas Reed (CTO). The shareholders appoint the Executive Board with long-term contracts. All board members have previous experience in comparable management roles in the same geographic locations and partly in the same sector as the undertaking. There is no distinction between executive and non-executive board members.

The Pfeiderer Executive Board implements value-oriented corporate management through a management incentive programme which includes ESG criteria.

attainment. The Executive Board also aligns its actions with the goals and the agenda of our shareholders. It is further responsible for reviewing and approving the information presented in the sustainability report, including the organisation's material impacts, risks and opportunities. The Executive Board reviews the progress made every six months. It receives immediate notification of potentially critical concerns. The Executive Board devotes quarterly attention to sustainability-related topics and discusses indicators and measures at board meetings. In addition, the Executive Board has responsibility for the sustainability strategy and governance under the leadership of the CEO, who is also the Chair of the Sustainability Committee.

The Sustainability Committee (SC) convenes quarterly. It consists of representatives from various departments, such as Sustainability, Environment, Human Resources, Health and Safety, Diversity, Investor Relations, Wood Purchasing, and Compliance, as well as the full Executive Board. The main task of the SC is to further develop the ESG strategy and to track achievement of targets. Its activities also include the implementation of Pfeiderer's sustainability initiatives and guidelines at all levels of the company. This includes consideration of the impacts, risks and opportunities in overseeing the company strategy and making decisions on major transactions. The company risk management system solicits annual input from all departments, including those represented in the SC. The SC explicitly makes decisions regarding the trade-offs associated with impacts, risks and opportunities. Trade-offs between impacts, risks and opportunities are discussed in the SC as well as in Executive Board meetings and strategic decisions are made and recorded.

## MANAGING AND IMPLEMENTING SUSTAINABILITY

Sustainability is an integral part of our corporate governance and anchored in our processes. Overall strategic responsibility for sustainability was transferred from the Chief Operating Officer (COO) to the CEO in the reporting year. As the highest decision-making body, Pfeiderer's Executive Board adopts the company's fundamental sustainability principles and goals. The Executive Board is committed to acting sustainably in the key areas of Materials, Climate and People, as well as to pursuing quantifiable goals and monitoring their

Strategic ESG decisions are made in the Sustainability Committee:

- Adding the CTO role to the Sustainability Committee and increasing the quorum from 5 to 7 members.
- Closely aligning ESG and risk management as part of the EU CSRD Double Materiality Assessment.
- Maintaining the Ecovadis and Sustainalytics ratings through a lean approach relying on our comprehensive third-party certified management systems, regional supply chain, and strong compliance scheme.
- Signing the "Charter for Diversity" and starting a series of practical improvements to increase diversity in our workforce.
- Update our Environmental Policy to cover a broader range of themes, e.g. sustainable procurement and give more details on roles and responsibilities.
- Increase the number of Environmental Product Declarations for Pfleiderer key products.
- Train suppliers in the calculation of product carbon footprints.
- Conduct training sessions on diversity and inclusion, the company's carbon footprint and the carbon footprint of its products for different groups of Pfleiderer employees.

The Sustainability Committee further assesses whether the set-up of roles and processes is appropriate for addressing sustainability-related risks and opportunities concerning the business. Such issues can be physical, regulatory, financial or reputational. Impact is viewed from both an inside-out perspective, i.e. how the company affects its social and physical environment, as well as from an outside-in perspective, i.e. how the company is impacted by sustainability-related issues. The SC addresses gaps in existing structures by, among other things, consulting relevant experts, outsourcing relevant actions, training existing persons or governance bodies, creating necessary roles and departments, and creating necessary interlinkages between existing roles and departments as well as outside stakeholders and support functions. Gaps in structures may be identified through regulatory and physical monitoring or stakeholder engagement.

The quarterly meetings of the SC are coordinated by the Head of Sustainability, who reports to the CEO. The range of tasks for this role includes the coordination of sustainability issues and sustainability ratings, advising the departments, gathering information for reporting and providing the necessary expertise on relevant sustainability topics. The scope of responsibilities also includes transferring the agreed targets into the integrated management system and following up on these.

The plant managers monitor implementation of sustainability measures in the plants. All locations have their own officers for environmental, safety and energy management who report to the plant managers. Last but not least, it is crucial that sustainability management is also practised by every employee in order for it to be successful.

## SUSTAINABILITY COMMITTEE

### EXECUTIVE BOARD

|                                                                                |                                       |                                        |                                            |
|--------------------------------------------------------------------------------|---------------------------------------|----------------------------------------|--------------------------------------------|
| <b>CEO/COO (Chair)</b><br>Chief Executive Officer/<br>Chief Operations Officer | <b>CFO</b><br>Chief Financial Officer | <b>CCO</b><br>Chief Commercial Officer | <b>CTO</b><br>Chief Transformation Officer |
| <b>Sustainability (Secretary)</b>                                              | <b>Environment (Deputy Secretary)</b> | <b>Human Resources</b>                 |                                            |
| <b>Health and Safety</b>                                                       | <b>Diversity</b>                      | <b>Finance/Investor Relations</b>      |                                            |
| <b>Wood Purchasing</b>                                                         | <b>Compliance</b>                     | <b>Human Rights</b>                    |                                            |

To aid in efficient management of processes and targeted achievement of goals, Pfleiderer applies an integrated management system (IMS) certified to recognised standards in the areas of quality (DIN EN ISO 9001), environment (DIN EN ISO 14001), energy (DIN EN ISO 50001), health and safety (DIN EN ISO 45001) as well as chain of custody certification systems (FSC and PEFC; FSC® C011773, PEFC/04-32-0828). Together this system comprises all regulations relating to our corporate due diligence, to the quality assurance of our products, to the efficient use of energy, and to the protection of our workforce and the environment. The IMS is also used at the subsidiaries Heller Holz and JURA-Spedition in Neumarkt.

The Executive Board appoints an officer responsible for the integrated management system (quality, environment, energy, health and safety, and FSC and PEFC). This officer is responsible for the introduction of and compliance with the processes necessary for a functioning IMS. The IMS officer submits a regular report on the IMS's performance and necessary improvement measures to the Executive Board.

At the administrative and production unit level, site management appoints officers for the areas of quality, environmental protection, energy, health and safety, and FSC and PEFC. These officers organise and monitor the IMS at the administrative level and at the production sites.

With our variable remuneration system, which applies to senior and middle management as well as non-tariff employees in selected specialist functions, we promote both an increase in the shareholder value and the performance orientation of our employees. The performance-based variable remuneration system rests on target agreements that reflect the strategic corporate goals. Sustainability-related targets have been a part of the variable remuneration system for several years. These targets cover the areas of climate, circular economy, health and safety, sustainable procurement, human rights and ethics.

The Executive Board transfers the corporate ESG strategy to the individual departments and translates the strategic goals into operational goals for the individual teams. The upper management is responsible for ensuring that all employees within the scope of their responsibility are aware of the corporate goals and contribute to their overall achievement. The amount of the individual bonus depends on the achievement of the agreed targets. The bonus is paid after approval of the annual financial statements of the previous year. The percentage of variable remuneration dependent on sustainability-related targets or impacts is currently not assessed, however assessment and disclosure are planned for the future so as to fulfil the requirements of the European Corporate Sustainability Reporting Directive (CSRD).

# SUSTAINABILITY STRATEGY AND BUSINESS MODEL

## RESPONSIBILITY FOR PEOPLE AND THE ENVIRONMENT

As a manufacturer of wood-based materials, we consider it our obligation to counteract the growing scarcity of raw materials, the loss of biodiversity and the consequences of climate change. Sustainability is therefore a central theme throughout our business activities, and we consistently implement it at all levels of the company and in the value chain. In this endeavour, we assume responsibility for the environment and for people.

## NATURALLY SUSTAINABLE

Our corporate strategy and our sustainability strategy are directly interlinked. This is because we base our entire business activity on sustainability in its ecological, social, and economic dimensions. We are convinced that we can only achieve long-term economic success through satisfied customers, healthy and motivated employees, and by sustainably protecting our environment and the climate. This results in a far-reaching responsibility, which we take very seriously.

In 2020 we initially analysed what impact our business activities have on the environment, the economy and society, as well as where our greatest levers to achieve a positive effect lie. Based on the results, we defined three focus areas: Materials, Climate and People. These three focus areas formed the basis of our 2021 sustainability-linked financing commitments.

We are committed to the climate goals of the Paris Agreement and go one step further by aiming for net-zero greenhouse gas emissions by 2050. We are committed to the goals of the UN Global Compact and promote its Ten Principles in the areas of human rights, labour standards, environmental protection and anti-corruption policy.

In pursuing our goals, we are guided by our sustainability credo: "naturally sustainable". We are building on a successful transformation in the areas of renewable energy, recycling and sustainable forestry, and we consistently give preference to actions that support the path we have chosen. The measures we take to achieve our goals have a clear focus on impact: they must have a definitive positive impact or effectively reduce negative impacts. We create impact when everyone pulls together – in the company as well as in society.

## SUSTAINABLE CORPORATE STRATEGY

Our goal is to grow sustainably and profitably. Our ESG focus areas have been our contributions to a circular and decarbonized economy. Building on our past successes – we have exceeded our 2025 targets (baseline year 2020) in nearly all focus areas – we are now developing sustainability targets until 2030 and beyond.

In order to do so, our company is currently using the results of the Double Materiality Assessment (DMA) to align our strategic transformation with the requirements of the EU Corporate Sustainability Reporting Directive. The strategy update will include, as it did in the past, clear objectives, effective measures, and appropriate key performance indicators (KPIs). Until the new strategy is finalized, we will continue to report transparently on our existing KPIs and highlight the progress and achievements of our current sustainability efforts.

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In 2024, we have updated our

## DOUBLE MATERIALITY ASSESSMENT

in line with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD).

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We use wood that due to impurities has reached the end of its useful service life to generate energy at our locations – thus closing the cycle of wood use. This way, we contribute to the substitution of fossil fuels and reduce the emission of fossil carbon dioxide. We explain our cascading use in more detail in the Materials chapter.

For ...

# 130 YEARS,

at Pfleiderer, sustainable production has been closely linked to the renewable raw material wood.

## Involving stakeholders

Taking on social responsibility is part of our self-image. We can build on a trusting relationship with our stakeholders and be a fair partner for employees, investors, customers, suppliers, business partners and service providers. We value maintaining an open and continuous dialogue with them so that we can identify at an early stage which emerging challenges are essential from our stakeholders' point of view, both now and in the future. In addition, by considering stakeholders' interests in the sustainable development of our company, we can have a broader impact. For example, we rely on partnerships with external stakeholders such as recycling companies, furniture manufacturers, suppliers and customers to promote the cascading use of wood and the circular economy.

We regularly engage with our stakeholders on important ESG topics through a variety of channels, including but not limited to associational gatherings, annual reports, presentations, ratings, sustainability-related financial briefings and financial news. In the reporting year, we further intensified our active engagement with external stakeholders in the upstream and downstream supply chain on key ESG topics (especially customers and suppliers). We have moreover sought out and engaged with companies in our value chain which have distinguished themselves by a forward-looking ESG management approach for best-practice sharing.

We are involved in a number of networks and green building initiatives. Major memberships include:

- European Panel Federation (EPF)  
(PFL board member)
- Association of the German Wood-Based Panel Industry (VHI) (PFL board member)
- 'Biodiversity in Good Company' Initiative e. V.  
(PFL chair of board)
- Association of German Engineers (VDI)  
(PFL chair of several working groups)
- Fraunhofer Institute for Wood Research  
(Fraunhofer WKI)
- New European Bauhaus-Initiative –  
Green building membership
- Renovation Wave Initiative –  
Green building membership
- International Association for Technical  
Wood Issues (IVTH)
- Quality Community for Wood-Based  
Materials (QG HWS) (PFL chair of board)
- Institute for Wood Technology Dresden (IHD)
- European Woodworking Industry Confederation (CEI): Member of CEI-Bois-Committee  
for construction elements
- Main Association of the German Wood-  
working Industry (HDH)
- Participation in the research project  
BASAJAUN
- Federal Association for Secondary Raw  
Materials and Waste Management (BVSE)
- Charta for Diversity
- German Sustainable Building Council (DGNB)  
– Green building membership

We also contribute to the double materiality assessments of our key suppliers, a process which yielded valuable insights into the weighting of impacts, risks and opportunities of our most material topics. In this manner, we promote continuous improvement, ensure the relevance of our engagement with the market and develop innovative solutions to ESG issues.

# SUSTAINABILITY IN ACTION

## ROTPUNKT UN17 Contributing to the Sustainable Development Goals

A Danish property developer wanted to know how the 17 Sustainable Development Goals could be incorporated into architecture and has realized a construction project based on the 17 SDGs with the UN17 Village. The kitchens for this sustainable village come from Rotpunkt Küchen, the exclusive supplier for the project, which also uses materials from Pfleiderer.

### An interview with Andreas Wagner from Rotpunkt Küchen

**PFLEIDERER:** What role do sustainability and environmental compatibility play in the selection of materials and manufacturing processes for your kitchens?

**ANDREAS WAGNER:** When it comes to chipboard, we have been consistently working with Pfleiderer for years to improve sustainability. BalanceBoard marked our entry into the topic on the product side. Environmental compatibility in materials and production does not stop with the board. It continues with the edges. We have also switched production to more sustainable products, as well as our waste systems, which are largely made from recycled material. And as far as possible, we also try to influence steel production to use recycled products.

**PFLEIDERER:** What innovations or special solutions has Rotpunkt Küchen integrated into the kitchens for the UN17 Village?



ANDREAS WAGNER

**“We at Rotpunkt Küchen are not only wish-fulfillers, but also family friends, enablers and world lovers.”**

**ANDREAS WAGNER:** The range is based on a low-emission chipboard that we developed together with Pfleiderer and that is made from 90% recycled wood. The “greenline BioBoard Gen2” is just as resilient and workable as a conventional chipboard – but lighter and more CO2 friendly. This board was used in the project.

**PFLEIDERER:** Rotpunkt Küchen has been working with Pfleiderer for many years. What do you think characterizes this collaboration?

**ANDREAS WAGNER:** It is reliable in both directions and we both know what we have in each other. We work together on a friendly level. It's fun because the team and the products are good. And of course, as in any partnership, there are always things that need to be talked about. Then you shut the door behind you, sort it out and when you walk out, it's peace, love and harmony again.

**PFLEIDERER:** Mr. Wagner, thank you for the interview!



# IMPORTANT SUSTAINABILITY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

## MATERIAL TOPICS ACCORDING TO THE EU CSRD

The Materiality Assessment used as basis for this report was conducted in the reporting year according to the Corporate Sustainability Reporting Directive (CSRD). This assessment evaluates the environmental, social, and governance (ESG) factors impacting Pfeiderer and in turn the broader societal and environmental footprint of the company. The objective was to provide a clear understanding of Pfeiderer's material topics including methodology and stakeholder involvement in line with the requirements of the EU CSRD.

The process began with scoping, where Pfeiderer identified and integrated relevant entities for the double materiality analysis. Next, the stakeholder engagement strategy was developed by analysing Pfeiderer's context to identify key stakeholders, such as affected communities, employees, customers, and suppliers. These stakeholders were engaged through interviews and workshops.

The identification of impacts, risks, and opportunities (IROs) involved compiling a comprehensive list of sustainability matters from internal and external sources, including sustainability reports and stakeholder interviews. A workshop was conducted to gather initial IROs. The assessment of these IROs was based on predefined criteria, considering severity, scope, and reversibility for impacts, and financial magnitude for risks and opportunities, and fully aligned with the criteria used in Pfeiderer's existing risk management process.

The determination of material impacts, risks, and opportunities involved consolidating individual IRO assess-

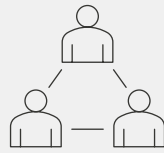
ments to derive material reporting disclosure requirements. This was done by aggregating IRO assessments at topic, sub-topic, and sub-sub-topic levels to ensure no significant IRO was overlooked. The results were then confirmed in a workshop, validated with the executive management, and the material topics and sub-topics were defined.

Finally, the transition to data points involved transferring material IROs to the report structure by matching the European Financial Reporting Advisory Group (EFRAG) expert group data points with our material topics and sub-topics, filtering out voluntary data points, data points not applicable to Pfeiderer and data points that will apply in the future, for the first reporting year. This comprehensive process ensures that Pfeiderer meets the CSRD requirements, gains crucial insights into the risks and opportunities associated with ESG topics and assesses its positive and negative impacts on the environment and society.

## SOCIAL

## OWN WORKFORCE

- Working conditions
- Equal treatment and opportunities for all



## GOVERNANCE

## BUSINESS CONDUCT

- Corporate culture
- Management of relationships with suppliers



## ENVIRONMENT

## CLIMATE CHANGE

- Climate protection
- Adapting to climate change
- Energy

## BIOLOGICAL DIVERSITY

- Direct impact drivers of biodiversity loss
- Impact on the extent and condition of ecosystems
- Impact on the state of species

## CIRCULAR ECONOMY

- Resource inflows including resource use
- Waste



Material topics  
and sub-topics  
at Pfeiderer

As a final result, five European Sustainability Reporting Standards (ESRS) were identified that included topics that exceeded the materiality threshold in terms of impact and/or financial aspects: Climate Change, Biological Diversity, Circular Economy, Own Workforce and Business Conduct. These align to a large extent with the material topics from previous years, which were based on the requirements of the Global Reporting Index (GRI).

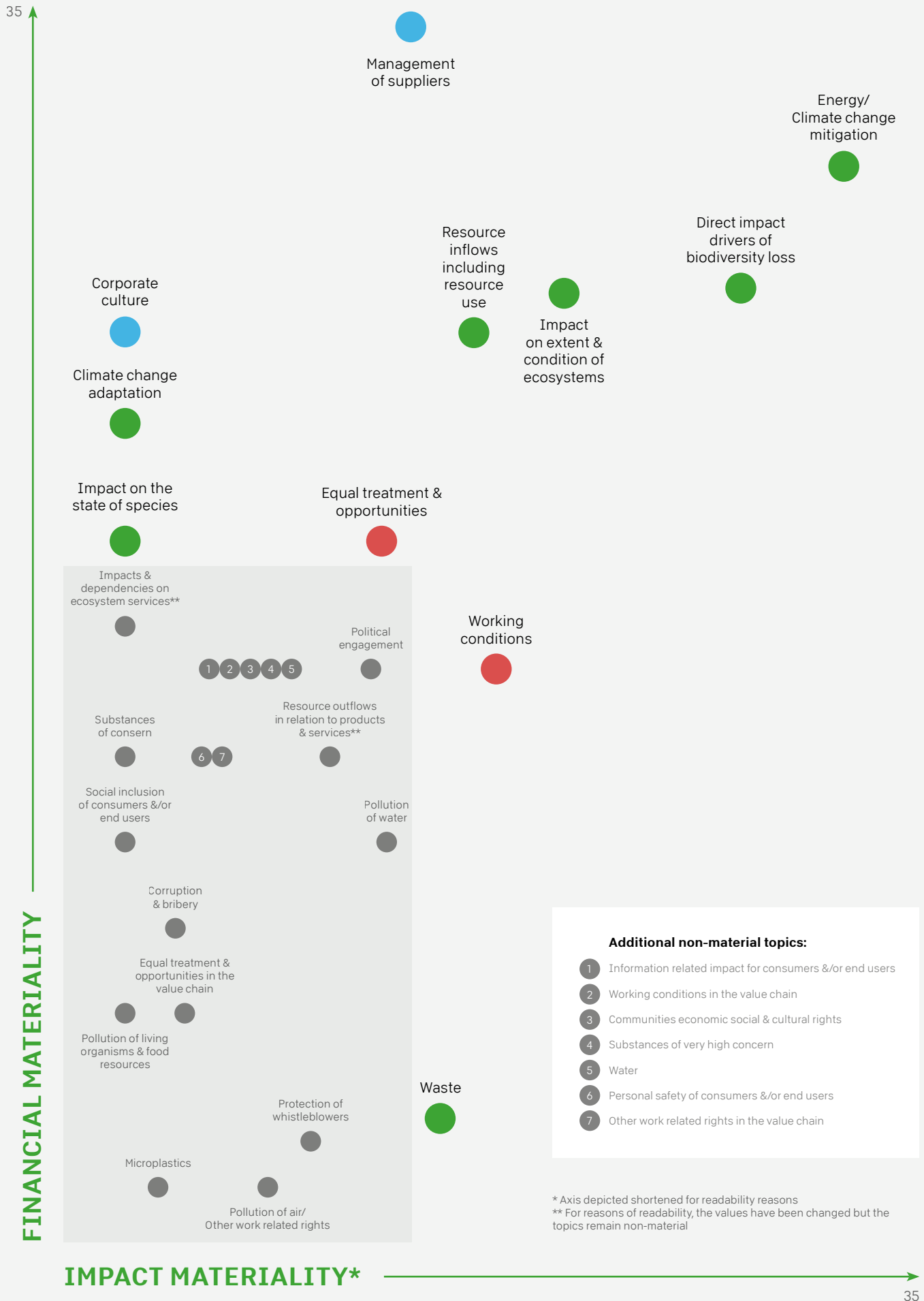
As a result of the Double Materiality Assessment (DMA), in the reporting year one topic area was added to the list of material topics: Biological Diversity.

## OUR GOALS

Based on the results of our materiality analysis, we are now revising our sustainability strategy and goals in the action fields Materials, Climate and People. These action fields are aligned with the wider Pfeiderer busi-

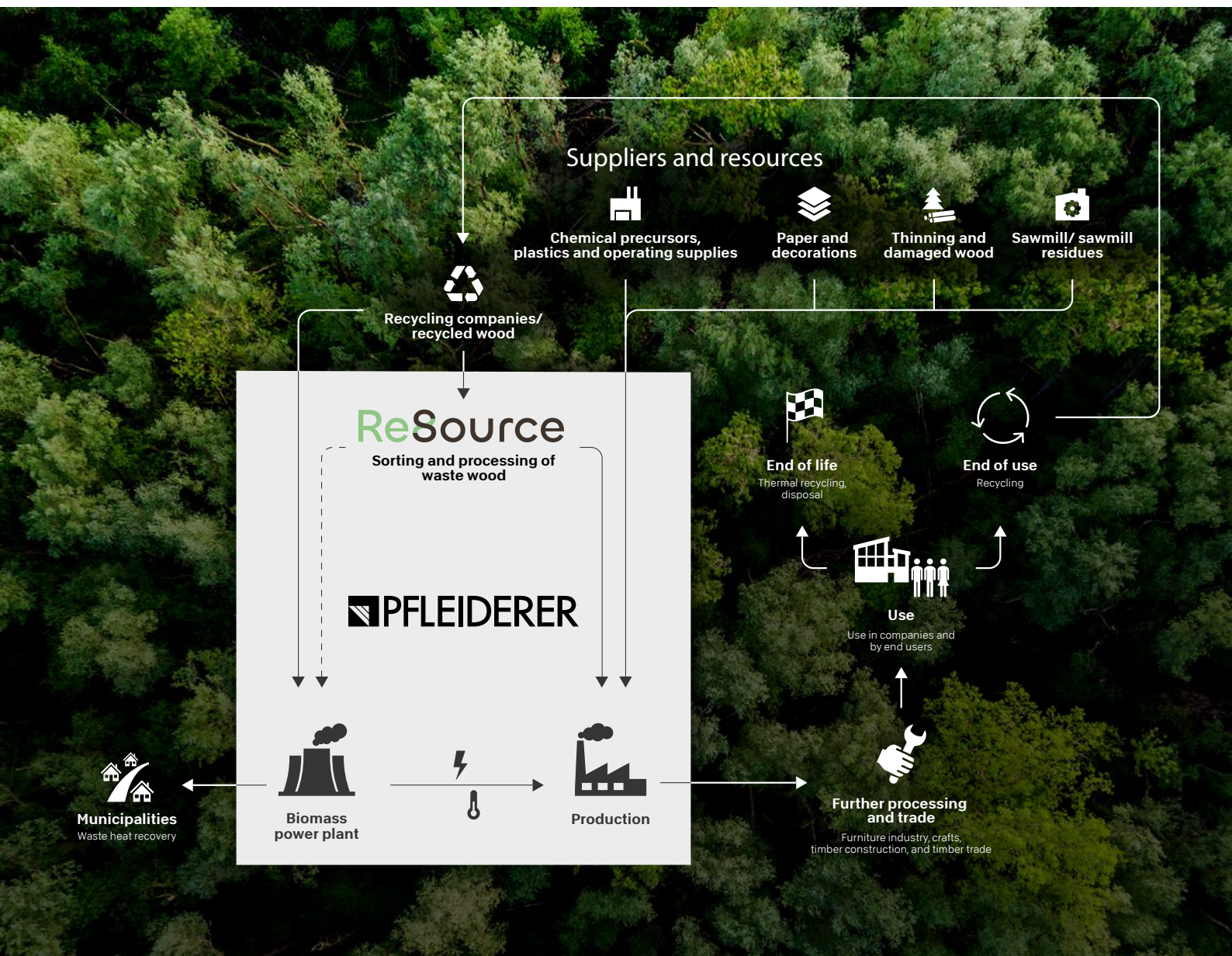
ness and sustainability strategy and hold up against the EU CSRD DMA. We had previously developed and will continue to use a process for transposing this strategic framework into our concrete business operations by assigning the necessary resources and following up regularly through our integrated management system (IMS). The IMS assures at a technical level that objectives are defined, responsibilities assigned, critical steps identified, and quarterly follow-up carried out for all ESG and non-ESG targets.

Each material topic is represented in one of the three focus topics and is linked to targets and milestones as well as indicators and sets of measures. The topics and respective fields of action classified as material serve as the basis for managing our sustainability strategy and provide the structure of this report. As a wood-processing company, we focus on issues related to the selection and procurement of raw materials and the way we process them, as well as on issues that focus on the people we work with.



In our sustainability strategy, we define the goals that will guide our actions and decisions. We have developed measures to achieve these quantifiable goals. The goals are augmented by principles and commitments in the fields of action that shape our approach; these are described in the respective chapters.

Our Sustainability Committee re-validated our materiality analysis to ensure the identified sustainability topics are still the most relevant to Pflleiderer and its stakeholders.



# BUSINESS CONDUCT: ACTING WITH INTEGRITY AND IN ACCORDANCE WITH THE RULES

Clear rules of conduct for employees ensure that everyone in the company always behaves responsibly and in accordance with the rules: in all business activities, towards people and the environment. For this reason, we have supplemented the applicable laws and external regulations with the company's own code of conduct for employees, which describe our standard for behaving with integrity. Pfeiderer's code of conduct – our Business Conduct Guidelines – supplements the applicable statutory requirements and is binding for all employees. In addition to the code of conduct, we have developed various guidelines, agreements and manuals. They set out our attitude, our common values and our expectations of the way we work together. In particular, our guidelines on legal matters provide employees with further orientation and deepen their understanding of individual areas of law, such as the prevention of corruption.

All guidelines are approved by the Executive Board. They apply to all business activities and relationships and are communicated to all employees. The comprehensive Compliance Manual, which includes the Business Conduct Guidelines and other relevant guidelines, can be found on our website. In order to meet the constantly changing legal requirements, roll out of a digital compliance management system was started in the reporting year. It enables the complexity of the regulations to be efficiently communicated to employees and documented.

Our guidelines, systems and agreements include:

- Web-based whistle-blowing system
- Compliance Manual (covers human rights; antitrust law; corruption, bribery and money laundering prevention; and others)
- Employee representation and company agreements
- Collective agreements
- Guidelines and measures for subcontractors
- Health and safety framework – risk assessment, risk management, concrete measures
- Diversity Policy
- Privacy Policy
- Procurement guidelines

## Protecting human rights

We protect human rights in line with the United Nations Universal Declaration of Human Rights. In addition, we are guided by the core labour standards of the International Labour Organization (ILO) and implement its standards for decent work. These include the four principles of freedom of association, prohibition of discrimination in respect of employment and occupation, abolition of child labour and elimination of forced labour.

As part of our CMS, we identify compliance risks via risk analyses, including in the area of corruption prevention, so that we can minimise potential negative effects by implementing appropriate measures. The measures in place to minimise the risk of corruption include the following:

- Dual control principle applicable in all areas of the company (e.g. Sales, Purchasing, Invoice Verification, Payment Instructions, etc.)
- Separation of functions in SAP
- Regular review of the Corruption, Treasury, Gift and Hospitality guidelines to ensure they are up to date
- Training of buyers on special topics such as white-collar crime
- Regular on-site training as well as online training for Sales, Purchasing and Marketing

For example, we do not tolerate any form of forced labour and are committed to the abolition of exploitative child labour. We pledge to comply with the Convention Concerning Minimum Age for Admission to Employment (ILO Convention No. 138) and the Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (ILO Convention No. 182). If a national regulation sets stricter standards on child labour, these stricter standards take precedence.

### Protecting Personal Data

We take data protection very seriously. Personal data is only collected, processed, or used insofar as this is necessary for defined, clear and legitimate purposes. As Pfeiderer is a business-to-business company, we do not hold critical personal business partner data. Personal data is mainly business data of our suppliers and customers as well as the data of our employees. We protect this data in accordance with applicable data protection regulations monitored by an external data protection officer.

## ENSURING COMPLIANCE

Our leadership and employees are committed to complying with fundamental ethical principles and legal regulations. This commitment forms the foundation of our compliance management system (CMS). The CMS consists of three pillars: prevent – detect – respond. Our primary goal is to avoid violations altogether. The CMS is applicable both at the level of PCF GmbH and at the level of all subsidiaries, including the international sales offices. All relevant units have had the CMS implemented and staff trained on its use. To ensure compliance with all applicable laws as well as all company guidelines throughout our operations, we have also established a Compliance Committee and appointed a Compliance Manager. The Compliance Manager is tasked in particular with taking into consideration the expertise of the respective specialist departments in their work. The Compliance Committee supports the Executive Board in the implementation, monitoring and further development of the compliance management system and meets on a regular basis.

The Compliance Manager prepares an annual internal compliance report, which they present to the Executive Board of PCF GmbH, the Audit Committee of the Engineered Wood Products (EWP) division, which is identical with Pfeiderer Deutschland GmbH, and the Advisory Board of the parent company Pfeiderer Group B.V. & Co. KG. If there is a suspicion of a serious compliance violation, they report ad hoc to the Compliance Committee and to the Executive Board. Together, they decide whether the violation is serious. In case of doubt, a violation is to be assessed as serious. There were no significant violations of laws or regulations during the reporting period. Thus, no fines were paid for non-compliance with laws or regulations.

### Training employees

We take a range of measures to ensure that employees are familiar with the Business Conduct Guidelines. For example, every employee who starts work at Pfeiderer must confirm in writing in their employment contract that they have taken note of the Business Conduct Guidelines. Where appropriate, clear rules are agreed with employees, e.g. on participation in listed companies and on taking up sideline activities. Furthermore, managers confirm in writing that they will inform their employees of the validity and significance of the Business Conduct Guidelines at least once a year.

In addition to the Business Conduct Guidelines, there are numerous other guidelines and procedural instructions, for example on antitrust law and preventing corruption and money laundering. The Legal and Compliance department regularly checks all guidelines to ensure they are up to date and relevant, adjusts them in the event of changes in the law or to reflect other necessities, and communicates them to employees, for example in the IMS SharePoint or via the Compliance page on the intranet. Roll out of the compliance – management-system has started, from 2025 on, employees (up to foreperson level) will be informed of changes or new guidelines via the new digital compliance managementsystem. Guideline acceptance will be confirmed via the system. Our training tools specify fixed periods of time during which all employees must undergo compliance training. In mandatory training courses, we provide employees with the necessary knowledge to assess situations correctly and thus avoid

violations. Our training concept consists of e-learning and classroom training, for example in the legal areas of antitrust law, anti-corruption regulations, environmental protection and occupational health and safety. The content is reviewed regularly and adapted to the current legal requirements.

All new employees take part in compliance training as part of the onboarding process. In addition, employees are informed separately about legal regulations and due diligence obligations that serve occupational health and safety in regularly recurring instructions and through briefings.

The Compliance A.K.T.I.V. programme introduced in 2023 was continued in the reporting year. A compliance training course via the existing e-learning tool was rolled out to all employees in the plants and a poster campaign was launched.

#### CODE OF CONDUCT AND COMPLIANCE TRAINING

|                                                         | At-risk functions<br>(Marketing, Sales,<br>Purchasing) | Managers<br>(Leadership)     | AMSB*                        | Other own workers            |
|---------------------------------------------------------|--------------------------------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Coverage:</b><br><b>Number who received training</b> | 300                                                    | 46                           | 2                            | 1626                         |
| <b>Delivery method and duration</b>                     | Computer-based training                                | Compliance Management System | No information               | Computer-based training      |
| <b>Required frequency</b>                               | Biannually (in 2023)                                   | Biannually (2023)            | Biannually (2023)            | Annually                     |
| Topics covered                                          | Code of Conduct / compliance                           | Code of Conduct / compliance | Code of Conduct / compliance | Code of Conduct / compliance |
| Confirmation of adherence to guidelines                 | –                                                      | 46                           | –                            | –                            |

\*Administrative, management and supervisory bodies

#### ANTI-CORRUPTION TRAINING INCLUDING BRIBERY & CORRUPTIBILITY, EMBEZZLEMENT, AND FINES

|                                                         | At-risk functions<br>(Sales, Marketing) | Managers<br>(Leadership) | AMSB*                     | Other own workers |
|---------------------------------------------------------|-----------------------------------------|--------------------------|---------------------------|-------------------|
| <b>Coverage:</b><br><b>Number who received training</b> | 266                                     | 41                       | 5                         | 281               |
| <b>Delivery method and duration</b>                     | Computer-based training                 | Computer-based training  | 15 min classroom training | –                 |
| <b>Required frequency</b>                               | Annually                                | Annually                 | Annually                  | Voluntary         |

\*Administrative, management and supervisory bodies

In the reporting year a suspected violation of the guidelines was reported and investigated internally. Following this relevant processes were adapted and communicated to the departments involved. Furthermore, two anonymous HR-related reports were filed in the whistle-blower system. In one case, disciplinary measures were taken.

#### **Responding to suspected cases**

The Compliance Manager investigates every report received via the whistle-blower system. They maintain confidentiality, act independently and involve external experts where necessary. The Compliance Manager

leads and coordinates a clarification of the facts, for which purpose they have access to all necessary resources.

Depending on the type and severity of misconduct, disciplinary, civil or criminal measures may be taken. If a compliance violation has indeed occurred, the Compliance department coordinates and manages the criminal and regulatory investigation and enforcement procedures and serves as the central point of contact for the investigating and supervisory authorities. Comprehensive documentation is kept throughout the process.



In addition, an online-based whistle-blowing system is available to all employees and external stakeholders on the Pfleiderer website at **<https://pfleiderer.integrityline.app/?lang=en>**

The platform is a protected and secure reporting channel. It can be used anonymously, thus guaranteeing the highest level of protection for whistle-blowers and sensitive information. The report is sent directly to the compliance organisation.

Insofar as a suspected case is not directed against a member of the Compliance Committee or the Executive Board, the executive responsible for compliance informs the Compliance Committee about the report, the measures initiated and the current status of investigation. This is done in the regular meetings of the committee or in serious cases on an ad hoc basis. The Head of the Compliance Committee informs the relevant supervisory body.

### **Involving suppliers**

We also expect our suppliers to share Pfeleiderer's values and to comply with all legal provisions and our specified guidelines both themselves and in their supply chains. Our guidelines and requirements are set out in our Code of Conduct for Suppliers. Suppliers must confirm compliance in writing. We have already proactively informed our suppliers about our sustainability goals in the past. In the reporting year, we further systematised this approach in order to enhance visibility and measurability of cooperation for improved sustainability. We have started collecting and recording Scope 3 emissions from purchased goods as well as an approach for assessing the overall sustainability of our suppliers. We have trained our suppliers in product carbon footprint calculation methodologies to ensure data quality. We have build the necessary partnerships to enhance biodiversity conservation and carbon sinks with selected stakeholders in the supply chain and local neighbourhoods. For Scope 3 emissions, we have moved from database values for our industry to integrating supplier-specific product carbon footprints.

In the reporting year we have continued to systematically assess product carbon footprints as part of annual supplier assessment for top chemical suppliers and paper suppliers. In addition to product footprints, transport footprints are also in the process of shifting from transportation-specific averages to actual transport footprints per location. To that end, we are systematically assessing transport emissions based on supplier information. Some of this information is already organised in a pre-existing transport tracking system we share with our most important logistics providers and which now includes a carbon footprint tracing option. To assess overall sustainability of our suppliers, we have identified the standardised supplier rating EcoVadis as a suitable prerequisite for future preferred supplier relations.

## **CUSTOMER HEALTH AND SATISFACTION**

We have an established innovation process for new products, improvements and modifications to the existing product range in the IMS. Compliance with the Product Liability Act for new developments is also an integral part of our IMS. Monitoring of regulations and potential hazard classifications occurs via our associational partnerships. As part of overall business governance, we have a risk management system in place to identify physical and financial risks as well as a defined follow-up process. Effectiveness follow-up continues until after market launch.

### **Ensuring confidence in our products**

Our materials and production processes comply with all environmental and health protection regulations. International standards form the basis for this. For product users, the quality management system certified according to DIN EN ISO 9001 is particularly relevant. Controls of the internal management systems are carried out through annual internal and external audits. Our management systems for occupational health and safety certified according to DIN EN ISO 45001 also contribute to ensuring we offer our customers safe products that are not harmful to their health.

Our production capacity can potentially process around 250,000 tonnes of resins and binding agents per year. The chemicals we use in this processing can thus have a large impact on product safety. Among others, formaldehyde is a chemical of key concern for healthy living, as it can be released during the use phase of the product. Another substance of concern is melamine, which was added to the list of substances of very high concern (SVHC) by the European Chemicals Agency (ECHA) in early 2023. Melamine, however, is not released during the use phase of the product but is rather a health and safety concern in handling and production.

For all chemicals of concern, we have monitoring systems in place, including regular laboratory checks. To that end, we operate our own laboratories at all locations to conduct tests on materials and products. Our central laboratory is located in Arnsberg. We further invest in research and development to reduce or replace substances of concern from our production and materials. For example, we have succeeded in continuously reducing the formaldehyde emissions of our wood-based materials and are able to guarantee that we are at or below

the statutory limits. We have also been producing formaldehyde-free bonded panels for decades and are currently testing biogenic binding agents. In the long term, we intend to only produce particleboard with alternative binding agents.

We strictly comply with the Chemicals Prohibition Ordinance. As this ordinance does not require specific test cycles, we voluntarily ensure the low-formaldehyde or no-formaldehyde status of our products through external monitoring with the Fraunhofer WKI and the IHD every six months. In addition, we have expanded our testing for melamine in order to be prepared for future restrictions and to ensure product safety.

We have in place a closely monitored system which aims to maintain health and quality at a very high level. As this is already a very mature product system, improvements made at this stage will be of a fine calibration. In particular, using a higher proportion of recycled wood to manufacture our products necessitates a higher level of testing in order to ensure purity and adherence to statutory emission limits. The quality of waste wood is closely regulated by law, and constant analysis by our waste wood processors ensures compliance. To supplement this, we carry out voluntary spot checks on input materials during incoming inspection to cross-check supplier information.

On top of statutory requirements, our products comply with the voluntary specifications of the Blue Angel certification, which has lower limit values than international and German specifications. We proof these via test reports on the product formulations. Furthermore, a full 60% of our product range is Cradle to Cradle Certified®, meaning we have eliminated all chemicals of concern from these products.

Healthy living is a key design principle for our product development and a true quality claim at Pfleiderer. We investigate all actual or alleged limit violations that are reported to us. In the reporting year, there were no complaints with respect to limit exceedance in our products. We had no incidents of non-compliance related to the health and safety impacts of products or services in 2024.

#### **Labelling products transparently**

Pfleiderer follows all legal requirements to protect consumer health during the use of products. We have adjusted our entire wood-based products production in Germany to apply the requirements of the emission class E05. We offer the largest range of sustainably certified products in the industry, and our range includes products that partly comply with several of the follow-

ing seals of approval or standards: FSC, PEFC, Blue Angel and Nordic Swan; California Air Resources Board; TSCA; the Japanese emissions standard JIS, which includes the Japanese formaldehyde off-gassing reduction rating with the rating classes F\* to F\*\*\*\*, with F\*\*\*\* requiring the lowest emission values; and the Cradle to Cradle Certified® Product Standard. An Environmental Product Declaration (EPD) for our products is available for customers who want to know details about the ingredients.

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**In 2024 there were ...**

## **NO INSTANCES OF NON-COMPLIANCE**

**... with product and service information and labelling, and no violations in marketing communications.**

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#### **Engaging with consumers and end users about impacts**

We hold innovation workshops as part of the IMS innovation process, consult visit reports and employ CRM "Customer Relationship Management" to formulate customer needs and derive actions. With a view to the future requirements of the ESRS, queries within the scope of materiality assessment and customer questionnaires will also play a role here.

Channels giving consumers and end users the opportunity to raise concerns via standardised complaints procedures are incorporated into our quality assurance and quality management system as well as via the whistle-blower and grievance mechanisms. The latter are available online to both internal and external parties, and complaints can be submitted anonymously where desired. We respond to all claims and follow up with remedial actions in the IMS.

#### **Protecting customer data**

At Pfleiderer, all prescribed data privacy regulations are observed and complied with. To this end, we involve an external data protection officer, who also conducts regular audits. In the reporting year a data breach caused by a cyber-attack at a data processor was reported to the authority. The measures taken immediately were deemed appropriate by the authority, and the case was closed without any further damage.

# EVALUATION OF OUR EFFORTS



EcoVadis, one of the world's largest providers of ESG ratings, takes into account environmental, labor and human rights, ethics and sustainable sourcing criteria and awards medals each year. Thanks to the consistent implementation of our ESG strategy and other efforts, Pfeiderer was ranked in the top 1 percent of all 130,000 companies evaluated and received the platinum medal. Improvements in environmental protection, the introduction of additional key figures in the ESG report and top scores in the areas of labor and human rights as well as procurement contributed to this success.



The independent rating agency Moringstar/Sustainalytics has certified Pfeiderer's exemplary development in the area of sustainable corporate management in an ESG risk survey. Of the 149 companies assessed in the Building Products category, we moved up from third place last year to second place. Overall, Pfeiderer is in the top 2 percent of the more than 15,000 companies assessed worldwide.

The German Institute for Service Quality (Deutsches Institut für Service-Qualität), DUP Entrepreneur Magazine (DUP-Unternehmer Magazin) and ntv (Nachrichtenfernsehen GmbH) have once again presented the German Award for Sustainability Projects 2024. Projects from all sectors of the economy were honored. The aim is to make sustainable commitment visible at all levels. Pfeiderer convinced the jury with its project: "OrganicBoard Pure: particleboard with 100% recycled wood and 100% renewable glue" in the category "Product – Construction/Architecture" and received the first prize.

With its NATURALLY SUSTAINABLE communication campaign, Pfeiderer has presented its wide range of activities in the ESG sector to the public and has been honored with the German Brand Award. Pfeiderer was awarded the title "Winner" in both the Excellent Brands: Building & Elements and in the additional category Excellent Brands: Sustainable Brand of the Year.

The jury evaluated the following criteria

- Independence and typicality of the brand
- Distinctiveness of the brand
- Differentiation from competitors
- and target group relevance



Brand management should take into account aspects such as sustainability, degree of innovation, continuity and future viability. Factors such as the design quality of the brand image, the homogeneity of the brand experience and economic success also play a decisive role in the judging process. Companies could not apply for the Excellent Brands: Sustainable Brand of the Year, but were selected by the renowned jury from the German Brand Award winners in all categories.



# MATERIALS

The Materials field of action comprises the material topics of “raw materials” and “circular economy” as well as the strategic topics of “water” and “biodiversity and sustainable forestry”. In this chapter, we focus on our efforts to ensure the responsible and sustainable handling of the renewable resource wood, water management, and our measures to safeguard biodiversity.

| PRINCIPLES                     | COMMITMENTS                                                                                             |
|--------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>Circular economy</b>        | Maintaining our commitment to the circular economy through consistent recycling of wood-based materials |
| <b>Renewable resources</b>     | Maintaining 100% controlled wood for production purchasing                                              |
| <b>Responsible procurement</b> | Maintaining a high share of 90% of wood for production from domestic sources                            |
| <b>Protecting biodiversity</b> | Aiming for a deforestation-free supply chain                                                            |

#### FOCUS SDGS



# RAW MATERIALS

The renewable raw material wood provides the foundation for our business. As such, the impacts associated with its use are highly relevant, as are the related risks and opportunities.

## USING RESOURCES SUSTAINABLY: MATERIAL IMPACTS

Forest health is suffering from climate change, and though it appears to be gradually slowing, deforestation continues to be a global concern. We recognise the potential negative impacts associated with the use of wood resources for our panels and prioritise the sustainable use of this raw material.

In addition to wood, we also use resins and binding agents in our production. Some of these we manufacture ourselves and in doing so consume fossil resources (e.g. natural gas). We recognise that our use of such fossil resources is linked to resource extraction and the subsequent cumulation of materials such as microplastic in the biosphere and carbon dioxide and other harmful emissions in the atmosphere. We have therefore committed to gradually replacing all fossil raw materials we use with renewable ones and have set ourselves specific goals to achieve this.

## RISKS AND OPPORTUNITIES

More and more, private consumers, communities and industry are turning to wood as a sustainable material, especially for construction. The energy crisis has also heightened the demand for wood as an energy source. Such trends cyclically and continuously increase the demand for wood even in times of higher inflation and lower economic performance. Furthermore, forest degradation and deforestation hold the risk of resource scarcity for our core business. We expect to find physical risks as well as transitional risks, e.g. from changing legislation. We expect them to put constraints on the flow of resources and investments, affecting our ability to steer our activities in a way that assures business viability. A responsible approach to wood as a material is thus essential to ensuring both the sustainable manufacture of high-quality wood products in the future and overcoming dependence on fossil raw materials and energy sources in the long term.

The exacerbation of climate change through the use of fossil resources increases the risk of climate change-induced ecosystem changes. These can affect our resource base, water availability, and heat-related issues in our operations as well as the well-being of our employees and external stakeholders. The cost of countermeasures such as water retention technology or cooling systems are further possible follow-on effects.

Renewable materials, on the other hand, can be a differentiating factor in the marketplace. At Pfleiderer we view our strategic approach to the materials we use in wood-based construction as an opportunity to enter the growing market of green construction with wood as a favoured building material. Pfleiderer has responded to the green building trend by offering an expanding range of wood construction systems in addition to interior panel solutions.

## OPTIMISING THE USE OF RAW MATERIALS

Decades prior to the now-mandatory materiality assessment, Pfleiderer's own strategic considerations led us to shift our business strategy to optimise the wood use cascade through investments in wood sorting and cleaning facilities at three of our five wood panel producing sites.

For all raw materials – including those that are already produced from renewable raw materials, such as decor papers – we strive to make sustainability measurable along the entire value chain and, where necessary, to improve it in cooperation with our suppliers. For wood and paper raw materials, we require forest management or chain of custody certification as a prerequisite for products originating in locations with heightened ESG risks as evaluated by international risk assessment tools.

In order to preserve the use phase of wood for as long as possible, we focus on recycling management and cascading use. By using mainly waste wood and sawmill residues and implementing intelligent wood utilisation cycles at our locations, we conserve valuable resources and relieve the burden on ecosystems and the wood market. We procure the fresh wood we need for our production from controlled sources; 93% of all fresh wood supplies are national (e.g. damaged, broken or thinned wood). This helps support ongoing forest conversion activities aimed at achieving greater climate resilience and higher biodiversity.

In line with our voluntary commitment to maintain this high proportion of domestic wood procurement, we sourced only 7% of our fresh wood in the form of thinning wood and sawmill residues from abroad, exclusively from Germany's immediate neighbors. The average delivery distance for fresh wood from Germany is 97 km, and 102 km including fresh wood from abroad.

We are constantly developing the process to safeguard our wood supply chain and are currently taking action to ensure compliance with the new EU Regulation on deforestation-free supply chains; this regulation is going to replace the EU Timber Regulation and its corresponding national laws.

## USING CERTIFIED FRESH WOOD

We have the capacity to process 1.4 million tonnes of wood in the "absolutely dry" category (atro) per year, plus 9,000 tonnes of decor paper. Since 2007, we have been using fresh wood and decor paper exclusively from controlled sources. In 2023, wood supplies with a chain of Custody Certification or a Controlled Wood Claim accounted for 68% of our freshwood purchases. Looking only at certified freshwood inputs, the figure was 62.6% in 2023 and increased to 64.5% in 2024.

Internal and external audits are conducted annually to verify that the underlying criteria of FSC® Controlled Wood and PEFC Controlled Sources are met throughout the entire chain of custody.

We determine the annual number of audits according to the specifications of the external supply chain assur-

ance. In 2024, this was 30. In this risk-based approach, fresh wood suppliers who have a rail or port connection or deliver from a storage yard are audited in particular. Additionally, suppliers from countries which are classified above a certain risk threshold based on criteria set by the external chain of custody are also audited.

We conduct audits down to the exact forest location. Suppliers who do not meet the audit requirements or who do not allow our auditors access to their harvesting areas, even after signing confidentiality declarations, are consistently excluded. No breaches of compliance with chain of custody certification were identified or reported in the reporting year.

Fresh wood with a certification from the non-profit organisation Forest Stewardship Council® (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) comes from sources that apply responsible forest management based on binding principles. Wood and wood products with these labels come from verified ecologically, economically and socially sustainable forestry. The full production chain – from the raw material to the ready-to-use product – is third-party verified. Certified forest management systems support the needs of both people and nature: biodiversity is as important as workers' health and safety.

## REPLACING FOSSIL INGREDIENTS

In our production, we can process around 250,000 tonnes of resins, binding agents, additives and lacquers per year. The majority of these are produced from fossil gas. To reduce the use of fossil raw materials, we have committed to gradually replacing all fossil raw materials we use with renewable ones and have set ourselves specific goals to achieve this: by 2025, we aim to produce 10% of our wood-based products (measured by volume) using in part biogenic resins. The efforts are modelled after our successful recycling efforts, which we have achieved by setting targets, researching, investing and creating internal incentives.

Switching to organic binding agents as drop-in solutions is at the core of our business strategy. In 2022, we replaced 50% of the fossil glues in our OrganicBoard P2 product with renewable OrganicGlue. In 2023, we launched OrganicBoard Pure, a product containing 100% organic binding agent and 100% recycled fibre. Products with this profile offer a wide range of benefits: they contribute to a circular economy, minimise greenhouse gas emissions, mitigate risks related to increasing cost of fossil raw materials – be it for supply chain or regulatory reasons – and elevate our brand in a market which is increasingly demanding renewable raw materials in its products.

The product has been awarded the German Award for Sustainability Projects 2024 by the German Institute for Service Quality (Deutsches Institut für Service-Qualität), DUP Entrepreneur Magazine (DUP-Unternehmer Magazin) and ntv (Nachrichtenfernsehen GmbH). See page 26.

**We replaced 50% of fossil glues with renewable organic glue in the OrganicBoard product in 2022. We also offer OrganicBoard Pure, a version with ...**

# 100%

**... renewable binding agent.**

## PROTECTING CONSUMER HEALTH

Pfleiderer adheres to all legal requirements with regard to consumer health to ensure the safe use of our products. We operate laboratories at our locations to conduct quality testing on materials and products, including formaldehyde emissions testing at our central laboratory in Arnsberg. Our objective is to always be at or below the statutory formaldehyde limits. Over the last few years, we have continuously reduced the use of formaldehyde in our particleboards. In addition, we were one of the first manufacturers to start producing panels with formaldehyde-free binding agents decades ago.

In the reporting year we received no complaints regarding limits being exceeded. We registered no instances of non-compliance related to the health and safety impacts of our products and services.

We have converted our entire production of wood-based materials in Germany to comply with the strict requirements of emission class E05. Furthermore, we comply with voluntary requirements and also offer panels with formaldehyde-free binding agents. Pfleiderer has the largest range of products with an eco-label in the industry.

# CIRCULAR ECONOMY

The responsible and sustainable use of the renewable resource wood is at the centre of our entrepreneurial activities.

We contribute to the circular economy and to the protection of the environment and the climate by using recycled wood in our products; the use of certified fresh wood from sustainable forestry also contributes to this and reduces stress on virgin raw materials from ecosystems.

Relying on recycled materials carries the risk of competition for raw materials in the recycling market. Reduced demand in the construction and refurbishment industry due to factors such as inflation and recession leads to less used wood being disposed of and recycled. Moreover, bottlenecks in gas supply due to embargos against Russian natural gas led to intensified demand for wood as fuel for private households, municipalities and industry.

However, a thriving market – especially one with a strong construction and renovation sector – holds great opportunities as recycled inputs are more widely available and at competitive prices.

## KEEPING WOOD IN THE CYCLE

Our goal is to keep wood in the materials cycle for as long as possible. Facilitating multiple processing of wood helps to alleviate pressure on the forestry industry and preserve resources. Since wood is also a carbon sink, approximately one tonne of CO<sub>2</sub> per cubic metre of wood remains bound even over the extended useful life of the material. In practice, our cascading use system means that already today we use predominantly (53.5%) post-consumer recycled wood. The second-largest share is comprised of sawmill residues, representing 25%. The remaining 21% is accounted for by thinnings and damaged wood, mainly from domestic forests. To ensure that our fresh wood and decorative paper are responsibly sourced, we only use raw materials from controlled sources.

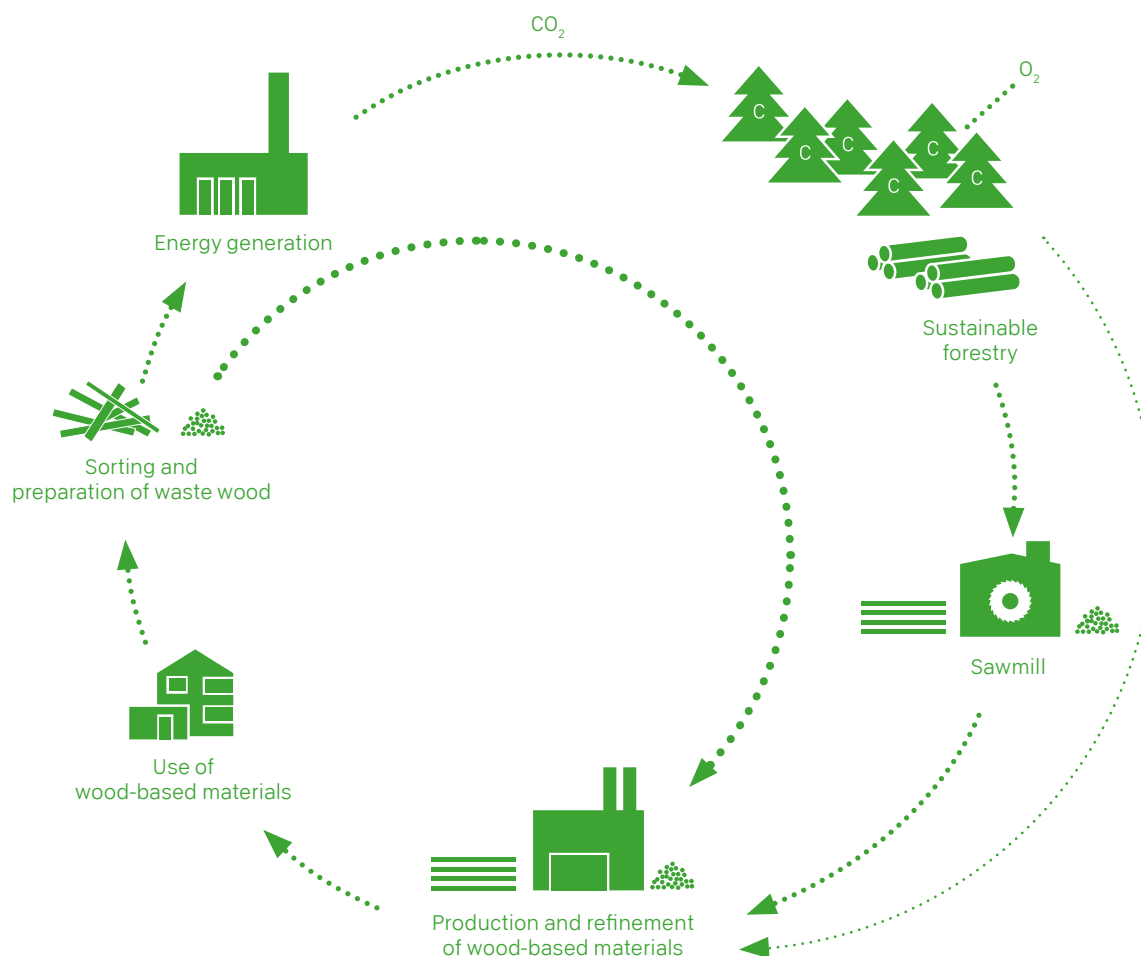
Annual fluctuations in the mix are a result of variations in availability at macro level and pricing of the wood assortments we use in our production. Being able to switch between assortments allows us to keep production and product cost stable for our customers.

Nearly ...

# 80%

...of the wood raw materials used in our products are sawmill residues and recycled wood.

## OUR CASCADING USE OF WOOD



We primarily procure recycled wood from certified recycling companies. From sawmills, we obtain sawmill residues, such as edge trimmings, wood chips and sawdust, which are produced as by-products during the manufacture of beams and boards. The smallest part of our wood raw materials comes as fresh industrial wood in the form of thinnings and damaged wood from windthrow, snow break and beetle infestation areas. We convert these raw materials into new particleboard and supply the finished product to our customers. Once these products reach the end of their service life, specialist recycling companies process them and remove components made of other material types. At our locations, we further process the recycled wood, eliminating as far as technologically possible any remaining impurities.

We use this high-quality recycled wood for the production of new wood-based products. Wood that can no longer be recycled is converted into thermal and electrical energy in our integrated biomass power plants in Gütersloh, Neumarkt and Baruth. We utilise this energy in our production processes and feed surplus electricity and heat into the public grid. We ensure short transport routes for all raw material purchases. We source the majority of the wood raw materials we use in panel production from Germany.

By establishing supplementary partnerships with certified recycling companies, furniture manufacturers, suppliers and customers, we specifically promote the cascading use of wood and the circular economy in order to continue to increase the proportion of recycled wood in our production process.

### Continuing to advance waste wood recycling

Waste wood recycling offers great potential for resource conservation, however, it is still underdeveloped worldwide in terms of automation and standardisation compared to other industries, such as paper recycling. This makes it all the more important for the wood-processing industry to continue to advance waste wood recycling together with suppliers and recycling companies.

Pfleiderer is a major pioneer in waste wood recycling and, in terms of the amount of waste wood purchased and processed, was the largest waste wood purchaser in Germany and one of the largest in Europe in 2024. This gives us leverage to shape the ongoing technical development of waste wood recycling and to actively contribute to the further development of the circular use of waste wood.

Our recycled wood complies with quality classes A1 and A2 according to the German Waste Wood Ordinance, which is the strictest in Europe, and is largely free of chemical, metallic or mineral impurities. As the current state of technology does not allow for 100% elimination of impurities, we are also involved in numerous co-operations for the technological improvement of sorting and separation processes. Waste wood category A1 includes untreated or only mechanically-processed waste wood that was not more than insignificantly

contaminated with non-wood substances during its use. According to the Waste Wood Ordinance, category A2 includes glued, painted, coated, lacquered or otherwise treated waste wood with no halogenated organic compounds in the coating and containing no wood preservatives.

## MANAGING THE CIRCULAR ECONOMY

Using wood as a renewable resource in the cascade is a high priority for Pfleiderer. Accordingly, many departments and responsible persons are involved in the management of the materials cycle. The Head of Sustainability coordinates the goals with the specialist departments Purchasing, Environment, R&D and Production. The Sustainability Committee and the Executive Board then confirm the goals before they are entered into the internal management system to be implemented at the plants. Clear implementation responsibilities and KPIs are defined and continuously reviewed. Indicator data is collected monthly, prepared in quarterly reports and communicated to the Executive Board. Adjustments are made as needed. In addition, management compensation and an interest component of our sustainability-linked financing are tied to the achievement of the recycling rate.

Our materials and production processes comply with all environmental and health protection regulations and with international environmental and energy management systems. We apply recognised international standards to all our production operations in Germany. We have furthermore implemented an environmental management system according to DIN EN ISO 14001 as well as an energy management system according to DIN EN ISO 50001. Controls are carried out through annual internal and external audits.

### RECYCLED WOOD: OUR PERFORMANCE AGAINST OUR TARGET OF REACHING 50 PER CENT BY 2025

|                                                                  | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------------------------------------------|------|------|------|------|------|
| Share of post-consumer recycled wood in our wood mix in per cent | 41.7 | 46.2 | 48.1 | 50.7 | 53.5 |

## INCREASING THE SHARE OF POST-CONSUMER RECYCLED WOOD

As there is no uniform definition of post-consumer recycled wood, we at Pfleiderer have determined internally which wood shares we define as recycled wood in our statistics. These are recycled wood from our recycling suppliers as well as internal waste and returns. To further increase the share of post-consumer recycled wood, we are expanding the purchase of recycled wood and increasing the recovery of internal wood waste streams within production. We collect monthly data on the relevant indicators and share it with the Executive Board. In particular, monitoring the composition of our suppliers' recycled wood stocks allows us to collect the indicator data more accurately. In the reporting year, we achieved wood yields of 87% to 92% in our plants, depending on the plant (2020: 81% to 91%). The current technology does not allow 100% elimination of impurities from the wood. However, based on our ongoing research and development, we consider a higher share feasible. By 2025, we aim to achieve and maintain a minimum of 90% in all production plants. Ongoing dialogue with other parties who can help us achieve this goal is a component of our strategic approach.

The post-consumer recycled material we use primarily takes the form of processed residues from wood processing, furniture, packaging, interior construction, and structural applications (timber construction, packaging and formwork construction) with the majority coming from dismantled products at the end of their service life. We receive the material primarily after it has been processed. We work closely with our approximately 90 suppliers to maintain our strict product quality standards in this regard and to always facilitate intensive dialogue on sustainable approaches. Our panels are regularly tested in Pfleiderer's own laboratories for many factors, not least of which is to ensure product safety. The amount of post-consumer recycled material available is influenced by reuse and recycling initiatives in the European Union, economic development, consumer behaviour and the recycling of used furniture by furniture retailers.

In 2024, we achieved ...

# 54%

... post-consumer recycled wood in our wood mix across our entire product portfolio. For particle board, the share is 65%.

Through the consistent implementation of our recycling strategy, in 2023, we achieved our 2025 target of 50% ahead of schedule. An investment made in 2022 allowed the start of enhanced cleaning capacities at our Gütersloh plant in 2023, which successfully increased the use of recycled wood at that plant and thereby significantly contributed to this achievement.

## REUSING RETURNS

With a share of now only 2.3% (-0.2), internal wood flows play a minor role in achieving our recycling quota. We take special care to collect returns at the factory and feed them back into production. These include wood residues that occur when panels are edged, discards that occur when wood panels warp, rejects from production, packaging returns, defective goods, square timber boards for transportation and cover boards. These categories are recorded in our technical databases.

### WOOD YIELD: OUR PERFORMANCE AGAINST OUR TARGET OF REACHING 90 PER CENT BY 2025

|                                         | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------------------|------|------|------|------|------|
| <b>Technical wood yield in per cent</b> |      |      |      |      |      |
| Highest yielding plant                  | 91.1 | 91.3 | 91.8 | 91.1 | 91.7 |
| Lowest yielding plant                   | 81.8 | 83.4 | 82.5 | 84.3 | 86.9 |

## CLOSING ENERGY CYCLES

We also rely on closed cycles for energy generation. We generate almost all of the electricity and heat required for drying and pressing the wood from our own integrated biomass power plants in Baruth, Gütersloh and Neumarkt. Pfleiderer is a certified specialist waste management company and converts at these locations up to 600,000 tonnes of waste wood that is not suitable for recycling into thermal and electrical energy every year. This enables us to forgo the use of fossil fuels almost completely and to generate heat and electricity in a climate-neutral way. Surplus electricity is fed directly into the public electricity grid.

## WASTE

As a waste management operation, we aim to minimise waste by recycling waste wood both materially and thermally. Despite our commitment and approach to recycling wood, other waste accumulates in the form of ash, waste wood residues and packaging.

### Managing unavoidable waste

The Pfleiderer sites do not operate landfills. The combined heat and power plants in Neumarkt, Gütersloh and Baruth, as well as Heller Holz GmbH, are certified as waste management facilities. They thus fully comply with extensive waste management requirements. As a member of the German Federal Association for Secondary Raw Materials and Waste Disposal (Bundesverband Sekundärrohstoffe und Entsorgung e.V.), Pfleiderer plays an active role in promoting the advancement of cascading use in legal regulations, e.g. the German Waste Wood Ordinance.

### Handling of hazardous waste

We are aware that we use hazardous substances, such as adhesives containing formaldehyde, where the associated health effects must be reduced. However, certain substances have so far been difficult to substitute, or only substitutable at high cost.

In 2024 we tested the new waste reporting system developed in 2023.

In 2023, we developed a set of KPIs to facilitate the systematic monitoring of our waste-related impacts and help us identify improvement opportunities at all sites. The KPIs are aligned with the requirements of the GRI and are reported in our KPI table. In addition, we developed a new reporting system for waste which will enable us to access relevant data on a monthly basis. The system features an automatic accounting module for categorising waste diverted from disposal, including preparation for reuse, recycling and other recovery operations for both hazardous and non-hazardous waste. Furthermore, the system will also include automated accounting of waste diverted to disposal including incineration (with and without energy recovery), landfilling and other disposal operations of both hazardous and non-hazardous waste. We have implemented the new waste reporting system in 2024 and have set ourselves the target to test the system and derive meaningful targets for waste management by 2025.

# SUSTAINABILITY IN ACTION

## MOTEL ONE MÜNCHEN

### Applying circular economy principles in the hospitality sector

With the Motel One München-Deutsches Museum, the company has now for the first time carried out a broad-based project on the topic of wood-based material recycling in interior design.



#### An interview with Verena Ferner from Motel One and Stefan Zollikofer from Zollikofer

**PFLEIDERER:** When redesigning the Motel One München – Deutsches Museum, Motel One went one step further in terms of sustainability. What exactly characterizes this project?

**VERENA FERNER:** When redesigning the Motel One München-Deutsches Museum, our goal was to make the most of the opportunities offered by the circular economy. We started as a pilot project in which we want to recycle as high a proportion as possible of the materials that are renewed or replaced during the redesign. The possibility of then giving the discarded furniture and interior fittings a further life cycle is therefore an important part of our sustainable thinking.

**PFLEIDERER:** Mr. Zollikofer, you run a company that specializes in the processing, recycling, storage and transport of biomass for the wood-based materials industry. What role did you play in the redesign of the Motel One in Munich?

**STEFAN ZOLLIKOFER:** We offer a comprehensive range of products and services for timber logistics and timber processing, which means we are a supplier and disposal partner in one. When it comes to post-consumer material, our focus is on material recycling. This means that we have processing technology that can be used to turn a large proportion of the furniture and interior fittings from the Motel One in Munich back into chips and ultimately into new wood-based materials, for example by Pfeiderer.



STEFAN ZOLLIKOFER

**“The circular economy in all its facets is our strength, and we cover the entire chain.”**



VERENA FERNER

**“To establish a circular economy, suppliers and customers must work closely together, jointly seek new solutions and, in some cases, swap roles to enable products to enter a second life cycle.”**

**PFLEIDERER:** And Pfeiderer is also involved in bringing this collaboration about, right?

**STEFAN ZOLLIKOFER:** Yes! As a supplier of raw materials for the production of engineered wood products, Pfeiderer is one of our most important customers. This connection was mentioned by a Pfeiderer architectural consultant in a conversation with the Motel One Group when the topic of circular economy was discussed.

**PFLEIDERER:** Ms. Ferner, Mr. Zollikofer, thank you for the interview!

# WATER

To better understand the environmental impact of our water use, we have identified plants located in areas affected by water stress. This was assessed using the WRI Aqueduct Water Risk Atlas. Based on this analysis, two sites are affected by water stress ("high" index). In addition, recent increasing severity of local flooding may pose a risk to individual sites. As a consequence, we have started to prepare a water risk plan to deal with water shortage as well as flooding in a systematic manner. We have started the development of risk scenarios for our sites and to update the existing crisis plans accordingly. For water-stressed sites, the plan will include a shut-down priority list for all sites to protect critical infrastructure in case of water shortage.

## WATER MANAGEMENT

We are committed to using water resources responsibly.

## REUSING WATER

We use recycled water to mix glues and in our wet electrostatic precipitators. The Baruth location operates its own wastewater treatment plant, which purifies the process water produced. All other locations discharge the wastewater into the public wastewater treatment system and are obliged to comply with the municipal limits for water quantity and quality. Compliance is monitored by the municipalities. In 2023 we implemented a rainwater harvesting system at the Neumarkt site with cisterns that transports the rainwater within canals to use it for the organisation. Our created biotope at the site is watered with it.

## ENVIRONMENTAL OBLIGATIONS

We understand our obligations as owners and operators of industrial properties. We are committed to mitigating contamination of soil, groundwater and buildings at our current facilities and former locations, as well as at neighbouring properties. When contamination is found, we conduct investigations and implement remediation, containment, closure or decommissioning measures as necessary. The soil and groundwater of a property in Neumarkt, which we currently use as a timber yard, were contaminated by previous operators. Since the early nineties, we have treated this groundwater on our premises to use it as process water in our production and are on our way to transparently documenting our water needs. Transparent documentation is a prerequisite for adapting our water management to the expected changes in water availability due to climate change.

Two of our operating sites are located in water-stressed areas. In the reporting year, we developed a set of KPIs to facilitate the systematic monitoring of our water-related impacts and help us identify improvement opportunities, especially at these two sites. The KPIs are aligned with the requirements of the GRI and are reported in our KPI table. In addition, we developed a monitoring and reporting system to track these KPIs. Our new target until 2025 is to test the system and derive meaningful targets for water management.

# BIODIVERSITY

## EVALUATING IMPACT

To protect biodiversity, we have introduced a framework for assessing the sustainability of our suppliers, including biodiversity. We have completed a biodiversity check and set up a framework for assessing biodiversity in the supply chain. We have set a target to create a biodiversity management plan during the reporting year 2025 for all production sites in or adjacent to areas with a nature protection status. We have set the target to identify and mitigate potentially negative impacts on biodiversity in our wood supply chain in the same year.

We additionally positively impact biodiversity through our contribution to climate change mitigation, as this is a major driver of species and habitat loss. We discuss corresponding management approaches in the Climate chapter.

Risks and opportunities arise from the company's dependency on natural raw materials and therefore on functioning ecosystems. The biodiversity check identified the following focus areas: suppliers, nature conservation areas, transport, water, use of lands owned, leased or managed. The check also shows that the following topics have no priority for our operations: buffer zones and corridors, genetically modified organisms, trade with protected species according to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and mineral raw material mining.

We analysed the biodiversity risks of our locations using the WWF Risk Filter and were able to identify the main effects on biodiversity. In the next step, the main risks from the company's perspective will be assessed.

\*The IUCN Category IV refers to a protected area with targeted management intervention to ensure protection status. The IUCN Category V refers to an area with management to protect the recreational value of a landscape. The IUCN Category VI refers to an area with management for the sustainable use of ecosystems and habitat.

With respect to our five owned sites, one (Baruth) is located adjacent to a protected landscape equivalent to a Category V protected area as defined by the International Union for Conservation of Nature\* (IUCN). Another site, Arnsberg, is located within a protected area with sustainable use of natural resources (IUCN Category VI) – the Naturpark Sauerland Rothaargebirge. The Neumarkt site is located adjacent to a habitat management area (biotope, IUCN Category IV). Two sites are not located in or adjacent to protected areas.

## CULTIVATING BIODIVERSITY

Although fresh wood in the form of thinnings and damaged wood only accounts for a quarter of our wood volume, we have started supporting one of our largest fresh wood suppliers in a concrete renaturation project. The supplier – a large public forest landowner – replaced spruce monoculture with a wetland landscape and site-adapted, resilient mixed-species forests. This project is continuing, and additional projects are being discussed with other fresh wood suppliers.

We offer a large part of our products certified according to FSC or PEFC. Since 2007, the wood we process has come exclusively from controlled sources. No biodiversity credits are used to offset impacts on biodiversity. Exploring opportunities to do so as part of the national initiative Biodiversity in Good Company have led to the decision to focus on more direct impacts in our supply chain first. Supplementary biodiversity topics for consideration are: status of invasive species on sites owned, leased or managed as well as an in-depth assessment of the wood supply chain. In addition, preparations are currently ongoing to comply with the EU Regulation on deforestation-free supply chains (EUDR).

# EXPANDING SUSTAINABILITY IN THE SUPPLY CHAIN

We are committed to systematically assessing the sustainability of our suppliers as part of our efforts to build a responsible supply chain. To this end, we have achieved our goal of introducing a framework for assessing the sustainability of our suppliers in 2023. This framework enables us to report transparently on our supply chain sustainability improvements. We will continue to gather supplier data as part of our annual supplier assessments to give an indication of the maturity level in managing sustainability. As a first measurable target, we aim to reach 80% of our contracted suppliers

having signed our Code of Conduct for Suppliers by 2025 and 95% by 2030. In the reporting year, 78% of our suppliers have signed our Code of Conduct. In subsequent years, we will use the system to monitor and report on additional KPIs reflecting supplier sustainability. Suitable would be a standardised supplier rating such as EcoVadis as a prerequisite for future preferred supplier relations. Currently only wood-based inputs are governed by sustainability criteria, namely forest and chain of custody certification schemes.

## SUPPLIER CODE OF CONDUCT SIGNED AND DOCUMENTED: OUR PERFORMANCE AGAINST OUR TARGETS

|                                                                     | 2023 | 2024 | Target<br>2025 | Target<br>2030 |
|---------------------------------------------------------------------|------|------|----------------|----------------|
| Share of suppliers signing the supplier code of conduct in per cent | 60   | 78   | 80             | 95             |

# CLIMATE

The Climate field of action encompasses the material topics of “emissions” and “energy”. This chapter specifically addresses climate-related concerns throughout our value chain and our endeavours to minimise emissions (greenhouse and non-greenhouse gas) in all three Scopes. The two material topics of climate-relevant emissions and renewable energies are considered together in the following chapter.

| PRINCIPLES                         | COMMITMENTS                                                                 |
|------------------------------------|-----------------------------------------------------------------------------|
| Sustainable production             | Offering a wide range of low-emission and environmentally friendly products |
| Renewable energy                   | Achieving net-zero CO <sub>2</sub> emissions by 2050                        |
| Net-zero CO <sub>2</sub> emissions |                                                                             |

FOCUS SDGS

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CLIMATE ACTION



# FURTHER EXPANDING CLIMATE PROTECTION

Pfleiderer is a company with energy-intensive operations. We are aware of our resulting responsibility and are dedicated to achieving the Paris Agreement's climate goal of limiting global warming to 1.5 °C. We aim to gradually reduce our net carbon footprint to zero by 2050.

Our first priority is to take measures to avoid or reduce climate-relevant emissions. This includes the use of renewable energies and the replacement of fossil binders. We also want to reduce our product-related climate-relevant emissions step by step and continue to broaden our range of low-emission products.

## MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Owing to constantly changing legislation on the topic, this area is associated with a high level of bureaucracy, which we consider to be a risk. In addition to driving global warming, fossil energy use is also associated with the risk of higher prices due to disrupted supply chains as well as regulatory penalisation.

We use waste wood which has reached the end of its useful service life due to contamination to generate energy at our locations – thus closing the wood use cycle. In this way, we replace fossil fuels and reduce carbon emissions. Replacing fossil energy with renewables secures energy supply when long-distance fossil fuel provisioning is disrupted by pandemics, armed conflicts or other hazards impacting international trade. It also reduces costs resulting from regulatory penalization of carbon emissions and lowers the carbon footprint of products, making them more attractive in an increasingly environmentally conscious market.

Via strictly monitored heating systems as well as modern and highly efficient filters, we also ensure that not only climate-relevant emissions are reduced at our locations, but also non-climate-relevant emissions.

The reduction of non-greenhouse gas emissions involves investment and management costs and ties up resources. On the other hand, the reduction of emissions (absolute or product-related) that are not relevant to climate change has other positive health and regulatory effects. We have been able to reduce the formaldehyde emissions of our wood-based materials in recent years and have been producing formaldehyde-free bonded panels for decades.

# REDUCING EMISSIONS

The Sustainability department commissions the annual calculation of the carbon footprint based on the Greenhouse Gas Protocol in Scopes 1, 2 and 3. The data basis for this comes primarily from the departments of Purchasing and Energy Production. Detailed questions about the calculations are clarified in cooperation with the Environment and Purchasing departments. A quarterly calculation of emissions from Scopes 1 and 2 to meet legal requirements is carried out by Purchasing. All figures are regularly reported to the Executive Board. Action plans to reduce energy requirements have been prepared by the Energy Production and Technology departments. A road map to achieve the goal of net-zero greenhouse gas emissions is being prepared by the Sustainability department.

Greenhouse gas (GHG) emission reduction targets have been an integral part of the variable remuneration system of members of the administrative, management and supervisory bodies for several years. Concrete and measurable targets are set at the individual manager level and assessed annually. For more details, see the Strategy chapter.

## REDUCING DIRECT EMISSIONS: SCOPES 1 & 2

Our first step is to reduce our overall energy consumption and thus our need for fossil fuels too. To this end, we have implemented a range of measures such as exchanging our lighting systems, heat generators and cooling systems and optimising windows and transformers as well as production times. By changing to more efficient compressors and eliminating leaks, we lowered compressed-air consumption. We have also optimised our production planning by minimising set-up, shutdown and start-up operations, and keep empty transport runs to a minimum through well-thought-out route planning.

Furthermore, we aim to replace fossil fuels with alternative energy sources. We are initially tackling this issue for the assets which consume the largest amounts of thermal and electrical energy. Targeting reductions by high-consuming assets not supplied in a carbon-neutral manner will enable us to maximise our measures' impact.

### Reducing emissions in transport and logistics

In logistics, we use partially our own fleet of trucks and partially trucks from our company JURA-Spedition. The fleet at our subsidiary largely fulfilled the Euro emissions standards 6d and 6e in 2022 thanks to regular replacements. Regarding our own fleet, our goal was to fully comply with these standards from mid-2023, and we achieved this target by replacing 23 trucks that had the older 6c standard in the reporting year.

To further decrease the carbon emissions associated with our own fleet, we have set the goal of lowering fuel consumption in litre per 100 kilometer by an additional 5% by 2030 with the baseline year of 2023. We aim to achieve this by leveraging new technologies, optimising tyres and implementing continuous training of the drivers. In the reporting year we've achieved minus 2%.

### Generating and using renewable energies

As a manufacturer of wood-based materials, we require both thermal and electrical energy throughout the year to dry the wood chips and heat the presses, among other things. Our energy sources are biomass, piped natural gas, heating oil and electrical energy. In our current energy mix, a full 87% (83% in 2023) of our consumption is covered by biomass. The remaining energy requirements are covered by energy from the grid. Nuclear energy may be contained in the energy mix we procure from the grid. As Germany has phased out nuclear power and Pfleiderer is transitioning to energy self-sufficiency, we do not assess the share of nuclear power in our energy mix. We have sold minuscule amounts of heat from one of our plants and will disclose heat trading information as it becomes a more important factor during the expansion of district heating offers to local communities.

We now generate energy at all five of our locations in Germany. In Arnsberg and Leutkirch, we use conventional boilers that rely on fossil fuels and biomass/waste fuel boilers. Since 2013, we have gradually converted a significant part of Leutkirch's heat supply from heavy fuel oil to natural gas and biomass. Following subsequent expansion of thermal use through biomass, gas consumption at the plant was around 26% lower from 2019 onwards.

At our Baruth, Gütersloh and Neumarkt locations, we use combined heat and power (CHP) plants that utilise biomass to generate the required electricity and heat for our production needs. In accordance with the principle of cascading wood use, we use as biomass waste wood that cannot be recycled. We also use by-products such as sanding dust. Heating oil is only used if a restart is needed after a shutdown. We achieve above-average efficiency because, as a manufacturer of wood-based materials, we need energy and heat throughout the year and can use it to dry the chips and heat the presses. As a certified waste management company, Pfleiderer converts up to 600,000 tonnes of waste wood into thermal

or electrical energy per year across all CHP locations.

The CHPs were subsidised until 2021 under the German Renewable Energy Sources Act, and in accordance with legal requirements, we fed the surplus electricity generated into the public grid. After the subsidy expired, in mid-2022 we began producing our own certificates of origin for the biogenic share of the fuel used to generate electricity on a quarterly basis and have them verified. In 2023, we transitioned to self-supply; the three CHP plants feed the electricity into a virtual power plant from which five locations draw their electricity simultaneously. In 2024 we thus covered 100% of our heat and 95% of our electricity from own combined heat and power generation. The sale and delivery of supplementary electricity to the locations took place on the basis of green corporate power purchase agreement (cPPA) contracts.

In 2024, we purchased 3% of our electricity from energy suppliers and used small amounts of natural gas as a backup supply for certain processes.

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# 87.6%

**... of our energy was generated from biomass in 2024, which corresponds to an annual increase of 1.5% since 2020.**

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### Targets and metrics

We have set an intermediate target to reduce our CO<sub>2</sub> emissions in Scopes 1 and 2 by 21% compared to 2020 levels by 2025. This target is based on scientific evidence and was confirmed by a third-party evaluation during the issuing of our sustainability-linked financing in 2021.

To protect the environment and contribute to mitigating the effects of climate change, we are working to continuously reduce our direct greenhouse gas emissions (Scope 1) as well as greenhouse gas emissions from purchased energy (Scope 2). In line with our sustainability-linked financing, we have committed to lower our Scope 1 and 2 greenhouse gas emissions to 192,423 tonnes by the end of 2023 and to 173,900 tonnes by the end of 2025 – compared to 220,164 tonnes in 2020.

Through investments and further measures at our locations between 2020 and 2023, we have already been able to shrink emissions in Scope 1 and especially Scope 2 significantly and achieve values at the 2025 target level. For example, we caused 129,914 tonnes of greenhouse gas emissions in Scopes 1 and 2 in the reporting year, compared to 150,846 tonnes in 2022 and 220,164 tonnes in 2020.

We successfully cut greenhouse gas emissions in Scopes 1 and 2 by 41% from 2020 to 2024. Our ability to outperform our target was aided by the fact that expansion of access to renewable energy in Germany is moving ahead favourably. This has improved the energy balance in particular for companies with high energy demands. Based on this higher share of renewable energy, overall investments in electricity-based technologies, e.g. heat pumps, has advanced in order to replace fossil-based heating solutions. Back in 2022, we started generating our own renewable energy certificates. As a result, in 2024 we produced and used 97% of our electricity in-house; it has a biomass share of 95%. These combined effects allowed us to reduce our GHG emissions to 129,914 tonnes in 2024.

Nevertheless, at the moment we are maintaining the target set for 2025 and will focus more on savings in Scope 1 in the coming years, as these require both investment and time for necessary planning work.

# -41%

... fossil carbon emissions in Scope 1 and Scope 2 since 2020.

### COMPANY CARBON FOOTPRINT: OUR PERFORMANCE AGAINST OUR TARGET OF REACHING A 21 PER CENT REDUCTION BY 2025

|                                               | 2020     | 2021    | 2022    | 2023    | 2024    |
|-----------------------------------------------|----------|---------|---------|---------|---------|
| Company carbon footprint (tCO <sub>2</sub> e) | 220,164  | 171,134 | 150,846 | 134,894 | 129,914 |
| Change in per cent (vs. 2020 baseline)        | Baseline | -21.9   | -31.4   | -38.7   | -41.0   |

## MINIMISING INDIRECT CO<sub>2</sub> EMISSIONS: SCOPE 3

Along our value chain, indirect carbon emissions occur among other things where we source the resources for our wood-based materials. By using a high proportion of recycled wood for the production of our main product, particleboard, the product-related climate-relevant emissions are already lower than if only fresh wood were used. Moreover, our cascading use of wood cuts climate-relevant emissions in other areas as well, such as energy production. The majority of our emissions in Scope 3 arise from the purchase of chemical products.

### Systemised supplier assessments and data management

We are committed to systematically assessing the sustainability of our suppliers as part of our efforts to build a responsible supply chain. To this end, we are using EcoVadis rating as a benchmark for assessing the sustainability of our suppliers.

Our approach involves assessing Scope 3 emissions from purchased goods as well as suppliers' overall sustainability. We have also launched peer learning formats across industries and with key suppliers on carbon emissions tracing.

We have assessed our Scope 3 emissions largely based on database values for our industry in the past years. Selected suppliers already provide concrete own data. In the reporting year, we started to systematically assess product carbon footprints as part of annual supplier assessments for top chemicals suppliers and paper suppliers. Additionally, we are transitioning from transportation mode-specific averages to actual transport footprints per production site, using supplier-provided information and pre-existing transport data management systems.

We have exceeded our existing target of reducing the indirect greenhouse gas emissions associated with purchased chemical products used in our wood-based panels by 21% by 2025 in comparison to 2020 in the reporting year. We have achieved a reduction by 26.4% reduction per cubic meter. In addition, we have set a new target to assess the baseline product carbon footprint for other product categories in 2024 to set reduction targets in 2025.

# -26%

... carbon emissions in Scope 3 from purchased chemical products since 2020.

### Reducing transport emissions

From 2024, we have defined Euro 6 as a minimum standard for our external forwarding partners, and we are already preparing for higher standards such as Euro 7 and alternative drive types. To facilitate a detailed calculation of carbon emissions, we have adopted a new feature in our established digital transport data management tool in the reporting year.

In the reporting year we've been calculating our Scope 3 emissions according to the Greenhouse Gas Protocol's Corporate Standard. These amount to 732,527 tonnes. For the calculation of transport footprints, we are in the process of shifting from transportation mode-specific averages to actual transport footprints per location. To do so, we are systematically assessing transport emissions based on information from suppliers. Some of this information is available through a pre-existing transport tracking system, which we share with our most important logistics providers, and which now includes a carbon footprint tracing option.

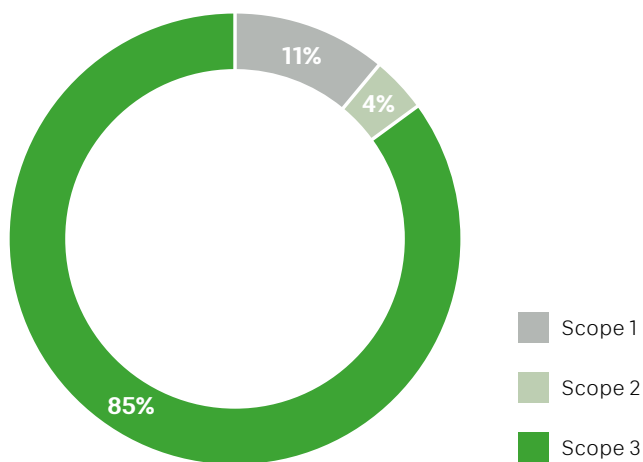
### INDIRECT GREENHOUSE GAS EMISSIONS ASSOCIATED WITH PURCHASED CHEMICAL PRODUCTS PER CUBIC METRE: OUR PERFORMANCE AGAINST OUR TARGET OF REDUCING EMISSIONS BY 21 PER CENT BY 2025.

|                                                                                                                     | 2020<br>(Baseline) | 2021  | 2022 | 2023  | 2024  |
|---------------------------------------------------------------------------------------------------------------------|--------------------|-------|------|-------|-------|
| Change in indirect greenhouse gas emissions associated with purchased chemical products in per cent per cubic meter | 0                  | +17.2 | -2.2 | -23.1 | -26.4 |

To allow a more detailed view of the transport emissions for wood, we will start collecting information about the trucks for each incoming delivery beginning in Q2 2024. Furthermore, we are setting up projects with wood suppliers who frequently deliver large volumes over short distances to establish fossil-free transport. We will also enable our IT system for wood to collect product carbon footprint data for wooden raw materials. The quantities of CO<sub>2</sub>e generated within the whole value chain in the reporting year amount to 862,441 tonnes.

## LOW-EMISSION PRODUCTS

We offer a wide range of low-emission and environmentally friendly products to support our customers' green building goals. By using a high proportion of recycled wood for the production of our wood-based materials, generating renewable energy from biomass and replacing chemical glues step by step with natural alternatives, we are reducing CO<sub>2</sub> emissions and contributing to climate protection.



**Distribution of total company emissions, 2024**

The chemical products we buy for our wood-based materials production include adhesives, titanium dioxide, urea, paraffin, flame retardants, resins, paints and other melting products. Their production is energy-intensive. That is why, on the one hand, we work with our chemical suppliers to reduce emissions from chemicals production, especially through the use of renewable energy sources, and on the other hand, are looking for alternatives to fossil chemicals. In particular, via our own Silekol business unit we have been able to achieve rapid success through strict selection criteria. For example, we are

increasingly replacing urea-formaldehyde resin glues (UF glues) – the most widely used binder in the global wood industry – with organic, biogenic glue in our particleboards. This allows us to improve the product's carbon footprint while maintaining quality and meeting all applicable quality and safety standards.

## PARTNERSHIPS TO EXPAND REDUCTION IMPACT

To further augment our optimisation efforts at key levers, we are also working together with partners. Pfleiderer works in peer learning formats and dialogue across industries and users to enable positive impact through dovetailing of interests. We work with the company Fokus Zukunft and the German Timber Industry Association (HDH) to calculate the overall company carbon footprint and communicate it in a transparent and unified manner.

We will also test alternative fuels and additives while working closely with our external forwarding partners aimed at selected implementation of new technologies like e-trucks or hydrogen trucks.

### Heat supply to the town of Leutkirch

In times of supply shortages, the efficient use of energy becomes even more important. Feeding waste heat from industrial production into municipal supply networks is an important component in enabling climate-friendly and more cost-effective heating of connected households. We have thus developed a connection and expansion concept together with the town of Leutkirch and the local heating network operator. This concept now enables the Leutkirch production site to supply heat for the Allgäu municipality in making a significant contribution towards meeting the region's heating needs. See next page for an interview with the site manager.

In the first phase, which started in 2022, the waste heat from a boiler fired with natural gas is used and the hot exhaust gases from the natural gas combustion are transferred via a heat exchanger. In a second phase, other larger sources of waste heat from the biomass boiler are being delivered now that the town's supply network is up and running.

Pfleiderer itself bore the cost of the necessary investments at its plant, while the town of Leutkirch covered the cost of the required connection to the municipal district heating company's network.

# SUSTAINABILITY IN ACTION

## PFLEIDERER LEUTKIRCH

### Improving energy efficiency through waste heat recovery

About two years ago, the city of Leutkirch, Pfleiderer and the district heating plant operator presented initial plans for utilizing the waste heat from the Pfleiderer plant in Leutkirch. In 2024, Kraftwärmeeanlagen GmbH (KWA) and Pfleiderer finally signed the contract for the details of the municipal heating supply.

#### An Interview with Lothar Sennebogen, Plant network manager at the Leutkirch site

**PFLEIDERER:** What are the advantages of the district heating agreement for the municipality?

**LOTHAR SENNEBOGEN:** The district heating system provides environmentally friendly and cost-effective heating for the connected households, while also improving the climate balance of the city of Leutkirch.

**PFLEIDERER:** How does Pfleiderer Leutkirch provide district heating for the community?

**LS:** Specifically, Pfleiderer feeds waste heat from the production process at a temperature level of around 95 degrees into the existing municipal district heating network. With the help of a heat exchanger, heat is extracted from the exhaust gases produced by the combustion of natural gas at a temperature level of around 250 degrees. When the heat is fed into the heating network, the temperature is still 95 degrees.

**PFLEIDERER:** What has improved with this procedure compared to before?

**LS:** This means that valuable heat, which was previously released into the air, is now being used as a climate-friendly source in a second life cycle. This waste heat is used to heat water with a low salt content, which circulates



**LOTHAR SENNEBOGEN**

Plant network manager at the Leutkirch site

**“We are proud to have made a contribution to climate-friendly heating together with the city of Leutkirch and KWA. It makes perfect sense to reuse the excess heat generated by our production process and to make it available to as many households as possible.”**

in a closed circuit in the city's district heating network, from 45 degrees to the required temperature of 95 degrees.

**PFLEIDERER:** How does this measure contribute to climate protection?

**LS:** Today, 250 buildings in the town of Leutkirch are connected to the district heating network, and by 2032, over 800 buildings are expected to be connected. By avoiding the use of fossil fuels for heating, an annual CO<sub>2</sub> reduction of around 1,050 tons will be achieved. Pfleiderer will contribute over 10% of the total heat demand in the heating network in the first two years from this waste heat source, and 6 to 7% as the heating system is further expanded.

**PFLEIDERER:** What are the plans for the future?

**LS:** Since there is further significant potential for waste heat at Pfleiderer, the project partners are already examining technical solutions for supplying it to the heating network in the medium term.

**PFLEIDERER:** Mr. Sennebogen, thank you for the interview!

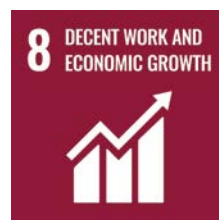


# PEOPLE

The People field of action comprises the material topics “working conditions in our own company” and “health and safety in our own company”. Here we will present our efforts to provide safe, healthy and fair working conditions for our own workforce and the measures we take to ensure diversity, equality and human rights throughout our supply chain. In subsequent reporting years, we will also report in more detail on impacts, risks and opportunities in this field of action.

| PRINCIPLES                                    | COMMITMENTS                                                                                |
|-----------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>Fair and motivating working conditions</b> | Acting ethically, respectfully and responsibly towards all employees and external partners |
| <b>Doing what is right</b>                    | Applying the precautionary principle to prevent illness and accidents                      |
| <b>Loyal and engaged stakeholders</b>         | Promoting development opportunities for all our employees                                  |
|                                               | Keep the high near-miss reporting rate of one near-miss reported per employee per month    |

#### FOCUS SDGS



# WORKING CONDITIONS AND CORPORATE CULTURE

## RESPONSIBILITY FOR OUR EMPLOYEES

Our employees are our most valuable guarantee for a colourful, modern and successful company. They are what makes us who we are. We want them to enjoy working at Pfeleiderer and to be able to develop within our company in a fair and motivating work environment. We cultivate a corporate culture of responsibility and team spirit.

We are committed to treating all employees fairly and in accordance with German and international accident prevention standards. In line with our corporate values and European legal standards we create a safe work environment and strive to offer our employees attractive working conditions.

The entire framework for work, employment and occupational safety in Germany is regulated extensively and in detail by law, by collective bargaining, and by company agreements. Germany implements international (United Nations) and European regulations and standards. Pfeleiderer is bound to comply with these regulations and agreements without exception and adheres to them accordingly.

Pfeleiderer has implemented a code of conduct known as its Business Conduct Guidelines. These apply to all staff and managers and as our most fundamental guidelines, they form the bedrock for our daily work together at all levels. All guidelines for fair and law-abiding cooperation with one another and with internal and external stakeholders are described and specified there. For further details, see the section below "Business Conduct Guidelines".

We promote professional development and respect employee rights. Through cooperation with works council bodies, we incorporate the views of our workforce into the design of the work environment and working conditions. In doing so, we want to promote both a sense of community as well as the individual strengths of our employees.

## MANAGING AND IMPLEMENTING PERSONNEL TOPICS

The Head of Sustainability coordinates our targets and measures in the People field of action with the specialist departments, in particular with the Human Resources and Compliance departments. Once the targets and measures have been determined, they are reviewed by the Sustainability Committee and Executive Board before being incorporated into the integrated management system (IMS) and implemented at our sites. Clear responsibilities and KPIs are defined within the IMS to ensure effective implementation and monitoring. Monthly indicator reports are submitted to the Executive Board. A quarterly report on implementation status is presented to the Executive Board and the Sustainability Committee. Where necessary, measures are adjusted by the involved parties. Relevant measures that affect our employees and their rights and duties are coordinated with the works council.

### Engaging with our employees and workers' representatives

All German sites have their own works councils. Representatives of the site works councils are also members of the Group works council (Konzernbetriebsrat), which represents the interests of employees at the highest level of the company. Consultation with and participation in the works councils take place in accordance with the provisions of the German Works Constitution Act (Betriebsverfassungsgesetz, BetrVG).

The core areas with relevant co-determination rights listed in Article 87 BetrVG are:

- Company organisation and employee conduct
- Working hours, including breaks, distribution of working hours, and temporary changes to these
- Temporary reduction or extension of normal working hours
- Vacation principles and schedules
- Use of technical equipment to monitor employee performance
- Regulations on health protection, prevention of work accidents and occupational illnesses
- Pay structure, establishment of pay principles, and introduction and application of new pay methods and modifications, including piecework, bonus rates, and performance-related remuneration
- Determination of piecework and bonus rates and comparable performance-related remuneration, including monetary factors

The site works councils meet on a regular basis with the site management to discuss current issues or economic concerns. At the Group level, meetings between the Group works council and the Executive Board occur about every six weeks. The exchange between site works councils and site HR occurs more frequently, often on a daily basis. If needed, ad hoc meetings are set up at all levels. Pfeleiderer informs employees directly and initiates immediately consultations or negotiations with works councils where needed.

#### Channels for staff to raise concerns

All employees are free to address any concerns directly to their managers or the relevant HR departments. On top of this, as described above, there are works councils at all locations, whose statutory duties include presenting and representing the concerns of the workforce to the company management. A legally prescribed whistleblower system has also been set up. Both anonymous and non-anonymous reports can be made via this channel. For more details, see the Strategy chapter.

#### Employee retention

Pfeleiderer has around 2,000 employees, the vast majority of whom remain with the company for many years (on average, 17 years), and employee terminations are relatively rare. In the reporting year, both employee turnover and the number of new hires were very low in national and industry comparison. Employee turnover, including all retirements, was 8% in the reporting year, only one percentage point above 2023. There is no discrimination against part-time employees, and no benefits are granted exclusively to full-time employees.

#### Collective bargaining, social dialogue and adequate wages

The average pay for employees on collectively agreed tariffs is around 30 euros per hour, and in the non-collectively agreed area correspondingly higher and thus significantly above the legal minimum. All employees have contracts with guaranteed hours independent of region or gender. In the absence of statutory or collective bargaining agreements, we are guided by industry-specific, locally customary remuneration and benefits. To prevent discrimination, the areas of recruitment, remuneration, performance appraisal and promotion are actively managed. In protecting against discrimination, we involve the workforce at our locations and have established controls to address any issues.

In total,

**90%**

... of our employees were covered by collective agreements in the reporting year, which means no changes to the previous year.

### Social protection

All employees are covered by social protection through public programmes against loss of income due to any of the following major life events: sickness, unemployment, employment injury or acquired disability, parental leave, and retirement. All eligibility requirements are regulated by law.

Furthermore, at Pfeiderer we want to offer our employees a work environment that takes into account the various aspects and challenges of work and family life within the framework of the company's possibilities and allows for a balance.

With the help of various working time models, we support employees in their individual life situations. Working from home, flexitime and part-time work for older employees are natural pillars of working time flexibility for us. The necessary regulations are laid down in corresponding company agreements and collective agreements.

All employees are entitled to leave for family reasons. This includes maternity leave, paternity leave, parental leave and leave for carers of family members other than young children, e.g. elderly or disabled relations. The eligibility requirements are based on national law or are regulated in collective agreements.

Even before the COVID-19 pandemic, office employees (desk workers) had the option of working up to 50% of their working hours from home via a supplementary agreement to their employment contract. Individual agreements, for example a temporary adjustment of working hours or a sabbatical, can also be approved by Pfeiderer after consultation.

## TRAINING AND SKILLS DEVELOPMENT

Pfeiderer trains young people in both the industrial and commercial sectors. Many of our long-standing employees started their careers with us as apprentices or trainees in one of these areas. To ensure that our employees can act competently, Pfeiderer has standard training programmes in place. These are mandatory for all employees, including part-time employees, temporary employees and trainees. The training focuses on the topics of quality, environment, energy, compliance, safety, health, use of internal systems and data protection. Employees acquire or consolidate the knowledge they need to perform their tasks in internal instruction and training courses, some of which are required by law. These are either available to them in the e-learning portal SAM or are conducted in person on-site by officers, supervisors or external specialists.

### Employee development and training

At Pfeiderer, we value the individual growth and development of our employees. We are working towards expanding feedback conversations between employees and managers. We are committed to creating a formal framework for this through our human resources management target. For Pfeiderer's senior management, both annual target achievement meetings and regular feedback meetings with managers are standard. The senior management team comprises the first- and second-level management employees as well as the management bodies of the Group companies. Performance and career development reviews are conducted independent of gender and employee category. The appraisal system will continue to be systematised over the coming years to ensure compliance with the CSRD.

Many managers come from our own ranks; they have prepared themselves for these positions through internal or external qualifications and further training. Pfeleiderer guides these developments with structured succession planning

We train employees in a wide variety of areas according to their specific tasks and needs. Employees who are taking on management roles for the first time or are being considered for a management position receive specialised training ("From employee to manager"). In 2022 and 2023, we focused on providing training for middle management on the topic of hybrid leadership, addressing the special features of leading teams remotely. These include, among other things, more working from home along with fewer business trips and thus less presence overall and a (partial) shifting of the leadership task into the virtual space. We also support the coordination of projects and processes across departments and locations.

### Focus on compliance and ESG

In the reporting year, the programme Compliance A.K.T.I.V. was extended to the employees of all plants. The programme focuses on training that supports employees in acting responsibly in their daily work.

The programme consolidated and formalised a set of compliance trainings carried out annually for the purchasing and sales departments as well as for the upper management, totalling 82.4% of all employees in the reporting year.

In the reporting year a total of 83.4% of our employees concluded and confirmed our compliance training with successful completion of a test. With this share, we are 25.5% up from last year and on track towards our target of 100% employees successfully trained and trainings documented by 2025. In subsequent years, retraining is to take place on a rolling basis.

In addition, training on ESG topics has been taken up as a new training area. It aims to enable our employees to understand and act according to the demands of sustainability. In the reporting year, we prioritised training on a sustainable wood supply chain, forestry, circular economy and biodiversity for our customer management team, after training our sales team on these topics in the years before. In addition, we trained our whole customer facing colleagues on climate protection as well as company and product carbon footprints. Through these modules, the complete sales team, the complete purchasing team, and all plant directors received in-depth training. An overview of the topics was presented at four out of five site assemblies open to all employees and with high attendance. In the reporting year the areas of sales, purchasing and leadership (a total of 307 participants) were trained in an interactive training course with certification about the Supply Chain Due Diligence Act. The main topics of the training were among other:

- supply chains
- human rights and working conditions
- environmental degradation
- respect for people and environment

### COMPLIANCE TRAININGS: OUR PERFORMANCE AND TARGET

|                                                                               | 2022 | 2023 | 2024 | Target 2025 |
|-------------------------------------------------------------------------------|------|------|------|-------------|
| Share of employees who successfully completed compliance training in per cent | 39.7 | 57.6 | 83.4 | 100         |

# OCCUPATIONAL HEALTH AND SAFETY

## SAFE AND HEALTHY THROUGH PREVENTION

As a responsible employer, we focus on prevention to avoid accidents and illness. Pfeleiderer fosters a safety-first culture. Prevention is our top priority to ensure the safety of our employees in the best possible way. In addition, we aim to prevent factors such as stress or other work-related illnesses through job security and fair working conditions, acknowledging that appropriate work hours and sufficient free time contribute to physical and mental well-being, making them an important prerequisite for professional performance. In the medium term, our goal is to further reduce the number of accidents and the absenteeism rate as part of our commitment to achieve zero accidents in the long term.

## MANAGING HEALTH AND SAFETY IN THE WORKPLACE

At Pfeleiderer, safety comes first! We require all employees, contractors, suppliers and other business partners to adhere to this principle and prevent critical situations. All Pfeleiderer locations meet the occupational health and safety standards prescribed by ISO 45001 and are certified accordingly. All Pfeleiderer employees are thus integrated into our occupational health and safety management system. An annual monitoring audit is carried out by TÜV SÜD, and recertification takes place every three years. Additionally, where necessary, suppliers are also actively involved – for example when they carry out maintenance and repair work at our production sites. We are committed to continually improving our health and safety measures and regularly undergo recertification and annual control audits. Our most recent re-certification took place in April 2024 with the next scheduled for 2027.

### Identifying and minimising hazards

We identify and assess hazards in everyday work through structured risk assessments. Wherever necessary, we initiate measures to eliminate or reduce the risks. Process managers are deployed at all locations and

for all areas. They are qualified to carry out risk assessments and regularly check that assessments are up to date. In the reporting year, over 800 risk assessments have been entered into the system.

The main work-related hazards in Pfeleiderer's operations that may pose a risk of high-consequence injury are:

- Mechanical hazards
- Electrical hazards
- Hazardous substances
- Biomaterials
- Thermal hazards
- Dangers from physical influences
- Hazards due to working environment conditions
- Dangers from physical stress

All hazards/risks have been determined via hazard risk assessments. To minimise the impact of work-related hazards/risks, corrective actions were identified and implemented. The aim of prevention is always to avoid or reduce risks according to the "TOP" principle – technical, organisational, personal protective measures – as well as through occupational health care.

In addition, the occupational health service assesses various workstations – e.g. for ergonomic factors – to detect health dangers in time and take countermeasures.

Our manufacturing processes that release VOCs (volatile organic compounds), dust or odour pose a very low risk of fugitive emissions, which we monitor continuously. For example, our central laboratory regularly checks whether statutory workplace limits are being complied with. To ensure that we measure these according to the prescribed methods, we are also active in standardisation committees. On top of this, we participate in inter-company round-robin tests to regularly improve the measurement accuracy of our laboratories.

#### Prevention based on guidelines and policies

To prevent accidents, we have introduced various measures, guidelines and policies. These include assessing risks related to individual workstations, activity-related risk assessments, general safety and behavioural instructions, basic safety rules (cardinal safety rules), a guideline for evacuation, rules for dealing with contractors when entering the plant premises, and safety instructions for contractors and visitors. By regularly assessing risks and providing information about potential hazards, we continuously improve our occupational health and safety. In the process, we check all guidelines and manuals to ensure they are up to date or find out if they need to be optimised. Within our operations, work-related injuries are primarily caused by mechanical hazards. If occupational accidents do occur despite our prevention work, we record the incident, analyse it in detail and develop measures to eliminate the causes found. If suppliers suffer an injury on our premises, we record and analyse these incidents as well and initiate corrective measures.

All occupational health and safety measures and activities apply not only to Pfleiderer employees, but also to all employees of contractors working at our locations.

#### Core concept for occupational and process safety

Since 2016, we have consistently recorded fewer reportable accidents from a statutory perspective. However, we are recording more accidents overall internally thanks to better safety-related reporting. Our accident rates are significantly below the 2015 to 2020 occupational safety reference value of the German Employers' Liability Insurance Association for Wood and Metal.

To further minimise our accident rate of 1.6 (LTA-FR2) and achieve our goal of zero accidents, we are continuously working to optimise our processes. In addition, we have introduced an evaluation system to link indicators to a range of preventive measures that form the basis for occupational and process safety and report on these regularly. These include near-miss rates and the safety training level (SAM).

For any preventative system to be successful, the participation of the employees concerned is indispensable. A valuable indicator for the acceptance of our preventative system is the participation of our employees in its respective measures. A keystone of the preventions system is the near-miss observations recorded. A valuable performance indicator of employee buy-in is the share of employees reporting near-miss observations, which currently is at 48%. We aim to increase the share of employees participating in the near-miss reporting to 75% in 2025.

#### NEAR-MISS REPORTINGS: OUR PERFORMANCE AND TARGET

|                                                                     | 2020 | 2021 | 2022 | 2023 | 2024 | Target 2025 |
|---------------------------------------------------------------------|------|------|------|------|------|-------------|
| Share of employees who submitted near-miss observations in per cent | 42   | 49   | 51   | 46   | 48   | 75          |

## SENSITISING AND TRAINING EMPLOYEES

The knowledge required by employees to carry out their work is imparted and reinforced through internal instruction and training, some of which is required by law. All new employees undergo comprehensive safety training, including on safe working from home. We also hold "6S" safety days. The term "5S" is an established management system corresponding to the core elements of "sort", "set in order", "shine", "standardise" and "sustain"; we supplement this with the aspect of "safety". To this end, we organise safety audits and inspections and target work to any identified weak points in areas with increased accident rates. No violations were found in 2024. In addition, we regularly train our managers to firmly embed occupational health and safety in the company's daily routine and to sharpen a sense of responsibility among staff and contractors. In total, we ran more than 250 different training modules on topics related to occupational health and safety. These cover all general occupational safety topics, task-specific topics, hazards and also the handling of hazardous substances.

Pfleiderer is member of the VISION ZERO Global Campaign initiated by the International Social Security Association (ISSA).

### Involving employees in hazard prevention

Part of our preventive approach is a so-called near-miss system. As part of this system, employees can report work-related dangers and dangerous situations in paper form to safety specialists, in person to works councils or supervisors, or by app – including anonymously. By identifying situations where an injury was only narrowly avoided, we can take targeted action to prevent critical situations and accidents in the future.

We actively encourage employees to make use of the near-miss system and have set a target of reporting at least one unsafe condition or situation per employee per month. Currently, the rate for all production sites is 1.0 near-miss reports per employee per month. There were no fatalities due to work-related injuries or illnesses in the reporting year.

Accidents at work and occupational diseases are neither determined by fate nor unavoidable – they always have causes. By building a strong prevention culture, these causes can be eliminated and work-related accidents, harm and occupational diseases prevented.

VISION ZERO is ISSA's global initiative to eradicate all work-related accidents and illness. The campaign is centred on three core values: safety, health and well-being.

The Vision Zero principle is a transformational approach to prevention. Implementation of Vision Zero and its 7 Golden Rules will be measured yearly. After a first self-assessment in 2024, regular independent assessment will follow from 2025.

### WORK-RELATED INJURIES: OUR PERFORMANCE AGAINST OUR TARGET

|                                                                                                      | 2020 | 2021 | 2022 | 2023 | 2024 | Target 2025 |
|------------------------------------------------------------------------------------------------------|------|------|------|------|------|-------------|
| <b>Lost-time accident frequency rate per 200,000 worked hours (LTA-FR2) observations in per cent</b> | 2.1  | 2.1  | 1.9  | 1.4  | 1.6  | 0.5         |

## PROMOTING HEALTH

Pfleiderer offers occupational health services at all its sites. On the one hand, these services contribute to the identification and elimination of dangers and the minimisation of risks. On the other hand, they are available to all employees for preventive medical examinations and health checks as needed. In addition, we offer external help for work-related mental health problems. With our Fit by Pfleiderer programme, we support employees with staying physically fit. As part of the programme, staff can take advantage of health and fitness offers in cooperation with fitness studios, massage practices and swimming pools at reduced rates. Furthermore, Pfleiderer's approach to flexible working and zero tolerance of harassment or bullying help provide the foundation of a healthy working environment. During the coronavirus pandemic, we also invested around one million euros in health and safety measures, including health screenings and vaccination offers to protect the workforce.

## CONSULTING AND INVOLVING WORKS COUNCILS

We consult and involve all employees to continuously develop the health and safety management system. In accordance with the German Works Constitution Act (BetrVG) the works council plays a key role in this process. The works council is consulted by the plant manager in coordination with the quality manager, the safety specialist and the company doctor on all processes related to health and safety management. It is involved, for example, in assessing risk and hazards, identifying training needs, developing emergency plans, and the investigation of accidents and other safety-relevant incidents. The central forum for the site works councils with regard to consultation and participation is the quarterly meeting of the Occupational Safety Committee. The site works councils present their relevant topics to the committee in accordance with the requirements of the German Occupational Safety Act (Art. 6 Arbeitssicherheitsgesetz, ASiG).

If employees have the impression that work situations pose a risk of injury or illness, they can contact the works council at any time in close cooperation with the employee representatives at the location. They do not have to be the individual carrying out the activity in question and are protected from reprisals.

# DIVERSITY AND EQUAL OPPORTUNITY

We value diversity as a key element of our sustainability strategy that enriches our company. With their individual personalities and skills, their life experience and knowledge, their inventiveness and talent, our employees shape our corporate culture and contribute significantly to the success of the company. In order to cultivate and promote a culture of diversity and inclusion, we have implemented a Diversity Policy. It is designed to safeguard individuality and to ensure respectful interaction, tolerance and equal treatment in the workplace.

We are committed to complying with all local equal opportunity regulations and will not tolerate discrimination, sexual or other personal harassment or insult. We respect equal opportunities and treat everyone in the company equally, regardless of age or educational profile, language, qualifications, work experience, nationality or ethnic background, religious or political views, health status, socio-economic status, lifestyle, place of residence, familial status, or sexual orientation. We promote gender equality and aim to ensure that everyone in the company respects the personal dignity, privacy and personal rights of each and every individual.

Everyone in the company is encouraged to help ensure that the work environment is one of respect and free from abuse and harassment. The principles and values formulated in our Diversity Policy apply to all employees at Pfeiderer, including all members of management bodies and the Executive Board. They apply to recruiting and selection, compensation and benefits, professional development and training, lateral placements, social and recreational programmes, and redundancies. Any employee who behaves inappropriately towards others may be subject to disciplinary action. Employees who feel that they are being discriminated against and do not feel they are being treated in accordance with the

Diversity Policy are encouraged to speak up. They can contact a works council member, a supervisor, a member of the HR department or the person responsible for equal treatment, or report this via the internal reporting system in the Compliance section of the intranet. Zero cases of discrimination were reported in the reporting year.

## **Equal participation of women and men in management positions**

We have formulated goals with regard to the proportion of women in management in line with the German Act on the Equal Participation of Women and Men in Leadership Positions (Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen).

As of December 2024, the Supervisory Board of Pfeiderer Deutschland GmbH comprised a total of 12 members, three of whom are women. The target quota of at least 25% for the Supervisory Board of Pfeiderer Deutschland GmbH was achieved and continues to apply.

In 2023, Pfeiderer developed a new programme aimed at increasing employee retention and development, improving of the representation of women in management and consolidating our inclusive mindset. The framework includes a set of costed measures and timelines, starting with management training to heighten understanding of hurdles to diversity and inclusion in business operations.

In 2024, the measures outlined in the 2023 "People" concept were further pursued and intensified. Among other things, specific layout and formulation aids for the design of job advertisements aimed at addressing women were developed and issued.

# LABOUR AND HUMAN RIGHTS IN THE SUPPLY CHAIN

## OUR VALUES AND PRINCIPLES

We support the principles laid down in the ILO Declaration on Fundamental Principles and Rights at Work. We recognise freedom of association and promote the right of workers to collective agreements within the limits of applicable laws. We oppose all forms of modern slavery and ensure that forced or compulsory labour does not take place in any form. We support the elimination of exploitative child labour and commit to respect the Convention Concerning Minimum Age for Admission to Employment (ILO Convention No. 138). We are committed to complying with all existing equal employment opportunity regulations in the respective countries. The remuneration and benefits paid or provided for a normal working week are at least the legally valid minimum to be guaranteed. In the absence of statutory or collective bargaining agreements, they are guided by industry-specific, locally customary remuneration and benefits. We reject any form of discrimination and comply with the laws applicable in this context. We guarantee the protection of the health and safety of our employees at the workplace within the framework of the applicable national regulations.

## PROTECTING HUMAN RIGHTS

We recognise that our business operations have an impact beyond our own company. We are committed to protecting human rights throughout our value chain, and they are the focus of our due diligence. Human rights are innate and can neither be conferred nor denied. They protect the dignity of every individual and are enjoyed equally by all. We support the protection of human rights as defined in the United Nations Universal Declaration of Human Rights. We are determined to fulfil our social responsibility not only within our own

company, but also throughout the supply chain. We are committed to upholding our human rights due diligence obligations. Moreover, we expect our customers and suppliers to respect human rights too. Please refer to our Compliance Manual for detailed regulations, in addition to the LkSG Human Rights Policy Statement.

## CODE OF CONDUCT FOR SUPPLIERS

We only work with suppliers who share our quality standards and ethical values. Our Code of Conduct for Suppliers sets out the requirements we place on them. All suppliers are obliged to meet these requirements – not only themselves, but also in their own supply chains and with their business partners. Our Code of Conduct for Suppliers is based on national laws and regulations as well as international conventions. These include: the UN Universal Declaration of Human Rights, the UN Guidelines on Children's Rights and Business Principles, the UN Guiding Principles on Business and Human Rights, the International Labour Standards of the International Labour Organization (ILO), the German Supply Chain Due Diligence Act, the OECD Guidelines for Multinational Enterprises, and the principles of the United Nations Global Compact.

Our Code of Conduct for Suppliers requires the following from our suppliers: compliance with all applicable laws protecting employees and minors, anti-corruption measures, adherence to human rights in dealings with employees and suppliers, prohibition of child labour, responsibility for employee health and safety, and compliance with environmental protection laws and international standards. Implementation of and compliance with these value principles is expected throughout the company's supply chain.

If a supplier does not comply with our Code of Conduct for Suppliers, Pfeiderer will request that it takes corrective action. In the event that such measures are not implemented, Pfeiderer reserves the right to terminate the business relationship.

## **SUPPORTING THE SUPPLY CHAIN DUE DILIGENCE ACT**

As of 2024, the LkSG applies to Pfeiderer. In preparation to comply with the regulations it sets out, we defined corresponding internal responsibilities. As part of this process, we appointed a Human Rights Officer, who reports to the Sustainability Committee; the Sustainability Committee is charged with all related decision-making. A Human Rights Policy Statement was also adopted by the Executive Board and published on the website.

In addition, we implemented processes to conduct human rights risk analyses for our own business operations and at our suppliers. These analyses enable us to weight emerging risks and prioritise actions accordingly. The results of these analyses will be published as part of an update of the policy statement in late 2025. To provide guidance in the short term, we have developed a catalogue of possible preventive and remedial measures, should such actions become necessary due to an emerging risk. Our web-based whistle-blower system was also updated to comply with legal requirements, and rules of procedure for handling complaints were published on the company website.

With regard to environmental impacts and other efforts to implement ESG considerations in our supply chain, supplier screening and assessment is a crucial tool. All new suppliers are screened against a catalogue of environmental criteria before a business relationship is entered into, and existing suppliers are assessed on a regular basis for these criteria as well. All suppliers are required to sign our supplier code of conduct, target values and progress are reported in the Section "Materials".

# INDICATORS

## INDICATORS

Pfleiderer reports its key figures with reference to the standards of the Global Reporting Initiative (GRI). Wherever possible, we report additional disclosure requirements of the European Sustainability Reporting Standards (ESRS).

## STRATEGY

| Indicator                                                                                                                                                   | Unit   | 2022 | 2023  | 2024   | Notes and comments                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------|-------|--------|---------------------------------------------------------------------------------------------------------------------|
| GOVERNANCE BODIES                                                                                                                                           |        |      |       |        |                                                                                                                     |
| The role of the administrative, management and supervisory bodies   GRI 2-9, GRI 405-1, ESRS 2 GOV-1                                                        |        |      |       |        |                                                                                                                     |
| Gender diversity ratio                                                                                                                                      | %      | 0    | 0     | 0      | Refers to the Executive Board of PCF GmbH.                                                                          |
| Percentage of independent board members                                                                                                                     | %      | 0    | 0     | 0      |                                                                                                                     |
| STRATEGY, BUSINESS MODEL AND VALUE CHAIN                                                                                                                    |        |      |       |        |                                                                                                                     |
| Total revenue   GRI 2-6, ESRS SBM-1                                                                                                                         |        |      |       |        |                                                                                                                     |
| Revenue from fossil fuel (coal, oil and gas) sector                                                                                                         | €      | 0    | 0     | 0      | PCF GmbH does not engage in trading.                                                                                |
| Revenue from coal                                                                                                                                           | €      | 0    | 0     | 0      | PCF GmbH does not engage in trading.                                                                                |
| Revenue from oil                                                                                                                                            | €      | 0    | 0     | 0      | PCF GmbH uses oil only for its own use.                                                                             |
| Revenue from gas                                                                                                                                            | €      | 0    | 0     | 0      | PCF GmbH uses gas only for its own use.                                                                             |
| Revenue from chemicals production                                                                                                                           | €      | 0    | 0     | 19,350 | PCF GmbH uses chemical production for its own needs, and a few suppliers use it for testing on preliminary products |
| Revenue from controversial weapons                                                                                                                          | €      | 0    | 0     | 0      |                                                                                                                     |
| Revenue from cultivation and production of tobacco                                                                                                          | €      | 0    | 0     | 0      |                                                                                                                     |
| ANTI-CORRUPTION AND ANTI-BRIBERY                                                                                                                            |        |      |       |        |                                                                                                                     |
| Prevention and detection of corruption and bribery   GRI 205-2, ESRS G1-3                                                                                   |        |      |       |        |                                                                                                                     |
| Percentage of functions at risk covered by training programmes                                                                                              | %      | 100  | 100   | 100    |                                                                                                                     |
| Confirmed incidents of corruption or bribery   GRI 205-3, ESRS G1-4                                                                                         |        |      |       |        |                                                                                                                     |
| Number of convictions for violation of anti-corruption and anti-bribery laws                                                                                | number | 0    | 0     | 0      |                                                                                                                     |
| Amount of fines for violation of anti-corruption and anti-bribery laws                                                                                      | €      | 0    | 0     | 0      |                                                                                                                     |
| Incidents of corruption or bribery                                                                                                                          | number | 0    | 0     | 0      |                                                                                                                     |
| Incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents                                                    | number | 0    | 0     | 0      |                                                                                                                     |
| Incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery               | number | 0    | 0     | 0      |                                                                                                                     |
| PUBLIC POLICY                                                                                                                                               |        |      |       |        |                                                                                                                     |
| Political contributions   GRI 415-1, ESRS G1-5                                                                                                              |        |      |       |        |                                                                                                                     |
| Total monetary value of financial and in-kind political contributions made directly and indirectly by the organisation by country and recipient/beneficiary | €      | 0    | 5,000 | 0      |                                                                                                                     |

| Indicator                                                                            | Unit   | 2022 | 2023 | 2024 | Notes and comments                                                                   |
|--------------------------------------------------------------------------------------|--------|------|------|------|--------------------------------------------------------------------------------------|
| <b>COMPLIANCE</b>                                                                    |        |      |      |      |                                                                                      |
| <b>Communication of critical concerns</b>   GRI 2-16, ESRS G1-1                      |        |      |      |      |                                                                                      |
| Critical matters reported to the highest governance body during the reporting period | number | 0    | 0    | 0    |                                                                                      |
| <b>Compliance with laws and regulations</b>   GRI 2-27, ESRS S1-17                   |        |      |      |      |                                                                                      |
| Material violations of laws and regulations                                          | number | 0    | 0    | 0    |                                                                                      |
| Fines paid for violations of laws and regulations                                    | number | 0    | 0    | 0    |                                                                                      |
| Percentage of Suppliers by spend signing Supplier Code of Conduct                    | %      | –    | 60   | 78   | Included in the sustainability report for the first time in the 2024 reporting year. |

## MATERIALS

### CIRCULAR ECONOMY

#### Waste generated | GRI 306-3, ESRS E5-5

|                                 |   |        |        |        |                                                                                      |
|---------------------------------|---|--------|--------|--------|--------------------------------------------------------------------------------------|
| Total weight of waste generated | t | 76,429 | 71,126 | 74,332 |                                                                                      |
| Hazardous waste                 | t | –      | 28,163 | 28,010 | Included in the sustainability report for the first time in the 2023 reporting year. |
| Non-hazardous waste             | t | –      | 42,963 | 46,322 |                                                                                      |

#### Waste directed to disposal | GRI 306-5, ESRS E5-5

|                                            |   |        |        |        |  |
|--------------------------------------------|---|--------|--------|--------|--|
| Total weight of waste directed to disposal | t | 76,429 | 71,126 | 74,332 |  |
|--------------------------------------------|---|--------|--------|--------|--|

#### Resource outflows | GRI 306-5, ESRS E5-5

|                                                                 |   |   |        |        |                                                                                      |
|-----------------------------------------------------------------|---|---|--------|--------|--------------------------------------------------------------------------------------|
| Total amount of hazardous waste and radioactive waste generated | t | – | 28,163 | 28,010 | Included in the sustainability report for the first time in the 2023 reporting year. |
|-----------------------------------------------------------------|---|---|--------|--------|--------------------------------------------------------------------------------------|

### MATERIALS

#### Materials used by weight or volume | GRI 301-1, ESRS E5-4

|                              |    |           |           |           |  |
|------------------------------|----|-----------|-----------|-----------|--|
| Non-renewable materials used | m³ | 212,137   | 195,166   | 210,345   |  |
| Renewable materials used     | m³ | 1,999,226 | 1,819,296 | 1,900,312 |  |

#### Recycled input materials used | GRI 301-2, ESRS E5-4

|                                                    |   |      |      |      |  |
|----------------------------------------------------|---|------|------|------|--|
| Percentage of recycled input materials used (wood) | % | 48.1 | 50.7 | 53.5 |  |
|----------------------------------------------------|---|------|------|------|--|

### WATER

#### Water withdrawal | GRI 303-3, ESRS E3-4

|                                                                             |    |         |         |         |                                                                   |
|-----------------------------------------------------------------------------|----|---------|---------|---------|-------------------------------------------------------------------|
| Water withdrawal from all areas (total)                                     | m³ | 741,554 | 681,555 | 635,845 |                                                                   |
| Water withdrawal from all areas with water stress (total)                   | m³ | 0       | 438,242 | 412,412 | Two sites were assessed as located in water stress areas in 2023. |
| Total water withdrawal<br>Fresh water (≤ 1,000 mg/l total dissolved solids) | m³ | 741,554 | 681,555 | 635,845 |                                                                   |

#### Water discharge | GRI 303-4, ESRS E3-4

|                                                                                                  |        |         |         |         |  |
|--------------------------------------------------------------------------------------------------|--------|---------|---------|---------|--|
| Water discharge in all areas (total)                                                             | m³     | 116,071 | 144,973 | 132,274 |  |
| Water discharge in all areas with water stress (total)                                           | m³     | 0       | 68,730  | 62,334  |  |
| Cases where the specified discharge limits for important substances of concern have not been met | number | 0       | 0       | 0       |  |

#### Water consumption | GRI 303-5, ESRS E3-1

|                                                          |    |   |         |         |                                                                                      |
|----------------------------------------------------------|----|---|---------|---------|--------------------------------------------------------------------------------------|
| Total water consumption from all areas                   | m³ | – | 536,582 | 503,571 | Included in the sustainability report for the first time in the 2023 reporting year. |
| Total water consumption from all areas with water stress | m³ | – | 369,512 | 350,078 |                                                                                      |
| Change in water storage                                  | m³ | – | 0       | 0       |                                                                                      |

| Indicator                                                                                                                                                       | Unit   | 2022 | 2023    | 2024    | Notes and comments                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------|---------|---------|--------------------------------------------------------------------------------------|
| BIODIVERSITY                                                                                                                                                    |        |      |         |         |                                                                                      |
| Operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas   GRI 304-1, ESRS E4-5 |        |      |         |         |                                                                                      |
| Number of operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas             | number | 3    | 3       | 3       | Included in the sustainability report for the first time in the 2023 reporting year. |
| Size of operational site in km² (or another unit, if appropriate)                                                                                               | km²    | –    | 655     | 655     |                                                                                      |
| Impact metrics related to biodiversity and ecosystems change   ESRS E4-5                                                                                        |        |      |         |         |                                                                                      |
| Total use of land                                                                                                                                               | ha     | –    | 126,804 | 126,804 | Included in the sustainability report for the first time in the 2023 reporting year. |
| Total sealed area                                                                                                                                               | ha     | –    | 85,238  | 86,484  |                                                                                      |
| Total nature-oriented area on-site                                                                                                                              | ha     | –    | 41,566  | 40,320  |                                                                                      |
| Total nature-oriented area off-site                                                                                                                             | ha     | –    | 0       | 0       |                                                                                      |

## CLIMATE

### GREENHOUSE GAS (GHG) EMISSIONS

|                                                                                                                                                                                 |                     |           |         |           |                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------|---------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Gross Scope 1, 2, 3 and total GHG emissions   GRI 305-1, 305-2, 305-3, ESRS E1-6</b>                                                                                         |                     |           |         |           |                                                                                                                                                                     |
| Gross Scope 1 GHG emissions                                                                                                                                                     | t CO <sub>2</sub> e | 94,543    | 87,225  | 91,662    | The Gütersloh III & Arnsberg plants are excluded.                                                                                                                   |
| Percentage of Scope 1 GHG emissions from regulated emission trading schemes                                                                                                     | %                   | 74        | 69      | 60        |                                                                                                                                                                     |
| Biogenic CO <sub>2</sub> emissions                                                                                                                                              | t CO <sub>2</sub> e | 1,070,382 | 948,912 | 1,020,803 |                                                                                                                                                                     |
| Gross Scope 2 GHG emissions                                                                                                                                                     | t CO <sub>2</sub> e | 56,302    | 47,669  | 38,252    |                                                                                                                                                                     |
| Gross location-based energy Scope 2 GHG emissions                                                                                                                               | t CO <sub>2</sub> e | 149,372   | 140,046 | 119,194   |                                                                                                                                                                     |
| Gross market-based energy Scope 2 GHG emissions                                                                                                                                 | t CO <sub>2</sub> e | 56,302    | 47,669  | 38,252    |                                                                                                                                                                     |
| Gross Scope 3 GHG emissions                                                                                                                                                     | t CO <sub>2</sub> e | 1,058,329 | 780,622 | 732,527   |                                                                                                                                                                     |
| Biogenic CO <sub>2</sub> emissions                                                                                                                                              | t CO <sub>2</sub> e | 857,951   | 804,150 | 1,057,496 |                                                                                                                                                                     |
| Emissions from each significant Scope 3 category                                                                                                                                |                     |           |         |           |                                                                                                                                                                     |
| 3.1 Purchased goods and services                                                                                                                                                | t CO <sub>2</sub> e | –         | 582,593 | 576,325   | Included in the sustainability report for the first time in the 2023 reporting year.                                                                                |
| 3.2 Capital goods <sup>1</sup>                                                                                                                                                  | t CO <sub>2</sub> e | –         | 25,232  | 5,214     | <sup>1</sup> Data has changed due to a more detailed calculation basis                                                                                              |
| 3.3 Fuel- and energy-related activities                                                                                                                                         | t CO <sub>2</sub> e | –         | 36,970  | 45,443    |                                                                                                                                                                     |
| 3.4 Transportation and distribution (exchange logistics)                                                                                                                        | t CO <sub>2</sub> e | –         | 67,894  | 51,961    | <sup>2</sup> Drop in emissions from end-of-life of sold products due to proper consideration of recycling of sold products. Previous assumption: 100% incineration. |
| 3.12 End of life of sold products <sup>2</sup>                                                                                                                                  | t CO <sub>2</sub> e | –         | 50,390  | 23,174    |                                                                                                                                                                     |
| Total GHG emissions                                                                                                                                                             | t CO <sub>2</sub> e | 1,209,174 | 915,516 | 862,441   |                                                                                                                                                                     |
| The total amount of GHG removals and storage in metric tonnes of CO <sub>2</sub> e disaggregated                                                                                | t CO <sub>2</sub> e | 0         | 0       | 0         |                                                                                                                                                                     |
| The amount related to the undertaking's own operations and its upstream and downstream value chain                                                                              | t CO <sub>2</sub> e | 0         | 0       | 0         |                                                                                                                                                                     |
| Total amount of carbon credits outside the undertaking's value chain that are verified against recognised quality standards and cancelled in the reporting period               | t CO <sub>2</sub> e | 0         | 0       | 0         |                                                                                                                                                                     |
| Total amount of carbon credits outside the undertaking's value chain planned to be cancelled in the future and whether they are based on existing contractual agreements or not | t CO <sub>2</sub> e | 0         | 0       | 0         |                                                                                                                                                                     |

| Indicator                                                                                     | Unit | 2022      | 2023      | 2024      | Notes and comments                                                                 |
|-----------------------------------------------------------------------------------------------|------|-----------|-----------|-----------|------------------------------------------------------------------------------------|
| <b>ENERGY CONSUMPTION AND MIX</b>                                                             |      |           |           |           |                                                                                    |
| <b>Energy consumption within the organisation</b>   GRI 302-1, ESRS E1-5                      |      |           |           |           |                                                                                    |
| Total energy consumption                                                                      | MWh  | 2,929,966 | 2,677,444 | 2,808,208 |                                                                                    |
| Total energy consumption from fossil sources                                                  | MWh  | 472,216   | 332,804   | 363,847   |                                                                                    |
| Percentage of fossil sources in total energy consumption                                      | %    | 16        | 12        | 13        |                                                                                    |
| Total fuel consumption from non-renewable sources                                             | MWh  | 245,324   | 238,149   | 242,100   |                                                                                    |
| Total energy consumption from renewable sources                                               | MWh  | 2,457,750 | 2,344,640 | 2,444,360 |                                                                                    |
| Percentage of renewable sources in total energy consumption                                   | %    | 84        | 88        | 87        |                                                                                    |
| Fuel consumption from renewable sources                                                       | MWh  | 2,340,466 | 2,112,085 | 2,249,103 |                                                                                    |
| Electricity consumption                                                                       | MWh  | 344,177   | 327,211   | 317,004   |                                                                                    |
| Heating consumption                                                                           | MWh  | 2,585,790 | 2,350,233 | 2,491,203 |                                                                                    |
| Cooling consumption                                                                           | MWh  | 0         | 0         | 0         |                                                                                    |
| Electricity sold                                                                              | MWh  | 375,429   | 24,438    | 47,476    |                                                                                    |
| Heating sold                                                                                  | MWh  | 0         | 0         | 588       | District heating sales to the municipality of Leutkirch since this reporting year. |
| Cooling sold                                                                                  | MWh  | 0         | 0         | 0         |                                                                                    |
| Steam sold                                                                                    | MWh  | 0         | 0         | 0         |                                                                                    |
| <b>Energy intensity based on net revenue</b>   GRI 302-3, ESRS E1-5                           |      |           |           |           |                                                                                    |
| Total energy consumption from fossil sources of high climate impact sector by:                |      |           |           |           |                                                                                    |
| Fuel consumption from coal and coal products                                                  | MWh  | 0         | 0         | 0         |                                                                                    |
| Fuel consumption from crude oil and petroleum products                                        | MWh  | 24,585    | 23,796    | 20,361    |                                                                                    |
| Fuel consumption from natural gas                                                             | MWh  | 110,805   | 110,900   | 110,889   |                                                                                    |
| Fuel consumption from other fossil sources                                                    | MWh  | 109,932   | 103,452   | 110,850   |                                                                                    |
| Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources | MWh  | 121,311   | 94,657    | 121,747   | Refers only to electricity, other sources are self-produced.                       |

## PEOPLE

### GENERAL DISCLOSURES

#### Employees | GRI 2-7, ESRS S1-17

|                           |        |       |       |       |  |
|---------------------------|--------|-------|-------|-------|--|
| Total number of employees | number | 2,107 | 2,057 | 2,029 |  |
| Women                     | number | 285   | 294   | 296   |  |
| Men                       | number | 1,822 | 1,763 | 1,733 |  |
| Permanent employees       | number | 1,944 | 1,994 | 1,920 |  |
| Women                     | number | 263   | 292   | 292   |  |
| Men                       | number | 1,681 | 1,702 | 1,628 |  |
| Temporary employees       | number | 163   | 63    | 109   |  |
| Women                     | number | 22    | 2     | 4     |  |
| Men                       | number | 141   | 61    | 105   |  |

#### Employee age structure | GRI 405-1, ESRS S1-9

|             |        |     |     |     |                                                                                      |
|-------------|--------|-----|-----|-----|--------------------------------------------------------------------------------------|
| < 30 years  | number | 412 | 394 | 385 | Included in the sustainability report for the first time in the 2023 reporting year. |
| 30–50 years | number | 853 | 828 | 840 |                                                                                      |
| > 50 years  | number | 842 | 835 | 804 |                                                                                      |

| Indicator                                                                 | Unit   | 2022  | 2023  | 2024  | Notes and comments         |
|---------------------------------------------------------------------------|--------|-------|-------|-------|----------------------------|
| <b>Persons with disabilities</b>   GRI 405-1, ESRS S1-12                  |        |       |       |       |                            |
| Percentage of persons with disabilities                                   | %      | 3.7   | 3.5   | 3.5   |                            |
| Female                                                                    | %      | 0.2   | 0.3   | 0.4   |                            |
| Male                                                                      | %      | 3.5   | 3.2   | 3.1   |                            |
| <b>Collective bargaining agreements</b>   GRI 2-30, ESRS S1-8             |        |       |       |       |                            |
| Percentage of total employees covered by collective bargaining agreements | %      | 90    | 90    | 90    |                            |
| <b>WORKING CONDITIONS AND CORPORATE CULTURE</b>                           |        |       |       |       |                            |
| <b>New employee hires and employee turnover</b>   GRI 401-1, ESRS S1-6    |        |       |       |       |                            |
| Newly hired employees                                                     | number | 127   | 118   | 134   |                            |
|                                                                           | %      | 6     | 6     | 6     |                            |
| By age group                                                              |        |       |       |       |                            |
| < 30 years                                                                | number | 59    | 62    | 68    |                            |
|                                                                           | %      | 47    | 53    | 51    |                            |
| 30–50 years                                                               | number | 59    | 51    | 55    |                            |
|                                                                           | %      | 47    | 43    | 41    |                            |
| > 50 years                                                                | number | 9     | 5     | 11    |                            |
|                                                                           | %      | 7     | 4     | 8     |                            |
| By gender                                                                 |        |       |       |       |                            |
| Women                                                                     | number | 22    | 34    | 17    |                            |
|                                                                           | %      | 17    | 29    | 13    |                            |
| Men                                                                       | number | 105   | 84    | 117   |                            |
|                                                                           | %      | 83    | 71    | 87    |                            |
| Employee turnover                                                         | number | 182   | 144   | 162   | Error correction for 2023. |
|                                                                           | %      | 9     | 7     | 8     |                            |
| By age group                                                              |        |       |       |       |                            |
| < 30 years                                                                | number | 52    | 48    | 37    |                            |
|                                                                           | %      | 29    | 35    | 23    |                            |
| 30–50 years                                                               | number | 68    | 57    | 51    |                            |
|                                                                           | %      | 37    | 41    | 31    |                            |
| > 50 years                                                                | number | 62    | 34    | 74    |                            |
|                                                                           | %      | 34    | 25    | 46    |                            |
| By gender                                                                 |        |       |       |       |                            |
| Women                                                                     | number | 26    | 13    | 18    |                            |
|                                                                           | %      | 14    | 9     | 11    |                            |
| Men                                                                       | number | 156   | 126   | 144   |                            |
|                                                                           | %      | 86    | 91    | 89    |                            |
| <b>Parental leave</b>   GRI 401-3                                         |        |       |       |       |                            |
| Employees entitled to parental leave                                      | number | 2,107 | 2,057 | 2,029 |                            |
| Women                                                                     | number | 285   | 294   | 296   |                            |
| Men                                                                       | number | 1,822 | 1,763 | 1,733 |                            |
| Employees who have taken parental leave                                   | number | 67    | 68    | 80    |                            |
| Women                                                                     | number | 20    | 28    | 34    |                            |
| Men                                                                       | number | 47    | 40    | 46    |                            |

| Indicator | Unit | 2022 | 2023 | 2024 | Notes and comments |
|-----------|------|------|------|------|--------------------|
|-----------|------|------|------|------|--------------------|

|                                                                                                         |                         |        |        |        |  |
|---------------------------------------------------------------------------------------------------------|-------------------------|--------|--------|--------|--|
| <b>TRAINING AND SKILL DEVELOPMENT</b>                                                                   |                         |        |        |        |  |
| <b>Average hours of training per year per employee</b>   GRI 404-1, ESRS S1-13                          |                         |        |        |        |  |
| Average hours of training that the organisation's employees have undertaken during the reporting period | average number of hours | 7      | 7      | 7      |  |
| Duration (total)                                                                                        | hours                   | 14,274 | 14,064 | 14,730 |  |

|                                                                                                                  |        |           |           |           |                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------|--------|-----------|-----------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>OCCUPATIONAL HEALTH AND SAFETY</b>                                                                            |        |           |           |           |                                                                                                                                                             |
| <b>Workers covered by an occupational health and safety management system</b>   GRI 403-8, ESRS S1-14            |        |           |           |           |                                                                                                                                                             |
| Employees and workers covered by a certified occupational health and safety management system (DIN EN ISO 45001) | number | 2,082     | 2,032     | 2,001     |                                                                                                                                                             |
|                                                                                                                  | %      | 99        | 99        | 98.6      | All production and logistics units hold their own certificate. No certificate is held by the wood purchasing unit Heller and the overarching unit PCF GmbH. |
| <b>Work-related injuries</b>   GRI 403-9, GRI 403-10, ESRS S1-14                                                 |        |           |           |           |                                                                                                                                                             |
| Deaths due to work-related injuries                                                                              | number | 0         | 0         | 0         |                                                                                                                                                             |
| Deaths due to work-related illnesses                                                                             | number | 0         | 0         | 0         |                                                                                                                                                             |
| Work-related injuries with serious consequences                                                                  | number | 29        | 18        | 23        |                                                                                                                                                             |
| Documentable work-related injuries                                                                               | number | 1         | 3         | 1         |                                                                                                                                                             |
| Hours worked                                                                                                     | hours  | 3,166,163 | 3,104,075 | 3,082,569 |                                                                                                                                                             |
| Lost-time accident frequency rate per 200,000 worked hours (LTA-FR2)                                             |        | 1.9       | 1.4       | 1.6       | Error correction for 2022.                                                                                                                                  |
| Number of days lost to work-related injuries, fatalities and ill health                                          |        | 1,018     | 882       | 1,187     | Included in the sustainability report for the first time in the 2024 reporting year.                                                                        |

|                                                                            |   |    |    |    |                                                                       |
|----------------------------------------------------------------------------|---|----|----|----|-----------------------------------------------------------------------|
| <b>DIVERSITY</b>                                                           |   |    |    |    |                                                                       |
| <b>Diversity of governance bodies and employees</b>   GRI 405-1, ESRS S1-9 |   |    |    |    |                                                                       |
| Supervisory Board                                                          |   |    |    |    | The Supervisory Board refers to that of Pfeleiderer Deutschland GmbH. |
| Women                                                                      | % | 25 | 33 | 25 |                                                                       |
| Men                                                                        | % | 75 | 67 | 75 |                                                                       |
| By age group                                                               |   |    |    |    |                                                                       |
| < 30 years                                                                 | % | 0  | 0  | 0  |                                                                       |
| 30–50 years                                                                | % | 17 | 25 | 33 |                                                                       |
| > 50 years                                                                 | % | 83 | 75 | 67 |                                                                       |
| With severe disability                                                     | % | 10 | 10 | 0  | No information is available for two members of the Supervisory Board. |
| Senior Management                                                          |   |    |    |    |                                                                       |
| Women                                                                      | % | 13 | 15 | 14 |                                                                       |
| Men                                                                        | % | 87 | 85 | 86 |                                                                       |
| By age group                                                               |   |    |    |    |                                                                       |
| < 30 years                                                                 | % | 0  | 0  | 0  |                                                                       |
| 30–50 years                                                                | % | 53 | 44 | 39 | Error correction for 2022.                                            |
| > 50 years                                                                 | % | 47 | 56 | 61 | Error correction for 2022.                                            |
| With severe disability                                                     | % | 8  | 5  | 3  |                                                                       |

| Indicator                                                                             | Unit   | 2022 | 2023 | 2024 | Notes and comments                                                                                            |
|---------------------------------------------------------------------------------------|--------|------|------|------|---------------------------------------------------------------------------------------------------------------|
| Non-exempt employees                                                                  |        |      |      |      | By "non-exempt employees" we mean all employees except those listed under "Senior Management" and "Trainees". |
| By gender                                                                             |        |      |      |      |                                                                                                               |
| Women                                                                                 | %      | 13   | 13   | 13   |                                                                                                               |
| Men                                                                                   | %      | 87   | 87   | 87   |                                                                                                               |
| By age group                                                                          |        |      |      |      |                                                                                                               |
| < 30 years                                                                            | %      | 17   | 15   | 15   |                                                                                                               |
| 30–50 years                                                                           | %      | 42   | 42   | 44   |                                                                                                               |
| > 50 years                                                                            | %      | 40   | 43   | 41   |                                                                                                               |
| With severe disability                                                                | %      | 4    | 4    | 4    |                                                                                                               |
| <b>Trainees</b>                                                                       |        |      |      |      |                                                                                                               |
| Women                                                                                 | %      | 4    | 15   | 18   |                                                                                                               |
| Men                                                                                   | %      | 96   | 85   | 82   |                                                                                                               |
| <b>Ratio of basic salary and remuneration of women to men</b>   GRI 405-2, ESRS S1-16 |        |      |      |      |                                                                                                               |
| Employee category                                                                     |        |      |      |      |                                                                                                               |
| Non-tariff                                                                            | %      | –    | 8    | 12   | Corrected values for 2023, due to an adjusted calculation method.                                             |
| Tariff                                                                                | %      | –    | 5    | 6    | Included in the sustainability report for the first time in the 2023 reporting year.                          |
| <b>Discrimination incidents</b>   GRI 406-1, ESRS S1-17                               |        |      |      |      |                                                                                                               |
| Incidents of discrimination reported                                                  | number | 0    | 0    | 0    |                                                                                                               |

# INDEX

## GRI CONTENT INDEX

Pfleiderer has reported the information cited in this GRI content index for the period from 1 January to 31 December 2024 with reference to the GRI Standards.

| GRI Standard                                        | Disclosure                                                                  | Location                            |
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| <b>GRI 1</b>                                        | <b>Foundation 2021</b>                                                      |                                     |
| <b>GRI 2</b>                                        | <b>General Disclosures 2021</b>                                             |                                     |
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| 2-2                                                 | Entities included in the organisation's sustainability reporting            | p. 4, 5, 8                          |
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| <b>GOVERNANCE</b>                                   |                                                                             |                                     |
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| 2-17                                                | Collective knowledge of the highest governance body                         | → <a href="#">Annual report</a>     |
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| 2-26                                                | Mechanisms for seeking advice and raising concerns                          | p. 20, 23, 52 to 53, 62             |
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| 2-28                                                | Membership associations                                                     | p. 14                               |

| GRI Standard                  | Disclosure                                                                     | Location                        |
|-------------------------------|--------------------------------------------------------------------------------|---------------------------------|
| <b>GRI 2</b>                  | <b>General Disclosures 2021</b>                                                |                                 |
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